



3150 Horizon Road  
Rockwall, Texas 75032-7805

April 2, 2015,  
as amended on November 30, 2015

**VIA CERTIFIED AND ELECTRONIC MAIL**

Secretary Sylvia M. Burwell  
Centers for Medicare & Medicaid Services  
Department of Health & Human Services  
7500 Security Boulevard  
Mailstop C4-25-02  
Baltimore, MD 21244-1850  
ATTN: Physician Owned Hospital Exceptions  
[POH-ExceptionRequests@cms.hhs.gov](mailto:POH-ExceptionRequests@cms.hhs.gov)

**RE:** Rockwall Regional Hospital, LLC d/b/a Texas Health Presbyterian Hospital Rockwall - Request to Expand under the Applicable Hospital Exception to the Expansion of Physician-Owned Hospitals

Dear Secretary Burwell:

Rockwall Regional Hospital, LLC d/b/a Texas Health Presbyterian Hospital Rockwall ("Texas Health Rockwall" or the "Hospital"), located at 3150 Horizon Road, Rockwall, Rockwall County, Texas 75032-7805, is a physician-owned hospital. Texas Health Rockwall meets the criteria for expansion under the "applicable hospital"<sup>1</sup> exception to the general ban on expansion of physician-owned hospitals and wishes to increase its current number of beds, operating rooms, and procedure rooms which currently is an aggregate of 60. The Hospital's occupancy rate has significantly increased since the Hospital opened in 2007. The CMS HCRIS data demonstrates that the Hospital had an average occupancy of 85.4% in 2013 which continued to increase throughout 2014. The only other hospital in Rockwall County is Lake Pointe Medical Center located at 6800 Scenic Drive, Rowlett, Rockwall County, Texas, 75088 ("LPMC").<sup>2</sup>

The Rockwall County population continues to grow at a fast pace, Medicaid admissions/discharges as a percent of total admissions/discharges exceeds the average for all hospitals in Rockwall County, the average bed capacity in Texas is less than that of the nation and Texas Health Rockwall's occupancy rate is higher than the occupancy rate for all Texas hospitals thus meeting the hospital expansion criteria under the applicable hospital exception. As such, Texas Health Rockwall requests to expand its aggregate beds by 100%.<sup>3</sup>

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<sup>1</sup> 42 U.S.C. § 1395nn(i)(3)(E), 42 § C.F.R. 411.362(c)(2).

<sup>2</sup> See Exhibit A demonstrating the location of Texas Health Rockwall relative to that of Lake Pointe Operating Company, LLC d/b/a Lake Pointe Medical Center (or LPMC), the closest hospital and only other hospital in Rockwall County, Texas.

<sup>3</sup> See 42 C.F.R. § 411.362(c)(6), permitting expansion not to exceed 200% of the facility's baseline aggregate number of beds.

A. HOSPITAL INFORMATION

1. Name: Rockwall Regional Hospital, LLC  
d/b/a Texas Health Presbyterian Hospital Rockwall
2. Address: 3150 Horizon Road  
Rockwall, Texas 75032-7805
3. Identification and Certification Numbers
  - a. National Provider Identification Number(s) (NPI): [REDACTED]
  - b. Tax Identification Number(s): [REDACTED]
  - c. CMS Certification Number(s): [REDACTED]

B. COUNTY OF HOSPITAL LOCATION: Rockwall County, Texas

C. CONTACT PERSON

Name and Title: Cindy Paris, President  
Address: 3150 Horizon Road  
Rockwall, Texas 75032-7805  
Telephone Number: [REDACTED]

D. TEXAS HEALTH ROCKWALL IS REQUESTING AUTHORIZATION TO EXPAND UNDER THE APPLICABLE HOSPITAL EXCEPTION

1. Texas Health Rockwall Satisfies Each of the Criteria for an **Applicable Hospital** as Set Forth at 42 C.F.R. § 411.362(c)(2)(i)-(v).

- a. 42 § C.F.R. 411.362(c)(2)(i) - Rockwall County's percent increase in population is at least 150% of the population increase in Texas over the most recent five year period for which data is available from the U.S. Census Bureau;

Rockwall County's population has grown 14.55 % for the 5 year period from 2009-2014, exceeding 13.03% which is 150% of the population increase for the State of Texas. For convenience, the following table summarizes the population of Rockwall County, Texas and the State of Texas over this 5 year period.

Year	Rockwall County <sup>4</sup>	State of Texas <sup>5</sup>
2009	76,654	24,801,761
2010	78,967	25,245,717
2011	81,136	25,657,477
2012	82,992	26,094,422
2013	85,290	26,505,637
2014	87,809	26,956,958
<b>Population Increase for 5 Year Period Ending 2014</b>	14.55%	8.69%

- i. Population Increase for the State of Texas for the 5 Year Period Beginning in 2009 and Ending in 2014 (based on data published by the U.S. Census Bureau):
  - $(26,956,958 - 24,801,761) \div 24,801,761 = .0869$
  - $.0869 * 100 = 8.69\%$
  
- ii. Population Increase for Rockwall County, Texas for the 5 Year Period Beginning in 2009 and Ending in 2014 (based on data published by the U.S. Census Bureau):
  - $(87,809 - 76,654) \div 76,654 = .1455$
  - $.1455 * 100 = 14.5\%$
  
- iii. 150% of the Population Increase for the State of Texas:
  - $.0869 * 1.50 = .1303$
  - $.1303 * 100 = 13.03\%$
  
- iv. The Population Increase for Rockwall County, Texas Exceeds 150% of the population increase for the State of Texas:
  - The population increase for Rockwall County, Texas = 14.5%
  - 150% of the population increase for the State of Texas = 13.03%
  - 14.5% is greater than 13.03%
  
- b. 42 § C.F.R. 411.362(c)(2)(ii) -Texas Health Rockwall's annual Medicaid admissions as a percentage of total inpatient admissions exceeds the average percent of such admissions for all Rockwall County hospitals for the most recent fiscal year data is available;

<sup>4</sup> U.S. Census Bureau, Population Division. Intercensal Estimates of the Resident Population for Counties of Texas: April 1, 2000 to July 1, 2010 (CO-EST00INT-01-48), (Sept. 2011), 204:L. See attached [Exhibit B-1](#).

U.S. Census Bureau, Population Division. Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2014, row 202. See attached [Exhibit B-2](#).

<sup>5</sup> U.S. Census Bureau, Population Division, Intercensal Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2009 (NST-EST2009-01) (Dec. 2009), 5:L. See attached Exhibit B-1.

Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2014 (NST-EST2014-01), (Dec. 2014), row 53. See attached [Exhibit C](#).

- i. Texas Health Rockwall is listed in CMS applicable hospital data as the sole hospital in Rockwall County.<sup>6</sup> LPMC is listed as being located in Dallas County however, as reflected in LPMC's letter of December 11, 2013 to Secretary Sebelius, LPMC is located in Rockwall County, Texas. In addition, the most recent CMS HCRIS data available for LPMC, fiscal year 2013, lists Rockwall County as LPMC's location.<sup>7</sup> Texas Health Rockwall and LPMC are the only hospitals in Rockwall County.
- ii. The most recent fiscal year for which Medicaid admission and total admission data is available for all hospitals in Rockwall County is 2013.<sup>8</sup> For ease of reference this data is set forth in the following table:

HCRIS Data 2013			
	Medicaid Discharges	Total Discharges	Medicaid as a % of Total Discharges
Texas Health Rockwall	247	3,815	6.47%
LPMC	242	6,675	3.63%
Rockwall County	489	10,490	4.66%

- iii. Annual Medicaid admissions as a percent of total admissions for Texas Health Rockwall
  - Texas Health Rockwall 2013 Medicaid Admissions = 247<sup>9</sup>
  - Texas Health Rockwall 2013 Total Admissions = 3,815<sup>10</sup>
  - 2013 Percent Medicaid =  $(247 \div 3,815) * 100 = 6.47\%$
- iv. Average Medicaid admissions as a percent of total admissions for all hospitals in Rockwall County

LPMC Data

- LPMC 2013 Medicaid Admissions = 242<sup>11</sup>
- LPMC 2013 Total Admissions = 6,675<sup>12</sup>

Average Medicaid Admissions & Total Admissions for Rockwall County<sup>13</sup>

- Total 2013 Medicaid Admissions Rockwall County:  
247 + 242 = 489

<sup>6</sup> See attached Exhibit D, Estimations of Total Inpatient Medicaid Admissions FY 2011 (CMS Applicable Data file titled Copy of Data Output 8\_11\_14.xlsx, Worksheet titled Med Admissions, 2414:C).

<sup>7</sup> IME\_GME2013.CSV, 4848:K. See attached Exhibit E, titled HCRIS Data Fiscal Year 2013, IME\_GME2013.

<sup>8</sup> IME\_GME2013.CSV. Because Texas Health Rockwall is incorrectly listed in the applicable data set as the only hospital in Rockwall County, Texas Health Rockwall could not rely on the applicable hospital data sets provided by CMS for the average Medicaid admissions as a percent of total admissions for all hospitals in Rockwall County. As such, Texas Health Rockwall used relevant data from the HCRIS IME\_GME2013.CSV file for both Texas Health Rockwall and LPMC, the only hospitals in Rockwall County, to accurately reflect the average Medicaid admissions for all hospitals in Rockwall County.

<sup>9</sup> IME\_GME2013.CSV, 5623:AD. See attached Exhibit E.

<sup>10</sup> Id. at 5623:AE.

<sup>11</sup> IME\_GME2013.CSV, 4848:AD. See attached Exhibit E.

<sup>12</sup> Id. at 4848:AE.

<sup>13</sup> IME\_GME2013.CSV, rows 5623 and 4848. See attached Exhibit E.

- Total 2013 Admissions Rockwall County:  
3,815 + 6,675 = 10,490
  - 2013 Medicaid Admissions as Percent of Total Admissions:  
(489 ÷ 10,490) \* 100 = 4.66%
- v. Medicaid admissions as a percent of total admissions for Texas Health Rockwall is 6.47% which exceeds the average of 4.66% for all hospitals in Rockwall County.
- c. 42 § C.F.R. 411.362(c)(2)(iv) -The average bed capacity in Texas is less than the national average for the most recent fiscal year that data is available:
- i. The most recent fiscal year for which bed capacity data is available for all Texas hospitals and all hospitals nationally is 2011, based on Cost Reports received as of 6/30/14.<sup>14</sup>
  - ii. The average bed capacity for all Texas hospitals is 116.32%.<sup>15</sup>
  - iii. The average bed capacity for all hospitals nationally is 129.95%.<sup>16</sup>
  - iv. 116.32%, the average bed capacity in Texas, is less than 129.95%, the average bed capacity for the nation.
- d. 42 § C.F.R. 411.362(c)(2)(v) -Texas Health Rockwall's occupancy rate is greater than the average occupancy rate for all Texas hospitals:
- i. The most recent fiscal year for which bed occupancy data is available for all Texas hospitals is 2011, based on Cost Reports received as of 6/30/14.<sup>17</sup>
  - ii. The bed occupancy rate for all Texas hospitals in 2011 = 55.75%.<sup>18</sup>
  - iii. The bed occupancy rate for Texas Health Rockwall in 2011 = 62.52%.
    - Texas Health Rockwall 2011 Total Hospital Days Available = 18,250<sup>19</sup>
    - Texas Health Rockwall 2011 Total Patient Days = 12,782<sup>20</sup>
    - Texas Health Rockwall 2011 Total Nursery Days = 1,372<sup>21</sup>
    - 12,782 – 1,372 = 11,410 effective Total Patient Days
    - 11,410 ÷ 18,250 = 62.52%
  - iv. 62.52% is greater than 55.75%.

<sup>14</sup> See Exhibit F, National Bed Capacity, State Bed Capacity, State Bed Occupancy Rate FY 2011, (CMS Applicable Data file titled Copy of Data Output 8\_11\_14.xlsb, Worksheet titled Capacity & Occupancy).

<sup>15</sup> Id. at 53:G.

<sup>16</sup> Id. at 7:G.

<sup>17</sup> Id. at 53:F.

<sup>18</sup> Id. at 53:F.

<sup>19</sup> See Exhibit G, Fiscal Year 2011 Cost Report, Form 10: Column 3, Line 14.

<sup>20</sup> Id. at Column 8, Line 14.

<sup>21</sup> Id. at Column 8, Line 13.

**2. Discrimination**

As required under 42 § C.F.R. 411.362(c)(2)(iii), Texas Health Rockwall does not discriminate against beneficiaries of Federal healthcare programs and does not permit physicians practicing at its facilities to discriminate against such beneficiaries.

**E. CALCULATIONS SUPPORTING CURRENT AND DESIRED BEDS**

**1. Baseline**

42 § C.F.R. 411.362(c)(4)(E) – As of March 23, 2010, Texas Health Rockwall had a baseline of 60 aggregate operating rooms, procedure rooms and beds:

- Operating Rooms – 8
- Procedure Rooms - 2
- Licensed Beds – 50
- Total – 60

Please see attached Exhibit H supporting the above calculation.

**2. Licensed Beds**

As of the date of this request for expansion, November 30, 2015, Texas Health Rockwall is currently licensed for 50 beds for an aggregate of 60 operating rooms, procedure rooms and beds:

- Operating Rooms – 8
- Procedure Rooms - 2
- Licensed Beds – 50
- Total – 60

Please see attached Exhibit H Supporting the above calculation.

**3. Expansion Request**

Texas Health Rockwall requests to expand its aggregate number of beds to 120 total operating rooms, procedure rooms, and licensed beds.

This does not exceed 200% of the hospital's baseline number of aggregate operating rooms, procedure rooms and licensed beds permitted under 42 § C.F.R. 411.362(c)(6).

**F. CERTIFICATION**

With knowledge of the penalties for false statements provided by 18 U.S.C. 1001, I certify that all of the information provided in the request and all of the documentation provided with the request is true and correct to the best of my knowledge and belief.

  
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Cindy Paris, President

11/30/2015  
Date