



December 11, 2013

**VIA CERTIFIED AND ELECTRONIC MAIL**

Secretary Kathleen Sebelius  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Mailstop C4-25-02  
ATTN: Physician-Owned Hospital Exceptions  
Baltimore, MD 21244-1850  
[POH-ExceptionRequests@cms.hhs.gov](mailto:POH-ExceptionRequests@cms.hhs.gov)

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**RE: Lake Pointe Operating Company L.L.C. d/b/a Lake Pointe Medical Center**

██████████ a physician-owned hospital, requests the Secretary's consent to expand because it is a high Medicaid facility under 42 U.S.C. § 1395nn(i)(3)(F).

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Dear Secretary Sebelius:


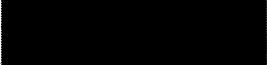
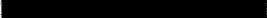
Lake Pointe Operating Company L.L.C. d/b/a Lake Pointe Medical Center ("Lake Pointe Medical Center") located at 6800 Scenic Drive, Rowlett, Texas 75088-4552 in Rockwall County is a 112-bed physician-owned hospital and a high Medicaid facility under 42 U.S.C. § 1395nn(i)(3)(F). The Affordable Care Act instituted a general ban on the expansion of physician-owned hospitals but includes an exception that allows high Medicaid facilities to expand. As a high Medicaid facility, Lake Pointe Medical Center wishes to add thirty-six beds to the existing 129 aggregate beds, operating rooms, and procedure rooms it operates to serve the population of Rockwall County and the surrounding area. Thirty-six beds represents approximately 27.91% of its baseline aggregate number of beds, operating rooms, and procedures rooms, which puts Lake Pointe Medical Center's request well under the maximum 100% expansion that 42 U.S.C. § 1395nn(i)(3)(C)(ii) permits. For all of the last three years, a higher percentage of inpatient admissions are Medicaid beneficiaries at Lake Pointe Medical Center than are at any other



hospital in Rockwall County. Lake Pointe Medical Center is a high Medicaid facility and respectfully requests to expand its operations by thirty-six beds.

Please note that Lake Pointe Medical Center is located in Rockwall County and not in Dallas County as it is listed in the CMS charts. Please see the attached documentation (attached as Exhibit A) identifying the correct location of Lake Pointe Medical Center in Rockwall County, including the approved Rockwall Central Appraisal District 2012 Tax Statements, Texas Department of State Health Services ("DSHS") license Details listing Lake Pointe Medical Center as being in Rockwall County, full plat of Lake Pointe showing that it is situated in Rockwall County, and U.S. Census County Map with the location of Lake Pointe Medical Center marked, also showing that Lake Pointe Medical Center is situated in Rockwall County.

**1. HOSPITAL INFORMATION**

- a. Hospital name: Lake Pointe Operating Company L.L.C.  
d/b/a Lake Pointe Medical Center
- b. Address: 6800 Scenic Drive  
Rowlett, Rockwall County  
Texas 75088-4552
- c. National Provider Identifier (NPI): 
- d. Tax Identification Number (TIN): 
- e. CMS Certification Numbers (CCN): 

**2. CONTACT PERSON**

- a. Name and title: Brett D. Lee, Chief Executive Officer
- b. Address and telephone: 6800 Scenic Drive  
Rowlett, Rockwall County  
Texas 75088-4552  
(972) 412-3388

**3. APPLICATION INFORMATION**

a. The hospital is requesting an exception as a high Medicaid facility.

Pursuant to 42 U.S.C. § 1395nn(i)(3)(A), Lake Pointe Operating Company L.L.C. d/b/a Lake Pointe Medical Center requests an exception as a high Medicaid facility as described in 42 U.S.C. § 1395nn(i)(3)(F).

b. Lake Pointe Medical Center satisfies the criteria for a high Medicaid facility as described in 42 U.S.C. § 1395nn(i)(3)(F).

i. Lake Pointe Medical Center is not the sole hospital in Rockwall County.

The statute states that for a physician-owned hospital to use the high Medicaid facility exception to expand it cannot be the sole hospital in the county. Lake Pointe Medical Center is not the sole hospital in Rockwall County. The other hospital in Rockwall County is Texas Health Presbyterian Hospital Rockwall<sup>1</sup> 3151 Horizon Road, Rockwall, Rockwall County, Texas 75032. Lake Pointe Medical Center and Texas Health Presbyterian Hospital Rockwall are the only hospitals in Rockwall County.

ii. Lake Pointe Medical Center has the highest percentage of Medicaid patients in Rockwall County.

With respect to each of the three most recent years for which data are available, Lake Pointe Medical Center has an annual percent of total inpatient admissions that represent inpatient admissions under subchapter XIX that is estimated to be greater than such percent with respect to such admissions for any other hospital located in Rockwall County. The most recent year for which data is available from CMS is 2011.<sup>2</sup> While the regulations only require the three most recent years, we have provided the calculations for the four most recent years, below. The calculations for annual percent of inpatient admissions for hospitals in Rockwall County using the CMS recommended data and CMS recommended method of calculation are as follows:

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<sup>1</sup> Please note, the CMS charts list the name of this facility as "Presbyterian Hospital of Rockwall."

<sup>2</sup> IME\_GME2011.csv (2010).

CMS Data and Method of Calculation

2011 CMS Data

- Lake Pointe Medical Center:
 

Total number of discharges under Medicaid in 2011 <sup>3</sup>	=	275
Total discharges for all patients in 2011 <sup>4</sup>	=	6,800
Percent Medicaid in 2011	=	$275 \div 6,800 \approx 4.04\%$
  
- Texas Health Presbyterian Hospital Rockwall:
 

Total number of discharges under Medicaid in 2011 <sup>5</sup>	=	124
Total discharges for all patients in 2011 <sup>6</sup>	=	4,093
Percent Medicaid in 2011	=	$124 \div 4,093 \approx 3.03\%$
  
- 4.04% > 3.03% therefore Lake Pointe Medical Center had the highest percentage of Medicaid patients in Rockwall County in 2011.

2010 CMS Data

- Lake Pointe Medical Center:
 

Total number of discharges under Medicaid in 2010 <sup>7</sup>	=	256
Total discharges for all patients in 2010 <sup>8</sup>	=	5,928
Percent Medicaid in 2010	=	$256 \div 5,928 \approx 4.32\%$
  
- Texas Health Presbyterian Hospital Rockwall:
 

Total number of discharges under Medicaid in 2010 <sup>9</sup>	=	67
Total discharges for all patients in 2010 <sup>10</sup>	=	3,403

<sup>3</sup> IME\_GME2011.csv at AD:5137 (2010).

<sup>4</sup> IME\_GME2011.csv at AE:5137 (2010).

<sup>5</sup> IME\_GME2011.csv at AD:5963 (2010).

<sup>6</sup> IME\_GME2011.csv at AE:5963 (2010).

<sup>7</sup> IME\_GME2010.csv at AD:2040 (2010).

<sup>8</sup> IME\_GME2010.csv at AE:2040 (2010).

<sup>9</sup> IME\_GME2010.csv at AA:3815 (1996).

<sup>10</sup> IME\_GME2010.csv at AB:3815 (1996).

Percent Medicaid in 2010 =  $67 \div 3,403 \approx 1.97\%$

- 4.32% > 1.97% therefore Lake Pointe Medical Center had the highest percentage of Medicaid patients in Rockwall County in 2010.

2009 CMS Data

- Lake Pointe Medical Center:

Total number of discharges under Medicaid in 2009<sup>11</sup> = 221  
 Total discharges for all patients in 2009<sup>12</sup> = 6,111  
 Percent Medicaid in 2009 =  $221 \div 6,111 \approx 3.62\%$

- Texas Health Presbyterian Hospital Rockwall:

Total number of discharges under Medicaid in 2009<sup>13</sup> = 96  
 Total discharges for all patients in 2009<sup>14</sup> = 3,613  
 Percent Medicaid in 2009 =  $96 \div 3,613 \approx 2.66\%$

- 3.62% > 2.66% therefore Lake Pointe Medical Center had the highest percentage of Medicaid patients in Rockwall County in 2009.

2008 CMS Data

- Lake Pointe Medical Center:

Total number of discharges under Medicaid in 2008<sup>15</sup> = 177  
 Total discharges for all patients in 2008<sup>16</sup> = 5,924  
 Percent Medicaid in 2008 =  $177 \div 5,924 \approx 2.99\%$

- Texas Health Presbyterian Hospital Rockwall:

<sup>11</sup> IME\_GME2009.csv at AA:5319 (1996).

<sup>12</sup> IME\_GME2009.csv at AB:5319 (1996).

<sup>13</sup> IME\_GME2009.csv at AA:6170 (1996).

<sup>14</sup> IME\_GME2009.csv at AB:6170 (1996).

<sup>15</sup> IME\_GME2008.csv at AA:5319 (1996).

<sup>16</sup> IME\_GME2008.csv at AB:5319 (1996).

Total number of discharges under Medicaid in 2008<sup>17</sup> = 34  
 Total discharges for all patients in 2008<sup>18</sup> = 2,701  
 Percent Medicaid in 2008 =  $34 \div 2,701$  ≈ 1.26%

- 2.99% > 1.26% therefore Lake Pointe Medical Center had the highest percentage of Medicaid patients in Rockwall County in 2008.

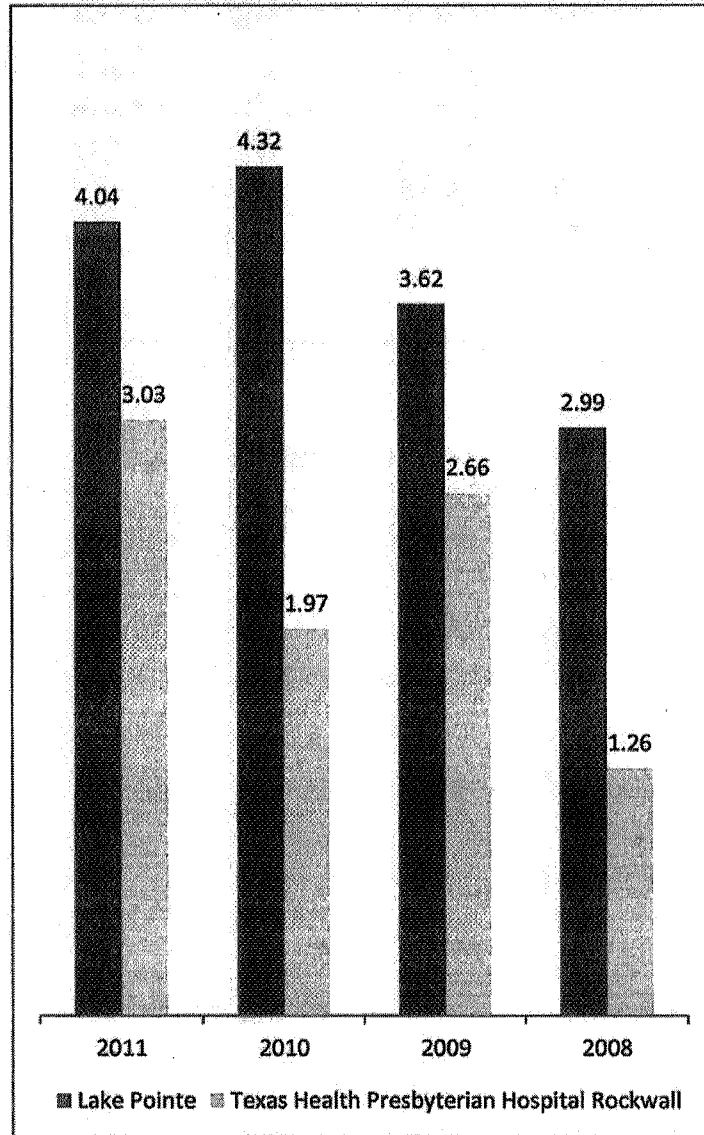
Table 1. Percent Medicaid Patients for Rockwall County Hospitals by Year, CMS approximation

Year	Lake Pointe %Medicaid	Texas Health Presbyterian Hospital Rockwall %Medicaid
2011	4.04	3.03
2010	4.32	1.97
2009	3.62	2.66
2008	2.99	1.26

<sup>17</sup> IME\_GME2008.csv at AA:6189 (1996).

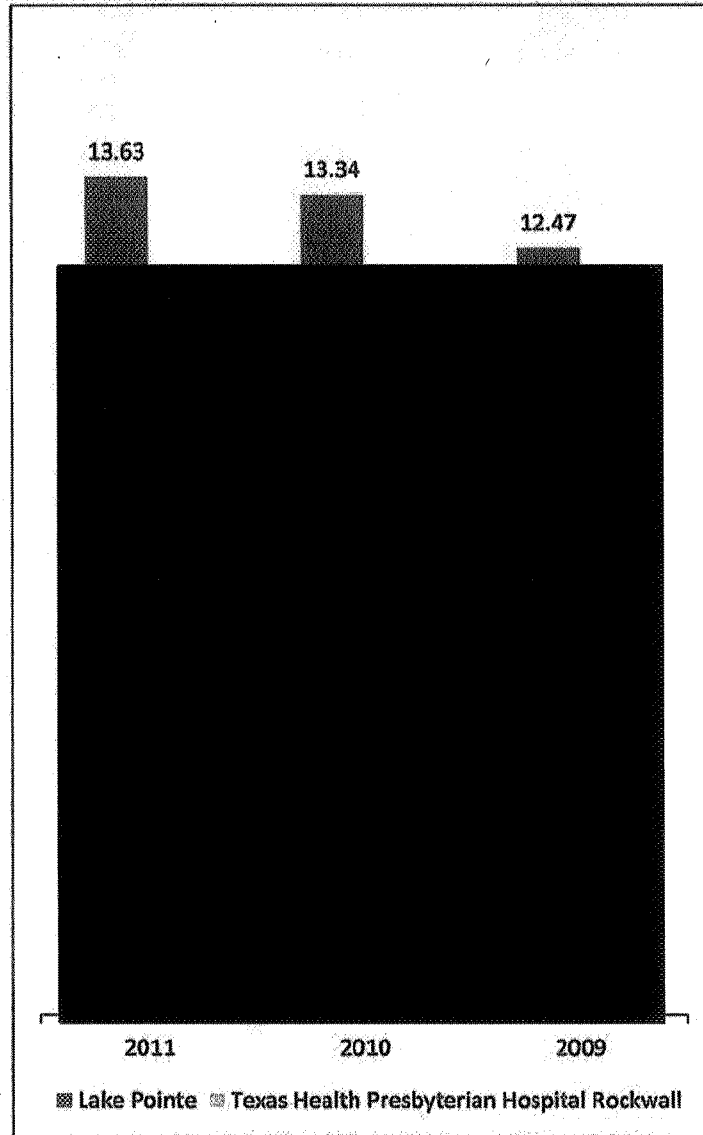
<sup>18</sup> IME\_GME2008.csv at AB:6189 (1996).

**Graph 1. Percent Medicaid Patients for Rockwall County Hospitals by Year, CMS approximation**



The above calculations satisfy the statutory requirements for a high Medicaid facility but to provide greater detail with regard to Lake Pointe’s Medicaid admissions in comparison to the Medicaid admissions of the other hospital in Rockwall County, we have also included data from the Texas Department of State Health Services (“DSHS”). This data breaks Medicaid down into

Graph 3. Percent Medicaid Managed Care Patients for Rockwall County Hospitals by Year, Texas DSHS approximation



As demonstrated in the calculations above, for at least the past three years Lake Pointe Medical Center has an annual percent of total inpatient admissions that represent inpatient admissions under subchapter XIX that is greater than such percent with respect to such admissions for any other hospitals located in Rockwall County.



c. Non-Discrimination

Lake Pointe Medical Center does not discriminate against beneficiaries of federal health care programs and does not permit physicians practicing at Lake Pointe Medical Center to discriminate against such beneficiaries.

d. Calculation of current and desired beds

i. Baseline

Lake Pointe Medical Center currently has a baseline of 129 aggregate operating rooms, procedure rooms, and beds. This baseline is made up of:

8 Operating Rooms;  
9 Procedure Rooms; and  
112 Beds.

Please see the attached Exhibit B containing labeled documentation supporting Lake Pointe Medical Center's calculations of its baseline number of operating rooms, procedure rooms, and beds;

ii. Licensed beds

Lake Pointe Medical Center is licensed for 129 aggregate operating rooms, procedure rooms, and beds as of December 11, 2013, the date of the request, including:

8 Operating Rooms;  
9 Procedure Rooms; and  
112 Beds.



Please see the attached Exhibit B containing labeled documentation of the number of operating rooms, procedure rooms, and beds for which the hospital is licensed as of December 11, 2013, the date of the request.

iii. Expansion request

Lake Pointe Medical Center requests to expand by thirty-six beds. This represents 27.91% of the hospital's current baseline, which less than the statutory limit of 100% of the hospital's baseline.

I, Brett D. Lee, Chief Executive Officer certify and attest that all of the information provided is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to be 'B. Lee', written over a horizontal line.

By: Brett D. Lee, Chief Executive Officer

Date: December 11, 2013