



Office of Health Care Access Certificate of Need

Final Decision

Applicant: The Stamford Hospital

Docket Number: 06-30764-CON

Project Title: Termination of Four Ambulatory Care Clinics by The Stamford Hospital and Transfer of the Four Ambulatory Clinics to Optimus Health Care, Inc.

Statutory Reference: Section 19a-638, Connecticut General Statutes

Presiding Officer: Commissioner Cristine A. Vogel

Filing Date: February 20, 2007

Hearing Date: April 19, 2007

Decision Date: May 15, 2007

Default Date: May 21, 2007

Staff: Steven W. Lazarus

Project Description: The Stamford Hospital (“TSH”) requests the termination of four ambulatory care clinics by TSH and transfer of the four ambulatory care clinics to Optimus Health Care, Inc. (“Optimus”) at an associated total capital expenditure of \$111,805.

Nature of Proceeding: On February 20, 2007, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application from TSH for the termination of four ambulatory care clinics by TSH and transfer of the four ambulatory clinics to Optimus at an associated total capital expenditure of \$111,805. TSH is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning OHCA's receipt of TSH's Certificate of Need Letter of Intent was published on June 23, 2006, in *The Advocate (Stamford)*. A public hearing regarding the CON application was held on April 19, 2007. The Applicants were notified of the date, time, and place of the proceeding and a notice to the public was published on March 20, 2007, in *The Advocate (Stamford)*. Commissioner Cristine A. Vogel served as Presiding Officer. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Section 19a-638, C.G.S.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-638, C.G.S. The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were considered by OHCA in its review.

Findings of Fact

Clear Public Need Impact on the Hospital's Current Utilization Statistics Proposal's Contribution to the Quality and Accessibility of Health Care Delivery in the Region

1. The Stamford Hospital ("TSH") is an acute care hospital located at 30 Shelburne Road, Stamford, Connecticut. *(November 13, 2006, Initial Certificate of Need Application, page 1)*
2. Optimus Health Care, Inc. ("Optimus") which was formerly known as Bridgeport Community Health Center, Inc. is a federally qualified health center ("FQHC") that has been providing primary care services to the residents of Fairfield County for over 30 years. *(November 13, 2006, Initial Certificate of Need Application, page 2)*
3. TSH is proposing the termination of four of its existing ambulatory care clinics and transfer of the four ambulatory care clinics to Optimus. *(November 13, 2006, Initial Certificate of Need Application, page 2)*
4. The four ambulatory care clinics involved in this proposal are:
 - The Dorothy Bennett Behavioral Health Center;
 - The William Pitt Family Medicine Center;
 - The Leslie and Roslyn Goldstein Children's Health Center; and
 - The Internal Medicine and Obstetrical Center.*(November 13, 2006, Initial Certificate of Need Application, page 4)*

5. The four proposed ambulatory clinics are currently located at:

Table 1: Proposed Ambulatory Clinics

Clinic Name	Existing Location
Dorothy Bennett Behavioral Health Center	TSH's Tully Health Center 28 Strawberry Hill Avenue, Stamford, CT
The William Pitt Family Medicine Center	TSH's Tully Health Center 28 Strawberry Hill Avenue, Stamford, CT
The Leslie and Roslyn Goldstein Children's Health Center	26 Palmer's Hill Road, Stamford, CT
The Internal Medicine and Obstetrical Center	TSH's Main Campus (Stamford, CT)

(November 13, 2006, Initial Certificate of Need Application, page 4)

6. The proposed four clinics currently offer the following services:

Table 2: Proposed Ambulatory Clinics

Clinic Name	Existing Services
Dorothy Bennett Behavioral Health Center	Evaluations, consultations, treatment for patients suffering from mental health problems and/or substance abuse services. Specific services include depression treatment program, focused individual therapy as well as individual case management services and specialized group therapies
The William Pitt Family Medicine Center	Family medical care with a full range of services including well-baby care, immunizations, annual physicals, blood pressure checks, pap tests and prenatal care
The Leslie and Roslyn Goldstein Children's Health Center	Provides care from birth to eighteen years of age. Services include well child and sick care visits, physical exams and immunizations
The Internal Medicine and Obstetrical Center	Services include prenatal, high-risk prenatal and post partum care, gynecological yearly exams as well birth control counseling

(November 13, 2006, Initial Certificate of Need Application, page 4)

7. TSH based the need for the proposed termination of the four ambulatory care clinics and transfer of the four ambulatory care clinics to Optimus on the following:

- Improved access to comprehensive and primary care services;
- Improved cost-effectiveness; and
- Improved quality and continuity of care.

(November 13, 2006, Initial Certificate of Need Application, page 7)

8. The following table summarizes the historical utilization and average annual growth for each of the four proposed clinics:

Table 3: Historical Utilization

	FY 2004	FY 2005	FY 2006	Avg. Annual Growth
Family Medicine	7,808	8,567	7,988	1.2%
Ambulatory Care Center	13,610	14,050	14,217	2.2%
Pediatrics	8,474	7,131	9,261	4.6%
Behavioral Health	19,455	18,255	19,978	1.3%
Total	49,347	48,003	51,444	2.1%

(February 20, 2007, Responses to the Completeness Letter, page 2)

9. Under the proposed draft agreement (“Agreement”) between TSH and Optimus:
- Optimus will become the licensed operator of the four proposed clinics;
 - Optimus will continue to operate and maintain residency training program, which will rotate through the clinics;
 - TSH will continue to operate its family medicine, internal medicine and OB/GYN residency training program at the four clinics;
 - Optimus will lease the appropriate space at 1351 Washington Boulevard, Stamford, CT;
 - TSH will provide a Community Benefit Grant for a period of five years; and
 - If for reasons specified in the Agreement, if either party terminates it’s the agreement, the proposed four clinics revert back to TSH.
- (November 13, 2006, Initial Certificate of Need Application, pages 282-294A and February 20, 2007, Responses to OHCA’s Completeness Letter, Attachment 2 and April 19, 2007, TSH’s Testimony)*

10. After the proposed transfer of the proposed clinics to Optimus:
- The four clinics will be relocated to 1351 Washington Boulevard, Stamford, CT;
 - The proposed clinics will be co-located on three floors of the newly-renovated medical office space;
 - The proposed location will serve as a family-centered, single site of service for pediatric, adolescent, adult and elderly patients; and
 - The proposed location will also provide on-site laboratory, x-ray services and will contain an Optimus-controlled dental facility.
- (November 13, 2006, Initial Certificate of Need Application, pages 2&3)*

11. This proposal will allow patients of the four clinics to have access to podiatry, dental, discounted prescription drugs and an array of case management services, along with the clinics existing services for a complete comprehensive primary care service in a single location. *(November 13, 2006, Initial Certificate of Need Application, page 2)*

12. Optimus' existing clinics by service in Connecticut are as follows:

Table 4: Optimus' Existing Clinics by Service

Existing Locations	Town	School-Based	Adult Med.	Fam. Prac.	PEDI	OB	Behavioral	Dental	Enabling
982 East Main St.	Bridgeport				x	x	x	x	x
471 Barnum St.	Bridgeport		x				x		x
1071 East Main St.	Bridgeport		x						x
790 Central Ave.	Bridgeport	x		x	x	x	x		x
64 Black Rock Ave.	Bridgeport			x	x	x	x	x	x
82 George St.	Bridgeport			x					x
137 Henry St.	Stamford			x					x
245 Selleck St.	Stamford			x					x
597 Pacific St.	Stamford		x						x
90 Fairfield Ave.	Stamford		x			x	x	x	x
727 Honeyspot St.	Stamford			x		x	x	x	x

(February 20, 2007, Responses to the Completeness Letter, page 1)

13. Pursuant to federal law, FQHC's must be:

- Located in medically underserved area;
- Open to all patients regardless of ability to pay;
- Offer comprehensive medical and enabling services;
- Governed by a patient majority board to ensure that the center is responsive to community needs; and
- Able to meet rigorous performance and accountability requirements, including provision of after hours and call coverage.

(November 13, 2006, Initial Certificate of Need Application, page 7)

14. Optimus' status as an FQHC provides for increased access to federal funding, including enhanced reimbursement from the Medicare and Medicaid programs, for the purpose of providing comprehensive primary health, enabling and support services for the medically underserved. *(November 13, 2006, Initial Certificate of Need Application, page 2)*

15. Brian G. Grissler, President and CEO of TSH testified to the following at the public hearing:

- TSH's relationship with Optimus is a partnership;
- The four clinics transferred to Optimus will continue to be a vital part of TSH's residency programs in family medicine, internal medicine, and OB/GYN with the patients continuing to be treated by TSH's teaching faculty and residents in those disciplines;
- TSH will have an ongoing connection to the patients as provider of their acute care needs; and
- This proposal will aid TSH to grow and focus on its specialty clinics.

(April 13, 2007, Brian G. Grissler's Pre-File Testimony and April 19, 2007, Public Hearing Testimony)

16. Kathleen A. Silard, Executive Vice President and Chief Operating Officer of TSH testified to the following at the public hearing:

- The need for the termination of the four proposed ambulatory care clinics by TSH and transfer of the four clinics to Optimus was driven by efficiency and cost-effectiveness considerations as well as respect for Optimus' clinical capabilities;
- Several of TSH medical staff are currently providing medical services at Optimus;
- Partnering with Optimus provides the Stamford community access to state-of-the-art family focused services at one single site.

(April 13, 2007, Kathleen A. Silard's Pre-File Testimony and April 19, 2007, Public Hearing Testimony)

17. Dr. Richard Torres, Chief Medical Officer at Optimus Health Care, Inc. testified to the following at the public hearing:

- This partnership will allow Optimus to train students who will be working with Optimus and other communities in Connecticut in the future;
- All of the physicians at Optimus are employees of Optimus to prove their commitment to the patients and the community;
- Optimus will provide comprehensive primary care services; and
- Optimus' model will provide 100% access and quality.

(April 13, 2007, Dr. Torres Pre-File Testimony and April 19, 2007, Public Hearing Testimony)

18. The projected utilization for the four proposed clinics is as follows:

Table 5: Projected Utilization

	FY 2008	FY 2009	FY 2010
Family Medicine	7,988	8,038	8,088
Ambulatory Care Center	14,217	14,306	14,396
Pediatrics	9,261	9,319	9,377
Behavioral Health	19,978	20,103	20,229
Total	51,444	51,766	52,090

Note: Visits are projected to increase at 2.5% annually. This growth percentage is based on historical growth over the past two years (2.1%), plus a slight increase to account new patients and volume that Optimus expects to attract as the clinics' operations mature. *(February 20, 2007, Responses to the Completeness Letter, page 2 and April 27, 2007, TSH Late File pages 1-2)*

**Impact of the Proposal on the Interests of Consumers of Health Care Services
and Payers for Such Services
Financial Feasibility of the Proposal and its Impact on the Hospital's Rates
and Financial Condition
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

19. The proposed termination of the four ambulatory care clinics by TSH and transfer of the four ambulatory care clinics to Optimus, including the relocation the four clinics to 1351 Washington Boulevard, Stamford, CT, has an associated capital expenditure of \$111,805. *(November 13, 2006, Initial Certificate of Need Application, page 37)*
20. TSH proposes to fund the proposed capital expenditure through its equity, specifically through operating funds. *(November 13, 2006, Initial Certificate of Need Application, page 38)*
21. TSH projects gains from revenues incremental to the proposed termination of the four clinics of \$1,027,000, \$1,057,000 and \$1,117,000 for FYs 2008-2010, respectively. *(April 27, 2007, TSH Late File, pages 01-02)*
22. TSH will provide Optimus an annual Community Benefit Grant ("Grant") of \$1,878,380 to offset any loss due to uncompensated care and to show their commitment to the Stamford community for a period of five (5) years. There is also a provision of an annual supplemental grant which will not exceed 10% of the original grant (i.e. \$187,830). *(April 19, 2007, Public Hearing Testimony of Ms. Kathleen A. Silard)*
23. Kathleen A. Silard, Executive Vice President and Chief Operating Officer of TSH testified to the following at the public hearing regarding cost savings related to uncompensated care:
 - The projected reduction in TSH's annual uncompensated care reimbursement TSH receives from the State of Connecticut will be approximately \$320,000 as a result of this transaction; and
 - In terms of overall impact on uncompensated care, TSH provided over \$41 million of care in FY 2006 and it is anticipated that the transfer of the proposed clinics will reduce TSH's uncompensated care reimbursement from the State of Connecticut by approximately, \$106,000 in FY 2007 (assuming a June 1 transition date).
 - In terms of actual financial impact for TSH, after factoring in the recurring community benefit grant commitment, TSH is projecting annual average savings of approximately \$1 million to \$1.5 million from the transfer of the clinics to Optimus.
(April 13, 2007, Kathleen A. Silard's Pre-File Testimony and April 19, 2007, Public Hearing Testimony)

24. TSH reported the FYs 2002-2006 historical net income from the four proposed clinics as follows:

Table 6: Proposed Clinics 5 Year Operating History

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Cumulative Since 2002
Net Revenue from Operations	\$3,218	\$3,515	\$3,589	\$3,596	\$3,634	\$17,552
Total Operating Expenses	(\$7,227)	(\$7,516)	(\$7,872)	(\$8,208)	(\$8,499)	(39,368)
Net Income	(\$4,008)	(\$4,046)	(\$4,284)	(\$4,612)	(\$4,864)	(\$21,815)

Note: The Figures are in '000's
(November 13, 2006, Initial Certificate of Need Application, page 13)

25. The first three full years of projected gains or losses from operation incremental to the proposal for the four ambulatory care clinics are as \$17,730, (\$26,994) and (\$18,243) for FYs 2008-20010, respectively. The decreasing losses in FYs 2009&2010 are attributed to timing (i.e. different fiscal years, various reimbursements) in volumes, revenues and expenses. However, no actual loss is expected as the supplemental grant will cover any losses. (April 27, 2007, TSH Late File, pages 16-23)
26. TSH provided the first three full years of projected total gains from operations with the proposal for Optimus are \$303,723, \$404,547 and \$493,878 for FYs 2008-2010, respectively. (April 27, 2007, TSH Late File, page 16)
27. After the proposed termination of the four ambulatory care clinics by TSH, the transfer of the four ambulatory clinics will result in reduction of 36.8 full-time equivalents, resulting in savings of approximately \$2.4 million. (April 27, 2007, TSH Late File, pages 1-2)
28. The existing payor mix for the four clinics is as follows:

Table 7: Current Visits Payor Mix of Clinics

	Family	Ambulatory	Pediatrics	Behavioral
Medicare	21.8%	8.4%	0.2%	33.0%
Medicaid	56.8%	27.1%	78.5%	27.0%
Total Government Payers	78.6%	35.5%	78.7%	60.0%
Commercial/HMO/PPO	5.4%	0.6%	3.4%	30.0%
Self-Pay/AA/WC	16.0%	64.0%	17.9%	10.0%
Workers Compensation	0.0%	0.0%	0.0%	0.0%
Total Non-Government Payors	21.4%	64.5%	21.3%	40.0%
Total Payor Mix	100%	100%	100%	100%

(February 20, 2007, Responses to the Completeness Letter, page5)

29. According to TSH, there is no expected change in payer mix for the proposed clinics for the first three years of operation. (February 20, 2007, Responses to the Completeness Letter, page 5)
30. There is no State Health Plan in existence at this time. (November 13, 2006, Initial Certificate of Need Application, page 4)

31. TSH stated that the proposal is consistent with its long-range plan. *(November 13, 2006, Initial Certificate of Need Application, page 4)*
32. TSH has undertaken activities to improve productivity and contain costs through energy conservation, group purchasing and application of technology. *(November 13, 2006, Initial Certificate of Need Application, page 27)*
33. The proposal will not result in changes to TSH's teaching and research responsibilities. *(November 13, 2006, Initial Certificate of Need Application, page 28)*
34. According to TSH, there are no distinguishing characteristics to the patient/physician mix related to the four ambulatory clinics. *(November 13, 2006, Initial Certificate of Need Application, page 28)*
35. TSH has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(November 13, 2006, Initial Certificate of Need Application, page 26 and Exhibit 16)*
36. TSH's rates are sufficient to cover the proposed capital expenditure and operating expenses associated with the proposal. *(April 27, 2007, TSH's Late File pages 1-2)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for the proposed service on case by case basis. Certificate of Need (“CON”) applications do not lend themselves to general applicability due to a variety of complexity of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposed services.

The Stamford Hospital (“TSH”) is an acute care hospital located at 30 Shelburne Road, Stamford, Connecticut. Optimus Health Care, Inc. (“Optimus”) which was formerly known as Bridgeport Community Health Center, Inc. is a federally qualified health center (“FQHC”). TSH is proposing the termination of its four existing ambulatory care services clinics and transfer of the four ambulatory care clinics to Optimus. TSH will terminate the clinics as a TSH department, and Optimus will assume operation of the four clinics and relocate them to 1351 Washington Boulevard in Stamford. Optimus as an FQHC will have increased access to federal funding in order to provide comprehensive primary health, enabling and support services for the medically underserved of all age groups in a single location. TSH testified that partnering with Optimus provides the Stamford community access to state-of-the-art family focused services at one single site. TSH also stated that the four clinics transferred to Optimus will continue to be a vital part of TSH’s residency programs in family medicine, internal medicine, and OB/GYN with the patients continuing to be treated by TSH’s teaching faculty and residents in those disciplines. TSH will have an ongoing connection to the patients as provider of their acute care needs, and this proposal will aid TSH to grow and focus on its specialty clinics.

TSH testified that it is strongly committed to the provision of these services to the Stamford community. TSH will provide Optimus an annual grant in the amount of \$1,878,380 for a period of five years to offset any losses due to uncompensated care. TSH will also provide Optimus, if necessary, an additional supplemental grant to cover any additional losses. The partnership agreement specifies that the four ambulatory care services clinics will revert back to TSH if for any reason either of the parties terminates this agreement. TSH has demonstrated that the termination of the clinics by TSH will not create any barriers to care and will positively impact patient access to care. OHCA finds that the transfer of the proposed clinics to Optimus will improve access to primary ambulatory and behavioral health care services to the residents of the City of Stamford.

The total capital expenditure for the proposal including the relocation of the four ambulatory clinics is \$111,805. TSH proposes to fund this CON proposal through its equity, specifically through operations. TSH has experienced annual operating losses with the four clinics since FY 2002. As a result of this proposal, TSH is projecting gains from operations incremental to the proposal of \$1,029,000, \$1,057,000 and \$1,117,000 for FYs 2008-2010, respectively. The proposed termination of the four clinics by TSH will result in a reduction of 36.8 full-time equivalents, resulting in savings of approximately \$2.4 million. Although OHCA can not draw any conclusions, the projected volumes and the financial projections appear to be reasonable and achievable.

In summary, the proposed termination of the four ambulatory care clinics and transfer of the four ambulatory clinics to Optimus will allow the residents of the City of Stamford to have improved access to comprehensive ambulatory care and behavioral health services in a single location.

Based on the foregoing Findings and Rationale, the Certificate of Need application of The Stamford Hospital to terminate four ambulatory care clinics and transfer of the four ambulatory care clinics by Optimus Healthcare, Inc. at a total capital expenditure of \$111,805, is hereby GRANTED.

Order

The Stamford Hospital (“TSH”) is hereby authorized to terminate the four ambulatory care clinics and transfer the four ambulatory care clinics to Optimus Healthcare, Inc. (“Optimus”), at a total capital expenditure of \$111,805. The authorization is subject to the following conditions:

1. The termination of the clinics by TSH includes the following four clinics:

Clinic Name	Existing Location
Dorothy Bennett Behavioral Health Center	TSH’s Tully Health Center 28 Strawberry Hill Avenue, Stamford, CT
The William Pitt Family Medicine Center	TSH’s Tully Health Center 28 Strawberry Hill Avenue, Stamford, CT
The Leslie and Roslyn Goldstein Children’s Health Center	26 Palmer’s Hill Road, Stamford, CT
The Internal Medicine and Obstetrical Center	TSH’s Main Campus (Stamford, CT)

2. This authorization shall expire on May 15, 2008. Should TSH’s proposal not be completed by that date, TSH must seek further approval from OHCA to complete the project beyond that date.
3. TSH shall not exceed the authorized capital expenditure of \$111,805. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall notify OHCA immediately.
4. Prior to the termination of the behavioral health services at the Dorothy Bennett Behavioral Health Center, TSH shall contact Department of Mental Health and Addiction Services (“DMHAS”) and acquire all necessary approvals and provide OHCA a copy of all required approvals from DMHAS.
5. Prior to beginning operations of the proposed clinics TSH shall ensure that Optimus contact DMHAS regarding providing behavioral health services at 1351 Washington Boulevard and receive all necessary approvals and TSH shall provide OHCA a copy of all required approvals from DMHAS (i.e. site approval, commitment of funding etc.).
6. Prior to start of operations, TSH shall file with OHCA written notification of the date upon which Optimus will begin operation of the four transferred ambulatory clinics. OHCA must receive this notification and acknowledge receipt of such in writing, prior to TSH terminating any services or clinics. In addition, TSH is required to file the following documents to OHCA prior to the termination of any of the four ambulatory care clinics:

- a. A copy of the Department of Public Health license for Optimus to operate at 1351 Washington Boulevard location.
 - b. A copy of any executed agreements between TSH and Optimus related to the proposed four ambulatory clinics.
7. The services at the four ambulatory clinics must continue until Optimus begins providing such services at the new location (1351 Washington Boulevard, Stamford, CT) and are fully operational (licensed, staffed, equipped and ready to provide services to patients).
8. TSH will ensure that the terms and conditions of the draft agreement between TSH and Optimus, as provided to OHCA during the CON process, will be terms and conditions of the final executed agreements.
9. Regarding the annual Community Benefit Grant (“Grant”) being offered to Optimus by TSH, the following is required:
 - a. That the amount of the annual Grant be \$1,878,380 with a supplemental grant not to exceed 10% (i.e. \$187,838) annually.
 - b. The annual grant will continue for a minimum of five (5) years.
 - c. Within 60 days subsequent to the end of each Optimus fiscal year for the term of the Grant, TSH must file with OHCA in writing the actual annual amount of the Grant provided to Optimus.
9. In the future, if TSH proposes to acquire the four ambulatory care clinics or if any of the services offered at the proposed clinics are terminated, a CON may be required to be filed with OHCA by TSH.
10. TSH is required to file in writing on annual basis for a period of five (5) years the annual visits and payer category of those visits for each of the four clinics being acquired by Optimus. The annual volumes will be filed with OHCA in writing within 30 days of end of Optimus’ fiscal year.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

May 15, 2007

Signed by Cristine A. Vogel
Commissioner

CAV:swl