



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital:	Hospital of Saint Raphael
Docket Number:	06-30818-CON
Project Title:	Termination of TakeHeart Cardiac Rehabilitation Program in Branford
Statutory Reference:	Section 19a-638, C.G.S.
Filing Date:	January 10, 2007
Decision Date:	March 12, 2007
Default Date:	April 10, 2007
Staff:	Laurie K. Greci

Project Description: The Hospital of Saint Raphael (“Hospital”) proposes to terminate its TakeHeart Cardiac Rehabilitation Program in Branford at no associated capital expenditure.

Nature of Proceedings: On January 10, 2007, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of the Hospital of Saint Raphael (“Hospital”) to terminate its TakeHeart Cardiac Rehabilitation Program in Branford at no associated capital expenditure. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA’s receipt of the Hospital’s Letter of Intent was published in the *New Haven Register*, on September 6, 2006. OHCA received no responses from the public concerning the Hospital’s proposal.

Pursuant to Sections 19a-638 and 19a-639, C.G.S., three individuals or an individual representing an entity with five or more people had until January 31, 2007, the twenty-first calendar day following the filing of the Hospital’s CON application, to request that OHCA

hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public.

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 fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

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

1. The Hospital of Saint Raphael ("Hospital") is a 511 licensed bed general acute care teaching hospital located at 1450 Chapel Street, New Haven, Connecticut. (*August 16, 2006, Letter of Intent, page 4*)
2. The Hospital provides a full spectrum of cardiovascular services, including cardiology, cardiac surgery, vascular surgery, and thoracic surgery. The scope of services spans the continuum of care from prevention and diagnosis, to intervention, surgery, and rehabilitation. (*August 16, 2006, Letter of Intent, page 4*)
3. The Hospital's primary service area towns are East Haven, Hamden, New Haven, North Haven, and West Haven. The secondary service area towns are Ansonia, Bethany, Branford, Cheshire, Clinton, Derby, Guilford, Madison, Meriden, Milford, North Branford, Orange, Oxford, Seymour, Shelton, Wallingford, and Woodbridge. (*January 24, 2007, Emailed Completeness Response*)
4. The Hospital's TakeHeart Cardiac Rehabilitation services ("TakeHeart" services) is a comprehensive, long-term program that includes medical evaluation, prescribed monitored exercise sessions, cardiac risk factor modification, patient education, and counseling. The majority of services are characterized as Phase II Cardiac Rehab, which refers to outpatient, medically supervised programs that are initiated one to three weeks after hospital discharge. It is designed to help patients understand, adjust to, and recover from cardiovascular events such as cardiac surgery or myocardial infarction. (*January 10, 2007, Initial CON Submission, pages 3 and 34*)
5. Cardiac rehabilitation programs may be provided either by an outpatient department of a hospital or a physician-directed clinic. Medicare coverage for either program is subject to the following provisions:
 - a. A physician must be on the premises and available to perform medical duties at all times the facility is open;
 - b. The facility has available for immediate use all the necessary cardiopulmonary emergency diagnostic and therapeutic life saving equipment;

- c. The program is staffed by personnel necessary to conduct the program safely and effectively, who are trained in both basic and advanced life support techniques and in exercise therapy for coronary disease;
 - d. The non-physician personnel are employees of the physician, hospital, or clinic conducting the program and their services are “incident-to” a physician’s professional services.
(January 10, 2007, Initial CON Submission, pages 34 and 35)
6. Medicare coverage for cardiac rehabilitation services are covered for the following patients:
 - a. Those who being the program within 12 months of an acute myocardial infarction;
 - b. Those who have had a coronary artery bypass graft (“CABG”) surgery;
 - c. Those with stable angina pectoris;
 - d. Those who have had heart valve repair or replacement;
 - e. Those who have had percutaneous transluminal coronary angioplasty or coronary stenting; or
 - f. Those who have had a heart or heart-lung transplant.
(January 10, 2007, Initial CON Submission, page 34)
7. The TakeHeart services are currently located at 175 Sherman Avenue, New Haven and 84 North Main Street, Branford. The New Haven location has been the primary service location of TakeHeart for over 5 years and is located adjacent to the Hospital’s main campus. *(January 10, 2007, Initial CON Submission, pages 2 and 3)*
8. The Hospital’s Outpatient Cardiology Clinic (“OP Clinic”) provides acute and longitudinal evaluation and management of cardiovascular diseases by hospital-based attending cardiologists. The OP Clinic is currently located at 1450 Chapel Street, New Haven. *(January 10, 2007, Initial CON Submission, pages 2 and 3)*
9. The Hospital proposes to consolidate its TakeHeart services by:
 - a. Terminating its TakeHeart services in Branford; and
 - b. Relocating the existing OP Clinic from 1450 Chapel Street to the TakeHeart space at 175 Sherman Avenue.
(January 10, 2007, Initial CON Submission, page 2)
10. The Hospital stated that its proposal is needed in order to enhance access and broaden the scope of outpatient cardiology services provided by the Hospital. The proposal will:
 - a. Improve the identification and referral of patients who will benefit from TakeHeart services;
 - b. Improve the integration of longitudinal cardiovascular clinic care with rehabilitation services to optimize the quality of care;
 - c. Expand the focus and comprehensive nature of hospital-based outpatient cardiology clinic services;
 - d. Enhance the linkages between cardiovascular services and the Hospital’s Occupational Health Plus, Cholesterol Management, and other programs that are also located at 175 Sherman Avenue; and

- e. Ensure all rehabilitation exercise sessions satisfy the CMS billing requirements as a hospital-based cardiologist will be on-site during the provision of care.
(January 10, 2007, Initial CON Submission, page 4)
11. Starting in March 2006, the CMS (Centers for Medicare and Medicaid Services) established as a limitation of coverage that patients must be under the direct supervision of a physician when receiving treatment. “Direct supervision” means that the physician must be present and on the premises of the location and immediately available to furnish assistance and direction through the performance of the procedure. *(42 CFR (Code of Federal Regulations) § 410.27(f))*
12. The location of the rehabilitation services and the outpatient clinic services together in a single building will enable the Hospital to efficiently meet the recently updated CMS requirements for cardiac rehabilitation billing.
(January 10, 2007, Initial CON Submission, page 5)
13. The following table reports the patient referrals to the TakeHeart Services by location for Fiscal Year (“FY”) 2004 through FY 2006:

Table 1: Patient Referrals to TakeHeart Rehabilitation Services

TakeHeart Patient Referrals by Location	Fiscal Year			FY 04-06	
	2004	2005	2006	Change	% Change
New Haven	141	134	119	-22	-15.6%
Branford	85	103	43	-42	-49.4%
Total	226	237	162	-64	-28.3%

(January 10, 2007, Initial CON Submission, page 5)

14. The Hospital reported the following number of patients by town that received TakeHeart services at the Branford location::

Table 4: TakeHeart Patients at Branford Location by Town and Fiscal Year

Service Area	Town	FY2004	FY2005	FY2006
Primary	East Haven	9	12	1
	Hamden	0	0	1
	New Haven	3	1	0
	New Haven	0	0	1
	North Haven	1	3	2
	West Haven	0	0	0
Primary Subtotal		13	16	5
Secondary	Branford	21	18	9
	Clinton	6	9	2
	Guilford	13	1	0
	Madison	15	22	1
	Meriden	0	1	12
	North Branford	6	2	1
	Orange	0	3	1
	Shelton	0	0	0
	Wallingford	1	1	0
Secondary Subtotal		62	57	26
All Other Towns		10	30	12
Total		85	103	43

(January 10, 2007, Initial CON Submission, page 27)

15. Existing service providers for cardiac rehabilitation services are Griffin Hospital (Derby), Middlesex Hospital (Middletown), MidState Medical Center (Meriden), and Temple Cardiac Rehabilitation (New Haven). Existing service providers for cardiology clinic services are Yale-New Haven Hospital (New Haven), Middlesex Hospital, MidState Medical Center, Griffin Hospital, and Middlesex Hospital. *(January 10, 2007, Initial CON Submission, page 11)*
16. The Hospital anticipates that there will be minimal effect on existing providers as its proposal is for the Hospital's existing patient base. All Hospital patients who could benefit from the proposal's services will continue to be referred to these programs. *(January 10, 2007, Initial CON Submission, page 25)*
17. The TakeHeart service and the OP Clinic operate between the hours of 8:00 a.m. and 5:00 p.m. daily from Monday through Friday. The hours of operation for both programs will be the same after implementation of the Hospital's proposal. *(January 10, 2007, Initial CON Submission, page 10)*

18. The Hospital reported the following actual TakeHeart service volumes:

Table 5: TakeHeart Services Volumes by Fiscal Year

Description	FY 2004	FY 2005	FY 2006
Patients - New Haven	141	134	119
Patients - Branford	85	103	43
Total Number of Patients	226	237	162
Visits – New Haven	2,594	2,612	2,298
Visits – Branford	1,948	2,046	979
Total Visits	4,542	4,658	3,277
Medicare Visits	2,453	2,515	1,770
Medicare Visits, %	54%	54%	54%
Average Visits/Patient	20.1	19.7	20.2

*(January 10, 2007, Initial CON Submission, page 29 and
 January 24, 2007, Emailed Completeness Response)*

19. The Hospital reported the following actual visits for the OP Clinic:

Table 6: Actual OP Clinic Visits by Fiscal Year

Actual OP Clinic Visits		
FY 2004	FY 2005	FY 2006
549	680	738

(January 10, 2007, Initial CON Submission, page 30)

20. The Hospital reported the following projected service volumes:

Table 5: Projected TakeHeart Service Volume by Fiscal Year

		FY 2007	FY 2008	FY 2009
TakeHeart Services	Patients	163	174	187
	Total Visits	3,301	3,519	3,789
	Medicare Visits	1,783	1,900	2,046
	Medicare Visits, %	54%	54%	54%
	TakeHeart Patients to Eligible Discharges, %	12%	13%	14%
	Average Visits/Patient	20.3	20.2	20.3

Notes: The Hospital assumes that the number of eligible patients referred to TakeHeart services will increase 1% annually. The number of visits per patient is projected at 20 visits/patient. Medicare visits have been held at the FY 2006 level of 54% (1,770 / 3,277).

(January 10, 2007, Initial CON Submission, page 29)

21. The Hospital projects that as a result of the expanded focus and improved integration of outpatient cardiology services, the OP Clinic will have the following projected visits:

Table 7: Projected OP Clinic Visits by Fiscal Year

Projected OP Clinic Visits		
FY 2007	FY 2008	FY 2009
850	910	973

(January 10, 2007, Initial CON Submission, page 30)

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

22. There are no associated capital expenditures with the Hospital's proposal. *(January 10, 2007, Initial CON Submission, page 18)*
23. The Hospital projects the following gain from operations for FYs 2007, 2008 and 2009 with the proposal:

Table 8: Projected Gain from Operations by Fiscal Year

Description		Fiscal Year		
		2007	2008	2009
Net Patient Revenue	Medicare	\$70,670	\$ 78,631	\$ 84,663
	Medicaid	771	3,041	4,555
	Non-Government	7,615	30,016	44,969
	Total	79,056	111,688	134,187
Operating Expenses	Supplies, Drugs, Other Direct	1,375	5,420	8,120
	Bad Debts	3,083	4,356	5,233
	Moving	3,000	0	0
	Total	7,458	9,776	13,353
Gain from Operations		\$71,598	\$101,912	\$120,833

Note: Assumes proposal is operational by April 2007 with no staffing changes.
(January 10, 2007, Initial CON Submission, page 230)

24. The Hospital’s payer mix is not expected to change as a result of this project. The projected payer mix for the first three years of operation of the proposal is as follows:

Table 9: Current and Three-Year Projected Payer Mix with the CON Proposal

Payer Description	Current	FY 2007	FY 2008	FY 2009
Medicare (including managed care)	7.2%	7.2%	7.2%	7.2%
Medicaid (including managed care)	54.0%	54.0%	54.0%	54.0%
Total Government	61.2%	61.2%	61.2%	61.2%
Commercial Insurers	25.4%	25.4%	25.4%	25.4%
Other	13.5%	13.5%	13.5%	13.5%
Total Non-Government	38.9%	38.9%	38.9%	38.9%
Total Payer Mix	100%	100%	100%	100%

*(January 10, 2007, Initial CON Submission, page 29 and
 January 24, 2007, E-mailed Completeness Response)*

25. The Hospital stated that the termination of TakeHeart services in Branford along with the relocation of the OP Clinic will allow the Hospital to achieve operational efficiencies, such as streamlined registration, medical record management, and appointment scheduling. The co-location of the two programs will allow the Hospital to meet the CMS requirements for billing cardiac rehabilitation services. *(January 22, 2007, Initial CON Submission, page 22)*
26. There is no State Health Plan in existence at this time. *(January 22, 2007, Initial CON Submission, page 2)*
27. The Hospital stated that this proposal is consistent with its long-range plan. *(January 22, 2007, Initial CON Submission, page 2)*
28. The Hospital has improved productivity and contained costs in the past year by the application of energy conservation, group purchasing, re-engineering, and the application of technology. *(January 22, 2007, Initial CON Submission, pages 15 and 16)*
29. The proposal will not result in any change to the Hospital’s research responsibilities. *(January 22, 2007, Initial CON Submission, page 16)*
30. There are no distinguishing characteristics of the Hospital’s patient/physician mix that makes the proposal unique. *(January 22, 2007, Initial CON Submission, page 16)*
31. The Hospital has sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. It is certified by the American Association of Cardiovascular and Pulmonary Rehabilitation and complies with its standards of care. *(January 22, 2007, Initial CON Submission, page 14 and Attachment 5)*
32. The Hospital’s rates are sufficient to cover the operating costs associated with the proposal. *(January 22, 2007, Initial CON Submission, page 9)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for Certificate of Need (“CON”) proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety 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 proposal.

The Hospital of Saint Raphael (“Hospital”) is a 511 licensed bed general acute care teaching hospital located at 1450 Chapel Street, New Haven, Connecticut. The Hospital provides a full spectrum of cardiovascular services, including cardiology, cardiac surgery, vascular surgery, and thoracic surgery. The scope of services spans the continuum of care from prevention and diagnosis, to intervention, surgery, and rehabilitation.

The Hospital’s TakeHeart Cardiac Rehabilitation services (“TakeHeart” services) is a comprehensive, long-term program that includes medical evaluation, prescribed monitored exercise sessions, cardiac risk factor modification, patient education, and counseling. The majority of services are characterized as Phase II Cardiac Rehab, which refers to outpatient, medically supervised programs that are initiated one to three weeks after hospital discharge. It is designed to help patients understand, adjust to, and recover from cardiovascular events such as cardiac surgery or myocardial infarction. The TakeHeart services are currently located at 175 Sherman Avenue, New Haven and 84 North Main Street, Branford. The New Haven location has been the primary service location of TakeHeart for over 5 years and is located adjacent to the Hospital’s main campus.

The Hospital proposes to terminate its TakeHeart services at 85 North Main Street in Branford and have patients obtain their services at the primary location at 175 Sherman Avenue, New Haven. The Hospital also proposes to relocate the existing OP Clinic from 1450 Chapel Street to the TakeHeart space at 175 Sherman Avenue. The Hospital stated that its proposal is needed in order to enhance access and broaden the scope of outpatient cardiology services provided by the Hospital. The proposal will improve the identification and referral of patients who will benefit from TakeHeart services. It will improve the continuum of care from diagnosis to treatment and post-treatment rehabilitation. The Hospital will be able to enhance the linkages between cardiovascular services and the Hospital’s Occupational Health Plus, Cholesterol Management, and other programs that are also located at 175 Sherman Avenue. With Medicare patients comprising 54% of the persons receiving TakeHeart services, locating the TakeHeart services and the OP Clinic at the same location will enable the Hospital to efficiently meet the requirements of the Centers for Medicare and Medicaid Services for cardiac rehabilitation billing by having a physician on site at all times that the clinic is open.

Patient referrals to TakeHeart services have declined. In FY 2004, 2005, and 2006 the number of patients treated in the Branford location was 85, 103, and 43 patients, respectively. In FY 2004, 2005, and 2006 the number of patients treated in the New Haven location was 2,594, 2,612, and 2,298 patients, respectively. Based on the evidence, the Hospital has

demonstrated that its proposal will improve both the accessibility and quality of cardiac rehabilitation services for its patients.

There is no associated capital expenditure for the CON proposal. With the proposal the Hospital projects that it will realize net operating gains of \$71,598, \$101,912, and \$120,833 in FYs 2007, 2008 and 2009, respectively. The Hospital's volume and financial projections upon which they are based appear to be reasonable and achievable.

Based on the foregoing Findings and Rationale, the Certificate of Need application of The Hospital of Saint Raphael to consolidate its TakeHeart cardiac rehabilitation program, at no associated capital expenditure, is hereby GRANTED subject to conditions.

ORDER

The Hospital of Saint Raphael ("Hospital") is hereby authorized to terminate its TakeHeart program in Branford, at no associated capital expenditure, subject to the following conditions:

1. This authorization expires on March 12, 2008. Should the Hospital's TakeHeart consolidation proposal not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. In the event that the Hospital learns of potential capital expenditures, the Hospital shall file with OHCA a request for approval of the revised project budget.
3. The Hospital is authorized terminate its TakeHeart Cardiac Rehabilitation Services at 85 North Main Street, Branford and relocate the services to 175 Sherman Avenue, New Haven. The Hospital shall notify OHCA in writing of the actual date of the termination of TakeHeart services in Branford.
4. The Hospital is authorized to relocate its Cardiac Outpatient Clinic from 1450 Chapel Street, New Haven to 175 Sherman Avenue.

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

March 12, 2007

Signed by Cristine Vogel
Commissioner

CAV:lkg