



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Gaylord Hospital, Inc.

**Docket Number:** 06-30825-CON

**Project Title:** Termination of Physical Therapy, Occupation Therapy and Psychiatrist Services in New Haven and Transfer of Patients to Existing Service Locations

**Statutory Reference:** Section 19a-638 of the Connecticut General Statutes

**Filing Date:** October 30, 2006

**Decision Date:** January 24, 2007

**Default Date:** January 28, 2007

**Staff Assigned:** Laurie K. Greci

**Project Description:** Gaylord Hospital, Inc. (“Applicant”) is proposing to terminate its physical therapy, occupation therapy and psychiatrist services in New Haven, Connecticut and to transfer patients to existing service locations in North Haven and Woodbridge, Connecticut at no associated capital expenditure.

**Nature of Proceedings:** On October 30, 2006, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from the Applicant proposing to terminate its physical therapy, occupation therapy and psychiatrist services in New Haven, Connecticut and to transfer patients to existing service locations in North Haven and Woodbridge, Connecticut at no associated capital expenditure. The Applicant 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 Applicant’s Letter of Intent was published in *The New Haven Register* on September

13, 2006. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until November 20, 2006, the twenty-first calendar day following the filing of the Applicant's CON application, to request that OHCA hold a public hearing on the Applicant'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 of the Proposal on the Applicant's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region**

1. Gaylord Hospital, Inc. ("Gaylord") is a not-for-profit chronic disease hospital located at Gaylord Farm Road, Wallingford, Connecticut. (*October 30, 2006, CON Application, page 42*)
2. Under Docket Number 85-512, OHCA granted a Certificate of Need to Gaylord to establish the comprehensive outpatient rehabilitation facility on Long Wharf Drive in New Haven. (*July 11, 1985, OHCA Docket Number 85-512, Final Decision*)
3. Gaylord currently provides outpatient services at the following locations:
  - a. Soundview Drive, Guilford;
  - b. 333 Orchard Street, New Haven<sup>1</sup>;
  - c. 8 Devine Street in North Haven;
  - d. The Jewish Community Center, Amity Road, Woodbridge; and
  - e. Gaylord's main campus in Wallingford.  
(*August 30, 2006, Letter of Intent, Attachment A*)
4. Gaylord proposes to terminate the services provided in New Haven and have patients obtain physical therapy, occupational therapy, and physiatry services at its other existing service sites. (*August 30, 2006, Letter of Intent, Attachment A*)

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<sup>1</sup> Under CON Determination Report Number 06-30825-DTRa, issued by OHCA on September 29, 2006, Gaylord was authorized to relocate its services from 1 Long Wharf Drive, New Haven to 333 Orchard Street, New Haven.

5. The Applicant stated that the proposal to terminate services in New Haven is cost effective due to:
  - a. Removal of lease costs;
  - b. No longer having to shift staff among the various service locations; and
  - c. Patients will continue to receive services from the Applicant.  
*(October 30, 2006, CON Application, page 14)*
  
6. The primary service area for the New Haven location includes New Haven and West Haven. The secondary service area includes East Haven, Milford, and Hamden.  
*(October 30, 2006, CON Application, pages 5 and 6)*
  
7. Gaylord's outpatient services operated at a loss of \$1,402,000 and \$2,871,000 in 2005 and 2006 (annualized year-to-date August 2006), respectively. *(October 30, 2006, CON Application, page 4)*
  
8. The lease and common area costs at the Long Wharf site, consisting of 17,153 square feet of space, were greater than \$385,000 per year. *(October 30, 2006, CON Application, page 4)*
  
9. Gaylord proposes to provide services to patients seen in New Haven at its North Haven and Woodbridge locations. The North Haven location is 7.8 miles from the Long Wharf site; and the Woodbridge site is 6.7 miles. Both locations are accessible to the patient population site via bus line with free and adequate parking for patients who drive. *(October 30, 2006, CON Application, page 4)*
  
10. The Long Wharf site was originally established in the 1980s to serve individuals with neurological deficits, such as stroke, brain injury, and spinal cord injury. In the fiscal year ("FY") ending 2005, fewer than 25% of the patients seen at Long Wharf required multiple neurological services. In order to maintain the required level of expertise in this area of complex neurological services, these services were transitioned to Gaylord's Wallingford campus where there are an ongoing number of patients to support that service. *(October 30, 2006, CON Application, page 4)*
  
11. The following table reports the actual visits by site and service for FY 2006 and the first quarter of FY 2007 (October, November, and December 2006):

**Table 1: Actual Visits by Site and Service**

Service	Site	FY 2006		FY 2007 1 <sup>st</sup> Quarter	
		Total	Monthly Average	Total	Monthly Average
Medical	Guilford	374	31	124	41
	New Haven	1,270	106	74	25
	North Haven	67	22	103	34
	Wallingford	5,249	437	1,377	459
Therapy	Guilford	2,926	244	1,076	359
	JCC	1,738	145	802	267
	New Haven	12,045	1,004	0	0
	North Haven	1,352	338	2,180	727
	Wallingford	31,201	2,600	9,494	3,165

Note: The Long Wharf site converted to the Orchard Street site on September 20, 2006. As the Applicant's fiscal year ends on September 30. FY 2006 data is for Long Wharf and FY 2007 data is for Orchard Street. The North Haven site opened on June 12, 2006, the data represents only a partial year and the average has been prorated.

*(January 22, 2007, Supplemental Information received via-email)*

12. The Applicant provided an analysis of the towns of residence for patients that had received services at the Long Wharf site. The analysis showed that the primary and secondary service areas represented 76% of the total volume of patients served. The following table summarizes patient visits at Long Wharf by town for FYs 2005, 2005, and 2006:

**Table 2: Patient Visits by Town and Fiscal Year**

Service Area	Town	FY 2004	FY 2005	FY 2006
Primary	New Haven	4,690	7,033	5,723
	West Haven	2,145	2,880	2,199
	<b>Subtotal</b>	<b>6,835</b>	<b>9,913</b>	<b>7,922</b>
Secondary	East Haven	1,012	1,275	663
	Milford	529	442	415
	Hamden	1,081	1,601	860
	<b>Subtotal</b>	<b>2,522</b>	<b>3,318</b>	<b>1,938</b>
Other Towns		3,423	3,712	3,162
	<b>Total</b>	<b>12,880</b>	<b>16,943</b>	<b>13,022</b>

Note: OHCA cannot verify the Applicant's reported number of visits.

*(October 30, 2006, CON Application, pages 5 and 6)*

13. Gaylord had no scheduling backlogs for any of the services provided at the Long Wharf site. Gaylord stated that it shifted staff to the other locations to provide services and then re-shifted staff back to Long Wharf as the patient need arose. *(October 30, 2006, CON Application, page 6)*

14. Gaylord reported the following hours of operations for its service locations:

**Table 3: Hours of Operations**

<b>Location</b>	<b>Therapy Services</b>	<b>Medical Services</b>
Guilford	MWF (8-4:30); T (8-8)	Tu (8-8); Th (8:30-4:30)
New Haven - Long Wharf	M-T (8-6); F (8-4:30)	M-T (8-6); F (8-4:30)
New Haven - Orchard Street	N/A	M (8-4:30)
North Haven	M-T (8-7); F (8-4:30)	M (8-12); Th (8-4:30); F (1-4:30)
Wallingford	M-T (7-6); F (7-4:30)	M W Th F (8-4:30); T (8-8)
Woodbridge	M-F (8-4:30)	N/A

*(October 30, 2006, CON Application, page 7 and January 12, 2006, Supplemental Information via e-mail)*

15. The Applicant bases its site capacities by setting a goal of 60 patient visits per full-time-equivalent (“FTE”) employee. Availability of additional capacity is made by comparing the total number of goal visits against the number of actual visits during the specific time period. During December 2006, the following information report the goal visits and actual visits by service site:

**Table 4: Actual Visits and Goal Visits during December 2006**

<b>Site</b>	<b>Goal Visits/Week</b>	<b>Average Actual Visits/Week</b>	<b>Visit Variance</b>
Guilford	115	107	8
Jewish Community Center	106	68	38
North Haven	174	160	14
Wallingford	756	680	76
<b>Total Additional Visit Capacity/Week</b>			<b>136</b>

*(January 22, 2007, Supplemental Information received via-email)*

16. The existing providers in the service area are listed in Attachment 1. The following table summarizes the number of existing providers in the service area by town and by service:

**Table 5: Number of Service Area Providers**

<b>Town</b>	<b>Physical Therapy</b>	<b>Occupation Therapy</b>	<b>Physiatry</b>
New Haven	3	4	2
Hamden	9	5	1
West Haven	5	0	0
North Haven	2	0	0
East Haven	4	0	0
Milford	6	1	1
Woodbridge	1	1	1

Note: One or more services may be provided by a single provider.  
(October 30, 2006, CON Application, pages 16, 17, and 18)

17. Gaylord stated that the current patient volumes serviced at the Long Wharf location will be re-distributed among the other Gaylord service locations and therefore there will be no impact on existing providers. (October 30, 2006, CON Application, page 7)

**Financial Feasibility and Cost Effectiveness of the Proposal  
and its Impact on the Applicant'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**

16. This CON proposal has no associated capital expenditures. (October 30, 2006, CON Application, pages 5 and 6)
17. The Applicant projects an incremental gain from operations related to this CON proposal of \$402,000, \$410,000, and \$419,000 for FYs 2007, 2008, and 2009 respectively which represents the lease amount for the Long Wharf site. (October 30, 2006, CON Application, page 56)
18. The Applicant's reported the following current and projected payer mix through FY 2011:

**Table 6: Payer Mix**

<b>Payer</b>	<b>Percentage</b>
Medicare	32
Medicaid	15
Commercial Insurers	53

(October 30, 2006, CON Application, page 13)

19. There is no State Health Plan in existence at this time. *(October 30, 2006, CON Application, page 4)*
20. The Applicant stated that this proposal is consistent with its long-range plan. *(October 30, 2006, CON Application, page 4)*
21. The Applicant has improved productivity and contained costs in the past year by the application of technology, re-engineering, increased focus on employee safety, and group purchasing. *(October 30, 2006, CON Application, page 9)*
22. The proposal will not result in any change to the Applicant's teaching and research responsibilities. *(October 30, 2006, CON Application, page 10)*
23. There are no distinguishing characteristics of the Applicant's patient/physician mix that makes the proposal unique. *(October 30, 2006, CON Application, page 10)*
24. The Applicant has sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(October 30, 2006, CON Application, pages 19 to 40)*
25. The Applicant's rates are sufficient to cover the operating costs associated with the proposal. *(October 30, 2006, CON Application, page 56)*

## 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.

Gaylord Hospital (“Gaylord”) is a chronic disease hospital with its main campus located on Gaylord Farms Road, Wallingford, Connecticut. Gaylord proposes to terminate the services provided in New Haven and have the patients obtain their physical therapy, occupational therapy, and physiatry services at Gaylord’s other existing sites in North Haven and Woodbridge. Gaylord established its Long Wharf site to serve individuals with neurological deficits, such as stroke, brain injury, and spinal cord injury. With fewer than 25% of the patients being seen at Long Wharf requiring such services, Gaylord transitioned these services to its main campus in Wallingford where there is an ongoing number of patients to support these services and maintain the staff’s expertise.

Gaylord stated that the proposal to terminate services at Long Wharf is cost effective due to the elimination of the lease costs and no longer having to shift its staff to other service locations. Gaylord’s patients may continue to receive services at one of its other existing service sites. Gaylord has the capacity to accommodate its patients at the alternate sites as demonstrated by the excess of goal visits over actual visits. The alternate locations are already established and are easily reached by public transportation. For those patients with access to a vehicle, ample free parking is provided. In addition, there are numerous other providers in and around New Haven that offer the same outpatient services. OHCA finds that with the termination of services at Long Wharf, access to services will be maintained. Patients will have a choice to receive services at an alternate Gaylord location or receive services from numerous other area providers.

The proposal has no associated capital expenditure. Gaylord projects an incremental gain from operations related to this CON proposal of which represents the lease amount for the Long Wharf site. Although OHCA can not draw any conclusions, the Applicant’s financial projections appear to be reasonable.

Based on the foregoing Findings and Rationale, the Certificate of Need Application of Gaylord Hospital to terminate its existing physical therapy, occupation therapy and physiatrist services in New Haven, Connecticut and to transfer patients to existing service locations in North Haven, Wallingford, and Woodbridge, Connecticut with no associated capital expenditure is hereby GRANTED, subject to the following condition.

## Order

The proposal of Gaylord Hospital, Inc. to terminate its existing physical therapy, occupation therapy and physiatrist services in New Haven, Connecticut and to transfer patients to existing service locations in North Haven, Wallingford, and Woodbridge, Connecticut with no associated capital expenditure is hereby **GRANTED**, subject to the following condition:

1. The Applicant shall notify OHCA in writing of the actual date of the termination of services at its sites in New Haven.

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

January 24, 2007

Signed by Cristine A. Vogel  
Commissioner

CAV:lkq

**Attachment 1 – Existing Service Providers**

<b>Services Provided*</b>	<b>Provider Name</b>	<b>Street Address and Town</b>
PT	Advanced Back & Neck Centers	555 Boston Post Road, Milford
PT	Advanced Physical Therapy	399 Campbell Avenue, West Haven
PT, OT, SP	Allied Health & Rehabilitation	6363 Campbell Avenue, Hamden
PT, OT, SP	Allied Health & Rehabilitation	2440 Whitney Avenue, Hamden
PT	Aqua & Physicians Physical Therapy	544 Campbell Avenue, West Haven
PT, OT, SP	Baron Therapy Services (Pediatric)	151 Research Drive, Woodbridge
PH	Center for Orthopedics	60 Temple Street, New Haven
PH	Center for Orthopedics	1224 Main Street, Branford
PH	Center for Orthopedics	2200 Whitney Avenue, Hamden
PH	Center for Orthopedics	20 Commerce Park, Milford
PT	Center Rehabilitation & Sports Therapy	155 Hill Street, Milford
PT, OT	Chapin & Havlicek Physical Therapy	46 Prince Street, New Haven
PT	Coastline Medical & Therapy Center	389 Campbell Avenue, West Haven
PT	Connecticut Physical Therapy	755 Campbell Avenue, West Haven
PT	Excel Physical Therapy, LLC	2285 Whitney Avenue, Hamden
PT	Foot & Ankle Physical Therapy & Rehab	318 New Haven Avenue, Milford
OT	Hand Therapy Associates	61 Amity Road, New Haven
PH	Hansenfeld, Martin	330 Orchard Street, New Haven
PH	Hansenfeld, Martin	100 Broadway, North Haven
PT, OT	Hospital of Saint Raphael – Physical Therapy	2080 Whitney Avenue, Hamden
PT, OT	Hospital of Saint Raphael – Physical Therapy	175 Sherman Avenue, New Haven
PT	Life Wellness Physical Therapy LLC	339 Eastern Street, East Haven
OT	Orchard Hand Therapy	330 Orchard Street, New Haven
PT	Physical Therapy & Rehabilitation Center	27 Scott Road, Hamden
PT	Physical Therapy Specialist	205 East Main Street, East Haven
PT	Physical Therapy Specialist	2200 Whitney Avenue, Hamden
PH	PM&R Associates, PC	1 Bradley Road, Woodbridge

**Attachment 1 – Existing Service Providers (continued)**

<b>Services Provided*</b>	<b>Provider Name</b>	<b>Street Address and Town</b>
PT	Quinnipiac Physical Therapy	7 Washington Avenue, North Haven
PT	Quinnipiac Physical Therapy	2334 Whitney Avenue, Hamden
PT, OT	Rehab associates	670 Boston Post Road, Milford
OT	Rheumatology & Rehabilitation Center	3018 Dixwell Avenue, Hamden
PT	Shoreline Physical Therapy & Sports Medicine, LLC	60 Commerce Park Road, Milford
PT	Star Physical Therapy	258 Broad Street, Milford
PT	Star Physical Therapy	2416 Whitney Avenue, Hamden
PT	Temple Physical Therapy	230 George Street, New Haven
PT	Temple Physical Therapy	444 Foxon Road, East Haven
PT, OT	Temple Physical Therapy	9 Washington Avenue, Hamden
PT	Therapy Works	32 Main Street, East Haven
PT	Village Street Therapy & Sports Medicine	12 Village Street, North Haven

- \* PH = Psychiatrist
- PT = Physical Therapy
- OT = Occupational Therapy
- SP = Speech Therapy.