



Office of Health Care Access

Modification of a Previously Authorized Certificate of Need

Applicant:	The Hospital of Central Connecticut
Modification Docket Number:	07-30394-MDF
Modification Project Description:	A request to modify a previous Certificate of Need authorization in order to increase the authorized project capital expenditure, by \$1,600,000, from \$2,359,023 to \$3,959,023
Original Project Docket Numbers and Title	Docket Number 04-30394-CON: The construction of a medical office building at a total capital expenditure of \$2,359,023.
Statutory Reference:	Sections 4-181a(b), Connecticut General Statutes
Modification Filing Date:	November 27, 2007
Decision Date:	December 3, 2007
Staff	Karen Roberts

Project Description: The Certificate of Need (“CON”) issued under Docket Number 04-30394-CON authorized the request of Bradley Memorial Hospital and Health Center to construct a medical office building on its campus, at a total capital expenditure of \$2,359,023.

Under Docket Number 07-30394-MDF, The Hospital of Central Connecticut¹ is requesting a modification of that CON authorization in order to increase the authorized capital costs for the project by \$1,600,000, from \$2,359,023 to \$3,959,023.

¹ The Hospital of Central Connecticut is the successor entity to Bradley Memorial Hospital and Medical Center

Findings of Fact

1. On May 6, 2005, under Docket Number 04-30394-CON, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) to Bradley Memorial Hospital and Medical Center to construct a medical office building (“MOB”) on its campus at a total capital expenditure of \$2,359,023. Condition #2 of the CON authorization states the following:

“2. The Hospital shall not exceed the approved capital expenditure of \$2,359,023. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.”
(Final Decision for DN 04-30394-CON)
2. On October 9, 2007, OHCA informed The Hospital of Central Connecticut (“Hospital”), the successor legal entity to Bradley Memorial Hospital and Medical Center, that *“OHCA considers the incurrence by the Hospital of additional costs to fit out the MOB floors as exceeding the authorized capital expenditure and that the fit out of the floor are “attendant improvements” directly related to the project reviewed and authorized by OHCA.”* OHCA further informed the Hospital that it *“must submit a modification request for an increase in the authorized capital expenditure to include the total fit out costs.”* (October 9, 2007 letter from OHCA to the Hospital)
3. On November 27, 2007, OHCA received the Hospital’s request for a modification to increase the authorized total project costs, by \$1,600,000, from \$2,359,023 to \$3,959,023. The Hospital indicates that, at the time of the original CON submission, the Hospital was not planning to fit-out the two floors. However, in order to complete the rental agreements with the tenants on the first floor, the Hospital incurred the fit-out costs. The incremental increase in the capital expenditure is associated with the fitting out of the first and second floors of the MOB. (Pages 2-3 of the November 27, 2007 modification request)
4. The Hospital indicates that the Barnes Medical Office Building has been completed as of April 2007. This includes the fit out of the first floor and subsequent leasing to three physician groups affiliated with the Hospital. The Hospital is planning on fitting out the second floor for two medical groups who are interested in locating their offices at this location. (Page 4 of the November 27, 2007 modification request)
5. The Hospital will utilize operating funds to cover the increased expenditure amount. (Page 3 of the November 27, 2007 modification request).

Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 04-30394-CON to Section 19a-637 of the Connecticut General Statutes, is not significantly altered by this request for a modification under Docket Number 07-30394-MDF. The modification proposal does not alter the intended scope or timeframe for the project originally reviewed and acted upon by OHCA and the incurrence of increased costs to fit out the MOB appears to have been unanticipated by the Hospital at the time of the original CON filing. The request for an additional \$1,600,000 appears to be reasonable.

Order

Based on the above discussion and the reasons provided in the Hospital's modification request, OHCA hereby **Grants** the request and allows a modification of the CON Order under Docket Number 04-30394-CON. Condition # 2 of the CON Order under Docket Number 04-30394-CON is modified as follows:

2. The Hospital shall not exceed the approved capital expenditure of \$3,959,023. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.

All other conditions set forth in the CON authorization issued under Docket Number 04-30394-CON, not further modified herein, will remain in full effect.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on December 3, 2007

Date

Cristine A. Vogel
Commissioner

CAV/kr