



Office of Health Care Access Certificate of Need Application

Final Decision

Applicants: Catholic Charities, Diocese of Norwich, Inc. and Affirmation Counseling Center, Inc.

Docket Number: 07-30986-CON

Project Title: Change in Ownership of Psychiatric Outpatient Clinic in Portland and Addition of Substance Abuse Outpatient Treatment Program in Portland

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

Filing Date: April 17, 2008

Decision Date: July 14, 2008

Default Date: July 16, 2008

Staff Assigned: Paolo Fiducia

Project Description: Catholic Charities, Diocese of Norwich, Inc. and Affirmation Counseling Center, Inc. (“Applicants”) are proposing a change in the ownership of the psychiatric outpatient clinic in Portland from Affirmation Counseling Center, Inc. to Catholic Charities, Diocese of Norwich, Inc. and the addition of a substance abuse outpatient treatment program at the same site located at 553 Portland Cobalt Road, Portland, Connecticut, with no associated capital expenditure.

Nature of Proceedings: On April 17, 2008, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Catholic Charities, Diocese of Norwich, Inc. and Affirmation Counseling Center, Inc. (“Applicants”) proposing a change in the ownership of the psychiatric outpatient clinic in Portland from Affirmation Counseling Center, Inc. to Catholic Charities, Diocese of Norwich, Inc. and the addition of a substance abuse outpatient treatment program at the same site located at 553 Portland Cobalt Road, Portland, Connecticut, with no associated capital expenditure. The Applicants are health care facilities or institutions 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 Applicants' Letter of Intent was published in the *Middletown Press* on June 29, 2007. OHCA received no responses from the public concerning the proposal. Pursuant to Section 19a-638, C.G.S., three individuals or an individual representing an entity with five or more people had until May 8, 2008, the twenty-first calendar day following the filing of the Applicants' CON Application, to request that OHCA hold a public hearing on the proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny the CON application 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 Applicants' 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. Catholic Charities, Dioceses of Norwich, Inc. ("CCDNI") is a not-for-profit organization, licensed by The Department of Public Health ("DPH") and The Department of Children and Families ("DCF") to provide outpatient psychiatric and substance abuse counseling for adults, adolescents, children, and couples in Norwich and New London, Connecticut. *(October 15, 2007 Initial CON Application Submission, page 17)*
2. Affirmation Counseling Center, Inc. ("ACC") is a not-for-profit organization that operates one psychiatric outpatient clinic for adults, couples, and families at 553 Portland-Cobalt Road in Portland. *(June 18, 2007 Letter of Intent, page 7)*
3. The Applicants are proposing the following:
 - Change in the ownership of the psychiatric outpatient clinic in Portland from Affirmation Counseling Center, Inc. to Catholic Charities, Diocese of Norwich, Inc.; and
 - Addition of substance abuse outpatient treatment program at the same site located at 553 Portland-Cobalt Road in Portland.*(October 15, 2007 Initial CON Application Submission, page 17)*
4. The Applicants state the following:
 - In 1995 the Board of Directors of ACC decided to contact CCDNI to explore the possibility of Catholic Charities providing administrative oversight for the agency.
 - Catholic Charities agreed to provide a part time administrator for the ACC as well as a clinical supervisor to provide necessary clinical supervision for the ACC staff.
 - Over time, CCDNI involvement with ACC operations has expanded to almost every aspect of their business functioning.

- In addition, CCDNI has provided support for arranging psychiatric coverage for the needs of the ACC behavioral health practice, along with some of the human resources functions, staff training, office supplies, business functions of the Catholic Charities finance office, and direct financial subsidy.
- All of these measures have been provided to maintain the behavioral services offered by the ACC in the Portland/Middletown area due to their financial difficulties.
- Catholic Charities was willing to fund the operations of the ACC because of its mission to serve those who need services regardless their ability to pay, insurance status or residency within the geographical area of the Roman Catholic Diocese of Norwich. *(June 26, 2008 Supplemental Information, page 1)*

5. The following table shows the Applicants' current licenses:

Applicant	Current License(s)
ACC 553 Portland-Cobalt, Portland	Psychiatric Outpatient Clinic for Adults
Catholic Charities, Diocese of Norwich 331 Main Street, Norwich	Substance Abuse Outpatient Treatment Psychiatric Outpatient Clinic for Adults Multi-Service Outpatient Psychiatric Clinic for Children
Catholic Charities, Diocese of Norwich 22 Masonic Street, New London	Substance Abuse Outpatient Treatment

(June 30, 2008 and July 7, 2008, Supplemental responses)

6. The following table shows the Applicants' proposed licenses:

Applicant	Proposed License(s)
Catholic Charities, Diocese of Norwich 553 Portland-Cobalt, Portland	Substance Abuse Outpatient Treatment Psychiatric Outpatient Clinic for Adults
Catholic Charities, Diocese of Norwich 331 Main Street, Norwich	No change
Catholic Charities, Diocese of Norwich 22 Masonic Street, New London	No change

(June 30, 2008 and July 7, 2008, Supplemental responses)

7. The Applicants state that the change in ownership of the psychiatric outpatient clinic in Portland from ACC to CCDNI will allow Catholic Charities to formally become visible in the area of Portland/Middletown as well as to eliminate duplicate structures of board of directors, separate finances, human resources, that at present time need to be maintained for the ACC as a separate entity. *(June 26, 2008 Supplemental Information, page 2)*
8. The Applicants state that the population to be served includes existing clients as well as those individuals from diverse ethnic, cultural and economic backgrounds who may or

may not be insured, or who need outpatient substance abuse treatment services but are currently under-insured or under-served. (*October 15, 2007 Initial CON Application Submission, page 18*)

9. The Applicants state that the Portland area has a very limited number of individual and/or agency-based providers for outpatient substance abuse treatment. Individuals seeking such services typically must access agencies and/or providers in the Middletown area and beyond. This is especially true for those on SAGA who need outpatient services. Additionally, individuals who are identified as having co-occurring disorders face limited treatment options and potential wait for evaluation and outpatient services. (*October 15, 2007 Initial CON Application Submission, page 17*)
10. ACC stated that Rushford Center, Inc., Middlesex Hospital and The Connection, Inc. are existing providers of substance abuse outpatient treatment services in the Portland service area. (*October 15, 2007 Initial CON Application Submission, page 18*)
11. The Applicants state that Rushford has indicated that due to staffing shortages face-to-face assessments may not occur as rapidly for non-urgent patients. They attempt to see most patients within 72 hours of initial contact but the average may be as long as 2 ½ weeks for non-urgent patients. Additionally 75% of the treatment modality is group therapy for most patients admitted to the outpatient treatment program. Middlesex Hospital also shows similar patterns of admission and availability of treatment. (*April 17, 2008 Completeness Letter Responses, page 1*)
12. The following table is a report from the Department of Mental Health and Addiction Services (“DMHAS”) of Substance Abuse Outpatient Treatment Program providers serving the greater Middletown area, Fiscal Year 2007:

Table 1: Substance Abuse Outpatient Treatment Programs Providers serving the Greater Middletown Area State Fiscal Year 2007:

Agency/Program	Admissions	Average Daily Census	Census June 30 th
Connection Inc./Court Street, Middletown	121	44	42
Rushford Center/Silver Street	448	70	69
Rushford Center/MISA Program	13	14	12
Rushford Center/Middlesex Hospital	15	16	14
Total	597	144	137

Source: DMHAS

(*April 17, 2008 Completeness Letter Responses, Attachment 1*)

13. The following table shows the number of clients served at ACC and the number of clients with co-occurring disorders referred out for outpatient substance abuse services from FY 2005–FY 2008 (January-May):

Table 2: Historical Psychiatric Outpatient Clients and Referred Clients for Substance Abuse Outpatient Treatment Services from FY 2005–FY 2008:

Fiscal Year	Number of Psychiatric Outpatient Clients	Number of Clients referred out for Substance Abuse Outpatient Services
2005	78	35
2006	105	50
2007	119	56
2008 (Jan-May)	71	36

(June 26, 2008 Supplemental Information, page 2)

14. The Applicants state that referrals for ACC’s behavioral services in the past six months came from insurance and HMO companies, Department of Children and Families, Employment Assistance Programs, other behavioral health providers, religious leaders, and individuals and family in the community who learned about ACC from advertising. *(April 17, 2008 Completeness Letter Responses, page 2)*

15. The following table shows the projected number of psychiatric and substance abuse outpatient clients to be served by CCDNI in Portland within the first three years of operation:

Table 3: Projected number of psychiatric and substance abuse outpatient clients to be served in Portland*:

Service	2008	2009	2010
Substance Abuse Outpatient Treatment*	80	92	106
Psychiatric Outpatient Clinic**	144	165	187

Notes: * The projection of substance abuse outpatients is based on increased publicity in the region through community based resources including parishes and specifically promoted treatment specialties, like co-occurring disorders. The conservatively projected 42% increase is consistent with marketing and promotion of professional staff done in FY 2006 for similar co-occurring disorder treatment services at the Norwich site. *(April 17, 2008 Completeness Letter Responses, page 2)*

** The projection of psychiatric outpatients without substance abuse diagnoses for FY 2008 is based on the actual number of clients served in the first half of 2008 (71 clients). Projections for FYs 2009 and 2010 estimate a 14% and 13% growth respectively. These growth rates are similar to increases experienced in the past three years at the Norwich site. The Applicant estimates a similar client growth rate at the Portland site due to the number of referrals received as well as the staff capacity. *(July 7, 2008, Supplemental Responses, page 1)*

16. The proposed hours of operation for CCDNI in Portland are Monday-Friday 9:00 am-9:00 pm, and Saturday 9:00 am-1:00 pm. *(October 15, 2007 Initial CON Application Submission, page 18)*

17. The current and projected payer mix of CCDNI is as follows: *(April 17, 2008 Completeness Letter Responses, page 2)*

Table 4: Current and Projected Payer Mix of CCDNI

Payer Mix	Current	Year 1	Year 2	Year 3
Medicare	1.58%	1.61%	1.64%	1.67%
Medicaid	66.59%	64.92%	63.30%	61.71%
Total Government Payers	68.16%	66.53%	64.94%	63.39%
Commercial Insurance	22.67%	23.01%	23.36%	23.71%
Self-Pay	9.17%	10.46%	11.71%	12.91%
Total Non-Government Payers	31.84%	33.47%	35.06%	36.61%
Total Payer Mix	100%	100%	100%	100%

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

18. The project has no associated capital expenditure. *(October 15, 2007 Initial CON Application Submission, page 20)*
19. ACC states that in FY 2007 they had a loss of (\$42,308). *(June 26, 2008 Supplemental Information, Attachment G1-C)*
20. ACC is subsidized by Catholic Charities for operating expenses each month in the amount of \$30,000 annually. Additionally one half of the occupancy expenses are reimbursed each month for a total of \$15,048 for calendar year 2007. *(June 26, 2008 Supplemental Information, Attachment G1-C)*
21. ACC projects losses from operations without the project of (\$49,741), (\$50,000) and (\$51,000) for FY 08, FY 09 and FY 10, respectively. *(June 26, 2008 Supplemental Information, Attachment G1-C)*
22. CCDNI projects losses from operations without the project of (\$319,515), (\$279,783) and (\$248,772) for FY 08, FY 09 and FY 10, respectively. Catholic Charities' loss is subsidized by the Diocese of Norwich in support of their mission to provide social services for those in need with the hope that fundraising activities will increase and reduce the anticipated loss. *(June 26, 2008 Supplemental Information, Attachment G1-A)*
23. The Applicants state that this proposal is cost effective as it streamlines services, eliminates duplication of administrative functions, and allows for sharing of costs from common vendors. *(October 15, 2007 Initial CON Application Submission, page 21)*

24. There is no State Health Plan in existence at this time. *(October 15, 2007 Initial CON Application Submission, page 2)*
25. The Applicants have adduced evidence that the proposal is consistent with the Applicants' long-range plan. *(October 15, 2007 Initial CON Application Submission, page 2)*
26. The Applicants have improved productivity and contained costs through the application of group purchasing and the application of technologies (i.e. phone/voicemail system). *(October 15, 2007 Initial CON Application Submission, page 19)*
27. The proposal will not result in any change to the Applicants' teaching and research responsibilities. *(October 15, 2007 Initial CON Application Submission, page 19)*
28. The Applicants state that the patient/physician mix will not change. *(October 15, 2007 Initial CON Application Submission, page 19)*
29. The Applicants have sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(October 15, 2007 Initial CON Application Submission, page 19)*

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.

Catholic Charities, Dioceses of Norwich, Inc. (“CCDNI”) is a not-for-profit organization, licensed by The Department of Public Health (“DPH”) and The Department of Children and Families (“DCF”) to provide outpatient psychiatric and substance abuse counseling for adults, adolescents, children, and couples in Norwich and New London, Connecticut. Affirmation Counseling Center, Inc. (“ACC”) is a not-for-profit organization that operates a psychiatric outpatient clinic for adults, couples, and families at 553 Portland-Cobalt Road in Portland. This proposal is for the change in ownership of the psychiatric outpatient clinic in Portland from ACC to CCDNI and the addition of a substance abuse outpatient treatment program at the same site in Portland. CCDNI will be licensed to provide both psychiatric outpatient and substance abuse outpatient treatment services at the same location in Portland. This will allow CCDNI to formally become visible in the area of Portland/Middletown as well as eliminate duplicate structures of board of directors, separate finances, and human resources.

Since 1995 CCDNI has provided part-time administrative oversight and clinical supervision for the ACC. In addition, CCDNI has provided support for arranging psychiatric coverage for the needs of the ACC behavioral health practice, along with some of the human resources functions, staff training, office supplies, business functions, and direct financial subsidy. All of these measures have been provided to maintain the behavioral services offered by the ACC in the Portland/Middletown area due to their financial difficulties. In order to be more cost effective, the operations of ACC and CCDNI will be consolidated under one license at 553 Portland-Cobalt Road, Portland.

CCDNI currently operates behavioral health clinics in Norwich and New London. The Applicants have seen a steady increase in the number of clients with co-occurring disorders referred for outpatient substance abuse services. This proposal will create another clinical site for CCDNI to provide behavioral health services to residents of the area with co-occurring disorders, especially SAGA patients. The Applicants serve individuals who are insured, underinsured, uninsured, or are on state assistance. The proposal will improve continuity of care as well as enhance the overall service delivery in the area.

There is no capital expenditure with the proposed change in ownership or addition of substance abuse outpatient treatment services. ACC projects losses from operations without the project of (\$49,741), (\$50,000) and (\$51,000) for FY 08, FY 09 and FY 10, respectively. ACC is subsidized by Catholic Charities for operating expenses each month in the amount of \$30,000 annually. Additionally one half of the occupancy expenses are reimbursed each month for a total of \$15,048 for calendar year 2007.

Based on the foregoing reasons, OHCA finds that ACC and CCDNI have provided sufficient evidence to substantiate the need for the change in ownership and addition of substance abuse outpatient treatment services in Portland and that the proposal will improve the quality and accessibility of outpatient psychiatric and substance abuse services for the residents of Portland. Although OHCA can not draw any conclusions the Applicants' volume and financial projections upon which are based appear to be reasonable and achievable.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Catholic Charities, Diocese of Norwich, Inc. and Affirmation Counseling Center, Inc. for a change in the ownership of the psychiatric outpatient clinic in Portland from Affirmation Counseling Center, Inc. to Catholic Charities, Diocese of Norwich, Inc. and the addition of a substance abuse outpatient treatment program at the same site located at 553 Portland Cobalt Road, Portland, Connecticut, with no associated capital expenditure. is hereby **GRANTED**, subject to the following conditions:

1. This authorization shall expire on July 14, 2009. Should the Applicants' proposal not be completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
2. Catholic Charities, Diocese of Norwich, Inc. will be licensed to provide psychiatric outpatient clinic and substance abuse outpatient treatment services at 553 Portland Cobalt Road, Portland, Connecticut. Affirmation Counseling Center, Inc. will cease to exist.
3. The Applicants shall notify OHCA in writing of the commencement date of the proposed service by no later than one month after the commencement date.
4. If Catholic Charities, Diocese of Norwich, Inc. proposes to terminate and/or add any services or programs, it shall file with OHCA a Certificate of Need Exemption or Letter of Intent.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

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

Signed by Commissioner Vogel on July 14, 2008

Date

Cristine A. Vogel
Commissioner

CAV:pf