



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital

Docket Number: 07-31006-CON

Project Title: Establish an Adult Intensive Outpatient Behavioral Health Service in Sharon

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

Filing Date: September 21, 2007

Decision Date: January 2, 2008

Default Date: January 24, 2008

Staff Assigned: Paolo Fiducia

Project Description: Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital (“Hospital”) proposes to establish an adult intensive outpatient behavioral health service in Sharon, with no associated capital expenditure.

Nature of Proceedings: On September 21, 2007, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital (“Hospital”) proposing to establish an adult intensive outpatient behavioral health service in Sharon, with 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 CON application was published in the *Waterbury Republican American*, Waterbury, on July 30, 2007. OHCA received no responses from the public concerning the Applicant’s proposal. Pursuant to Section 19a-638, C.G.S., three individuals or an individual representing an entity with five or more people had until November 16, 2007, 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 by November 16, 2007.

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 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. Sharon Hospital ("Hospital") is a for profit hospital, owned by Essent Healthcare, Inc. located at 50 Hospital Hill Road, Sharon, Connecticut. *(July 12, 2007, Letter of Intent, page 2)*
2. The Hospital's proposal is to provide a 10-slot intensive outpatient behavioral health program for men and women ages 50 years and older. The program would be located within Sharon Hospital. *(July 12, 2007 Letter of Intent, page 9)*
3. The Hospital has provided an inpatient behavioral health diagnostic and treatment program for men and women ages 55 and older since 1998. The Senior Behavioral Health Center is housed on a distinct 12-bed unit within the Hospital. *(July 12, 2007 Letter of Intent, page 9)*
4. The program would consist of outpatient therapy groups and psychiatric care for 2-3 hours per day, up to three weekdays per week. Additional individual or family therapy sessions may be scheduled as determined by patient need. The estimated length of stay will be 10-14 treatment days for each patient. *(July 12, 2007, Letter of Intent, page 9)*
5. According to the Hospital, each patient will have an individualized Treatment Plan in which the patient will be involved in the development and will be overseen by a psychiatrist. Each patient will be assessed by RN's, a psychiatrist, a Social Worker and/or a Clinical Specialist. *(July 12, 2007, Letter of Intent, page 9)*
6. The Hospital states that the following criteria will be used when admitting new patients to the program:
 - Men and women ages 50 years and older. A psychiatrist will determine appropriateness individually;
 - Person's exhibiting psychiatric symptoms that significantly impair social, occupational, or other areas of functioning;
 - There is a reasonable expectation that treatment and intervention will improve the person's condition and the person requires more than occasional outpatient therapy;

- Potential patients are determined to not be in imminent danger to themselves or others; and
 - Persons must have sufficient cognitive function to allow successful participation in Group Therapy.
(July 12, 2007, Letter of Intent, page 9)
7. The Hospital states that there are no other Intensive Outpatient Program (“IOP”) services available in the Sharon Hospital service area. Currently, Sharon Hospital patients need to travel approximately 40 to 50 minutes for a similar outpatient service. (September 21, 2007 Initial CON Application Submission, page 2)
8. The Hospital states that the proposed service at Sharon Hospital offers a variety of concurrent psychiatric assessment and care, therapy groups, individual therapy, and family therapy each day for up to 3 days per week, and delivering at least 4 hours of treatment per week. (October 26, 2007 Supplemental CON Material, page 2)
9. The Hospital proposes to provide a transportation system to assist local residents to utilize the proposed program. (September 21, 2007 Initial CON Application Submission, page 5)
10. The Hospital proposes to follow the practice guidelines established by the American Psychiatric Association. (September 21, 2007 Initial CON Application Submission, page 12)
11. The following table shows the projected number of discharges to the proposed service for the first three years of operation:

Table 1: Number of projected discharges for the first three years*

	Year 1	Year 2	Year 3
IOP Discharges	83	101	119

(October 26, 2007 Supplemental CON Material, page 3)

*The projected volumes were developed based on the following assumptions/calculations:

- Discharges refers to patients completing services in the IOP program;
- The ALOS for IOP patients is 13.6 – 13.9 visits;
- Year 1 assumes 6.9 discharges per month – a total of 83 discharges;
- Year 2 assumes 8.4 discharges per month – a total of 101 discharges;
- Year 3 assumes 9.9 discharges per month – a total of 119 discharges;
- Year 1 projects 1125 client visits, which divided by 13.6 visits = 83 discharges;
- Year 2 projects 1375 client visits, which divided by 13.6 visits = 101 discharges;
- Year 3 projects 1625 client visits, which divided by 13.6 visits = 119 discharges; and
- The derivation/calculation used to project the number of discharges from IOP includes data obtained by Horizon Health Management, Inc. analysts and the Substance Abuse and Mental Health Services Administration (“SAMSHA”) public data.

12. The referral patterns to the IOP are anticipated to occur in the following manner:

Table 2: Referral Pattern to the IOP Program

Referral Category	Percentage of Admitted Patients
Attending Psychiatrist/Inpatient Service	40%
Assisted Living Facilities	20%
Hospital ER	20%
Non-Psychiatrist MD's	15%
Human Service Organizations	5%
Total	100%

(October 26, 2007 Supplemental CON Material, page 4)

**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 the Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

13. There is no capital expenditure associated with this project. *(September 21, 2007 Initial CON Application Submission, page 9)*

14. The Hospital projects incremental gains from operations related to the proposal of \$36,898 for FY 2008, \$72,008 for FY 2009 and \$107,118 for FY 2010. *(October 26, 2007, Supplemental CON Material, Attachment 3)*

15. The floor plan of the proposed service is one large room (335 square feet) with a large, accessible half bath (40 square feet) in the room. The location of this room is on the second floor of Sharon Hospital adjacent to the inpatient psychiatric unit. *(October 26, 2007, Supplemental CON Material, page 4)*

16. There is no State Health Plan in existence at this time. *(September 21, 2007, Initial CON Submission, page 2)*

17. The Hospital states that the proposal is consistent with its long-range plan. *(September 21, 2007, Initial CON Submission, page 2)*

18. The Hospital has improved productivity and contained costs through group purchasing and application of technology. *(September 21, 2007, Initial CON Submission, page 7)*

19. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(September 21, 2007, Initial CON Submission, page 7)*

20. The Hospital's projected payer mix for the proposed service is as follows: *(October 26, 2007, Supplemental CON Material, page 5)*

Table 3: Three-Year Projected Payer Mix with the CON Proposal

Payer Mix	Year 1	Year 2	Year 3
Medicare	80%	80%	80%
Medicaid	11%	11%	11%
Total Government	91%	91%	91%
Commercial Insurers	6%	6%	6%
Uninsured	3%	3%	3%
Total Non-Government	9%	9%	9%
Total Payer Mix	100%	100%	100%

21. The Applicant's staff will provide sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(September 21, 2007, Initial CON Submission, page 6)*

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.

Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital (“Hospital”) proposes to establish an adult intensive outpatient behavioral health service on its campus at 50 Hospital Hill Road, Sharon, Connecticut. The Hospital’s proposal is intended to serve men and women ages 50 years and older. The proposed service will consist of a variety of concurrent psychiatric assessment and care, therapy groups, individual therapy, and family therapy each day for up to 3 days per week, and delivering at least 4 hours of treatment per week. Each patient will have an individualized Treatment Plan in which the patient will be involved in the development and will be overseen by a psychiatrist. Each patient will be assessed by RN’s, a psychiatrist, a Social Worker and/or a Clinical Specialist. The proposal will remedy a geographic barrier to access by providing intensive outpatient behavioral health services within the Hospital’s service area. Based on the foregoing reasons, OHCA finds that the Hospital has provided sufficient evidence to substantiate the need for the proposed service and that the proposal will improve the quality and accessibility of an adult intensive outpatient behavioral health service in the greater Sharon area.

The total capital expenditure for the CON proposal is \$0. The Hospital projects incremental gains from operations related to the proposal of \$36,898 for FY 2008, \$72,008 for FY 2009 and \$107,118 for FY 2010. Although OHCA can not draw any conclusions the Hospital’s volume and financial projections upon which they are based appear to be reasonable and achievable.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital to establish an adult intensive outpatient behavioral health service at 50 Hospital Hill Road, Sharon, at a total capital expenditure of \$0, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire on January 2, 2009. Should the Applicant's proposal not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall notify OHCA in writing of the commencement date of the proposed service by no later than one month after the commencement date.
3. If Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital proposes to terminate and/or add any services or programs, it shall file with OHCA a 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 January 2, 2008

Date

Cristine A. Vogel
Commissioner

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