



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital:	Hospital of Saint Raphael
Docket Number:	07-31038-CON
Project Title:	Establish and Operate Satellite Offices for Surgical Specialty Consultation Services in Hamden and Branford by the Hospital's Faculty Practice Plan
Statutory Reference:	Section 19a-638, C.G.S.
Filing Date:	March 18, 2008
Decision Date:	April 25, 2008
Default Date:	June 16, 2008
Staff:	Laurie K. Greci

Project Description: The Hospital of Saint Raphael ("Hospital") proposes to establish and operate satellite offices for surgical specialty consultation services in Hamden and Branford by the Hospital's Faculty Practice Plan at no associated capital expenditure.

Nature of Proceedings: On March 18, 2008, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of the Hospital to establish and operate satellite offices for surgical specialty consultation services in Hamden and Branford by the Hospital's Faculty Practice Plan 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.").

A notice to the public regarding OHCA's receipt of the Hospital's Letter of Intent to file its CON Application was published in the *New Haven Register* on October 26, 2007. OHCA received no responses from the public concerning the Hospital'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 April 8, 2008, 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. *(February 6, 2008, Initial CON Submission, page 250)*
2. The Hospital provides the following surgical specialties and subspecialties:

General, with subspecialties of bariatric, breast, hepatobiliary, colorectal, and trauma	Cardiothoracic Neurosurgery Ophthalmology Oral Surgery Orthopedics Otolaryngology	Plastic Surgery Podiatry Thoracic Surgery Urology Vascular Surgery
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(February 6, 2008, Initial CON Submission, page 2)
3. The Hospital proposes to establish two satellite offices under its hospital license for surgeons of its Faculty Practice Plan ("FPP") to provide surgical specialty consultation services. The proposed locations are:
 - a. 84 North Main Street, Branford, CT; and
 - b. 2080 Whitney Avenue, Hamden, CT.

(February 6, 2008, Initial CON Submission, pages 3 and 4)
4. Each office will be open one day per week. The Branford satellite office will be open on Thursdays from 8 a.m. to 12:00 p.m. for thoracic surgery consultation appointments and from 1:00 p.m. to 4:00 p.m. for bariatric surgery consultation appointments. The Hamden office will follow the same schedule as the Branford office except appointments will be on Wednesdays. *(February 6, 2008, Initial CON Submission, page 12)*

5. The service area for the Branford location includes the towns of Branford, North Branford, Guilford, and East Haven. *(February 6, 2008, Initial CON Submission, page 10)*
6. The service area for the Hamden location includes the towns of Hamden, North Haven, and Cheshire. *(February 6, 2008, Initial CON Submission, page 10)*
7. The Hospital stated that its proposal would provide the surgical consultations and follow-up services for general surgery, including the subspecialties of bariatric, breast, hepatobiliary, and colorectal surgeries and thoracic surgery. *(February 6, 2008, Initial CON Submission, page 2)*
8. Consistent with current practice, patients will be referred for a surgical consultation by their primary care physician. *(February 6, 2008, Initial CON Submission, page 3)*
9. The Hospital based the need for the proposal on the following factors:
 - a. The proposal will enable the Hospital's FPP physicians to continue to provide surgical consultations and follow-up service to patients from their former practices;
 - b. The proposal will enhance access to the provided surgical specialty services;
 - c. Patients will have access to the full range of the Hospital's health care capabilities; and
 - d. The proposal will allow for coordination of care across a continuum of clinical and social support services.*(February 6, 2008, Initial CON Submission, page 4 and March 18, 2008, Completeness Response, page 3)*
10. Patients needing social services will have access to the Hospital's administrative and paraprofessional services. This is important for cancer patients who frequently are in need of nutritional, psychosocial, and spiritual support. *(March 18, 2008, Completeness Response, page 3)*
11. Prior to joining the FPP, the proposal's physicians practiced as members of physician groups in Branford, New Haven, and Hamden. Economic pressures resulting from the cost of malpractice insurance and physician retirements led these practitioners to join the FPP. As members of the FPP, the physicians can continue to provide key surgical sub-specialty services to their former patients. *(February 6, 2008, Initial CON Submission, page 4)*

12. The following table lists the FPP surgeons that will provide services at the proposed locations.

Table 1: FPP Providers for the Proposed Branford and Hamden Locations

Location	Surgical Specialty	FPP Provider Name	Previous Practice Location
Branford	Non-Cardiac Thoracic	Thomas Fabian, MD	330 Orchard Street, New Haven
	General and Bariatric	Randolph Reinhold, MD	
Hamden	General and Hepatobiliary	W. Scott Helton, MD	
	General and Breast	Denise Barajas, MD	

(March 18, 2008, Completeness Response, page 3)

13. The number of general and thoracic surgery inpatients by town for the past three fiscal years is presented in the following table:

Table 2: Number of General Surgery Patients by Town and Fiscal Year

Town	FY 2005		FY 2006		FY 2007	
	<i>Inpatient</i>	<i>Outpatient</i>	<i>Inpatient</i>	<i>Outpatient</i>	<i>Inpatient</i>	<i>Outpatient</i>
Hamden	110	123	117	136	130	139
Cheshire	38	20	33	15	26	43
North Haven	104	106	95	120	90	133
Bethany	10	4	7	15	4	12
Woodbridge	27	26	23	33	20	24
Branford	75	122	75	138	99	168
Guilford	36	58	32	66	33	68
East Haven	133	160	129	188	144	209
North Branford	29	33	25	27	21	48
Clinton	11	26	21	20	14	33
Madison	23	37	19	43	18	49
Total	596	715	576	801	599	926

(March 18, 2008, Completeness Submission, pages 5 and 8)

14. The number of thoracic surgery outpatients by town for the past three fiscal years is presented in the following table:

Table 3: Number of Thoracic Surgery Patients by Town and Fiscal Year

Town	FY 2005		FY 2006		FY 2007	
	<i>Inpatient</i>	<i>Outpatient</i>	<i>Inpatient</i>	<i>Outpatient</i>	<i>Inpatient</i>	<i>Outpatient</i>
Hamden	10	12	19	18	18	20
Cheshire	8	4	12	8	7	12
North Haven	17	10	14	22	44	27
Bethany	1	0	1	1	3	1
Woodbridge	4	1	8	5	8	6
Branford	14	17	17	12	21	24
Guilford	8	20	23	21	17	27
East Haven	28	21	18	21	11	23
North Branford	6	4	3	11	5	10
Clinton	1	3	2	2	3	4
Madison	6	19	9	23	11	17
Total	103	111	126	144	148	171

(March 18, 2008, Completeness Response, page 5)

15. The following table summarizes the volume of patients treated and the percent increase from the previous year:

Table 4: Summary of Patient Volume by Fiscal Year

	FY 2005	FY 2006	FY 2007
<i>Inpatient Volume</i>	705	754	777
Percent Volume Change from Previous Year (%)	-	4.3%	6.4%
<i>Outpatient Volume</i>	826	945	1,097
Percent Volume Change from Previous Year (%)	-	18.3%	16.6%
<i>Total Volume</i>	1,518	1,716	1,899
Percent Volume Change from Previous Year (%)	-	13.0%	10.7%

(February 6, 2008, Initial CON Submission, page 5)

16. The provision of care in a multidisciplinary setting will allow for the coordination of care to patients and improve access, communication, quality, and delivery of overall care. Patient receiving consultations at the proposed satellite offices will have access to the entire array of services provided by the Hospital's FPP and ancillary services. (February 6, 2008, Initial CON Submission, page 9)

17. The Hospital projects the following volumes for the Branford office during the first three years of operations:

Table 5: Projected Volumes for Branford Office

Specialty	Type	FY 2008*	FY 2009	FY 2010
<i>Bariatric</i>	Office Visit**	25	56	58
	Follow-up Visit	95	184	182
<i>Thoracic</i>	Office Visit^	36	80	81
	Follow-up Visit	84	160	159
Total Visits		240	480	480
<i>Bariatric</i>	Inpatient Surgery	11	25	26
<i>Thoracic</i>	Inpatient Surgery	18	36	37
	Outpatient Procedures	11	28	28
Total Surgeries and Procedures		40	89	91

* For six months of operations in FY 2008.

** 45% of initial office visits go on to surgery.

^ 80% of initial office visits go on to surgery.

(February 6, 2008, Initial CON Submission, page 39)

18. The Hospital projects the following volumes for the Hamden office during the first three years of operations:

Table 6: Projected Volumes for Hamden Office

Specialty	Type	FY 2008*	FY 2009	FY 2010
<i>Breast</i>	Office Visit**	38	84	87
	Follow-up Visit	154	300	297
<i>Hepatobiliary/ Colorectal</i>	Office Visit**	25	56	59
	Follow-up Visit	95	184	181
Total Visits		312	624	624
<i>Breast</i>	Inpatient Surgery	17	45	46
<i>Hepatobiliary/ Colorectal</i>	Inpatient Surgery	18	38	39
<i>Breast</i>	Outpatient Procedures	13	22	23
<i>Hepatobiliary/ Colorectal</i>	Outpatient Procedures	2	7	8
Total Surgeries and Procedures		50	112	116

* For six months of operations in FY 2008.

** 80% of initial office visits go on to surgery.

(February 6, 2008, Initial CON Submission, page 39)

**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**

19. The proposal has no associated capital expenditure. *(February 6, 2008, Initial CON Submission, page 21)*
20. The Hospital will lease existing medical office space at each location. *(February 6, 2008, Initial CON Submission, page 27)*
21. The Hospital will establish separate cost centers for each location. *(February 6, 2008, Initial CON Submission, page 20)*
22. The Hospital will be the billing entity for the proposal service. *(February 6, 2008, Initial CON Submission, page 20)*
23. The Hospital provides care to all patients regardless of their ability to pay. The charitable mission of the Hospital will apply to the proposed satellite offices in Branford and Shelton. *(February 6, 2008, Initial CON Submission, page 23)*
24. The Hospital projects the following gain from operations, including outpatient visits and inpatient admission, for FYs 2008, 2009, and 2010 with the proposal:

Table 7: Projected Gain from Operations by Fiscal Year

		FY 2008	FY 2009	FY 2010
Net Patient Revenue	Medicare	\$ 401,931	\$ 844,055	\$ 886,258
	Medicaid	154,102	323,618	339,799
	Non-Government	690,867	1,450,821	1,523,362
	Total	1,246,900	2,618,494	2,749,419
Operating Expenses	Salaries and Professional Service	75,966	153,119	160,775
	Supplies and Drugs	40,231	38,462	40,385
	Lease	4,264	4,435	4,264
	Bad Debt	49,876	104,733	109,977
	Other	878,674	1,880,571	1,953,171
Total	1,048,711	2,181,319	2,268,572	
Projected Gain from Operations		\$ 198,189	\$ 437,175	\$ 480,847

(February 6, 2008, Initial CON Submission, page 295)

25. The Hospital reported the following payer mix for the first three years of operation of the proposal based on the proposal's projected gross patient revenue:

Table 8: Current and Three-Year Projected Payer Mix with the CON Proposal

Payer Description	Current	FY 2008	FY 2009	FY 2010
Medicare (including managed care)	53.8%	37.3%	37.0%	37.0%
Medicaid (including managed care)	12.3%	13.1%	13.0%	13.3%
CHAMPUS and TriCare	0.1%	0%	0%	0%
Total Government	66.12	50.4%	50.0%	50.0%
Commercial Insurers	31.4%	40.9%	41.0%	41.0%
Uninsured	2.4%	8.7%	9.0%	9.0%
Total Non-Government	33.8%	49.6%	50.0%	50.0%
Total Payer Mix	100%	100%	100%	100%

(February 6, 2008, Initial CON Submission, pages 293 and 294)

26. There is no State Health Plan in existence at this time. *(February 6, 2008, Initial CON Submission, page 2)*
27. The Hospital stated that this proposal is consistent with its long-range plan. *(February 6, 2008, Initial CON Submission, page 2)*
28. The Hospital has improved productivity and contained costs in the past year by the application of energy conservation and technology and group purchasing. *(February 6, 2008, Initial CON Submission, page 22)*
29. The proposal will not result in any change to the Hospital's research and teaching responsibilities. *(February 6, 2008, Initial CON Submission, page 232)*
30. There are no distinguishing characteristics of the Hospital's patient/physician mix that make the proposal unique. *(February 6, 2008, Initial CON Submission, page 23)*
31. The Hospital has sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(February 6, 2008, Initial CON Submission, Attachment 6)*
32. The Hospital's rates are sufficient to cover the operating costs associated with the proposal. *(February 6, 2008, Initial CON Submission, page 296)*

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’s Faculty Practice Plan (“FPP”), a department of the Hospital, proposes to establish two satellite offices for its FPP surgeons to provide surgical consultations and follow-up services for thoracic surgery and general surgery, including the subspecialties of bariatric, breast, hepatobiliary, and colorectal surgeries. The proposed locations are 84 North Main Street in Branford and 2080 Whitney Avenue, Hamden. FPP physicians and surgeons are employees of the Hospital and are covered under the Hospital’s malpractice insurance. Separate cost centers will be established for each location and the services provided by the surgeons at each location will be billed by the Hospital.

Patients will be referred to the proposed services by their primary care physician. The FPP surgeons will provide surgical consultations and follow-up service to the referred patients as well as patients from their former practices, enhancing access to surgical specialty services provided by the Hospital. Patients will have access to the full range of the Hospital’s health care capabilities, including clinical and social support services. Patients needing social services will have access to the Hospital’s administrative and para-professional services. This is important for cancer patients who frequently are in need of nutritional, psychosocial, and spiritual support. OHCA concludes that the establishment of the two satellite locations for surgical consultation and follow-up care will improve the quality and accessibility of the Hospital’s surgical services in the proposed service area.

There is no associated capital expenditure with the Hospital’s proposal. With the proposal, the Hospital projects incremental operating gains of \$198,189, \$437,175, and \$480,847 in FYs 2008, 2009, and 2010, respectively. The Hospital’s financial projections, and volumes upon which they are based, appear to be reasonable and achievable. Therefore, OHCA concludes that the CON proposal is financially feasible and will improve access to quality surgical consultation services and follow-up care for general and thoracic surgeries.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of The Hospital of Saint Raphael ("Hospital") to provide surgical specialty consultation services at 84 North Main Street, Branford and 2080 Whitney Avenue, Hamden at no associated capital expenditure is hereby APPROVED, subject to the following conditions:

1. This authorization expires on April 25, 2009. Should the Hospital's 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 any potential capital expenditures to complete the proposal, the Hospital shall notify OHCA immediately.
3. The Hospital must report date of the commencement of operations, in writing, for each service location to OHCA within two months of the commencement date.
4. Should the Hospital propose any change in the array of health care services to be provided at each service location, the Hospital shall file with OHCA appropriate documentation regarding its change, including either a Certificate of Need Determination Request or a Certificate of Need Letter of Intent.

Should the Hospital 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 April 25, 2008

Date

Cristine Vogel
Commissioner