



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Samaritan Health Services, Inc.

Docket Number: 08-31086-CON

Project Title: Establish a Pediatric Outpatient Primary Care Clinic in Danbury

Statutory Reference: Section 19a-638, C.G.S.

Filing Date: August 8, 2008

Decision Date: September 16, 2008

Default Date: November 6, 2008

Staff: Alexis G. Fedorjaczenko and Laurie K. Greci

Project Description: Samaritan Health Services, Inc. (“Applicant”) proposes to establish a pediatric outpatient primary care clinic in Danbury at a total capital expenditure of \$544,694.

Nature of Proceedings: On August 8, 2008, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Samaritan Health Services, Inc. (“Applicant”) to establish a pediatric outpatient primary care clinic in Danbury at a total capital expenditure of \$544,694. The Applicant 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 Applicant’s Letter of Intent to file its CON Application was published in *The News-Times* (Danbury) on February 8, 2008. 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 August 29, 2008, the twenty-first calendar day following the filing of the Applicant'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 Applicant's Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Samaritan Health Services, Inc. ("Samaritan") is a Connecticut non-stock corporation with the mission to provide free and accessible pediatric health care services to poor and needy children residing in Danbury. *(May 2, 2008, Initial CON Application, page 13)*
2. Samaritan proposes to establish a free pediatric outpatient primary care clinic ("Clinic") for eligible children ages 0-18 in the Danbury community who lack health insurance and do not have access to regular healthcare. *(May 2, 2008, Initial CON Application, page 13)*
3. Samaritan's services will include a full range of preventative medical services (physical examinations, vaccines and immunizations), sports and camp physical examinations, sick visits, urgent care and various in-office procedures (including but not limited to rapid Strep, removal of foreign bodies, burn treatment, chemical cauterization, nebulizer and suture wound repair and treatment). *(May 2, 2008, Initial CON Application, page 13-14)*
4. Additional services to be provided by Samaritan will include translation services and workshops and seminars for parents, guardians, caregivers, and education personnel. Volunteers on an as needed basis will provide translation services. When necessary, Samaritan will use a language translation line. *(May 2, 2008, Initial CON Application, pages 14 and 19)*
5. Samaritan will provide the above services free of charge to eligible individuals with a total household income under 200% of the Federal poverty guidelines, and to those patients who do not meet the Federal poverty guidelines but who demonstrate need and who are uninsured or underinsured. *(May 2, 2008, Initial CON Application, page 13)*

6. The Clinic will serve children eligible children from Danbury and surrounding towns. *(May 2, 2008, Initial CON Application, page 15)*
7. Samaritan based need for the proposal on the following factors:
 - The number of uninsured children in Danbury;
 - The number of children in Danbury living in poverty; and
 - The population of undocumented immigrants in Danbury without health insurance.*(May 2, 2008, Initial CON Application, pages 14, 15, and 477)*
8. In 2006 in the City of Danbury, the U. S. American Community Survey¹ reported that 3.5% of the population had income below the Federal Poverty Level² (“FPL”) and that 3.6% of children under the age of 18 lived in families with income under the FPL. *(May 2, 2008, Initial CON Application, page 474)*
9. The City of Danbury’s Health, Housing, and Welfare Department offers primary health care and preventive health education services to children in two public schools through onsite school-based health centers (“SBHC”). The main goal of the SBHCs is to provide services to students who have limited access to health care, but the services are available to all students. Samaritan stated that the daily appointment schedules at the two SBHCs are consistently full. *(May 2, 2008, Initial CON Application, pages 18 and 89)*
10. Samaritan indicated that the Seifert and Ford Family Health Center of Danbury Hospital, located at 70 Main Street, and the Hanahoe Memorial Children’s Clinic, located at 205 Main Street, also serve the target population. *(May 2, 2008, Initial CON Application, page 13)*
11. Patients will not be charged for services received at Samaritan. Additionally, patients will not be charged for services received from providers to whom they are referred by Samaritan. *(May 2, 2008, Initial CON Application, page 19)*
12. Samaritan has contacted sub-specialists in the areas of pulmonology, neurology, hand surgery, orthopedic surgery, and immunology. Samaritan will obtain commitments from the providers to take charity cases referred to them by Samaritan on a case-by-case basis. Danbury Hospital has pledged to provide in-kind radiology and laboratory services. *(July 30, 2008, Completeness Response, page 547)*

¹ The U.S. Census Bureau conducts the American Community Survey every two years and provides the results of the survey to the public.

² \$19,961 for a family of four.

13. Samaritan projects the following visits during the first three years of operations:

Table 1: Projected Number of Visits

	Year 1	Year 2	Year 3
Average Number of Patients per day	13	15	19
Visits per year	1,200	3,600	4,800

Assumptions:

- Samaritan will see 10 new patients per month.
- Average of 5 visits per year per patient.
- An office visit for an established patient is 40% to 50% of the time required for a new patient.
- The number of patients that may be seen in one day is determined by the size of the medical and/or ancillary staff, time involved for triage and preparation of the patient, reviewing diagnostic and treatment plans, etc.

(May 2, 2008, Initial CON Application, pages 17 and 23 and July 30, 2008, Completeness Response, page 542)

14. The Clinic will be located at 13-21 Rose Street in downtown Danbury. The building is within walking distance of several subsidized housing developments. In addition, the Housatonic Area Regional Transportation authority provides bus services in the area, including routes that run through Danbury and surrounding towns. *(May 2, 2008, Initial CON Application, pages 14, 18, and 511)*
15. The proposed Clinic will operate 4 days per week and 8 hours per day. There will be 24-hour coverage. *(May 2, 2008, Initial CON Application, page 14)*
16. Samaritan will initially open the Clinic with one physician, also acting as the Medical Director, and 2 full-time equivalent nurses. The medical staff and clinic hours will be increased as needed to meet demand. *(May 2, 2008, Initial CON Application, page 16 and July 30, 2008, Completeness Response, page 549)*
17. Samaritan will adhere to the American Academy of Pediatrics Pediatric Clinical Practice Guidelines and Policies. *(May 2, 2008, Initial CON Application, page 22)*

**Financial Feasibility 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**

18. The proposal has an associated capital expenditure of \$544,694, consisting of \$7,435 for the purchase of medical equipment, \$50,000 for the purchase of non-medical equipment, and \$487,259 for renovations. *(May 2, 2008, Initial CON Application, pages 7-8)*
19. The proposed facility will be located in 3,350 square feet of newly renovated space on the first floor of a commercial building. The clinic space includes a waiting area, four examination rooms, nurse's station and lab, patient toilet/washroom, staff meeting area with kitchenette, and a physician's office. *(May 2, 2008, Initial CON Application, page 9)*
20. The cost for renovations is a pro-rata share of the entire renovation cost for the building, based upon the ratio of Samaritan's finished square footage to the building's finished square footage, as determined by the project architect. *(May 2, 2008, Initial CON Application, page 8)*
21. Samaritan's proposal will be funded entirely with a grant from Jericho Partnership, Inc. ("Jericho"). Jericho is a tax-exempt nonprofit corporation organized exclusively for charitable, religious, and educational purposes. Jericho's primary mission is to provide support for and coordination among participating organizations which provide outreach and support programs for youth at risk and the homeless populations in the Danbury area. *(May 2, 2008, Initial CON Application, page 9 and July 30, 2008, Completeness Response, page 560)*
22. Samaritan received a determination letter from the Internal Revenue Service dated May 21, 2008. The IRS determined that Samaritan is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, effective as of December 26, 2007. *(July 30, 2008, Completeness Response, page 542)*
23. Samaritan will seek federal and state grants as well as individual, corporate, and foundation gifts. *(July 30, 2008, Completeness Response, page 542)*
24. To the extent that Samaritan requires funding during its first three years of operations, Jericho will provide the necessary funding for the Clinic's operating expenses. *(August 8, 2008, Supplement to Completeness, page 563)*
25. Samaritan's payer mix consists of 100% free care. *(May 2, 2008, Initial CON Application, page 11)*
26. Samaritan provided the following financial projections for the first three years of the Clinic's operations:

Table 2: Financial Projections for the Proposal

Description	FY 2009	FY 2010	FY 2011
Revenue - Contributions	\$201,645	\$300,360	\$319,845
Operating Expenses:			
Salaries and Fringe Benefits	\$167,250	\$223,000	\$226,345
Supplies and Drugs	13,500	36,000	48,000
Other Operating Expenses*	13,195	23,110	24,400
Lease Expense**	6,700	16,750	20,100
Total Operating Expense	\$201,645	\$300,360	\$319,845
Gain from Operations	\$ 0	\$ 0	\$ 0

* Includes professional liability insurance, workers' compensation insurance, license fees, medical waste disposal, telephone expenses, and office supplies.

** Includes property owner's pass-through costs, i.e., taxes, insurance, utilities, and maintenance costs.

(May 2, 2008, Initial CON Application, pages 24 and 538)

27. Samaritan does not intend to participate in any public or private health insurance plans. Samaritan will encourage patients and their families to enroll in available health insurance plans through either employers or self-employment, and will refer them to local participating health care providers. Patients, who have public or private health insurance, including HUSKY clients, will be encouraged to see their stated primary care providers. (July 30, 2008, Completeness Response, page 543)
28. With no billing of insurance providers, Samaritan will minimize its overhead costs. (May 2, 2008, Initial CON Application, page 24)
29. Samaritan will seek Connecticut Department of Public Health licensure as an Outpatient Clinic. (May 2, 2008, Initial CON Application, page 2)
30. There is no State Health Plan in existence at this time. (May 2, 2008, Initial CON Application, page 2)
31. Samaritan stated that this proposal is consistent with its long-range plan. (May 2, 2008, Initial CON Application, page 2)
32. Samaritan has improved productivity and contained costs in the past year by energy conservation and the application of technology. (May 2, 2008, Initial CON Application, page 6)
33. The proposal will not result in any change to Samaritan's research and teaching responsibilities. (May 2, 2008, Initial CON Application, page 6)
34. Samaritan's proposal is unique as all of its patients will be those that have no health insurance. In addition, Samaritan will encourage its patients and their families to participate in available educational, healthcare, housing, and financial assistance programs for which they may be eligible. (May 2, 2008, Initial CON Application, page 16)

35. Samaritan has sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. (*May 2, 2008, Initial CON Application, pages 490-493*)
36. Samaritan has sufficient financial support to cover the operating costs associated with the proposal. (*August 8, 2008, Supplement to Completeness, page 563*)

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for the proposed service on a case by case basis. Certificate of Need (“CON”) applications do not lend themselves to general applicability due to a variety of complexity 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 proposed services.

Samaritan Health Services, Inc. (“Applicant” or “Samaritan”) is a Connecticut non-stock tax-exempt corporation with the mission to provide free and accessible pediatric health care services to poor and needy children residing in Danbury. Samaritan proposes to establish a free pediatric outpatient primary care clinic (“Clinic”) for eligible children ages 0-18 in the Danbury community who lack health insurance and do not have access to regular healthcare. Samaritan will provide the services free of charge to eligible individuals with a total household income under 200% of the Federal poverty guidelines, and to those patients who do not meet the Federal poverty guidelines but who demonstrate need and who are uninsured or underinsured.

Samaritan’s services will include a full range of preventative medical services, sports and camp physical examinations, sick visits, urgent care and various in-office procedures. Samaritan has contacted sub-specialists in the areas of pulmonology, neurology, hand surgery, orthopedic surgery, and immunology. Samaritan will obtain commitments from the providers to take charity cases referred to them by Samaritan on a case-by-case basis. Additional services to be provided by the Applicant will include translation services and workshops and seminars for parents, guardians, caregivers, and education personnel.

Samaritan based need for the proposal on the number of children in Danbury who are uninsured, living in poverty or undocumented immigrants unable to obtain health insurance. It is Samaritan’s intent to primarily serve patients who have no form of health insurance. Samaritan does not intend to participate in any public or private health insurance plans at any time after its opening. Samaritan will encourage patients and their families to enroll in available health insurance plans through either employers or self-employment, and will refer them to local participating health care providers. Patients who have public or private health insurance, including HUSKY clients, will be encouraged to see their stated primary care providers.

The project will be funded entirely with a grant from Jericho Partnership, Inc. (“Jericho”). As a nonprofit organization, Samaritan will be able to seek federal and state grants as well as individual, corporate, and foundation gifts to support the Clinic. To the extent that Samaritan requires funding during its first three years of operations, Jericho will provide the necessary funding for the Clinic’s operating expenses.

Samaritan’s proposal is unique as most, if not all, of its patients will be children that have no health insurance. Patients will not be charged for services provided by Samaritan.

Patients will not be charged for services received from providers to whom they are referred by Samaritan. In addition, Samaritan will encourage its patients and their families to participate in available educational, healthcare, housing, and financial assistance programs for which they may be eligible. Based on the evidence presented, Samaritan demonstrates a need for the Clinic. OHCA concludes that the addition of Samaritan's outpatient pediatric care clinic will improve both the quality and accessibility of health care in the greater Danbury area.

The CON proposal's total capital expenditure is \$544,694 and consists of costs attributable to the cost for renovations for Samaritan's pro-rata share of the entire renovation cost for the building and the costs of medical and non-medical equipment. The cost of the project will be funded entirely with a grant from Jericho Partnership, Inc. Samaritan will seek federal and state grants as well as individual, corporate, and foundation gifts to cover its operating costs. To the extent that Samaritan needs funding in the first three years of operations, Jericho will provide the necessary operating funds to meet the clinic's expenses. Therefore, OHCA finds that the CON proposal is financially feasible.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Samaritan Health Services, Inc. ("Applicant") to establish a pediatric outpatient primary care clinic in Danbury at a total capital expenditure of \$544,694 is hereby GRANTED, subject to the following conditions.

1. This authorization shall expire on September 16, 2009. Should the Applicant's project not be completed by that date, the Applicant must seek further approval from the Office of Health Care Access ("OHCA") to complete the project beyond that date.
2. The Applicant shall not exceed \$3 million in capital expenditure for the cost of the proposal. In the event that the Applicant learns of potential cost increases or expects the final project costs will exceed \$3 million, the Applicant shall notify OHCA in writing.
3. The Applicant must do the following within two months of the commencement date:
 - Report the date of the commencement of operations at the new pediatric outpatient primary care clinic to OHCA, in writing; and
 - Provide a copy its license from the State of Connecticut Department of Public Health to OHCA.
4. If the Applicant proposes to terminate and/or add any services or programs, it shall file with OHCA a Certificate of Need Determination 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 September 16, 2008

Date

Cristine A. Vogel
Commissioner