



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Hartford Hospital

Docket Number: 08-31087-CON

Project Title: Establish New Sleep Disorder Center in Bloomfield

Statutory Reference: Section 19a-638, Connecticut General Statutes

Filing Date: June 18, 2008

Hearing Date: August 7, 2008

Presiding Officer: Cristine A. Vogel

Decision Date: September 12, 2008

Default Date: September 16, 2008

Staff: Paolo Fiducia

Project Description: Hartford Hospital (“Hospital”) proposes to establish a sleep center at 533 Cottage Grove Road, Bloomfield, Connecticut, at an estimated total capital cost of \$170,000.

Nature of Proceedings: On June 18, 2008, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Hartford Hospital seeking authorization to establish a 4 bed sleep center at 533 Cottage Grove Road, Bloomfield, Connecticut, at an estimated total capital cost of \$170,000. The Hospital 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 Hospital’s Letter of Intent was published in the *Hartford Courant*, Hartford on February 4, 2008.

A public hearing regarding the CON application was held on August 7, 2008, pursuant to Section 19a-638, C.G.S. On July 2, 2008, the Hospital was notified of the date, time and place of the hearing. A notice to the public was published in *The Hartford Courant* on July 2, 2008. Commissioner Cristine A. Vogel served as Presiding Officer for this case. The public hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Section 19a-638, C.G.S.

OHCA's authority to review, 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 of the Proposal on the Hospital'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. Hartford Hospital ("Hospital") is an acute care general hospital located at 80 Seymour Street in Hartford, Connecticut. (*January 22, 2008, Certificate of Need Determination Form, page 2*)
2. The Hospital proposes to establish the Bloomfield Sleep Center ("Center"), a four bed facility at 533 Cottage Grove Road, Bloomfield, Connecticut, at an estimated capital cost of \$170,000. (*January 22, 2008, Certificate of Need Determination Form, page 2*)
3. The Hospital has been providing sleep disorder services to patients for over thirty years, and currently operates a six-bed sleep disorder center ("Sleep Center"), on its main campus, on the 11th floor of the High Building. The Sleep Center was accredited in March 2007 by the American Academy of Sleep Medicine. (*January 22, 2008, Certificate of Need Determination Form, page 6*)
4. The proposed Center services would include diagnostic polysomnography, split-night polysomnography and therapeutic polysomnography for sleep disorders resulting from respiratory and neurological causes, such as sleep apnea, insomnia, narcolepsy and hypertension. (*January 22, 2008, Certificate of Need Determination Form, page 6*)
5. The Hospital states that the need for this project is based on a rapidly increasing volume of sleep disorder studies at Hartford Hospital, and the imminent need to increase capacity to accommodate the projected volumes and to establish sufficient capacity to assure that patients can receive the care that their clinical conditions require. (*March 24, 2008, Initial Certificate of Need Application Submission, page 2*)

6. The Hospital states that the continued steep trajectory of this increase is attributable to the increasing applicability of sleep studies to medical services such as endocrinology, pulmonology, cardiology, bariatric surgery, otolaryngology and neurology. Sleep apnea is frequently found to be a co-morbid condition in patients suffering from diabetes, chronic obstructive pulmonary disorder, congestive heart failure, morbid obesity, snoring and seizure. In addition, sleep medicine is being utilized in the areas of geriatric and psychiatric medicine. *(March 24, 2008, Initial Certificate of Need Application Submission, page 3)*
7. Currently the Hospital based Sleep Center has a modest wait of at least one to three weeks for an appointment. Scheduling delays, however, are expected to increase in frequency in the very near future, especially in light of the Hospital's burgeoning Bariatric Surgery and Congestive Heart Failure programs, which are major referrers to the Center. *(March 24, 2008, Initial Certificate of Need Application Submission, page 3)*
8. Mr. Flaks, Executive Vice President & Chief Operating Officer of Hartford Hospital, in his prefile testimony testified that currently Hartford Hospital has on board 2 Bariatric Surgeons and is in the process of recruiting a third bariatric surgeon in early 2009. He states that there will be a growing demand for diagnostic sleep services as part of bariatric surgery evaluations. *(August 1, 2008, Mr. Flaks Prefile Testimony, page HH 0006)*
9. Mr. Flaks, Executive Vice President & Chief Operating Officer of Hartford Hospital, also in his prefile testimony testified that Hartford Hospital expects that many more patients diagnosed with Heart Failure and Atrial Fibrillation will be evaluated for sleep disorders resulting in an increased demand for sleep studies for Hartford Hospital patients. The Hospital currently has on board 2 heart failure and transplant specialists. *(August 1, 2008, Mr. Flaks Prefile Testimony, page HH 0008)*
10. The Hospital states that there is no available vacant space, and that the expansion of the existing, hospital-based center would be extremely expensive and would result in inefficient use of space that is better suited to inpatient care. *(May 14, 2008, Supplemental Information Submitted, page 101)*
11. The Hospital states that it was the combination of Bloomfield's accessible location and absence of any sleep lab providers, along with the presence of a Connecticut Multispecialty Group ("CMG") office in the town, that resulted in its selection as the desired location of the new center. *(May 14, 2008, Supplemental Information Submitted, page 101)*
12. CMG is a physicians group (e.g. specialists in pulmonary, internal medicine, nephrology, hematology and endocrinology) which is a major referral source for sleep studies for the Sleep Center at the Hartford Hospital. *(May 14, 2008, Supplemental Information Submitted, page 110)*

13. The Center would be owned and governed by Hartford Hospital, and billing would be performed by Hartford Hospital. All the staff at the proposed Center would be employees of Hartford Hospital. The Hospital would contract with CMG for the services of a Medical Director and an Administrator/Manager for management of the Center's day-to-day operations. The professional reading of the test results would be performed by CMG physicians, as is the case at the Hospital-based center. *(January 22, 2008, Certificate of Need Determination Form, page 6)*
14. The proposed Center will serve adult patients who seek sleep studies to determine the presence of obstructive sleep apnea or other sleep disorders, and, in almost half of those cases, who require CPAP (Continuous positive Airway Pressure) or other therapies to treat the disorders. *(March 24, 2008, Initial Certificate of Need Application Submission, page 4)*
15. The proposed Center will be open from 7:00 pm to 7:00 am seven nights per week, as is the Hospital based sleep center. *(March 24, 2008, Initial Certificate of Need Application Submission, page 5)*
16. The following table shows the actual number of sleep studies performed at the Hartford Hospital sleep center for the last 3 FYs and YTD:

Table 1: Hartford Hospital Sleep Center Utilization

	FY 2005	FY 2006	FY 2007	FY 2008 (8 months)
# of Sleep Beds	4	5	6	6
# of Nights Open	4	6	6	7
Total Weekly Bed Capacity	16	30	36	42
Total Annual Capacity (50 weeks/year)	800	1500	1800	1428*
Scheduled Studies	696	1132	1536	1244
Vacant Bed Days	104	368	264	184
Completed Studies	637	863	1303	1114
No Show/Cancellations	69	156	174	130
Average Vacant Beds/week	2.1	7.4	5.3	5.4
% Occupancy	79.6%	57.5%	72.4%	78.0%

*1428 = 34 weeks from October – May times 42 studies/week

Average Vacant Beds/Week data is divided by 50 weeks for each of the full fiscal years (2005, 2006 and 2007) and by 34 weeks for the current, incomplete years. Is the difference between "Total Annual Capacity" and "Scheduled Studies".

(June 18, 2008, Additional Information Submitted, page 118)

17. The following table shows the Hospital based sleep center monthly utilization through FYTD May 2008:

Table 2: Hospital based Sleep Center monthly utilization through FYTD May 2008

Month	10/07	11/07	12/07	01/08	02/08	03/08	04/08	05/08
# of Sleep Beds	6	6	6	6	6	6	6	6
# of Nights Open	31	29	29	30	28	31	30	30
Total Monthly Bed Capacity	186	174	174	180	168	186	180	180
Scheduled Studies	158	149	145	155	147	163	164	163
Vacant Bed Days	28	25	29	25	21	23	16	17
Completed Studies	136	122	123	145	134	149	161	144
No Show/Cancellations	19	24	18	15	17	12	13	12
% Occupancy	73.1%	70.1%	70.7%	80.6%	77.0%	80.1%	89.4%	80.0%

(June 18, 2008, Additional Information Submitted, page 117)

18. The following table shows the projected number of sleep studies for the Hartford Hospital Sleep Center for the remaining FY 2008 and the next 3 FYs:

Table 3: Projected Number of sleep studies for the remaining FY 2008 and the next 3 FYs

	FY 2008 6/1-9/30	FY 2009	FY 2010	FY 2011
# of Sleep Beds	6	6	6	6
# of Nights Open	7	7	7	7
Total Weekly Bed Capacity	42	42	42	42
Total Annual Capacity (50 weeks/year)	647*	2100	2100	2100
Scheduled Studies	484	1513	1755	1755
Vacant Bed Days	163	587	345	345
Completed Studies	436	1362	1579	1579
No Show/Cancellations	48	151	176	176
Average Vacant Beds/week	10.6	11.7	6.9	6.9
% Occupancy	67%	65%	75.1%	75.1%

*647 =using 15.4 weeks remaining from June – September to account for holidays (15.4 weeks x 42 studies/week)

Total projected volume for both HH and Bloomfield centers in FY 2009 = 2,270

60% of the volume be generated at HH = 1,362 in FY 2009

40% of the volume will be generated at Bloomfield = 908 in FY 2009

Average Vacant Beds/Week data is divided by 50 weeks for each of the full fiscal years (2009, 2010 and 2011) and by 16 weeks for FY 2008. Is the difference between “Total Annual Capacity” and “Scheduled Studies”

(June 18, 2008, Additional Information Submitted, page 119)

19. The following table shows the projected number of sleep studies for the proposed Bloomfield Sleep Center for the next 3 FYs:

Table 4: Projected Number of sleep studies for the proposed Bloomfield Sleep Center for the next 3 FYs

	FY 2008 (1 month)	FY 2009	FY 2010	FY 2011
# of Sleep Beds	4	4	4	4
# of Nights Open	7	7	7	7
Total Weekly Bed Capacity	28	28	28	28
Total Annual Capacity (50 weeks/year)	112	1400	1400	1400
Scheduled Studies	33	1008	1170	1170
Vacant Bed Days	79	392	230	230
Completed Studies	30	908	1053	1053
No Show/Cancellations	3	101	117	117
Average Vacant Beds/week	20	7.8	4.6	4.6
% Occupancy	26.7%	64.9%	75.2%	75.2%

Total projected volume for both HH and Bloomfield centers in FY 2009 = 2,270

60% of the volume be generated at HH = 1,362 in FY 2009

40% of the volume will be generated at Bloomfield = 908 in FY 2009

Average Vacant Beds/Week data is divided by 50 weeks for each of the full fiscal years (2009, 2010 and 2011) and by 4 weeks for the 1 month of FY 2008. Is the difference between "Total Annual Capacity" and "Scheduled Studies"

(June 18, 2008, Additional Information Submitted, page 119)

20. The Hospital states that the projected volumes for the Bloomfield Sleep Center will result from growth of existing referral sources at Hartford Hospital (e.g. specialists in endocrinology, pulmonology, cardiology, bariatric surgery, otolaryngology and neurology), from essentially the same Hartford Hospital-affiliated physician groups and the same patient populations that currently utilize the hospital-based Sleep Center. (May 14, 2008, Supplemental Information Submitted, page 102)

21. The following table shows the existing sleep laboratory providers in the Hospital total service area:

Table 5: Existing sleep lab facilities in the Hospital total service area

Provider Name and Location	Number of Beds
Connecticut Sleep Center, New Britain	2 beds
CT Children's Medical Center, Hartford	2 beds
Manchester Memorial Hospital, Manchester	10 beds
Gaylord Hospital, Glastonbury	4 beds
Hospital of Central Connecticut, New Britain	8 beds
Prime Healthcare, West Hartford	4 beds
ProHealth Physicians, Inc., Farmington	4 beds
St. Francis Hospital, Hartford	6 beds

UCONN Health Center, Farmington	4 beds
Gaylord Hospital, North Haven	12 beds
Johnson Memorial Hospital, Enfield	2 beds
Hungerford Regional Sleep Laboratory, Winsted	2 beds
Middlesex Hospital, Middletown	2 beds
MidState Medical Center, Meriden	2 beds
Windham hospital, Willimantic	4 beds

(March 24, 2008, Initial Certificate of Need Application Submission, pages 5-7)

22. The Hospital states that the Sleep Disorders Center at the main campus adheres to the practice parameters defined by the American Academy of Sleep Medicine (AASM). Compliance with the practice parameters is validated through the AASM accreditation process and revalidated on an on-going basis through the AASM re-accreditation process. *(March 24, 2008, Initial Certificate of Need Application Submission, page 9)*
23. Mr. Flaks, Executive Vice President & Chief Operating Officer of Hartford Hospital, testified that bariatric patients required to have sleep studies are generally covered by insurance. *(August 7, 2008, Public Hearing, Mr. Jeffrey Flaks)*
24. The Hospital testified that they have no problems getting reimbursed by commercial, managed care and medicare for the sleep studies. *(August 7, 2008, Public Hearing)*

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

25. The proposal includes the following cost components:

Table 6: Total Proposed Capital Expenditure

Component	Cost
Medical Equipment (Purchase)	\$79,443
Non-Medical Equipment	\$90,557
Total Capital Expenditure	\$170,000

The renovations will be performed by Casle Corporation, the owner of the building. The Hospital will not be responsible for any capital costs related to the renovations. *(March 24, 2008, Initial Certificate of Need Application Submission, pages 14)*

26. The proposed capital expenditure of \$170,000 for the CON proposal will be financed entirely through Hospital equity. *(March 24, 2008, Initial Certificate of Need Application Submission, pages 16)*

27. The Hospital states that the proposed Center will total 2278 square feet in renovated space on a single floor in an office building. There will be an entry foyer with a sign-in window next to a doorway leading into the actual study area. Four “test rooms” (bedrooms) will be located around a central control area, and each bedroom will have its own bathroom, including a sink, toilet and shower. In one of the four bathrooms, those fixtures will be handicap-accessible. *(March 24, 2008, Initial Certificate of Need Application Submission, page 14)*
28. The Hospital projects incremental loss/gains from operations related to the proposal of (\$31,152) for FY 2008, \$211,149 for FY 2009 and \$492,303 for FY 2009. *(March 24, 2008, Initial Certificate of Need Application Submission, page 57)*
29. The Hospital states that this proposal shows a minimal operating loss in FY 2008 because it is only open one month and contains start-up costs. In subsequent fiscal years, an operating profit will be generated by this project. *(March 24, 2008, Initial Certificate of Need Application Submission, page 18)*
30. The Hospital’s current payer mix for the Hartford Hospital Sleep Center and the projected payer mix for the proposed Bloomfield Sleep Center for the next three years of operation is as follows:

Table 7: Current and Projected Three-Year Payer Mix with the CON Proposal

Payer Mix	Current Payer Mix	Projected Year 1	Projected Year 2	Projected Year 3
Medicare	42.8%	43.8%	43.8%	43.8%
Medicaid	10.5%	10.5%	10.5%	10.5%
TriCare (CHAMPUS)	0.5%	0.5%	0.5%	0.5%
Total Government	54.8%	54.8%	54.8%	54.8%
Commercial Insurers	39.3%	39.3%	39.3%	39.3%
Uninsured	5.9%	5.9%	5.9%	5.9%
Total Non-Government	45.2%	45.2%	45.2%	45.2%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

(March 24, 2008, Initial Certificate of Need Application Submission, page 17)

31. There is no State Health Plan in existence at this time. *(March 24, 2008, Initial Certificate of Need Application Submission, page 2)*
32. The Hospital has adduced evidence that this proposal is consistent with the Hospital’s long-range plan. *(March 24, 2008, Initial Certificate of Need Application Submission, page 2)*
33. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, reengineering and application of technology. *(March 24, 2008, Initial Certificate of Need Application Submission, page 12)*
34. This proposal will not result in changes to the Hospital’s teaching and research responsibilities. *(March 24, 2008, Initial Certificate of Need Application Submission, page 12)*
35. The Hospital states that the current patient/physician mix will not change. *(March 24, 2006, Initial Certificate of Need Application Submission, page 12)*

36. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(March 24, 2008, Initial Certificate of Need Application Submission, page 11)*

37. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(March 24, 2008, Initial Certificate of Need Application Submission, page 57)*

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.

Hartford Hospital (“Hospital”) is an acute care general hospital located at 80 Seymour Street, Hartford, Connecticut. The Hospital proposes to establish the Bloomfield Sleep Center, a four-bed sleep facility at 533 Cottage Grove Road, Bloomfield, Connecticut. The Hospital currently operates a six-bed Sleep Center on its main campus, on the 11th floor of the High Building seven days per week. The Hospital has been providing sleep disorder services to patients for over thirty years. In March 2007, the Sleep Center was accredited by the American Academy of Sleep Medicine. Currently, the services provided at the Hartford Hospital Sleep Center include diagnostic polysomnography, split-night polysomnography and therapeutic polysomnography for sleep disorders resulting from respiratory and neurological causes, such as sleep apnea, insomnia, narcolepsy and hypertension. Currently the Sleep Center at Hartford Hospital is at 78% capacity. The total number of sleep studies performed at the Hartford Hospital Sleep Center were 637, 863, 1303 and 1114 for FY 2005, FY 2006, FY 2007 and FY 2008 (8 months), respectively. The Hospital’s bariatric surgery and congestive heart failure programs, which are major referrers to the Hospital based Sleep Center, are anticipated to add to this capacity as the number of sleep studies performed will increase. The Hospital attributes the increase in the number of sleep studies performed to the increase applicability of sleep studies to medical services such as endocrinology, pulmonology, cardiology, bariatric surgery, otolaryngology and neurology.

The proposed Bloomfield Sleep Center will utilize the same Hartford Hospital affiliated physicians (e.g. specialists in endocrinology, pulmonology, cardiology, bariatric surgery, otolaryngology and neurology), and the same patient populations that currently utilize the Hospital-based Sleep Center. Connecticut Multispecialty Group will also be a major referral source for the proposed sleep center as it is for the Hospital based sleep center. The Hospital within the last 3 years has recruited 2 Bariatric Surgeons and is in the process of recruiting a third bariatric surgeon in 2009. The Hospital has also recruited 2 heart failure and transplant specialists as the demand for these procedures that require sleep studies will grow. Based on the evidence presented, the Hospital has demonstrated a need for the proposal; and OHCA finds that the CON proposal will improve both the quality and accessibility of the proposed services to the residents of the proposed service area.

The total capital cost for the CON proposal is \$170,000. The project will be financed entirely through Hospital equity. The Hospital projects an incremental loss/gain from operations related to the proposal of (\$31,152) for FY 2008, \$211,149 for FY 2009 and \$492,303 for FY 2010. The proposal shows a minimal operating loss in FY 2008 because it is only open one month and contains start-up costs. Although OHCA cannot draw any conclusions, the Hospital's volume and financial projections upon which they are based appear to be reasonable and achievable.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Hartford Hospital to establish a 4-bed sleep center at 533 Cottage Grove Road, Bloomfield, Connecticut, with an associated capital expenditure of \$170,000, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire on September 12, 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 the Hospital proposes to change the ownership, services offered or location of the Bloomfield Sleep Lab, a CON Determination shall be filed with OHCA.
4. If the Hospital proposes to increase the number of sleep lab rooms over the 4 that are authorized at the Bloomfield Sleep Lab, a CON Determination shall be filed with OHCA.

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 12, 2008

Date

Cristine A. Vogel
Commissioner

CAV:pf