



Office of Health Care Access Certificate of Need Application

Agreed Settlement

Applicants: Saint Vincent's Medical Center and
Hall-Brooke Behavioral Health Services, Inc.

Docket Number: 08-31130-CON

Project Title: Termination of Hall-Brooke Behavioral Health
Services, Inc.'s Inpatient Assets and Operations
Including 86 Licensed Beds, and Acquisition by
Saint Vincent's Medical Center of Hall-Brooke
Behavioral Health Services, Inc.'s Inpatient Assets
and Operations Including 86 Licensed Beds

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

Filing Date: June 16, 2008

Hearing Date: July 22, 2008

Presiding Officer: Cristine A. Vogel, Commissioner

Decision Date: September 12, 2008

Default Date: September 14, 2008

Staff: Alexis G. Fedorjaczenko
Laurie K. Greci

Project Description: Saint Vincent's Medical Center and Hall-Brooke Behavioral Health Services, Inc. ("Applicants") propose to terminate Hall-Brooke Behavioral Health Services, Inc.'s inpatient assets and operations, including 86 licensed beds, and for Saint Vincent's Medical Center to acquire Hall-Brooke Behavioral Health Services, Inc.'s inpatient assets and operations, including 86 licensed beds, with no associated capital expenditure.

Nature of Proceedings: On June 16, 2008, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Saint Vincent’s Medical Center and Hall-Brooke Behavioral Health Services, Inc. (“Applicants”) to terminate Hall-Brooke Behavioral Health Services, Inc.’s inpatient assets and operations including 86 licensed beds, and for Saint Vincent’s Medical Center to acquire Hall-Brooke Behavioral Health Services, Inc.’s Inpatient Assets and Operations Including 86 Licensed Beds, 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.”).

A notice to the public regarding OHCA’s receipt of the Applicants’ Letter of Intent to file their CON Application was published in the *New Haven Register and The Hour* (Norwalk) on April 5, 2008. OHCA received no responses from the public concerning the Applicants’ proposal.

Pursuant to Section 19a-638, C.G.S., three individuals, or an individual representing an entity with five or more people, had until July 7, 2008, the twenty-first calendar day following the filing of the Applicants’ CON application, to request that OHCA hold a public hearing on the Applicants’ proposal. OHCA received no hearing requests from the public.

Pursuant to Section 19a-638, C.G.S., a public hearing regarding the CON application was held on July 22, 2008. On July 1, 2008, the Applicants were notified of the date, time, and place of the hearing. On July 1, 2008, a notice to the public announcing the hearing was published in *The Connecticut Post* (Bridgeport). Commissioner Cristine A. Vogel served as Presiding Officer. The 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 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 Applicants’ Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Saint Vincent’s Medical Center (“SVMC”) is a general hospital located at 2800 Main Street, Bridgeport. SVMC is licensed by the State of Connecticut Department of Public Health to have a maximum of 397 beds and 47 bassinets. (*May 28, 2008, Initial CON Application, page 223*)

2. Hall-Brooke Behavioral Health Services, Inc. ("Hall-Brooke") is an organization offering an integrated continuum of behavioral health services for individuals and their families, including:
 - An 86-licensed bed Hospital for Mentally Ill Persons at 47 Long Lots Road, Westport;
 - Outpatient services in Bridgeport and Norwalk;
 - 120 scattered community beds used as supportive housing; and
 - Seton Academy, a school for behaviorally challenged children.*(May 28, 2008, Initial CON Application, pages 10 and 225)*
3. Hall-Brooke is defined for Medicare and Medicaid reimbursement purposes as an Institution for Mental Diseases ("IMD"). IMDs are inpatient facilities with more than 16 beds that primarily treat people with severe mental illness. *(May 28, 2008, Initial CON Application, pages 10-11)*
4. SVMC currently operates a 16 bed PPS-exempt¹ inpatient psychiatric unit ("9 East"). *(May 28, 2008, Initial CON Application, pages 23-25)*
5. Both SVMC and Hall-Brooke, as wholly owned subsidiaries of Saint Vincent's Health System, are corporate affiliates and currently work closely together in providing patient care. *(May 28, 2008, Initial CON Application, pages 10 and 12)*
6. SVMC and Hall-Brooke (together, referred to as "Applicants") propose the termination of the 86 licensed beds under Hall-Brooke's Hospital for Mentally Ill Persons license and the establishment of those 86 licensed beds under SVMC's general hospital license. *(May 28, 2008, Initial CON Application, page 12)*
7. SVMC will acquire substantially all of the inpatient-related assets from Hall-Brooke and assume the operations of the inpatient psychiatric services unit from Hall-Brooke. *(May 28, 2008, Initial CON Application, Attachment XI: Asset Transfer Agreement)*
8. The 86 beds will remain in the Westport location and the facility will be renamed to Saint Vincent's Behavioral Health Center – Westport Campus ("SVBHC – Westport"). The Applicants made the following statements with respect to the addition of beds to SVMC's license:
 - The beds will not change in nature or location, and SVBHC – Westport will provide all of the same inpatient services currently provided at Hall-Brooke;
 - The Applicants do not anticipate any difference in treatment provided after the addition of the beds to a general hospital license;
 - The length of stay for the type of patients currently served within Hall-Brooke's inpatient unit will not change with the proposal; and

¹ A PPS-exempt psychiatric unit is a component unit operating within an acute care hospital, which in its overall operations is reimbursed under the prospective payment system ("PPS"). PPS-exempt units such as psychiatric units are dedicated to the provision of specific services that Medicare has determined to be more appropriately reimbursed outside of the general prospective payment system. Both psychiatric facilities and PPS-exempt units are paid under a per diem payment system.

- SVMC will not add any services to SVBHC – Westport that are not currently provided by Hall-Brooke.
(May 28, 2008, Initial CON Application, page 12 and June 16, 2008, Completeness Response, page 345)
9. Currently, Hall-Brooke is utilizing 76 of its 86 licensed beds. In 2000, Hall-Brooke opened a new 60,000 square foot facility with 76 inpatient beds, and identified possible expansion areas should the additional 10 beds be needed. At the time the facility's design and construction, additional beds were not required to meet the demand. The Applicants stated that at this time, demand does not necessitate the establishment of the 10 additional licensed beds and that SVMC plans to use 76 licensed beds if the project is approved. *(June 16, 2008, Completeness Response, page 332)*
10. The Applicants stated that with the proposed addition of beds to SVMC license, SVBHC – Westport will operate as a PPS-exempt psychiatric unit, and that despite the different reimbursement methodologies, IMD hospitals and PPS exempt psychiatric units operate in a similar fashion and seek to accomplish the same clinical goals for patients. *(June 16, 2008, Completeness Response, page 338)*
11. With the proposal, Hall-Brooke will no longer offer inpatient services, and will seek Connecticut Department of Public Health "Mental Health Day Treatment" and "Facility for the Care and Treatment of Substance Abusing or Dependent Persons" licenses for its outpatient services. Hall-Brooke will continue to provide outpatient services, community residential services, and operate Seton Academy. *(May 28, 2008, Initial CON Application, page 12 and June 16, 2008, Completeness Response, page 345)*
12. Hall-Brooke will continue to offer the following services at 2400 Main Street, Bridgeport:
- Women's Latino Program;
 - Latino Partial Hospital Program;
 - Latino Intensive Outpatient Program;
 - Adolescent Intensive Outpatient Program; and
 - Juvenile Justice Intermediate Evaluation Service.
- (May 28, 2008, Initial CON Application, page 41)*
13. Hall-Brook will continue to offer the following outpatient services at 1 Lois Street, Norwalk:
- Behavioral Health Intensive Outpatient Program
 - Women's Mental Health Services;
 - Addition Psychiatry;
 - Latino Intensive Outpatient Program;
 - Adolescent Intensive Outpatient Program; and
 - "Right Track", a program for adolescents.
- (May 28, 2008, Initial CON Application, page 41)*

14. The Applicants based the need for the proposal on the following factors:
 - Mental illness is a serious health concern for residents of Connecticut and access to care is not adequate;
 - Area hospital Emergency Departments (“EDs”) are faced with long-stay patients in need of psychiatric admission due to insufficient bed availability due CMS rules;
 - Access to needed inpatient psychiatric services is significantly limited for adults with Medicaid and some with Medicare; and
 - Hall-Brooke’s current classification as an IMD disrupts continuity of care for some patients and contributes to bed underutilization and operating losses.
(May 28, 2008, Initial CON Application, pages 14-18)

15. Medicaid will not reimburse inpatient stays at IMDs for persons between the ages of 21 and 65. Medicare has a 190-day lifetime limit on coverage of inpatient psychiatric hospitalization at IMDs. These restrictions do not apply to PPS-exempt facilities. *(May 28, 2008, Initial CON Application, page 11)*

16. The Applicants indicated that SVMC ED had to institute psychiatric diversion for a total of 59.8 hours during FY 2007. This occurs when there are a large number of psychiatric patients (about five or more) in the ED and no available beds. *(May 28, 2008, Initial CON Application, page 18 and June 16, 2008, Completeness Response, page 339)*

17. The Applicants made the following statements with respect to SVMC ED’s treatment of psychiatric patients; however, limited supporting evidence was provided:
 - The SVMC ED averages about 170 psychiatric evaluations a month, along with another 90 substance abuse patients per month;
 - Approximately 45% of all psychiatric SVMC ED patients require inpatient admission;
 - Approximately 60 psychiatric patients per month have extended stays in the SVMC ED due to the limited access to inpatient beds; and
 - Approximately 25-30 adult Medicaid and Medicare patients who are seen each month in SVMC ED require an inpatient psychiatric bed but are unable to be admitted to Hall-Brooke due to the insurance restrictions.
(May 28, 2008, Initial CON Application, page 18 and June 16, 2008, Completeness Response, page 338)

18. The Applicants stated that the proposal will treat incremental Medicare and Medicaid patients who may currently have prolonged ED stays waiting for a bed to become available in a psychiatric unit in a general hospital. *(June 16, 2008, Completeness Response, page 344)*

19. The Applicants stated that the IMD exclusion contributes to disruptions in continuity of care for the following populations:
 - Medicaid beneficiaries who have been treated at Hall-Brooke during their adolescence, once they turn 21;

- Adults with chronic psychiatric disorders who lose their private insurance and go on Medicaid; and
 - Consumers with Medicaid or Medicare who are residents in Hall-Brooke's Adult Supportive Housing Program and require inpatient psychiatric care.
(May 28, 2008, Initial CON Application, pages 15-16)
20. The Applicants indicated the following regarding the 112 patients in Hall-Brooke's Adult Supportive Housing Program:
- It is estimated that 15% have Medicare; 35% have Medicare/Medicaid; 45% have only Medicaid; and 5% have SAGA or are uninsured;
 - The majority of supportive housing clients have chronic mental illness, and many are covered by Medicare due to psychiatric disability;
 - Given the severity and long tenure of major psychiatric disorders, frequent psychiatric hospitalizations are expected for many of these clients;
 - Maintaining a close linkage between community and inpatient services is vital to prompt and efficient treatment;
 - Many of the Medicare patients have exhausted their lifetime reserve and must be admitted to other hospitals when they require inpatient psychiatric care; and
 - Those who are Medicaid patients cannot be admitted to Hall-Brooke's inpatient unit if they experience a relapse.
(May 28, 2008, Initial CON Application, page 16)
21. The Applicants stated that in cases where SVMC's ED is overcrowded and SVMC has no available beds, Hall-Brooke may admit Medicaid and Medicare patients for whom the institution does not receive reimbursement. During calendar year 2007, Hall-Brooke served 12 Medicare patients who had exhausted their lifetime reserve. In the seven months ending January 31, 2008, Hall-Brooke served 43 Medicaid/Connecticut Behavioral Health Partnership ("CTBHP") consumers for a total of 183 days of care with no reimbursement. *(May 28, 2008, Initial CON Application, page 17)*
22. The primary service area (towns that make up the top 60% of Hall-Brooke's discharges) ("PSA") for this proposal includes Bridgeport, Fairfield, Greenwich, Milford, New Haven, Norwalk, Stamford, Stratford, and Trumbull. *(May 28, 2008, Initial CON Application, pages 18-19)*
23. The secondary service area (towns that make up the next 20% of Hall-Brooke's discharges) ("SSA") for this proposal includes Ansonia, Bethel, Danbury, Darien, Derby, Easton, Hartford, Meriden, Middlebury, Monroe, Naugatuck, New Britain, New Milford, Newtown, Ridgefield, Seymour, Shelton, Torrington, Waterbury, Westport, and Wilton. Residents from New Canaan, Redding, and Weston had very few admissions to Hall-Brooke; however, due to the close proximity of these communities, they are also included in the SSA. *(May 28, 2008, Initial CON Application, pages 19-20)*
24. The Applicants stated that the existing providers of the proposed service in the service area include the following:

Table 1: Existing Inpatient Psychiatric Providers, PSA, and SSA

Legal Name of Provider	Town	Number of Psychiatric Beds
Bridgeport Hospital	Bridgeport	32
Saint Vincent's Medical Center	Bridgeport	16
Griffin Hospital	Derby	16
Norwalk Hospital	Norwalk	22
Silver Hill Hospital (IMD)	New Canaan	129
Stamford Hospital	Stamford	25
Yale Psychiatric Institute	New Haven	15 (child) 15 (adolescent) 24 (adult) 8 (geriatric)
Hospital of Saint Raphael	New Haven	25
Institute of Living	Hartford	139
Saint Francis Medical Center	Hartford	61
Danbury Hospital	Danbury	20
Waterbury Hospital	Waterbury	30
Saint Mary's Hospital	Waterbury	8

(May 28, 2008, Initial CON Application, pages 23-25)

25. If patients are unable to be admitted to Hall-Brooke due to insurance restrictions, they are generally admitted to SVMC's 9 East unit, Norwalk Hospital, or Bridgeport Hospital. (June 16, 2008, Completeness Response, page 338)
26. The Applicants stated that there will be minimal effect on existing providers as no change in the number or location of psychiatric beds is being proposed. The Applicants further stated that it is expected that area hospitals may refer some patients to SVBHC – Westport in the event that their psychiatric units are fully occupied and their emergency departments are overcrowded. (May 28, 2008, Initial CON Application, pages 25-26 and June 16, 2008, Completeness Response, pages 339-40)
27. The following tables present the discharges, days, average length of stay ("ALOS"), and average daily census ("ADC") for Hall-Brooke's inpatient unit and SVMC's 9 East unit, for the last three fiscal years and the current year to date:

Table 2a: Historical Utilization, Hall-Brooke's Inpatient Unit

Fiscal Year	Patient Days	Discharges	ALOS	Staffed Beds	Licensed Beds	Occupancy Staffed Beds	Occupancy Licensed Beds	ADC
2005	19,947	1,762	11.3	76	86	71.9%	63.6%	54.6
2006	21,020	1,701	12.4	76	86	75.8%	67.0%	57.6
2007	20,092	1,726	11.6	76	86	72.4%	64.0%	55.0
2008*	20,566	1,841	11.2	76	86	74.1%	65.5%	56.3

* Annualized; reported period 10/01/2007 to 07/31/2008.

Note: Occupancy is calculated as total bed days divided by total available bed days (for Staffed Beds, 76 beds*365 days/year for a full year; for Licensed Beds, 86 beds*365 days/year for a full year). The Applicants stated that Hall-Brooke's available beds may remain empty due to reimbursement issues. (May 28, 2008, Initial CON Application, page 17; and June 16, Completeness Response, pages 334-5)

Table 2b: Historical Utilization, SVMC 9 East

Fiscal Year	Patient Days	Discharges	ALOS	Staffed Beds	Licensed Beds	% Occupancy	ADC
2005	5,115	812	6.3	16	16	87.6%	14.0
2006	5,565	700	8.0	16	16	95.3%	15.2
2007	4,836	575	8.4	16	16	82.8%	13.2
2008*	5,136	568	9.0	16	16	87.9%	14.1

* Annualized; reported period 10/01/2007 to 06/30/2008.

Note: Occupancy is calculated as total bed days divided by total available bed days (for Staffed and Licensed Beds 16 beds*365 days/year for a full year).

(OHCA Hospital Inpatient Discharge Database, FYs 2005, 2006, 2007, and first six months of 2008 that is reported on an annualized basis)

28. The following tables present the admission status for both Hall-Brooke's inpatient unit and SVMC's 9 East unit, for the last three fiscal years and the current year to date:

Table 3: Admission Status, Hall-Brooke's Inpatient Unit & SVMC 9 East

	ED	Transfer*	Clinic Referral	Physician/HMO Referral	Other/ Not Available
FY 2005					
HB	72%	10%	4%	6%	8%
SVMC	69%	1%	--	30%	--
FY 2006					
HB	68%	11%	3%	4%	14%
SVMC	72%	3%	--	25%	--
FY 2007					
HB	61%	14%	5%	3%	17%
SVMC	74%	<1%	--	26%	--
FY 2008					
HB	42%	25%	7%	3%	23%
SVMC	76%	1%	--	23%	--

* Transfer from another Health Care Facility, Hospital, or Skilled Nursing Facility.

(June 16, Completeness Response, pages 334-5)

29. The Applicants projected the following number of discharges, patient days, and associated occupancy levels with and without the proposal:

Table 4a: Projected With Proposal (SVBHC -Westport)

	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011	Year 4 FY 2012
Days	23,570	24,045	24,541	25,055
Discharges	2,210	2,255	2,301	2,349
Staffed Beds	76	76	76	76
Licensed Beds	86	86	86	86
Occupancy, Staffed Beds	85.0%	86.7%	88.5%	90.3%
Occupancy, Licensed Beds	75.1%	76.6%	78.2%	79.8%

Note: The Applicants indicated that target occupancy for the inpatient beds at Hall-Brooke is between 85% and 90%. Occupancy is calculated as total bed days divided by total available bed days (76 beds*365 days/year or 86 beds*365 days/year).

(May 28, 2008, Initial CON Application, page 26 and June 16, Completeness Response, pages 332-3)

Table 4b: Projected Without Proposal (Hall-Brooke)

	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011	Year 4 FY 2012
Days	21,650	22,083	22,525	22,975
Discharges	2,030	2,071	2,112	2,154
Staffed Beds	76	76	76	76
Licensed Beds	86	86	86	86
Occupancy, Staffed Beds	78.1%	79.6%	81.2%	82.8%
Occupancy, Licensed Beds	69.0%	70.4%	71.8%	73.2%

Note: The Applicants indicated that target occupancy for the inpatient beds at Hall-Brooke is between 85% and 90%. Occupancy is calculated as total bed days divided by total available bed days (76 beds*365 days/year or 86 beds*365 days/year).

(May 28, 2008, Initial CON Application, page 26 and June 16, Completeness Response, pages 332-3)

30. The Applicants developed their FY 2009 discharge projection using the methodology outlined in the following table. FY 2010 and 2011 discharge projections were increased by 2% annually.

Table 5: Methodology Used to Project FY 2009 Discharges

Discharges	Type	Derivation/Calculation
2,030	Budgeted Discharges for Hall-Brooke	Developed as part of the annual budgeting cycle, this includes assumptions regarding continued growth in adult, child, and adolescent discharges as well as increases in staffing which would permit more beds to remain open throughout the year.
40	Incremental Medicare Discharges	In the year ending 12/31/07 Hall-Brooke admitted 12 Medicare patients from SVMC ED out of 59,800 SVMC ED visits (0.02%). This % was applied to the total number of ED visits at area hospitals (Bridgeport Hospital, Greenwich Hospital, Norwalk Hospital, St. Vincent's Medical Center, and The Stamford Hospital) and the result was adjusted for confidence and acceptance levels of 100%, projected volume growth of 2%, and rounding.
140	Incremental Medicaid Discharges	In the seven months ending 1/31/08, Hall-Brooke served 42 Medicaid/CTBHP consumers out of 59,800 SVMC ED visits (0.12%). That when annualized equals 72 (0.12%). This % was applied to the total number of ED visits at area hospitals (see above) and the result was adjusted for confidence and acceptance levels of 50%, projected volume growth of 2%, projected utilization growth of 10%, and rounding.
2,210		Projected 2009 Volume

(May 28, 2008, Initial CON Application, pages 26-27)

31. SVBHC will adhere to the American Psychiatric Association and the American Academy of Child and Adolescent Psychiatry practice guidelines, which are currently used by clinical staff at Hall-Brooke in their daily practice. (May 28, 2008, Initial CON Application, pages 29-30)
32. All inpatient staff of Hall-Brooke's Westport location will be employed by SVMC. (May 28, 2008, Initial CON Application, page 12)

33. The Applicants stated that Hall-Brooke currently maintains a closed medical staff for its inpatient unit. Following the addition of beds to SVMC's license, the inpatient unit will function as an open unit.² (*May 28, 2008, Initial CON Application, pages 33-34*)
34. James McCreath, President and Chief Executive Officer of Hall-Brooke, stated that:
- There are clinically no differences in the patients that are treated at the two facilities and both use the same clinical admittance criteria;
 - Both facilities treat patients with severe mental illness;
 - SVMC is able to address the medical needs of patients; and
 - Hall-Brooke admits children and adolescents as well as adults where SVMC only admits adults.
- (*July 22, 2008, Hearing Testimony of Mr. McCreath*)
35. Susan Davis, RN, Ed.D, President and Chief Executive Officer of SVMC, stated that:
- Patients with medical needs are admitted to SVMC;
 - When a bed is not available for a patient with medical needs, they are admitted to a medical/surgical bed with sitters until medically stabilized;
 - In order for family members to have access to patients at Hall-Brooke, SVMC provides taxi vouchers for travel to Westport;
 - Staffing requirements for psychiatric units are essentially the same for an acute care hospital and an IMD.
- (*July 22, 2008, Hearing Testimony of Dr. Davis*)
36. John Gleckler, Chief Financial Officer of Saint Vincent Health Services and SVMC, stated that:
- Currently, the cost of ambulance transportation from SVMC to Hall-Brooke are reimbursed by Medicare and Medicaid;
 - Most ambulance companies are paid by Medicaid on a per-capita basis;
 - Hall-Brooke covers the cost of the ambulance for self-pay patients;
 - With the proposal, SVMC will bear the cost of any charges that are not covered by the payers;
 - Hall-Brooke patients requiring emergency medical care are transported by ambulance to Norwalk Hospital's ED as Norwalk Hospital is the closest acute care hospital to Hall-Brooke; and
 - SVMC is 20 to 25 minutes from Hall-Brooke.
- (*July 22, 2008, Hearing Testimony of Mr. Gleckler*)
37. John Newman, General Counsel for SVMC, stated that in order for Medicare to change the reimbursement status of Hall-Brooke from an IMD facility to a PPS-

² A closed unit, such as Hall-Brooke's, is one in which all patients admitted to a facility are followed by one of the employed psychiatrists at the Hospital. An open unit, such as SVMC's 9 East and the proposed SVBHC, permits credentialed psychiatrists to admit and follow their patients during an inpatient stay. Community psychiatrists who do not maintain a hospital practice may refer another psychiatrist to follow their patient during hospitalization.

exempt unit there is an enrollment process and an attestation that a provider submits voluntarily to memorialize the provider-based status with Medicare to become an exempt unit. In addition, the following conditions must be met by the Applicants in order for Hall-Brooke to be designated as a provider-based unit:

- The distinct geographic unit, i.e., Hall-Brooke, must be an integrated unit of SVMC;
 - The administrative and clinical oversight must be the same for the two facilities;
 - SVMC must have ownership of the operations, including assets;
 - Hall-Brooke must serve the same broad service area as SVMC;
 - The two facilities must be within 35 miles of each other; and
 - There must be an overlap of patient populations through zip code analysis.
- (July 22, 2008, Hearing Testimony of Attorney Newman)*

**Financial Feasibility 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**

38. There is no capital expenditure associated with the proposal. *(May 28, 2008, Initial CON Application, page 37)*
39. Due to the existing affiliate relationship, the Applicants currently share a number of services, including billing, purchasing, accounts payable, payroll, cost management, budgeting, and financial reporting. *(May 28, 2008, Initial CON Application, page 34)*
40. SVMC will establish two cost centers: "Psychiatry Adult – Westport" and "Psychiatry Child/Adolescent – Westport" with the unit of service being patient days. *(May 28, 2008, Initial CON Application, page 37)*
41. John Gleckler, Chief Financial Officer of Saint Vincent Health Services and SVMC, stated that the difference between current reimbursement for Hall-Brooke and reimbursement for SVBHC – Westport with the proposal is that the Applicants, with the proposal, would be able to receive reimbursement for services to Medicaid adults that Hall-Brooke was not reimbursed for. Mr. Gleckler estimated that the cost to the state associated with this difference would be approximately \$500,000 - \$600,000. *(July 22, 2008, Hearing Testimony of Mr. Gleckler)*
42. The Applicants projected incremental revenue from operations, total operating expense, and gain from operations associated with the CON proposal for SVMC, as follows:

Table 6: Incremental Financial Projections for SVMC

Description	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011	Year 4 FY 2012
Incremental Revenue from Operations	\$19,317	\$20,352	\$21,984	\$23,422
Incremental Total Operating Expense	\$19,386	\$20,616	\$21,962	\$23,274
Incremental Gain from Operations	(\$68)	(\$264)	\$22	\$149

*Note: figures in thousands, and may not sum due to rounding.
(May 28, 2008, Initial CON Application, page 317)*

43. The Applicants stated that the incremental depreciation expense far exceeds the projected operating losses and therefore there will not be any losses on a cash basis. *(May 28, 2008, Initial CON Application, page 39)*
44. The Applicants projected incremental revenue from operations, total operating expense, and gain from operations associated with the CON proposal for Hall-Brooke, as follows:

Table 7: Incremental Financial Projections for Hall-Brooke

Description	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011	Year 4 FY 2012
Incremental Revenue from Operations	(\$18,777)	(\$19,896)	(\$20,996)	(\$22,299)
Incremental Total Operating Expense	(\$20,143)	(\$21,408)	(\$22,760)	(\$24,092)
Incremental Gain from Operations	\$1,366	\$1,612	\$1,764	\$1,793

*Note: figures in thousands, and may not sum due to rounding.
(May 28, 2008, Initial CON Application, page 318)*

45. The Applicants provided the following current and three year projected payer mix based on Gross Patient Revenue for inpatient psychiatric services at SVMC:

Table 8: SVMC 9 East Inpatient Psychiatric Current and Three-Year Projected Payer Mix

	Current	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011
Medicare (includes manage care activity)	41%	41%	41%	41%
Medicaid CT	27%	27%	27%	27%
Medicaid CTBHP	6%	6%	6%	6%
Medicaid General Assistance (SAGA)	0.1%	0.1%	0.1%	0.1%
Advanced Behavioral Health (SAGA)	0.6%	0.6%	0.6%	0.6%
Compcare, Inc. (HUSKY)	0.5%	0.5%	0.5%	0.5%
Medicaid - Other	0.3%	0.3%	0.3%	0.3%
CHAMPUS and TriCare	0%	0%	0%	0%
Total Government	76%	76%	76%	76%
Commercial Insurers	21%	21%	21%	21%
Uninsured/Self-Pay	3%	3%	3%	3%
Other	0%	0%	0%	0%
Total Non-Government	24%	24%	24%	24%
Total Payer Mix	100%	100%	100%	100%

(July 28, 2008, Late File 1, page 349 and August 1, 2008, Late File Supplemental Information, page 382)

46. The Applicants provided the following current Hall-Brooke inpatient psychiatric services payer mix and the three year projected payer mix for the proposal based on Gross Patient Revenue for inpatient psychiatric services for SVBHC – Westport:

Table 9: Hall-Brooke Inpatient Psychiatric Current & SVBHC – Westport Inpatient Psychiatric Three-Year Projected Payer Mix

	Current	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011
Medicare (includes managed care activity)	19%	19%	19%	19%
Medicaid CT	5%	9%	9%	9%
Medicaid CTBHP	29%	32%	32%	32%
Advanced Behavioral Health (SAGA)	8%	7%	7%	7%
Medicaid Spend Down	0.02%	0.02%	0.02%	0.02%
CHAMPUS and TriCare	0%	0%	0%	0%
Total Government	61%	67%	67%	67%
Commercial Insurers	31%	26%	26%	26%
Uninsured/Self-Pay	8%	7%	7%	7%
Other	0%	0%	0%	0%
Total Non-Government	39%	33%	33%	33%
Total Payer Mix	100%	100%	100%	100%

(July 28, 2008, Late File 1, page 349 and August 1, Late File Supplemental Information, page 382)

47. The Applicants provided the following number of psychiatric inpatient discharges by year for the Department of Mental Health and Addiction Services' ("DMHAS") General Assistance Behavioral Health Program ("GABHP"):

Table 10: Number of Psychiatric Inpatient Discharges for DMHAS GABHP

	Psychiatric Inpatient Discharges					
	FY 2006	FY 2007	Year-to-Date FY 2008	Year 1 FY 2009	Year 2 FY 2010	Year 3 FY 2011
SVMC	43	36	43	44	45	46
Hall-Brooke	180	212	210	-	-	-
SVBHC - Westport	-	-	-	214	218	222
Total DMHAS GABHP	223	248	253	258	263	268

(September 11, 2008, Response to OHCA Letter Dated September 10, 2008, page 5)

48. There is no State Health Plan in existence at this time. (May 28, 2008, Initial CON Application, page 14)
49. The Applicants stated that this proposal is consistent with their long-range plans. (May 28, 2008, Initial CON Application, page 14)
50. The Applicants have improved productivity and contained costs in the past year through energy conservation, group purchasing, reengineering, the application of

technology, and environmental improvements. *(May 28, 2008, Initial CON Application, page 32)*

51. The proposal will not result in any change to the Applicants' research and teaching responsibilities. *(May 28, 2008, Initial CON Application, page 32)*
52. There are no distinguishing characteristics of the Applicants' patient/physician mix that make the proposal unique. *(May 28, 2008, Initial CON Application, page 32)*
53. The Applicants have sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(May 28, 2008, Initial CON Application, pages 30-31 and Attachment VII)*
54. The Applicants' rates are sufficient to cover the operating costs associated with the proposal. *(May 28, 2008, Initial CON Application, pages 316-330)*

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.

Saint Vincent's Medical Center (“SVMC”) is a general hospital located at 2800 Main Street, Bridgeport. SVMC is licensed by the State of Connecticut Department of Public Health to have a maximum of 397 beds and 47 bassinets. As part of this bed complement, SVMC currently operates a 16-bed inpatient psychiatric unit for adults. Hall-Brooke Behavioral Health Services, Inc. (“Hall-Brooke”) is an organization offering an integrated continuum of inpatient and outpatient behavioral health services for individuals and their families. This array of services includes an 86-licensed bed Hospital for Mentally Ill Persons that treats children, adolescents, and adults, and is located at 47 Long Lots Road, Westport. Both SVMC and Hall-Brooke, as wholly owned subsidiaries of Saint Vincent's Health System, are corporate affiliates that work closely together in providing patient care.

SVMC and Hall-Brooke (together, referred to as “Applicants”) propose to terminate the 86 licensed beds under Hall-Brooke's Hospital for Mentally Ill Persons license and establish these 86 licensed beds under SVMC's general hospital license. As part of the proposal, SVMC will acquire substantially all of the inpatient-related assets from Hall-Brooke and assume operations of the inpatient psychiatric services unit from Hall-Brooke. The beds will remain in the Westport location and the facility will be renamed to Saint Vincent's Behavioral Health Center – Westport Campus (“SVBHC – Westport”).

The Applicants based the need for the proposal on improving access and continuity of care for certain patient populations. While there are no differences in the clinical admissions criteria or clinical goals for psychiatric patients at Hall-Brooke and SVMC, Hall-Brooke is currently defined for Medicare and Medicaid purposes as an Institution for Mental Diseases (“IMD”). As such, Hall-Brooke cannot receive Medicaid reimbursement for persons between the ages of 21 and 65, and cannot receive Medicare reimbursement for clients who have exceeded a 190-day lifetime limit on coverage of inpatient psychiatric hospitalization. With the proposal, SVBHC – Westport will operate as the psychiatric unit of an acute care hospital and will no longer be subject to the reimbursement restrictions of an IMD.

The Applicants asserted that for certain Medicare and Medicaid patients, treatment options are limited due to Hall-Brooke's classification as an IMD, threatening both access and continuity of care. According to the Applicants, these psychiatric patients may have prolonged stays within SVMC's emergency department due to limited access to inpatient psychiatric beds or inability to be admitted to Hall-Brooke. The Applicants stated that when SVMC's emergency department is overcrowded and SVMC's inpatient unit has no available beds, Hall-Brooke will sometimes admit these patients for whom the institution is

not reimbursed. According to the Applicants, in calendar year 2007 Hall Brooke served 12 Medicare patients who had exhausted their lifetime reserve, and during the seven months ending January 31, 2008, Hall-Broke provided 183 days of care with no reimbursement to 43 Medicaid patients. The Applicants indicated that continuity of care is an issue for Medicaid clients who have been treated at Hall-Brooke during their adolescence but whose treatment is no longer reimbursable once they turn 21; adults with chronic psychiatric disorders who lose their private insurance and go on Medicaid; and consumers with Medicaid and/or Medicare who are residents of Hall-Brooke's Adult Supportive Housing Program and require inpatient psychiatric care if they experience a relapse. OHCA finds that this proposal will improve access for Medicare and Medicaid patients who may otherwise have prolonged stays in the emergency department while waiting for a bed to become available in a psychiatric unit of a general hospital, and that this proposal will improve continuity of care for Medicare and Medicaid patients receiving services within Hall-Brooke's array of inpatient and outpatient behavioral health services.

Hall-Brooke is currently utilizing 76 of its total 86 licensed beds. Hall-Brooke's occupancy for the 76 beds has been approximately 72-75% between 2005 and 2008, and Hall-Brooke's occupancy for the total complement of 86 beds has been approximately 63-67% during the same period. The Applicants stated that while they have identified possible expansion areas in the event that the currently unused 10 beds are needed, demand does not necessitate their establishment at this time and SVMC plans to use 76 beds if the project is approved. OHCA finds that the Applicants have not provided sufficient evidence to support the establishment of an additional 86 licensed beds under SVMC's license. OHCA concludes that SVBHC's complement of licensed beds should be increased to a level that is reflective of the Applicants' plans for usage of 76 inpatient psychiatric beds at SVBHC – Westport.

OHCA is also concerned about the impact of the geographic distance between SVMC and SVBHC – Westport. The Applicants testified that there is 20 to 25 minute travel time from SVMC to Hall-Brooke. OHCA is concerned that additional charges may be incurred by families initially presenting at the emergency department and requiring ambulance transfer to SVBHC – Westport. OHCA questions the impact of these charges and of the ambulance transfer itself on patient satisfaction with the proposed service. OHCA is also concerned about ambulance transfer in the event of a medical emergency for patients at Hall-Brooke. The Applicants testified that Hall-Brooke patients requiring emergency medical care are transported by ambulance to Norwalk Hospital's emergency department as Norwalk Hospital is the closest acute care hospital to Hall-Brooke. While the Applicants testified that the cost of ambulance transportation is covered by Hall-Brooke for self-pay patients, OHCA wishes to ensure that all patients are able to receive appropriate services without being burdened by the cost of transportation due to the geographic location of the Westport facility. OHCA remains concerned with an inpatient unit that is located approximately 25 minutes by car from the Hospital.

There is no capital expenditure associated with the proposal. With the proposal, SVMC projects incremental losses from operations of (\$68,000) and (\$264,000) in FYs 2009 and 2010, and incremental gains from operations of \$22,000 and \$149,000 in FYs 2011 and

2012, respectively. The Applicants stated that the incremental depreciation expense far exceeds the projected operating losses for SVMC and therefore there will not be any losses on a cash basis. With the proposal, Hall-Brooke projects incremental gains from operations of \$1,366,000, \$1,612,000, \$1,764,000, and \$1,793,000 in years 2009 through 2012, respectively.

In conclusion, the Applicants assured OHCA that this proposal will improve access to inpatient psychiatric services by expanding the population that can be served at the Westport inpatient psychiatric facility. Furthermore, the Applicants stated that the proposal will improve continuity of care for Hall-Brooke's Medicare and Medicaid patients who require inpatient psychiatric hospitalization. OHCA remains concerned that access for all citizens in need of such services will be sustained and therefore requires that the Applicants more fully address the effects of adding additional psychiatric beds to SVMC's general hospital license but not locating those beds at the medical center campus. OHCA also requires that the Applicants limit SVMC's licensed bed increase to the number of beds that have been demonstrated to be needed at this time. This approach assures the public of a sound professional facility that will serve the needs of an array of psychiatric inpatients and their families in the greater Westport area.

Order

NOW, THEREFORE, the Office of Health Care Access (“OHCA”) and Saint Vincent’s Medical Center (“SVMC”) and Hall-Brooke Behavioral Health Services, Inc. (“HB”) (together referred to as “Applicants”) hereby stipulate and agree to the terms of settlement with respect to the Applicants’ request to terminate Hall-Brooke Behavioral Health Services, Inc.’s inpatient assets and operations including 86 licensed beds, and for Saint Vincent’s Medical Center to acquire Hall-Brooke Behavioral Health Services, Inc.’s inpatient assets and operations, including 86 licensed beds, with no associated capital expenditure.

1. The Applicants’ request for a Certificate of Need regarding the proposal to terminate Hall-Brooke Behavioral Health Services, Inc.’s inpatient assets and operations including 86 licensed beds, and for Saint Vincent’s Medical Center to acquire Hall-Brooke Behavioral Health Services, Inc.’s inpatient assets and operations, including 86 licensed beds, with no associated capital expenditure, as amended below, is hereby approved.
2. SVMC is authorized by OHCA to increase its licensed bed capacity by 76 beds from 397 beds to 473 beds and 47 bassinets. SVMC must also obtain authorization from the State of Connecticut Department of Public Health to increase its licensed bed capacity by 76 beds. These 76 beds can only be staffed and utilized at the new satellite location in Westport (“SVBHC – Westport”) and OHCA requires that the beds operate as psychiatric inpatient beds for children, adolescents, and adults. These 76 beds cannot be staffed at any other SVMC related or affiliated service location unless SVMC files with OHCA appropriate documentation and receives OHCA prior approval.
3. Prior to start of operations at SVBHC – Westport, SVMC shall file with OHCA written notification of the date upon which SVMC will begin operation of the satellite psychiatric inpatient unit. This letter shall identify the number of inpatients at Hall-Brooke, and the number of patients in SVMC’s inpatient psychiatric unit, as of midnight census the night before the letter is dated for, as well as the number of patients projected to be on each unit on the date upon which SVMC will begin operation of the satellite psychiatric inpatient unit. OHCA must receive this notification and acknowledge receipt of such in writing. In addition, SVMC is required to file a copy of its license obtained from the State of Connecticut Department of Public Health to operate the satellite psychiatric inpatient unit within 30 days of issuance.
4. Hall-Brooke is hereby approved to terminate its inpatient services. However, Hall-Brooke agrees to continue to provide its inpatient services until SVMC obtains the license from the Department of Public Health (“DPH”) to operate the satellite psychiatric inpatient unit. The Applicants agree that any failure to remain fully operational, providing inpatient services and accepting referrals until this time may subject the Applicants to civil penalties pursuant to Section 19a-653, C.G.S.

5. Hall-Brooke will no longer offer inpatient services, and will seek a "Mental Health Day Treatment" license and a "Facility for the Care and Treatment of Substance Abusing or Dependent Persons" license from DPH for its outpatient services. Hall -Brooke will continue to provide psychiatric and substance abuse outpatient services, community residential services, and operate the Seton Academy. In addition, Hall-Brooke is required to file with OHCA a copy of its DPH authorization to provide outpatient psychiatric and substance abuse services within 30 days of issuance.
6. SVMC must assume the financial responsibility for any costs related to ambulance transportation from SVMC, including SVMC – ED to SVBHC – Westport, and from SVBHC-Westport to SVMC main campus, which the patient's health insurer does not cover. It is the responsibility of SVMC to ensure that the patients and/or the patients' parents or legal guardians are aware of this policy.
7. SVMC must, for one year, post a toll-free telephone number for patients, parents or legal guardians to call if they have concerns or complaints concerning SVBHC – Westport psychiatric inpatient services.
8. SVMC shall provide OHCA with utilization reports for its inpatient psychiatric beds on a quarterly basis for the first three years of operations. Each quarterly report shall include the name and telephone number of the person that OHCA may contact for data inquiries. In addition to basic data analyses, OHCA will use the submitted data to ensure that residents of greater Westport area have appropriate access to inpatient psychiatric services. The utilization reports shall include, but not be limited to the following data for SVBHC – Westport and SVMC's main campus inpatient psychiatric unit, separately, for the fiscal period:
 - Number of patients;
 - Patient days;
 - Discharges;
 - Number o patients by payer category;
 - Average length of stay by age (child <13, adolescent 13-18, adult 19-64, and elder 65+);
 - The number of all ambulance transports by location, indicating reasons for the transport;
 - The number of times SVMC paid for the ambulance transport and the amount incurred by the hospital by payer category; and
 - Other data when specifically requested by OHCA

The first quarterly report is due 30 days subsequent to the end of the calendar quarter in which the transaction is completed.

9. The authorization shall expire on September 11, 2009. Should the termination of existing psychiatric inpatient services by Hall-Brooke and the establishment of a new satellite psychiatric inpatient assets and operations in Westport by SVMC with SVMC as the license holder and operator not be completed by that date and available to

patients, the Applicants must seek further approval from OHCA to complete the project beyond that date.

10. In the event that the Applicants learn of any potential capital expenditures for the proposal, the Applicants notify OHCA of the expenditures.

OHCA and SVMC and Hall-Brooke agree that this Agreed Settlement represents a final agreement between OHCA and SVMC and Hall-Brooke with respect to this request. The signing of this Agreed Settlement resolves all objections, claims and disputes, which may have been raised by the Applicants with regard to Docket Number: 08-31130-CON.

This Agreed Settlement is an order of the Office of Health Care Access with all the rights and obligations attendant thereto, and the Office of Health Care Access may enforce this Agreed Settlement pursuant to the provisions of Sections 19a-642 and 19a-653 of the Connecticut General Statutes at the Applicants' expense, if the Applicants fail to comply with its terms.

Signed by Susan Davis on September 12, 2008

Date

Duly Authorized Agent for
Saint Vincent's Medical Center

Signed by James McCreath on September 12, 2008

Date

Duly Authorized Agent for
Hall-Brooke Behavioral Health Services, Inc.

The above Agreed Settlement is hereby accepted and so ordered by the Office of Health Care Access on September 12, 2008.

Signed by Commissioner Vogel on September 12, 2008

Date

Cristine A. Vogel
Commissioner