



Office of Health Care Access Certificate of Need Application

Final Decision

Applicants: Hartford Hospital and GSC Holding, LLC
d/b/a Glastonbury Surgery Center

Docket Number: 08-31164-CON

Project Title: Establish and Operate an Ambulatory Orthopedic Surgery Center in Glastonbury

Statutory Reference: Sections 19a-638 and 19a-639, Connecticut General Statutes

Filing Date: November 17, 2008

Hearing Date: January 13, 2009

Presiding Officer: Cristine A. Vogel, Commissioner

Intervenors: Hartford Surgical Center
Eastern Connecticut Health Network, Inc.

Decision Date: March 2, 2009

Default Date: March 2, 2009 (15-day extension)

Staff Assigned: Alexis G. Fedorjaczenko
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Project Description: Hartford Hospital and GSC Holding, LLC d/b/a Glastonbury Surgery Center propose to establish and operate an ambulatory orthopedic surgery center in Glastonbury, at a total capital expenditure of \$6,425,000.

Nature of Proceeding: On November 17, 2008, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Hartford Hospital and GSC Holding, LLC d/b/a Glastonbury Surgery Center (“Applicants”) to establish and operate an ambulatory orthopedic surgery center in Glastonbury, at a total capital expenditure of \$6,425,000. The Applicants are health care facilities or institutions as defined by Section 19a-630, of the Connecticut General Statutes (“C.G.S.”).

On September 17, 2008, OHCA received a hearing request from Hartford Surgery Center, LLC, d/b/a Hartford Surgical Center (“Hartford Surgical Center”). On December 11, 2008, OHCA received a hearing request from the United Brotherhood of Carpenters and Joiners of America’s New England Regional Council of Carpenters (“NERCC”). On December 12, 2008, OHCA received a hearing request from Eastern Connecticut Health Network, Inc (“ECHN”).

By petition dated January 8, 2009, Hartford Surgical Center requested Party status or Intervenor status regarding the Applicants’ CON application. The Presiding Officer designated Hartford Surgical Center as an Intervenor with full rights of participation. By petition dated January 8, 2009, the NERCC requested Intervenor status regarding the Applicants’ CON application. The Presiding Officer designated the NERCC as an Informal Participant. By petition dated December 8, 2008, ECHN requested Intervenor status regarding the Applicants’ CON application. The Presiding Officer designated ECHN as an Intervenor with limited rights of participation.

Pursuant to Sections 19a-638 and 19a-639, C.G.S., a public hearing regarding the CON application was held on January 13, 2009. On December 9, 2008, the Applicants were notified of the date, time, and place of the hearing. On December 11, 2008, a notice to the public announcing the hearing was published in *The Hartford Courant*. 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 Sections 19a-638 and 19a-639, C.G.S.

OHCA’s authority to review and approve, modify or deny this application is established by Sections 19a-638 and 19a-639, 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

Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region Impact on the Applicants' Current Utilization Statistics

1. Hartford Hospital ("Hospital") is a general hospital located at 80 Seymour Street, Hartford. *(May 13, 2008, Letter of Intent)*
2. The Hand Center ("THC"), a surgical practice, is located at 85 Seymour Street, Hartford. There are three (3) surgeons at THC, H. Kirk Watson, M.D., Duffield Ashmead, M.D., and Daniel Mastella, M.D. Each doctor is a board certified hand surgeon and is an active member of the Hospital's medical staff. *(September 8, 2008, Initial CON Submission, pages 2, 3 and 169)*
3. The THC surgeons will form GSC Holding, LLC ("GSC") in order to capitalize their partnership in this proposal. *(September 8, 2008, Initial CON Submission, page 2)*
4. The Hospital and GSC (together referred to as "Applicants") propose to establish a freestanding ambulatory surgery center that will provide outpatient orthopedic surgery at the Gateway Medical Office Park on Western Boulevard in Glastonbury. *(September 8, 2008, Initial CON Submission, page 2)*
5. The proposed center, Glastonbury Surgery Center, LLC ("Glastonbury Surgery Center" or "Proposed Center") will be owned 50% by Hartford Hospital and 50% by GSC. *(September 8, 2008, Initial CON Submission, page 2)*
6. The three THC surgeons have a longstanding relationship with the Hospital, performing both inpatient and outpatient surgery at the Hospital's facilities. They will continue to perform procedures at the Hospital for inpatients and those outpatients who prefer to have their procedures performed in a hospital setting and for those who have significant co-morbidity issues which make them high-risk. *(September 8, 2008, Initial CON Submission, pages 2 and 3)*
7. The three (3) THC physicians have committed to the GSC. THC is actively recruiting two (2) additional surgeons to this group who will contribute cases to the proposed surgery center. *(September 8, 2008, Initial CON Submission, page 3, and January 8, 2009, Response to OHCA's Interrogatories, page 397)*
8. The Applicants also indicated that 3-4 additional orthopedic surgeons who currently practice in the Glastonbury area or have specific plans to expand their practices into the Gateway Medical Office Park have expressed interest in performing sports medicine orthopedic cases at the proposed Glastonbury Surgery Center. *(September 8, 2008, Initial CON Submission, page 3)*

9. The Proposed Center will occupy approximately 12,000 gross square feet of space in a medical office building. It will have three (3) operating suites—two (2) completed and equipped and one (1) shelled for future growth—and twelve (12) pre- and post-op bays. *(September 8, 2008, Initial CON Submission, pages 2 and 14)*
10. The Applicants based the need for the Proposed Center on the following factors:
- The opportunity for the THC physicians and their patients to return to an outpatient surgery environment that formally involves the Hospital;
 - The Hospital will again participate in the THC outpatient orthopedic surgery cases as a partner under a new agreement;
 - The proposal gives the Hospital and the THC physicians the opportunity to grow their respective market shares in a suburban setting; and
 - The proposal allows the Applicants to meet patient expectations and preferences for ambulatory surgery care.
- (September 8, 2008, Initial CON Submission, page 4)*
11. The Hartford Surgery Center, LLC d/b/a Hartford Surgical Center (“HSC”) is located at 100 Retreat Avenue, Hartford. HSC is owned by Surgical Care Affiliates (“SCA”), a for-profit company that owns and operates outpatient surgical facilities throughout the United States. HSC offers, or has offered, services in the following surgical specialties: gastroenterology; general surgery; gynecology; ophthalmology; orthopedics; otolaryngology; pain management; plastics; podiatry; and urology. The following table shows the case volume at the HSC in 2008:

Table 1: Case Volume in 2008 at HSC

Specialty	Case Volume	% of Total Case Volume
Orthopedics	1,203	45%
Gynecology	1,012	38%
Other	474	18%
Total	2,689	100%

(January 8, 2009, Prefiled Testimony of Joanne Roche, pages 4 and 5 and January 8, 2009, Prefiled Testimony of William Heath, page 1)

12. HSC procedure volume went from 4,912 in 2003 to 2,407 in 2006. The 2007 volume was 2,745. The annualized 2008 volume was 2,933. *(January 8, 2009, Prefiled Testimony of Joanne Roche, pages 103, 104, and 120)*
13. One (1) THC physician utilized the HSC in 2004 and three (3) in 2007 and 2008. None used the HSC in 2005 and 2006. *(November 12, 2008, Completeness Response, page 338)*
14. The THC physicians began their ownership relationship with the HSC in 2007. Ownership in the HSC allowed the THC physicians to offer their patients surgery in an ambulatory surgery center and to participate in the management and governance of an ambulatory surgery center. The THC physicians do not plan to continue as partial owners of the HSC. *(September 8, 2008, Initial CON Submission, pages 4, 338, and 342)*

15. The Applicants testified that building a new single specialty hand surgery center allows for greater efficiency and patient care with respect to the tools needed, staff trained, and space allowances required for hand surgery. (*Testimony of Dr. Mastella, Public Hearing, January 13, 2009*)
16. The Applicants believe that their ability to recruit skilled hand surgeons will be enhanced by collaboration between the THC physicians and the Hospital in a new state-of-the-art facility for orthopedic outpatient surgeries. (*January 8, 2009, Response to Interrogatories, page 398*)
17. The Applicants stated that the development of the Glastonbury Surgery Center is consistent with:
 - The trend toward specialization in healthcare;
 - Continued growth of orthopedic and other single specialty outpatient surgery facilities;
 - The opportunity to provide an improved quality of surgical service based on this specialization;
 - Patient preference for a dedicated, freestanding ambulatory surgery environment based on cost, convenience, accessibility, and other satisfaction measurements; and
 - The continued growth of physician-Hospital collaborative or joint venture ownership models for such facilities.

(*September 8, 2008, Initial CON Submission, page 9*)
18. The Applicants stated that there are the following other providers of surgical services in the Glastonbury area and the greater Hartford area:

Table 2: List of Ambulatory Surgery Centers

Provider Name, Street Address, and Town	Number of Operating Rooms	
	Available	Utilized
Hartford Hospital, 80 Seymour Street, Hartford	9	9
Saint Francis Hospital, 114 Woodland Street, Hartford	9	9
West Hartford Surgery Center, 65 Memorial Drive, West Hartford	3	2
Farmington Surgery Center, 263 Farmington Avenue, Farmington	4	4
Connecticut Surgery Center, 81 Gillette Street, Hartford	2	2
Hartford Surgery Center, 100 Retreat Avenue, Hartford	2	2
Orthopedic Associates Surgery Center, Rocky Hill	3	3
Manchester Memorial Hospital, 71 Haynes Street, Manchester	Unknown	Unknown

Note: The Hospital currently has nine (9) operating rooms dedicated to outpatient surgery, with two dedicated to eye cases only.

(*September 8, 2008, Initial CON Submission, page 7*)

19. The Hospital's outpatient surgical volume experienced utilization rates of 89%, 87%, and 84% in FYs 2005, 2006, and 2007, respectively. The Hospital's overall outpatient surgical volume, including the opening of the West Hartford Surgery Center ("WHSC")

and the departure of the THC outpatient surgical volume has exceeded 80% for the past several years. *(September 8, 2008, Initial CON Submission, pages 22 and 23)*

20. The Hospital's total procedure hours year-to-date are running at approximately the same as last year's total hours (10,760 hours annualize to 16,140 hours). *(September 8, 2008, Initial CON Submission, page 23)*
21. Since the filing of the CON application, the Hospital has added two salaried orthopedic surgeons to its staff. *(January 8, 2009, Response to Interrogatories, page 398)*
22. The WHSC opened in September 2007. In August 2008, the WHSC volume was 151 cases. The volume in 2009 is expected to increase by 40% and the WHSC will soon need to open its third operation room. *(September 8, 2008, Initial CON Submission, page 23)*
23. Dr. Mastella testified that he is aware of one sub-specialist hand surgeon in the area, at Windham Hospital. Dr. Mastella also testified that at St. Francis Hospital there are two surgeons dedicated to hand surgery along with one who does hand surgery and general orthopedic cases, and that Orthopedic Associates of Hartford has three hand surgeons performing the majority of their outpatient cases in Rocky Hill. *(Testimony of Dr. Mastella, Public Hearing, January 13, 2009)*
24. The following tables report the historical volumes for surgeries performed by the THC physicians at the HSC and at Hartford Hospital:

Table 3a: Historical Volumes for Ambulatory Operating Room Procedures at the HSC

HSC	2005	2006	2007	2008	2009*
	0	0	625	1,370	1,024

Note: Fiscal year is July 1 through June 30

* Annualized based on July 1, 2008 through December 31, 2008.

(November 12, 2008, Completeness Response, page 339; and Public Hearing Testimony, January 13, 2009)

Table 3b: Historical Volumes for Ambulatory Operating Room Procedures at Hartford Hospital

Hartford Hospital	2005	2006	2007	2008	2009
	1,483	1,482	1,135	298	75

Note: Fiscal year is October 1 through September 30

(November 12, 2008, Completeness Response, page 339, January 13, 2009,

Public Hearing Testimony, and January 21, 2009, Late File)

25. The three THC physicians are currently performing approximately 1,760 ambulatory surgery procedures a year, with 1,370 being performed at the HSC and 390 at the Hospital. *(January 8, 2009, Prefiled Testimony of Kevin Kinsella, page 4)*

26. The Applicants project the following number of procedures to be performed at the Glastonbury Surgery Center:

Table 4: Projected Number of Procedures for the Proposal

Procedure Type	Procedure Type	FY 2010	FY 2011	FY 2012
Hand and Wrist	THC Existing Physicians	1,400	1,400	1,400
	New Surgeon (2009)	300	300	300
	New Surgeon (2010)	-	300	300
	New Surgeon (2011)	-	-	200
	Subtotal	1,700	2,000	2,200
Sports Medicine	New Surgeon (2009)	300	300	300
	New Surgeon (2010)	-	150	300
	New Surgeon (2011)	-	-	75
	Subtotal	300	450	675
Total Number of Procedures		2,000	2,450	2,875
Minutes of Surgery		147,300	180,400	211,700
OR Need Calculated		1.5	1.9	2.2
Number of ORs Required		2	2	3

Note: Average procedure time is approximately 74 minutes per case. Calculations assume that one operating room is utilized 250 days per year for 8 hours per day equaling 120,000 minutes per operating room per year. Full capacity is calculated at 80% of 120,000 minutes or 96,000 minutes per operating room per year.

(November 12, 2008, Completeness Response, pages 344 and 345)

27. The Applicants testified that the physicians who refer to them mostly are orthopedic surgeons from “East of the River.” Theirs is largely a referral practice and their referral base is for more complex cases referred to them from other surgeons including surgeons from Rockville, Manchester, Johnson Memorial, and Windham Hospitals. *(Testimony of Dr. Mastella, Public Hearing, January 13, 2009)*
28. The Applicants testified that tertiary referrals such as a complex nerve situation or complex reconstructive situation in the hand are part of the hallmark of their practice. Often, these cases come to them after being seen or treated by another surgeon with orthopedic, general, or plastic surgery expertise. *(Testimony of Dr. Mastella, Public Hearing, January 13, 2009)*
29. The THC physicians plan to recruit for several additional hand and wrist specialists. The THC physicians are currently negotiating with one surgeon and are in the earlier stages of recruitment discussions with two additional surgeons. *(November 12, 2008, Completeness Response, page 346)*
30. The Applicants testified that they are in late-stage agreement negotiations and early-stage contractual negotiations with one surgeon in fellowship to join the group this summer. This surgeon is entertaining several offers. *(Testimony of Dr. Mastella, Public Hearing, January 13, 2009)*

31. The Hospital is the location of choice by the Hospital's orthopedic surgeons for elderly patients and those patients with co-morbidities. The Hospital stated that the Proposed Center will not have an adverse impact on the current volumes at the Hospital because these cases will remain at the Hospital. *(November 12, 2008, Completeness Response, page 340)*
32. The HSC is currently operating at approximately 70% of capacity. SCA has outstanding offers pending with five additional physicians who perform surgical procedures. Should one or more of the offer recipients secure an equity interest in the HSC, the HSC will then likely be at capacity. *(January 8, 2009, Prefiled Testimony of Kevin Kinsella, page 5)*
33. Joanne Roche, Administrator of the HSC reported the following utilization of the HSC for 2007 and 2008, annualized:

Table 5: HSC Utilization

Year	Number of Operating Rooms	Number of Cases	Utilization, %
2007	2	2,745	75%
2008 (annualized)	2	2,933	79%

(January 8, 2009, Prefiled Testimony of Joanne Roche, page 120)

34. The need for the HSC in downtown Hartford is clear and longstanding. *(January 8, 2009, Prefiled Testimony of Joanne Roche, page 125)*
35. William Heath, Director of Development at HSC testified that:
 - SCA has a long history of working with physician partners. In fact, the company currently has more than 2,000 physician partners at its facilities nationwide; and
 - In order to address the physical plant concerns at the HSC, it was the intention of SCA to relocate the HSC to Glastonbury.*(January 8, 2009, Prefiled Testimony of William Heath, pages 3 and 5)*
36. The THC anticipated the addition of one hand surgeon in July 2009 and one or two additional surgeons thereafter. Even without any accepted offers, the HSC will not be able to accommodate the growth of the THC. *(January 8, 2009, Prefiled Testimony of Kevin Kinsella, page 5)*
37. The HSC has been operating at 100 Retreat Avenue in Hartford for more than 30 years. The space that the HSC occupies is small, disjointed and in places dated. In addition, because of the layout, the HSC is not equipped to handle substantial increase in volume going forward. *(January 8, 2009, Prefiled Testimony of Kevin Kinsella, page 7)*
38. Glastonbury is in the Hospital's primary service area. Approximately 50% of the patients that reside in Glastonbury receive health care services from a Hartford Hospital affiliated physician or provider. *(January 8, 2009, Prefiled Testimony of Kevin Kinsella, page 11 and Exhibit E)*

39. The hours of operation for the Glastonbury Surgery Center will be Monday through Friday from 7:00 a.m. to 5:00 p.m. with cases scheduled between 7:30 a.m. and 3:30 p.m. *(September 8, 2008, Initial CON Submission, page 6)*
40. Glastonbury Surgery Center will implement all national clinical standards required to meet and maintain accreditation from the Accreditation Association for Ambulatory Health Care. *(September 8, 2008, Initial CON Submission, page 10)*
41. Dr. Mastella will be the Medical Director for the Proposed Center. *(November 12, 2008, Completeness Response, page 348)*

**Financial Feasibility of the Proposal and its Impact on the Applicants' Rates
and Financial Condition
Rates Sufficient to Cover Proposed Capital and Operating Costs
Impact of the Proposal on the Interests of Consumers of Health Care Services
and Payers for Such Services
Consideration of Other 19a-637, C.G.S. Principles and Guidelines**

42. The proposal has the following major expenditure components:

Table 6: Major Cost Components

Major Medical Equipment (Purchase)	\$1,400,000
Major Medical Equipment (Contingency)	80,000
Non-Medical Equipment (Purchase)	200,000
Construction/Tenant Improvements	2,863,000
Other Non-Construction*	365,000
Start-Up Expenses & Inventory	400,000
Working Capital Line of Credit	1,084,000
Development Contingency	33,000
Total Capital Expenditure	\$6,425,000

Note: Capitalized financing costs are estimated to be \$65,000.

* Includes development fees for project feasibility, consultants, equipment planning and legal services.

(September 8, 2008, Initial CON Submission, pages 13 and 14)

43. The construction/tenant improvements expenditure consists of the following components:

Table 7: Construction Cost Components

Building Work	\$3,220,000
Architecture & Engineering	238,000
Contingency	125,000
Less Tenant Allowance (\$60/sq ft.)	(720,000)
Total Construction Costs	\$2,863,000

(September 8, 2008, Initial CON Submission, page 15)

44. The Applicants propose to finance the project as follows:

Table 8: Project Financing

Tenant Improvement Loan	\$2,500,000
Equipment Loan	1,706,000
Revolving Line of Credit	1,084,000
Equity Contribution from Hartford Hospital	600,000
Equity Contribution from GSC Holding, LLC	600,000
Total Project Financing*	\$6,490,000

* Includes \$65,000 in capitalized financing costs.

(September 8, 2008, Initial CON Submission, page 17)

45. The Applicants provided commitment letters indicating that each of the three THC physicians are committing \$200,000 of their personal assets for the purchase of membership interests in GSC Holding, LLC, the proceeds of which will be used by GSC Holding, LLC to fund the required capital contribution to Glastonbury Surgery Center, LLC. (January 21, 2009, Late File)
46. The Applicants anticipate that construction will be complete in November 2009, with DPH licensure planned for November 2009. Commencement of operations at the Glastonbury Surgery Center is projected to be January 2010. (September 8, 2008, Initial CON Submission, page 15)
47. Glastonbury Surgery Center is projecting the following incremental revenue and expenses with the proposal for FYs 2010, 2011, and 2012:

Table 9: Glastonbury Surgery Center's Projected Incremental Revenues and Expenses

Projected Incremental:	FY 2010	FY 2011	FY 2012
Total Net Patient Revenue	\$3,183,000	\$4,036,000	\$4,082,000
Total Operating Expenses	3,194,000	3,453,000	4,154,000
Gain/(Loss) from Operations	(\$ 11,000)	\$ 583,000	\$ 648,000

(September 8, 2008, Initial CON Submission, page 396)

48. The Applicants are projecting the following incremental revenues and expenses with the proposal:

Table 10: Projected Incremental Revenues and Expenses with the Proposal

Projected Incremental:	FY 2010	FY 2011	FY 2012
Revenue from Operations	\$ 0	\$ 0	\$ 0
Operating Expense	0	0	0
Gain(Loss) from Operations	0	0	0
Non-Operating Revenue*	(29,500)	267,500	300,000
Revenue Over/Under Expenses	(\$29,500)	\$267,500	\$300,000

(September 8, 2008, Initial CON Submission, pages 19, 236, and 287)

49. The proposed Glastonbury Surgery Center is forecasted to return a profit in the second year. The profit will be shared equally between the Hospital and GSC physicians. The Hospital will experience an improved financial benefit from the proposed service. *(September 8, 2008, Initial CON Submission, page 8)*
50. The Hospital will consider its income from the proposal as non-operating revenue. The Hospital generally realizes a gain of 4% on non-operating revenues and the difference between the investment income and the usual 4% return on \$600,000 will be the incremental effect on the Hospital's non-operating revenue. *(September 8, 2008, Initial CON Submission, page 19)*
51. The following reflects the current payer mix for THC and the three-year projected payer mix for Glastonbury Surgery Center, based on Gross Patient Revenue:

Table 11: Current Payer Mix for The Hand Center & Three-Year Projected Payer Mix for Glastonbury Surgery Center with the CON Proposal

Payer Mix	Current	2010	2011	2012
Medicare	28.9%	28.9%	28.9%	28.9%
Medicaid	1.5%	1.5%	1.5%	1.5%
Champus and TriCare	.5%	.5%	.5%	.5%
Total Government	30.9%	30.9%	30.9%	30.9%
Commercial Insurers	32.4%	32.4%	32.4%	32.4%
Uninsured	4.6%	4.6%	4.6%	4.6%
Workers Compensation	32.1%	32.1%	32.1%	32.1%
Total Non-Government	69.1%	69.1%	69.1%	69.1%
Total Payer Mix	100%	100%	100%	100%

(September 8, 2008, Initial CON Submission, page 18)

52. The Hospital is a tax-exempt entity; Glastonbury Surgery Center will be a taxable entity. *(September 8, 2008, Initial CON Submission, page 19)*
53. Glastonbury Surgery Center will be adopting the Hartford Hospital Charity Care Policy. *(September 8, 2008, Initial CON Submission, page 20)*
54. Glastonbury Surgery Center will operate as a freestanding ambulatory surgery center for reimbursement purposes, and will be the billing entity for the proposed service. *(September 8, 2008, Initial CON Submission, pages 13 and 19)*
55. There is no State Health Plan in existence at this time. *(September 8, 2008, Initial CON Submission, page 2)*
56. The Applicants have adduced evidence that this proposal is consistent with their long-range plans. *(September 8, 2008, Initial CON Submission, page 2)*

57. The Hospital stated that it has undertaken energy conservation, group purchasing, and the application of technology to improve productivity and contain costs. *(September 8, 2008, Initial CON Submission, page 11)*
58. The Hospital's teaching and research responsibilities will not be changed by implementation of the proposal. *(September 8, 2008, Initial CON Submission, page 12)*
59. There are no distinguishing characteristics of the Applicants' patient/physician mix. *(September 8, 2008, Initial CON Submission, page 12)*
60. The Applicants have provided evidence that they have technical, financial, and managerial competence. *(September 8, 2008, Initial CON Submission, Attachment 4)*

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.

Hartford Hospital (“Hospital”) is a general hospital located at 80 Seymour Street in Hartford. GSC Holding, LLC (“GSC”) is an entity formed by the three board certified hand surgeons that make up The Hand Center (“THC”), a surgical practice in Hartford. The Hospital and GSC (together referred to as “Applicants”) propose to establish a freestanding ambulatory surgery center that will provide outpatient orthopedic surgery at the Gateway Medical Office Park on Western Boulevard in Glastonbury. The proposed center, Glastonbury Surgery Center, LLC (“Glastonbury Surgery Center” or “Proposed Center”) will be owned 50% by Hartford Hospital and 50% by GSC.

The Applicants have demonstrated that the projected growth for outpatient surgery may exceed existing capacity. There appears to be a continued demand for the need of inpatient and outpatient orthopedic surgery in the Hartford region. The Hospital has recently recruited two additional salaried orthopedic surgeons to its staff and THC is actively recruiting two additional hand surgeons to their practice. The ability to recruit specialists into the area is critical in order to maintain continued access to specialty care for the community at-large and also to the emergency departments and outpatient clinics. Therefore, OHCA concludes that this proposal will maintain access to quality and necessary services.

The proposal’s total capital expenditure of \$6,425,000 will be financed with equity contributions of \$600,000 from both the Hospital and GSC, and with tenant improvement and equipment loans and a revolving line of credit. The proposed Center is forecasted to return a profit in its second year of operations. The proposal’s profit will be shared equally between the Hospital and GSC physicians and the Hospital will experience an improved financial benefit from the proposal. The Applicants’ financial projections and volumes upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is financially feasible.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Hartford Hospital and GSC Holding, LLC d/b/a Glastonbury Surgery Center to establish and operate an ambulatory orthopedic surgery center at Gateway Medical Office Park in Glastonbury, at a total capital expenditure of \$6,425,000, is hereby GRANTED, subject to the following conditions:

1. The Applicants are authorized to establish and operate an ambulatory orthopedic surgery center to be located at the Gateway Medical Office Park on Western Boulevard in Glastonbury.
2. The Applicants are authorized to build and equip two (2) operating rooms.
3. The procedures that may be performed at the Applicants' ambulatory orthopedic surgery center in Glastonbury are limited to those within the specialty of orthopedics. Should the Applicant wish to perform surgical procedures within other specialties, the Applicants shall file with OHCA a Certificate of Need Determination Request regarding the intended or planned change in specialties to be performed at the center.
4. This authorization shall expire March 2, 2011. Should the Applicants' project not be completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
5. The Applicants shall not exceed the approved capital expenditure of \$6,425,000. In the event that the Applicants learn of potential cost increases or expect that the final project costs will exceed those approved, the Applicants shall notify OHCA in writing immediately.
6. The Applicant must do the following within two months of the commencement date:
 - a. Report the date of the commencement of operations at the new outpatient surgical services facility to OHCA, in writing; and
 - b. Provide a copy its license from the State of Connecticut Department of Public Health to OHCA.
7. Should the Applicants intend or plan any change of ownership by either Applicant, terminate any services, or change the location of the ambulatory surgery center at the Gateway Medical Office Park, Western Boulevard, Glastonbury, the Applicants shall file with OHCA a Certificate of Need Determination Request or Letter of Intent regarding the intended or planned change in ownership, termination, or location.

Should the Applicants fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional actions 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 March 2, 2009

Date

Cristine A. Vogel
Commissioner

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