



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

October 22, 2010

IN THE MATTER OF:

An Application for a Certificate of Need filed
Pursuant to Section 19a-638, C.G.S. by:

Notice of Final Decision
Office of Health Care Access
Docket Number: 10-31657-CON

Vernon Walk-In Medical Care Center

**Change of Ownership of Vernon Walk-In
Medical Care Center**

To: Craig D. Sweeney, M.D.
Vernon Walk-In Medical Center
224 Hartford Turnpike
Vernon, CT 06066

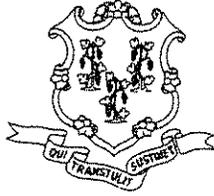
Dear Dr. Sweeney:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-638, C.G.S. On October 22, 2010, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

A handwritten signature in black ink, appearing to read "Kimberly R. Martone".

Kimberly R. Martone
Director of Operations

Enclosure
KRM:swl



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Vernon Walk-In Medical Care Center

Docket Number: 10-31657-CON

Project Title: Change of Ownership of Vernon Walk-In Medical Care Center

Project Description: Vernon Walk-In Medical Care Center (“Applicant”) is proposing a change in the ownership of the Applicant.

Procedural History: On August 31, 2010, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from the Applicant in the above referenced project. On August 12, 2010, the Applicant filed a CON Determination request with OHCA to waive the Letter of Intent (“LOI”) period. On August 12, 2010, OHCA under Report Number 10-31658-DTR, waived the LOI period. A notice to the public concerning OHCA’s receipt of the Applicant’s Certificate of Need was published on September 22, 2010, in *The Hartford Courant*. OHCA received no responses from the public concerning the Applicant’s proposal. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until the twenty-first calendar day following the filing of the Applicant’s CON Application, to request that OHCA hold a public hearing on the Applicant’s proposal. OHCA received no hearing requests from the public.

OHCA’s authority to review, approve, modify, or deny this proposal is established by Section 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

1. The Applicant is a for-profit entity, licensed as an Outpatient Clinic operating at 224 Hartford Turnpike, Vernon, Connecticut. *(July 30, 2010, Letter of Intent and August 27, 2009, OHCA Final Decision, DN: 09-31301-CON)*
2. Under Docket Number 09-31301-CON, OHCA approved a CON for James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney d/b/a Vernon Walk-In Medical Care Center to acquire the outpatient clinic from David C. Goyette, d/b/a Vernon Walk-In Medical Care Center, with an associated capital expenditure of \$266,000. *(August 27, 2009, OHCA Final Decision, DN: 09-31301-CON)*
3. The Applicants under DN: 09-31301-CON completed the purchase of the Vernon Walk-In Medical Care Center on or about October 19, 2009. *(August 31, 2010, Initial CON Application Submission, page 1)*
4. The Center offers immediate care without an appointment for a full spectrum of medical problems, including:
 - i) Non-life threatening injuries and illnesses, including cold sores, sore throats, all types of infections, bruises and sprains, cuts, scrapes, burns, and other minor injuries;
 - ii) Rapid strep and pregnancy testing;
 - iii) Physicals for work, insurance, camps, schools, sports, and pre-operative;
 - iv) EKG, chest x-ray, blood work, and urine analysis; and
 - v) Community services such as free blood pressure readings.
(August 27, 2009, OHCA Final Decision DN: 09-31301-CON)
5. This proposal is for Craig Sweeney M.D. to purchase the ownership interest of James H. Adams in the Applicant. *(August 31, 2010, Initial CON Application Submission, page 1)*
6. Mr. Adams originally agreed to a capital contribution of \$133,000 but only contributed \$10,000 while Dr. Sweeney funded the remaining \$123,000. *(July 30, 2010, LOI Submission and OHCA Final Decision DN: 09-31301-CON, page 7)*
7. Additionally, Mr. Adams was employed as the President/CEO of the Center and was expected to oversee all administrative functions for the clinic. Mr. Adams, however, has not provided these services for the last few months. *(July 30, 2010, LOI Submission and OHCA Final Decision DN: 09-31301-CON, page 3)*
8. In light of the fact that Mr. Adams did not fulfill his business obligations, Mr. Adams and Dr. Sweeney have reached an agreement for Dr. Sweeney to purchase Mr. Adams' ownership interest in the Applicant. *(August 31, 2010, Initial CON Application Submission, page 1)*
9. A signed Purchase Agreement was submitted as part of this CON application. *(August 31, 2010, Initial CON Application Submission, pages 61-68)*

10. Dr. Sweeney will purchase Mr. Adams' ownership interest at an agreed upon amount of \$23,560.50. *(August 31, 2010, Initial CON Application Submission, page 1 & Final Purchase Agreement, pages 61-68)*
11. The current and the proposed ownership interest is illustrated in the following table:

Table 1: Current & Proposed Ownership Interest

List of Owners	Current	Proposed
Craig Sweeney M.D.	10%	60%
Laura Beardsley-Sweeney	40%	40%
James H. Adams	50%	0%

(June 4, 2010, Initial CON Application Submission, page 1)

12. The following table shows the changes in personnel resulting from this proposal:

Table 2: Changes in Personnel for the Applicant

Title/Position	Current	Proposed
President/CEO	James H. Adams	Laura Beardsley-Sweeney
CFO	Laura Beardsley-Sweeney	Same
Medical Director	Craig D. Sweeney, M.D.	Same
X-Ray	Grace Finn	Same
X-Ray	Sue Vogler	Same
X-Ray	Sue Condit	Same
X-Ray	Edna Lopez	Same
RN	Diane Doyker	Same
RN	Sue Cotela	Same
RN	Marie Huther	Same
RN	Joan Formeister	Same
LPN	Sharon Sullivan	Same

(June 4, 2010, Initial CON Application Submission, page 11)

13. There will be no changes in the services offered by the Applicant as a result of this proposal. *(August 31, 2010, Initial CON Application Submission, page 1)*
14. All administrative duties will be performed by Dr. Sweeney and services to patients will not be interrupted. Further, this proposal will allow for stable control of the clinic. *(August 31, 2010, Initial CON Application Submission, page 1)*
15. Dr. Sweeney will pay for the purchase of Mr. Adams' interest from his personal account without financing; therefore, there is no capital expenditure associated with this proposal. *(August 31, 2010, Initial CON Application Submission, page 1)*

16. For calendar year 2009, the Applicant's net income was as follows:

Table 3: Applicant's Net Income (Prior & Post Purchase)

January 1-October 15	\$19,001
October 15-December 31	\$(17,521.36)

(August 31, 2010, Initial CON Application Submission, pages 20&23, Profit & Loss Statements)

17. The Applicant will save \$50,000 annually in total operating expenses as a result of this proposal. *(August 31, 2010, Initial CON Application Submission, page 60, Financial Attachment 1)*
18. The \$50,000 savings in operating expenses will lead to an overall gain in operations of \$32,479. *(August 31, 2010, Initial CON Application Submission, page 60, Financial Attachment 1)*
19. The Applicant projects the following revenues with the proposal:

	FY 2010 (Actual)	FY 2011	FY 2012	FY 2013
Total Revenue	\$762,616.19	\$762,616.19	\$762,616.19	\$762,616.19
Total Operating Exp.	\$780,137.19	\$730,137.19	\$730,137.19	\$730,137.19
Income before taxes	\$(17,521.00)	\$32,479.00	\$32,479.00	\$32,479.00

(August 31, 2010, Initial CON Application Submission, page 60, Financial Attachment 1)

20. This proposal is cost effective as there will be a reduction in operating expenses due to the elimination Mr. Adams' salary, thereby reducing costs without affecting services provided to patients. *(August 31, 2010, Initial CON Application Submission, pages 2)*
21. The Applicant's current and projected payer mix, based on patient population is not projected to change as a result of this proposal:

Table 2: Current Payer Mix

	FY 2010	FY 2011	FY 2012	FY 2013
Medicare*	6%	6%	6%	6%
Medicaid*	3%	3%	3%	3%
CHAMPUS & TriCare	0%	0%	0%	0%
Total Government	9%	9%	9%	9%
Commercial Insurers*	61%	61%	61%	61%
Uninsured	18%	18%	18%	18%
Workers Comp.	12%	12%	12%	12%
Total Non-Government	91%	91%	91%	91%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

*Includes managed care activity

(August 31, 2010, Initial CON Application Submission, pages 2)

22. There will be no change in patient population as a result of this proposal. *(August 31, 2010, Initial CON Application Submission, page 1)*

DISCUSSION

OHCA approaches community and regional 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 services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

The Applicant is an outpatient clinic currently operating at 224 Hartford Turnpike in Vernon, Connecticut. The current owners James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney M.D., were authorized to purchase the outpatient clinic under Docket Number 09-31301-CON. This proposal is for Dr. Sweeney to purchase the ownership interest of James H. Adams, thereby changing the ownership structure of the Applicant.

Mr. Adams did not fulfill his business obligations, including making a capital contribution of \$133,000 towards the purchase of the clinic and overseeing the administration of the clinic, as originally agreed upon under Docket Number 09-31301-CON [Findings 6-8]. Accordingly, Mr. Adams has agreed to sell his share of the ownership interest in the Applicant to Dr. Sweeney [Finding 8]. Mr. Adams' current ownership interest in the Applicant of 50% will be purchased by Dr. Sweeney, giving Dr. Sweeney a total of 60% ownership interest in the Applicant [Finding 7]. Dr. Sweeney will oversee the administrative functions of the clinic and continue to serve as the Medical Director. OHCA finds that this change of ownership will not result in any change in services currently provided by the Applicant or any change in patient population.

The purchase price for Mr. Adams' ownership interest in the Applicant is \$23,560.50, which Dr. Sweeney will pay from his personal finances; therefore, there is no capital expenditure associated with this proposal [Finding 16&17]. Additionally, the elimination of Mr. Adams' annual salary of \$50,000 will result in a reduction of total operating expenses, which is projected to result in an overall operating gain of \$32,479 [Finding 21]. Accordingly, OHCA finds that the proposal is financially feasible.

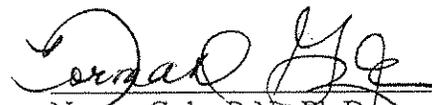
Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Vernon Walk-In Medical Care Center ("Applicant") for the change in ownership, with no associated capital expenditure is hereby **APPROVED**.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of:

10.22.10
Date


Norma Gyle, R.N., Ph.D.
OHCA Deputy Commissioner

NG:swl