



## Office of Health Care Access

### Modification of Previously Authorized Certificate of Need

### Final Decision

**Applicant:** North Haven Pain Medicine Center, LLC

**Modification  
Docket Number:** 06-30492-MDF

**Modification Project Title:** A Request to Modify a Certificate of Need authorized under Docket Number 05-30492-CON in order to increase the authorized capital expenditure by \$276,898.

**Original Project Docket  
Number and Title** Docket Number 05-30492-CON: The establishment and operation of a Licensed Pain Management Ambulatory Surgery Center In North Haven at a total capital expenditure of \$2,626,827.

**Statutory Reference:** Sections 4-181a(b), Connecticut General Statutes

**Filing Date:** December 1, 2006

**Decision Date:** December 14, 2006

**Project Description:** North Haven Pain Medicine Center, LLC (“Applicant”) proposes a modification of the Certificate of Need authorized under Docket Number 05-30492-CON in order to increase the authorized capital expenditure by \$276,898.

## Findings of Fact

1. Under Docket Number 05-30492-CON, the Office of Health Care Access (“OHCA”) authorized a Certificate of Need (“CON”) to Comprehensive Pain and Headache Treatment Centers, LLC (“CPHTC”) and Titan Health Corporation (“Titan”), d/b/a North Haven Pain Medicine Center, LLC (“NHPMC”) to establish and operate a licensed, freestanding, single specialty ambulatory surgery center located at 52 Washington Street, North Haven at a total capital expenditure of \$2,626,827<sup>1</sup>. The proposed ambulatory surgery center will provide interventional pain management services to the private practice patients of CPHTC.
2. Condition Number Two of the CON authorization under Docket Number 05-30492-CON states the following:

*“2. The Applicants shall not exceed the approved capital expenditure of \$2,626,827. In the event that the Applicants learn of potential cost increases or expects that the final project costs will exceed those approved, the Applicants shall file with OHCA a request for approval of the revised project budget.”*
3. On December 1, 2006, OHCA received a request for a modification to the previously authorized CON in order to increase the authorized capital expenditure by \$276,898, from \$2,682,827 to \$2,959,725. OHCA notes that the Applicant is incorrectly basing the increase to \$2,959,725 on an incorrect authorized amount of \$2,682,827 which includes capitalized financing costs. However, as noted in the CON Order and Condition Number Two above, OHCA authorized \$2,626,827, not \$2,682,827. The proposed incremental increase of \$276,898 would bring the total proposed capital expenditure to **\$2,903,725** and not to \$2,959,725 as listed on page 2 of the Applicant’s modification request. Therefore, OHCA considers this request to be an increase in the authorized capital expenditure by \$276,898, from \$2,626,827 to \$2,903,725.
4. The Applicant indicates that the request to increase the capital expenditure is due to the following factors:
  - a) Increases in the price for the medical equipment needed to outfit the pain management center. Technological upgrades and higher manufacturing expenses are the main reason the equipment vendors are citing for these increased costs.
  - b) Increases in the construction/renovation costs due to larger floor space for the authorized center, which is increased from 6,500 square feet to 7,523 square feet. Much of this additional space is needed for public utilities on the premises.
  - c) Increases in labor costs and additional monies needed to install underground public utility lines.
  - d) Increase in the project contingency amount from \$72,800 to 122,800.

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<sup>1</sup> The authorized total capital expenditure of \$2,626,827 does not include \$56,000 for capitalized financing costs. The capitalized financing costs are for informational purposes only.

5. North Haven Pain Medicine Center, LLC is currently a formed and organized LLC and is considered the Applicant for this modification request.
6. The following is a breakdown of the incremental amount requested, by cost component:

New Construction/Renovations	\$118,605
Purchased Medical Equipment	<u>\$158,293</u>
Total Proposed Incremental Capital Expenditure	\$276,898

7. The additional costs will be financed via conventional loan.
8. The Applicant has commenced construction for this project and anticipates that it will be completed prior to the CON expiration date of December 31, 2007.
9. The Applicant indicates that these increased costs are due to changed conditions and were unforeseen at the time of the original CON application.

## Order

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 05-30492-CON to Section 19a-637, C.G.S. is not significantly altered by this request for a modification under Docket Number 06-30492-MDF. Based on this and the reasons provided in the Applicant's modification request, OHCA hereby modifies the CON authorized under Docket Number 05-30492-CON, as follows:

2. The Applicant shall not exceed the approved capital expenditure of \$2,903,725. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised project budget.

All other conditions set forth in the CON authorization issued under Docket Number 05-30492-CON, not modified herein, will remain in full effect.

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 December 14, 2006*

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Date

Cristine A. Vogel  
Commissioner

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