



**Office of Health Care Access**

**Modification of Previously  
Authorized Certificate of Need**

**Final Decision**

**Applicant:** HEALTHSOUTH Surgery Center of Bridgeport, LLC  
d/b/a HEALTHSOUTH Surgery Center of Bridgeport

**Modification Docket  
Number:** 06-20008-MDF

**Modification Project Title:** A Request to Modify Docket Number 84-533 to allow for ownership of the surgery center by self referring physicians, physician practices and/or trusts established for the benefit of such physicians, up to 49% and to vacate the part of the condition limiting each physician to no more than three percent (3%).

**Original Project Docket  
Number and Title** Docket Number 84-533:  
The establishment and operation of an ambulatory surgical center in Bridgeport, CT

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

**Filing Date:** December 12, 2006

**Decision Date:** December 29, 2006

**Staff** Karen Roberts

**Project Description:** HEALTHSOUTH Surgery Center of Bridgeport, LLC d/b/a HEALTHSOUTH Surgery Center of Bridgeport (“Applicant”) proposes a modification of the Certificate of Need authorized under Docket Number 82-532, as was superseded by Docket Number 84-532, in order to allow for ownership of the surgery center by self-referring physicians, physician practices and/or trust established for the benefit of such physicians, up to 49%, and to vacate the part of the condition limiting each physician to no more than 3% ownership.

## Findings of Fact

1. On December 28, 1984, under Docket Number 84-533, the Commission on Hospitals and Health Care (“CHHC”) <sup>1</sup> authorized a modification of a previous Certificate of Need (“CON”) to Medical Management Company. The CON was originally authorized by CHHC under Docket Number 82-532 for the establishment and operation of an ambulatory surgical center in Bridgeport Connecticut. The modification issued under Docket Number 84-533 increased the authorized capital expenditure to \$2,272,700 and superseded in its entirety, the CON order previously authorized under Docket Number 82-532. Condition (d) of the modification order under Docket Number 84-533 states the following:
  - “d. *The ownership shall be limited to 40% interest for all physicians. No more than 30% of the entire facility shall be owned by self-referral physicians, i.e., surgeons who will be utilizing the facility. No self-referral physician shall own more than three (3) percent of the facility.*”  
*(Source: CON Decision under Docket Number 84-533)*
2. HEALTHSOUTH Surgery Center of Bridgeport (the “Center”) was established on January 3, 1983 and is located at 4920 Main Street in Bridgeport. *(Source: Page 4 of the December 12, 2006 modification request)*
3. The Center provides comprehensive facilities for outpatient surgery in specialties including orthopedics, ophthalmology, ENT, gynecology, podiatry, plastics, general surgery, pain management, gastroenterology and urology. *(Source: Page 4 of the December 12, 2006 modification request)*
4. In September of 1997, the original owner and CON Applicant, Medical Management Company sold all interests in the Center to Bridgeport Surgical Center, Inc.<sup>2</sup>. Bridgeport Surgical Center, Inc. was owned by SunSurgery Corporation, which is a wholly-owned subsidiary of ASC Network Corporation, which in turn is a wholly-owned subsidiary of HEALTHSOUTH Corporation. *(Source: Page 4 of the December 12, 2006 modification request)*
5. On August 30, 2004, OHCA issued a CON Determination under Report Number 04-30360-DTR which indicated that the transfer of ownership of the Center from Bridgeport Surgical Center, Inc. to HEALTHSOUTH Surgery Center of Bridgeport, LLC, also an indirect wholly owned subsidiary of HEALTHSOUTH Corporation, did not require a CON. *(Source: Page 4 of the December 12, 2006 modification request)*

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<sup>1</sup> The predecessor agency of the Office of Health Care Access.

<sup>2</sup> This 1997 change of ownership predated the enactment of Public Act 98-150 which required CON authorization for change of ownership and control pursuant to Section 19a-638(a)(1), C.G.S.

6. On December 12, 2006, OHCA received a modification request for the proposed sale of additional membership interests in HEALTHSOUTH Surgery Center of Bridgeport, LLC. (the "Applicant" or "HEALTHSOUTH") The Applicant requests a modification of Stipulation (d) of the modification order issued under Docket Number 84-533. The Applicant requests that it be allowed to sell up to 49% of its membership interests to self-referring physician's physician practices and/or trusts established for the benefit of such physicians. The Applicant further requests that the limitation on a physician owning more than 3% of the facility be vacated. *(Source: Page 4 of the December 12, 2006 modification request)*
  
7. The Applicant's rationale for this modification request is as follows:  
*(Source: Pages 5-6 of the December 12, 2006 modification request)*
  - a) Presently, 75.5% of the membership interests in HEALTHSOUTH Surgery Center of Bridgeport, LLC are owned by SunSurgery Corporation, which is a wholly-owned subsidiary of ASC Network Corporation, which in turn is a wholly-owned subsidiary of HEALTHSOUTH Corporation. The remaining 24.5% are owned by individual physicians, their practices and trusts established for the benefit of such physicians.
  - b) The Applicant proposes to syndicate additional membership, up to 49%, to physicians, their practices and trusts established for the benefit of such physicians.
  - c) The Applicant indicates that the sale of the additional membership interests will help accommodate the needs of area physicians, foster growth and maintain the viability of the Center. Allowing physicians who currently utilize the Center for their surgical procedures to acquire ownership interests will give these physicians a stake in the Center's success. It will encourage them to utilize the Center for their procedures thus contributing to the Center's financial viability and ensuring continued access to high-quality ambulatory surgical care for the Bridgeport area. Physicians having a stake in the Center will also enhance the quality of care provided and overall patient satisfaction.
  - d) The Applicant has already sold nearly all the interests that it is currently authorized to sell to self-referral physicians. The Applicant indicates that local physicians who utilize the Center expect to be able to purchase interests in the facilities where they practice, and without additional interests to offer, the Center will have difficulty recruiting and maintaining a physician base. The Applicant indicates that the ability to offer additional membership interest will also assist the Center in recruiting talented doctors from out of the area to practice in urban Bridgeport, which is critical to ensuring steady surgical volume and continued viability of the Center.
  - e) The proposed change will not result in a change in control or transfer of powers with respect to the Center. The management and control of the Center and its business and affairs will continue to rest with HEALTHSOUTH.

- f) The Applicant indicates that physicians/trusts to whom shares are sold will take no part in, or interfere in any manner with the conduct or control of the Center. There will be no change in the membership and/or structure of the governing body specifically resulting from the sale of additional membership interests. In addition, there will be no change in the governing board of the Applicant, nor any change in the governing powers of the board of any parent company or affiliate or any change or transfer of the power or control of a governing or controlling body of any affiliate.
- g) The Applicant indicates that the evolution of laws enacted since the original CON review in the early 1980's governing the ownership of facilities such as the Center by self-referral physicians obviates the need for such the limitation of no more than 3% per individual physician.
- h) This modification request will not result in any change in the location of or services offered by HEALTHSOUTH Surgery Center of Bridgeport, LLC.

## 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 84-533 to Section 19a-637, C.G.S. is not significantly altered by this request for a modification under Docket Number 06-20008-MDF. Based on this and the reasons provided in the Applicant's modification request, OHCA hereby modifies the CON authorized under Docket Number 84-533, as follows:

Condition (d) of the CON authorization is modified as follows:

- d. HEALTHSOUTH Surgery Center of Bridgeport, LLC may sell up to 49% of its membership interests to self-referring physician, physician practices and/or trusts established for the benefit of such physicians.

All other conditions set forth in the final decision issued under Docket Number 84-533 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 29, 2006*

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Date

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Cristine A. Vogel  
Commissioner

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