

The Office of Health Care Access

ANNUAL REPORT

To the Governor and Legislature



COMMISSIONER'S MESSAGE

OHCA is pleased to submit this annual report to the Governor and the Legislature to highlight its accomplishments in 2008 and communicate its vision for the future.

In 2008, sixty-one Certificate of Need (CON) projects were decided and more than 170 modifications, determinations, waivers and exemptions were processed. In total over \$345 million in capital expenditures was approved via CONs and waivers during 2008.

During 2008, OHCA engaged in a strategic planning process to evaluate the role of the agency and prioritize deployment of resources to accomplish identified strategic goals. Meetings with internal and external stakeholders confirmed the continued relevance of the agency's mission and mandates and led to the emergence of several key strategic themes outlined in this report.

The agency also engaged in several new collaborative projects related to state health information technology planning and interagency data sharing, conducted a survey of private behavioral health hospitals and concluded its outpatient data advisory group meetings with the release of its ambulatory surgery center survey.

Government agencies, researchers, health care providers and members of the general public continued to turn to OHCA for hospital financial and utilization data. In 2008, the agency published several reports and conducted many ad hoc analyses in response to special requests for information by the legislature, executive branch departments, other external groups and members of the general public. Additionally during 2008, the agency responded to numerous consumer questions and requests regarding hospital bills, insurance coverage, as well as facilities, services and licensing information.

As Connecticut's hospitals, health care facilities and citizens continue to face significant and ongoing economic challenges and to grapple with issues related to cost, quality, access and the workforce, OHCA remains committed in its mission to ensure that the citizens of Connecticut have access to a quality health care delivery system.



Cristine A. Vogel
Commissioner

AGENCY OVERVIEW

The Office of Health Care Access (OHCA) oversees the state's health care delivery system to ensure that access to affordable, quality health care is available to the citizens of the state. The agency has three major functions: (1) administration of the Certificate of Need (CON) program, (2) hospital financial review and reporting; and (3) health care data collection, analysis and reporting.

Through administration of the CON program for hospitals, surgical facilities and other health care facilities, OHCA ensures service accessibility for the state's citizens while limiting duplication or excess capacity of services. Certificate of Need (CON) authorization is required when a health care facility proposes a medical equipment purchase, introduction of an additional functional or service, a reduction or termination in services, or changes in ownership or control.

OHCA collects, verifies, analyzes and reports on a wide range of hospital financial data for use by health care policy decision-makers. Information includes hospital revenues and expenses, uncompensated care cost, volumes and financial solvency measures. These data are also used to perform the calculation required by the federal government to participate in the Disproportionate Share Hospital (DSH) program.

OHCA's data collection, analysis and public release of health care utilization information allows the agency to function as an information resource to a variety of organizations and individuals. OHCA regularly provides legislators, health care policymakers, the health care industry and members of the general public with detailed analyses of health care trends and topics relevant to public policy and public interest.

The agency currently has 26 employees, four of which are part time. The Office's staff members represent a broad range of backgrounds and skills, including public policy, finance, statistics, data management, health planning, health care finance and health services research. In 2008, OHCA's two main divisions carried out its core responsibilities: (1) Certification, Financial Analysis and Reporting, consisting of the Financial Review, Certificate of Need and Compliance units and (2) Research and Planning, responsible for research, planning and information technology (IT) functions.

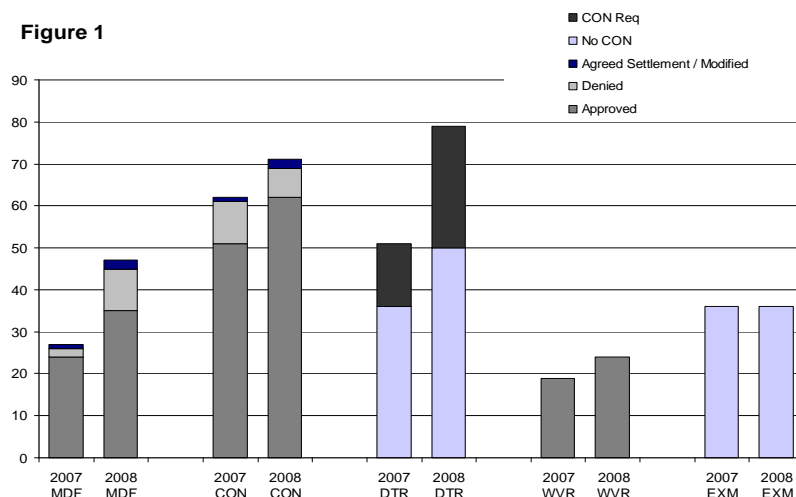
2008 ACTIVITIES AND ACCOMPLISHMENTS

A number of significant projects and initiatives were completed during 2008. In addition to activities related to the agency's core responsibilities of CON, monitoring the financial condition of the state's acute care hospitals and serving as an information resource to numerous entities, the agency initiated a strategic planning process to prioritize deployment of resources and identify critical planning goals and objectives. This report highlights the agency's 2008 achievements and outlines its vision for the coming years.

Certificate of Need Activity Overview

OHCA's Certificate of Need (CON) program was the focus of significant activity during 2008. The agency issued 33 modifications, 61 decisions, 79 determinations, 24 waivers, and 36 exemptions. **Figure 1** illustrates that, for each CON type, total output increased or remained the same compared to 2007. **Table 1** illustrates the number of approved CONs and waivers and their associated authorized dollars.

Figure 1



CON Highlights

The number of **imaging equipment** proposals, which represent a large portion of CON decisions, remained fairly steady between 2007 and 2008.

In 2008, OHCA authorized the acquisition of 5 MRIs, 6 CT scanners, and 3 PET-CT scanners and 1 linear accelerator.

Approximately one-third of imaging CON proposals were denied in each year.

Through the CON waiver process, OHCA, in 2008, also authorized the replacement of 12 MRIs and 4 CT scanners and 5 linear accelerators.



Table 1

Type	Approved CONs and Waivers	Authorized Dollars
Change of Ownership	2	\$7,360,000
Expanded Outpatient Service	1	\$650,000
New Inpatient Service	1	\$600,079
Non-Medical Equipment	1	\$6,100,000
Other Non-Clinical	1	\$83,227,138
Facility Development	2	\$147,589,500
Ambulatory Surgery Center	3	\$17,601,701
Medical Equipment	5	\$20,821,244
New Outpatient Service	12	\$4,651,824
Imaging Equipment	26	\$56,738,453
TOTAL	54	\$345,339,939

After imaging equipment, the largest proportion of CON proposals approved by OHCA in 2008 was for a variety of **outpatient services** and **ambulatory surgery centers**.

OHCA approved three hyperbaric oxygen therapy programs at hospitals, as well as a number of proposals related to primary care, urgent care, occupational health, physical therapy and other outpatient services.

Hospital-physician collaborations continued with two CON decisions that authorized joint venture ambulatory surgery centers and one proposal that authorized the sale of ownership of an existing surgery center to bring in a hospital partner.

Facility development and other non-clinical projects continued to comprise a large portion of the capital expenditures authorized by OHCA in 2008 but represented a decreasing portion of the total approved CONs.

In 2008, OHCA modified a multi-part proposal by MidState Medical Center to reduce its scope. In the final decision, OHCA authorized an emergency department (ED) expansion, denied the termination of inpatient psychiatric services, and reduced the approved number of additional beds to 14, from the requested 30.

Although **inpatient services** CON decisions were a small proportion of total CON approvals in 2008, they often have a significant impact on the delivery of patient care.

In 2008, Connecticut Children's Medical Center (CCMC), Saint Mary's Hospital (SMH) and Waterbury Hospital (WH) proposed to terminate pediatric inpatient services at SMH and WH and replace them with an inpatient pediatric unit located at SMH but owned and operated by CCMC. The proposal, the first collaborative venture of this type between CCMC and other providers, addressed excess capacity that existed at SMH and WH, while at the same time strengthening the clinical programs and staff competencies. The CCMC unit at SMH opened on January 5, 2009.

CON activity in 2008 related to **cardiac services** included:

- Saint Mary's Hospital and Waterbury Hospital were granted a modification extending the initial period for their cardiac demonstration project from three years to three and one-half years, or until January 19, 2009.

The Financial Status of Connecticut Hospitals (FY 2007)

Overall, Connecticut's 29 acute care hospitals realized modest gains in fiscal year (FY) 2007. Statewide average total margin (a measure of profitability) increased from 2.51% in FY 2006 to 3.62% in FY 2007. However, this increase (+1.11%) was primarily attributable to non-operating margin (+0.77), rather than operating margin (+0.34). Thus, hospital gains were more significantly influenced by additional investment income and/or contributions than by revenues generated from patient care.

Average total margin by individual hospital ranged from a high of 14.49% to a low of -18.73% in FY 2007. Four hospitals achieved total margins in excess of 6%; Saint Mary's (6.24%), William Backus (8.57%), Danbury (12.08%) and Saint Vincent's (14.49%). In contrast, five hospitals had negative total margins (expenses greater than revenues).

The statewide average for operating margin was 0.96% in FY 2007, and ranged from a high of 5.62% to a low of -19.81%. More than one quarter (28%) or eight hospitals had negative operating margins in FY 2007, compared to 12 in FY 2006; a slight improvement.

Although Connecticut's hospitals are primarily non-profit, they still need to generate a sufficient surplus in order to repay debt, invest in technology and infrastructure, and to meet the changing health care needs of residents. However, a worsening economy, adverse business conditions and increased competition may challenge hospital's ability to remain profitable, at least for the near term.

- As required by the modification, Saint Mary's Hospital and Waterbury Hospital (the Heart Center of Greater Waterbury), submitted a new CON proposing to establish primary and elective angioplasty and open-heart surgery as permanent services. The CON was approved in January 2009.
- Greenwich Hospital was granted a modification to allow the primary angioplasty interventional cardiac service previously authorized by Agreed Settlement as a three-year demonstration project to be recognized by OHCA as a permanent service.
- Greenwich Hospital and Yale-New Haven Hospital filed a CON proposing to establish elective angioplasty at Greenwich Hospital.
- MidState Medical Center and Hartford Hospital were denied authorization to establish a diagnostic cardiac catheterization laboratory at MidState.

OHCA Compliance

There is within OHCA, a function specifically dedicated to monitoring and enforcing compliance with OHCA's various statutory mandates. The Compliance Officer monitors the industry for compliance with OHCA's statutes, regulations, Certificate of Need stipulations, required hospital filings and OHCA funding assessments. During 2008, there were approximately 33 Certificate of Need modification actions, over 60 Certificate of Need compliance letters sent, and four occurrences during the year of OHCA considering specific regulatory action related to untimely payment of OHCA Funding Assessments. In December of 2008, OHCA initiated a modification process on its own motion to end patient level data filings required by 24 different Certificate of Need orders.

Analyzing Hospital Financial Health

The hospital financial data OHCA collects, verifies and analyzes serves as the foundation for the agency's *Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals*. This publication, often referred to as the *Financial Stability Report*, provides a glimpse into the financial health of Connecticut's acute care hospitals, and is one of the agency's most requested and utilized reports. By presenting a comprehensive view of hospital finances at the statewide and individual facility level, purchasers, payers, policymakers and consumers can better understand the financial challenges facing hospitals today as they strive for financial viability while at the same time delivering quality, cost-effective health care. The sidebar to the left provides a brief overview of the 2008 report's findings (based on FY 2007 data, the latest year for which data is available).

In an effort to make the financial information OHCA collects and publishes more useful, OHCA implemented two key initiatives in 2008. First, the agency implemented its Hospital Reporting System (HRS) in

May. When compared to the agency's previous financial system, the new HRS significantly improves functionality, providing an easy to use, menu-driven and user-friendly front end to facilitate more efficient data entry by the hospitals and improved navigation, search and reporting capabilities. The system has been also been designed to be flexible in order to accommodate legislative, administrative or health care system changes which might require the collection of additional inputs and the generation of additional reports.

Second, OHCA took steps to improve the way the agency reports on the financial data it collects in order to make the information contained in the *Financial Stability Report* as useful as possible. OHCA instituted improvements in 2008 in the way the report's data were presented. Among the improvements were enhanced hospital-specific financial and utilization data and additional year-to-year comparisons.

In addition, using the financial and statistical data filed annually by hospitals, OHCA performs the calculations for the Disproportionate Share (DSH) Program. In FY 2007, Acute Care Hospital DSH Program payments totaled over \$53.7 million.

OTHER ACTIVITIES AND ACCOMPLISHMENTS

Strategic Planning

In addition to the agency's statutory obligations, OHCA's work in 2008 also focused on positioning the agency for the future. The agency began a strategic planning process in June 2008 in order to reevaluate the current role of the agency, prioritize resource utilization and establish overall direction and agency goals for the future. Accordingly, the agency conducted strategic planning activities throughout the year with both internal and external stakeholders to assess the continued relevance of that agency's mission and mandates and to identify key strategic themes and operational goals. The following key themes emerged:

- Develop a statewide approach to facilities and services planning and ensure a sustainable and viable health care delivery system;
- Influence and support health care policy by providing access to research and information necessary for evidence-based public policy formation and evaluation; and
- Maintain OHCA's oversight and regulatory responsibilities to ensure appropriate provision of health care services.

OHCA's strategic plan will assist in establishing priorities and allow the agency to best serve the citizens of Connecticut.

Collaboration with Health Care Industry, State Agencies and Other States

OHCA strongly supports collaboration among industry providers, associations and other entities to promote a strong and responsive health care delivery system.

In April 2008, OHCA initiated a survey of four private behavioral health facilities in Connecticut, with the goal of gaining more knowledge about system capacity, utilization, payment source and access to inpatient services. The four facilities surveyed were Hall-Brook Behavioral health in Westport, the Stonington Institute in North Stonington, Silver Hill Hospital in New Canaan and Natchaug Hospital in Mansfield Center. The survey provided OHCA with information on facilities, demographics, length of stay,



utilization patterns, diagnoses, patient disposition, readmittance frequency, financial measures as well as admission barriers and workforce issues faced by these behavioral health facilities.

Also in 2008, with input and feedback from OHCA's Outpatient Data Advisory Group of representatives from freestanding surgical centers, hospitals, primary care centers and various health care industry associations, the agency developed and administered a voluntary survey of Connecticut's hospital-based/affiliated and non-hospital freestanding ambulatory surgical centers. Survey responses provided OHCA with a better understanding of what data is available and will assist the agency in efforts to standardize any future statewide outpatient data collection, which would improve the ability of both health care providers and policymakers to effectively address the health care needs of Connecticut's residents. OHCA's goal is to transform such data into objective information which will be made available to all legitimate users without compromising patient privacy and confidentiality.

OHCA encourages relationships with other State agencies to promote data sharing, integration and streamlining of business practices. Health information technology has the potential to significantly increase the efficiency of health care by helping providers and consumers manage information and was the focus of several collaborations involving OHCA and other state agencies in 2008. OHCA played a key role in State Health Information Technology (IT) Plan activities, the Connecticut Health Information Network and the Department of Information Technology's (DOIT) E-Health Collaboration Workgroup.

*Health information was the focus
of several collaborations involving
OHCA and other state agencies in
2008.*

State Health IT Plan. In 2008, OHCA served on the State Health Information Technology Steering Committee, which provided input and guidance to John Snow Research and Training Institute (JSI), the designated lead health information exchange organization. The steering committee monitored the project's progress and provided feedback on major elements of the plan as it was developed. The plan, which will be submitted to the legislature by June, 2009, will detail the necessary steps and recommendations for providing a secure, state-wide, interoperable health information infrastructure connecting providers, consumers, and others involved in supporting healthcare and the Connecticut healthcare system. When fully operational, the Connecticut Health Information

Exchange will enable health information to follow the consumer, be available for clinical decision making, and support appropriate use of healthcare information beyond direct patient care to improve health.

Connecticut Health Information Network (CHIN). The Connecticut Health Information Network initiative aims to create an innovative technological platform for accessing and integrating information from different state agency data sources in a highly secure manner. The initiative is organized by the Center for Public Health and Health Policy (CPHHP) at the University of Connecticut and is being developed by the CPHHP in collaboration with the Connecticut Departments of Public Health, Developmental Services, Children and Families, Information Technology, and the Office of Health Care Access. It will establish an institutional framework to support government-university-community partnerships and collaborations around access to and analysis of health data. In 2008, OHCA staff participated as members of CHIN policy and technical/program subcommittees.

E-Health Collaboration Workgroup. OHCA also participated in DOIT's E-Health Collaboration Workgroup in 2008. The workgroup's mission is to encourage state agencies to work together to build information systems for electronic health records, e-prescribing and data warehousing. By combining the capabilities of the Departments of Children and Families, Developmental Services, Information Technology, Mental Health and Addiction Services, Public Health, Social Services, OHCA, the Office of Workforce Competitiveness, and the UConn Health Center, the workgroup members hope to share data, using standard technologies and systems to improve the delivery of information, services and analysis.

Collaboration with Other States

In addition to its collaboration within Connecticut, OHCA also encourages relationships with other states. In efforts to stay informed regarding issues facing Certificate of Need, OHCA hosted the Annual New England CON Workshop in May 2008. Representative from each of the New England states as well as New York participated. The workshops provided an opportunity for each of the participating state representatives to present topics of current interest, as well as discuss issues and challenges. Topics of discussion included health facilities planning, regulatory issues related to CON and current and future CON trends.

LEGISLATIVE ACTIVITIES

During the 2008 session of the General Assembly, OHCA successfully supported the passage of Public Act 08-14 – *An Act Concerning Certificates of Need Issued by the Office of Health Care Access*. This act amended the Office of Health Care Access (OHCA) certificate of need (CON) review process by: (1) adding a new exemption for capital expenditures for nonclinical purposes if certain conditions are met; (2) changing certain registration and notice periods applicable to exempt facilities and institutions; and (3) specifying that, when reviewing CON applications for capital expenditures or for the acquisition of equipment by health care facilities, institutions, providers, or persons, OHCA must consider a set of existing statutory principles and guidelines concerning financial feasibility, impact on health care quality and accessibility, and the public need for the proposal.

The act also changed several deadlines in the CON process, mainly to reflect a change from business to calendar days. Similarly, it changed, to 14 days from 10 business days, the time a hospital has to adjust a patient's bill after OHCA notifies it that an item in the bill is greater than the hospital showed in the applicable schedule of charges it filed with OHCA. By law, the hospital is subject to a \$500 civil penalty. The act changed the date for paying the penalty to 14 days, rather than 10 business days after OHCA's notification. The act repealed obsolete statutes, including those related to OHCA's jurisdiction over CONs for nursing homes, which was transferred to the Department of Social Services in 1993.



INFORMATION TECHNOLOGY

OHCA's information technology staff configure and maintain all network servers and workstations, implement and enforce security conventions, network disaster recovery and business continuity planning. Staff also provide technical assessment, configuration management, and capacity planning functions for the agency and is responsible for assessing new technologies and recommending and implementing changes to keep OHCA's information systems fully responsive to agency's needs. In 2008, OHCA's network was available to staff more than 99% of the time. IT staff worked in conjunction with the agency's vendor in the successful implementation and testing of the HRS application. In addition, the agency's backup system was upgraded to a faster, more powerful and larger capacity tape storage system.

AGENCY REPORTS AND DATA REQUESTS

Government agencies, researchers, health care providers and members of the general public routinely turn to OHCA for timely, accurate health care data. In 2008, the agency conducted many extensive analyses of inpatient and emergency department (ED) data to meet the varied needs of legislators, state policymakers and various stakeholders and released a variety of reports. OHCA's acute care inpatient discharge database and hospital reporting system database are key data sources for several publications.

In 2008, agency staff conducted focused studies on such topics as acute care behavioral health trends and examined broader health care issues as well, including reporting on overall utilization and financial trends. Hospital discharge data was also used to compute patient quality indicators, a set of measures that can be used to identify quality of care for certain conditions for which good outpatient care can potentially prevent the need for hospitalization or for which early intervention can prevent complications or more severe disease. This report is one of OHCA's most frequently requested publications.

2008 OHCA reports are listed on the following page.

Who Uses OHCA Data and for what Purpose?

Requests for OHCA's inpatient and emergency department data increased by nearly 50% in 2008. The agency's data and customized analyses were used by state government, hospitals/ health care providers and other entities in a variety of ways to advance public and health care policy, including informing and assessing legislation, assisting in program development/evaluation, supporting grant funding requests and assisting research activities. Below are examples of 2008 requests for data and analyses.

Connecticut State Legislature:

- *The Medicaid Managed Care Council and the Children's Behavioral Health Advisory Committee used birth and delivery data to help evaluate new Medicaid policy regarding uninsured births.*

Executive Branch Agencies:

- *The Departments of Children and Families (DCF) and Social Services (DSS) for the Behavioral Health Partnership requested discharge information to track the volume of children and adolescents discharged to community-based services versus traditional institutional care.*
- *DSS used hospital-specific data on Medicaid patients to help gauge the potential market for the Charter Oak Health Plan.*
- *DSS also employed ED encounter and charge data relating to HUSKY A plans to assist with actuarial estimations.*
- *The Department of Public Health (DPH) used sexual-abuse related inpatient and emergency department encounter data to aid in developing a sexual assault prevention plan for its federally-sponsored Sexual Violence Prevention Program.*

Municipalities and Health Districts:

- *The Northeast District Department of Health utilized inpatient and ED behavioral health-related utilization data to assist a local hospital in its application for additional support from the federal Health Resources and Services Administration (HRSA) for behavioral health services for children and adolescents in the district.*
- *The city of Waterbury requested inpatient and ED data on behavioral health-related encounters to include in a grant proposal to coordinate behavioral health services for youths.*

Hospital and Research Institutions:

- *Yale-New Haven Hospital's Department of Community Health requested preventable hospitalization data to assist in developing solutions for communities in the hospital's primary service area and to highlight payer-related primary care access issues.*
- *The Connecticut Health Foundation requested preventable hospitalization data by race and health reference group for inclusion in a publication.*
- *Yale University and the National Association for the Advancement of Colored People (NAACP) jointly requested preventable hospitalization data to compare state and national incidence rates to facilitate union negotiations.*

Requests from other entities:

- *The Children's Hospital Boston Trauma Program used Connecticut pediatric trauma data for its research on trends related to the occurrence, evaluation and management of childhood injury in New England.*

2008 OHCA Publications

Hospital System Strategic Task Force Findings and Recommendations (January 2008)

Preventable Hospitalizations in Connecticut: An Updated Assessment of Access to Community Health Services, FYs 2000 - 2006 (April 2008)

OHCA 2007 Annual Report to the Governor and Legislature (April 2008)

DATABOOK: Acute Care Hospital Behavioral Health Trends in Connecticut, FYs 2004-2007 (November 2008)

Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for Fiscal Year 2007 (December 2008)

Copies of all reports are available on the agency's website at <http://www.ct.gov/ohca>

CONSUMER SERVICES

In 2008, the Office of Health Care Access responded to nearly 50 consumer questions or concerns regarding hospital bills, health care coverage options, the availability of health care facilities and services, as well as licensing information. OHCA's responses to these consumer inquiries ranged from direct contact with hospitals to referrals to the appropriate jurisdictional agency or organization.

LOOKING AHEAD

The coming years will present new challenges and opportunities for OHCA and the health care delivery system it oversees. Agency plans include development of a process, supported by legislation and regulation, to enable OHCA to measure utilization, capacity, demand and need for health care services on a regional and statewide basis. In addition, plans for consumer services include a consumer education resources section on OHCA's website to provide helpful information on hospital patient rights and responsibilities and a "how to file a complaint" page with respect to hospital billing to explain the process for problem resolution. These improvements should result in helping additional people with concerns and issues related to their hospital stays.

OHCA remains committed to advising the Executive and Legislative branches on important health care issues; informing the public and the health care industry of trends and issues; and designing and directing health care system development in the state. Ensuring a sustainable and viable health care delivery system will be pursued as an organizational priority. The agency will continue to support health care policy by providing access to research and information necessary for evidence-based public policy formation and evaluation and will maintain its oversight and regulatory responsibilities to ensure appropriate provision of health care services.

The Office of Health Care Access

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