



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: New Vision Cataract Center, LLC

Docket Number: 01-555

Project Title: Change of Ownership of an Ambulatory Surgery Center

Statutory Reference: Section 19a-638 of the Connecticut General Statutes

Filing Date: December 17, 2001

Decision Date: January 2, 2002

Default Date: March 17, 2002

Staff Assigned: Harold M. Oberg

Project Description: New Vision Cataract Center, LLC (“Applicant”) operates a licensed ophthalmic ambulatory surgery center located at 605 West Avenue in Norwalk, Connecticut. The Applicant proposes a change of ownership for its ophthalmic ambulatory surgery center, known as New Vision Cataract Center (“Facility”). The estimated total capital expenditure associated with the proposed change of ownership is \$437,500.

Nature of Proceedings: On December 17, 2001, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of New Vision Cataract Center, LLC seeking authorization to sell over a three-year period up to a 25% ownership share of its licensed ophthalmic ambulatory surgery center, New Vision Cataract Center located at 605 West Avenue in Norwalk, to Ophthalmic Consultants of Connecticut, at an estimated total capital expenditure of \$437,500. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-638, 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

Proposal's Contribution to Accessibility of Health Care Delivery in the Region Impact of the Proposal on the Interests of Consumers of Health Care Services and the Payers for such Services Financial Feasibility of the Proposal and its Impact on the Applicant's Rates and Financial Condition

1. The Applicant owns and operates New Vision Cataract Center, a licensed ophthalmic ambulatory surgery center located at 605 West Avenue in Norwalk. The Facility is a single specialty ambulatory surgery center currently owned solely by Dr. Scott Spector. *(December 17, 2001 CON Application, page 105)*
2. The Department of Public Health granted the Facility a license as an outpatient surgical facility on September 25, 2000, although it had not previously been granted a CON. *(December 17, 2001 CON Application, page 105)*
3. The Applicant proposes to sell up to a 25% ownership share to a partnership of surgeons currently utilizing the Facility, Ophthalmic Consultants of Connecticut ("OCC"). OCC is a partnership comprised of ophthalmologists and an optometrist located in Fairfield. *(December 17, 2001 CON Application, pages 10 and 103)*
4. The proposed change in ownership consists of a three-year ownership restructuring plan. The first year of this plan includes an 8% change in ownership at a price of \$140,000, the second year, if both parties agree, includes another 8% change in ownership at a price of \$140,000, and the third year, if both parties agree, includes a 9% change in ownership at a price of \$157,500. Therefore, the three-year totals for the proposed change of ownership are a total change of 25% in ownership at a total purchase price of \$437,500. *(December 17, 2001 CON Application, pages 8 and 137)*
5. Under the CON proposal, the Facility's ownership structure would become Dr. Spector 92% and OCC 8% for the first year, Dr. Spector 84% and OCC 16% for the second year, and Dr. Spector 75% and OCC 25% for the third year. Dr. Spector has agreed to finance 100% of the estimated total purchase price of \$437,500 through a loan agreement with OCC. *(December 17, 2001 CON Application, pages 9 and 103)*
6. The services currently provided at the Facility will not change under the proposed ownership arrangement. These services consist of ophthalmic surgical procedures, which include cataract surgery, glaucoma surgery, plastic ophthalmic procedures and ophthalmic laser surgery. *(December 17, 2001 CON Application, pages 8 and 10)*

7. Credentialed ophthalmologists, two contracted anesthesiologists, a full time staff of two surgical RNs experienced in ophthalmic surgery and per diem surgical RNs and surgical technicians provide the Facility's professional services. The Facility's staffing will not change due to the CON proposal. *(December 17, 2001 CON Application, page 130 and December 26, 2001 Supplemental CON Filing, page 8)*
8. The Facility's service area population includes patients over 55 years of age who live primarily in lower Fairfield County including the towns of Bridgeport, Fairfield, Westport, Norwalk, Wilton, Redding and Stamford. *(December 17, 2001 CON application, pages 130 and 134)*
9. The Facility serves the uninsured population through its Mission Cataract program. The current goal of this program is to provide at least 25 free cataract surgeries each year to the uninsured, non-Medicare and non-Medicaid population located in lower Fairfield County. *(December 17, 2001 CON Application, page 130 and December 26, 2001 Supplemental CON Filing, page 4)*
10. The Facility's rates appear to be sufficient to cover the proposed capital expenditure and incremental operating costs. *(December 26, 2001 Supplemental CON Filing, page 8)*

Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

The following findings are made pursuant to other principles and guidelines set forth in Section 19a-637, C.G.S.:

11. There is no State Health Plan in existence at this time. *(December 17, 2001 CON Application, page 2)*
12. The Applicant has adduced evidence that this proposal is consistent with its long-range plan. *(December 17, 2001 CON Application, page 2)*
13. The Applicant currently has no teaching and research responsibilities. *(December 17, 2001 CON Application, page 3)*
14. There are no distinguishing characteristics of the Applicant's patient/physician mix. *(December 17, 2001 CON Application, page 3)*
15. The Applicant's proposal demonstrates that the Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(December 17, 2001 CON Application, pages 29 – 102)*
16. The Applicant's proposal will allow the Applicant to continue to provide quality health care to the residents of lower Fairfield County that are currently served by the New Vision Cataract Center. *(December 17, 2001 CON Application, pages 130 and 134)*

Rationale

New Vision Cataract Center, LLC is proposing to sell over a three-year period up to a 25% ownership share in the New Vision Cataract Center located in Norwalk to a partnership of surgeons currently utilizing the Facility, Ophthalmic Consultants of Connecticut. The Facility is a licensed single specialty ambulatory surgery center currently owned solely by Dr. Scott Spector. OCC is a partnership comprised of ophthalmologists and an optometrist located in Fairfield.

The proposed change of ownership consists of a three-year ownership restructuring plan. The first year of this plan includes an 8% change in ownership at a price of \$140,000, the second year, if both parties agree, includes another 8% change in ownership at a price of \$140,000, and the third year, if both parties agree, includes a 9% change in ownership at a price of \$157,500. Therefore, the three-year totals for the proposed change of ownership are a total change of 25% in ownership at a total purchase price of \$437,500. Under the change of ownership proposed by the Applicant, the Facility's ownership structure would become Dr. Spector 92% and OCC 8% for the first year, Dr. Spector 84% and OCC 16% for the second year, and Dr. Spector 75% and OCC 25% for the third year. Dr. Spector has agreed to finance 100% of the estimated total purchase price of \$437,500 through a loan agreement with OCC.

The Facility's service area population includes patients over 55 years of age who live primarily in the towns of lower Fairfield County. The services currently provided at the Facility consist of ophthalmic surgical procedures, which include cataract surgery, glaucoma surgery, plastic ophthalmic procedures and ophthalmic laser surgery. The proposed change of ownership of the ophthalmic ambulatory surgery center will not result in a change in the services currently being provided at the Facility or a change in its current staffing level. Therefore, the Facility will continue to operate as it did prior to the change of ownership. The estimated total capital expenditure associated with the proposal is \$437,500.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of New Vision Cataract Center, LLC to sell over a three-year period up to a 25% ownership share of its licensed ophthalmic ambulatory surgery center, New Vision Cataract Center located at 605 West Avenue in Norwalk, to Ophthalmic Consultants of Connecticut, at an estimated total capital expenditure of \$437,500, is hereby GRANTED.

Order

New Vision Cataract Center, LLC is hereby authorized to sell over a three-year period up to a 25% ownership share of its licensed ophthalmic ambulatory surgery center, New Vision Cataract Center located at 605 West Avenue in Norwalk, to Ophthalmic Consultants of Connecticut, at an estimated total capital expenditure of \$437,500. The authorization shall expire on January 2, 2005. Should the Applicant's ownership restructuring plan not be completed by that date, the Applicant must seek further approval from OHCA to complete the ownership restructuring plan beyond that date.

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

Date

Raymond J. Gorman
Commissioner

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