



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Norwalk Hospital

Docket Number: 04-30294

Project Title: Renovation of Obstetrical Unit

Statutory Reference: Section 19a-639, Connecticut General Statutes

Filing Date: July 23, 2004

Decision Date: August 11, 2004

Default Date: October 21, 2004

Staff: Laurie Greci

Project Description: Norwalk Hospital (“Hospital”) proposes to renovate the obstetrical unit, at a total capital expenditure of \$1,900,000.

Nature of Proceedings: On July 23, 2004, the Office of Health Care Access (“OHCA”) received the Hospital’s Certificate of Need (“CON”) application seeking authorization to renovate the obstetrical unit, at a total capital expenditure of \$1,900,000. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning the Hospital’s proposal was published on May 15, 2004, in the *Norwalk Hour*. OHCA received no comments on the proposal.

OHCA’s authority to review and approve, modify or deny this application 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

Clear Public Need
Contribution of the Proposal to the Quality and Accessibility
of Health Care Delivery in the Region
Impact on the Hospital's Current Utilization Statistics
Impact of the Proposal on the Interests of Consumers of Health Care
Services and Payers for Such Services

1. Norwalk Hospital ("Hospital") is an acute care hospital located in Norwalk, Connecticut. *(July 23, 2004, CON Application, page 50)*
2. The Hospital's primary service area consists of the towns of New Canaan, Norwalk, Weston, Westport, and Wilton. Its secondary service area consists of the towns of Bridgeport, Darien, Fairfield, and Stamford. *(July 23, 2004, CON Application, page 5)*
3. The current obstetrical unit consists of 7 private birthing rooms for labor and delivery, 2 operating rooms, 22 single and 2 double postpartum rooms, nursery and related support space. *(July 23, 2004, CON Application, page 60)*
4. As maternity patients have the option of selecting their care facility first and then their physicians, healthcare institutions have been responding to the competitive pressure and consumer demand for family centered care environments that resemble a less-institutionalized setting. *(July 23, 2004, CON Application, page 3)*
5. The Hospital has not made any major changes to its obstetrical unit since a major modernization project in the late 1980s. At that time, the inpatient obstetrical and pediatric services were consolidated on the fourth floor of the Hospital campus spanning the Dana, Bedford, and Tracey Pavilions and the North Wing building. Within those buildings are the labor, delivery, recovery, postpartum, inpatient pediatrics, pediatric intensive care, neonatal intensive care units and the departmental offices. *(July 23, 2004, CON Application, page 3)*
6. The Hospital's current obstetrical unit falls below industry norms and does not meet the expectation of consumers. The unit lacks space to create a state-of-the-art facility in its current configuration and requires renovations to make it inviting and comfortable for its patients. *(July 23, 2004, CON Application, page 3)*
7. The proposed area for renovation consists of 16,821 square feet. *(July 23, 2004, CON Application, page 18)*
8. The components of the proposed renovations to the labor and deliver area include:
 - Cosmetic upgrade of public spaces;
 - Creation of a dedicated Family Waiting Room;

- Relocation of the Nurses' Station to a more central location that will allow better observation of the area;
- Cosmetic upgrade of the birthing rooms; and
- Creation of a dedicated bathroom in each birthing room. Each bathroom will include a toilet, shower, and handwashing sink.

(July 23, 2004, CON Application, page 29)

9. The components of the proposed renovations to the postpartum area include:

- Cosmetic upgrade of public spaces;
- Cosmetic upgrade of the Family Waiting Room; and
- Renovation of the Nurses' Station to provide better observation of the area.

(July 23, 2004, CON Application, page 30)

10. Cosmetic upgrades will include:

- Finishes on floors, walls, and ceilings;
- New wood doors to patients rooms and glass doors at entries to each area;
- Handrails and corner guards;
- Improved lighting;
- Signage;
- Master concept for displaying artwork throughout the obstetrical unit;
- Window treatments in the patient rooms; and
- New casework and furniture.

(July 23, 2004, CON Application, page 30)

11. The historic and projected obstetrical and newborn discharge volume is presented in the following table:

Fiscal Year	Obstetrics		Newborn	
	Discharges	Patient Days	Discharges	Patient Days
2001 Actual	2,002	5,638	1,946	6,488
2002 Actual	1,859	5,176	1,769	5,836
2003 Actual	1,968	5,478	1,852	6,229
2004 Projected	1,864	5,315	1,822	6,224

(July 23, 2004, CON Application, pages 6 and 8)

12. The Hospital is holding the FY 2005 and FY 2006 projected volumes at the FY 2004 level.

(July 23, 2004, CON Application, page 8)

13. Patient care will not be adversely affected by the proposed project. The current configuration of the units will allow for completion of the renovations in multiple phases for each patient wing. *(July 23, 2004, CON Application, page 19)*

14. The Hospital will renovate approximately four patient rooms at a time. During the renovation of the labor and delivery area, the Hospital will renovate one room at a time. Any proposed work that might create noise or vibration will be schedule off-hours. During periods of renovation, a construction barrier will be created around the work area. The work area will be under negative pressure to keep dust within the renovation area. *(July 23, 2004, CON Application,, pages 19 and 20)*

Financial Feasibility of the Proposal and its Impact on the Hospital's Rates and Financial Condition

15. The proposed project has a total capital expenditure of \$1,900,000 as follows:

Description	Cost
Renovations/Construction	\$1,496,400
Architectural/Engineering	151,000
Contingency	149,400
Furniture, Fixtures, and Equipment	103,200
Total Capital Expenditure	\$1,900,000

(July 23, 2004, CON Application, pages 15 and 16)

16. The Hospital had a cash equivalent balance on June 30, 2004, of \$64,777,960. *(July 23, 2004, CON Application, page 14)*

17. The total capital expenditure will be funded by an equity contribution from the Hospital's operating funds. *(July 23, 2004, CON Application, page 21)*

18. The Hospital expects the proposed project to be completed by October 2005. *(July 23, 2004, CON Application, page 20)*

19. The construction will be depreciated over a ten year period. *(July 23, 2004, CON Application, page 24)*

20. The Hospital anticipates losses from operations for the first three fiscal years after completion of the proposal, i.e., FY 2006, FY 2007, and FY 2008. Each year will result in a loss of \$190,000 as a result of depreciation expense spread over the period while the volume, revenue, and expenses remain constant. *(July 23, 2004, CON Application, page 25)*

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

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

21. There is no State Health Plan in existence at this time. *(July 23, 2004, CON Application, page 2)*

22. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(July 23, 2004, CON Application, page 2)*
23. The Hospital has improved productivity and contained costs through energy conservation, application of technology, and group purchasing. *(July 23, 2004, CON Application, page 12)*
24. The proposal will not result in changes to the Hospital's teaching and research responsibilities. *(July 23, 2004, CON Application, page 13)*
25. There are no unique patient/physician mix characteristics related to this proposal. *(July 23, 2004, CON Application, page 13)*
26. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(July 23, 2004, CON Application, Attachments 3 and 7)*

Rationale

Norwalk Hospital ("Hospital") is proposing to renovate its obstetrical unit. Currently, it consists of 7 private birthing rooms for labor and delivery, 2 operating rooms, 22 single and 2 double postpartum rooms, nursery and related support space. Approximately 16,821 square feet of space will be renovated. There have not been any major changes to the obstetrical unit since it was built in 1981. Implementation of the project will provide for a state-of-the-art obstetrical unit, which will enhance the staffing and operational efficiencies of the unit by renovating and relocating the nurses' stations. The Obstetrical and Neonatal Services Committee recommended the construction of a state-of-the-art obstetrical unit due to the poor design for current obstetrical practices, scattered nursing stations, lack of family-centered care.

The proposed renovations of the obstetrical unit will include the creation of a dedicated Family Waiting Room and the creation of dedicated toilet rooms in each birthing room. The entire area will be upgraded with improved lighting, new finishes on floors, walls, and ceilings. New artwork, window treatments, and furniture will provide an inviting and comfortable experience for patients and their families.

Patient care will not be adversely affected by the proposed project. The renovations will be performed on small sections of the unit at a time. The proposed project will allow the Hospital to offer its patients a modern obstetrical unit so that they may experience a more private and family oriented environment.

The proposed project is financially feasible. The total capital expenditure will be funded by an equity contribution from the Hospital's operating funds. The Hospital projects incremental losses due to the depreciation of the renovated space. In FYs 2006, 2007, and 2008, the Hospital projects an incremental loss from operations of \$190,000 for each year. Once the renovations are complete and the obstetrical unit is fully operational, the volume of patients can be expected to increase.

Based on the foregoing Findings of Fact and Rationale, the Certificate of Need request of Norwalk Hospital to replace the current obstetrical unit, at a total capital expenditure of \$1,900,000, is hereby GRANTED.

Order

Norwalk Hospital ("Hospital") is hereby authorized to replace the current obstetrical unit. The authorized total capital expenditure for this project is \$1,900,000 and is subject to the following conditions:

1. The authorization shall expire on August 11, 2006. Should the Hospital's project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved capital expenditure of \$1,900,000. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised project budget.

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

August 11, 2004

Signed by Cristine A. Vogel
Commissioner

CAV:lkg