



Office of Health Care Access Certificate of Need Application

Agreed Settlement

Applicant: Community Mental Health Affiliates, Inc.

Docket Number: 05-30459-CON

Project Title: Termination of Detoxification and Intensive Residential programs at Alliance Treatment Center in Avon and Establishment of Detoxification and Intensive Residential programs at Alliance Treatment Center in New Britain.

Statutory Reference: Sections 19a-638 and 19a-639, Connecticut General Statutes

Filing Date: July 29, 2005

Decision Date: October 21, 2005

Default Date: October 27, 2005

Staff: Ronald A. Ciesones

Project Description: Community Mental Health Affiliates, Inc. (“Applicant”) proposes to terminate its Detoxification and Intensive Residential programs at Alliance Treatment Center, 121 West Avon Road, Avon and establish those services at a new Alliance Treatment Center location at 33 Highland Street, New Britain, with an associated capital expenditure of \$1,297,338.

Nature of Proceedings: On July 29, 2005, the Office of Health Care Access (“OHCA”) received the Applicant’s Certificate of Need (“CON”) application seeking authorization to terminate its Detoxification and Intensive Residential programs at Alliance Treatment Center, 121 West Avon Road, Avon and establish those services at a new Alliance Treatment Center location at 33 Highland Street New Britain, with an associated capital expenditure of \$1,297,068. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning OHCA's receipt of the Applicant's Letter of Intent ("LOI") was published in the *The Herald*, on April 19, 2005 pursuant to Sections 19a-638 and 19a-639, C.G.S. OHCA received no comments from the public concerning the Applicant's proposal.

OHCA's authority to review and approve, modify or deny this proposal is established by Sections 19a-638 and 19a-639, C.G.S. The provisions of these sections, 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

Impact of the Proposal on the Applicant's Current Utilization Statistics

Proposal's Contribution to the Quality of Health Care Delivery in the Region

Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Community Mental Health Affiliates Inc., ("Applicant") is a not for profit facility that provides outpatient and inpatient behavioral health services at 121 West Road, Avon. (*March 15, 2005, letter to OHCA*)
2. Alliance Treatment Center ("ATC") which operates the facility in Avon and Community Mental Health Affiliates, are both affiliates of Central Connecticut Health Alliance. (*March 15, 2005, letter to OHCA*)
3. The Applicant proposes to terminate its Detoxification and Intensive Residential programs ("DIRP") in Avon. The DIRP provides residential detoxification and evaluation, intensive treatment, day and evening treatment, outpatient treatment, ambulatory and chemical detoxification treatment. (*July 15, 2005 Initial CON Submission, page 119*)
4. The Applicant proposes to establish Detoxification and Intensive Residential programs at 33 Highland Street in New Britain. The DIRP will provide residential detoxification and evaluation, intensive treatment, day and evening treatment, outpatient treatment and ambulatory chemical detoxification treatment. (*July 15, 2005 Initial CON Submission, page 119*)
5. The Applicant's states that the primary service area for the DIRP at the Avon site and the New Britain site is Hartford County. (*July 15, 2005 Initial CON Submission, page 6*)
6. The Connecticut towns with the highest number of clients served at the current Avon site between FY 2002 through FY 2004 are shown in the chart below:

Table 1: Towns with the Highest Number of Clients Served

Town	FY 2002	FY 2003	FY 2004
Bristol	77	103	109
Hartford	143	206	173
New Britain	110	121	133
Torrington	66	57	65
Waterbury	44	56	48
Total of 5 Towns	440	543	528
Total Statewide Visits	1203	1404	1216
Percentage of Total From top 5 towns	37%	39%	43%

(July 15, 2005 Initial CON Submission, page 6, 36-39)

7. There are other area providers in the Avon service area that can treat patients. Those locations are shown in the chart below along with the number of available beds at each location:

Table 2: Alternative Treatment Centers

Location	Number of Beds
Detoxification Center, Hartford	35 Detoxification Beds and 28 Intensive Residential Beds
Farrell Treatment Center, New Britain	24 Intensive Treatment Beds
New Hope Manor, Manchester	20 Intensive Treatment Beds

(Facility Bed and Service Listing for Hartford County provided by the Department of Public Health and additional information received on August 26, 2005.)

8. The Applicant states that the percentage of patients currently being treated at the Avon site for Drugs, Alcohol, or Drugs and Alcohol are as follows:

Table 3: Type of Addiction

Source	Percentage
Drug	44.0%
Alcohol	28.3%
Drugs & Alcohol	27.7%

(Additional information received August 26, 2005)

9. A review of the FY 2004 and FY 2005 referral sources at the Avon facility indicate the following sources of referral for the facility:

Table 4: Referral Sources by Type

Source	Percentage
Self Referral	42.1%
Miscellaneous Hospitals, Shelters and treatment centers	14.2%
Family and Friends	13.1%
Non Hartford County Hospitals	7.4%
Access Line	6.7%
Hartford County Hospitals	5.6%
Substance Abuse Providers	4.5%
211 Infoline	3.1%
Private Insurance Companies	2.6%
Walk-Ins	.5%

(Additional information received August 26, 2005)

10. The Applicant based the need for the proposal on:

- Lack of space and limited services at Alliance Treatment Center (“ATC”) in Avon;
- Increased bed space availability in New Britain;
- Expansion of women’s services in New Britain;
- Improved quality of programs;
- Increased accessibility of services to patients in service area including those from New Britain Emergency Room;
- Improved continuity of care.

11. The Applicant plans to add one detoxification bed and three intensive treatment beds due to the expansion of space in New Britain. Reported below is a chart indicating the current number and level of beds in Avon and the proposed number and level of beds for New Britain. *(July 15, 2005 Initial CON Submission, page 5)*

Table 5: Current and Proposed Bed Levels

Type of Treatment Bed	Current	Proposed
Detoxification	15	16
Intensive Residential	15	18
Total	30	34

12. The Applicant states that the current facility in Avon is an old farmhouse built over 100 years ago and needs to be renovated to become HIPPA compliant. The town of Avon has prohibited the facility from expanding from its current size making it difficult to provide quality care. The nurse’s station and medical space is cramped and the windows can’t be locked allowing contraband to be smuggled in. *(July 15, 2005 Initial CON Submission, page 2)*

13. The Applicant states that there were discussions with the Department of Public Health (DPH) about providing services in a physically upgraded facility and that the residential and detoxification program should be separate from one another. *(July 15, 2005, Initial CON Submission, page 3)*
14. The Applicant states that the Town of Avon has limited the number of drug dependent only residents to 12 out of 30 available slots and in the new location there would be no limiting the scope of services based on a particular diagnosis. *(July 15, 2005 Initial CON Submission, page 5)*
15. The Applicant plans to renovate the fourth and fifth floors of a six story brick building on the New Britain General Hospital campus. The renovation project will provide 12,800 square feet of space, an increase from the Avon site which is 9,800 square feet, and will provide the Applicant with one floor with bed space for 18 consumers receiving intensive residential treatment and another floor with bed space for 16 consumers receiving detoxification treatment. *(July 15, 2005, Initial CON Submission, page 15)*
16. The Applicant submitted a 2005 report published by the Connecticut Alcohol & Drug Policy Council, which stated there is a need for gender specific substance abuse services in Connecticut. The Applicant stated that the new facility in New Britain will allow for residential detoxification and rehabilitation services be provided to women. There are currently no providers of these services in New Britain. *(July 15, 2005 Initial CON Submission, page 4)*
17. The Applicant states that they operate a women's trauma track within their Jail Diversion Program, and these services will be integrated with the new women's program in New Britain. *(July 15, 2005 Initial CON Submission, page 4)*
18. The Applicant states the new facility in New Britain will be approximately 300 feet from the New Britain General Hospital Emergency Room allowing for enhanced screening, referral, and better access for patients. *(July 15, 2005 Initial CON Submission, page 5)*
19. The Department of Mental Health and Addiction Services (DMHAS) submitted a letter of support for the proposal stating that the move from a suburban to an urban area will enhance access to services, strengthen referral networks, increase continuity of care, and improve coordination of care. *(August 17, 2005, Additional Information received)*
20. The Applicant states that the new facility in New Britain will continue to treat the same patients that received services in Avon, no patient will be displaced and services will be served at a more accessible location. *(July 15, 2005 Initial CON Submission, page 8)*
21. The Applicant will continue to offer free transportation if needed to patients within a forty mile radius of the treatment facility. *(July 15, 2005 Initial CON Submission, page 9)*
22. The table below summarizes the actual volumes for the programs at the Avon site from FY 2002 through FY 2005.

**Table 6: Actual Volume Statistics for
 FY 2002 – FY 2005 at the Avon Site***

Description	FY 2002	FY 2003	FY 2004	FY 2005
Clients Served	1,203	1,404	1,216	1,271

(*Hospital fiscal year begins on July 1, 2005, Initial CON Submission, page 39 and additional information Submitted on August 26, 2005)

23. The table below summarizes the projected volumes for the programs at the New Britain site for FY 2006 through FY 2008 based on an increase in available beds.

**Table 7: Projected Volume for FY 2006 – FY 2008
 at the New Britain Site**

FY Ending	FY 2006	FY 2007	FY 2008
Clients Served	480*	1,440	1,469

(*FY 2006 is a partial year and is projected since the new site is expected to be ready to treat patients on March 1, 2006. Additional information received on August 26, 2005)

24. The Applicant’s hours of operation are 24-hours 7 days a week, for the residential program at the Avon site. The outpatient programs operate 9am - 12 a.m. and 5pm – 8pm. These service times will be the same at the proposed facility in New Britain. (July 15, 2005 Initial CON Submission, page 10)

**Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the
 Applicant’s Rates and Financial Condition
 Impact of the Proposal on the Interests of Consumers of Health Care Services and the
 Payers for Such Services
 Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

25. There is a capital expenditure associated with this project of \$1,297,068 which includes the following components: (July 15, 2005, Initial CON Submission, page 14)

Table 8: Total Proposed Capital Expenditure

Component	Cost
Total Building Work Costs (Renovation)	\$1,206,708
Total Site Work Costs	\$30,000
Total Architectural and Engineering	\$60,360
Total Capital Expenditure	\$1,297,068

(July 15, 2005, Certificate of Need Application, page 16)

26. The proposed renovation will be financed entirely through a grant received from the State of Connecticut Department of Mental Health and Addiction Services (“DMHAS”). The Office of Policy and Management will provide bond funds to DMHAS for this project. CMHA will then develop a contract with DMHAS to spend down the bond funds based on documented construction expenses. CMHA is liable for the total bond amount, but after 10 years of operation in the new facility, the lien by the State of Connecticut is eliminated. (August 26, 2005, Additional Information received)

27. The proposed project schedule is as follows: *(July 15, 2005, Initial CON Submission, page 16)*

Table 9: Proposed Project Schedule

Description	Date
Construction Commencement Date	Upon OHCA Approval
Construction Completion Date	February 2006
DPH Licensure Date	March 1, 2006
Commencement of Operation Date	March 2, 2006

28. The Applicant projects no gain or loss from operations with the proposed project and intends to break even financially. *(July 29, 2005 Initial CON Submission, page 5)*

29. The Applicant's current payer mix at the Avon site is as follows:

Table 10: Applicant's Payer Mix at the Avon Site

Payer Description	Payer %
Medicare	0.0%
Medicaid	68.6%
TriCare	0.0%
Total Government	68.6%
Commercial Insurers	27.0%
Self Pay	4.4%
Workers Compensation	0.0%
Total Non-Government	31.4%
Uncompensated Care	0.0%
Total Payer Mix	100.0%

(July 15, 2005, Initial CON Submission, page 18)

30. The Applicant's projected payer mix for the New Britain location is given in the table below. The Applicant projects that the payer mix will not change in future years.

Table 11: Applicants Current and Projected Payer Mix for the New Britain Site

Payer	Current Payer Mix	Year 1 Projected Payer Mix	Year 2 Projected Payer Mix	Year 3 Projected Payer Mix
Medicare	0.0%	0.0%	0.0%	0.0%
Medicaid	64.9%	66.9%	66.9%	66.9%
Champus or Tricare	0%	0%	0%	0%
Total Government	64.9%	66.9%	66.9%	66.9%
Commercial Insurers	32.0%	30.0%	30.0%	30.0%
Uninsured	3.1%	3.1%	3.1%	3.1%
Workers Compensation	0%	0%	0%	0%
Total Non-Government	35.1%	33.1%	33.1%	33.1%
Uncompensated Care	0%	0%	0%	0%
Total Payer Mix	100%	100%	100%	100%

(July 15, 2005, Initial CON Submission page 19)

31. There is no State Health Plan in existence at this time. *(July 15, 2005, Initial CON Submission, page 2)*
32. The Applicant has adduced evidence that this proposal is consistent with the Applicant's long-range plan. *(July 15, 2005, Initial CON Submission, page 2)*
33. The Applicant is currently using the application of technology to improve productivity and control costs. *(July 15, 2005, Initial CON Submission, page 13)*
34. This proposal will not result in changes to the Applicant's teaching and research responsibilities. *(July 15, 2005, Initial CON Submission, page 13)*
35. There are no distinguishing characteristics of the Applicant's patient/physician mix that makes the proposal unique. *(July 15, 2005, Initial CON Submission, page 12)*
36. The Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(July 15, 2005, Initial CON Submission, page 12 and Attachments I - K)*
37. The Applicant's rates are sufficient to cover the proposed capital expenditure and operating costs. *(August 26, 2005, Additional Information submitted)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for Certificate of Need ("CON") proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

Community Mental Health Affiliates, Inc. ("Applicant") proposes to terminate its Detoxification and Intensive Residential programs at Alliance Treatment Center, 121 West Avon Road, Avon and establish those services at a new Alliance Treatment Center location at 33 Highland Street, New Britain, at an associated capital expenditure of \$1,297,068. The Applicant has based the need to terminate the two programs on a lack of expansion space in Avon, limits on the types of services provided in Avon and the age of the facilities in Avon. The town of Avon has prohibited the facility from expanding services to treat all patients and has placed a restriction on the number of drug dependent only consumers. Also, the current facility in Avon is an old farmhouse built over 100 years ago and needs to be renovated to become HIPPA compliant and provide a high quality of care to patients.

All of the patients currently treated in Avon will be able to continue their care in New Britain, no patient will be displaced, and patient access will not be impacted. The greatest volume of patients are from the towns of Bristol, Hartford, New Britain, Torrington and Waterbury, accounting for 43% of Connecticut volume in FY 2004. The Applicant will continue to offer free transportation, if needed, to patients within a 40 mile radius of the facility. Patients who do not wish to go to the New Britain location, can seek comparable services at the Detoxification Center in Hartford, Farrell Treatment Center in New Britain or New Hope Manor in Manchester.

The new facility in New Britain will provide an additional 3,000 square feet of space for a total of 12,800 square feet of space. There will be a separate floor for each of the programs. One floor will accommodate 18 patients receiving intensive residential treatment and another floor will accommodate 16 patients receiving detoxification treatment. The renovated space and new location in New Britain will also allow for residential detoxification and rehabilitation services for women which currently do not exist in New Britain, enhanced screening and referral of patients from New Britain General Hospital's emergency room, and additional treatment beds. In FY 2007 and FY 2008, the Applicant expects volumes of 1,440 and 1,469 clients. The proposed additional beds for both detoxification and intensive treatment will enhance the quality and accessibility of behavioral health services in New Britain.

Based on the above, OHCA finds that the Applicant has demonstrated that its termination of the Detoxification and Intensive Residential programs in Avon and the establishment of Detoxification and Intensive Residential programs in New Britain will allow the Applicant to operate high quality programs and the proposal will contribute to improving the accessibility and continuity of health services to those individuals served in the region.

The proposal is financially feasible. The source of funding for the \$1,297,068 capital expenditure comes from State of Connecticut Grant Funds approved by the Department of Mental Health and Addiction Services. The Applicant projects no gain or loss from operations with the proposed project and intends to break even financially. The Applicant's volume and financial projections upon which they are based appear to be reasonable and achievable, therefore the CON proposal will not adversely impact the interests of consumers and payers of such services.

Based on the foregoing Findings and Rationale, the Certificate of Need Application of Community Mental Health Affiliates, Inc. to terminate its Detoxification and Intensive Residential programs at Alliance Treatment Center, in Avon and establish those services at a new Alliance Treatment Center location in New Britain, with an associated capital expenditure of \$1,297,068 is hereby GRANTED.

Order

Community Mental Health Affiliates, Inc. is hereby authorized to terminate its Detoxification and Intensive Residential programs at Alliance Treatment Center, 121 West Avon Road, Avon and establish those services at a new Alliance Treatment Center location at 33 Highland Street, New Britain, with an associated capital expenditure of \$1,297,068 subject to the following conditions:

1. This authorization shall expire on September 30, 2007. Should the termination of services in Avon and the consolidation of services in New Britain not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant's proposal to establish Residential Detoxification and Intensive Residential programs at 33 Highland Street in New Britain is hereby approved.
3. The Applicant's proposal to terminate the Residential Detoxification and Intensive Residential programs at 121 West Road in Avon is hereby approved.
4. The Applicant will not terminate services at the Avon location until services commence at the New Britain site.
5. The Applicant will continue to offer free transportation to all patients within a 40 mile radius of the New Britain program for one year after implementation.
6. The Applicant shall provide the residents of Avon with information regarding the availability of Detoxification and Intensive Residential treatment programs in surrounding towns for two years and provide to OHCA such communication plan no later than March 1, 2006.
7. The Applicant shall provide to OHCA a listing of the number of patients utilizing the Detoxification and Intensive Residential treatment programs in New Britain by zip code on a semi-annual basis for two years following the initiation of the program. The first utilization report should be filed 30 days after commencement at the New Britain location for the six months previous, then each subsequent filing should be filed 30 calendar days after the end of the semi-annual period.
8. The Applicant shall submit a CON Determination request for the relocating of the ambulatory detoxification program from Avon to New Britain, if appropriate.

9. OHCA and Community Mental Health Affiliates, Inc. agree that this Agreed Settlement represents a final agreement between OHCA and Community Mental Health Affiliates, Inc. with respect to this request. The signing of this Agreed Settlement resolves all objections, claims and disputes, which may have been raised by the Applicants with regard to Docket Number 05-30459-CON.
10. This Agreed Settlement is an order of the Office of Health Care Access with all the rights and obligations attendant thereto, and the Office of Health Care Access may enforce this Agreed Settlement pursuant to the provisions of Sections 19a-642 and 19a-653 of the Connecticut General Statutes at Community Mental Health Affiliates, Inc. expense, if the Applicants fail to comply with its terms.

October 20, 2005

Signed by Mark Muradian, DPA
Duly Authorized Agent for
Community Mental Health Affiliates, Inc.

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

October 21, 2005

Signed by Cristine A. Vogel
Commissioner

CAV: rac