



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: New Era Rehabilitation Center, Inc.

Docket Number: 06-30720-CON

Project Title: Establish Intensive Outpatient Treatment Program in Bridgeport

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

Filing Date: January 24, 2007

Decision Date: April 18, 2007

Default Date: April 24, 2007

Staff Assigned: Paolo Fiducia

Project Description: New Era Rehabilitation Center, Inc. ("Applicant") is proposing to establish an intensive outpatient treatment program in Bridgeport, with an associated capital expenditure of \$15,000.

Nature of Proceedings: On January 24, 2007, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from New Era Rehabilitation Center, Inc. ("Applicant") proposing to establish an intensive outpatient treatment program in Bridgeport, with an associated capital expenditure of \$15,000. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA's receipt of the Applicant's CON application was published in the *Connecticut Post*, Bridgeport, on April 10, 2006. OHCA received no responses from the public concerning the Applicant's proposal. Pursuant to 19a-638, three individuals or an individual representing an entity with five or more people had until February 14, 2007, the twenty-first calendar day following the filing of the Applicant's CON Application, to request that OHCA hold a public hearing on the

Applicant's proposal. OHCA received no hearing requests from the public by February 14, 2007.

OHCA's authority to review and approve, modify or deny the CON application 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

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. New Era Rehabilitation Center, Inc. ("Applicant or New Era") is a for profit facility that provides chemical maintenance treatment and ambulatory chemical detoxification treatment at 3851 Main Street, Bridgeport. *(March 22, 2006, CON Determination Letter, page 1)*
2. On October 11, 2006, the Applicant was approved under Docket Number 06-30685 to establish a methadone maintenance, ambulatory detoxification, intensive outpatient day-evening treatment program at 301 East Street, New Haven, Connecticut. *(October 11, 2006, CON Decision, Docket Number 06-30685)*
3. The Applicant was approved on February 13, 2002 under Docket Number 01-546 to operate a methadone maintenance and ambulatory detoxification program at 3851 Main Street, Bridgeport, Connecticut. *(February 13, 2002, CON Decision, Docket Number 01-546)*
4. The Applicant is proposing to establish an intensive outpatient treatment program at 3851 Main Street, Bridgeport, with an associated capital expenditure of \$15,000. *(March 22, 2006, CON Determination Letter, page 2)*
5. The Applicant states that the proposed Intensive Outpatient Program is an additional program to be added to the existing services provided. The Applicant currently provides chemical maintenance treatment and ambulatory chemical detoxification treatment. The population to be served includes individuals who are 18 yrs. and older. *(March 22, 2006, CON Determination Letter, page 2)*
6. This proposal will enable the Applicant to better serve their clients that are opioid dependent, that are also currently addicted to alcohol, cocaine, benzodiazepines and other stimulants. *(March 22, 2006, CON Determination Letter, page 2)*
7. The Applicant states that Bridgeport, Trumbull, Milford, Fairfield, Stratford and Orange make up the service area towns for the proposed program. *(July 17, 2006 Initial CON Application Submission, page 2)*
8. The Applicant's proposal is based on increasing access to treatment in Bridgeport for patients with alcohol and opioid dependence. *(July 17, 2006, Initial CON Submission, page 2)*

9. The Applicant provided data from the Office of Applied Studies of Substance Abuse and Mental Health Administration (“SAMSHA”) to determine the need for the proposal. The following shows how the need was derived in Bridgeport: *(July 17, 2006, Initial CON Application Submission, page 1)*

- Number of patients needing but not receiving treatment for illicit drug use = 79,000
- Current population of Connecticut = 3,400,000
- Percentage of population in Connecticut needing treatment for illicit drug use and not receiving it will be: $79,000/3,400,000*100/1 = 2.3\%$
- Bridgeport population as of 2005 is 140,000
- Number of population that need treatment for illicit drug use in Bridgeport and are not receiving it is $140,000*2.3\% = \mathbf{3,220}$
- Number of patients needing but not receiving treatment for alcohol use = 212,000
- Current population of Connecticut = 3,400,000
- Percentage of population in Connecticut needing treatment for alcohol use and not receiving it will be: $212,000/3,400,000*100/1 = 6.2\%$
- Bridgeport population as of 2005 is 140,000
- Number of population that need treatment for alcohol use in Bridgeport and are not receiving it is $140,000*6.2\% = \mathbf{8,680}$

10. The Applicant provided the following table which shows the total number of methadone maintenance and ambulatory detoxification clinic visits at the Bridgeport facility and the number of admissions by patient town of origin in Bridgeport in 2006: *(January 24, 2007, Supplemental CON Material, pages 3 & 4)*

Table 1: Client visits and number of admissions by patient town of origin at Bridgeport facility in 2006

| City | Client Visits | Number of Admissions |
|----------------------------|---------------|----------------------|
| Bridgeport | 38,688 | 124 |
| Danbury | 5,928 | 19 |
| Derby | 8,424 | 27 |
| New Haven | 8,424 | 27 |
| Waterbury | 11,856 | 38 |
| Thomaston | 0 | 0 |
| Stamford | 0 | 0 |
| Westport | 624 | 2 |
| Torrington | 312 | 1 |
| Sandy Hook | 1560 | 5 |
| Hartford | 312 | 0 |
| Oakville, Kent, Woodbridge | 312 | 1 |
| Total | 76,440 | 245 |

11. The Applicant stated that the average daily census for methadone maintenance and ambulatory detoxification in Bridgeport in 2006 was 246 and 43, respectively. *(January 24, 2007, Supplemental CON Material, page 5)*

12. The Applicant stated the following benefits of the proposed program in Bridgeport:

- Alleviate waiting lists;
- Increase access to recovery;
- Improve physical and mental health to addicted individuals needing treatment;
- Decrease criminal activities in Bridgeport and its environments;
- Decrease HIV risk and Hepatitis B&C in drug users; and
- Increase employment among clients.

(July 17, 2006, Initial CON Application Submission, page 6)

13. The Applicant stated that the proposed program in Bridgeport will improve the quality of care and increase accessibility to care for Opioid dependent patients, alcohol dependent individuals and other substance dependent individual's who utilize cocaine and methamphetamines. *(March 22, 2006, CON Determination Letter, page 2)*

14. The Applicant provided data in the table below from the Department of Mental Health and Addiction Services ("DMHAS") showing the capacity and active intensive outpatient clients during FY 2004, 2005, and 2006 in Bridgeport: *(January 24, 2007, Supplemental CON Material, page 1)*

Table 2: Capacity and Active Intensive Outpatient clients at CASA in Bridgeport during FYs 2004, 2005, and 2006

| Active Clients | FY 2004 | FY 2005 | FY 2006 |
|----------------|---------|---------|---------|
| Capacity | 362 | 426 | 432 |
| Clients Served | 408 | 467 | 484 |

15. The Applicant states that Children Guidance, Connecticut Renaissance, Helping Hand, Kinsella, LMG, Project Courage, Regional Counseling, South West Community Health and Chemical Abuse Services Agency ("CASA") are the existing providers of intensive outpatient/partial hospitalization program in Bridgeport. *(July 17, 2006, Initial CON Submission, page 3)*

16. According to the Applicant the following table shows the existing current capacity and predicted number of clients needing treatment in Bridgeport:

Table 3: Existing current capacity and predicted number of clients needing treatment in Bridgeport

| Service | Clients Served | Applicant predicted # of clients needing treatment | Applicant's proposed # of clients to be served | Unmet Need |
|--------------------------------|----------------|--|--|------------|
| Intensive Outpatient Treatment | 484 | 11,900 | 360 | 11,056 |

(July 17, 2006, Initial CON Submission, page 3)

17. The Applicant projected the following number of clients to be treated for intensive outpatient program for the first three years of operation as follows: *(January 24, 2007, Supplemental CON Material, page 2)*

Table 4: Projected number of clients to be treated for Intensive Outpatient program in Bridgeport

| Program Type | 1 st Year | 2 nd Year | 3 rd Year |
|------------------------------|----------------------|----------------------|----------------------|
| Intensive Outpatient Program | 240 | 300 | 360 |
| Total | 240 | 300 | 360 |

This proposal will treat 360 individuals at the end of the 3rd year of operation which will allow the Applicant to treat 3% more of the population needing treatment.

18. The Applicant stated that the projected number of clients to be treated for intensive outpatient program in Bridgeport is based on the number of individuals they feel confident they can treat. *(January 24, 2007, Supplemental CON Material, page 3)*

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

19. The estimated total capital expenditure of the project is \$15,000. The capital expenditure is itemized as follows: *(July 17, 2006, Initial CON Submission, page 7)*
- \$10,000 for construction/renovation; and
 - \$5,000 for non-medical equipment.
20. The project will be financed through the Applicant's equity. *(July 17, 2006, Initial CON Submission, page 7)*
21. The Applicant projects incremental revenue from operations, total operating expense and losses/gains from operations associated with the CON proposal for Year 1, 2 and 3 as follows: *(July 17, 2006, Initial CON Submission, page 12)*

Table 5: Incremental Financial Projections for Year 1, 2 and 3

| Description | YEAR 1 | YEAR 2 | YEAR 3 |
|--|-----------------|------------------|------------------|
| Incremental Revenue from Operations | \$516,000 | \$720,000 | \$864,000 |
| Incremental Total Operating Expense | \$456,000 | \$602,000 | \$738,000 |
| Incremental (Loss)/Gain from Operations | \$60,000 | \$118,000 | \$126,000 |

22. The Applicant states that currently in the case of uninsured patients for Methadone Maintenance and Ambulatory Detoxification programs, they assist those who are eligible for any form of insurance to apply and obtain it. Those who are ineligible for insurance are charged a fee. In emergency situations all patients regardless of their inability to afford the fee are attended to and given emergency treatment and will be transferred to a state funded facility, if need be. *(March 23, 2007, Supplemental CON Material, page 1)*

23. There is no State Health Plan in existence at this time. *(July 17, 2006, Initial CON Submission, page 2)*
24. The Applicant has adduced evidence that the proposal is consistent with its long-range plan. *(July 17, 2006, Initial CON Submission, page 2)*
25. The Applicant has improved productivity and contained costs by renegotiating purchasing costs. *(July 17, 2006, Initial CON Submission, page 5)*
26. The Applicant does not have any teaching and research responsibilities. *(July 17, 2006, Initial CON Submission, page 5)*
27. The Applicant's projected payer mix for the proposal is as follows: *(July 17, 2006, Initial CON Submission, page 9)*

Table 6: Three-Year Projected Payer Mix with the CON Proposal

| Payer Mix | Year 1 | Year 2 | Year 3 |
|-----------------------------|---------------|---------------|---------------|
| Medicare | 10% | 10% | 10% |
| Medicaid | 40% | 40% | 40% |
| Total Government | 50% | 50% | 50% |
| Commercial Insurers | 25% | 30% | 30% |
| *Uninsured | 25% | 20% | 20% |
| Total Non-Government | 50% | 50% | 50% |
| Total Payer Mix | 100% | 100% | 100% |

28. The proposal will not result in any change to the Applicant's patient/physician mix. *(July 17, 2006, Initial CON Submission, page 5)*
29. The Applicant possesses sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(July 17, 2006, Initial CON Submission, page 4)*
30. The Applicant's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(July 17, 2006, Initial CON Submission, page 7)*

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.

New Era Rehabilitation Center, Inc. (“Applicant or New Era”) is a for profit facility that provides chemical maintenance treatment and ambulatory chemical detoxification treatment at 3851 Main Street, Bridgeport. The Applicant proposes to establish an Intensive Outpatient Treatment Program at the same location, 3851 Main Street, Bridgeport. The proposed Intensive Outpatient Program is an additional program which fulfills the continuum of care currently provided at the Bridgeport facility. This proposal will enable the Applicant to better serve their clients that are opiod dependent, that are also currently addicted to alcohol, cocaine, benzodiazepines and other stimulants.

The Applicant’s proposal is based on increasing access to treatment in Bridgeport for patients with alcohol and opioid dependence. The Applicant states that the existing Bridgeport facility treated 245 patients for methadone maintenance and ambulatory detoxification for FY 2006. The Bridgeport facility had an average daily census of 246 for the methadone maintenance and 43 for the ambulatory detoxification in FY 2006. The Applicant stated that the proposed program in Bridgeport will alleviate waiting lists, increase access to recovery, improve physical and mental health to addicted individuals needing treatment, decrease criminal activities in Bridgeport and its environments, decrease HIV risk and Hepatitis B&C in drug users; and increase employment among clients. Overall the proposed program will improve the quality of care and increase accessibility to a full continuum of care for Opiod dependent patients, alcohol dependent individuals and other substance dependent individual’s who utilize cocaine and methamphetamines. Based on the foregoing reasons, OHCA concludes that the CON proposal will improve both the quality and accessibility for alcohol and opiod treatment services in the greater Bridgeport region.

The total capital cost for the CON proposal is \$15,000. The project will be financed through the Applicant’s equity. The Applicant projects an incremental gain from operations of \$60,000, \$118,000 and \$126,000 in Year 1, Year 2 and Year 3, respectively. Currently, the Applicant states that in the case of uninsured patients for Methadone Maintenance and Ambulatory Detoxification programs, they assist those who are eligible for any form of insurance to apply and obtain it. Although OHCA cannot draw any conclusions, the Applicant’s volume and financial projections upon which they are based appear to be reasonable and achievable.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of New Era Rehabilitation Center, Inc., to establish an intensive outpatient treatment program in Bridgeport, at a total capital cost of \$15,000, is hereby GRANTED.

Order

New Era Rehabilitation Center, Inc. ("Applicant") is hereby authorized to establish an intensive outpatient treatment program in Bridgeport, at a total capital cost of \$15,000, subject to the following conditions:

1. This authorization shall expire on April xx, 2009. Should the Applicant's proposal not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved total capital cost of \$15,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall notify OHCA immediately.
3. The Applicants shall file with OHCA annual utilization statistics for the Bridgeport location for three full years of operation, as specified in Attachment I. Each annual filing shall be submitted to OHCA by no later than one month following the end of the operating year. The initial report shall list the date on which the proposal commenced operation. The annual reports shall include the following information:
 - a. Total number of patients treated for each program;
 - b. Total number of patients referred to State Funded Program by type of service;
 - c. Number of patients referred to each program by type of service;
 - d. Number of patients referred to state-funded programs that return to New Era in Bridgeport by type of service.

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

April 18, 2007

Signed by Cristine A. Vogel
Commissioner

CAV: pf: