Office of Health Care Access
Certificate of Need Application

Final Decision

Applicant:	**Saint Francis Hospital and Medical Center**
Docket Number:	**06-30797-CON**
Project Title:	**Facilities Renewal Project, which includes the Construction of a New North Tower that will enable the Hospital to Expand and Redesign the Emergency Department, Replace Existing Medical-Surgical Beds, Replace Surgical Services Areas and Perform Other Specified Facility Improvements**
Statutory Reference:	**Section 19a-639 of the Connecticut General Statutes**
Filing Date:	**December 19, 2006**
Hearing Date:	**February 6, 2007**
Decision Date:	**March 9, 2007**
Staff Assigned:	**Jack A. Huber** **Sharon Malinowski** **Carmen Cotto**

Project Description: Saint Francis Hospital and Medical Center ("Hospital") proposes to undertake a facilities renewal project, which includes the construction of a new North Tower that will enable the Hospital to expand and redesign the Emergency Department, replace existing medical-surgical beds, replace the Surgical Services Areas and perform other specified facility improvements. The total estimated capital expenditure of the project is $123,657,659.

Nature of Proceedings: On December 19, 2006, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application from Saint Francis Hospital and Medical Center ("Hospital") seeking authorization to undertake a facilities renewal project, which includes the construction of a new North Tower that will enable the Hospital to expand and redesign the Emergency Department, replace existing medical-surgical beds, replace the Surgical Services Areas and perform other specified facility improvements, at a total proposed capital expenditure of $123,657,659.

A notice to the public concerning OHCA's receipt of the Hospital's Letter of Intent to file its CON application was published in the *Hartford Courant* on July 27, 2006, pursuant to Section 19a-639, C.G.S. A public hearing regarding the CON application was held on February 6, 2007, pursuant to Section 19a-639, C.G.S. On January 8, 2007, the Hospital was notified of the date, time and place of the hearing. A notice to the public was published in the *Hartford Courant* on January 12, 2007. Commissioner Cristine A. Vogel served as Presiding Officer for this case. The public hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Section 19a-639, C.G.S.

OHCA's authority to review and approve, modify or deny the CON 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
Impact of the Proposal on the Hospital'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. Saint Francis Hospital and Medical Center ("Hospital") is an acute care, tertiary hospital located at 114 Woodland Street, Hartford, Connecticut. *(November 8, 2006, Initial CON application submission, page 2)*

2. The Hospital proposes to undertake a facility renewal project, which represents the next major step in the implementation of the Hospital's Master Facility Plan that was initiated in 1992. *(November 8, 2006, Initial CON application submission, pages 2 through 6)*

3. The Hospital provided evidence that the proposal is consistent with the Hospital's Long Range Plan and its Master Facility Plan. *(December 19, 2006, Completeness Responses, page 1 and Attachment 1, page 25 through 27 and Attachment 2, pages 28 through 35)*

4. The facilities renewal project includes the construction of a new North Tower and renovations to selected areas of the existing Hospital. The new tower will enable the Hospital to expand and redesign the Emergency Department, replace existing medical-surgical beds, replace the Surgical Services Areas and perform other specified facility improvements. *(November 8, 2006, Initial CON application submission, pages 2 through 6)*

5. The proposal is designed to achieve the following: *(November 8, 2006, Initial CON application submission, page 4)*
   - Physical flexibility in facility design for the future growth; and
   - Preservation of continued operation during project construction.

6. The Hospital indicates that its primary service area includes the following towns: West Hartford, Hartford, East Hartford, Bloomfield, Windsor, Windsor Locks, East Granby, Granby, Suffield, South Windsor, Simsbury, Canton, Avon, Farmington, East Windsor, Ellington, Somers, Stafford/Union, Enfield, Manchester/Bolton, Andover, Vernon, and Tolland. *(November 8, 2006, Initial CON application submission, Attachment 3, pages 269 through 274)*

7. The Hospital is licensed for 617 general hospital beds and 65 bassinets. The Hospital's licensed occupancy rate was 65% in FY 2006. *(December 19, 2006, Completeness Responses, page 9)*

8. The Hospital staffs 544 general hospital beds and 54 bassinets. In FY 2006, the Hospital's staffed occupancy rate was 81%. *(December 19, 2006, Completeness Responses, page 9)*

9. The proposal will address the current and future service needs of the Hospital by accommodating the following project components: *(November 8, 2006, Initial CON application submission, page 5)*

   - **The proposed North Tower** will provide space for the following purposes:
     - Level 1 - New Central Sterile Supply and Materials Management Areas;
     - Level 2 - An expanded and redesigned Emergency Department;
     - Level 3 - A new Surgical Department with 19 operating rooms;
     - Level 4 - The tower's mechanical systems;
     - Level 5 - The tower's mechanical systems;
     - Level 6 - A new 36 inpatient bed medical-surgical unit;
     - Level 7 - A new 36 inpatient bed medical-surgical unit;
     - Level 8 - A new 36 inpatient bed medical-surgical unit; and
     - Level 9 - A new Helipad.

- **Renovations to Building 1** - the existing Operating Room space will be converted to:
  - A 49 bed Post Anesthesia Care Unit; and
  - Support space for the new Surgical Department.

- **Renovations to the Existing Patient Care Tower -** The vacated Central Sterile Supply Department space will be converted to:
  - Linen Holding Area;
  - Respiratory Storage Area; and
  - Expanded Pharmacy Area for IV Drug Therapy Services.

- **Building Demolition -** necessary for the tower construction as follows:
  - Hospital Buildings 7 & 8 constructed in the 1930's and housing support services will be relocated to either to Building 6 or the new North Tower; and
  - Security Building constructed in 1980's and housing campus security offices will be relocated to Building 6.

10. The proposal is designed to address the following facility deficiencies by Hospital service: *(November 8, 2006, Initial CON application submission, pages 6 and 7)*

- **Emergency Department**
  - The need to accommodate additional ED demand as well as increased volume that has been generated by the consolidation of the Mount Sinai campus ED services with the Hospital's main campus ED services;
  - The need to accommodate an increasing number of psychiatric patients who are customarily held in the ED for extended periods of time. This circumstance has generated the need to provide a separate area within the ED for the holding/observation of psychiatric patients;
  - The need to provide expanded exam and waiting areas;
  - The need to provide improved isolation and negative pressure rooms to address infection control concerns as well as emergency preparedness requirements; and
  - The need to provide separate and expanded ambulance entrance/staging areas.

- **Surgical Department**
  - Operating Rooms are outmoded and do not conform to current standards for size, storage and airflow separation;
  - Post Anesthesia Care Unit ("PACU") is undersized and does not allow for appropriate staging and throughput of surgical patients as surgical volumes fluctuate on a daily basis;
  - Staging area for clean and soiled case carts, equipment and supplies is inadequate; and

- HVAC systems, flooring, wall coverings and other systems cannot be upgraded.

- **Medical-Surgical Beds**
  - The replacement of 108 M/S beds in Buildings 1 and 2. The existing rooms are undersized, organized in a semi-private room configuration, cannot accommodate current equipment or computer systems and cannot provide privacy consistent with current standards; and
  - The replacement includes constructing 3 new 36 bed units. Each unit will possess private patient rooms throughout each unit with monitoring capability, improved privacy and infection control capability and appropriate space for equipment, computers and other necessary technology to enhance patient safety.

11. The Hospital is not requesting additional inpatient beds beyond its current licensed capacity. (*November 8, 2006, Initial CON application submission, page 7)*

12. The Hospital's inpatient beds are currently located in the Patient Care Tower, Building 1 and Building 2 at the main campus and at the Mount Sinai campus in Hartford. *(December 19, 2006, Completeness Responses, page 9)*

13. The proposal will increase the number of staffed medical-surgical beds by 53 beds, from 331 to 424 staffed medical-surgical beds. A comparison between the Hospital's current and proposed complement of staffed and licensed beds by inpatient service is provided in the following table: *(December 19, 2006, Completeness Responses, page 9)*

Table 1: Current and Proposed Bed Configuration by Inpatient Service

Inpatient Services	Current # Hospital Beds		Proposed # Hospital Beds	
	Staffed	Licensed	Staffed	Licensed
Medical-Surgical	371	424	424	424
Critical Care	42	42	42	42
Maternity	46	62	46	62
Adult Beds at St. Francis	459	528	512	528
Psychiatric at Mt. Sinai	85	89	85	89
Total Adult Beds	**544**	**617**	**597**	**617**
Newborn Bassinets	26	37	26	37
NICU Bassinets	28	28	28	28
Total Bassinets at St. Francis	**54**	**65**	**54**	**65**

14. The project measures a combined total departmental square footage ("SF") of 247,685 SF. The proposal will create 204,951 SF of new space, with 42,734 SF of renovated space. *(December 19, 2006, Completeness Responses, page 65 and 66)*

15. The project schedule is as follows: *(December 19, 2006, Completeness Responses, page 67)*

Table 2: Proposed Construction Schedule

Description	Date
Construction Commencement Date	April 2007
Construction Completion Date	October 2009
Operation Commencement Date	December 2009

16. The project has been designed in a manner that will allow the Hospital to provided services in an uninterrupted fashion. *(November 8, 2006, Initial CON application submission, page 67)*

Emergency Department Expansion and Redesign

17. The Emergency Department's ("ED") physical capacity has not appreciably changed since 1989. In order to improve quality of service delivery and enhance efficiency, the Hospital in FY 2003 combined the emergency department services and associated volumes of its main campus operation with that of its Mount Sinai campus operation. While the desired results have been achieved, additional service volume has created increasing pressure on the department's physical space. (*November 8, 2006, Initial CON application submission, pages 6 and 7)*

18. The Hospital indicates that the ED is no longer appropriately sized or designed to meet the current or future demand for emergency services. The proposed program area will measure 44,945 departmental square feet. (*November 8, 2006, Initial CON application submission, pages 7 and 18)*

19. In FYs 2005 and 2006 the ED has experienced the following: (*November 8, 2006, Initial CON application submission, pages 7 and 18)*
    - Increasing overcrowding;
    - Decreasing patient satisfaction with ED services received; and
    - Longer waits for patients to receive treatment, where the weighted overall average is 4.83 hours per visit. This circumstance has lead to between 5% and 7% of ED patients leaving without being seen by a practitioner, thereby negatively affecting an accurate number of patients presenting to the ED.

20. The Hospital indicates the current physical constraints have hampered the ED in its ability to provide high quality and appropriate emergency services. The Hospital believes that the operational constraints experienced by the ED are attributable to the following circumstances: (*November 8, 2006, Initial CON application submission, pages 7 and 16)*
    - Inadequacies in the size of the ED;
    - Inadequacies in the number and type of inpatient medical surgical beds; and
    - Bottlenecks that occur within the surgical department environment.

21. The ED treated 60,637 patients and 62,176 patients in FYs 2005 and 2006, respectively. (*November 8, 2006, Initial CON application submission, page 18 and December 19, 2006, Completeness Responses, page 10 and* 12 Month Annual Reporting, Schedule 500 for fiscal years cited*)*

22. The following table illustrates the ED service volume in visits anticipated by the Hospital from FY 2007 through FY 2012. (*November 8, 2006, Initial CON application submission, page 18*)

Table 3: Projected ED Service Volume

Description	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
# Visits	**63,730**	**66,917**	**70,262**	**75,618**	**78,265**	**81,004**
% Increase	**2.5**	**5.0**	**5.0**	**7.6**	**3.5**	**3.5**

23. Historically, the ED has experienced a 2.5% annual growth rate. The projected service volumes assume for FYs 2008 and 2009 the growth rate will increase to 5% annually, in large part due to the recapturing of patients that are currently leaving the ED without being seen. (*November 8, 2006, Initial CON application submission, page 18)*

24. The Hospital indicates that by FY 2010 the number of patients who leave the ED without being seen is expected to be reduced to 0% as the expanded ED, expanded surgical services areas and replacement medical-surgical beds will become operational and should improve patient flow throughout the Hospital. (*November 8, 2006, Initial CON application submission, page 18)*

25. The proposed ED will contain 51,000 gross square feet and will be fully integrated with clusters of treatment bays. The proposal will increase the number of treatment bays by 19, from 49 treatment bays to 68 treatment bays. The amount of ED space necessary and the number of ED treatment bays required utilized a methodology, which considered peak demand and allowed for variability in ED arrivals. (*November 8, 2006, Initial CON application submission, page 15)*

26. An itemization comparing the number of existing and proposed service bays is provided in the following table: (*November 8, 2006, Initial CON application submission, page 15 and December 19, 2006, Completeness Responses, page 9)*

Table 4: Current & Proposed ED Service Bays by Type

Description	Current	Proposed	Variance
Acute Care	31	40	+9
Psychiatric Care	7	14	+7
Medical Express Care	7	10	+3
Trauma & Cardiac Care	4	4	0
Total Number of Treatment Bays	**49**	**68**	**+19**

27. The capacity for the new ED is based on treating 90,000 visits annually where the average overall length of stay is anticipated to be 3.48 hours. (*November 8, 2006, Initial CON application submission, pages 15 and 16)*

28. The ED will have a significant increase in support space to provide for a larger waiting area, more triage, laboratory, registration, dictation, pharmacy and storage space. Work areas for staff will also be increased as well as conference and family meeting space. (*November 8, 2006, Initial CON application submission, page 15)*

29. The new ED will incorporate an improved circulation plan that will improve vehicular traffic flow for outpatient drop-off of ED patients and ambulances arrivals to the ED. In addition, an enhanced service layout provides for an increase in the number of ambulance discharge bays (9 each) and staging bays (3 each) and for ED patient parking directly adjacent to the proposed ED. (*November 8, 2006, Initial CON application submission, pages 14 and 15)*

30. The radiology services, including computed tomography scanning services will have their adjacencies to the ED improved. (*November 8, 2006, Initial CON application submission, page 15)*

31. The latest air filtration, negative pressure, bioterrorism and disaster response provisions have been incorporated into the design of the ED. (*November 8, 2006, Initial CON application submission, page 15)*

Medical-Surgical Inpatient Services

32. The Hospital is proposing to modify its physical plant and close inefficient, older inpatient units in Buildings 1 and 2 and replace these inpatient units by constructing three modern and efficient 36 bed medical-surgical units in the proposed North Tower. The total number of medical-surgical beds designated for replacement is 108. (*November 8, 2006, Initial CON application submission, page 36)*

33. The Hospital identified the following deficiencies in its medical-surgical units located in Buildings 1 and 2: (*November 8, 2006, Initial CON application submission, page 28)*
    - The rooms are undersized and cannot accommodate equipment storage;
    - The semi-private room configuration does not always allow for appropriate infection control measures to be employed; and
    - The rooms do not meet the privacy needs of staff, patients and family members.

34. The building project will allow the Hospital to better accommodate medical equipment and to be more compliant with the infection control requirements, privacy needs of patients and patient expectations. The new inpatient rooms will also expand the monitored bed capacity of the Hospital. (*November 8, 2006, Initial CON application submission, page 28)*

35. The actual number of medical-surgical inpatient discharges and patient days reported annually by the Hospital for the most current fiscal years are as follows: (*November 8, 2006, Initial CON application submission, page 30 through 32 and 12 Month Annual Reporting, Schedule 500 for FY 2003 through FY 2005)*

Table 5: Actual M/S Inpatient Service Volumes*

Description	FY 2003	FY 2004	FY 2005	Average Annual % Variance
# Discharges	21,821	22,457	22,766	+2.17%
# Patient Days	99,864	102,884	104,420	+2.25%

*Source: 12 Month Annual Reporting, Schedule 500 for the respective fiscal years cited.

36. The Hospital's projected medical-surgical service volume, based on the Hospital's historical 2% annual growth rate, is presented in the following table for the years following the completion of the proposed project: *(December 19, 2006, Completeness Responses, page 17)*

Table 6: Projected M/S Inpatient Service Volumes

Description	FY 2010	FY 2011	FY 2012	Average Annual % Variance
# Discharges	24,816	25,313	25,819	+2.02%
# Patient Days	124,080	126,565	129,095	+2.02%

37. The Hospital based the proposed 53 bed increase in the number of staffed medical-surgical beds from 331 to 424 staffed beds on the following factors anticipated for FY 2010: *(November 8, 2006, Initial CON application submission, pages 3 and 36)*
    - Projected medical-surgical discharges of 24,816;
    - An average medical-surgical length of stay of 5.0 days;
    - A projected 124,080 medical-surgical patient days;
    - An average daily census of 340 for medical-surgical services;
    - A projected medical-surgical occupancy rate of 80%; and
    - A calculated bed need of 425 medical-surgical beds.

Surgical Services

38. The Operating Room ("OR") and Post Anesthesia Care Unit ("PACU") were built in the 1980's and have received limited upgrades since that time. (*November 8, 2006, Initial CON application submission, page 19)*

39. The Hospital indicates that the OR and PACU are no longer appropriately sized or designed to meet the current or future demand for surgical services. (*November 8, 2006, Initial CON application submission, page 19)*

40. The OR contains many rooms that are undersized. The rooms routinely cannot accommodate current equipment used in surgical procedures, such as robotics, intraoperative imaging, integrated laparoscopic/endovascular systems and multiple monitors. Most of the rooms average 425 square feet ("SF"). The project will create new general surgical suites of approximately 600 to 650 SF each. Cardiac and neurosurgery rooms will measure approximately 750 SF. (*November 8, 2006, Initial CON application submission, page 20)*

41. The PACU is also too small to allow proper flow of patients from the OR to the medical-surgical inpatient units. The PACU often serves as a bottleneck that delays surgery and forces patients to be held in the ED for significant periods of time. (*November 8, 2006, Initial CON application submission, page 19)*

42. The most recent JCAHO survey of the Hospital conducted in 2005 raised the following building safety concerns with respect to the operation of the OR and PACU: (*November 8, 2006, Initial CON application submission, page 19)*
    - Storage space is severely limited; and
    - Fire exit corridors are physically and visually obstructed.

43. Other deficiencies occurring within the surgical services operation that will be addressed in the proposed project include: (*November 8, 2006, Initial CON application submission, pages 19 and 20)*
    - No distinctions between unrestricted, semi-restricted and restricted areas;
    - Asbestos exists in space above the ceilings and within walls;
    - Life safety barriers have been compromised for personnel and equipment flow;
    - While air ventilation and humidity controls meet minimum requirements, they are not compliant with recommended standards;
    - Provisions for isolation of infectious patients are unavailable in pre-op area; and
    - Changing rooms are unavailable in the PACU.

44. The proposed surgical suite will measure 39,496 SF, while the PACU and associate spaces total approximately 30,494 SF. The new surgical services area is designed to accomplish the following: (*November 8, 2006, Initial CON application submission, page 21 and 22)*
    - Promote efficiency and flexibility to accommodate changes in technology and changes in point of service delivery;
    - Create clusters of operating rooms for orthopedic surgery, cardio thoracic surgery, neurosurgery, trauma and general surgery;
    - Provide sufficient space in each cluster for clean/sterile supplies, equipment, special parts and case carts; and
    - Provide sufficient space for clinical uses such as offices, lockers, changing, lounges, and charting/dictation space.

45. In order to maintain a maximum level of operating room utilization in the new OR, the Hospital will provide a total of 78 multipurpose prep/recovery/PACU spaces, utilizing 29 of the existing ambulatory surgical prep/recovery/PACU spaces and 49 new prep/recovery/PACU spaces for the inpatient surgical population, as well as the more complex outpatient surgical cases that will be handled in the new operating rooms. (*November 8, 2006, Initial CON application submission, page 26)*

46. The Hospital determined the appropriate number of prep/recovery/PACU spaces mathematically assuming existing or targeted operational parameters, including average time in prep, average time in PACU and average time in phased recovery. (*November 8, 2006, Initial CON application submission, page 26)*

47. The Hospital's actual surgical case volume is presented in the following table: (*November 8, 2006, Initial CON application submission, page 22 and December 19, 2006, Completeness Responses, page 13)*

Table 7: Actual Surgical Case Volume

Description	FY 2003	FY 2004	FY 2005	FY 2006
# Surgical Cases	19,562	19,780	19,817	19,599*

Note: Between FY 2005 and 2006, the Hospital indicates that the physical constraint of the OR/PACU, the decline in open heart surgery with new service implementation with the state, the departure of a cardiac surgeon, and the decline in vascular and GYN surgery due to physician retirement, resulted in a slight decline (1.1%) in total surgical volume.

48. The Hospital's projected surgical case volume, based on a 2% annual growth rate, is presented in the following table: (*November 8, 2006, Initial CON application submission, page 23)*

Table 8: Projected Surgical Case Volume

Description	FY 2007	FY 2008	FY 2009	FY 2010
# Surgical Cases	20,213	21,030	21,451	21,880

49. The Hospital based the 2% annual growth rate on the following: *(December 19, 2006, Completeness Responses, pages 13 through 16)*
    - Anticipated growth in the Hospital's neurosurgical specialty and electrophysiology programs due to the cyberknife and expanded electrophysiology services; and
    - The Hospital has developed an updated 2005 physician recruitment plan, which is actively pursue the recruitment of 146 physicians by the end of 2010 and will ultimately result in a greater number of surgeons on the medical staff.

50. The surgical case volumes are based on the 26 operating suites currently located at the Hospital, including 3 operating suites at the Mount Sinai campus surgicare program. (*November 8, 2006, Initial CON application submission, page 22)*

51. The proposal seeks to replace 17 existing operating suites in the main OR with 19 new operating suites in the proposed North Tower that is adjacent to the existing OR and PACU. The existing OR and PACU will be converted into an expanded PACU. (*November 8, 2006, Initial CON application submission, page 22)*

52. The Hospital will continue to operate 6 outpatient operating suites in the Patient Care Tower and the 3 operating suites at the Mount Sinai campus. The total number of surgical suites at the conclusion of the project will increase by 2 suites from 26 to 28 surgical suites. (*November 8, 2006, Initial CON application submission, page 22)*

53. The Hospital based the need for two additional surgical suites on the following: (*November 8, 2006, Initial CON application submission, page 23)*
    - The existing surgical volume, plus future volume increases based on the aging of the service area population with this segment of the population typically requiring more surgical procedures than younger individuals.
    - Anticipated growth in the Hospital's neurosurgical specialty and electrophysiology programs.
    - Medical staff recruitment, necessitated by 7 retirements/departures and the growing demand for surgical services, has resulted in a greater complement of Hospital surgeons. The most recent additions to the surgical staff totals 14 surgeons that include 8 general surgeons, 2 orthopedic surgeons, 2 podiatric surgeons, 1 plastic surgeon and 1 vascular surgeon.
    - A methodology calculating the required number of OR suites based upon the expected overall case volume and average weighted time per case applied to the available number of hours of surgical operation in a given year. Assuming 2.26 hours weighted average case length, 80% efficiency would result in a surgical capacity of 24,424 cases in 28 operating suites.

54. With the 2% annual growth in surgical cases through 2015, the Hospital projects that it will perform 21,880 surgical cases annually by FY 2010 and 24,156 surgical cases in FY 2015. Future volume growth beyond 2015, should it occur, will be accommodated in two "shelled" operating rooms contained in the planned surgical suite upgrade. (*November 8, 2006, Initial CON application submission, page 25)*

Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the Hospital'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

55. The total capital expenditure for the proposal is $123,599,000, plus $7,845,695 in capitalized financing costs, resulting in a total project cost of $131,503,354. The total project cost is itemized in the following table: *(November 8, 2006, Initial CON application submission, page 56)*

Table 9: Total Project Cost Itemization

Description	Component Cost
Building Work	$106,181,968
Medical Equipment	$12,599,000
Non-medical Equipment	$2,558,600
Development Costs	$2,318,091
Total Capital Expenditure	**$123,657,659**
Capital Financing Cost (CFC)	$7,845,695
Total Project Cost w/CFC	**$131,503,354**

Note: Capitalized financing costs ("CFC") are provided for informational purposes only.

56. The project's building costs are itemized as follows: *(November 8, 2006, Initial CON application submission, page 66)*

Table 10: Building Cost Itemization

Description of Costs	Construction	Renovation	Total
Building Work	$75,607,000	$11,170,000	$86,777,000
Site Work	$6,631,000	$0	$6,631,000
Architectural & Engineering	$5,856,574	$1,009,075	$6,865,649
Contingency	$2,269,200	$492,119	$2,761,319
Inflation Adjustment	$2,856,000	$291,000	$3,147,000
Total Building Costs	**$93,219,774**	**$12,962194**	**$106,181,968**

57. The proposed capital expenditure will be financed through a Connecticut Health and Educational Facilities Authority ("CHEFA") bond issuance ($105,000,000) and the Hospital's funded depreciation account ($26,503,354). *(November 8, 2006, Initial CON application submission, pages 68 and 69)*

58. The Hospital has received a letter from CHEFA expressing its interest in financing a portion of the Hospital's project. *(November 8, 2006, Initial CON application submission, pages 69 and 70 and Attachment 12, page 567)*

59. The Hospital testified that its payment to cost ratio of 1.06 is favorable to the statewide average of 1.20, which attests to the Hospital's ability to operate a cost effective health care facility. Additionally, the Hospital's testified that its cost per discharge is lower than its Connecticut peer group hospitals, which is indicative of its ability to assume the proposed debt capacity. *(Testimony of Steven Rosenberg, Chief Financial Officer, February 6, 2007, Public Hearing regarding Docket Number: 06-30797-CON)*

60. The Hospital's projected incremental revenue from operations, total operating expense and losses/gains from operations associated with the implementation of the proposal are presented in the table below: *(December 19, 2006, Completeness Responses, page 24 and Attachment 10, page 187)*

Table 11: Hospital's Financial Projections Incremental to the Project

Description	FY 2010	FY 2011	FY 2012
Incremental Revenue from Operations	$7,061,652	$15,594,902	$25,266,852
Incremental Total Operating Expense	$10,855,234	$19,659,581	$24,587493
Incremental Loss/Gain from Operations	**($3,793,582)**	**($4,064,679)**	**$679,359**

61. The projected incremental losses from operations in FYs 2010 and 2011 are primarily due to increased finance and depreciation expenses associated with the capital expenditure made in the earlier years of implementation of the CON proposal. *(December 19, 2006, Completeness Responses, page 24 and Attachment 10, page 187)*

62. The Hospital's projected overall facility revenue from operations, total operating expense and gains from operations associated with the implementation of the proposal are as follows: *(December 19, 2006, Completeness Responses, page 24 and Attachment 10, page 187)*

Table 12: Hospital's Overall Financial Projections with the Project

Description	FY 2010	FY 2011	FY 2012
Revenue from Operations	$608,352,447	$645,472,779	$687,808,568
Total Operating Expense	$601,083,583	$633,998,430	$664,115,028
Loss from Operations	**$7,268,864**	**$11,474,349**	**$23,693,540**

63. The current and projected payer mix percentages for the first three years of operating the proposed upgraded facility is as follows: *(November 8, 2006, Initial CON application submission, page 70 and Attachment 12, page 569)*

Table 13: Hospital's Current and Projected Payer Mix

Description	Current	Year 1	Year 2	Year 3
Medicare	43.2%	43.2%	43.3%	43.3%
Medicaid	15.9%	15.9%	15.9%	15.9%
TriCare (CHAMPUS)	0.2%	0.2%	0.2%	0.2%
Total Government	**59.3%**	**59.3%**	**59.3%**	**59.4%**
Commercial Insurers	37.6%	37.6%	37.6%	35.5%
Self-Pay	2.5%	2.5%	2.5%	2.5%
Workers Compensation	0.7%	0.7%	0.7%	0.7%
Total Non-Government	**40.8%**	**40.7%**	**40.7%**	**40.6%**
Total Payer Mix	**100.0%**	**100.0%**	**100.0%**	**100.0%**

64. There is no State Health Plan in existence at this time. *(November 8, 2006, Initial CON application submission, page 3)*

65. The Hospital has improved productivity and contained costs by undertaking energy conservation measures regarding its facilities; by participating in activities involving the application of new technology and reengineering; and by employing group purchasing practices in its procurement of supplies and equipment. *(November 8, 2006, Initial CON application submission, page 50 through 54)*

66. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(November 8, 2006, Initial CON application submission, page 55)*

67. The Hospital's current patient/physician mix is similar to that of other acute care, tertiary hospitals in the region. The proposal will not result in any change to this mix. *(November 8, 2006, Initial CON application submission, page 55)*

68. The Hospital has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(November 8, 2006, Initial CON application submission, page 40 and Attachment 7, page 330 through 340)*

69. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(November 8, 2006, Initial CON application submission, page 72)*

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.

Saint Francis Hospital and Medical Center Hospital ("Hospital") proposes to undertake a facility renewal project, which represents the next major step in the implementation of the Hospital's Master Facility Plan that was initiated in 1992. The proposal includes the following principal elements: the construction of a new North Tower, which will enable the Hospital to expand and redesign the Emergency Department, replace existing medical-surgical beds, replace and expand its surgical services areas. The proposal also includes the renovation of specified areas within the Hospital for facility improvements and upgrades.

The Hospital based the need for the project on several factors including: the need to expand space for existing health services; the need to appropriately size and improve the design of the emergency department and surgical services areas; the need to replace 108 medical-surgical beds; and the need to provide improved ancillary support services for Hospital operations. The project is designed to improve the delivery of health services to residents of the region through the following: addressing the Hospital's outdated facilities and inherent capacity constraints; providing physical flexibility in facility design for future growth; and preserving the continued operations of the Hospital during project construction. The project totals a combined departmental square footage ("SF") of 247,685 SF, consisting of 204,951 SF of new space and 49,705 SF of renovated space. The building project is scheduled to commence April 2007, with construction completion scheduled for October 2009.

The Emergency Department's ("ED") physical capacity has not appreciably changed since 1989 and is now considered to be inappropriately sized and designed to meet current or future demand for emergency services. The Hospital indicates that its ED operations have been negatively affected by patient overcrowding; the increasing number of patients requiring inpatient admission; the increasing length of ED stays with a greater number of patients leaving the ED without being seen; and the decrease that has been expressed by patients regarding their satisfaction with ED services received. In FY 2006, ED patient visits totaled 62,176. The ED currently operates with 49 service bays. The proposal calls for an expansion and complete redesign of the department and an increase in 19 service bays resulting in a complement of 68 service bays. The Hospital utilized a methodology, which considered peak demand and allowed for variability in ED arrivals, to determine the appropriate amount of ED space necessary and the number of ED treatment bay required. The proposed ED capacity is based on treating 90,000 visits annually. The construction of the new department will incorporate the following design improvements: a significant increase in service and support space; improved circulation patterns, both internally and externally; and the latest in technology, bioterrorism and disaster response provisions. Based upon the evidence presented, the Hospital has demonstrated a need for the proposed ED service expansion and redesign.

The proposal also includes the closure of inefficient, older medical-surgical units in Buildings 1 and 2 and the replacement of these units through the construction of three modern and efficient 36-bed medical-surgical units, totaling 108 inpatient beds, in the proposed North Tower. This part of the building project will allow the Hospital to provide private inpatient rooms that will better accommodate medical equipment and clinical personnel. Each of the new units will be more compliant with the infection control requirements and with the privacy needs of patients and their family members. While the Hospital is not requesting additional inpatient beds beyond its current licensed capacity of 617 general hospital beds, the proposal will increase the number of staffed medical-surgical beds by 53 beds to a planned 424 medical-surgical staffed bed complement. The annual trend for medical-surgical service utilization has increased over recent fiscal years. Between FY 2003 and FY 2005, the percentage change in actual medical-surgical utilization has increased an average of approximately 2.2% annually. The Hospital attributes the need for the additional 53 staffed medical-surgical beds based upon its medical-surgical service projections, which results in an anticipated need in FY 2010 for 425 medical-surgical beds.

Other elements of the proposal, which are necessary for the Hospital to operate efficiently, include planned relocations and renovations to the existing physical plant. The Hospital will relocate Central Sterile Services Department ("CSS"), Materials Management and the morgue from its existing Patient Tower location to the basement of the new North Tower. In addition, the Hospital's helipad will be relocated to the top of the new North Tower. These relocations are necessary to support the major services in the new building. In the space currently occupied by the CSS the Hospital plans to utilize this area for several service functions. Based upon the evidence presented, the Hospital has demonstrated a need for the proposed inpatient medical-surgical services replacement and staffed bed expansion as well as plant improvements through the planned service relocations and facility upgrades.

Lastly, the Hospital is proposing to enhance its surgical services areas through the construction of new Operating Room ("OR") and an expanded Post Anesthesia Care Unit ("PACU"). The areas have received limited upgrades since being built in the 1980's and are now considered to be inappropriately sized and designed to meet current or future demand for surgical services. The service currently performs approximately 19,600 surgical cases per year. The OR cannot currently accommodate equipment used in surgical procedures, such as robotics and integrated laparoscopic/endovascular systems. The new surgical suites will increase to 600-650 square feet from the current 425 square feet. The PACU is also too small to allow proper flow of patients from the OR to the medical-surgical inpatient units. In addition, the PACU often serves as a bottleneck that delays surgery and requires that patients be held in the ED for longer periods of time. The new OR and PACU are designed to promote efficiency and flexibility as well as to accommodate changes in technology and changes in point of service delivery. The proposal will provide significant room in each area for clean/sterile supplies and equipment as well as clinical support space for uses such as offices, lockers, changing, lounges, and charting/dictation space.

The proposal seeks to replace 17 existing operating suites in the main OR with 19 new operating suites in the proposed North Tower that is adjacent to the existing OR and PACU. The existing OR and PACU will be converted into an expanded PACU. The total number of surgical suites at the conclusion of the project will increase by 2 suites from 26 to 28 surgical suites. Additionally, the proposal calls for the creation of two "shelled" operating room suites for use when future demand requires additional surgical capacity. In order to maintain a maximum level of operating room utilization, the Hospital will provide a total of 78 multipurpose prep/recovery/PACU spaces, utilizing 29 of the existing ambulatory surgical prep/recovery/PACU spaces and creating 49 new prep/recovery/PACU spaces for the inpatient surgical population.

The Hospital based the need for two additional surgical suites on the following: existing surgical and future volume; anticipated growth in its neurosurgical specialty and electrophysiology programs; and recent successes in the Hospital's medical staff recruitment program. Additionally, the Hospital employed a methodology that took into consideration overall surgical case volume and average weighted time per case applied to the available number of hours of surgical operation in a given year. Assuming 2.26 hour in weighted average case length, 80% efficiency would result in a surgical capacity of 24,424 cases in 28 operating suites. The Hospital projects that it will perform 21,880 surgical cases annually by FY 2010 and 24,156 surgical cases in FY 2015. The Hospital determined the appropriate number of prep/recovery/PACU spaces mathematically assuming existing or targeted operational parameters, including average time in prep, average time in PACU and average time in phased recovery. Based upon the evidence presented, OHCA finds that the Hospital has provided sufficient evidence to support the need for a new Operating Room and expanded Post Ambulatory Care Unit.

The total capital expenditure for the CON proposal is $123,657,659. The project will be financed through a Connecticut Health and Educational Facilities Authority ("CHEFA") bond issuance totaling $105,000,000 and through Hospital funded depreciation in the amount of $26,503,354. The Hospital projects overall gains from operations of

$7,268,864, $11,474,349 and $23,693,540 for FYs 2010 through 2012, respectively. Although OHCA can not draw any conclusions, the Hospital's volume and financial projections upon which they are based appear to be reasonable.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Saint Francis Hospital and Medical Center Hospital, to undertake a facility renewal project, which includes the construction of a new North Tower that will enable the Hospital to expand and redesign the Emergency Department, replace existing medical-surgical beds, replace the surgical services areas and perform other specified facility improvements, at a total capital expenditure of $123,657,659, is hereby granted, subject to conditions.

ORDER

Saint Francis Hospital and Medical Center Hospital ("Hospital") is hereby authorized to undertake a facility renewal project, which includes the construction of a new North Tower that will enable the Hospital to expand and redesign the Emergency Department, replace existing medical-surgical beds, replace the surgical services areas and perform other specified facility improvements, at a total proposed capital expenditure of $123,657,659, subject to the following conditions:

1. This authorization shall expire December 1, 2011. Should the Hospital's facility renewal project not be completed by that date, the Hospital must seek further approval from the Office of Health Care Access ("OHCA") to complete the project beyond that date.

2. The Hospital shall not exceed the approved capital expenditure of $123,657,659. 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 Certificate of Need ("CON") project budget.

3. The Hospital is authorized to replace 49 treatment bays in its existing Emergency Department ("ED") and to add 19 additional ED treatment bays that will result in a complement of 68 new treatment bays in the redesigned and expanded Emergency Department.

4. The Hospital is authorized to replace 108 medical-surgical inpatient beds. The project will allow for the increase of 53 staffed medical-surgical beds, from the current level of 371 beds to a proposed complement of 424 medical-surgical inpatient beds. This increase in staffed medical-surgical beds will not affect the Hospital's existing licensed capacity, which will continue to operate at a total of 617 general hospital beds and 65 bassinets.

5. The Hospital is authorized to replace 17 operating room suites in its existing operating room and to add 2 new operating room suites that will result in a complement of 19 new operating suites in the proposed North Tower. The new surgical services area will also contain shell space for two additional operating room suites that will be reserved for future surgical services operation.

   The Hospital will continue to operate 6 outpatient operating room suites in the Patient Care Tower and 3 operating room suites as part of its surgicare program located at the Mount Sinai campus. The total number of Hospital surgical suites at the conclusion of the project will increase by 2, from 26 to 28 operating suites.

6. The Hospital shall file with OHCA a request for approval to complete the approved shell space for the two additional operating room suites.

7. Should the Hospital propose any change in the array of health care services offered or a change in its complement of existing major medical or imaging equipment, the Hospital shall file with OHCA appropriate documentation regarding its change, including either a CON Determination Request or a CON Letter of Intent.

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

March 9, 2007

Signed by Cristine Vogel
Commissioner

CAV:jah
Forwarded: 3/8/2007