



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Optimus Health Care, Inc.
d/b/a Stamford Community Health Center

Docket Number: 07-30914-CON

Project Title: Construction of a Replacement Federally Qualified Health Center Facility

Statutory Reference: Section 19a-639 of the Connecticut General Statutes

Filing Date: April 25, 2007

Decision Date: July 2, 2007

Default Date: July 24, 2007

Staff Assigned: Alexis G. Fedorjaczenko
Jack A. Huber

Project Description: Optimus Health Care, Inc., d/b/a Stamford Community Health Center, proposes to construct a replacement Federally Qualified Health Center facility in Stamford that consolidates current programs from three existing locations to a single stand-alone building, at an estimated total capital expenditure of \$4,521,840.

Nature of Proceedings: On April 25, 2007, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application from Optimus Health Care, Inc., d/b/a Stamford Community Health Center, ("Applicant") seeking to construct a replacement Federally Qualified Health Center facility in Stamford that consolidates current programs from three existing locations to a single stand-alone building, at an estimated total capital expenditure of \$4,521,840. 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-639, C.G.S., a notice to the public concerning OHCA's receipt of the Applicant's Letter of Intent was published in the *The Stamford Advocate* on February 12, 2007. OHCA received no responses from the public concerning the Applicant's proposal.

Pursuant to 19a-639 C.G.S., three individuals or an individual representing an entity with five or more people had until May 16, 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.

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 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. Optimus Health Care, Inc., d/b/a Stamford Community Health Center, ("Applicant") is a Federally Qualified Health Center ("FQHC") that provides outpatient care to medically underserved, low-income, and immigrant populations in Stamford. Overall, Optimus Health Care, Inc. operates eight full time health care facilities in Bridgeport, Stratford, and Stamford, as well as two sites for the homeless. (*February 2, 2007, Letter of Intent, page 5 and April 4, 2007, Initial CON Application, page 9*)
2. The Applicant proposes to construct a replacement FQHC facility in Stamford that consolidates current programs from three existing locations to a single stand-alone building located at 805 Atlantic Street. (*April 4, 2007, Initial CON Application, page 15*)
3. The three existing sites affected by the proposal, and the services and programs offered at each site, are as follows: (*April 25 2007, Completeness Response, page 2, and April 4, 2007, Initial CON Application, page 9*)
 - 616 Atlantic Street: Administrative offices;
 - 245 Selleck Street: Comprehensive primary care, case management/eligibility; and
 - 137 Henry Street: Comprehensive primary care, HIV testing, laboratory (phlebotomy), mental health, podiatry, and case management/eligibility.
4. The proposal does not include the establishment of any new program or service. (*April 4, 2007, Initial CON Application, page 17*)

5. The Applicant is the recipient of a medical expansion grant issued by the Department of Health and Human Services, Health Resource and Services Administration's ("HRSA") Bureau of Primary Care for the expansion of the Applicant's medical capacity in Stamford. As part of the grant requirements, the Applicant has expanded its patient population substantially. *(April 4, 2007, Initial CON Application, page 15)*
6. The Applicant indicated that the large increase in patient population has put strain on its existing facilities, and that in order to continue the expansion of its medical capacity and better serve those patients already seeking care, the Applicant requires additional exam and clinical support space. *(April 4, 2007, Initial CON Application, page 15)*
7. The Applicant indicates that in addition to space constraints, the existing locations have a number of deficiencies including the following: *(April 4, 2007, Initial CON Application, page 15)*
 - Duplication of certain functions such as reception, medical records, registration resulting from two separate clinical locations;
 - HVAC and electrical systems at Henry Street that are antiquated and do not support the Applicant's clinical needs; and
 - Hours of operation at Selleck Street are limited by the hours that the building is open.
8. The Applicant owns the land at 805 Atlantic Street and has received City approvals to construct the proposed facility. As a FQHC, the Applicant also must obtain and has received HRSA approval to proceed with the building's construction. *(April 4, 2007, Initial CON Application, page 16)*
9. The new building will consist of approximately 13,300 square feet and will provide space for clinical and administrative services in a two story structure with a partial basement, as follows: *(April 4, 2007, Initial CON Application, page 30)*
 - The basement will be devoted to storage and mechanical rooms;
 - The first floor will house a main entrance lobby, receptionist, medical records, laboratory, two secondary waiting areas with associated nursing stations, 17 exam rooms, clean and soiled work rooms, several offices, storage rooms, a medication room, and bathrooms; and
 - The second floor will house a second reception area, 6 exam rooms, a staff lunch room, and bathrooms.
10. The existing service sites will be vacated and returned to their respective landlords. *(April 25, 2007, Completeness Response, page 3)*
11. The Applicant's service area includes the city of Stamford, although the majority of patient live in the South End and East Side of Stamford (census tracts 222, 223, 201, 214-218, 220, and 221). This area is designated as a Health Professional Shortage Area and a Medically Underserved Area. A small number of patients also live in Greenwich and Norwalk. *(April 4, 2007, Initial CON Application, pages 18 and 20)*

12. The Applicant's actual visit volumes for fiscal years ("FYs") 2004 through 2006 are as follows: *(April 4, 2007, Initial CON Application, page 18)*

Table 1: Actual Visit Volumes FYs 2004 - 2006

FY 2004	FY 2005	FY 2006	FY 2007
11,997	22,767 *	21,492 **	23,797***

* Large increase in visit volume between 2004 and 2005 due to the initial receipt of federal medical expansion grant funds and the hiring of additional providers.

** Slight decline in visit volume between 2005 and 2006 due to the resignation of a provider. Position has now been replaced.

*** Annualized.

13. The Applicant's three year projected visit volumes are as follows: *(April 4, 2007, Initial CON Application, pages 18 and 20)*

Table 2: Projected Visit Volumes, FYs 2008 - 2010

FY 2008	FY 2009	FY 2010
33,797	33,997	34,303

Note: Volume is projected to increase 2% between years 1 and 2, and by 3% between years 2 and 3.

14. Growth in visit volume is projected due to a number of factors including, but not limited to, the following: *(April 4, 2007, Initial CON Application, page 19)*

- Additional exam room space permitting more efficient scheduling and increased throughput;
- The transfer of St. Joseph's Family Life Center patients to the Applicant; and
- The initiation of the Department of Health's mobile van providing outreach and prevention services in Stamford and referral for primary care services to the Applicant.

15. The Applicant's operating schedule at the proposed site will be as follows: *(April 4, 2007, Initial CON Application, page 21)*

- Monday, Thursday and Friday: from 8:00 am to 5:00 pm;
- Tuesday and Wednesday: from 8:00 am to 8:00 pm; and
- Saturday: from 9:00 am to 1:00 pm.

16. The Applicant will undertake a number of initiatives to advise its patient base and the general community about the change in service site, as follows: *(April 25, 2007, Completeness Response, page 3)*

- Letters will be mailed to all patients;
- Information will be provided in local newspapers;
- Notices will be posted at all Optimus sites;
- Providers will inform patients during visits to the facilities; and
- Outreach will be conducted through community-based organizations.

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

17. The project's total capital expenditure is \$4,521,840 and consists of the following components: *(April 4, 2007, Initial CON Application, page 29)*

Table 3: Capital Expenditure Itemization

Description:	Cost
Medical Equipment (Purchase)	\$60,750
Imaging Equipment (Purchase)	\$120,000
Non-Medical Equipment (Purchase)	\$419,250
Construction/Renovation	\$3,921,840
Total Capital Expenditure	\$4,521,840

18. Two additional full-time equivalents ("FTEs"), one provider and one medical assistant, will be required to staff the proposed service expansion associated with construction of the new building. *(April 4, 2007, Initial CON Application, page 281)*
19. The Applicant proposes building work to begin mid-2007. Construction and licensure are scheduled to be completed one year later in mid-2008, with operations at the new site to commence thereafter. *(April 4, 2007, Initial CON Application, page 31)*
20. The project has been designed in a manner that will allow services to be provided in an uninterrupted fashion. The existing sites will remain operational until the new site is fully ready for patients. *(April 4, 2007, Initial CON Application, page 31)*
21. The proposal will be financed through a combination of: *(April 4, 2007, Initial CON Application, page 32)*
- \$1,847,000 in grant funding from the Connecticut Department of Public Health, Connecticut Department of Social Services. and City of Stamford;
 - \$1,700,000 conventional loan; and
 - \$974,840 of the Applicant's equity from reserves.
22. The Applicant's projected incremental revenue from operations, incremental total operating expense and incremental loss from operations associated with the CON proposal are as follows: *(April 4, 2007, Initial CON Application, page 280)*

Table 4: Projected Incremental Revenues from Proposal

Description	FY 2009	FY 2010	FY 2011
Incremental Revenue from Operations	\$446,210	\$501,170	\$529,920
Incremental Total Operating Expense	\$640,667	\$662,656	\$587,683
Incremental Loss from Operations	(\$194,457)	(\$161,486)	(\$157,763)

23. The Applicant's projected revenue from operations, total operating expense and gain from operations associated with the CON proposal are as follows: *(April 4, 2007, Initial CON Application, page 280)*

Table 5: Applicant's Projected Revenues with Proposal

Description	FY 2009	FY 2010	FY 2011
Incremental Revenue from Operations	\$20,527,936	\$21,380,782	\$22,229,369
Incremental Total Operating Expense	\$20,043,751	\$20,951,387	\$21,889,768
Incremental Gain from Operations	\$484,184	\$429,395	\$339,601

24. The current and three year projected payer mix percentages of the health center are presented as follows: *(April 4, 2007, Initial CON Application, page 34)*

Table 6: Current & Three-Year Projected Payer Mix

Description	Current	Year 1	Year 2	Year 3
Medicare	2%	2%	2%	2%
Medicaid	25%	25%	26%	26%
Total Government	27%	27%	28%	28%
Commercial Insurers	7%	7%	8%	8%
Uninsured	67%	66%	64%	63%
Total Non-Government	73%	73%	72%	71%
Total Payer Mix	100%	100%	100%	100%

Note: Totals do not all sum to 100% due to rounding.

25. There is no State Health Plan in existence at this time. *(April 4, 2007, Initial CON Application, page 17)*
26. The Applicant has adduced evidence that the proposal is consistent with its long-range plan. *(April 4, 2007, Initial CON Application, page 17)*
27. The Applicant has improved productivity and contained costs by participating in energy conservation, group purchasing, the application of new technologies, and participation in the Municipal Employees Health Insurance Program. *(April 4, 2007, Initial CON Application, page 27)*
28. Nursing students from Yale University and Quinnipiac College utilize the Applicant's clinical facilities for training. The proposed increase in health center space will allow the Applicant to expand the number of students that train at its facility. *(April 4, 2007, Initial CON Application, page 27)*
29. The Applicant's current patient/physician mix is similar to that of other community health care centers. *(April 4, 2007, Initial CON Application, page 28)*
30. The Applicant has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(April 4, 2007, Initial CON Application, pages 188 through 204)*
31. The Applicant's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(April 4, 2007, Initial CON Application, page 280)*

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.

Optimus Health Care, Inc., d/b/a Stamford Community Health Center (“Applicant”) is a Federally Qualified Health Center (“FQHC”) that provides outpatient care to a medically underserved, low-income, and immigrant populations in Stamford. The Applicant is proposing to construct a replacement FQHC facility in Stamford that consolidates current programs from three existing locations to a single stand-alone building located at 805 Atlantic Street. The proposal will involve relocation of the Applicant’s administrative offices as well as primary care, case management/eligibility, HIV testing, laboratory (phlebotomy), mental health, and podiatry services. The proposal does not include the establishment of any new program or service.

The proposed building will consist of approximately 13,300 square feet of space for clinical and administrative services in a two-story structure with a partial basement. The Applicant owns the land at 805 Atlantic Street and has approvals from both the City and the Department of Health and Human Services Health Resource and Services Administration to proceed with the building’s construction, pending CON approval. Building work is scheduled to commence in mid-2007 with an anticipated completion approximately one year thereafter. The existing service sites will be vacated and returned to their respective landlords. The project has been designed in a manner that will allow services to be provided in an uninterrupted fashion and includes a number of initiatives to advise the Applicant’s patient base and the general community about the change in service site.

In recent years, the Applicant has expanded its patient population substantially due to receipt of a medical expansion grant issued by the Department of Health and Human Services. Due to this grant and the hiring of additional providers, the health center’s annual visit volume increased from 11,997 to 22,767 between 2004 and 2005. The applicant indicated that the large increase in patient population has put strain on its existing facilities, and that in order to continue the planned expansion of its medical capacity and better serve those patients already seeking care, the Applicant requires additional exam and clinical support space. The Applicant further indicates that in addition to space constraints, the existing multiple locations require duplication of certain functions such as reception, medical records, and registration; the HVAC and electrical systems at Henry Street are antiquated and do not support the Applicant’s clinical needs; and the hours of operation at Selleck Street are limited by the hours that the building is open. Based on the above, OHCA finds that the proposal will be effective in meeting the health center’s service needs and that the project will contribute to the accessibility of health services in the region.

The CON proposal's capital expenditure of \$4,521,840 will be financed through a combination of state and city grant funds, a loan, and the Applicant's equity from reserves. In the first three years after construction of the new facility, the Applicant projects an incremental loss from operations. However, the Applicant projects overall gains from operations during the same period. Although OHCA can not draw any conclusions, the Applicant's volume and financial projections upon which they are based appear to be reasonable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Optimus Health Care, Inc., d/b/a Stamford Community Health Center ("Applicant") to construct a replacement FQHC facility in Stamford that consolidates current programs from three existing locations to a single stand alone building, at an estimated total capital expenditure of \$4,521,840, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire on August 1, 2009. Should the Applicant's project 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 capital expenditure of \$4,521,840. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall notify OHCA immediately.
3. Should the Applicant propose any change in the array of health care services, the Applicant shall file with OHCA appropriate documentation regarding its change, including either a Certificate of Need Determination Request or a Certificate of Need Letter of Intent.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

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

July 2, 2007

Signed by Cristine A. Vogel
Commissioner

CAV: agf : jah