

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

May 18, 2009

IN THE MATTER OF:

An Application for a Certificate of
Need filed pursuant to Section 19a-638,
C.G.S. by:

Notice of Final Decision
Office of Health Care Access
Docket Number: 08-31227-CON

Saint Vincent's Medical Center

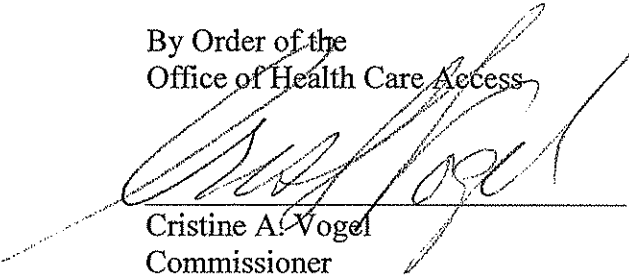
**Establish and Operate New Hospital
Satellite in Stratford for Primary Care
Services to be known as "St. Vincent's
Family Practice"**

Rachel Giliotti
Administrative Director
Saint Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606

Dear Ms. Gilotti:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-638, C.G.S. On May 18, 2009, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the
Office of Health Care Access



Cristine A. Vogel
Commissioner

Enclosure

CAV: lkg



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Saint Vincent's Medical Center

Docket Number: 08-31227-CON

Project Title: Establish and Operate New Hospital Satellite in Stratford for Primary Care Services to be known as "St. Vincent's Family Practice"

Statutory Reference: Section 19a-638, C.G.S.

Filing Date: March 5, 2009

Decision Date: May 18, 2009

Default Date: June 3, 2009

Staff: Laurie K. Greci

Project Description: Saint Vincent's Medical Center ("Hospital") proposes to establish and operate a new hospital satellite in Stratford for primary care services to be known as "St. Vincent's Family Practice" at an associated capital expenditure of \$34,689.

Nature of Proceedings: On March 5, 2009, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of the Hospital to establish and operate a new hospital satellite in Stratford for primary care services to be known as "St. Vincent's Family Practice" at an associated capital expenditure of \$34,689. The Hospital 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 regarding OHCA's receipt of the Hospital's Letter of Intent to file its CON Application was published in the *Connecticut Post* (Bridgeport) on September 2, 2008. OHCA received no responses from the public concerning the Hospital's proposal.

Pursuant to Section 19a-638, C.G.S., three individuals, or an individual representing an entity with five or more people, had until March 26, 2009, the twenty-first calendar day following the filing of the Hospital's CON application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny this proposal 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 on the Hospital's Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. It is found that Saint Vincent's Medical Center ("Hospital") is a 520 licensed bed general acute care hospital located at 2800 Main Street, Bridgeport. (*December 26, 2008, Initial CON Submission, page 45*)
2. It is found that Francis Scifo, M.D. had maintained a general/family medical physician practice at 2595 Main Street, Stratford ("practice site") since June 1987. Dr. Scifo retired from his full-time practice, transferring it to the Hospital. Dr. Scifo then became an employee of the Hospital and acts as the practice site's administrator. (*December 26, 2008, Initial CON Submission, pages 7 and 28*)
3. It is found that the practice site is leased by the Hospital and the physicians serving the practice site are employees of the Hospital. There are two physicians providing services at the site, Shane Ridge, M.D. and Kalindi J. Mehta, M.D. (*August 28, 2008, Letter of Intent, page 6 and March 5, 2009, Completeness Response, page 61*)
4. The Applicant contends that from January 23, 2008, through September 30, 2008, services were provided by Dr. Ridge and Dr. Mehta. Fees were billed by Medistar, a third party billing company with whom the Hospital contracts. The individual physicians were identified as the service providers. (*March 5, 2009, Completeness response, page 63*)

5. The Hospital contends that the proposal is needed to:
 - a. Allow for the continued provision of an establish professional medical service to the Stratford community; and
 - b. Meet, in part, the primary care needs of the Stratford community.
(December 26, 2008, Initial CON Submission, page 7)
6. The Hospital contends that Dr. Scifo provided care to a patient population of over 5,000 patients at his full-time medical practice ("practice"). Dr. Scifo was a long-standing member of the Hospital's medical staff. Upon the retirement of Dr. Scifo, the Hospital assumed the site's overall administrative operation. *(December 26, 2008, Initial CON Submission, page 7 and March 5, 2009, Completeness Response, page 61)*
7. The Hospital contends that the practice provided, and will continue to provide, the standard array of services customarily provided in a professional primary care medical practice. The services include routine physical, office visits, new patient consults, established patient consults, immunizations, simple wound, simple abscess drainage, and minor burn care. In additional simple diagnostic procedures, such as EKGs, urinalysis, spirometry, and pulse oximetry were provided. *(March 5, 2009, Completeness response, pages 60 and 61)*
8. The Hospital contends that it will transition the employment of these physicians to a distinct legal entity, for which the Hospital will retain administrative management and governance oversight. The Hospital is in the process of establishing an affiliated Connecticut nonstock corporation to serve as the employer of the physicians. The Hospital will coordinate the billing of services through a dedicated billing service. *(December 26, 2008, Initial CON Submission, page 12 and March 5, 2009, Completeness Response, page 63)*
9. The Hospital contends the following projected number of patient visits:

Table 1: Projected Number of Patient Visits by Fiscal Year

	Fiscal Year*			
	Actual	Projected		
	2009	2010	2011	2012
Patient Visits	6,932**	7,071	7,212	7,356

Note: Projections are based on an assumed growth rate of 2% per year which is consistent with the historical experience for outpatient volumes for the Hospital.

* The Hospital's fiscal year is from October 1 through September 30.

** Annualized number of visits based on 4,814 patients visits from Jan 23, 2008 to September 30, 2008.

(March 5, 2009, Completeness Response, page 62)

10. It is found that a patient base exists at this facility and that demand for such services remains present.

11. The Hospital contends that the following existing physician-owned primary care practices and associated physicians are located in the greater Bridgeport area:

Table 1: Existing Primary Care Practices in Greater Bridgeport Area

Provider Name, Street Address, Town, and Zip Code	Names of Affiliated Physicians
PriMed Family Practice 3715 Main Street Bridgeport, 06606	Douglas Duchen, MD Cosmos Filiberto, MD Pritee Gada, MD Milla Stelman, MD Myra Waynik, MD Larry Novik, MD Kelly Ann Watkins-Colwell, MD
Family Practice Associates 52 Beach Road, Fairfield, 06824	Leslie R. Miller, DO
Domenic Casaslanca, MD 4 Corporate Drive, Shelton 06484	Domenic Casaslanca, MD
Lee Jon Forest, DO 2184 Main Street, Stratford, 06615	Lee Jon Forest, DO

(December 26, 2008, Initial CON Submission, page 9)

Financial Feasibility 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 Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

12. It is found that the proposal has an associated capital expenditure of \$34,689. Inventory, furniture, and fixtures account for \$31,554 and \$3,135 for the lease of an EKG Machine. *(December 26, 2008, Initial CON Submission, pages 13 and 14)*
13. The Hospital contends that it will establish a new cost center, "Stratford Practice", and the units of service will be patient visits. *(December 26, 2008, Initial CON Submission, page 13)*
14. The practice will follow the Hospital's charity care policy. *(March 5, 2009, Completeness Response, page 63)*

15. The Hospital contends the following losses from operations associated with the proposals for FYs 2010, 2011, and 2012:

Table 7: Projected Losses from Operations by Fiscal Year

		FY 2010	FY 2011	FY 2012
Net Patient Revenue	Medicare	\$ 118,000	\$ 123,000	\$ 128,000
	Medicaid	2,000	2,000	3,000
	Non-Government	528,000	576,000	\$629,900
	Total	\$ 649,000	\$ 702,000	\$ 760,000
Operating Expenses	Salaries	780,000	807,000	835,000
	Professional Services	69,000	71,000	73,000
	Supplies and Drugs	39,000	41,000	42,000
	Lease Expenses	71,000	72,000	72,000
	Depreciation/Amortization	9,000	9,000	9,000
	Bad Debt	8,000	9,000	9,000
	Other	\$70,000	72,000	74,000
	Total	\$1,046,000	\$1,080,000	\$1,116,000
Projected Loss from Operations		(\$ 397,000)	(\$ 378,000)	(\$ 356,000)

(March 5, 2009, Completeness Response, page 72)

16. The Hospital utilized an average rate per visit of \$174. The rates used to determine the operating revenues associated with the proposal are not sufficient to cover the operating costs associated with the proposal. *(December 26, 2008, Initial CON Submission, page 48 and March 5, 2009, pages 68 to 71)*
17. It is found that although the proposal will not provide incremental gains from operations, the Hospital's total projected income from operations are \$14,524,000, \$16,558,000, and \$16,936,000 for FYs 2010, 2011, and 2012, respectively. *(March 5, 2009, page 72)*
18. The Hospital contends the following payer mix for the first three years of operation of the proposal based on the proposal's projected gross patient revenue:

Table 8: Current and Three-Year Projected Payer Mix with the CON Proposal

Payer Description	Current	FY 2010	FY 2011	FY 2012
Medicare (including managed care)	50.0%	50.0%	50.0%	50.0%
Medicaid (including managed care)	12.8%	12.8%	12.8%	12.8%
CHAMPUS and TriCare	0%	0%	0%	0%
Total Government	62.8%	62.8%	62.8%	62.8%
Commercial Insurers	31.1%	31.1%	31.1%	31.1%
Uninsured	4.7%	4.7%	4.7%	4.7%
Workers Compensation	1.4%	1.4%	1.4%	1.4%
Total Non-Government	37.2%	37.2%	37.2%	37.2%
Total Payer Mix	100%	100%	100%	100%

(March 5, 2009, Completeness Response, page 64)

19. There is no State Health Plan in existence at this time. *(December 26, 2008, Initial CON Submission, page 7)*
20. The Hospital stated that this proposal is consistent with its long-range plan. It will maintain the existence of a practice site that operated for years as a professional medical practice staffed by physicians affiliated with the Hospital as part of the Hospital's initiative to meet the primary care needs of the Stratford community. *(December 26, 2008, Initial CON Submission, page 7 and March 5, 2009, Completeness response, page 61)*
21. The Hospital was not involved in any activities that would improve productivity and contain costs in the past year. *(December 26, 2008, Initial CON Submission, page 11)*
22. There are no distinguishing characteristics of the Hospital's patient/physician mix that make the proposal unique. *(December 26, 2008, Initial CON Submission, page 12)*
23. The Hospital has sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(December 26, 2008, Initial CON Submission, pages 20 to 43)*

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 Vincent's Medical Center ("Hospital") is an acute care hospital located at 2800 Main Street in Bridgeport. The Hospital is proposing to establish and operate a new hospital satellite at 2595 Main Street ("practice site") in Stratford to provide primary care services to area residents. The Hospital states that the proposal will provide a continuation of care that had been provided by an established physician practice and will meet, in part, the primary care needs of the Stratford community.

Francis Scifo, M.D. established his physician practice at the practice site and provided primary care to patients from the Stratford area since 1987. Dr. Scifo provided care to over 5,000 patients annually. Dr. Scifo retired from his full-time practice, transferring it to the Hospital. With the retirement of Dr. Scifo, the Hospital has leased the practice site and has two physicians, Shane Ridge, M.D. and Kalindi J. Mehta, M.D. providing primary care services and billing under their physicians' licenses. The Hospital contends that from January 23, 2008, through September 30, 2008, Drs. Ridge and Mehta provided 4,814 patient visits. On an annualized basis, this represents 6,932 visits and it is found that demand for such services continues to exist in the area. The Hospital's proposal to establish and operate the practice site as a hospital satellite will continue to provide accessibility to primary care services to the Stratford community.

The total capital expenditure associated with the establishment and operation of the practice site by the Hospital is \$34,689. The Hospital proposes to finance this proposal through Hospital's equity funds. The Hospital will establish a new cost center and bill as the provider of the services. Although the Hospital is not expecting gain of revenue from operations at the practice site, the Hospital overall expects to realize revenues from operations of \$14,524,000, \$16,558,000, and \$16,936,000 for FYs 2010, 2011, and 2012, respectively. The Hospital's volume and financial projections upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is cost effective for the Hospital.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Saint Vincent's Medical Center ("Hospital") to provide primary care services at 2595 Main Street, Stratford, at an associated capital expenditure of \$34,689, is hereby GRANTED, subject to the following conditions:

1. This authorization expires on May 18, 2010. Should the Hospital's proposal not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed \$3 million in capital expenditures to complete the proposal. In the event that the Hospital learns of potential cost increases or expects the final project costs will exceed \$3 million, the Hospital shall notify OHCA immediately.
3. The Hospital must provide to OHCA:
 - a. A copy of the license issued by the Department of Public Health that reflects the satellite name and location; and
 - b. The date of the commencement of operations, in writing, within two months of the commencement date.
4. Should the Hospital propose any change in the array of health care services to be provided at each service location, the Hospital 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 Hospital 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.

5-18-09
Date

By Order of the
Office of Health Care Access


Cristine Vogel
Commissioner