



M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL
COMMISSIONER

August 27, 2009

IN THE MATTER OF:

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

**James H. Adams, Laura Beardsley-
Sweeney, and Craig D. Sweeney,
proposed owners, d/b/a Vernon Walk-In
Medical Care Center**

Notice of Final Decision
Office of Health Care Access
Docket Number: 09-31301-CON

**Change of Ownership of Vernon
Walk-In Medical Care Center**

To: James Adams
Proposed Owner
Vernon Walk-In Medical Care Center
904 Manchester Road
Glastonbury, CT 06033

David C. Goyette
Current Owner
Vernon Walk-In Medical Care Center
33 Donna Street
Enfield, CT 06082

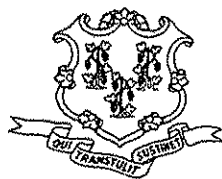
Dear Mr. Adams and Mr. Goyette:

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 August 27, 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

CAV:agf



Office of Health Care Access Certificate of Need Application

Final Decision

Applicants: James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney, proposed owners, d/b/a Vernon Walk-In Medical Care Center

David C. Goyette, current owner, d/b/a Vernon Walk-In Medical Care Center

Docket Number: 09-31301-CON

Project Title: Change of Ownership of Vernon Walk-In Medical Care Center

Statutory Reference: Section 19a-638, Connecticut General Statutes

Filing Date: July 22, 2009

Decision Date: August 27, 2009

Default Date: October 18, 2009

Staff Assigned: Alexis G. Fedorjaczenko

Project Description: James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney, ("Proposed Owners") propose to acquire ownership of the Vernon Walk-In Medical Care Center from David C. Goyette ("Current Owner"), the current owner of the Vernon Walk-In Medical Care Center, in Vernon, with an associated capital expenditure of \$266,000.

Nature of Proceedings: On July 22, 2009, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney, ("Proposed Owners"), and David C. Goyette ("Current Owner"), (d/b/a Vernon Walk-In Medical Care Center) proposing a change in the ownership of the Vernon Walk-In Medical Care Center in Vernon, with an associated capital expenditure of \$266,000. Vernon Walk-In Medical Care Center 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 Applicants' Letter of Intent was published in the *Journal Inquirer* on February 28, 2009. OHCA received no requests for a public hearing.

Pursuant to Section 19a-638, C.G.S., three individuals or an individual representing an entity with five or more people had until August 12, 2009, the twenty-first calendar day following the filing of the Applicants' CON Application, to request that OHCA hold a public hearing on the 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-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 Applicants' 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. The Vernon Walk-In Medical Care Center, Inc. ("Center") is currently an 'S' Corporation licensed by the Department of Public Health ("DPH") as an Outpatient Clinic and located at 224 Hartford Turnpike, Vernon, CT. (May 21, 2009, Initial CON Submission, pages 27 and 72)
2. The Center does not have tax-exempt status. (May 21, 2009, Initial CON Submission, page 72)
3. The Center opened in July 1984 and was originally licensed as a medical group clinic by DPH. Due to statutory changes that occurred in 1995, the Center applied for licensing as an outpatient clinic and received a CON in 1997. (May 21, 2009, Initial CON Submission, page 72 and August 28, 1997, Docket Number: 97-549)
4. The Center offers immediate care without an appointment for a full spectrum of medical problems, including:
 - Non-life threatening injuries and illnesses, including cold sores, sore throats, all types of infections, bruises and sprains, cuts, scrapes, burns, and other minor injuries;
 - Rapid strep and pregnancy testing;
 - Physicals for work, insurance, camps, schools, sports, and pre-operative;
 - EKG, chest x-ray, blood work, and urine analysis; and
 - Community services such as free blood pressure readings.(May 21, 2009, Initial CON Submission, page 7)
5. The Applicants indicate that detected medical problems needing continual follow-up care by a primary care physician are referred to the primary care physicians in the geographic area. (May 21, 2009, Initial CON Submission, page 26)

6. The Center is open Monday through Friday, 9:00 a.m. to 7:00 p.m.; Saturday, 9:00 a.m. to 4:00 p.m.; and Sunday, 11:00 a.m. to 4:00 p.m. (May 21, 2009, Initial CON Submission, page 7)
7. The Center is open most holidays. (May 21, 2009, Initial CON Submission, page 4)
8. James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney (together, "Proposed Owners"), propose to acquire ownership of Center from David Goyette ("Current Owner"), who has directed the Center since its opening in 1984. (May 21, 2009, Initial CON Submission, pages 3 and 29)
9. The Current and Proposed Owners (together, "Applicants") provided summary minutes from the Center's Board of Directors meeting on July 9, 2008, at which David Goyette announced his intent to retire from the Center, and Stephen Dieterich announced his desire to sell his shares in the Center. The Directors decided to put the Center up for sale to interested parties who would continue to operate the Center. (June 23, 2009, Completeness Response, pages 4 & 6)
10. The current and proposed ownership of the Center is as follows:

Table 1: Current Ownership of the Center

Name	Percentage	Shares
David Goyette, Administrator/Owner	90.696%	521.5
Steven Dieterich, Medical Director	6.087%	35.0
William Spector	3.217%	18.5
Total	100.000%	575.0

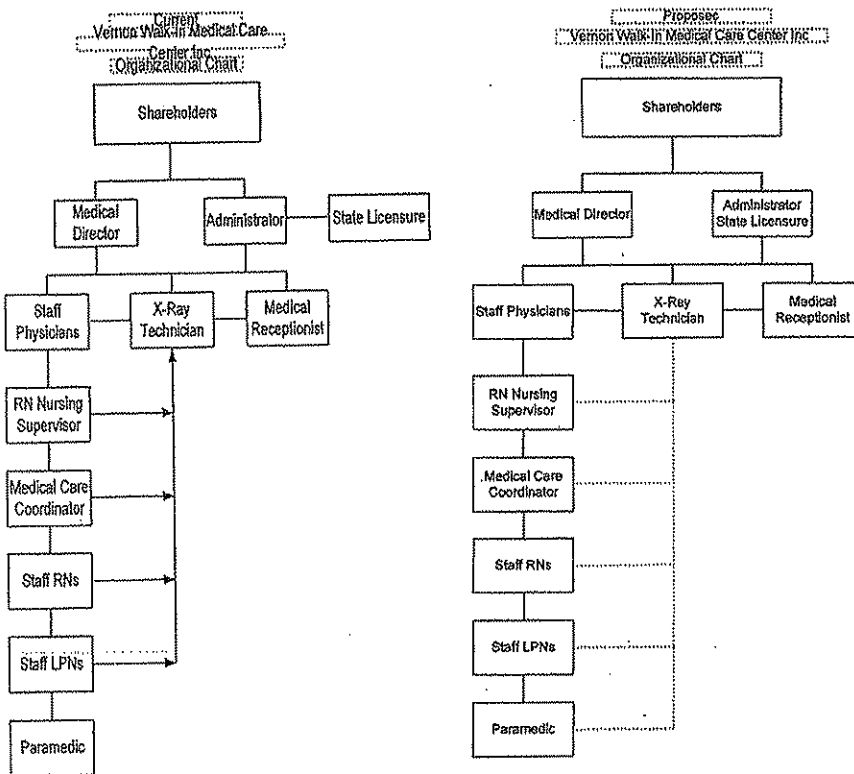
(May 21, 2009, Initial CON Submission, page 71 and June 23, 2009, Completeness Response, page 4)

Table 2: Proposed Ownership of the Center

Name	Percentage	Shares
James Adams, President/CEO	50.097%	288.0
Laura Beardsley-Sweeney, CFO	40.000%	230.0
Craig D. Sweeney, MD, Medical Director	9.913%	57.0
Total	100.000%	575.0

(May 21, 2009, Initial CON Submission, pages 71-2)

11. According to the list of current and proposed key employees submitted by the Applicants, there will be no staffing changes to the 6 x-ray technicians, 3 RNs, 2 LPNs, and 1 billing coordinator employed at the Center. The Applicants indicated that with the proposal, the Center will move from having part-time physicians handling the bulk of patient care to having a Medical Director devoting more time to the Center. The Center's organizational chart will not change significantly with the proposal, according to the charts submitted by the Applicants.



(May 21, 2009, Initial CON Submission, page 46; June 23, 2009, Completeness Response, page 5; and July 20, 2009, Completeness Response, page 4)

12. The Applicants stated that with the proposal, all services currently provided and that have been provided since 1984 will be carried on. (May 21, 2009, Initial CON Submission, page 3)
13. The Applicants stated that with the proposal, the Center will remain an 'S' Corporation and will continue to not have tax exempt status. (May 21, 2009, Initial CON Submission, page 72)
14. The Applicants stated that to ensure a smooth transition, Mr. Goyette will remain with the Center as an active business advisor for three (3) months, on-call as necessary for two (2) months, and on-call thereafter at the discretion of the new owners. (May 21, 2009, Initial CON Submission, page 3 and June 23, 2009, Completeness Response, page 4)
15. James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney submitted a copy of a Partnership Agreement that was entered into on April 22, 2009, and beginning April 1, 2009, associating themselves as partners in business under the name Vernon Walk-In Medical Care Center. (May 21, 2009, Initial CON Submission, pages 29-30)
16. The Applicants submitted a copy of a purchase agreement that was signed in September 2008 and which anticipated that the sale would occur by January 31, 2009. The Applicants indicated that a new version with updated dates and figures will be drawn up with CON approval. (June 23, 2009, Completeness Response, page 6)
17. The Applicants provided, by calendar year, the actual number of patients served in the last three full years, an annualized number of patients served in the current year-to-date

based on five months of operation (3,787 actual patients served January through May), and the projected number of patients to be served in the first three years of operations under the Applicants' proposal.

Table 3: Actual and Proposed Number of Patients Served

Actual			Annualized	Proposed		
2006	2007	2008	2009	2010	2011	2012
10,168	9,934	9,378	9,101	9,374	9,655	10,137

(May 21, 2009, Initial CON Submission, page 8; June 23, 2009, Completeness Response, page 6; and July 20, 2009, Completeness Response, pages 5-6 and Financial Attachment II)

18. The Applicants listed Vernon, Manchester, Rockville, Ellington, Tolland, Somers, Willington, Ashford, and Stafford Springs as the service area, and to support this, provided volumes by town that were compiled by the Current Owner for 2008.

Table 4: Towns Served by the Center

Town	Patients
Vernon-Rockville	4,689
Manchester	1,125
Ellington	938
Somers, Willington, Ashford & Stafford Springs	938
Other Towns & out-of-State	1,688
Total	9,378

(May 21, 2009, Initial CON Submission, page 7 and July 20, 2009, Completeness Response, page 1)

19. The Applicants identified two providers offering similar services as being located in the proposed service area.

Table 5: Providers Offering Similar Service in the Service Area

Provider Name Street Address Town, Zip Code	Affiliated Physicians & Hospital Affiliation
Med-East Medical Walk-In Center 200 Merrow Road (Route 195) Tolland, Connecticut 06084	John Carey, M.D. J. Michael Herr, D.O. Nithiyaanandhi Pandian, M.D. Ruby Lynn T. Quinit-Moore, M.D. An Affiliate of Windham Hospital
South Windsor Ambulatory Care Center, Inc. 2800 Tamarack Avenue Suite 105 South Windsor, Connecticut 06074	Richard Sahaan, MD Craig Sweeney, MD No affiliation found on their web site

(July 20, 2009, Completeness Response, pages 2-3)

20. The Applicants stated that there are no providers in the existing service area that are or would be adversely affected by this change in ownership, as the Center will continue in the same location with the same quality of care the Center has been known for. *(May 21, 2009, Initial CON Submission, page 8)*
21. The Applicants indicated that the volume decline from 2006 to 2008 was due to the opening of a new walk-in center in Tolland near the Storrs boundary in 2006. *(June 23, 2009, Completeness Response, page 6)*
22. The Applicants indicated that they are projecting an increase in the number of patients served due to an increase in community awareness through full involvement with the local chamber of commerce, sponsoring of local sports teams, assisting with local health clinics for screenings, and local newspaper and cable advertising. The Applicants also expect that having a full time Medical director who is also an owner will increase patient care and throughput. The Applicants indicated that the total increase would be 3% in 2010, 3% in 2011, and 5% in 2012. *(May 21, 2009, Initial CON Submission, page 8; June 23, 2009, Completeness Response, page 12; and July 20, 2009, Completeness Response, page 4)*
23. The Applicants stated that the standards and practice at the Center will be governed by Dr. Sweeney's MD license, DEA Certificate, State License, and Board Certification, and by the Center's Connecticut DPH license to operate an Outpatient Clinic. *(May 21, 2009, Initial CON Submission, page 10)*

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

24. The proposal has the following major expenditure components:

Table 6: Major Cost Components

Non-Medical Equipment (Purchase)	\$6,000
Receivables	\$60,000
Sale of the Business	\$200,000
Total Capital Expenditure	\$266,000

(May 21, 2009, Initial CON Submission, page 75)

25. The proposal will be financed with \$100,000 in contributions from the Proposed Owners in the form of a home equity loan, and a \$166,000 conventional loan from the Current Owner with a 7-year term. *(May 21, 2009, Initial CON Submission, page 76 and June 23, 2009, Completeness Response, page 14)*
26. The Partnership Agreement states that each of the Partners will contribute to the capital of the Partnership, in cash or property in agreed upon value, as follows:

Table 7: Capital Contributions

James H. Adams	\$133,000
Laura Beardsley-Sweeney	\$106,400
Craig D. Sweeney	\$26,600
Total	\$266,000

(May 21, 2009, Initial CON Submission, page 30)

27. The Applicants are projecting an incremental gain from operations in each of the first three years of the proposal.

Table 8: Projected Incremental Revenues and Expenses

	Year 1 2010	Year 2 2011	Year 3 2012
Revenue from Operations	\$35,229	\$36,286	\$62,291
Operating Expenses	\$17,848	\$18,383	\$18,935
Net Income from Operations	\$17,382	\$17,903	\$43,357

(July 20, 2009, Completeness Response, Financial Attachment 1)

28. The Applicants project that the Center will serve a decreasing proportion of uninsured because of the new Charter Oak Plan for the State of Connecticut as well as any universal health care proposal that might be passed.

Table 9: Patient Population Mix

Description	Current	Year 1 2010	Year 2 2011	Year 3 2012
Medicare*	6%	8%	10%	10%
Medicaid*	3%	4%	4%	4%
CHAMPUS or TriCare	--	--	--	--
Total Government Payers	9%	12%	14%	14%
Commercial Insurers*	61%	59%	56%	57%
Workers Compensation	12%	10%	13%	15%
Uninsured	18%	19%	17%	14%
Total Non-Government Payers	91%	88%	86%	86%
Total Payer Mix	100%	100%	100%	100%

(May 21, 2009, Initial CON Submission, page 77 and June 23, 2009, Completeness Response, page 17)

29. The Applicants state, but did not provide evidence, that operation of the Center is cost effective, and is in the best interests of consumers and payers of health care services, because the cost of being treated at the Center is about 30-45% less than being seen at the emergency room. (May 21, 2009, Initial CON Submission, pages 77 and 86)
30. The Center is the entity that will be billing. (May 21, 2009, Initial CON Submission, page 73)
31. There is no State Health Plan in existence at this time. (May 21, 2009, Initial CON Submission, page 3)

32. The Applicants have adduced evidence that the proposal is consistent with the Applicants' long-range plan. The Applicants indicated that the facility's long range plan is to continue to meet the health needs of the surrounding communities and industries by providing quality medical care with extended hours, without the need for an appointment. *(May 21, 2009, Initial CON Submission, page 3)*
33. The Applicants have improved productivity and contained costs through installation of programmable thermostats, an electronic filing and billing system, and group purchasing. *(May 21, 2009, Initial CON Submission, page 26)*
34. The Applicants have no teaching and research responsibilities that will be affected by the proposal. *(May 21, 2009, Initial CON Submission, page 26)*
35. The Applicants state that the patient/physician mix is unique in that the Center's patients are seeking urgent episodic health care. *(May 21, 2009, Initial CON Submission, page 26)*
36. Based on Mr. Adams experience as a business consultant, Ms. Beardsley-Sweeney's experience managing a company, and Dr. Sweeny's professional medical experience at other ambulatory care centers in the area, the Applicants have sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(May 21, 2009, Initial CON Submission, pages 11-19 and June 23, 2009, Completeness Response, pages 9-11)*
37. The Applicant's proposed per-visit rate of \$129 is sufficient to cover the anticipated capital expenditure and operating costs associated with the proposal in each of the first three years of operation. *(May 21, 2009, Initial CON Submission, pages 79-85 and 90)*

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.

The Vernon Walk-In Medical Care Center ("Center") is a Department of Public Health-licensed Outpatient Clinic that provides immediate care without an appointment for a full spectrum of medical problems. The Center is located at 224 Hartford Turnpike in Vernon. James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney (together, "Proposed Owners") propose to acquire ownership of the Center from David Goyette ("Current Owner"), who has directed the Center since its opening in 1984. The Current and Proposed Owners (together, "Applicants") provided minutes from the Center's Board of Director's meeting on July 9, 2008, at which David Goyette announced his intent to retire from the Center and the Directors decided to put the Center up for sale to interested parties who would continue to operate the Center.

With the proposal, the Proposed Owners plan to continue offering all services currently provided at the Center and that have been provided at the Center since 1984. According to the Applicants, the primary change to the Center's organization and staffing with the proposal will be that the Center will move from having part-time physicians handling the bulk of patient care to having a Medical Director devoting more time to the Center. As a result of this change, the Applicants anticipate improved patient access and throughput. To ensure a smooth transition with the proposed change of ownership, the Current Owner will remain with the Center as an active business advisor for three months, on-call as necessary for two months, and on-call thereafter at the discretion of the Proposed Owners. Based on the forgoing, OHCA finds that the proposal will ensure that access to immediate care at a walk-in center will be maintained for residents of Vernon and surrounding towns.

The proposal's total capital expenditure of \$266,000 will be financed with \$100,000 in contributions from the Proposed Owners in the form of a home equity loan, and a \$166,000 conventional loan from the Current Owner with a 7-year term. The Applicants are projecting an incremental gain from operations in each of the first three years of the proposal. The Applicants' financial projections and volumes upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is financially feasible.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of James H. Adams, Laura Beardsley-Sweeney, and Craig D. Sweeney, ("Proposed Owners"), and David C. Goyette ("Current Owner"), (together, "Applicants," d/b/a Vernon Walk-In Medical Care Center) proposing a change in the ownership of the Vernon Walk-In Medical Care Center in Vernon, with an associated capital expenditure of \$266,000, is hereby GRANTED, subject to the following conditions:

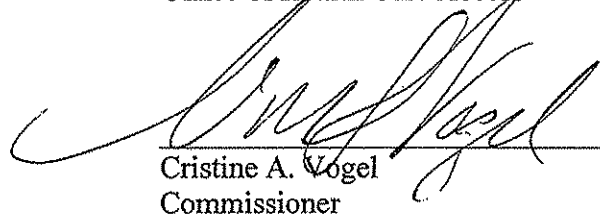
1. This authorization shall expire August 27, 2010. Should the Applicants' project not be completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
2. The Applicants shall not exceed \$3 million in capital expenditures for the cost of the proposal. In the event that the Applicants learns of potential cost increases or expect that the final project costs will exceed \$3 million, the Applicants shall notify OHCA in writing.
3. Should the Applicants propose any change in the array of health care services offered or a change in its complement of existing imaging equipment, the Applicants 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 Applicants 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

8-27-09
Date


Cristine A. Vogel
Commissioner

CAV: agf