

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

OFFICE OF COMMISSIONER

December 31, 2009

IN THE MATTER OF:

An Application for a Certificate
of Need filed pursuant to
Section 19a-639, C.G.S. by:

**Stonington Behavioral Health, Inc.
d/b/a Stonington Institute**

Notice of Final Decision
Office of Health Care Access
Docket Number: 09-31391-CON

**Termination of Acute Hospital Services
for Adolescent Female Patients**

To: Mary Minton
Chief Financial Officer
Stonington Institute
234a Bank Street, 5th Floor
New London, CT 06320

Dear Ms. Minton:

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-639, C.G.S. On December 31, 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 Division of
Office of Health Care Access
Department of Public Health



Cristine A. Vogel
Deputy Commissioner

CAV:jah
Enclosure





**Department of Public Health
Office of Health Care Access
Certificate of Need Application**

Final Decision

Applicant: Stonington Behavioral Health, Inc.
d/b/a Stonington Institute

Docket Number: 09-31391-CON

Project Title: Termination of a Four-Bed Acute Hospital Service
for Adolescent Female Patients, Located at
75 Swantown Hill Road in North Stonington

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

Filing Date: November 4, 2009

Decision Date: December 31, 2009

Default Date: February 2, 2010

Staff: Jack A. Huber

Project Description: Stonington Behavioral Health, Inc. d/b/a Stonington Institute proposes to terminate its four-bed acute hospital service for adolescent female patients located at 75 Swantown Hill Road in North Stonington, CT, at no associated capital expenditure.

Nature of Proceedings: On November 4, 2009, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Stonington Behavioral Health, Inc. d/b/a Stonington Institute (“Applicant”) seeking authorization to terminate its four-bed acute hospital service for adolescent female patients located at 75 Swantown Hill Road in North Stonington, CT, at no associated capital expenditure. The

Applicant is a health care facility or institution as defined by Section 19a-630, of the Connecticut General Statutes (“C.G.S.”).

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA’s receipt of the Applicant’s Letter of Intent was published in *The Day* (of New London) on June 29, 2009. OHCA received no responses from the public concerning the Applicant’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 November 25, 2009, 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-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

1. It is found that Stonington Behavioral Health, Inc. d/b/a Stonington Institute (“Applicant”) is a for-profit corporation, which provides mental health and substance abuse services at the following locations in southeastern Connecticut.

Table 1: Service Sites and Programs

Town	Address	Service	Beds
North Stonington	75 Swantown Hill Road	Detoxification	13
		Residential Treatment	10
		Intensive Treatment	45
Waterford	86 Boston Post Road	Day Treatment	NA
Waterford	83 Boston Post Road	Day Treatment	NA
Groton	333 Long Hill Road	Day Treatment	NA
		Ambulatory Detox	NA
Groton	1353 Gold Star Highway	Assessment Center	NA
Groton	428 Long Hill Road	Day Treatment	NA

(October 16, 2009, Initial CON Submission, page 5)

2. On May 16, 2003, the Office of Health Care Access (“OHCA”) approved a Certificate of Need (“CON”) for Connecticut Hospital Management Corporation d/b/a Stonington Institute, under Docket Number: 03-30036-CON, for the establishment of a Hospital for Mentally Ill Persons located at 75 Swantown Hill Road in North Stonington, Connecticut. The authorization included the establishment of four-bed acute hospital adolescent service. *(November 4, 2009, Applicant Completeness Response Letter, page 163, Order from the May 16, 2003, Final Decision)*

3. On June 8, 2004, under CON Modification Request Docket Number: 04-30036-MDF OHCA granted a modification of the original CON authorization, under Docket Number: 03-30036-CON, which allowed for an extension of the CON expiration date. The delay in implementation of the acute hospital service was attributable to the Stonington Institute change of ownership and control as well as a delay in the licensing process caused by placement of the program beds. *(November 4, 2009, Applicant Completeness Response Letter, pages 184 and 185)*
4. The Applicant began admitting patients to its acute hospital service on January 19, 2005. *(June 18, 2009, Letter of Intent, pages 3 & 7 and October 16, 2009, Initial CON Submission, page 4)*
5. The Applicant contends that its acute hospital service served adolescent residents from throughout Connecticut as well as individuals residing outside the state (i.e. from NJ, MA, RI, NY, and VT), especially in the latter two fiscal years of the service. *(October 16, 2009, Initial CON Submission, pages 5, 6 and 7)*
6. Following the Applicant's decision to terminate the acute hospital service in December 2008, the Connecticut Department of Public Health ("DPH") requested that the license for the acute hospital service be returned to DPH. The Applicant surrendered the license for its acute hospital service to DPH on June 18, 2009, prior to OHCA review of the termination in accordance with its CON requirements under Section 19a-638 of the Connecticut General Statutes. *(October 16, 2009, Initial CON Submission, page 4)*
7. The Applicant reports that its acute hospital service statistics for fiscal years ("FYs") 2006 through 2008, the last three full operating years for the service, are as follows:

Table 2: Acute Hospital Service Statistics

Description	FY 2006	FY 2007	FY 2008	FY 2010
Discharges	23	16	24	0
Patient Days	1460	1088	926	0
Average Daily Census	4	2.9	2.4	0

(October 16, 2009, Initial CON Submission, pages 8, 39 and 40)

8. The Applicant contends that it worked in tandem with the DCF and the Applicant's parent, United Health Services ("UHS"). The Applicant also worked with affected referral sources to coordinate the termination in a manner that met state regulations, contract requirements and UHS/Stonington Institute policies and procedures. *(October 16, 2009, Initial CON Submission, page 6)*
9. The Applicant contends that after a meeting with the Connecticut Department of Social Service ("DSS") officials, it was notified by letter dated July 21, 2006, that DSS would:
 - a. The Applicant was informed by DSS that it was required to have Medicare certification for hospital inpatient services in order to bill for services provided to Medicaid eligible clients; and

- b. Continue to authorize stays at the Stonington Institute's acute hospital service, but that the Applicant would not be eligible for reimbursement for services on or after August 1, 2006 until it obtained Medicare certification; The Applicant provided a copy of relevant letters it received from DSS in its CON application. *(November 4, 2009, Applicant Completeness Response Letter, pages 147 & 152 through 155)*
10. The Applicant contends that at the time of the decision to terminate the service in November 2008 there was one patient, a New York resident, on the acute hospital service unit. Clinical staff worked with the New York referral source to assure an appropriate discharge plan and placement in her home state. On the date of notification of the service's termination in December 2008 there were no adolescent patients in the unit. *(October 16, 2009, Initial CON Submission, page 8)*
11. The proposal has no associated capital expenditure. *(October 16, 2009, Initial CON Submission, page 10)*
12. The Applicant reported the following total revenue, total operating expense and loss from operations for FY 2008, which includes an acute hospital service operating loss of (\$491,536):

Table 3: FY 2008 Revenue and Expense Statement

Description	
Total Revenue	\$11,305,133
Total Operating Expenses	\$14,548,389
Loss from Operations	(\$3,243,256)

(October 16, 2009, Initial CON Submission, page 16 and November 4, 2009, Applicant Completeness Response Letter, page 147)

13. The Applicant's projected total revenue, total operating expense and losses from operations after the December 2008 termination of the acute hospital service. The projections includes activity relating to the Applicant's remaining inpatient and outpatient service lines as follows:

Table 4: Financial Projections without Inpatient Acute Hospital Services

Description	FY 2009	FY 2010	FY 2011
Total Revenue	\$8,718,443	\$10,622,412	\$11,153,533
Total Operating Expenses	\$10,324,864	\$11,142,327	\$11,397,579
Loss from Operations	(\$1,606,421)	(\$519,915)	(\$244,046)

(October 16, 2009, Initial CON Submission, page 16 and November 4, 2009, Applicant Completeness Response Letter, page 150)

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.

Stonington Behavioral Health, Inc. d/b/a Stonington Institute (“Applicant”) is a for-profit provider of mental health and substance abuse services at a number of locations in southeastern Connecticut. The Applicant is seeking authorization to terminate its four-bed acute hospital service for adolescent female patients, located at 75 Swantown Hill Road in North Stonington, Connecticut, at no capital expenditure. The Applicant began admitting patients to the acute hospital service on January 19, 2005.

The Applicant’s decision to terminate the service was made in late December 2008. The Applicant has not provided acute hospital services at its North Stonington facility since the end of 2008. Following the Applicant’s decision to terminate the acute hospital service, the Connecticut Department of Public Health (“DPH”) requested that the license for the acute hospital service be returned to DPH. The Applicant surrendered the license for its acute hospital service to DPH on June 18, 2009, prior to OHCA review of the termination in accordance with its CON requirements under Section 19a-638 of the Connecticut General Statutes.

Order

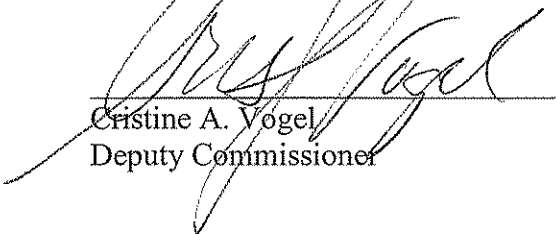
Based upon the foregoing Findings and Rationale, the Certificate of Need application of Stonington Behavioral Health, Inc. d/b/a Stonington Institute to terminate its four-bed acute hospital service for adolescent female patients, located at 75 Swantown Hill Road in North Stonington, Connecticut, at no capital expenditure, is hereby GRANTED.

Stonington Behavioral Health, Inc. d/b/a Stonington Institute shall hereafter notify OHCA of any and all proposed termination of services prior to finalizing any decision to terminate any services or programs. Failure to notify OHCA in advance of any proposed termination of services may be considered as not filing required information and subject the Stonington Behavioral Health, Inc. d/b/a Stonington Institute to civil penalties pursuant to Section 19a-653 of the Connecticut General Statutes.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the Division of
Office of Health Care Access
Department of Public Health

12-31-09
Date


Cristine A. Vogel
Deputy Commissioner

CAV:jh