



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

December 5, 2011

IN THE MATTER OF:

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

**Yale-New Haven Hospital and Bridgeport
Hospital**

Notice of Final Decision
Office of Health Care Access
Docket Number: 11-31714-CON

**Consolidation of Pediatric Services into a
single program owned and operated by Yale-
New Haven Hospital and located at Bridgeport
Hospital**

To: Ms. Jean Ahn
System Director
Yale-New Haven Hospital
Planning and Business Development Office (Howe 3)
20 York Street
New Haven, CT 06504

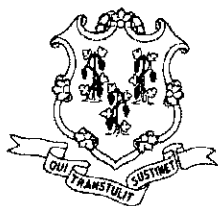
Dear Ms. Ahn:

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 December 5, 2011, 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.

A handwritten signature in black ink, appearing to read "Kimberly R. Martone", written over a horizontal line.

Kimberly R. Martone
Director of Operations

Enclosure
KRM: bac



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

Final Decision

Applicant: Yale-New Haven Hospital and Bridgeport Hospital

Docket Number: 11-31714-CON

Project Title: Consolidation of Pediatric Services into a single program owned and operated by Yale-New Haven Hospital and located at Bridgeport Hospital

Project Description: Yale-New Haven Hospital (“YNHH”) and Bridgeport Hospital (“BH”) seek authorization to transfer BH’s 42 inpatient pediatric beds and outpatient pediatric clinics to YNHH; the inpatient beds would remain at the BH location as a provider-based pediatric satellite administered by the Yale New-Haven Children’s Hospital (“YNHCH”).

Procedural History: On July 29, 2011, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from the Applicants for the above-referenced project. The Applicants published notice of their intent to file the CON application in the *New Haven Register* and the *Connecticut Post* on June 17, 18 and 19, 2011. OHCA received no responses from the public concerning the Applicants’ proposal and no hearing requests were received from the public per General Statutes § 19a-639a (e).

Findings of Fact

1. YNHH is a not-for profit hospital located at 20 York Street, New Haven, Connecticut. Ex. A, p. 39.
2. BH is a not-for profit hospital located at 267 Grant Street, Bridgeport, Connecticut. Ex. A, p. 39.
3. YNHH’s pediatric program includes a 52 bassinet newborn special care unit (NBSCU), an 88 bed pediatric inpatient unit and a 19 bed pediatric intensive care unit (PICU), for a total of 159 inpatient pediatric beds. Ex. B, p. 107.

4. BH's P.T. Barnum Pediatric Center features a 20 bassinets neonatal intensive care nursery, an 18 bed pediatric unit and a 4 bed pediatric intensive care unit, for a total of 42 inpatient pediatric beds. Ex. A, p. 14.
5. Under this proposal, BH will relinquish 42 licensed inpatient beds to YNH to be used in their pediatric program and be operated as a satellite of the YNHCH at the BH campus. The well newborn nursery however, will remain part of BH. Ex. A, p. 14.
6. Licensed beds will increase from 966 to 1,008 (+42) at YNH (see Table 1) and will decrease from 425 to 383 licensed beds (-42) at BH. Overall, licensed bed totals for the service areas will remain the same. Ex. A, p. 15.

Table 1: Licensed beds at YNH and BH

| Hospital | Existing Licensed Beds | Net change | Proposed Licensed Beds |
|----------|------------------------|------------|------------------------|
| YNH | 966 | +42 | 1,008 |
| BH | 425 | -42 | 383 |

Ex. A, p. 15.

7. YNH provides a comprehensive range of pediatric services (see Table 2) that broadly include: inpatient, intensive care, respiratory, emergency care, ambulatory specialty services, surgery, diagnostic imaging, physical and occupational therapy and neonatal intensive care. In addition YNH provides dedicated Child Life, Social Work and Care Coordination service support programs. Ex. B, p. 106.

Table 2: Pediatric Services at Yale-New Haven Hospital

| YNH Pediatric Services | |
|-------------------------------|-------------------------------------|
| Adolescent Medicine | |
| Neonatal-Perinatal Medicine | |
| Pediatric: | |
| Allergy & Immunology | Nephrology |
| Anesthesiology | Neurology |
| Cardiology | Neurosurgery |
| Cardiovascular Surgery | Ophthalmology |
| Critical Care Medicine | Orthopedics |
| Dermatology | Otolaryngology (ear, nose & throat) |
| Developmental/Behavioral | Pathology |
| Diagnostic Radiology | Plastic Surgery |
| Emergency Medicine | Primary Care/General Pediatrics |
| Endocrinology | Respiratory Medicine |
| Gastroenterology & Hepatology | Surgery |
| Hematology & Oncology | Urology |
| Infectious Diseases | |

Ex. B, p. 106.

8. In addition to training pediatric residents from the Yale School of Medicine, BH provides a variety of pediatric services that include a discrete area for well babies, a

NICU, a pediatric inpatient ward and outpatient pediatric services. Table 3 provides a complete list of pediatric services offered at BH. Ex. B, pp. 106-107.

Table 3: Pediatric Services at Bridgeport Hospital

| BH Pediatric Services |
|------------------------------------|
| Adolescent Medicine |
| Child Development |
| Child First |
| General Pediatrics |
| Pediatric: |
| Cardiology |
| Emergency Medicine |
| Endocrinology (YNHH-collaboration) |
| Immunology (HIV) |
| Neurology |
| Nephrology |
| Outpatient Sedation Service |
| Outpatient Elective Surgery |
| Respiratory Medicine |
| Surgery |

Ex. B, p. 107.

9. All existing pediatric clinical services that are currently offered at BH will continue to be provided after the consolidation. In Year 2 of this proposal, YNHH expects to enhance both pediatric surgery and gastrointestinal services in the Bridgeport area with the addition of a part-time pediatric surgeon and gastroenterologist at the BH satellite. Ex. A, pp. 16-17.
10. The Applicants will ensure that the continuity of services currently offered to patients and families will not be adversely affected as a result of changes to the pediatric program at BH. Patients will receive one bill for services (including ancillary services) rendered at YNHCH (Bridgeport location). Ex. A, p. 18.
11. The Applicants are working to integrate BH's clinical and administrative systems into the YNHH Epic platform to create one complete patient record. Until the Epic platform is fully implemented (expected to be completed in June 2013), the clinical and administrative systems for YNHCH at Bridgeport will be maintained. Ex. A, p. 18.
12. The implementation of a system-wide medical record will improve the coordination and quality of care, improving overall service delivery efficiency. Ex. A, p. 20.
13. The Applicants have described BH's primary and secondary service area towns as follows: Bridgeport, Ansonia, Beacon Falls, Derby, Easton, Fairfield, Milford, Monroe, Naugatuck, Newtown, Orange, Oxford, Seymour, Shelton, Stratford, Trumbull, Weston and Westport. The pediatric referral patterns and the source towns of these referrals is not expected to change following the integration with YNHCH. Ex. A, p. 17.

14. The towns comprising BH's service area should benefit from YNHH's commitment to expand services at the BH campus. In addition, the standardization of best practices, training, policies and procedures as a result of this proposal will contribute to enhanced clinical quality at BH. Ex. A, p. 17.
15. Physicians providing pediatric services at the BH campus will be credentialed by and become employees of YNHH. There are no planned staffing reductions as a result of this proposal. Ex. A, p. 19, Ex B, p. 109.
16. Internal and external signage that identifies the change of ownership to YNHH for the pediatric unit, neonatal intensive care nursery and general pediatric clinic at BH will be posted prior to the transition. Ex A, p. 19.
17. At present, YNHH plans to maintain the 42 additional licensed beds acquired as part of this proposal at the BH campus. Ex B, p. 107.
18. The Applicants are projecting slight increases in both pediatric discharges (3%) and patient days (4%) from FY 2011 to FY 2014.

Table 4: Projected Discharges* and Patient Days for BH-Pediatric Consolidated

| Bridgeport Hospital | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|---------------------|---------|---------|---------|---------|
| Discharges | 1,753 | 1,770 | 1,800 | 1,803 |
| Patient Days | 6,830 | 7,026 | 7,101 | 7,112 |

*Includes General Pediatric and NICU
 Ex. B, p. 108.

19. It is not anticipated that there will be any significant changes in payer mix as a direct result of this proposal. Ex A, p. 22.
20. Total capital expenditure for this project is \$200,000; the amount estimated to design, produce and install internal/external signage to identify YNHCH to patients and visitors at BH. YNHH does not plan to borrow any funds to complete this project. Ex. A, p. 21.
21. YNHH projects the following revenues and expenditures as a result of this proposal:

Table 5: Projected Incremental Revenues and Expenditures - YNHH

| (All dollars are in thousands) | FY 2012 (Jan – Sept) | FY 2013 | FY 2014 |
|----------------------------------|-------------------------|---------|---------|
| Revenue from Operations | 12,941 | 18,335 | 19,450 |
| Total Operating Expenses | 12,313 | 17,391 | 18,258 |
| Incremental Gain from Operations | 628 | 944 | 1,192 |

Ex. A, p. 99.

22. BH projects the following revenues and expenditures as a result of this proposal:

Table 6: Projected Incremental Revenues and Expenditures - BH

| (All dollars are in thousands) | FY 2012 (Jan – Sept) | FY 2013 | FY 2014 |
|--------------------------------|-------------------------|---------|---------|
|--------------------------------|-------------------------|---------|---------|

| | | | |
|----------------------------------|----------|----------|----------|
| Revenue from Operations | (11,113) | (15,680) | (16,346) |
| Total Operating Expenses | (10,920) | (15,146) | (15,755) |
| Incremental Loss from Operations | (192) | (534) | (590) |

Ex. A, p. 100.

23. YNHH is projecting incremental gains of \$628,000 in FY 2012 (Jan-Sept), \$944,000 in FY 2013 and approximately \$1.2 million in FY 2014. As expected, BH projects corresponding incremental losses of \$192,000 in FY 2012 (Jan-Sept), \$534,000 in FY 2013 and \$590,000 in FY 2014. Ex. A, pp. 99-100.
24. Despite the incremental losses resulting from this proposal, BH anticipates overall gains from operations of \$12.6 million in FY 2012, \$12.5 million in FY 2013 and \$12.7 million in FY 2014. Ex. A, pp. 99-100.
25. Greater cost efficiencies should be achieved through the economies of scale created by shared resources and greater system-wide integration. Ex. A, pp. 16, 21.
26. The implementation of the same best practices to reduce the variation in care and the use of a single medical record to link ambulatory, acute and rehabilitative services, as well as physicians will enhance pediatric care coordination and cost-effectiveness. Ex. A, p. 16.

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in General Statutes §19a-639 (a) and the Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services*, 288 Conn. 790 (2008); *Swiller v. Commissioner of Public Health*, No. CV 95-0705601 (Sup. Court, J.D. Hartford/New Britain at Hartford, October 10, 1995); *Bridgeport Ambulance Serv. v. Connecticut Dept. of Health Serv.*, No. CV 88-0349673-S (Sup. Court, J.D. Hartford/New Britain at Hartford, July 6, 1989); *Steadman v. SEC*, 450 U.S. 91, 101 S.Ct. 999, *reh'g den.*, 451 U.S. 933 (1981); *Bender v. Clark*, 744 F.2d 1424 (10th Cir. 1984); *Sea Island Broadcasting Corp. v. FCC*, 627 F.2d 240, 243 (D.C. Cir. 1980).

YNHH and BH seek authorization to consolidate their pediatric services into a single program owned and operated by YNHCH at BH. Under this proposal, BH will relinquish 42 licensed inpatient beds to YNHH for use in the pediatric program at BH, which will be operated as a satellite of the YNHCH. FF5. All existing pediatric clinical services that are currently offered at BH will continue to be provided after the consolidation; however, YNHH plans to expand both pediatric surgery and gastrointestinal services in year two of the proposal. Accordingly, the Applicants are projecting slight increases in both pediatric discharges (3%) and patient days (4%) from FY 2011 to FY 2014. FF18. Residents of the BH service area should benefit from

these additional pediatric services soon to be provided at the BH campus. FF9, 14. The patient payer mix is not expected to change significantly as a result of this proposal. FF19.

Physicians providing pediatric services at the BH campus will be credentialed by and become employees of YNHH and there are no planned staffing reductions as a result of this proposal. FF15. The standardization of best practices, training, policies and procedures in one consolidated pediatric program is expected to contribute to enhanced clinical quality. FF14. Additionally, the implementation of a system-wide medical record will improve the coordination and quality of pediatric care and improve overall service delivery. FF12. Greater cost efficiencies will be achieved through the economies of scale created by shared resources, system-wide integration and improved patient care coordination as a result of a single medical record linking patients to physicians and services. FF25-26. OHCA finds that the Applicants have satisfactorily demonstrated that the YNHH and BH pediatric program consolidation will improve access to and quality of pediatric care for Bridgeport area children.

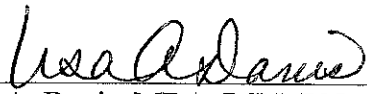
Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of Yale-New Haven Hospital and Bridgeport Hospital for the consolidation of pediatric services into a single program owned and operated by Yale-New Haven Hospital and located at Bridgeport Hospital is hereby **approved**.

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

Date

12/5/11


Lisa A. Davis, MBA, BSN, RN
Deputy Commissioner

LAD:bac