



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

June 15, 2015

**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: 15-31983-CON

**Connecticut G.I. Endoscopy Center, LLC  
Hartford Hospital**


**Transfer of 51% Ownership of  
Connecticut G.I. Endoscopy Center,  
LLC in Bloomfield to Hartford  
Hospital**

Ms. Barbara Durdy  
Director of Strategic Planning  
Hartford Healthcare  
181 Patricia M. Genova Blvd  
Newington, CT 06111

Ms. Melisa Lerner  
Administrator  
Connecticut G.I. Endoscopy Center, LLC  
4 Northwestern Drive, Lower Level  
Bloomfield, CT 06002

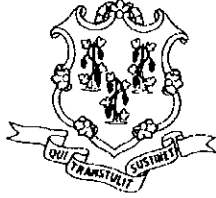
Dear Ms. Durdy and Ms. Lerner:

This letter will serve as notice of the approved Certificate of Need Application in the above referenced matter. On June 15, 2015, the Final Decision, attached hereto, was adopted and issued as an Order by the Department of Public Health, Office of Health Care Access.

  
\_\_\_\_\_  
Kimberly R. Martone  
Director of Operations

Enclosure  
KRM:oa

*An Equal Opportunity Provider*  
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**Department of Public Health  
Office of Health Care Access  
Certificate of Need Application**

**Final Decision**

**Applicants:** Connecticut G.I. Endoscopy Center, LLC  
4 Northwestern Drive, Bloomfield, CT 06002

Hartford Hospital  
181 Patricia M. Genova Blvd, Newington, CT 06111

**Docket Number:** 15-31983-CON

**Project Title:** Transfer of 51% ownership of Connecticut G.I. Endoscopy Center, LLC d/b/a Connecticut G.I. Endoscopy Center, LLC to Hartford Hospital

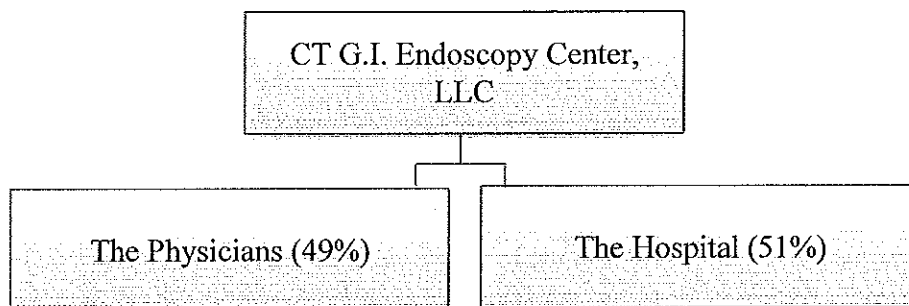
**Project Description:** Connecticut G.I. Endoscopy Center, LLC ("CTGI") and Hartford Hospital ("the Hospital"), or collectively ("Applicants"), seek authorization to transfer 51% ownership of CTGI of Bloomfield to the Hospital, with an associated capital expenditure of \$6,104,700.

**Procedural History:** The Applicants published notice of their intent to file a Certificate of Need ("CON") application in the *Hartford Courant* on December 12, 13 and 14, 2014. On February 27, 2015, the Office of Health Care Access ("OHCA") received the CON application from the Applicants for the above-referenced project and deemed the application complete on May 22, 2015. OHCA received no responses from the public concerning the proposal and no hearing requests were received from the public per Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(e). Deputy Commissioner Brancifort considered the entire record in this matter.

## Findings of Fact and Conclusions of Law

To the extent the findings of fact actually represent conclusions of law, they should be so considered, and vice versa. *SAS Inst., Inc., v. S & H Computer Systems, Inc.*, 605 F.Supp. 816 (Md. Tenn. 1985).

1. CTGI is an outpatient endoscopy center, licensed as an ambulatory surgical center, located at 4 Northwestern Drive, Bloomfield, CT and wholly owned by 17 Connecticut-licensed physicians (“the Physicians”). Ex. A, pp. 12, 21.
2. CTGI has been in operation since 2000, following OHCA approval on June 29, 1999 (Determination Report: 99-EI). CTGI utilizes two procedure rooms and five recovery rooms to perform gastrointestinal services that include colonoscopies and upper endoscopies. Ex. A, p. 12.
3. The Hospital is an 867-bed acute care hospital located in Hartford that provides primary, secondary and tertiary care services. It is a member of Hartford HealthCare. Ex. A, p. 12.
4. CTGI intends to retain a 49% ownership interest and transfer 51% of its ownership interest to the Hospital via a yet-to-be-formed holding company. Ex. A, p. 12.
5. Under the proposal, the Hospital intends to transfer the fair market value of 51% of CTGI, (\$6,104,700) to CTGI. Ex. A, p. 22.
6. A chart of organization following Hartford Hospital’s partial acquisition of CTGI is indicated below. Ex. A, p. 47.



7. A management committee will have oversight of CTGI with the Physicians and Hospital each appointing three members to the committee. All day-to-day operations of CTGI will remain the same and under the purview of the medical director of the facility. Ex. A, p. 127.
8. Following approval of the proposal, CTGI will notify patients of the ownership change in the following ways:
  - a. Letters mailed to patients who have scheduled appointments or procedures; and
  - b. Written notice posted in the waiting room and other public areas as appropriate.Ex. A, p. 130.

9. The majority of patients CTGI serves reside in Hartford County. Of the 5,344 visits in FY14, 3,189 were for patients residing in the primary service area. CTGI also serves patients in Tolland and Middlesex counties. The table below shows the breakdown of towns of origin. Ex. A, pp. 14, 37.

**TABLE 1**  
TOWNS OF ORIGIN IN PRIMARY SERVICE AREA

Town	County	Percent	Cases
West Hartford	Hartford	16.9%	902
Windsor	Hartford	9.5%	506
Bloomfield	Hartford	7%	372
Simsbury	Hartford	6%	322
Avon	Hartford	4.8%	257
Hartford	Hartford	4%	216
Enfield	Hartford	3.1%	168
Farmington	Hartford	3.1%	164
Granby	Hartford	2.9%	153
Windsor Locks	Hartford	2.4%	129
<b>Total</b>		<b>59.7%</b>	<b>3,189</b>

10. CTGI does not anticipate any changes to the clinical services it currently offers. Ex. A, p. 14.
11. CTGI will continue to bill for all services performed at the Bloomfield endoscopy center under its existing fee schedule. Ex. A, pp. 24, 130.
12. CTGI charges facility fees which are based on established ambulatory surgery center fee schedule for each procedure. If this proposal is approved, CTGI does not intend to charge additional facility fees for the services performed. Ex. A, p. 130.
13. The Physicians have active privileges, will continue to perform inpatient and outpatient procedures for patients with significant co-morbid conditions, and will be invited to participate in collaborative system-wide quality improvement program at the Hospital to better align for consistent and quality service standards. Ex A, pp. 13, 128.
14. CTGI does not currently have a financial assistance policy but will adopt Hartford HealthCare's financial assistance and charity care policy upon approval of the proposal. The policy also makes provisions for homeless, underinsured and medically indigent patients. Ex A, pp. 16, 36-42, 129, 130.
15. CTGI currently does not accept Medicaid. Following the transfer of ownership, CTGI would begin accepting Medicaid patients. Ex A, pp. 14, 16.

16. CTGI's current and projected payor mix is shown in the table below.

**TABLE 2**  
**APPLICANT'S CURRENT & PROJECTED PAYER MIX**

Payer	Current FY2014		Projected					
			FY2015		FY2016		FY2017	
	Volume	%	Volume	%	Volume	%	Volume	%
Medicare*	1,186	22%	1,122	20%	1,145	20%	1,168	20%
Medicaid**	0	0%	201	4%	205	4%	210	4%
CHAMPUS & TriCare	9	.2%	0	0%	0	0%	0	0%
<b>Total Government</b>	<b>1,195</b>	<b>22%</b>	<b>1,323</b>	<b>23%</b>	<b>1,350</b>	<b>23%</b>	<b>1,378</b>	<b>23%</b>
Commercial Insurers	4,132	78%	4,375	76%	4,462	76%	4,552	76%
Uninsured	16	.3%	57	1%	59	1%	60	1%
Workers Compensation	1	.02%	0	0%	0	0%	0	0%
<b>Total Non- Government</b>	<b>4,149</b>	<b>78%</b>	<b>4,432</b>	<b>77%</b>	<b>4,521</b>	<b>77%</b>	<b>4,612</b>	<b>77%</b>
<b>Total Payer Mix</b>	<b>5,344</b>	<b>100%</b>	<b>5,755</b>	<b>100%</b>	<b>5,871</b>	<b>100%</b>	<b>5,990</b>	<b>100%</b>

Fiscal Year is January 1<sup>st</sup> through December 31st

Ex A, pp. 23 and 139

\*Includes managed care activity.

\*\*CTGI Glastonbury (a similar facility operated by the physician group) saw a 2.8% increase but a higher percentage is expected due to promotion as an all-payer facility. Otherwise, there will be no changes in existing reimbursement as insurance contracts are multi-year. Ex. A, pp. 14, 24, OHCA Docket No. 07-30920-CON (2007) p. 1

17. CTGI's historical utilization is shown in the table below. Historical procedure volumes increased by an average of 2% from FY11 to FY14.

**TABLE 3**  
**HISTORICAL VISITS**

Service	Historical Volume			
	FY 2011	FY 2012	FY 2013	FY 2014
Colonoscopy	4,096	4,150	4,349	4,441
Upper Endoscopy	1,948	2,068	1,874	1,902
<b>Total Procedures</b>	<b>6,044</b>	<b>6,212</b>	<b>6,223</b>	<b>6,343</b>

Fiscal Year is January 1<sup>st</sup> through December 31st

Ex. A, pp. 17, 19-20.

18. CTGI's projected utilization is shown below. The projected 7% increase in volume in FY15 is based on expanded operating hours. The increase of 2% from FY15 to FY17 reflects the historical averages.

**TABLE 4**  
 PROJECTED VISITS

	Projected Volume		
	FY 2015	FY 2016	FY 2017
Colonoscopy	4,781	4,876	4,974
Upper Endoscopy	2,032	2,074	2,115
<b>Total Procedures</b>	<b>6,813</b>	<b>6,950</b>	<b>7,089</b>

Fiscal Year is January 1<sup>st</sup> through December 31<sup>st</sup>.  
 Ex. A, pp. 17, 19-20.

19. The Hospital will fund the project cost through taxable bonds. Ex. A, p. 135-137.
20. CTGI anticipates the endoscopy center will benefit from economies of scale due to centralized legal, accounting and marketing services; and vendor contracting for the purchase of supplies, drugs, medical equipment and laundry services. Ex A, pp. 13, 25.
21. CTGI projects incremental gains from operations in each of the first three years following the ownership change (FY 2015-2017).

**TABLE 5**  
 APPLICANTS PROJECTED INCREMENTAL GAIN FROM OPERATIONS

	FY 2015	FY 2016	FY 2017
Revenue from Operations	\$179,792	\$72,452	\$73,528
Total Operating Expenses*	(\$34,373)	(\$35,060)	(\$35,761)
<b>Gain from Operations</b>	<b>\$214,165</b>	<b>\$107,512</b>	<b>\$109,289</b>

Fiscal Year is January 1<sup>st</sup> through December 31<sup>st</sup>  
 Change in revenue due to change in payer mix.  
 \*Reflects initial 10% per year cost savings related to purchasing medical supplies and drugs.  
 There be an additional \$10,000 per year savings through cost avoidance from marketing and promotional activities  
 Ex A, pp. 127, 132.

22. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
23. This CON application is consistent with the overall goals of the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
24. The Applicants have established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
25. The Applicants have demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))

26. The Applicants have satisfactorily demonstrated that the proposal will maintain quality, and improve the accessibility and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5))
27. The Applicant has shown that there would be no adverse change in the provision of health care services to the relevant populations and payer mix, including increased access to services for Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))
28. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7))
29. The Applicants historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
30. The Applicant has satisfactorily demonstrated that this proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))
31. The Applicant has demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))
32. The Applicants have demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11))
33. The Applicants have satisfactorily demonstrated that the proposal will not result in any consolidation. (Conn. Gen. Stat. § 19a-639(a)(12))

## 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 Conn. Gen. Stat. § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

Connecticut G.I. Endoscopy Center, LLC (“CTGI”) is an outpatient endoscopy center, licensed as ambulatory surgical center and wholly owned by licensed physicians. *FF1*. CTGI has been in operation since 2000 and utilizes two procedure and five recovery rooms to perform gastrointestinal services that include colonoscopies and upper endoscopies. *FF2*. Hartford Hospital (“the Hospital”) is an 867-bed acute care hospital, in Hartford, that provides primary, secondary and tertiary care services and is a member of Hartford HealthCare. *FF3*. The physician owners of CTGI and the Hospital (“the Applicants”) are seeking approval to transfer 51% ownership CTGI, through a yet-to-be formed holding company, to the Hospital at a fair market value of \$6,104,700. *FF4, FF5*.

Following the ownership transfer, CTGI will be managed by a committee comprising three CTGI physicians and three Hospital representatives with day- to-day operations remaining the same and under the purview of the medical director of the endoscopy center. *FF7*. CTGI will continue to provide the same clinical services, bill for services under its existing fee schedule and has no intention of charging additional facility fees from what is currently in place. *FF10, FF11, FF12*.

CTGI physicians will continue to have active privileges at the Hospitals to perform inpatient and outpatient procedures and may now participate in the Hospital’s system-wide quality improvement programs to better align the two facilities for consistent and quality service standards. *FF13*. Other benefits of the ownership transfer include: a) CTGI will adopt Hartford HealthCare’s financial assistance and charity care policy which allows discounts to patients based on family income and makes provisions for homeless, underinsured and medically indigent patients, *FF14*; and b) CTGI will begin accepting Medicaid and uninsured patients, *FF15, FF16*. As a result of these combined factors, the Applicants have satisfactorily demonstrated that quality and access to cost effective services in the region will be maintained for all relevant patient populations.

The Hospital will fund the project through taxable bonds. *FF19*. The proposal is expected to reduce costs at CTGI, initially, by approximately \$35,000 annually as a result of anticipated savings due to centralized vendor contracting for the purchasing of supplies, drugs and medical equipment and cost avoidance from marketing and promotion. *FF20, FF21*. The Applicants project incremental gains from operations in the first three years as a result of the proposal. *FF21*. Based on these three factors, the Applicants have satisfactorily demonstrated that the proposal is financially feasible.

Overall, the cost savings achieved by this proposal will enhance the financial strength of the health care system in Connecticut while ensuring that access to quality care is maintained for the population currently being served by CTGI, including that of the Medicare and Medicaid



population. Consequently, the Applicants have demonstrated that their proposal is consistent with the overall goals included in the Statewide Health Care Facilities and Services Plan.

## Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application for Connecticut G.I. Endoscopy Center, LLC, Bloomfield to transfer 51% ownership to Hartford Hospital is hereby **APPROVED**.

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

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

June 15, 2015  
Date

Janet M. Brancifort  
Janet M. Brancifort, MPH, RRT  
Deputy Commissioner