



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

May 27, 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: 15-31987-CON

**Yale-New Haven Hospital**

**Termination of Inpatient Rehabilitation  
Services at Yale-New Haven Hospital's  
Chapel Street Campus**

Nancy Rosenthal  
Senior Vice President, Health Systems Development  
Greenwich Hospital  
5 Perryridge Road  
Greenwich, CT 06830

Dear Ms. Rosenthal:

This letter will serve as notice of the approved Certificate of Need Application in the above-referenced matter. On May 27, 2015, the Final Decision, attached hereto, was adopted and issued as an Order by the Department of Public Health, Office of Health Care Access.

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Kimberly R. Martone  
Director of Operations

Enclosure  
KRM: swl



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

**Final Decision**

**Applicant:** Yale-New Haven Hospital  
20 York Street, New Haven, CT 06510

**Docket Number:** 15-31987-CON

**Project Title:** Termination of Yale-New Haven's Inpatient Rehabilitation Services at its Chapel Street Campus

**Project Description:** Yale-New Haven Hospital ("Applicant," "Hospital" or "YNHH") seeks authorization to terminate its inpatient rehabilitation unit ("IRU") services at its Chapel Street Campus with an associated capital expenditure of \$5,698,635.

**Procedural History:** The Applicant published notice of its intent to file a Certificate of Need ("CON") application in *the New Haven Register* (New Haven) on February 28, March 1 and 2, 2015. On March 23, 2015, the Office of Health Care Access ("OHCA") received the initial CON application from the Hospital for the above-referenced project. OHCA deemed the application complete on April 1, 2015.

On April 10, 2015, the Applicant was notified of the date, time, and place of the public hearing. On April 10, 2015, a notice to the public announcing the hearing was published in *The New Haven Register*. Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a, a public hearing regarding the CON application was held on April 27, 2015.

Commissioner Jewel Mullen designated Attorney Kevin T. Hansted as the hearing officer in this matter. The hearing was conducted in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Conn. Gen. Stat.) and Conn. Gen. Stat. § 19a-639a. The public hearing record was closed on April 28, 2015. 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. YNHH is a non-profit, 1541-bed tertiary medical center that includes Smilow Cancer Hospital at Yale-New Haven, Yale-New Haven Children's Hospital and Yale-New Haven Psychiatric Hospital. YNHH provides both inpatient and outpatient rehabilitation medicine and therapy services. Ex. A., pp. 16-17.
2. There are 24 IRU beds, with 18 currently operational, on YNHH's Chapel Street campus. The IRU provides intensive inpatient rehabilitation therapy to patients with complex nursing, medical management and rehabilitation needs. Ex. A, p. 16; Ex. I, Prefile Testimony of Nycaine Anderson-Peterkin, M.D., Medical Director, IRU, p. 108
3. The IRU serves as a discharge placement for inpatients in need of intensive inpatient rehabilitative care after an acute care hospitalization. Patients come primarily from YNHH, although the program accepts patients from other hospitals as well. Ex. A, p. 16; Ex. I, Prefile Testimony of Richard D'Aquila, President, Yale-New Haven Hospital, p. 105
4. YNHH proposes to terminate its IRU services at the Chapel Street campus and establish IRU services in leased space at Milford Hospital's ("MH") main hospital building in Milford. Ex. A, p. 16
5. The IRU in Milford will operate as a YNHH satellite location. YNHH will continue to operate, staff and bill for IRU services provided at the Milford location. Ex. A, p. 16
6. The establishment of the IRU in Milford will significantly improve the facility and increase patient privacy. There will be 18 private patient-centered rooms, as opposed to two currently in operation at the Chapel Street campus. The rooms will be adjacent to a new, modern therapy gymnasium with state-of-the-art exercise equipment, all necessary to support rehabilitation services. Prefile Testimony of Dr. Anderson-Peterkin, p. 109; Ex. K, Transcript of April 27, 2015 Public Hearing Testimony ("TR") Testimony of Richard D'Aquila, pp. 7-8.
7. There is available public transportation, ample free parking and less traffic at the Milford site and the campus is easier to navigate compared to the current location in downtown New Haven. Tr. Testimony of Mr. D'Aquila, p. 8; Tr. Testimony of Dr. Anderson-Peterkin, p. 10.
8. The proposal will coincide with the Hospital's ability to modify its physician coverage model to include YNHH hospital physicians. Currently, the IRU's medical staff includes only two physiatrists, who also perform consultations on non-IRU inpatients at YNHH. With the proposal, YNHH hospitalists will, under the direction of physiatrists, provide routine coverage for medical issues in the IRU, allowing the physiatrists to see additional hospitalized patients in need of specialized consultative services. Prefile Testimony of Dr. Anderson-Peterkin, p. 109.

9. Professional services will be provided by YNHH clinical staff and IRU patients' records will be part of YNHH's electronic medical record system. Certain ancillary services will be provided by MH pursuant to a service agreement including: imaging, diagnostic laboratory, pharmacy, respiratory therapy and rapid response team services. Prefile Testimony of Richard D'Aquila, p. 104
10. There will be no changes in IRU services as a result of this proposal. The same IRU services currently provided at the Chapel Street campus will be provided in Milford by the same staff to the same patient population. Ex. A, p. 18
11. YNHH will provide intra-facility patient transport for any patient being discharged from YNHH and admitted to the IRU in Milford. Ex. A, p. 25.
12. The table below shows the service area towns for YNHH's IRU:

**TABLE 1  
SERVICE AREA TOWNS**

Town*	Percentage by town
New Haven	20%
Hamden	10%
East Haven	10%
West Haven	10%
North Haven	5%
Orange	5%
Milford	5%
Wallingford	4%
North Branford	4%
Branford	3%
Guilford	3%

Ex. A, p. 32

13. The following tables show historical and projected volumes for fiscal years ("FY") 2012-2017:

**TABLE 2  
HISTORICAL UTILIZATION BY SERVICE**

Service	Actual Volume (Last 3 Completed FYs)		
	FY 2012*	FY 2013**	FY 2014**
IRU Discharges	390	257	197
<b>Total</b>	<b>390</b>	<b>257</b>	<b>197</b>

\*The IRU was operated by the Hospital of Saint Raphael in FY 2012.

\*\*One YNHH physiatrist left in early 2013 thus limiting the unit's ability to care for as many patients.  
YNHH recruited a new physiatrist in late summer in 2014.  
Ex. A, pp. 30

**TABLE 3  
PROJECTED UTILIZATION BY SERVICE**

Service	Projected Volume		
	FY 2015*	FY 2016	FY 2017
IRU Discharges	221	339	388
<b>Total</b>	<b>221</b>	<b>339</b>	<b>388</b>

\*annualized  
Ex. B, p. 96

14. The Applicant projects incremental gains from operations by the third year of this proposal, as demonstrated below:

**TABLE 4  
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	FY 2015	FY 2016	FY 2017
Revenue from Operations	\$699,753	\$11,420,280	\$16,097,076
Total Operating Expenses	\$3,543,654	\$12,073,156	\$14,651,875
<b>Gain/Loss from Operations</b>	<b>(\$2,843,901)</b>	<b>(\$652,876)</b>	<b>\$1,445,201</b>

Ex. A, p. 33

15. The projected losses in FYs 2015 and 2016 are associated with physician relocation, space renovation in Milford and depreciation costs. Ex. A, p. 29

16. As shown in the table below, YNHH does not project any changes in its IRU payor mix:

**TABLE 5  
YNHH'S CURRENT & PROJECTED PAYER MIX – IRU**

Payer	FY 2014**		Projected					
			FY 2015		FY 2016		FY 2017	
	Discharges	%	Discharges	%	Discharges	%	Discharges	%
Medicare*	142	72.08%	159	72.08%	244	72.08%	279	72.08%
Medicaid*	1	0.51%	1	0.51%	2	0.51%	2	0.51%
CHAMPUS & TriCare	0	0%	0	0%	0	0%	0	0%
<b>Total Government</b>	<b>143</b>	<b>72.59%</b>	<b>160</b>	<b>72.59%</b>	<b>246</b>	<b>72.59%</b>	<b>281</b>	<b>72.59%</b>
Commercial Insurers	52	26.4%	58	26.4%	90	26.4%	102	26.4%
Uninsured	0	0%	0	0%	0	0%	0	0%
Workers Compensation	2	1.02%	2	1.02%	3	1.02%	4	1.02%
<b>Total Non-Government</b>	<b>54</b>	<b>27.41%</b>	<b>60</b>	<b>27.41%</b>	<b>93</b>	<b>27.41%</b>	<b>106</b>	<b>27.41%</b>
<b>Total Payer Mix</b>	<b>197</b>	<b>100%</b>	<b>221</b>	<b>100%</b>	<b>339</b>	<b>100%</b>	<b>388</b>	<b>100%</b>

\*Includes managed care activity

\*\*Discharges extrapolated from 2015 projections

Numbers and percentages may reflect rounding

Ex. A, p. 35, 36, 96

17. The IRU currently serves Medicaid and indigent patients meeting admission criteria and will continue to do so in Milford. Ex. A, p. 26

18. There will be no change to charges or reimbursement associated with the establishment of IRU services in Milford. Ex. A. p. 26, 27

19. 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))

20. The CON application is consistent with the overall goals of the Statewide Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2))

21. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3))

22. The Applicant has satisfactorily demonstrated that its proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))

23. The Applicant has satisfactorily demonstrated that access to services and cost effectiveness will be maintained and the quality of health care delivery will be improved. (Conn. Gen. Stat. § 19a-639(a)(5))
24. The Applicant has shown that there will be no change in access to the provision of health care services to the relevant populations and payer mix, including Medicaid patients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))
25. The Applicant has identified the population to be served and has satisfactorily demonstrated that this population has a need. (Conn. Gen. Stat. § 19a-639(a)(7))
26. The Applicant's historical utilization in the area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
27. The Applicant has satisfactorily demonstrated that the proposal will not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))
28. The Applicant has satisfactorily demonstrated that the proposal will not result in a reduction or change in access to services for Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))
29. The Applicant has satisfactorily demonstrated that the proposal will not result in a negative impact on the diversity of health care providers in the area. (Conn. Gen. Stat. § 19a-639(a)(11))
30. The Applicant has satisfactorily demonstrated that its proposal will not result in any consolidation that would affect health care costs or accessibility to care. (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).

Yale-New Haven Hospital (“YNHH,” “Hospital” or “Applicant”) is a non-profit, 1541-bed tertiary medical center. *FF1* The Hospital provides inpatient rehabilitation medicine and therapy services in its inpatient rehabilitation unit (“IRU”) to patients with complex nursing, medical management and rehabilitation needs. *FF2* The IRU serves as a discharge placement for inpatients in need of intensive inpatient rehabilitative care after an acute care hospitalization. Patients come primarily from YNHH, although the program accepts patients from other hospitals as well. *FF3*

YNHH proposes to terminate its IRU services at the Chapel Street Campus and establish IRU services in leased space at Milford Hospital (“MH”) in Milford. *FF4* The establishment of the IRU in Milford will significantly improve the facility and increase patient privacy. There will be 18 private patient-centered rooms at the Milford location, as opposed to two currently in operation at the Chapel Street campus. The rooms will be adjacent to a new, modern therapy gymnasium with state-of-the-art equipment. *FF6* The Milford site offers available public transportation, ample free parking, less traffic than the Chapel Street location and an easy-to-navigate campus. *FF7* The proposal will also coincide with the Hospital’s ability to modify its physician coverage model to include YNHH hospital physicians. Currently, the IRU’s two physiatrists also perform consultations on non-IRU inpatients at YNHH. With the proposal, YNHH hospitalists will, under the direction of physiatrists, provide routine coverage for medical issues in the IRU, allowing the physiatrists to see additional hospitalized patients in need of specialized consultative services. *FF8*

The IRU in Milford will operate as a YNHH satellite location. YNHH will continue to operate, staff and bill for IRU services provided at the Milford location. *FF5* There will be no change in IRU services as a result of the proposal; the same staff will provide the same services to the same patient population. *FF10, 16* The IRU currently serves Medicaid and indigent patients meeting admission criteria and will continue to do so in Milford. *FF17* There will be no change to charges or reimbursement associated with the re-establishment of IRU services. *FF18* Additionally, the Hospital will provide intra-facility transport for any patient being discharged from YNHH and admitted to the IRU in Milford. *FF11* Based on the aforementioned enhancements to the IRU’s configuration and the continuation of services and staff to the same patient population, the Applicant has satisfactorily demonstrated that quality of care will be improved and access will be maintained.

Although the Applicant is projecting incremental losses from operations in FY 2015 and 2016 due to expenses related to renovation and depreciation, the Applicant is projecting gains from operations by FY 2017. *FF14* Thus, the Applicant has demonstrated that its proposal is financially feasible.



Yale-New Haven Hospital  
Docket Number: 15-31987-CON

The proposal will result in a centralized location of the IRU between New Haven and Fairfield counties without compromising quality, access or cost. Thus, the Applicant has demonstrated that there is clear public need for the proposal. Moreover, the Applicant has demonstrated that its proposal is consistent with the goals of the Statewide Health Care Facilities and Services Plan given the collaboration between hospitals resulting in a regional approach to rehabilitation services.

## Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of Yale-New Haven Hospital for the termination of Yale-New Haven Hospital's Inpatient Rehabilitation services at its Chapel Street campus 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

5/27/15  
Date

  
Janet M. Brancifort, MPH, RRT  
Deputy Commissioner