



**State of Connecticut
Department of Public Health
Office of Health Care Access**

Final Decision

**Modification of a Previously
Authorized Certificate of Need**

Applicants: **The William W. Backus Hospital**
 326 Washington Street
 Norwich, CT 06360
 Hartford HealthCare Corporation
 1 State Street
 Hartford, CT 06105

Docket Number: **16-31788-MDF**

Project Description: **Modification of Previous Certificate of Need**
 Authorization 12-31788-CON

Procedural History: On July 19, 2013, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) to Hartford HealthCare Corporation and Backus Corporation issued under Docket Number 12-31788-CON, for the affiliation of Backus Corporation and Hartford HealthCare Corporation (“Final Decision”).

On May 27, 2016, OHCA received a Request for Modification from Backus Corporation and Hartford HealthCare Corporation seeking to vacate Condition Number 5 within the CON.

As required by Conn. Gen. Stat. § 19a-639b(b), OHCA noticed this request on its website for 30 days. During the posting period, OHCA did not receive any written comments or requests for a public hearing. Deputy Commissioner Brancifort reviewed the entire record in this matter.

Findings of Fact

1. The CON issued under Docket Number 12-31788-CON permitted the affiliation of Hartford HealthCare Corporation and Backus Corporation.
2. The CON issued under Docket Number 12-31788 included several conditions.
3. Condition Number 5 states the following:
 5. The Applicants agree to submit to OHCA, no later than October 31, 2013, a detailed and comprehensive document showing the plan to integrate the operations of both parent corporations to the hospital and attain the cost savings stated within the CON Application. At a minimum, the submission shall address anticipated cost savings, staffing and quality improvements, and affiliation-related revenue enhancements. Subsequent to the submission of the plan, HHC and Backus Hospital shall file additional information, as set forth below, on a semi-annual basis, for a period of three (3) years. For purposes of the Order, semi-annual periods are October 1 – March 31 and April 1 – September 30. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31, 2014, November 30, 2014, May 31, 2015, November 30, 2015, May 31, 2016, and November 30, 2016, HHC and Backus Corporation shall submit the following on a semi-annual basis:
 - a. HHC agrees to file narrative updates on the progress of the implementation of the plan.
 - b. The Applicants shall report cost saving totals of the affiliation for both Backus Corporation and its affiliate, the William W. Backus Hospital, for the following Operating Expense Categories: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortization, Bad Debts, Interest Expense, Malpractice Expense, Utilities, Business Expenses and Other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A,B,C,D,E,F,G,H,I,J, and K) which are in use at the time of reporting in the OHCA Hospital Reporting System (“HRS”) Report 175 or successor report. Backus Corporation shall also file a narrative describing the specifics of the cost savings for each of these major expense categories.
 - c. The Applicants shall file a completed Statement of Operations for both Backus Corporation and its affiliate, the William W. Backus Hospital. The format shall be consistent with HRS Reports 350/150, or successor reports.
 - d. The Applicants shall file a completed Balance Sheet for both Backus Corporation and its affiliate, the William W. Backus Hospital. The format shall be consistent with HRS Reports 300/100, or successor reports.
4. The Applicants are requesting that Condition Number 5 be vacated as a result integration benefits and cost savings associated with the affiliation being achieved and surpassed.

Discussion

Connecticut General Statutes § 4-181a (b) provides in relevant part: "On a showing of changed conditions, the agency may reverse or modify the final decision, at any time, at the request of any person or on the agency's own motion." While OHCA is pleased to see that the Applicants have attained certain integration benefits and cost-savings as a result of the affiliation, the Applicants have failed to identify a change in conditions that would justify vacating Condition Number 5.

Order

Based upon the foregoing, the request to modify the CON issued under Docket Number 12-31788-CON to vacate Condition Number 5 is hereby **DENIED**.

July 1, 2016
Date

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