

# STATE OF CONNECTICUT

## DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.  
Commissioner



Dannel P. Malloy  
Governor  
Nancy Wyman  
Lt. Governor

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

#### Agreed Settlement

**Applicant:** Recovery Services of Connecticut, LLC  
11 Woodland Road  
Madison, Connecticut 06443

**Docket Number:** 17-32160-CON

**Project Title:** Establishment of a Facility for the Care or Treatment of Substance Abusive or Dependent Persons in Madison, CT

**Project Description:** Recovery Services of Connecticut, LLC ("RSCT" or "Applicant") seeks authorization to establish a facility for the care or treatment of substance abusive or dependent persons in Madison, Connecticut.

**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 13, 14 and 15, 2017. On March 31, 2017, 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 July 20, 2017. OHCA received no responses from the public concerning the proposal. No hearing requests were received from the public per Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(e). Deputy Commissioner Addo considered the entire record in this matter.



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## Findings of Fact and Conclusions of Law

1. Recovery Services of Connecticut, LLC (“RSCT”), a for-profit entity, proposes to establish a facility offering intensive outpatient (“IOP”) treatment to adults, ages 18 years or older, diagnosed with substance abuse and mental health disorders in Madison, CT (“Madison”).<sup>1</sup> Ex. A, pp. 12-13, 23
2. The Applicant states that a lack of IOP treatment providers in Madison and the surrounding community has resulted in individuals traveling outside of their locale to receive services several times a week. Ex. A, p. 22
3. The Applicant’s proposal is intended to improve health care delivery through the establishment of a collaborative, multi-disciplinary team that will extend the continuum of care internally and that will be readily available to coordinate care externally for providers and facilities in the community. Ex. A, p. 30
4. According to the Substance Abuse and Mental Health Services Administration (“SAMHSA”), treating co-occurring conditions simultaneously is associated with lower client costs, and improved outcomes such as reduced substance use, improved psychiatric symptoms and functioning, decreased hospitalization, increased housing stability, fewer arrests and an improved quality of life. Ex. A, p. 29
5. The core therapeutic components and clinical strategies associated with the Applicant’s proposed IOP-level of care include, but are not limited to: following the 12-Step model; engaging clients in cognitive behavioral therapy (“CBT”); implementing motivational interviewing and employing a matrix model to integrate CBT; family involvement; 12-Step support; and urine testing. The Applicant will also offer individual and group counseling to clients with co-occurring mental health disorders. Ex. A, pp. 13, 15-16; Ex. C, p. 490
6. Clients will utilize IOP treatment as a “step-down” program from partial hospitalization, detoxification/withdrawal support and residential services or as an immediate “step-up” from outpatient care. Ex. A, p. 14
7. The duration of IOP treatment ranges from 4 to 8 weeks with clients attending 3 to 4 sessions per week, three hours per day. Ex. A, p. 13
8. The days and hours of the proposed program will be on Mondays, Wednesdays, Thursdays and Fridays from 9:00 a.m. until 12:00 p.m. Ex. A, p. 15

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<sup>1</sup> At present, RSCT co-owner Jay Seigel, APRN, is a private practitioner providing outpatient psychiatric treatment to patients at Connecticut Psychiatric Services, LLC (“Connecticut Psychiatric Services”) in Madison. Ex. A, pp. 12-13, 28, 49

9. The Applicant used the existing client base and town origin of Connecticut Psychiatric Services to determine the location for RSCT. The Applicant reports that in 2016, nearly 70% of Connecticut Psychiatric Services clients originated from the primary service area, as illustrated in Table 1, below.

**TABLE 1**  
**FISCAL YEAR (“FY”) 2016 CLIENT ORIGIN FOR CONNECTICUT PSYCHIATRIC SERVICES, LLC**

SERVICE AREA	NO. OF CLIENTS	PERCENT OF CT TOTAL
Clinton	43	9.5%
Madison	41	9.1%
East Lyme**	40	8.8%
Old Saybrook	39	8.6%
Waterford	39	8.6%
Guilford	20	4.4%
Killingworth	20	4.4%
Old Lyme	15	3.3%
Westbrook	14	3.1%
Essex	9	2.0%
Branford	8	1.8%
Deep River	5	1.1%
Colchester	4	0.9%
East Haven	4	0.9%
Durham	3	0.7%
Haddam	3	0.7%
North Branford	3	0.7%
Chester	2	0.4%
Salem	2	0.4%
<b>Service Area Total</b>	<b>314</b>	<b>69.4%</b>
<b>Other Towns</b>	<b>138</b>	<b>30.5%</b>
<b>Grand Total</b>	<b>452</b>	<b>100%*</b>

Ex. A, p. 39

\*Actual total varies due to rounding.

\*\*Includes Niantic

10. The Agency for Healthcare Research and Quality (“AHRQ”) ranked Connecticut the 7<sup>th</sup> highest state for opioid-related inpatient stays nationwide, based on 2014 data. Ex. A, p. 21; Ex. C, p. 459

11. Estimates predicated on national and state data indicate there are approximately 17,458 adults in the proposed service area classified as having dependence or abuse of illicit drugs or alcohol in the past year. Nearly 16,000 adults in the proposed service area are estimated to be in need of treatment, yet not receiving it.

**TABLE 2  
ESTIMATES OF DIAGNOSABLE SUBSTANCE USE DISORDERS AND UNMET NEED IN CONNECTICUT**

<b>SUBSTANCE USE DISORDER</b>	<b>POPULATION (18 years and over)<sup>1</sup></b>	<b>PREVALENCE<sup>2</sup></b>	<b>INCIDENCE</b>	<b>UNMET NEED<sup>4</sup></b>
Service Area	196,156	8.9% <sup>3</sup>	17,458	15,692
Connecticut	2,808,486	8.9%	249,955	224,679
<b>Service area as percent of Connecticut</b>	<b>7.0%</b>	<b>n/a</b>	<b>7.0%</b>	<b>7.0%</b>

<sup>1</sup>U.S. Census Bureau, 2011-2015 American Community Survey Demographic and Housing 5-Year Estimates (2015 version), available at <https://factfinder.census.gov>.

<sup>2</sup>Percentage estimates reflective of adult population ages 18 years and older classified as having dependence or abuse of illicit drugs or alcohol in the past year. Based on 2012, 2013, and 2014 SAMHSA National Survey on Drug Use and Health (NSDUH) data available at <https://www.samhsa.gov/data/sites/default/files/NSDUHsubstateAgeGroupTabs2014/NSDUHsubstateAgeGroupTabs2014.pdf>.

<sup>3</sup>Percentage based on South Central Region of Connecticut, as defined by SAMHSA.

<sup>4</sup>Conservative estimate of adult population ages 18 years and older in need of illicit drug or alcohol use treatment, yet not receiving it, based on 2012, 2013, and 2014 SAMHSA NSDUH data available at <https://www.samhsa.gov/data/sites/default/files/NSDUHsubstateAgeGroupTabs2014/NSDUHsubstateAgeGroupTabs2014.pdf>.

Ex. A, pp. 25-26; Ex. C, pp. 459-460; Ex. F, pp. 487, 491-492; Ex. H, p. 493

12. The 2016 Triennial State Substance Abuse Plan issued by the Connecticut Department of Mental Health and Addiction Services (“DMHAS”) reported a significant increase in opioid-related deaths in the three years immediately preceding the release of the plan. Ex. A, pp. 21
13. On September 1, 2016, Connecticut’s Chief Medical Examiner (“CME”), Dr. James Gill, stated that during the first six months of 2016, 444 people died of accidental drug intoxications within the state. Dr. Gill further projected that as many as 888 people would die of drug overdoses in 2016, a sharp increase from the 729 fatal drug overdoses that actually occurred in 2015. Ex. A, p. 24
14. Connecticut Psychiatric Services presently receives frequent inquiries from residential treatment providers about available IOP programs in Madison and the surrounding community after patients have been stabilized and on behalf of individuals who are ineligible for residential treatment. Ex. A, p. 22
15. The Applicant states that the proposed project will address the need to provide ongoing treatment for clients discharged from higher levels of care and clients who do not meet the criteria for admission to inpatient programs. Ex. A, p. 21
16. As illustrated in the table below, there are 2 existing IOP providers in the applicant’s service area. The nearest IOP provider, located in Branford, CT, is approximately 12 miles from the Applicant’s proposed location and both providers predominantly serve adolescents and private pay clients.

**TABLE 3  
PROVIDERS OF THE PROPOSED SERVICES IN SERVICE AREA**

TOWN	PROVIDER	STREET ADDRESS	SERVICES
Branford	BH Care	14 Sycamore Way	IOP
Old Saybrook	Project Courage	251 Main Street, Suite 101	IOP

Ex. A, p. 40; <https://findtreatment.samhsa.gov>, accessed June 16, 2017

17. The table below shows the projected utilization volume for the proposed program:

**TABLE 4  
RSCT PROJECTED UTILIZATION**

SERVICE/PROGRAM <sup>1</sup>	CURRENT	PROJECTED		
	FY 2017 <sup>2</sup>	FY 2018	FY 2019	FY 2020
Group Counseling	19	75	112	150
Individual Counseling	45	120	150	180
IOP	23	80	100	120
<b>Total</b>	<b>87</b>	<b>275</b>	<b>362</b>	<b>450</b>

Fiscal Year is January 1 – December 31

<sup>1</sup>Unit of measure for listed programs is number of clients. Number of clients for each program is calculated as the projected annual number of sessions divided by the average number of sessions each client will attend.

<sup>2</sup>July 1, 2017 through December 31, 2017

The number of clients for each service/program is estimated based on actual clinical practice service/program volume experienced by the Applicant in Rhode Island.

Ex. A, pp. 35-36; Ex. C, pp. 461-462; Ex. F, pp. 488-489; Ex. H, pp. 494-495

18. In addition to self-referrals via its website, the Applicant expects to receive referrals from mental health counseling group practices; individual therapists; medical practices; hospitals; residential treatment centers; professional organizations; employee assistance programs; college and university student health and counseling centers; local businesses; attorneys; diversion programs (e.g., drug court, pretrial services, etc.); the Department of Children and Families; probation; and insurance companies. Ex. F, p. 464
19. The Applicant has a contract with the Wheeler Clinic for the provision of clinical support to clients in crisis or who require a higher level of care. Ex. C, pp. 459, 466-467

20. The Applicant’s projected payer mix is as follows:

**TABLE 5  
PROJECTED PAYER MIX FOR RSCT BY NUMBER OF CLIENTS**

Payer	Projected <sup>2</sup>								
	FY 2018			FY 2019			FY 2020		
	Client Volume	%	Visit Volume	Client Volume	%	Visit Volume	Client Volume	%	Visit Volume
Medicare <sup>1</sup>	6	2	48	7	2	63	9	2	78
Medicaid <sup>1</sup>	83	30	720	109	30	945	135	30	1,170
CHAMPUS & TriCare	14	5	120	18	5	157	23	5	195
<b>Total Government</b>	<b>103</b>	<b>37</b>	<b>888</b>	<b>134</b>	<b>37</b>	<b>1,165</b>	<b>167</b>	<b>37</b>	<b>1,443</b>
Commercial Insurers	157	57	1,368	206	57	1,795	256	57	2,223
Self-Pay	13	5	120	18	5	158	22	5	195
Uninsured	2	1	24	4	1	32	5	1	39
Workers Compensation	0	0	0	0	0	0	0	0	0
<b>Total Non-Government</b>	<b>172</b>	<b>63</b>	<b>1,512</b>	<b>228</b>	<b>63</b>	<b>1,985</b>	<b>283</b>	<b>63</b>	<b>2,457</b>
<b>Total Payer Mix</b>	<b>275</b>	<b>100</b>	<b>2,400</b>	<b>362</b>	<b>100</b>	<b>3,150</b>	<b>450</b>	<b>100</b>	<b>3,900</b>

<sup>1</sup>Includes managed care activity.

<sup>2</sup>Projections based on the actual payer mix of the current private practices of Jay Seigel and Reinhard Straub. Ex. A, p. 36; Ex. C, p. 463; Ex. F, p. 490

21. Upon CON approval and issuance of a license by the Department of Public Health, the Applicant will register Recovery Services of Connecticut, LLC with the Connecticut Department of Social Services as a Medicaid provider.<sup>2</sup> Ex. A, pp. 17, 27
22. The Applicant will provide services on a sliding scale or at a discounted rate to clients that present with financial hardship. Ex. A, p. 31
23. The total capital cost for the proposal is \$15,000 for non-medical equipment purchases and will be financed by the Applicant using cash on hand. Ex. A, pp. 5, 33

<sup>2</sup> The Applicant currently accepts clients covered by Medicaid at its existing private practice locations in Connecticut and Rhode Island.

24. The table below illustrates that, although the Applicant projects a loss from this proposal of \$20,813 in the last two quarters of FY 2017, the Applicant projects incremental gains for FYs 2018 through 2020.

**TABLE 6**  
**PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	<b>FY 2017*</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Revenue from Operations	\$71,250	\$240,000	\$303,750	\$367,500
Total Operating Expenses	\$92,063	\$217,300	\$240,138	\$262,975
<b>Gain/Loss from Operations</b>	<b>(\$20,813)</b>	<b>\$22,700</b>	<b>\$63,612</b>	<b>\$104,525</b>

\*July 1 – December 31

Ex. A, p. 33; Ex. F, p. 489; Ex. H, p. 496

25. 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 adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
26. This CON application is consistent with the State Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
27. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
28. The Applicant has satisfactorily demonstrated that its proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
29. The Applicant has satisfactorily demonstrated that its proposal would improve the accessibility of health care delivery in the region and it has satisfactorily demonstrated a potential improvement in quality and cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5))
30. The Applicant has shown that there will be an increase in access to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6))
31. The Applicant has satisfactorily identified the population to be served by its proposal and has satisfactorily demonstrated that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7))
32. The Applicant's historical provision of treatment in the proposed service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
33. 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))

## 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 § 19a-639(a) of the Statutes. 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).

The Applicant proposes to establish RSCT, an outpatient treatment facility providing IOP treatment to adults diagnosed with substance abuse and mental health disorders in Madison, CT. In support of its proposal, the Applicant cites data and reports reflecting a sharp increase in opioid addiction throughout Connecticut in the past three years. It is estimated that approximately 17,458 adults residing within the Applicant's service area were classified as drug or alcohol dependent in the past year. The data further indicates that 16,000 adults in the Applicant's service area are currently in need of substance abuse treatment but are not receiving it. *FF1; FF10-13*

There are only two IOP treatment facilities within a 15-mile radius of Madison; neither facility exclusively treats adults. The inception of the Applicant's IOP program will improve access to treatment not only because its target population is individuals ages 18 and older, but also because it will be the first to offer IOP programs to residents in Madison and the surrounding community. The Applicant states that the implementation of core therapeutic components and clinical strategies will benefit potential clients by lowering the cost of treatment, and improving outcomes such as reduced substance use, improved psychiatric symptoms and functioning, decreased hospitalization, increased housing stability and fewer arrests. *FF5; FF14-17*

In addition to self-referrals, the Applicant will accept clients from residential facilities, group practices, and state and privately funded professional organizations. The Applicant states that its proposal will not reduce or change access to services for Medicaid recipients or indigent persons. Conversely, the Applicant projects that at least 32% of its payer mix will consist of clients covered by Medicaid or Medicare in FY's 2018, 2019 and 2020. Moreover, the Applicant plans to provide services to indigent individuals using a sliding fee or discounted rate.

In order to ensure that access to care will improve for the population currently being served, including the Medicaid population, and that the proposal is consistent with the Statewide Health Care Facilities and Services Plan, OHCA requires that the Applicant agree to take certain actions as stated in the order attached hereto. *FF18; FF20; FF22*



## Order

**NOW, THEREFORE**, the Department of Public Health, Office of Health Care Access (“OHCA”) and Recovery Services of Connecticut, LLC (“Recovery Services” or “Applicant”), through their authorized representatives, hereby stipulate and agree to the following terms of settlement with respect to the Applicant’s request to establish a facility for the care or treatment of substance abusive or dependent persons in Madison, CT:

1. Recovery Services shall provide notification to OHCA of the date of commencement of operations and shall provide a copy of the facility license(s) it has obtained. Such notification shall be provided within thirty (30) days of start of operations.
2. Upon execution of this Agreement, the Applicant shall immediately apply to the Connecticut Department of Social Services and be approved as a Medicaid provider and make all efforts to comply with the requirements of participation. The Applicant shall provide documentation to OHCA evidencing approval of its enrollment application. Such documentation shall be filed within thirty (30) days of approval as a Connecticut Medicaid provider.
3. OHCA and Recovery Services agree that this settlement represents a final agreement between OHCA and Recovery Services with respect to OHCA Docket No. 17-32160-CON. The execution of this agreed settlement resolves all objections, claims and disputes, which may have been raised by Recovery Services with regard to OHCA Docket Number 17-32160-CON.
4. OHCA may enforce this settlement under the provisions of Conn. Gen. Stat. §§ 19a-642; 19a-653 and all other remedies available at law, with all fees and costs of such enforcement to be paid by the Applicant.
5. This settlement shall be binding upon Recovery Services and its successors and assigns.

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

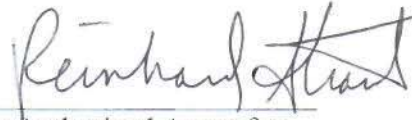


Yvonne T. Addo, MBA  
Deputy Commissioner

9/1/2017

Date

9/1/17  
Date



Duly Authorized Agent for  
Recovery Services of Connecticut, LLC