

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

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



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

Certificate of Need Final Decision

Applicant: Yale New Haven Hospital
789 Howard Avenue,
New Haven, CT 06519

Docket Number: 17-32181-CON

Project Title: Termination of adult and pediatric dental services and oral surgery services at Howard Avenue, New Haven; Dixwell Avenue, Hamden; and Orchard Street, New Haven

Project Description: Yale New Haven Hospital (the "Hospital" or "Applicant") seeks authorization to terminate dental services at 789 Howard Avenue, New Haven, and 2560 Dixwell Avenue, Hamden, and oral surgery services at 330 Orchard Street, New Haven and relocate these services to one consolidated location at 1 Long Wharf, New Haven, which currently houses outpatient pediatric dental services.

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 May 23, 24, and 25, 2017. On, July 25, 2017, the Office of Health Care Access ("OHCA") received the CON application from the Applicant for the above-referenced project and deemed the application complete on September 27, 2017. 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 Addo considered the entire record in this matter.



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Affirmative Action/Equal Opportunity Employer



Findings of Fact and Conclusions of Law

1. Yale New Haven Hospital is a 1,541 bed not-for-profit acute care hospital located in New Haven, Connecticut and a member of the Yale New Haven Health Services Corporation. Ex. A, pp. 10, 12
2. The Applicant currently offers dental treatment and oral surgery for adult and pediatric patients in four dental clinics in New Haven and Hamden.

TABLE 1
APPLICANT'S EXISTING SERVICE LOCATIONS

Service	Street Address, Town
Outpatient Adult Dental Services	789 Howard Avenue, New Haven
	2560 Dixwell Avenue, Hamden
Outpatient Oral Surgery Services	330 Orchard Street, New Haven
Outpatient Pediatric Dental Services	1 Long Wharf Drive, New Haven

Ex. A, p.11

3. The Applicant is proposing to terminate its four adult outpatient and oral surgery locations and consolidate them into one centralized location at 1 Long Wharf Dr. New Haven, which currently houses pediatric dental services. Ex. A, pp.11, 12
4. The same services currently offered at each site will continue to be offered at the centralized location, which the Applicant plans to renovate to accommodate all patients. Ex. A, pp. 11, 12
5. The Hospital anticipates the consolidation will be completed in early FY 2019.¹ Ex. A, pp. 34-36
6. There will be no cessation or reduction of any dental services during the construction, relocation or final consolidation of the dental services. The transition will be phased and timed so all services will be available to the same extent they are available now. Ex. A pp.109-111, 144-145
7. Patients will be notified of the relocation plan and timeline through a direct mailing from the Applicant. Ex. A, p. 107
8. The proposed centralized location is within 8.2 miles of the three current locations. Travel distance from towns served by the consolidated program will vary. On average, 73% of patients will travel a shorter distance, by approximately 2.3 miles. The number of patients and distance between service area towns and the 1 Long Wharf location are shown below:

¹ Fiscal year for the Applicant begins October 1st and ends September 30th.

TABLE 2
SERVICE AREA TOWNS FOR EACH EXISTING DENTAL LOCATION

Service Area Town		1 Long Wharf	YNHH Main Campus (1.8 miles from 1 Long Wharf)	YNHH St. Raphael Campus (2.6 miles from 1 Long Wharf)	Hamden Professional Building (8.2 miles from 1 Long Wharf)
		Pediatric Svc.	Adult Svc.	Oral Surgery	Adult Svc.
Ansonia	Number of Patients	258		146	
	Distance	12.8 miles		9.8 miles	
Branford	Number of Patients	209	161	127	83
	Distance	7.6 miles	7.7 miles	8.1 miles	15.5 miles
Bridgeport	Number of Patients	508	129	1,068	
	Distance	18.5 miles	20.2 miles	18.4 miles	
Cheshire	Number of Patients				121
	Distance	18.1 miles			9.5 miles
Derby	Number of Patients			95	
	Distance	11.6 miles		8.8 miles	
East Haven	Number of Patients	682	186	259	133
	Distance	4.6 miles	4.7 miles	5.1 miles	12.5 miles
Guilford	Number of Patients		55		
	Distance	14.9 miles	15 miles		
Hamden	Number of Patients	1,120	313	380	1,198
	Distance	13 miles	9.6 miles	10 miles	0.7 miles
Milford	Number of Patients	327	100	181	100
	Distance	9.3 miles	11 miles	11.5 miles	15.3 miles
New Haven	Number of Patients	10,607	1,749	2,441	929
	Distance	0 miles	0.8 miles	0.8 miles	9.7 miles
North Haven	Number of Patients	182	98		198
	Distance	9.7 miles	9.7 miles		3.5 miles
Shelton	Number of Patients	97	59		
	Distance	10.4 miles	9.9 miles		
Stratford	Number of Patients	204	81	223	
	Distance	15.4 miles	17.1 miles	17.5 miles	
Trumbull	Number of Patients			137	
	Distance	17.8 miles		16.7 miles	
Wallingford	Number of Patients	203		94	
	Distance	15.1 miles		15.6 miles	
West Haven	Number of Patients	2,274	389	511	308
	Distance	3.4 miles	2.9 miles	5.5 miles	3.6 miles

Ex. A, pp.13-14

9. Currently patients and families must seek care at multiple sites. Families with children cannot coordinate visits at the same location and day, so additional trips are necessary. In addition, adult or pediatric patients requiring a surgical consult cannot receive this care in the same visit as their regular dental appointment. A new patient surgical visit must be scheduled on a separate date, creating multiple trips for patients. Ex. A p.13

10. The proposal is intended to:

- increase efficiency of scheduling appointments by providing care for all family members at one location;
- enhance care management by allowing for same day surgical consults and real time coordination between dental and surgical providers;
- enhance accessibility for patients, as 1 Long Wharf is on a bus route, has free parking and is closer to major highways;
- provide patient access to state-of-the-art equipment and facilities, including specialty panorex and cone-beam x-rays; and
- reduce inefficiencies related to staffing, redundant supplies, equipment and multiple leases.

Ex. A, pp. 13-14, 20

11. Historical utilization volumes are shown in the table below:

**TABLE 3
HISTORICAL UTILIZATION BY SERVICE**

Service	Actual Volume (Last 3 Completed FYs)			CFY Volume
	FY 2014	FY 2015	FY 2016	FY 2017*
Adult Dental Services (New Haven)	4,881	4,788	4,412	4,004
<u>Adult Dental Services (Hamden)</u>	<u>3,612</u>	<u>3,804</u>	<u>4,062</u>	<u>3,976</u>
Adult Dental Services	8,493	8,592	8,474	7,980
Pediatric Dental Services (New Haven)	14,881	20,698	19,065	16,902
Oral Surgery Services (New Haven)	6,996	6,662	7,720	8,302
Total	30,370	35,952	35,259	33,184

*Annualized based on 6 months of data (from Oct 1, 2016 – March 31, 2017).

NOTE: Adult and pediatric volume has fluctuated in recent years due to the program's reliance on dental residents, elevated "no show" rates in the Medicaid/indigent population and increased competition for pediatric Medicaid patients from for-profit dental practices, as pediatric dental services are reimbursed by Medicaid at a higher rate than adult dental services.

Ex. A, p. 26, 33

12. The Applicant anticipates future adult and pediatric dental service volume to remain flat due to new program leadership, which is expected to stabilize the program. Ex. A, p. 26

**TABLE 4
PROJECTED UTILIZATION BY SERVICE FOR 1 LONG WHARF**

Service	Projected Volume			
	FY 2018	FY 2019	FY 2020	FY 2021
Adult Dental Services	7,980	7,980	7,980	7,980
Pediatric Dental Services	16,902	16,902	16,902	16,902
Oral Surgery Services	8,583 ¹	8,865	8,865	8,865
Total	33,465	33,747	33,747	33,747

¹The Applicant anticipates that oral surgery visits will initially increase in FY 18, and then remain relatively flat going forward, due to a new Tricare contract.

Ex. A, p. 33

13. Currently, Medicaid and uninsured patients (which includes self-pay and free care patients) constitute an average of 90% of the payer mix for the four dental locations. In 2016, Medicaid accounted for between 39%-76% of patients, and the uninsured accounted for 15%-51% of patients, depending on the location of the dental services. Ex. A pp. 18, 20, 23

14. There are no anticipated changes to the patient population or payer mix. Medicaid accounts for 74% of the current payer mix at 1 Long Wharf and is projected to be 58% after the consolidation. The uninsured account for 51% of the current payer mix at 1 Long Wharf and is projected to be 32% after the consolidation. This is not a reduction of service to Medicaid or uninsured patients, but rather a reflection of the consolidated location. Ex. A p.14

**TABLE 5
APPLICANT'S CURRENT AND PROJECTED PAYER MIX – 789 HOWARD AVENUE, NEW HAVEN LOCATION**

Payer	Actual FY 2016		Annualized CFY 2017*		Projected FY 2018	
	Vol.	%	Vol.	%	Vol.	%
Medicare*	0	0	0	0	0	0
Medicaid*	1,704	39	1,638	41	1,638	41
CHAMPUS & TriCare	0	0	0	0	0	0
Total Government	1,704	39	1,638	41	1,638	41
Commercial Insurers	480	11	406	10	406	10
Uninsured	2,228	51	1,960	49	1,960	49
Workers Compensation	0	0	0	0	0	0
Total Non-Government	2,708	61	2,366	59	2,366	59
Total Payer Mix	4,412	100	4,004	100	4,004	100

*Annualized based on 6 months of data (from Oct 1, 2016 – March 31, 2017).

Totals may not add up to 100% due to rounding.

The uninsured category includes self-pay and free care patients.

Ex. A, pp. 34-36

TABLE 6
APPLICANT'S CURRENT AND PROJECTED PAYER MIX – 2560 DIXWELL AVENUE, HAMDEN LOCATION

Payer	Actual FY 2016		Annualized CFY 2017*		Projected FY 2018	
	Vol.	%	Vol.	%	Vol.	%
Medicare*	0	0	0	0	0	0
Medicaid*	1,743	43	1,730	44	1,730	44
CHAMPUS & TriCare	0	0	0	0	0	0
Total Government	1,743	43	1,730	44	1,730	44
Commercial Insurers	471	12	476	12	476	12
Uninsured	1,848	45	1,770	45	1,770	45
Workers Compensation	0	0	0	0	0	0
Total Non-Government	2,319	57	2,246	57	2,246	57
Total Payer Mix	4,062	100	3,976	100	3,976	100

*Annualized based on 6 months of data (from Oct 1, 2016 – March 31, 2017).

Totals may not add up to 100% due to rounding.

The uninsured category includes self-pay and free care patients.

Ex. A, pp. 34-36

TABLE 7
APPLICANT'S CURRENT AND PROJECTED PAYER MIX – 1 LONG WHARF, NEW HAVEN LOCATION

Payer	Actual FY 2016		Annualized CFY 2017*		Projected FY 2018	
	Vol.	%	Vol.	%	Vol.	%
Medicare*	0	0	0	0	0	0
Medicaid*	14,438	76	12,448	74	12,448	74
CHAMPUS & TriCare	0	0	0	0	0	0
Total Government	14,438	76	12,448	74	12,448	74
Commercial Insurers	1,797	9	1,560	9	1,560	9
Uninsured	2,830	15	2,894	17	2,894	17
Workers Compensation	0	0	0	0	0	0
Total Non-Government	4,627	24	4,454	26	4,454	26
Total Payer Mix	19,065	100	16,902	100	16,902	100

*Annualized based on 6 months of data (from Oct 1, 2016 – March 31, 2017).

Totals may not add up to 100% due to rounding.

The uninsured category includes self-pay and free care patients.

Ex. A, pp. 34-36

TABLE 8
APPLICANT'S CURRENT AND PROJECTED PAYER MIX – 330 ORCHARD STREET, NEW HAVEN LOCATION

Payer	Actual FY 2016		Annualized CFY 2017*		Projected FY 2018	
	Vol.	%	Vol.	%	Vol.	%
Medicare*	0	0	0	0	0	0
Medicaid*	3,479	45	3,628	44	3,628	42
CHAMPUS & TriCare	0	0	0	0	281	3
Total Government	3,479	45	3,628	44	3,909	45
Commercial Insurers	737	10	430	5	430	6
Uninsured	3,504	45	4,244	51	4,244	49
Workers Compensation	0	0	0	0	0	0
Total Non-Government	4,241	55	4,674	56	4,674	55
Total Payer Mix	7,720	100	8,302	100	8,583	100

*Annualized based on 6 months of data (from Oct 1, 2016 – March 31, 2017).

Totals may not add up to 100% due to rounding.

The uninsured category includes self-pay and free care patients.

Ex. A, pp. 34-36

TABLE 9
APPLICANT'S PROJECTED PAYER MIX (POST CONSOLIDATION) – 1 LONG WHARF, NEW HAVEN LOCATION

Payer	Projected					
	FY 2019**		FY 2020**		FY 2021**	
	Vol.	%	Vol.	%	Vol.	%
Medicare*	0	0	0	0	0	0
Medicaid*	19,444	58	19,444	58	19,444	58
CHAMPUS & TriCare	563	2	563	2	563	2
Total Government	20,007	59	20,007	59	20,007	59
Commercial Insurers	2,872	9	2,872	9	2,872	9
Uninsured	10,868	32	10,868	32	10,868	32
Workers Compensation	0	0	0	0	0	0
Total Non-Government	13,740	41	13,740	41	13,740	41
Total Payer Mix	33,747	100	33,747	100	33,747	100

Totals may not add up to 100% due to rounding.

The uninsured category includes self-pay and free care patients.

Ex. A, pp. 34-36

15. There will be no adverse effect on patient healthcare costs. No facility fees will be imposed, and no changes to the current charity care policy or sliding fee schedule will occur. Ex. A p. 22, Ex. E pp. 87-95

16. The total capital expenditure for the project is expected to be \$2,788,152 and will be funded entirely through cash on hand. The applicant expects to spend approximately \$2,000,000 on renovations and approximately \$500,000 on new equipment to provide a state-of-the-art facility. Ex. A pp. 24, 32

17. The Applicant’s current dental program, including all locations, operates at a financial loss.

**TABLE 10
HISTORICAL INCREMENTAL REVENUES AND EXPENSES**

	FY 2015	FY 2016	FY 2017 ¹
Revenue from Operations	\$4,794,005	\$4,952,773	\$4,404,982
Total Operating Expenses	\$6,763,159	\$6,857,970	\$7,205,121
Gain/Loss from Operations	(\$1,969,154)	(\$1,905,197)	(\$2,800,139)

¹ Annualized based on 10 months of data (from Oct. 1, 2016 – July 31, 2017)
Ex. A. p. 108

18. This financial loss is projected to continue with the CON, but at a reduced rate compared to 2017.

**TABLE 11
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	FY 2018	FY 2019	FY 2020	FY 2021
Revenue from Operations	\$4,442,482	\$4,479,982	\$4,479,982	\$4,479,982
Total Operating Expenses	\$7,239,395	\$6,958,056	\$6,884,489	\$6,884,489
Gain/Loss from Operations	(\$2,796,913) ¹	(\$2,478,074) ²	(\$2,404,507) ³	(\$2,404,507) ⁴

¹ FY 2018 – dental program losses will be reduced by \$3,226 compared to FY 2017.

² FY 2019 – dental program losses will be reduced by \$322,065 compared to FY 2017.

³ FY 2020 – dental program losses will be reduced by \$395,632 compared to FY 2017.

⁴ FY 2021 – dental program losses will be reduced by \$395,632 compared to FY 2017.

Ex. A, p. 109

**TABLE 12
PROJECTED OVERALL GAINS WITH CON**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue from Operations	\$2,817,900,000	\$2,840,600,000	\$2,935,539,936	\$3,024,284,209	\$3,113,104,524
Total Operating Expenses	\$2,710,600,000	\$2,763,900,000	\$2,846,817,000	\$2,932,221,510	\$3,020,188,155
Gain/Loss from Operations	\$107,300,000	\$76,700,000	\$88,722,936	\$92,062,699	\$92,916,369

Ex. A, p. 23, Financial Worksheet A

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. This CON application is consistent with the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2)) (Ex. A. p.17)

21. The Applicant has established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3)) (Ex. A pp. 17-19)

22. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)) (Ex. A pp. 23-25)

23. The Applicant has satisfactorily demonstrated that the proposal will improve quality and accessibility and maintain cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)) (Ex. A pp. 20-21)
24. The Applicant has shown that there would be no change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients. (Conn. Gen. Stat. § 19a-639(a)(6)) (Ex A pp. 21-22)
25. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)) (Ex. A pp.27)
26. The Applicant's historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)) (Ex. A pp. 12, 17-19)
27. The Applicant has satisfactorily demonstrated that the proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)) (Ex. A p. 28)
28. 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)) (Ex. A pp. 21-22)
29. The Applicant has 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)) (Ex. A pp. 27-29)
30. The Applicant has satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or access to care. (Conn. Gen. Stat. § 19a-639(a)(12)) (Ex. A pp. 17, 22, 28)

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, Yale New Haven Hospital, currently offers dental treatment and oral surgery for adult and pediatric patients at four dental clinics in New Haven and Hamden. The Applicant is proposing to consolidate its adult outpatient and oral surgery locations into one centralized location at 1 Long Wharf Drive New Haven. The same services currently offered at each site will continue to be offered at the proposed centralized location. There will be no cessation or reduction of any of the dental services during the construction, relocation or final consolidation of the dental services. *FF1-FF6*

Quality of care will be enhanced as the proposal brings together medical and surgical dental disciplines and promotes collaboration among providers and coordination of care. Currently patients and families must seek care at multiple sites. Families with children cannot coordinate visits at the same location and day, so additional trips are necessary. In addition, adult or pediatric patients requiring a surgical consult cannot receive this care in the same visit as their regular dental appointment. A new patient surgical visit must be scheduled on a separate date, creating multiple trips for patients. With the proposed consolidation, additional trips will no longer be necessary. Families with children and patients needing surgical consults can be seen the same day. In addition, the consolidated location is on a bus route and has free parking. None of the other dental locations have both of these attributes. It is physically more accessible, close to major highways and will give patients access to state-of-the-art equipment and facilities. *FF9-11*

The Applicant will continue to provide dental services that primarily serve Medicaid patients and the indigent population, with no change in cost to patients. While the dental program operates at a financial loss, the Applicant's strong financial position of profitability enables it to absorb these losses. Although this loss is projected to continue, it will be at a reduced rate with CON approval. The project is cost effective, as it reduces redundancies and unnecessary ancillary costs, and is financially feasible for the Applicant. *FF13-FF20*

Based on the foregoing factors, the Applicant has satisfactorily demonstrated that access to and quality of dental care services will be improved for all relevant patient populations, including Medicaid and indigent persons and there will be no change to patient healthcare costs. These benefits are consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application requesting authorization to terminate dental services at 789 Howard Avenue, New Haven, and 2560 Dixwell Avenue, Hamden, and oral surgery services at 330 Orchard Street, New Haven and relocate these services to one consolidated location at 1 Long Wharf, New Haven, which currently houses outpatient pediatric dental services 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



12/18/2017

Date

Yvonne T. Addo, MBA
Deputy Commissioner