



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Rushford Center Inc.

Docket Number: 05-30494-CON

Project Title: Termination of Mental Health Partial Hospital Program / Intensive Outpatient Services Program in Portland and Consolidation of Mental Health Partial Hospital Program / Intensive Outpatient Services Program in Meriden

Statutory Reference: Section 19a-638, Connecticut General Statutes

Filing Date: July 11, 2005

Decision Date: September 13, 2005

Default Date: October 9, 2005

Staff: Ronald A. Ciesones

Project Description: Rushford Center Inc. (“Applicant”) proposes to terminate its mental health Partial Hospital Program (“PHP”) and the Intensive Outpatient Services Program (“IOP”) at 315 Main Street in Portland, Connecticut and consolidate those services into the PHP and IOP at 883 Paddock Avenue, Meriden, Connecticut, at no associated capital expenditure.

Nature of Proceedings: On July 11, 2005, the Office of Health Care Access (“OHCA”) received the Applicant’s Certificate of Need (“CON”) application seeking authorization to terminate its mental health PHP/IOP at 315 Main Street in Portland, Connecticut and consolidate those services into the PHP and IOP at 883 Paddock Avenue, Meriden, Connecticut. The proposal has no associated capital expenditure. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning OHCA's receipt of the Applicant's Letter of Intent ("LOI") was published in the *The Middletown Press*, on June 9, 2005 pursuant to Section 19a-639, C.G.S. OHCA received no comments from the public concerning the Applicant's proposal.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-638, C.G.S. The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Impact of the Proposal on the Applicant's Current Utilization Statistics

Proposal's Contribution to the Quality of Health Care Delivery in the Region

Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Rushford Center, Inc. ("Applicant") is a not for profit facility that provides outpatient mental health services at 315 Main Street in Portland and 883 Paddock Avenue in Meriden. (*July 11, 2005, CON Application, page 2*)
2. The Applicant proposes to terminate its mental health Partial Hospital Program ("PHP") and the Intensive Outpatient Services Program ("IOP") in Portland. The PHP program provides individual therapy, group therapy, and medication management for men and women who are at imminent risk of psychiatric hospitalization. The IOP level of care is provided as a stepdown program for the clients who have been in the PHP. (*July 11, 2005 CON Application, page 8*)
3. The Applicant proposes to consolidate the Portland PHP/IOP into a site at 883 Paddock Avenue, Meriden, where the Applicant already has a PHP/IOP. (*July 11, 2005 CON Application, page 8*)
4. The Applicant's primary service area for the PHP at the Portland site includes the towns of Middletown, East Hartford, Meriden, New Britain, and Portland and the primary service area for the IOP at the Portland site includes the towns of Middletown, Meriden, East Hartford, New Britain, and Wallingford. (*Additional Information received on August 9, 2005*)
5. The primary service area for both the PHP and IOP at the Meriden site includes the towns of Meriden and Wallingford. (*Additional Information received on August 9, 2005*)
6. The Applicant states that both the Portland site and the Meriden site serve similar populations and overlapping service areas. Both locations are licensed by the Department of Public Health as Mental Health Day Treatment and Psychiatric Outpatient Clinics. (*July 11, 2005 CON Application, page 13*)

7. The Applicant states the inefficiencies in providing similar services to the same patient population within 10 miles of each other include redundant administrative staffing, duplicative facility costs and more costly medical coverage. *(July 11, 2005 CON Application, page 13)*
8. Between July 1, 2004 and June 30, 2005, patients living within the Meriden site's primary service area accounted for 80% of admissions for the PHP and 85% for the IOP. *(Additional Information received on August 9, 2005)*
9. The Applicant states the Meriden facility has more space for future program expansion. *(July 11, 2005, CON Application, page 14)*
10. The Applicant states that the majority of patients treated at Portland (51%) will experience no change in time spent traveling to Meriden, 31% will experience a reduction of time spent, and 18% will experience an increase in travel time of no more than 10 minutes. No patient will experience an increase in travel time of more than 10 minutes. *(July 11, 2005 CON Application, page 14)*
11. The Applicant states that the patients from the Portland site will be able to transfer to the Meriden location so their care may remain uninterrupted. Since the Portland staff will also be transferred to Meriden, patients will continue to receive treatment from their established caregivers. *(July 11, 2005 CON Application, page 16)*
12. Patients currently being treated in Portland that do not wish to continue treatment at the Meriden location can seek comparable services at other area providers in the Portland service area at the following locations, Middlesex Hospital, New Britain General Hospital and Hartford Hospital/Institute of Living. *(July 11, 2005 CON Application, page 16 and 17)*
13. The Applicant will continue to offer free transportation if needed to Portland patients who transfer to the Meriden location so they can maintain the same quality of care. *(July 11, 2005 CON Application, page 18)*
14. The Portland PHP and IOP over the last year have had an average daily census of 7.4 and 4.0 patients, respectively. *(July 11, 2005 CON Application, page 13)*
15. The Meriden PHP and IOP over the last year have had an average daily census of 6.1 and 9.5 patients respectively. *(July 11, 2005 CON Application, page 18)*
16. The table below summarizes the number of admissions at the Portland site for both the PHP and IOP from FY 2001 through August 31, 2003. This data is historical data the Applicant received from the previous operator of the program, St. Francis Hospital and Medical Center, after taking over the operation of the program on July 1, 2004. *(July 11, 2005 CON Application, page 29)*

Table 1: PHP Admissions and IOP Admissions from

FY 2001 through August 31, 2003 for the Portland Site

Description	FY 2001	FY 2002	FY 03 (through 8/31/03)
PHP Admissions	395	348	303
IOP Admissions	208	203	214

(July 11, 2005, CON Application, pages 29)

17. The table below summarizes the number of admissions at the Portland site for both the PHP and IOP for FY 2005, the Applicant's first full year of operations:

Table 2: PHP Admissions and IOP Admissions from July 1, 2004 through June 30, 2005 for the Portland Site

Description	7/1/2004 – 6/30/05*
PHP Admissions	200
IOP Admissions	105

**Applicant took over operations of the program on 7/1/04 from St. Francis Hospital & Medical Center (DN: 03-30166) (Additional Information received on August 9, 2005)*

18. The table below summarizes the number of admissions at the Meriden site for both the PHP and IOP from July 1, 2004 through June 30, 2005:

Table 3: PHP Admissions and IOP Admissions from July 1, 2004 through June 30, 2005 for the Meriden site

Description	7/1/2004 – 6/30/05*
PHP Admissions	128
IOP Admissions	147

**Applicant took over operations of the program on 2/1/04 from Midstate Medical Center. (DN:02-M3) There is currently no historical data available from Midstate Medical Center. (Additional Information received on August 9, 2005)*

19. The table below summarizes the projected admissions for the combined programs at the Meriden site for both the PHP and IOP for FY ending 2006 through FY 2008 based on 250 days of service and an average daily census of 17.0. A 3% increase was assumed for FY 2007 and FY 2008. The projected increase in utilization is a conservative management goal based on increases in outreach activities and potential referral sources, as well as higher awareness of the program in the community.

Table 4: Projected Admissions with

**the combined programs in Meriden
 FY 2006 – FY 2008**

FY Ending	FY 2006	FY 2007	FY 2008
PHP Admissions	327	336	346
IOP Admissions	250	258	266

(Additional information received on August 15, 2005 and August 29, 2005)

20. The hours of operation at the proposed consolidated site for the PHP/IOP programs in Meriden will remain 9 a.m. to 2 p.m. Monday through Friday. *(July 11, 2005 CON Application, page 15)*

**Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the
 Applicant’s Rates and Financial Condition
 Impact of the Proposal on the Interests of Consumers of Health Care Services and the
 Payers for Such Services
 Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

21. There are no capital expenditures associated with this project. *(July 11, 2005, CON Application, page 22)*
22. The proposal will allow for a reduction in medical and clinical staffing to save \$69,000 annually, reduced rent expense will save \$28,000 annually and nominal reductions in other duplicative expenses to save \$5,000 annually for a total of \$102,000. *(July 11, 2005, CON Application, page 26)*
23. The Applicant projects a gain from operations of \$200,000 in FY 2006 and \$206,000 in FY 2007. *(July 11, 2005, CON Application, page 107)*
24. The Applicants current payer mix at the Portland site is as follows:

**Table 5: Applicant’s payer mix
 at the Portland site**

Payer Description	Payer %
Medicare	30.4%
Medicaid	32.6%
TriCare	0.0%
SAGA	13.5%
Total Government	76.5%
Commercial Insurers	22.2%
Self Pay	0.3%
Workers Compensation	0.0%
Total Non-Government	22.5%
Uncompensated Care	0.9%
Total Payer Mix	100.0%

(July 11, 2005, CON Application, page 24)

25. The Applicant’s current and projected payer mix for the Meriden location is given in the table below. The Applicant projects that the payer mix will not change in future years.

Table 6: Applicants current and projected payer mix for the Meriden site

Payer	Current Payer Mix	Year 1 Projected Payer Mix	Year 2 Projected Payer Mix	Year 3 Projected Payer Mix
Medicare	58.3%	52.2%	52.2%	52.2%
Medicaid	16.6%	21.7%	21.7%	21.7%
Champus or Tricare	0%	0%	0%	0%
SAGA	0%	4.8%	4.8%	4.8%
Total Government	74.9%	78.7%	78.7%	78.7%
Commercial Insurers	24.8%	20.7%	20.7%	20.7%
Uninsured	.1%	.1%	.1%	.1%
Workers Compensation	0%	0%	0%	0%
Total Non-Government	24.8%	20.9%	20.9%	20.9%
Uncompensated Care	.2%	.4%	.4%	.4%
Total Payer Mix	100%	100%	100%	100%

(July 11, 2005, CON Application page 25)

26. The Applicant states the Medicare/Medicaid payer mix for the consolidated program in Meriden differs from the Portland program because the Portland program has historically served a lower Medicare population than Meriden because of the adult PHP operated by Middlesex Hospital which has served the majority of “dual eligible” patients referred by the local mental health authority, River Valley Services. *(Additional data received on August 29, 2005)*
27. There is no State Health Plan in existence at this time. *(July 11, 2005, CON Application, page 13)*
28. The Applicant has adduced evidence that this proposal is consistent with the Applicant’s long-range plan. *(July 11, 2005, CON Application, page 13)*
29. The Applicant is currently using the application of technology to improve productivity and control costs. *(July 11, 2005, CON Application, page 21)*
30. This proposal will not result in changes to the Applicant’s teaching and research responsibilities. *(July 11, 2005, CON Application, page 22)*
31. There are no distinguishing characteristics of the Applicant’s patient/physician mix that makes the proposal unique. *(July 11, 2005, CON Application, page 20)*
32. *The Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. (July 11, 2005, CON Application, page 21 and Attachment 8)*
33. The Applicants rates are sufficient to cover the proposed operating costs. *(July 11, 2005, CON Application, page 107)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for Certificate of Need (“CON”) proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

Rushford Center Inc. (“Applicant”) proposes to terminate its mental health Partial Hospital Program (“PHP”) and the Intensive Outpatient Program (“IOP”) in Portland and consolidate those services with the PHP and IOP programs at their Meriden location. The Applicant has based the need to terminate the two programs on the inefficiencies of providing similar services to the same patient population within 10 miles of each other. The inefficiencies are redundant administrative staffing, duplicative facility costs and more costly medical coverage. On an annual basis the proposal will allow the Applicant to save \$69,000 on staffing, \$28,000 on rent expense and \$5,000 on other duplicative expenses, for a total of \$102,000 on an annual basis.

All of the patients currently treated in Portland will be able to transfer to the Meriden location to continue their care uninterrupted with the same caregivers since the Portland staff will also be transferred to the Meriden location. The Applicant will continue to offer free transportation, if needed, to Portland patients who transfer to the Meriden location. Patients who do not wish to go to the Meriden location, can seek comparable services at a location near Portland, in such places as Middlesex Hospital, New Britain General Hospital and Hartford Hospital/Institute of Living.

Based on the above, OHCA finds that the Applicant has demonstrated that the termination of the PHP/IOP in Portland and the expansion of PHP/IOP in Meriden will continue to provide patients with access to quality PHP/IOP services in the region.

There is a projected increase in utilization of 3% which is a conservative management goal based on increases in outreach activities and potential referral sources, as well as a higher awareness of the program in the community. The proposal is financially feasible as there is no associated capital expenditure. The Applicant projects a gain from operations of \$200,000 in FY 2006 and \$206,000 in FY 2007. The Applicant’s volume and financial projections upon which they are based appear to be reasonable and achievable, therefore the CON proposal will not adversely impact the interests of consumers and payers of such services.

Based on the foregoing Findings and Rationale, the Certificate of Need Application of Rushford Center Inc. to terminate its mental health Partial Hospital Program (“PHP”) and the Intensive Outpatient Services Program (“IOP”) at 315 Main Street in Portland, Connecticut and consolidate the PHP and IOP, at 883 Paddock Avenue, Meriden, Connecticut, at no associated capital expenditure is hereby GRANTED.

Order

Rushford Center Inc. is hereby authorized to terminate its mental health Partial Hospital Program (“PHP”) and the Intensive Outpatient Services Program (“IOP”) at 315 Main Street in Portland, Connecticut and consolidate the PHP and IOP, at 883 Paddock Avenue, Meriden, Connecticut, at no associated capital expenditure, subject to the following conditions:

1. This authorization shall expire on September 13, 2006. Should the termination of services in Portland and the consolidation of services in Meriden not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant will continue to offer free transportation to all patients who would have been served at the Portland location for one year after implementation of the project.

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

By Order of the
Office of Health Care Access

September 13, 2005

Signed by Cristine A. Vogel
Commissioner

CAV: rac