



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Natchaug Hospital, Inc.

**Docket Number:** 02-583

**Project Title:** Girls Residential Treatment Center

**Statutory Reference:** Sections 19a-638 and 19a-639, Connecticut General Statutes

**Filing Date:** May 9, 2003

**Decision Date:** June 9, 2003

**Default Date:** August 7, 2003

**Staff:** Paolo Fiducia

**Project Description:** Natchaug Hospital (“Hospital”) proposes to establish a Girls Treatment Center at 189 Storrs Road, Mansfield Center, Connecticut at a total capital expenditure of \$2,979,062.

**Nature of Proceeding:** On May 9, 2003, the Office of Health Care Access (“OHCA”) received the Hospital’s Certificate of Need (“CON”) application seeking authorization to establish a 16-bed Residential Treatment Center for adolescent girls at 189 Storrs Road, Mansfield Center, Connecticut at a total capital expenditure of \$2,979,062. The Hospital is a health care facility or institution as defined by Section 19a-630, of the Connecticut General Statutes (“C.G.S.”).

The Hospital requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA's Regulations and claimed that the proposal was non-substantive as defined in Section 19a-643-95(3) of OHCA's Regulations. A notice to the public was published on May 12, 2003 in *The Chronicle (Willimantic)*. OHCA received no comments concerning the Hospital's request for waiver of public hearing during the public comment period and therefore, on June 3, 2003, OHCA granted the Hospital's request for waiver of public hearing.

OHCA's authority to review and approve, modify or deny this proposal is established by Sections 19a-638 and 19a-639, 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

*Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings. A source reference is included with each finding of fact. All CON Applicants must attest to the accuracy and correctness of the information submitted to OHCA as part of the CON application process.*

### Clear Public Need

#### Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region Impact on the Applicant's Current Utilization Statistics

1. Natchaug Hospital ("Hospital") is a 60 bed, not for-profit Hospital for Mentally Ill Persons, located at 189 Storrs Road, Mansfield Center, Connecticut. (*May 9, 2003, CON Application, page 1*)
2. In addition to the inpatient program, the Hospital provides partial hospital and intensive outpatient programs in various satellite locations throughout eastern Connecticut. (*December 12, 2002, Letter of Intent, page 7*)
3. The Hospital proposes to establish a Girls Residential Treatment Center for adolescent girls at 189 Storrs Road, Mansfield Center, Connecticut. The proposed 16 beds residential treatment center will provide mental health and substance abuse services to girls committed to the care of DCF by the Juvenile Court. (*December 12, 2002, Letter of Intent, page 5*)
4. The target population for the proposal consists of girls 13-17 years of age who are committed to the care of DCF by the Juvenile Court, and who require mental health treatment in a secure residential treatment setting. (*December 12, 2002, Letter of Intent, page 5*)

5. The proposed 16-bed unit will consist of 16 single bedrooms in a new two-story building located on the Natchaug Hospital campus. *(May 7, 2003, CON Application, page 11)*
6. The service area for the proposed program will be the entire State of Connecticut. *(December 12, 2002, Letter of Intent, page 2)*
7. The need for the proposed program is based on the following:
  - Improved patient accessibility and continuity of care for DCF clients;
  - The closing of Long Lane School on February 28, 2003 has exacerbated the need for secure treatment; and
  - Reports issued by the Child Advocate and by the Court Support Services Division of the State of Connecticut Judicial Branch document the mental health and substance abuse treatment needs of girls involved with the Juvenile Court. *(May 7, 2003, CON Application, page 2)*
8. DCF has identified a statewide need for 30 secure residential treatment beds for the target population. *(May 7, 2003, CON Application page 2)*
9. The Hospital has been awarded a grant from DCF for the construction and operation of the proposal. *(May 7, 2003, CON Application, page 107)*
10. The Hospital's estimates approximately 24-32 admissions per year to the program, based on an average of 6-9 month length of stay. *(May 7, 2003, CON Application, page 2)*
11. The only comparable program in the state is Stepping Stone which is located in Waterbury. *(May 7, 2003, CON Application, page 3)*
12. The Hospital's for FYE 9/30/04 estimates 2,413 days of residential treatment. In FY 05 and FY 06 estimated days are 5,548. The Hospital anticipates an average daily census of 15.2 patients. *(May 7, 2003, CON Application, page 3)*
13. The anticipated schedule of the proposal is as follows:

**Table 1: Project Schedule**

<b>Activity</b>	<b>Date</b>
Commencement	July, 2003
Completion	April 2004
DCF Licensure	April, 2004
Operations Date	April, 2004

*(May 7, 2003 CON Application, page 12)*

**Financial Feasibility 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 Payers for Such Services**

14. The proposed total capital expenditure is \$2,979,062 which breaks down as follows:

**Table 2: Capital Expenditure**

<b>Component</b>	<b>Cost</b>
Construction and Renovation	\$2,877,302
Non-Medical Equipment (Purchase)	101,760
<b>Total Capital Expenditures</b>	<b>\$2,979,062</b>

*(May 7, 2003 CON Application, page 10)*

15. A grant award from DCF funds the total project costs. The State Bond Commission approved the funding of the capital cost at its meeting of September 27, 2002. *(May 7, 2003, CON Application, page 14)*
16. The Hospital will hire 23.05 Full-Time Equivalents ("FTEs") in FY 2004 and 41.66 FTEs in FY 2005. *(May 7, 2003, CON Application, Financial Projections)*
17. DCF will be the sole payer for services provided at the Girls Residential Treatment Center. *(May 7, 2003, CON Application, page 15)*
18. The Hospital projects incremental excess revenues of \$230,897 and \$406,543 for FYs 2004 and 2005 due to the proposal. *(May 7, 2003, CON Application, page 14)*

**Consideration of Other 19a-637, C.G.S.  
Principles and Guidelines**

The following findings are made pursuant to other principles and guidelines set forth in Section 19a-637, C.G.S.:

19. There is no State Health Plan in existence at this time. *(May 7, 2003, CON Application, page 1)*
20. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(May 7, 2003, CON Application, page 1)*
21. The Hospital has improved productivity and contained costs through group purchasing and the application of technology. *(May 7, 2003, CON Application, page 7)*

22. The Hospital currently does not have teaching or research responsibilities. *(May 7, 2003, CON Application, page 7)*
23. The distinguishing characteristic of the Hospital's patient/physician mix is that it provides a continuum of service for court involved adolescents who require behavioral health services. *(May 7, 2003, CON Application, page 8)*
24. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(May 7, 2003, CON Application, page 5)*

## **Rationale**

The proposal is based on the need to improve patient access and continuity of care for adolescent girls who are committed to the care of Department of Children and Families ("DCF") by the Juvenile Court. DCF has identified a statewide need for 30 secure residential treatment beds for this population. The recent closing of Long Lane School has exacerbated the need for secure treatment settings for this population. Reports issued by the Child Advocate and by the Court Support Services Division of the State of Connecticut Judicial Branch document the mental health and substance abuse treatment needs of girls involved with the Juvenile Court. Natchaug Hospital ("Hospital") has developed an expertise in providing a continuum of services for court involved adolescents who require behavioral health services. The proposed 16-bed residential treatment center will be fully funded by a grant award from DCF. The Hospital estimates approximately 24-32 admissions per year to the program, based on an average of 6-9 month length of stay. The Hospital's proposal meets a critical need identified by the Department of Children and Families will contribute in a favorable way to the quality and accessibility of health care delivery in the region.

The proposal is financially feasible. The total capital expenditure of \$2,979,062 will be funded through a grant award from DCF. The Hospital will hire 23.05 FTEs in FY 2004 and 41.66 FTEs in FY 2005. DCF will be the sole payer for services offered by this program. The Hospital projects excess revenues of \$230,897 and \$406,543 for FYs 2004 and 2005 incrementally due to the project. If volume projections are achieved, the Hospital's rates and net revenue will be sufficient to cover the operating costs associated with the project. OHCA concludes that the CON proposal is both financially feasible and cost-effective. Therefore, the CON proposal is in the best interests of consumers and payers.

Based upon the forgoing Findings of Fact and Rationale the Certificate of Need application of Natchaug Hospital, Inc. to establish a Girls Residential Treatment Center located at 189 Storrs Road, Mansfield Center, Connecticut at a total capital expenditure of \$2,979,062, is hereby GRANTED.

## ORDER

Natchaug Hospital, Inc. is hereby authorized to establish a Girls Residential Treatment Center located at 189 Storrs Road, Mansfield Center, Connecticut at a total capital expenditure of \$2,979,062, subject to the following conditions:

1. This authorization shall expire on April 5, 2005, unless the Hospital presents evidence to OHCA that the 16-bed unit has commenced operation by that date.
2. The Hospital shall not exceed the approved capital expenditure of \$2,979,062. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised project budget.
3. The Hospital's total bed capacity shall not exceed 76 licensed beds, which consists of 60 Hospital for Mentally Ill Persons beds, and 16 Residential Treatment Center beds.

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

Date signed:  
June 9, 2003

Signed by:  
Mary M. Heffernan  
Commissioner

MMH/pf  
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