



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Vista Partners, LLC

**Docket Number:** 07-30928-CON

**Project Title:** Establishment of an Alcohol and Drug Treatment Center in Sharon

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

**Filing Date:** July 20, 2007 (30 day extension)

**Decision Date:** December 5, 2007

**Default Date:** December 13, 2007

**Staff Assigned:** Paolo Fiducia

**Project Description:** Vista Partners, LLC (“Applicant or Vista”) is proposing to establish an alcohol and drug treatment center in Sharon, with an associated capital expenditure of \$13,908,000.

**Nature of Proceedings:** On July 20, 2007, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Vista Partners, LLC (“Applicant”) proposing to establish an alcohol and drug treatment center in Sharon, with an associated capital expenditure of \$13,908,000. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA’s receipt of the Applicant’s CON application was published in the *Waterbury Republican American*, Waterbury, on March 3, 2007. OHCA received no responses from the public concerning the Applicant’s proposal. Pursuant to Section 19a-638, C.G.S., three individuals or an individual representing an entity with five or more people had until October 5, 2007, the twenty-first calendar day following the filing of the Applicant’s CON Application, to request that OHCA

hold a public hearing on the Applicant's proposal. OHCA received no hearing requests from the public by October 5, 2007.

OHCA's authority to review and approve, modify or deny the CON application 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. Vista Partners, LLC ("Applicant or Vista") is a for profit organization that seeks to establish an alcohol and drug treatment center at 40 Jackson Hill Road, Sharon, Connecticut. *(February 21, 2007, Letter of Intent, page 2)*
2. The Applicant proposes to offer 24 Intermediate and Long Term Treatment and Rehabilitation Beds and operate in accordance with the provisions of the General Statutes of Connecticut Section 19a-493 as a Facility for the Care or Treatment of Substance Abusive or Dependent Persons. *(February 21, 2007 Letter of Intent, page 5)*
3. The population to be served at the proposed facility includes Connecticut residents with the following characteristics:
  - Adults 18 and over (male and female);
  - History of alcohol or drug abuse or dependency; and
  - High level professional or person with a public role and/or a family member.*(July 20, 2007 Initial CON Application Submission, page 17)*
4. The facility is intended to serve individuals whose public visibility, wealth and or/public and/or social position make it virtually impossible for them to begin a successful recovery in the existing traditional residential treatment settings. *(February 21, 2007, Letter of Intent, page 5)*
5. The Applicant based the need for the proposal on the following:
  - Substance and alcohol abuse/dependency is a significant health problem in Connecticut;
  - Substance and alcohol abuse/dependency among certain professionals (e.g. physicians, attorneys, financial services executives) is a significant health problems; and
  - There are no small residential alcohol and drug treatment facilities in Connecticut that offer extremely private, discreet and individualized programs for substance abusing professionals, public officials, and other residents.*(July 20, 2007 Initial CON Application Submission, page 13)*

6. According to the 2004-2005 National Survey on Drug Use and Health, in Connecticut, 10.28% of the population had a dependency or abuse of illicit drugs or alcohol. The national prevalence rate was 9.25% and the rate in the Northeast was 8.94%. *(July 20, 2007, Initial CON Application Submission, page 9)*
7. The Office of National Drug Control Policy published in its Drug Policy Information Clearinghouse (June 2006) for the State of Connecticut the following facts about drug use and availability:
  - Cocaine is widely abused in Connecticut;
  - Demand for heroin is increasing dramatically in the state and is easily accessible and selling at low prices and high-purity levels;
  - MDMA (Ecstasy) is readily available and abused in Connecticut and is a popular drug among college aged residents;
  - Prescription drug abuse is also a problem in Connecticut;
  - There were a total of 48,218 admissions in 2004 to drug/alcohol treatment in Connecticut (up from 45,749 in 2003), and
  - Approximately 79,000 residents reporting needing but not receiving treatment for illicit drug use within the past year.*(July 20, 2007 Initial CON Application Submission, page 9)*
8. The Applicant provided evidence of the significant health problem among certain professionals who have high pressure careers such as physicians, attorneys, and financial services professionals, as follows: substance abuse among physicians is about 10%, 18% and 20% of attorney suffer from alcoholism, and 10% abuse among financial service professionals. *(July 20, 2007, Initial CON Application Submission, page 10)*
9. Currently there are no alcohol and substance abuse facilities in Connecticut that are geared toward high profile professionals with substance abuse problems who require a small, discreet and very private treatment facility. *(July 20, 2007 Initial CON Application Submission, page 10)*
10. The Applicant states that the proposed facility will offer substance abuse rehabilitation care with treatment plans that incorporate nationally accepted addiction treatment modalities but will also focus on its clients' professional situations and backgrounds, individual burdens brought on by unique social backgrounds, and family relationships. Given the relatively small size of the proposed facility, significant time will be spent on each client's individual circumstances and treatment will be tailored to their specific situation and needs. *(July 20, 2007 Initial CON Application Submission, page 13)*
11. The facility in Sharon is being proposed by the founders and current leadership team of Mountainside Foundation. Mountainside Foundation is a non-profit organization licensed as a facility for the care or treatment of substance abusive or dependent persons located in Canaan, Connecticut. *(July 20, 2007 Initial CON Application Submission, page 11)*

12. The Applicant states that while the proposed facility will have the same licensure as Mountainside and will offer many of the services provided by Mountainside, it will differ in the following ways:
- The proposed facility will be smaller. Mountainside has 66 licensed beds and the proposed facility will have 24;
  - The proposed facility will be more private and intimate; and
  - The proposed facility will offer individualized care and appropriate programs that will address the professional and social characteristics of the clients and offer a peer group for clients with specific careers (e.g. physicians, attorneys, senior business executives). *(September 14, 2007, Supplemental CON Material, page 3)*
13. The proposed facility will employ certified and/or licensed counselors and will have a counselor to client ratio of three to one. *(July 20, 2007 Initial CON Application Submission, page 12)*
14. The Applicant states that currently many Connecticut physicians, attorneys and executives must travel to the West Coast for the services they require. There is only one facility in the Northeast, the McLean Center at Fernside located in Boston, Massachusetts which is somewhat similar to the proposed Sharon facility. However, Fernside only has 10 beds and also focuses on clients with psychiatric problems as well as substance abuse. *(July 20, 2007 Initial CON Application Submission, page 16)*
15. The proposed facility will serve clients from throughout the State of Connecticut as well as surrounding states. *(July 20, 2007 Initial CON Application Submission, page 17)*
16. Since the proposed facility is a residential service, the hours of operation would be twenty four hours per day, seven days per week, and 365 days per year. *(July 20, 2007 Initial CON Application Submission, page 19)*
17. The Applicant in Attachment I provided a list of existing providers. Many of the facilities listed are psychiatric facilities and serve patients with co-existing psychiatric and substance abuse problems. *(July 20, 2007 Initial CON Application Submission, page 20)*
18. The following table shows the projected number of admissions for Connecticut residents to the proposed facility for the first three years of operation:

**Table 1: Number of projected Connecticut Residents admitted for the first three years\***

	Year 1	Year 2	Year 3
Connecticut Residents Admitted	77	123	185

*(July 20, 2007 Initial CON Application Submission, page 22)*

\*The projected volumes were developed based on the following assumptions/calculations:

CT 18+ Population (05 est) <sup>1</sup>	2,563,861
Estimate of Population with Household Income \$200K+(6%) <sup>2</sup>	153,832
# with drug/alcohol abuse/dependency problem <sup>3</sup>	15,383
# appropriate for inpatient rehabilitation Rx <sup>4</sup>	2,769
Target population for proposed facility <sup>5</sup>	1,538
# Individuals Served in Year 1 (5%)	77
# Individuals Served in Year 2 (8%)	123

# Individuals Served in Year 3 (12%)	185
<i>Notes</i>	
<sup>(1)</sup> CT population estimated (2005) as per US Census Bureau	
<sup>(2)</sup> As per US Census Bureau, 2005 (6.2%)	
<sup>(3)</sup> As per SAMHSA estimated of 10%	
<sup>(4)</sup> Calculated % of CT residents that sought inpatient RX for substance abuse (48,218 admissions as per the NSDUH divided by CT substance abusing population (15+) = 2,713,739*10% = 18%)	
<sup>(5)</sup> Estimated potential target population to be 10% of total	
Total substance abusing population-conservative estimate	
Capture rates in years 1-3 projected to be 5%, 8% and 12% respectively.	

19. The Applicant also states that the bed need for the estimated number of physicians, attorneys and executives with substance abuse and in need of residential care is between 22 and 29 beds based on the assumptions below:

- Estimated range of CT employed physicians, attorneys, chief executives and financial specialists with substance abuse and in need of residential treatment is between 270 and 347\*;
- Average length of stay=30 days;
- Total beds days for this population ranges between 8,100 and 10,410 bed days; and
- Total beds required for above bed days=22 to 29 (8,100/365 and 10,410/365)  
 (August 14, 2007, Supplemental CON Material, page 2)

\*Note: According to the Connecticut Department of Public Health and the Department of Labor statistics:

- # of active licensed Physicians 15,000
- # of Employed lawyers 7,700
- # of Chief Executive 2,720
- # of Financial Specialist 1,620
- TOTAL 27,040

Possible number of CT employed individuals with Alcohol/Substance Abuse if 10% rate is utilized = 2,704.  
 Possible number of CT employed individuals with Alcohol/Substance Abuse if 20% rate is utilized for lawyers and 10% rate for others = 3,474. If one assumes that 10% of the total substance abusing population above requires residential treatment then there are between 270 and 347 employed physicians, lawyers, Chief Executives and Financial Specialists that may need the proposed service.

20. The Applicant states that in the event that a client is determined not appropriate for the level of care delivered at Vista, they will be referred to an alternative level of care (e.g. inpatient psychiatric facility/unit, acute care hospital emergency room, detoxification center, specialty center for eating disorder, etc.). All referrals will be done in conjunction with the referring physician or practitioner and the client and will be based on a client's specific needs and condition. (August 31, 2007, Supplemental CON Material, page 2)

21. The Applicant indicated that clients of the proposed facility will be referred to many of the same providers that currently accept referrals from Mountainside for inpatient psychiatric care and for detoxification. (August 31, 2007, Supplemental CON Material, page 3)

22. The Applicant states that the proposed facility will not be licensed to provide detoxification services and opiate replacement therapy. (August 31, 2007, Supplemental CON Material, pages 3 & 4)

23. The table below summarizes the total projected admissions for the first three years and what percent of the projected admissions are expected to be Connecticut residents. Out of state admissions represent the difference between the projected total admissions and those from Connecticut:

**Table 2: Total number of projected admissions for the first three years\***

Vista Partners			
CT vs. Out of State Admissions (Years 1 – 3)			
	Year 1	Year 2	Year 3
Total Beds	24	24	24
Total Available Bed Days	8,760	8,760	8,760
Projected Total Occupancy	40%	60%	80%
Projected Bed Days	3,504	5,256	7,446
Projected Total Admissions	117	175	248
Connecticut Admissions	77	123	185
Out of State Admissions	40	52	64
% of Admissions from CT	66%	70%	74%

(September 14, 2007, Supplemental CON Material, page 2)

\*Note: the following are the assumptions used for the above table.

Mathematical Calculations for the Above Table	
Total Beds	Determined number of beds by Applicant
Total Available Bed Days	Number of beds multiplied by 365 days in a year i.e. (24*365)
Projected Total Occupancy	Projected occupancy rates estimated by Applicant
Projected Bed Days	Total available bed days multiplied by occupancy rate i.e. in Year 1: (8,760*.4) = 3,504 projected bed days
Projected Total Admissions	Total projected bed days divided by average length of stay (30 days) i.e. in Year 1: (3,504/30) = 117 admissions
Connecticut Admissions	Determined by need methodology for Connecticut residents as described on finding of fact #18
Out of State Admissions	Difference between CT admissions and projected total admissions i.e. in Year 1: 117 total admissions minus 77 CT admissions = 40
% of Admissions from CT	Projected CT admissions divided by Projected total admissions i.e. in Year 1: 77/117 = 66%

24. The Applicant states that the decision to build a 24 bed facility was based on the following factors:

- Since the target population is professional and high profile individuals, it is critical that the facility be relatively small and very private;
- A complement of 24 beds with 12 beds on each floor and each floor divided into two units of 6 beds, this will facilitate staffing, conducting small group activities and offering sufficient privacy when needed; and

- The principals of Vista Partners worked closely with local building and zoning officials in Sharon and received support and ultimately full zoning approval for a 24 bed facility.  
(August 14, 2007, Supplemental CON Material, page 2)

**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**

25. The total capital expenditure of \$13,908,000 for the proposal consists of the following components:

**Table 3: Total Proposed Capital Expenditure**

Component	Cost
Non-Medical Equipment (Purchase)	\$1,093,000
Land/Building (Purchase)	\$6,850,000
Construction/Renovation	\$5,965,000
<b>Total Capital Expenditure</b>	<b>\$13,908,000</b>

(July 20, 2007 Initial CON Application Submission, page 29)

26. The Applicant has provided as Attachment XXI the Real Estate Appraisal Summary for the proposed property. (July 20, 2007, Initial CON Submission, page 243)

27. The proposed facility will consist of 25,000 square feet of new construction and 14,000 square feet of renovation. New construction involves two structures. The first structure will be a 15,000 square foot, two-story building which will house the 24 beds, dining facilities, treatment spaces, general meeting hall, etc. The second building to be constructed is a 10,000 square foot exercise facility which will include a gym, running track, basketball court, and indoor pool. Renovations will be performed on the existing Manor House and will involve approximately 13,000 square feet. The Manor House will be used for administrative offices and other support functions. (July 20, 2007, Initial CON Submission, page 29)

28. Private investment and loan financing will be applied to capital costs, working capital and other start-up expenses. The Applicant has provided letters from a bank and from a private investment firm regarding the total capital expenditure. (July 20, 2007, Supplemental CON Material, page 32)

29. The Applicants project incremental revenue from operations, total operating expenses and loss/gain from operations associated with the first three years of operating the proposed fixed-based service as follows: (July 20, 2007, Initial CON Application Submission, page 250)

**Table 4: Incremental Financial Projections for Operating Years 1 through 3**

Description	Year 1	Year 2	Year 3
Incremental Revenue from Operations	\$3,811,500	\$6,268,080	\$9,379,500
Incremental Total Operating Expenses	\$4,565,604	\$6,249,494	\$8,167,583
<b>Incremental (Loss)/Gain from Operations</b>	<b>(\$754,104)</b>	<b>\$18,586</b>	<b>\$1,211,918</b>

30. There is no State Health Plan in existence at this time. *(July 20, 2007, Initial CON Submission, page 2)*
31. The Applicant states that the proposal is consistent with its long-range plan. *(July 20, 2007, Initial CON Submission, page 2)*
32. The Applicant's proposal does not exist at this time, therefore improvement to productivity and containment of costs are not applicable. *(July 20, 2007, Initial CON Submission, page 27)*
33. The Applicant does not have any teaching and research responsibilities. *(July 20, 2007, Initial CON Submission, page 27)*
34. The Applicant's projected payer mix for the proposed facility is as follows: *(July 20, 2007, Initial CON Submission, page 32)*

**Table 5: Three-Year Projected Payer Mix with the CON Proposal**

<b>Payer Mix</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Medicare	0%	0%	0%
Medicaid	0%	0%	0%
<b>Total Government</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Commercial Insurers	0%	0%	0%
Self-Pay	100%	100%	100%
<b>Total Non-Government</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total Payer Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

35. The initial monthly rate will be \$50,000, however, clients will be charged by the day (\$1,666 per day). *(July 20, 2007, Initial CON Submission, page 34)*
36. The Applicant's staff will provide sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(July 20, 2007, Initial CON Submission, page 25)*



## 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.

Vista Partners, LLC (“Applicant or Vista”) is a for profit organization that seeks to establish an alcohol and drug treatment center at 40 Jackson Hill Road, Sharon, Connecticut. The facility is intended to serve individuals whose public visibility, wealth and or/public and/or social position make it virtually impossible for them to begin a successful recovery in the existing traditional residential treatment settings. The proposed facility will have 24 Intermediate and Long Term Treatment and Rehabilitation Beds. The population to be served will be adults 18 and over (male and female), clients with a history of alcohol or drug abuse or dependency, and high level professionals or persons with a public role and /or a family member. The proposed facility will offer substance abuse rehabilitation care with treatment plans that incorporate nationally accepted addiction treatment modalities but will also focus on its clients’ professional situations and backgrounds, individual burdens brought on by unique social backgrounds, and family relationships.

According to the following literature “Physician Impairment by Substance Abuse, Information about Connecticut Society’s peer review program, Substance Abuse Chemical Dependency Concern in the Legal Profession, Literature about substance abuse among attorneys, and Wall Street’s Undertow Drugs and Anxiety”, substance abuse among physicians and financial service professionals is about 10%, and 18% and 20% of attorneys suffer from alcoholism. According to the Connecticut Department of Public Health and the Department of Labor there are a total of 27,040 active licensed physicians, employed lawyers, chief executives, and financial specialists. Based on the above percentages the need of residential treatment is between 270 and 347 patients. There are no small residential alcohol and drug treatment facilities in Connecticut that offer extremely private, discreet and individualized programs for substance abusing professionals, public officials, and other residents. Patients currently must travel to the West Coast or locally to the McLean Center at Fernside in Boston to receive the required services. Based on the foregoing reasons, OHCA finds that the Applicant has provided sufficient evidence to substantiate the need for the proposed facility and that the proposal will improve the quality and accessibility of substance and alcohol abuse/dependency patients in the greater Sharon area.

The total capital expenditure for the CON proposal is \$13,908,000. Private investment and loan financing will be applied to capital costs, working capital and other start-up expenses. The Applicant projects an incremental loss from operations of (\$754,104) in Year 1 and incremental gains from operations of \$18,586 and \$1,211,918 in Year 2 and Year 3. Although OHCA can not draw any conclusions the Applicant’s volume and financial projections upon which they are based appear to be reasonable and achievable.

## Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Vista Partners, LLC to establish an alcohol and drug treatment center at 40 Jackson Hill Road, Sharon, at a total capital expenditure of \$13,908,000, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire on December 5, 2009. Should the Applicant's proposal not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved total capital expenditure of \$13,908,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall notify OHCA immediately.
3. The Applicant shall notify OHCA in writing of the commencement date of the proposed facility by no later than one month after the commencement date.
4. If Vista Partners, LLC proposes to terminate and/or add any services or programs, it shall file with OHCA a Letter of Intent.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

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

*Signed by Commissioner Vogel on December 5, 2007*

\_\_\_\_\_  
Date

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Cristine A. Vogel  
Commissioner

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