



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Greenwich Hospital

Docket Number: 07-30940-CON

Project Title: Purchase of Five Parcels of Land Adjacent to Property Owned by Greenwich Hospital

Statutory Reference: Section 19a-639, Connecticut General Statutes

Filing Date: May 7, 2007

Decision Date: May 31, 2007

Default Date: August 5, 2007

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Project Description: Greenwich Hospital ("Hospital") proposes to purchase five parcels of land, adjacent to property owned by the Hospital, at an estimated total capital expenditure of \$11,680,000.

Nature of Proceedings: On May 7, 2007, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of Greenwich Hospital seeking authorization to purchase five parcels of land, adjacent to property owned by the Hospital, at an estimated total capital expenditure of \$11,680,000. The Hospital 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 Hospital's Letter of Intent was published on April 26, 2007, in the *Greenwich Times*. OHCA received no responses from the public concerning the Hospital's proposal.

Pursuant to 19a-639, three individuals or an individual representing an entity with five or more people had until May 28, 2007, the twenty-first calendar day following the filing of

the Hospital's CON Application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public by May 28, 2007.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 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

Clear Public Need

Impact of the Proposal on the Hospital'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. Greenwich Hospital ("Hospital") is located at 5 Perryridge Road, Greenwich, Connecticut. *(May 7, 2007, CON Application, page 1)*
2. The Hospital is proposing to purchase five parcels of land, located at 11, 15, 19, 33, and 35 William Street, Greenwich, which are located across the street from the Hospital and adjacent to other parcels owned by the Hospital. *(May 7, 2007, CON Application, page 11)*
3. The Hospital is in a highly developed area and does not have any ability for additional facility growth on the property currently owned by the Hospital. *(May 7, 2007, CON Application, pages 3 and 11)*
4. By purchasing the five parcels of land, the Hospital will have a large contiguous piece of property located next to the Hospital available for future expansion. *(May 7, 2007, CON Application, page 11)*
5. The Hospital does not presently have the need for additional land for expansion and at this time does not plan any additional health care service or project that would require additional property. *(May 7, 2007, CON Application, pages 11 and 144)*
6. The five parcels of land are currently available from one owner at a fair market value. *(May 7, 2007, CON Application, page 11)*
7. There would be no impact on the interests of consumers of healthcare services and the payers of such services as a result of the proposed land purchase. *(May 7, 2007, CON Application, pages 8 and 144)*
8. The Hospital proposes to acquire and bank the parcels of land so that they will be available, if the Hospital has a need for them, in the long-term future. *(May 7, 2007, CON Application, page 144)*

9. In the short term, the Hospital may use the multi-unit residential properties located on each parcel of land as housing for hospital employees. *(May 7, 2007, CON Application, pages 11 and 144)*
10. The Hospital views this purchase as an prudent investment of resources due to the high cost of real estate in the area and the significant appreciation of real estate values over the past few years, *(May 7, 2007, CON Application, page 144)*

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

11. The CON proposal has a total capital expenditure of \$11,680,000, which will be financed entirely through Hospital operating funds. *(May 7, 2007, CON Application, page 6)*
12. The Hospital projects incremental gains from operations related to the proposal of \$27,000 for FY 2007, \$112,000 for FY 2008 and \$116,000 for FY 2009. *(May 14, 2007, Additional Information Filed by the Hospital Revising CON Application Attachment 8)*
13. The Hospital's current and three year projected payer mix is as follows: *(May 7, 2007, CON Application, page 7)*

Table 1: Current and Three-Year Projected Payer Mix with the CON Proposal

Payer Mix	Current Payer Mix	Year 1	Year 2	Year 3
Medicare	29.7%	29.7%	29.7%	29.7%
Medicaid	1.4%	1.4%	1.4%	1.4%
Total Government	31.1%	31.1%	31.1%	31.1%
Commercial Insurers	62.2%	62.2%	62.2%	62.2%
Uninsured	4.8%	4.8%	4.8%	4.8%
Workers Compensation	1.9%	1.9%	1.9%	1.9%
Total Non-Government	68.9%	68.9%	68.9%	68.9%
Total Payer Mix	100%	100%	100%	100%

14. There is no State Health Plan in existence at this time. *(May 7, 2007, CON Application, page 3)*
15. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(May 7, 2007, CON Application, page 5)*
16. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, and applications of new technologies. *(May 7, 2007, CON Application, page 5)*

17. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(May 7, 2007, CON Application, page 5)*
18. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(May 7, 2007, CON Application, page 5)*
19. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(May 7, 2007, CON Application, pages 13-18)*
20. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(May 14, 2007, Additional Information Filed by the Hospital Revising CON Application Attachment 8)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for the proposed service on a case by case basis. Certificate of Need ("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 proposed services.

Greenwich Hospital ("Hospital") is located at 5 Perryridge Road, Greenwich, Connecticut. The Hospital proposes to purchase five parcels of land, located at 11, 15, 19, 33, and 35 William Street, Greenwich, which are across the street from the Hospital and adjacent to other land owned by the Hospital. The Hospital is in a highly developed area and does not have any ability for additional facility growth on property currently owned by the Hospital. The proposed purchase would create a large contiguous piece of property owned by and located next to the Hospital.

While the Hospital does not presently have a need for additional land for expansion and at this time does not plan any additional health care service or project that would require additional property, it is rare that five parcels would be available from one owner in a desired location and at fair market value. The Hospital proposes to acquire and bank the land so that it will be available in the future, if needed. In the short term, the Hospital may use the multi-unit residential properties located on the land as housing for hospital employees. There would be no impact on the interests of consumers of healthcare services and the payers of such services as a result of the proposed land purchase. The Hospital views the acquisition and banking of this land for future use as a prudent investment due to the high cost of real estate in the area and the significant appreciation of real estate values over the past few years.

The total capital expenditure for the CON proposal is \$11,680,000. The project will be financed entirely through Hospital operating funds. The Hospital projects an incremental

gain from operations related to the proposal of \$27,000 for FY 2007, \$112,000 for FY 2008 and \$116,000 for FY 2009. Although OHCA cannot draw any conclusions, the Hospital's financial projections appear to be reasonable and achievable.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital to purchase five parcels of land, located at 11, 15, 19, 33, and 35 William Street, Greenwich, and adjacent to property owned by the Hospital, at an estimated total capital expenditure of \$11,680,000, is hereby GRANTED, subject to conditions.

Order

Greenwich Hospital is hereby authorized to purchase five parcels of land, located at 11, 15, 19, 33, and 35 William Street, Greenwich, at an estimated total capital cost of \$11,680,000, subject to the following conditions:

1. This authorization shall expire on May 24, 2009. Should the Hospital not have completed the purchase of land by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved total capital expenditure of \$11,680,000. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall notify OHCA immediately.

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

May 31, 2007

Signed by Cristine A. Vogel
Commissioner

CAV:agf