



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Greenwich Hospital

Docket Number: 07-31057-CON

Project Title: Establishment of Outpatient Hyperbaric Oxygen Therapy Service

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

Filing Date: July 2, 2008

Decision Date: August 7, 2008

Default Date: September 30, 2008

Staff: Alexis G. Fedorjaczenko

Project Description: Greenwich Hospital (“Hospital”) proposes to establish an outpatient hyperbaric oxygen therapy service at a total proposed capital expenditure of \$649,798.

Nature of Proceedings: On July 2, 2008, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Greenwich Hospital seeking authorization to establish an outpatient hyperbaric oxygen therapy service at a total proposed capital expenditure of \$649,798. The Hospital 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 Hospital’s CON application was published in the *Greenwich Time* on November 12, 2007. OHCA received no responses from the public concerning the Hospital’s proposal. Pursuant to Section 19a-638, three individuals or an individual representing an entity with five or more people had until July 23, 2008, 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.

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

1. Greenwich Hospital ("Hospital") is a general hospital located at 5 Perryridge Road in Greenwich, Connecticut. *(April 2, 2008, Initial CON Application, page 221)*
2. The Hospital operates a Wound Care Program ("WCP") located in Greenwich Hospital's Helmsley Pavilion. Services include patient assessments (patient vascular status, nutritional status and diabetic risk factors); wound debridement to remove devitalized tissue; selection and use of appropriate dressings and dressing changes; treatments to resolve infections; and ongoing patient education. These services have been provided for the past 20 years. *(July 2, 2008, Completeness Response, page 257)*
3. The Hospital proposes to provide outpatient hyperbaric oxygen therapy ("HBOT") services to be a complement to the wound care services currently offered at the Hospital. *(April 2, 2008, Initial CON Application, pages 9 and 16)*
4. The Hospital proposes to acquire the Perry Sigma 40 Monoplace Hyperbaric System which includes two monoplace chambers. Described as the largest monoplace currently available, it has a 40" diameter clear acrylic cylinder that allows the patient to be seated fully upright. *(April 2, 2008, Initial CON Application, page 9)*
5. The Hospital also plans to relocate and consolidate its WCP to the Hospital's Watson Pavillion, the proposed site of the HBOT chambers. *(April 2, 2008, Initial CON Application, page 9)*
6. The service area for the proposed service is as follows:

Table 1: Proposed Service Area

	CT Towns	NY Towns
Primary Service Area (“PSA”)	Darien, Greenwich, New Canaan, Stamford	Harrison, Larchmont, Mamaroneck, Port Chester, Rye
Secondary Service Area (“SSA”)	Norwalk, Weston, Westport, Wilton	Armonk, Bedford, Bedford Hills, Hartsdale, Katonah, Mount Kisco, Mount Vernon, New Rochelle, Pound Ridge, Purchase, Scarsdale, South Salem, White Plains

(April 2, 2008, Initial CON Application, page 3)

7. The Hospital based the need for the proposal on improving the care available for the treatment of chronic non-healing wounds, enhancing its array of wound care services provided to this patient population, and improving access for patients. *(April 2, 2008, Initial CON Application, page 16)*
8. According to the Hospital, HBOT is especially useful in the treatment of chronic wounds that have not responded to conventional treatments. *(April 2, 2008, Initial CON Application, page 16)*
9. The Hospital indicated that HBOT treatments generally range from fifteen to twenty five treatments per patient, over a four to six week period, with a typical patient receiving approximately 20 treatments. *(April 2, 2008, Initial CON Application, page 18)*
10. The Hospital stated that much of the patient population with chronic non-healing wounds are frail and have other co-morbidities that impair their health and restrict their mobility, and that it is beneficial for these patients to have local access to HBOT with as limited patient travel as possible. The Hospital also stated that some patients who would benefit from HBOT may not be seeking care given the restrictions on their mobility. *(April 2, 2008, Initial CON Application, page 16 and July 2, 2008, Completeness Response, page 258)*
11. The Hospital’s historical outpatient wound care volumes, by State, for FYs 2005 through 2007 are as follows:

Table 2: Wound Care Outpatient Cases

	2005	2006	2007
CT	154	148	172
NY	58	58	62
Other	3	3	2
Total	215	209	236

(July 2, 2008, Completeness Response, Attachment 1)

12. The Hospital calculated that there are approximately 897 adults diagnosed with diabetes in the primary and secondary service area who could benefit from HBOT treatment. This number represents 10% of the diabetic population with chronic wounds in the service area that would be candidates for HBOT from any facility,

and does not represent the number of HBOT patients projected to receive services at the Hospital.

Table 3: Diabetic Population in the Proposed Service Area, FY 2006

	CT	NY	Total
Population with Diabetes	29,179	30,637	59,816
Diabetic Population with Chronic Wounds	4,377	4,596	8,972
Diabetic Population requiring HBOT	438	459	897

Incidence Rates: Population with Diabetes 7%, Diabetic Pop. w/ Chronic Wounds 15%, Diabetic Pop. Requiring HBOT 10% (April 2, 2008, Initial CON Application, pages 3 & 25 and July 2, 2008, Completeness Response, page 262)

13. The projected utilization for the first three years of operation of the proposed HBOT program is shown below.

Table 4: Projected HBOT Volumes for Years 1-3

	Year 1	Year 2	Year 3
Connecticut	617	620	622
New York	643	645	648
Total HBOT Volume	1,260	1,265	1,270

(July 2, 2008, Completeness Response, page 260)

14. The projected utilization of the proposed HBOT program is based on the calculations below:

Table 5: Projected HBOT Volumes for 2008 and 2012

	2008	2012
Total Service Area Population (1)	854,516	864,519
Diabetes Population (2)	59,816	60,516
Wound Care Population (3)	8,972	9,077
Projected GH Wound Care Patients (4)	592	599
HBOC GH Wound Care Patients (5)	59	60
HBOC GH Other Patients (6)	4	4
Total GH HBOT Patients	63	64
Number of Treatments per Patient (7)	20	20
HBOT Volume	1,260	1,280

(1) Greenwich Hospital ("GH") service area population from Solucient. 49% of the service area population resides in CT and 51% reside in NY.

(2) 7% based on American Diabetes Association and US Center for Disease Control statistics.

(3) 15% based on American Diabetes Association.

(4) Current inpatient market share is 13.1% based on CHIME FY 07 (6 month) inpatient origin/destination reports; 6.6% was used here to be conservative.

(5) 10% to 15% based on Undersea and Hyperbaric Medical Society; 10% used here.

(6) Other includes carbon monoxide poisoning and other approved CMS uses, and assumes one patient per quarter would fall into this category.

(7) Average number of treatments based on Undersea Hyperbaric Medical Society.

(April 2, 2008, Initial CON Application, pages 17-18 & 25 and July 2, 2008, Completeness Response, pages 261, Attachment 4)

15. The Hospital indicated that each monoplace chamber has a capacity of 1,000 treatments per year. This is based on a calculation of 2 hours per treatment during an 8 hour day, or 4 treatments per day multiplied by 250 days of operation per year.
(April 2, 2008, Initial CON Application, page 18)

16. CMS will reimburse for HBOT for the following conditions:
 - Acute carbon monoxide intoxication
 - Decompression illness;
 - Gas embolism;
 - Gas gangrene;
 - Acute traumatic peripheral ischemia, as an adjunctive treatment;
 - Crush injuries and suturing of severed limbs, as an adjunctive treatment;
 - Progressive necrotizing infections;
 - Acute peripheral arterial insufficiency;
 - Preparation and preservation of compromised skin grafts;
 - Chronic refractory osteomyelitis, unresponsive to conventional medical and surgical management;
 - Osteoradionecrosis as an adjunct to conventional treatment;
 - Soft tissue radionecrosis as an adjunct to conventional treatment;
 - Cyanide poisoning;
 - Actinomycosis, only as an adjunct to conventional therapy;
 - Diabetic wounds of the lower extremities in patients who meet certain conditions.*(April 2, 2008, Initial CON Application, page 19)*

17. Greenwich Hospital identified Norwalk Hospital as the only HBOT provider in the proposed service area. *(April 2, 2008, Initial CON Application, page 4)*

18. The Stamford Hospital was approved on April 23, 2008 for a two-chamber HBOT service, and Saint Vincent's Medical Center was approved on May 23, 2008 for a two-chamber HBOT service. *(Final Decision for The Stamford Hospital, dated April 23, 2007 under Docket Number 07-31027-CON; and Final Decision for Saint Vincent's Medical Center, dated May 23, 2009, under Docket Number 07-31060)*

19. The proposed HBOT program will be open Monday through Friday from 8:00 a.m. to 4:00 p.m. *(April 2, 2008, Initial CON Application, page 16)*

20. The Hospital will meet the Undersea and Hyperbaric Medical Society Guidelines.
(April 2, 2008, Initial CON Application, page 5)

**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**

21. The proposal includes the following cost components:

Table 6: Total Proposed Capital Expenditure

Component	Cost
Medical Equipment (Purchase)	\$371,443
Non-Medical Equipment (Purchase)	\$56,250
Construction/Renovation	\$222,105
Total Capital Expenditure	\$649,798

(April 2, 2008, Initial CON Application, page 9)

22. The Hospital will finance the proposal through its equity from funded depreciation.
(April 2, 2008, Initial CON Application, page 11)
23. The renovations associated with this proposal include new partitions, ceilings, doors, hardware, and utilities, along with a new oxygen line extended from the adjacent Helmsley building main oxygen service. Construction /renovation costs include only those associated with HBOT, not the renovations for the WCP. *(April 2, 2008, Initial CON Application, page 10)*
24. The proposed HBOT equipment will be located on the ground floor of the Greenwich Hospital Watson Pavilion, along with the Hospital's relocated Wound Care Program. The Hospital anticipates that commencement of operations will be about 6 months after construction begins in June, 2009. *(April 2, 2008, Initial CON Application, page 10)*
25. The Hospital will bill for the proposed service; a new cost center "1546 – Hyperbaric Therapy" will be established. The units of service will be patient treatments. *(April 2, 2008, Initial CON Application, page 8)*
26. The Total Hospital Health System's projected incremental revenue from operations, total operating expense, and gains from operations associated with the CON proposal are as follows:

Table 7: Incremental Financial Projections for Year 1 through Year 3

Description	2010	2011	2012
Incremental Revenue from Operations	\$518,000	\$540,000	\$563,000
Incremental Total Operating Expense	\$396,000	\$388,000	\$391,000
Incremental Gain from Operations	\$122,000	\$152,000	\$172,000

Note: Figures are in thousands.

(April 2, 2008, Initial CON Application, exhibit 9)

27. The Hospital's current payer mix for the Hospital's WCP and projected payer mix for the HBOT, are presented in the following table. The payer mix for the proposed HBOT program are based on the Hospital's current outpatient payer mix, as it is expected that the population for the proposed HBOT program will be similar to the Hospital's outpatient population.

Table 8: Current and Three-Year Projected Payer Mix

Payer Mix	Current	2010	2011	2012
Medicare	49.5%	28.50%	28.50%	28.50%
Medicaid	0.4%	2.84%	2.84%	2.84%
Total Government	49.9%	31.34%	31.34%	31.34%
Commercial Insurers	45.8%	62.08%	62.08%	62.08%
Uninsured	2.5%	1.27%	1.27%	1.27%
Workers Compensation	1.8%	--	--	--
Total Non-Government	50.1%	68.66%	68.66%	68.66%
Total Payer Mix	100%	100%	100%	100%

(April 2, 2008, Initial CON Application, page 12 and July 2, 2008, Completeness Response, pages 262-3)

28. The Hospital is reimbursed 47% of charges by Medicare, 16% by Medicaid, 45% by commercial insurers, and 10% by uninsured/self pay clients. (April 2, 2008, Initial CON Application, exhibit 10)
29. The Hospital projects the following number of treatments, by payer, for the first three years of the proposal:

Table 9: Three-Year Projected Treatment Volume

Payer Mix	2010	2011	2012
Medicare	359	361	362
Medicaid	36	36	36
Total Government	395	397	398
Commercial Insurers	798	802	804
Uninsured	67	66	68
Total Non-Government	865	868	872
Total Payer Mix	1,260	1,265	1,270

(April 2, 2008, Initial CON Application, exhibit 10)

30. There is no State Health Plan in existence at this time. (April 2, 2008, Initial CON Application, page 3)
31. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. (April 2, 2008, Initial CON Application, page 3)
32. The Hospital has improved productivity and contained costs through group purchasing, energy conservation, reengineering, and application of technology. (April 2, 2008, Initial CON Application, page 7)

33. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(April 2, 2008, Initial CON Application, page 7)*
34. There are no distinguishing or unique characteristics of the Hospital's patient/physician mix related to this proposal. *(April 2, 2008, Initial CON Application, page 7)*
35. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(April 2, 2008, Initial CON Application, exhibit 3)*
36. The Hospital's rates are sufficient to cover the proposed capital and operating costs associated with the proposal. *(April 2, 2008, Initial CON Application, exhibits 9 & 10)*

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.

Greenwich Hospital (“Hospital”) is a general hospital located at 5 Perryridge Road in Greenwich, Connecticut. For the past 20 years, the Hospital has been providing wound care services that include patient assessments, wound debridement to remove devitalized tissue, selection and use of appropriate dressings and dressing changes, treatments to resolve infections, and ongoing patient education. The Hospital’s Wound Care Program is located in its Helmsley Pavilion.

The Hospital proposes to establish an outpatient hyperbaric oxygen therapy (“HBOT”) program to augment the wound care services currently offered by the Hospital. The Hospital will acquire two monoplace HBOT chambers to be located at the Hospital’s Watson Pavilion. The Hospital also intends to relocate and consolidate its existing wound care services to this site.

The Hospital based the need for the proposal on improving the care available for the treatment of chronic non-healing wounds, enhancing its array of wound care services provided to this patient population, and improving access for patients. According to the Hospital, HBOT is especially useful in the treatment of chronic wounds that have not responded to conventional treatments. The Hospital stated that much of the patient population with chronic non-healing wounds are frail and have other co-morbidities that impair their health and restrict their mobility, and that it is beneficial for these patients to have local access to HBOT with as limited patient travel as possible. The Hospital also stated that some patients who would benefit from HBOT may not be seeking care given the restrictions on their mobility. OHCA concludes that the addition of HBOT to the Hospital’s existing Wound Care Program will improve both the quality and accessibility of outpatient wound care services in the proposed service area.

The proposal has a total capital expenditure of \$649,798, \$371,443 of which is for the HBOT chambers, \$222,105 of which is for construction/renovation associated with installing the chambers, and the remainder of which is for other non-medical equipment. The proposal will be financed with equity from funded depreciation. The Hospital projects incremental gains related to the proposal of \$122,000 in FY 2010, \$152,000 in FY 2011, and \$172,000 in FY 2012. The Hospital’s financial projections, and volumes upon which they are based, appear to be reasonable and achievable. Therefore, OHCA concludes that the CON proposal is financially feasible and will improve access to quality outpatient wound care services.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital ("Hospital") to provide outpatient hyperbaric oxygen therapy services in Greenwich, at a total capital expenditure of \$649,798, is hereby GRANTED, subject to the following conditions.

1. This authorization shall expire on December 1, 2009. Should the Hospital's project not be completed 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 cost of \$649,798. 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.

Should the Hospital fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional actions 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 August 7, 2008

Date

Cristine A. Vogel
Commissioner

CAV:agf