



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** The Stamford Hospital

**Docket Number:** 08-31124-CON

**Project Title:** Establishment of Physical Therapy Services in Darien

**Statutory Reference:** Section 19a-638 of the Connecticut General Statutes

**Filing Date:** October 6, 2008

**Decision Date:** November 24, 2008

**Default Date:** January 4, 2009

**Staff Assigned:** Alexis G. Fedorjaczenko

**Project Description:** The Stamford Hospital proposes to establish physical therapy services in Darien, at an estimated total capital expenditure of \$652,491.

**Nature of Proceedings:** On October 6, 2008, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application from The Stamford Hospital (“Hospital”) seeking to establish physical therapy services in Darien, at an estimated total capital expenditure of \$652,491. 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 Letter of Intent was published in *The Advocate* (Stamford) on April 1, 2008. OHCA received no responses from the public concerning the Applicant’s proposal. Pursuant to 19a-638 C.G.S., three individuals or an individual representing an entity with five or more people had until October 27, 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.

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. The Stamford Hospital ("Hospital") is a general hospital located at 30 Shelburne Road in Stamford. *(August 13, 2008, Initial CON Application, page 68)*
2. The Hospital currently provides outpatient physical therapy services at its Tully Health Center, located at 32 Strawberry Hill Court in Stamford. *(August 13, 2008, Initial CON Application, page 2)*
3. The Hospital proposes to augment its existing outpatient physical therapy services by providing physical therapy services at an expanded medical office building at 1500 Post Road in Darien. *(March 19, 2008, Letter of Intent; and August 13, 2008, Initial CON Application, page 2)*
4. The Hospital based the need for the proposal on the following factors:
  - Current scheduling backlogs for physical therapy at the Tully Health Center;
  - Continued growth in the Hospital's physical therapy service line; and
  - Increasing access to physical therapy services in the Darien area.*(August 13, 2008, Initial CON Application, page 2)*
5. The Hospital stated that currently there is a minimum two-week wait time for an initial physical therapy evaluation, with patient treatment slots being 100% full during the program's normal hours of operation. *(August 13, 2008, Initial CON Application, pages 3-4)*
6. The hours of operation of the existing service at Tully Health Center are as follows. However, the Hospital stated that physical therapists frequently see patients as early as 6:30 am in order to keep pace with increasing demand.
  - Monday & Wednesday – 7:00 am – 6:00 pm
  - Tuesday & Thursday – 7:00 am – 7:00 pm
  - Friday 7:00 am – 5:00 pm*(August 13, 2008, Initial CON Application, pages 4, & 7-8)*

7. There are currently nine physical therapy treatment rooms at the Tully Health Center, with approximately ten therapists working at the same time. The Hospital stated that these treatment rooms are fully occupied during the 55 hours per week that the service is in operation. *(October 6, 2008, Completeness Response, page 90)*
8. According to the Hospital, there is no space to add more physical therapy treatment rooms at the Tully Health Center. *(August 13, 2008, Initial CON Application, page 4 and October 6, 2008, Completeness Response, page 90)*
9. The Hospital indicated that it explored offering more early evening (i.e. after work hours) and Saturday physical therapy sessions. However, the Hospital stated that demand for these time slots is low, that the cancellation rate for evening sessions is high. *(October 6, 2008, Completeness Response, page 90)*
10. According to the Hospital, adding the proposed service location in Darien will alleviate the scheduling backlogs and allow treatment regimens to begin more promptly. The Hospital indicated the addition of the proposed service location will also allow more flexibility for therapists to schedule services on timetables that are conducive to meeting patient needs, resulting in fewer missed or shortened visits due to time pressured experienced by the patient. *(August 13, 2008, Initial CON Application, pages 3-4)*
11. The Hospital stated that it anticipates physical therapy service line growth due to the following initiatives:
  - The Hospital's designation as a Level II trauma center;
  - Expansion of the Hospital's orthopedic and surgery programs;
  - Continued development of the Hospital's Human Motion Institute ("HMI"), which provides comprehensive orthopedic and neurosurgery services and programs designed to prevent and treat injuries and conditions affecting bones, muscles, and joints; and
  - Seeking sub-service line certifications from the Joint Commission on Accreditation of Health Care Organizations ("JCAHO") for joint repair and replacement as well as cervical and sub-cervical spine services.*(August 13, 2008, Initial CON Application, page 3)*
12. The Hospital stated that the relocation of services for physical therapy patients emanating from the towns of Darien, New Canaan, Norwalk, Westport, Weston, and Wilton will allow patients residing in these communities to be treated closer to home, spending less time traveling for services and allowing more focus on convalescence and compliance with at-home therapy procedures. *(August 13, 2008, Initial CON Application, page 4)*
13. Over the next year, the Hospital plans to expand the medical office building in Darien that is the proposed site of services. This building contains office space for a number of physicians with admitting privileges at the Hospital, and the Hospital indicated that physical therapy services at this location will support these physicians and the needs of their patients. *(August 13, 2008, Initial CON Application, page 5)*

14. The number of physical therapy patients, visits, and procedures at the Hospital's Tully Health Center for fiscal years ("FYs") 2006 through 2008 are as follows:

**Table 1: Actual Physical Therapy Patients, Visits, & Procedures, FYs 2006 - 2008**

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008*</b>	<b>% Change</b>
Physical Therapy Patients	2,019	2,185	2,435	20.6%
Physical Therapy Visits	22,592	25,502	25,831	14.3%
Physical therapy Procedures	48,386	52,715	53,688	11.0%

\* FY 2008 is annualized based on 9 months.

(August 13, 2008, Initial CON Application, page 3 and October 6, 2008, Completeness Response, page 91)

15. The number of physical therapy patients, visits, and procedures for patients from the proposal's primary service area at the Hospital's Tully Health Center for fiscal years ("FYs") 2006 through 2008 are as follows:

**Table 2: Primary Service Area - Actual Physical Therapy Patients, Visits, & Procedures, FYs 2006 - 2008**

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008*</b>	<b>% Change</b>
Physical Therapy Patients	226	251	285	26.3%
Physical Therapy Visits	2,480	2,972	2,951	19.0%
Physical therapy Procedures	5,771	6,480	6,287	8.9%

\* FY 2008 is annualized based on 9 months.

Note: The Hospital stated that patient volume from the proposed primary service area grew from 2006 to 2007, but leveled off in terms of overall physical therapy patients and procedures in 2008 due to the Tully location having reached capacity.

(August 13, 2008, Initial CON Application, page 4 and October 6, 2008, Completeness Response, page 91)

16. The number of physical therapy visits from the proposal's primary service area at the Hospital's Tully Health Center for fiscal years ("FYs") 2006 through 2008 are as follows:

**Table 3: Primary Service Area - Actual Physical Therapy Visits by Town, FYs 2006 - 2008**

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008*</b>	<b>% Change</b>
Darien	1,105	1,079	1,308	18.4%
New Canaan	388	470	584	50.5%
Norwalk	877	1,266	859	-2.1%
Westport	57	32	61	7.0%
Weston	1	39	15	>100%
Wilton	52	86	124	>100%
<b>Total Primary Service Area</b>	<b>2,480</b>	<b>2,972</b>	<b>2,951</b>	<b>19.0%</b>

\* FY 2008 is annualized based on 9 months.

Note: The Hospital stated that the decrease in physical therapy visits among patients from Norwalk is because this patient population has to travel the greatest distance to reach the Tully Health Center and is thus most impacted by scheduling inflexibility caused by the center being at capacity.

(August 13, 2008, Initial CON Application, page 6 and October 6, 2008, Completeness Response, page 91)

17. The Hospital projected the following physical therapy procedures for the first three years of operation at the Tully Health Center and the proposed Darien site:

**Table 4: Projected Physical Therapy Procedures, Years 1 through 3**

	Year 1		Year 2		Year 3	
	Tully	Darien	Tully	Darien	Tully	Darien
Patients (1)	2,294	250	2,409	275	2,529	303
Visits (2)	23,975	3,000	25,171	3,300	26,430	3,630
Procedures (3)	49,758	6,300	52,245	6,930	54,858	7,623

(1) In year 1, 6,000 procedures out of the FY 2008 base procedures are projected to shift from the Tully facility to the proposed location. At both sites, Year 1 volume is increased by approximately 5% due to launch of HMI initiatives and increases in physical therapy procedures within the service area. At the proposed Darien site, Year 1 volume of 6,300 procedures is approximately 12 patients per day, 250 days per year, 2.1 procedures per patient (based on the Hospital's historical experience). Years 2 and 3 assume 10% increase in patient volume per year.

(2) Each patient receives approximately 2.1 procedures per visit.

(3) Each patient attends approximately 12 physical therapy sessions.

(August 13, 2008, Initial CON Application, pages 8-9; October 6, 2008, Completeness Response, page 91)

18. The hours of operation of the proposed service are Monday through Friday, 7:00 am – 5:00 pm. (August 13, 2008, Initial CON Application, page 8)
19. All physical therapists with the program will be licensed and practice in conformance with the requirements of Chapter 376 of the Connecticut General statutes. (August 13, 2008, Initial CON Application, page 12)

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

20. The project's total capital expenditure is \$652,491 and consists of the following cost components:

**Table 5: Capital Expenditure Itemization**

Description:	Cost
Medical Equipment Purchase	\$64,764
Non-Medical Equipment Purchase	47,718
Construction/Renovation	540,100
<b>Total Capital Expenditure</b>	<b>\$652,491</b>

(August 13, 2008, Initial CON Application, page 16)

21. The proposal will be financed through operating funds. (August 13, 2008, Initial CON Application, page 18)
22. The new physical therapy space will encompass 5,634 square feet. Proposed renovations include interior renovation of the existing building to include a new reception and waiting

area, six exam/treatment rooms, one staff office, and an equipment and workout area.  
 (August 13, 2008, Initial CON Application, page 17)

23. The Hospital stated that ongoing patient care at the medical office building will not be affected. (August 13, 2008, Initial CON Application, page 17)
24. The Hospital proposes building work to begin upon CON approval, with construction completion and commencement of operations three months thereafter. (August 13, 2008, Initial CON Application, page 18)
25. The Hospital's projected incremental revenue from operations, total operating expense and gain from operations associated with the CON proposal are as follows:

**Table 6: Financial Projections Incremental to the Project**

Description	FY 2009	FY 2010	FY 2011
Incremental Revenue from Operations	\$284	\$312	\$343
Incremental Total Operating Expense	\$180	\$218	\$286
<b>Incremental Gain from Operations</b>	<b>\$104</b>	<b>\$94</b>	<b>\$57</b>

Note: figures are in thousands.  
 (August 13, 2008, Initial CON Application, page 86 and October 6, 2008, Completeness Response, page 94)

26. The current and three year projected payer mix for the proposed service, based on Gross Patient Revenue, as follows:

**Table 7: Current & Three-Year Projected Payer Mix**

Description	Current	Year 1	Year 2	Year 3
Medicare*	38.02%	38.01%	38.01%	38.01%
Medicaid*	8.59%	8.59%	8.59%	8.59%
CHAMPUS and TriCare	0.03%	0.03%	0.03%	0.03%
<b>Total Government</b>	<b>46.64%</b>	<b>46.63%</b>	<b>46.63%</b>	<b>46.63%</b>
Commercial Insurers*	46.07%	46.08%	46.08%	46.08%
Uninsured	6.31%	6.31%	6.31%	6.31%
Workers Compensation	0.98%	0.98%	0.98%	0.98%
<b>Total Non-Government</b>	<b>53.36%</b>	<b>53.37%</b>	<b>53.37%</b>	<b>53.37%</b>
<b>Total Payer Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Includes managed care activity.  
 (August 13, 2008, Initial CON Application, pages 19-20)

27. Staffing for years 1 through 3 of the proposed project are presented in the following table. A full complement of staff will occur in years 4 and 5.

**Table 8: Project Staffing Requirements in FTEs**

Position Title:	Year 1	Year 2	Year 3
Staff Physical Therapist	0.5	0.5	0.75
Sr. Physical Therapist	0.5	0.5	0.75
Support staff	0.5	0.5	0.75
<b>Total FTEs</b>	<b>1.5</b>	<b>1.5</b>	<b>2.25</b>

(August 13, 2008, Initial CON Application, page 21)

28. The Hospital will bill for the proposed service. There will be no new cost center established as a result of this project. *(August 13, 2008, Initial CON Application, pages 15-16)*
  29. There is no State Health Plan in existence at this time. *(August 13, 2008, Initial CON Application, page 2)*
  30. The Hospital has adduced evidence that the proposal is consistent with its long-range plan. *(August 13, 2008, Initial CON Application, page 2)*
  31. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, reengineering, and applications of new technology. *(August 13, 2008, Initial CON Application, page 13)*
  32. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(August 13, 2008, Initial CON Application, pages 13-14)*
  33. There are no characteristics of the Hospital's patient/physician mix that make the proposal unique. *(August 13, 2008, Initial CON Application, page 14)*
  34. The Hospital has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(August 13, 2008, Initial CON Application, exhibit 2)*
- The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(August 13, 2008, Initial CON Application, pages 86-89)*

## 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.

The Stamford Hospital (“Hospital”) is a general hospital located at 30 Shelburne Road in Stamford. The Hospital currently provides outpatient physical therapy services at its Tully Health Center, located at 32 Strawberry Hill Court in Stamford. The Hospital proposes to augment these existing services by establishing an outpatient physical therapy site at 1500 Post Road in Darien.

The Hospital stated that patient treatment slots are full during the existing program’s normal 55 weekly hours of operation using nine treatment rooms, and that there is no space to add more physical therapy treatment rooms at the Tully Health Center. According to the Hospital, the proposed service location in Darien will alleviate scheduling backlogs, will allow patient treatment regimens to begin more promptly, and will permit therapists to schedule services on timetables that are conducive to meeting patient needs. Based on the above, OHCA finds that the Hospital’s proposal to establish outpatient physical therapy services in Darien will improve the overall quality and accessibility of outpatient physical therapy services for the Hospital’s patients.

The proposal’s total capital expenditure of \$652,491 will be financed through operating funds. The Hospital’s projected overall gains from operations with the proposal are \$104,000, \$94,000, and \$57,000 for FYs 2009 through 2011, respectively. The Applicant’s financial projections, and volumes upon which they are based, appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is financially feasible and cost effective.

## Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of The Stamford Hospital (“Hospital”) to establish physical therapy services in Darien, at an estimated total capital expenditure of \$652,491, is hereby APPROVED.

1. This authorization shall expire on November 24, 2009. Should the Hospital’s project not be completed by that date, the Hospital must seek further approval from the Office of Health Care Access (“OHCA”) to complete the project beyond that date.
2. The Hospital shall not exceed \$3 million in capital expenditure for the cost of the proposal. In the event that the Hospital learns of potential cost increases or expects he final project costs will exceed \$3 million, the Hospital shall notify OHCA in writing.
3. The Hospital must, within two months of commencement of operations, or prior to November 24, 2009, at the physical therapy site in Darien, report the date of the commencement to OHCA, in writing.
4. If the Hospital proposes to terminate and/or add any services or programs, it shall file with OHCA a Certificate of Need Determination or Letter of Intent.

Should the Hospital 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 November 24, 2008*

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Date

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Cristine A. Vogel  
Commissioner

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