



STATE OF CONNECTICUT  
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL  
GOVERNOR

CRISTINE A. VOGEL  
COMMISSIONER

May 28, 2009

**IN THE MATTER OF:**

A modification of a previous Certificate of  
Need authorization as allowed by  
Section 4-181a(b), Connecticut General Statutes

Notice of Modification Final Decision  
Office of Health Care Access  
Docket Number 09-30742-MDF

**Lawrence & Memorial Hospital**

A request to modify Docket Number  
06-30742-CON in order to extend the  
CON expiration date and increase the  
authorized capital expenditure

To: Mr. Gregory Stanton  
Director of Planning  
Lawrence & Memorial Hospital  
365 Montauk Avenue  
New London, CT 06320

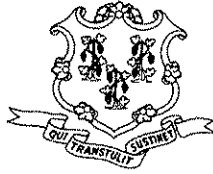
Dear Mr. Stanton:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter as provided by Section 4-181a(b), C.G.S. On May 28, 2009, this Modification was rendered as the revised order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the  
Office of Health Care Access

  
Cristine A. Vogel  
Commissioner

CAV:kr



## Office of Health Care Access

### A Request for Modification of a Previously Authorized Certificate of Need

**Applicant:** Lawrence & Memorial Hospital

**Modification Docket Number:** 09-30742-MDF

**Modification Project Title:** A request to modify a previous Certificate of Need authorization in order to extend the CON expiration date and to increase the authorized capital expenditure

**Original Project Docket Numbers and Title:** Docket Number 07-30742-CON:  
A Relocation and Building Demolition Project

**Statutory Reference:** Sections 4-181a(b), Connecticut General Statutes

**Filing Date:** May 18, 2009

**Decision Date:** May 28, 2009

**Staff:** Karen Roberts

**Project Description:** Lawrence & Memorial Hospital proposes a modification of the Certificate of Need ("CON") authorization issued under Docket Number 06-30742-CON in order to extend the CON expiration date from June 1, 2009 to June 1, 2011 and to increase the authorized capital expenditure by \$697,315, from \$4,700,736 to \$5,398,051.

The CON authorization was for the relocation of ancillary services and the demolition of selected buildings located on the Hospital campus, at a total capital expenditure of \$4,700,736.

## Findings of Fact

1. On September 11, 2006, under Docket Number 06-30742-CON, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) pursuant to Section 19a-639 of the Connecticut General Statutes to Lawrence & Memorial Hospital (“Hospital”) to undertake its project to relocate ancillary services and demolish selected buildings located on the Hospital campus, at a total capital expenditure of \$4,700,736.
2. Conditions #1, #2 and #3 of the CON Order state the following:
  - “1. *This authorization shall expire on June 1, 2009. Should the Hospital’s relocation and demolition 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 notify OHCA, in writing, of the completed project within 30 days of the completion date, but not later than July 1, 2009.*”
  - “3. *The Hospital shall not exceed the approved capital expenditure of \$4,700,736. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON budget.*”
3. On May 18, 2009, OHCA received a request to modify the CON Final Decision under Docket Number 06-30742-CON, in order to extend the CON expiration date from June 1, 2009 to June 1, 2011 and to increase the authorized capital expenditure by \$697,315, from \$4,700,736 to \$5,398,051. The Hospital indicates that the increase in the capital expenditure is “*primarily due to inflation in demolition costs and utilities modifications and shut downs*” and that the time extension is due to the “*current economic environment*” and the Hospital’s “*need to conserve cash*”. Although the Hospital has “*completed the relocation and renovation components of the project and the building is vacant*”, the Hospital indicates that “*razing the building at this time is not a priority use of capital resources.*”
4. The Hospital identifies the following renovations as having been completed to date:
  - Renovations to the fourth and fifth floors of the “A” Building;
  - Renovations to the second floor of “B” Building;
  - Renovations to the second floor of the “D” Building;
  - Renovation to the second floor of the “F” Building; and
  - Removal of the “C” Building elevator and associated equipment.

5. The Hospital identifies the following relocations from the "C" or "F" Buildings as having been completed to date:
  - Relocation of the Engineering Department office spaces, tools and parts storage, maintenance shop functions and portions of the paint shop functions;
  - Relocation of Education Department offices and training rooms;
  - Relocation of Morgue/Autopsy services;
  - Relocation of Environmental Services office spaces, equipment storage, maintenance spaces and waste management areas; and
  - Relocations of Linen Services and Materials Management receiving services
  
6. The Hospital identifies the following as work not yet completed:
  - Relocation of remaining Engineering Department spaces;
  - Removal and recycling of remaining stored items;
  - Isolation of building utility systems servicing the building;
  - Re-routing of utilities passing through the building servicing other buildings
  - Hazardous material abatement and disposal;
  - Demolition of the building;
  - Repairs to the exterior walls of the remaining buildings at the separation points;
  - Backfilling of the building foundation area; and
  - Landscaping of the demolition site.
  
7. The Hospital will fund the increased capital expenditure through operating funds.

## **Discussion**

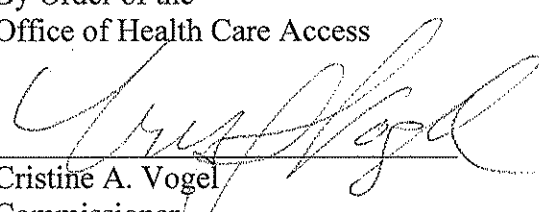
OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 06-30742-CON to Section 19a-637, C.G.S. is not altered by this request for a modification under Docket Number 09-30742-MDF. The modification request does not alter the intended scope of the project and much of the project has already been completed to date. Many of the approved renovations and relocations have occurred and the "C" Building is vacant. The Hospital indicates that the completion of this work at this time is not a priority use of capital given the current economic conditions. The Hospital's plans to delay the completion of the work identified in Finding #6 above appears to be reasonable and no patient care services are impacted by this delay or incremental increase in project costs. OHCA determines the Hospital's rationale for this requested modification to be satisfactory and the request for modification for a delay in project implementation and increase in authorized costs acceptable.

## Order

Based on the above discussion and the reasons provided in the Hospital's modification request, OHCA hereby grants the request and allows a modification of the CON Order under Docket Number 06-307420-CON. Conditions #1, #2 and #3 of the CON Order under Docket Number 06-30742-CON are modified as follows:

1. This authorization shall expire on June 1, 2011. Should the Hospital's relocation and demolition 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 notify OHCA, in writing, of the completed project within 30 days of the completion date.
3. The Hospital shall not exceed the approved capital expenditure of \$5,398,051. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON budget.

By Order of the  
Office of Health Care Access

  
Cristine A. Vogel  
Commissioner

5-28-09  
Date

CAV/kr