



# **TASKFORCE PRESENTATION ON OHCA's CON PROGRAM**

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April 12, 2016



# What Does the Office of Health Care Access Do?

- Ensures citizens of CT have access to a quality health care delivery system
- Advises policymakers of health care issues
- Informs the public and industry of statewide and national trends
- Major functions:
  - Certificate of Need Program
  - Statewide Health Care Facilities and Services Plan and Inventory
  - Hospital Utilization and Financial Reporting

# Statewide Facilities Plan

- Blueprint for health care delivery in the state:  
Inventory of all facilities, services and equipment in the state
- Resource for policymakers and those involved in the CON process. Projects need for specific services, and examines unmet need and identifies possible gaps in services
- Contains standards and guidelines as best practices for specific services and identifies at-risk or vulnerable populations and areas of unmet health care need

# Data Reporting

- Hospital Financial Information: Revenues and Expenses, Financial Solvency and Liquidity Measures, Price/Charge listings; Financial Stability Report and Dashboards
- Hospital Statistical Information: Inpatient Discharge and Emergency Department Data; Utilization Study and Preventable Hospitalization Report
- Outpatient Surgical Data Collection
- Hospital Quality/Utilization Tool (MONAHRQ)
- Customized data extracts and analyses

# Certificate of Need

- A regulatory and planning tool intended to prevent costly duplication of services, promote access to necessary services, and improve quality and continuity of patient care
- Specific health care facilities are required to seek CON approval to establish and terminate services and change ownership
- All individuals seeking to acquire imaging equipment are required to seek CON approval from the office

# What requires a CON?

- Establish new health care facility;
- Transfer of ownership of a health care facility;
- Transfer of ownership of a group practice;
- Establish an outpatient surgical facility;
- Increase in licensed bed capacity;
- Increase of two or more ORs within any 3 year period;
- Establish Freestanding Emergency Dept. or terminate an Emergency Dept.;
- Terminate hospital inpatient or outpatient services;
- Establish inpatient or outpatient cardiac services;
- Acquisition of imaging equipment;
- Acquisition of equipment utilizing technology that has not previously been utilized in the state; and
- Acquisition of non-hospital based linear accelerators.

# What is a Health Care Facility?

- Hospital licensed by DPH
- Specialty hospital
- Freestanding ED
- Outpatient surgical facilities
- Hospital operating by the state
- A central service facility
- Mental health facilities
- Substance abuse facilities
- Parent company, subsidiary, affiliate, joint venture

# What doesn't require a CON?

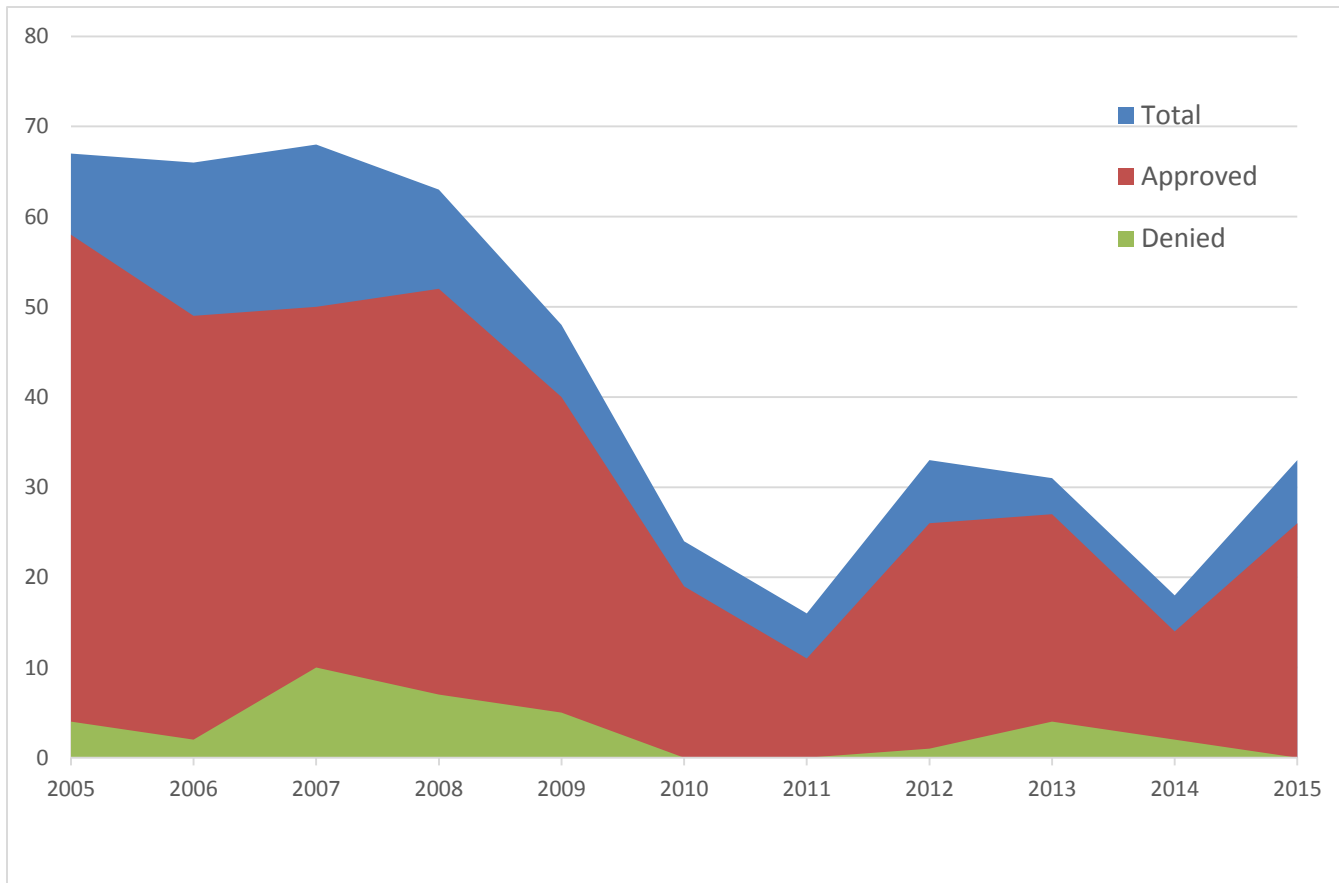
- Replacement of imaging equipment (must have a CON or Determination)
- Hospice
- Transplant services
- Free clinics
- Non-Profit facility or provider that has a contract with, or is certified or licensed to provide a service for, a state agency
- Acquisition of cone-beam dental imaging equipment by dentist
- Termination of some/all services provided by surgical facility
- Termination of services which DPH requested license to be relinquished
- Relocation of facilities if demonstrated that population and payer mix will not substantially change
- Termination of service notification
- Health care facility owned and operated by federal government
- Establishment of private physician office
- Health care facility operated by religious group
- Residential care homes, nursing homes and rest homes
- Assisted Living Service Agencies (ALSAs)
- Home health agencies
- Outpatient rehabilitation facilities
- Outpatient chronic dialysis services
- School-based health centers, community health centers, for-profit outpatient clinics, and FQHCs
- DCF licensed or funded programs (not Psychiatric Residential Treatment Facilities)
- Health care facility operated by nonprofit educational institution exclusively for students, faculty and staff
- Outpatient clinic operated exclusively by a municipality/board of education
- Residential facility for the mentally retarded
- Acquisition of any equipment by any person used exclusively for research not on humans



# What are the CON criteria?

- Consistent with **policies and standards** in DPH regulations;
- Demonstrate relationship to **state-wide facilities plan**;
- Demonstrate a **clear public need** for the facility/service;
- Demonstrate how it will **impact the financial strength** of the health care system in the state;
- Demonstrate improvement to **quality, accessibility and cost effectiveness** of health care delivery in the region including change in access to services for Medicaid/indigent persons;
- Past and proposed provision of services to relevant **patient populations and payer mix**;
- Identify **population to be served** by project and its need for proposed services;
- **Utilization** of existing health care facilities and services in service area; and
- Demonstrate that it will not result in **unnecessary duplication** of existing services;
- Demonstrate good cause for reducing access to services by **Medicaid/indigent persons**;
- Demonstrate not negative impact on **diversity** of health care providers and **patient choice** in the geographic region; and
- Demonstrate **consolidation** will not adversely affect **health care costs** or access to care.

# CON Volume 2005 to 2015



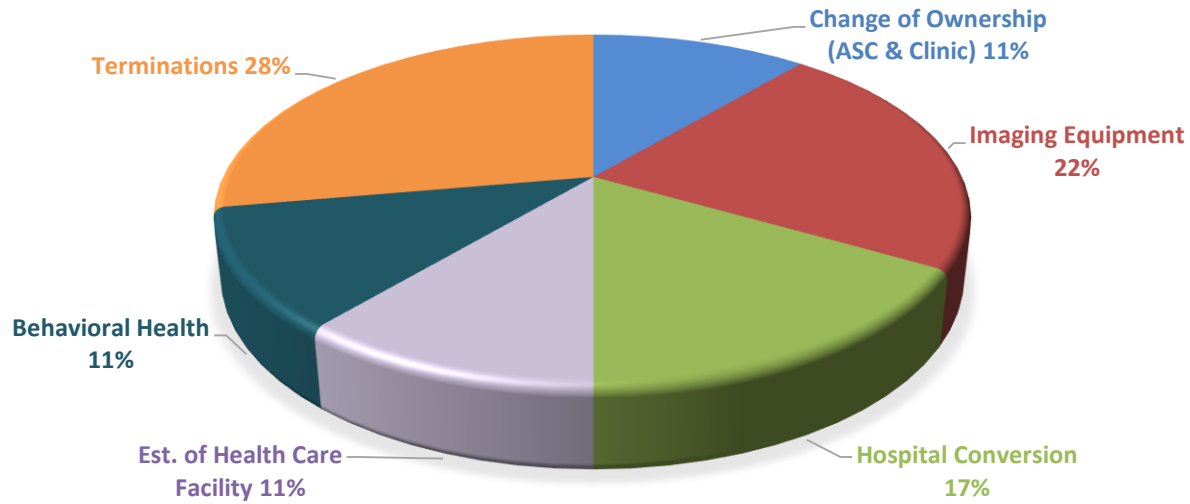
**Notes:**

Public Act 06-28 increased the capital expenditure threshold and major medical equipment acquisition threshold for certificate of need review to \$3,000,000, effective July 1, 2006.

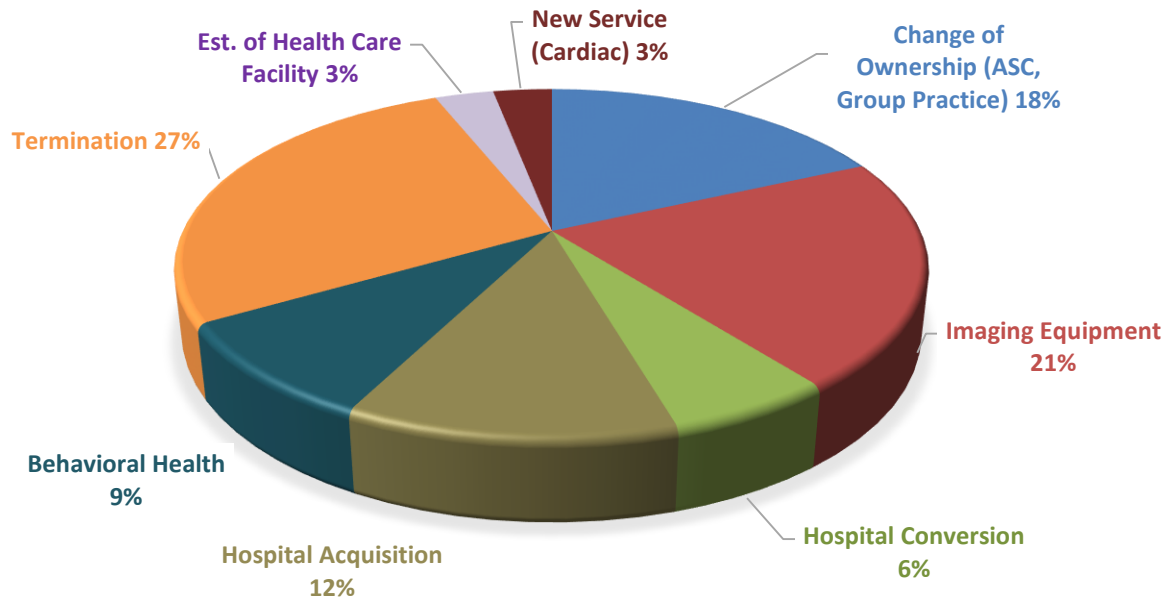
Public Act 10-179 eliminated capital expenditures, additional function or service and termination of service from CON review. In 2011, termination of service by a hospital was reestablished as requiring a CON. These reforms combined reduced the number of applications by approximately 50%.

Source: CT DPH CON Database

## TYPES OF CON – CY 2014



## TYPES OF CON – CY 2015



# What are Hospital Conversions?

- The sale or purchase of an existing non-profit hospital by a for-profit entity
- Joint process between DPH and AGO
- Criteria outlined in CGS Section 19a-486(c)(d)
  - (1) Affected community has continued access to high quality and affordable health care after accounting for any proposed change impacting hospital staffing;
  - (2) The purchaser has made a commitment to provide health care to the uninsured and the underinsured;
  - (3) Avoids a conflict of interest in patient referral; and
  - (4) Certificate of need authorization is justified in accordance with chapter 368z.

# What are Hospital Acquisitions?

- The sale or purchase of an existing non-profit hospital by a non-profit hospital/system
- Follows OHCA CON process, criteria and guidelines under CGS Sections 19-638 & 639
  - Clear public need
  - Access
  - Quality
  - Cost effectiveness
  - Financial feasibility



# Hospital Conversions/Acquisitions

- Access to capital (facilities/equipment/technology)
- Operational cost efficiencies
- Physician recruitment and retention
- Sharing of best practices and expertise
- Economies of scale (supplies/services)

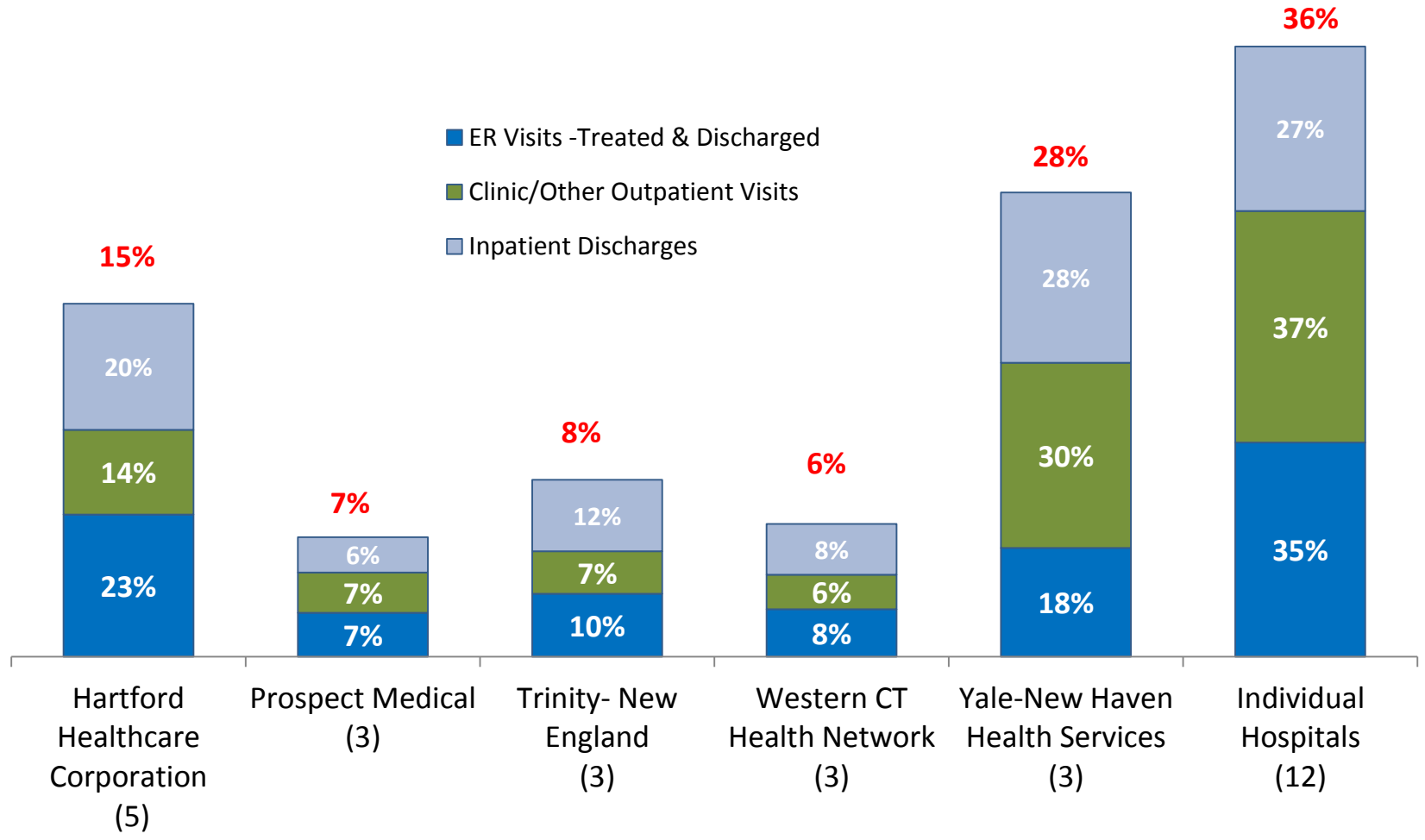
# CON and 486 Process

	CON Process	486 Process
Notice	In newspaper for 3 days (20-90 days)	Letter of Determination filed with AG and DPH OHCA (60 days)
Review*	30 days to determine if additional information is needed	21 days (Market Impact Review if net patient revenue of at least \$1.5B)
Applicant Response	60 days to respond or application considered withdrawn	No time limit for response
Public Hearing	Hearing held at discretion of DPH or if requested by public**	Held jointly by OHCA/AG
Decision	Rendered in 90 days/or 60 days for group practice or following hearing	Rendered within 120 days of hearing (unless MIR is incomplete)

\*AG conducting simultaneous review

\*\*Must meet statutorily defined number of members of the public

## Potential Hospital System Market Concentration Based on FY 2014 Data



Source: CT DPH Hospital Reporting System Report 485



# What is Hospital Financial Reporting?

Two main filings each year:

- **Annual Reporting** – due February 28<sup>th</sup>: Audited Financial Statements (AFS), Medicare Cost Reports, uncompensated care policies, organizational charts, affiliate data, etc.
- **Twelve Month filings** due March 31<sup>st</sup>: Balance sheet and statement of operations data, statistical and ratio data, utilization information, charge and reimbursement data by payer, uncompensated care data, etc.
- **Financial Stability Report (FSR)** September: OHCA's narrative of previous year's key findings, 4 year financial and utilization trends data for individual hospitals along with statewide totals, health system financial data and organizational charts.



# Hospital 3 Year Total Margin Trend

	FY 2012	FY 2013	FY 2014
<b>MULTI HOSPITAL SYSTEMS</b>			
<b>ASCENSION HEALTH</b>			
SAINT VINCENT'S	18.91%	12.02%	10.15%
<b>EASTERN CT HEALTH NETWORK</b>			
MANCHESTER	5.03%	-0.11%	1.33%
ROCKVILLE	0.67%	3.58%	3.20%
<b>HARTFORD HEALTHCARE CORPORATION</b>			
BACKUS	12.98%	12.45%	18.63%
HARTFORD	8.03%	2.39%	4.89%
HOSP OF CENTRAL CT	7.02%	6.26%	6.35%
MIDSTATE	10.56%	8.90%	9.57%
WINDHAM	-0.75%	-8.58%	-5.51%
<b>REGIONAL HEALTHCARE ASSOCIATES</b>			
SHARON	5.94%	8.81%	5.75%
<b>WESTERN CT HEALTH NETWORK</b>			
DANBURY	9.39%	7.36%	9.23%
NORWALK	7.55%	6.05%	10.77%
NEW MILFORD	-7.83%	-2.94%	-3.20%
<b>YALE NEW HAVEN HEALTH SERVICES CORPORATION</b>			
BRIDGEPORT	7.95%	8.18%	9.14%
GREENWICH	4.86%	8.24%	10.27%
YALE-NEW HAVEN	7.32%	7.40%	6.77%

	FY 2012	FY 2013	FY 2014
<b>INDIVIDUAL HOSPITAL SYSTEMS</b>			
BRISTOL	1.68%	1.66%	1.61%
CT CHILDREN'S	6.99%	0.12%	-0.57%
DAY KIMBALL	4.31%	0.80%	2.73%
DEMPSEY	0.00%	3.63%	-2.61%
GRIFFIN	-3.08%	3.28%	5.67%
HUNGERFORD	1.94%	2.11%	2.42%
JOHNSON	0.08%	-4.94%	1.78%
L&M	7.53%	4.95%	2.61%
MIDDLESEX	8.00%	6.59%	9.35%
MILFORD	-2.01%	-12.46%	-11.10%
SAINT FRANCIS	-0.34%	4.13%	2.29%
SAINT MARY'S	6.44%	7.67%	9.99%
STAMFORD	7.13%	6.68%	8.21%
WATERBURY	4.85%	2.62%	1.60%

Note #1 - Total Margin is a profitability ratio which includes both operating and non-operating revenues.

Note #2 - Executive Order #51, criteria #6, allows for a decision on a merger application if a hospital has had a negative total margin in each of the last three years.

Source: Hospital Audited Financial Statements (AFS).

# CON Consultant Recommendations

## CON Review Processes:

- Add four new staff positions due to increasing workload
- Create a CON review manual
- Establish team approach to CON review process
- Revise CON forms and website
- Establish CON Advisory Panel
- Utilize conditions on CON approvals to promote CON applicant involvement in health planning activities
- Implement regulations for criteria and standards in Plan
- Create a CON Guidebook and conduct training webinar for Applicants

## Statutes and Regulations:

- Institute a quarterly system of review cycles for major categories
- Establish an Expedited review process for certain applications
- Define statutory criteria
- Change CON review of transfer of ownership to a public notification process
- Remove CT and cone-beam imaging equipment from CT from CON review
- Add the CON review category of new hospital inpatient and outpatient services
- Require limited unaudited financial data by hospital (bi-annual)

# CON Consultant Recommendations

## **Economic Development and Community Benefits:**

- Reconfirm commitment to state health planning and recognize CON as an implementation tool (cost, quality and access)
- Update Statewide Facilities Plan to include methodologies to identify unmet needs for facilities and services
- Establish Request for Application process to motivate CON applications to address unmet needs
- Establish a Health Care Development Fund to assist and motivate development of facilities and services in unmet need areas
- Place conditions on approved applications related to charity care, community health services, research, professional education, CHNAs, and contributions to community groups to stimulate community benefits
- Mandate minimum hospital community benefit programs, financial assistance policies, and CHNAs to ensure full compliance with NP status
- Invite stakeholders to provide comments and recommendations on how to improve scope and content of CON process



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**Thank You!**



# Pending CON Applications (Conversions and Acquisitions)

## Hospital Conversions

Applicant	Status
Eastern Connecticut Health Network/Prospect Medical Holdings	Hearing held 3/29/16 – Manchester Hearing held 3/30/16 – Rockville Decision to be released 6/10/16
Waterbury Health Network/Prospect Medical Holdings	Hearing scheduled for 5/3/16

## Hospital Acquisitions

Applicant	Status
Lawrence+Memorial/Yale-New Haven Health Services Corporation*	Completeness responses received 3/30/16
St. Mary's Health System/Trinity Health New England	Deemed complete on 4/5/16. Hearing being scheduled in May.

\*Affected by Executive Order 51

Note: Applicants have indicated that decisions for related hospital conversion/acquisition CON applications/determinations must be rendered prior to closings.



# Pending CON Applications/Determinations (Other)

<b>Hospital Conversion- and Acquisition-Related Applications/Determinations</b>	
<b>Applicant</b>	<b>Status</b>
<b>5 applications -- Evergreen Endoscopy, Walden Behavioral Care, Northeast Regional Radiation Oncology Network, Tolland Imaging Center and Eastern CT Medical Professionals Foundation (Eastern Connecticut Health Network/Prospect Medical Holdings)</b>	<b>In process/Under OHCA review</b>
<b>1 application -- Franklin Medical Group (St. Mary's Health System/Trinity Health New England)</b>	<b>Expected at OHCA April 2016</b>
<b>1 application -- L+M Physician Associates (Lawrence+Memorial/Yale-New Haven Health Services Corporation)</b>	<b>Under OHCA review</b>
<b>5 determinations -- Imaging Partners, Valley Imaging Partners, Greater Waterbury Health System Physicians' Group, Greater Waterbury Heart Center, Harold Llever Cancer Center (Waterbury Health Network/Prospect Medical Holdings)</b>	<b>Expected at OHCA between April and June 2016</b>

## Pending CON Applications (Other)

### Other CON Applications

Applicant	Status
Day Kimball Healthcare -- Termination of MRI	Under OHCA review
Hartford Healthcare Corporation -- Acquisition of LinAcs	Under OHCA review
Hartford Hospital -- Acquisition of CT Scanner and MRI	Incomplete
Orthopaedic & Neurosurgery Specialists -- Acquisition of MRI	Incomplete
Yale-New Haven Hospital -- Termination of Occupational Medicine/Wellness Services	In process
Yale-New Haven Hospital -- Termination of Outpatient Rehab Service	In process
John Dempsey Hospital -- Temporary Lease of Mobile MRI	In process
Discovery Practice Management -- Establish Residential Treatment Facility for Eating Disorders	In process
St. Vincent's Medical Center -- Acquire a SPECT/CT Camera	In process
William Backus Hospital -- Establish Primary and Elective Angioplasty Services	In process/Hearing

Total number of current CONs: 21