



**STATE OF CONNECTICUT**  
DEPARTMENT OF PUBLIC HEALTH  
*Office of Health Care Access*

January 8, 2014

**IN THE MATTER OF:**

An Application for a Certificate of Need filed  
Pursuant to Section 19a-638, C.G.S. by:

Notice of Final Decision  
Office of Health Care Access  
Docket Number: 13-31846-CON

**Project Courage**

**Establish an Outpatient Behavioral  
Health and Substance Abuse Treatment  
Facility in Old Saybrook, Connecticut**

To:

Andrew Buccaro  
President/CEO  
Project Courage, LLC  
26 Spring Street,  
Deep River, CT 06417

Dear Mr. Buccaro:

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 19a-638, C.G.S. On January 7, 2014, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

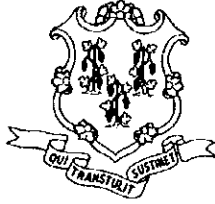
A handwritten signature in black ink, appearing to read "Kimberly R. Martone".

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Kimberly R. Martone  
Director of Operations

Enclosure  
KRM:amv

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*(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)*  
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**Department of Public Health  
Office of Health Care Access  
Certificate of Need Application**

**Final Decision**

**Applicant:** Project Courage, LLC  
26 Spring St., Deep River, CT 06417

**Docket Number:** 13-31846-CON

**Project Title:** Establishment of an Intensive Outpatient Behavioral Health and Substance Abuse Treatment Facility for Adolescents and Young Adults

**Project Description:** Project Courage, LLC (“Project Courage” or “Applicant”) seeks authorization to establish an intensive outpatient program for substance abusing adolescents and young adults in Old Saybrook, Connecticut.

**Procedural History:** The Applicant published notice of its intent to file the Certificate of Need (“CON”) application in the *Hartford Courant* on May 29, 30 and 31, 2013. On June 21, 2013, the Office of Health Care Access (“OHCA”) received the CON application from the Applicant for the above-referenced project and deemed the application complete on October 8, 2013. OHCA received no responses from the public concerning the Applicant’s proposal and no hearing requests were received from the public pursuant to Connecticut General Statutes (“Conn. Gen. Stat.”) § 19a-639a. In rendering her decision, Deputy Commissioner Davis considered the entire record in this matter.

To the extent the findings of fact actually represent conclusions of law, they should be so considered, and vice versa. *SAS Inst., Inc., v. S & H Computer Systems, Inc.*, 605 F.Supp. 816 (Md. Tenn. 1985).

## Findings of Fact

1. The Applicant, a for-profit limited liability company established in March 2006, provides substance abuse and mental health counseling to adolescents and young adults on an outpatient basis. Ex. A, pp. 4, 14, 21
2. The Applicant proposes to establish an intensive outpatient behavioral health and substance abuse treatment facility for adolescents and young adults in Old Saybrook, Connecticut. Ex. A, p. 4
3. The Applicant currently provides substance abuse counseling for adolescents and young adults; counseling sessions are typically 50 minutes long and occur once a week. Ex. A, p. 4
4. The Applicant plans to meet all regulatory requirements to obtain the licensure required to provide an intensive outpatient program (“IOP”) level of service, enabling it to be recognized by third party payers. Ex. A, pp. 21, 23
5. To provide the proposed services, the Applicant requires licensure from the Department of Public Health as a Psychiatric Outpatient Clinic for Adults and as a Facility for the Care or the Treatment of Substance Abusive or Dependent Persons. Ex. A, pp. 21, 87
6. The proposed program will not require licensure from the Department of Children and Families (DCF) as it will not be treating solely psychiatric conditions. Project Courage mandates that all incoming clients have a primary disorder of substance abuse or substance dependence. Adolescents referred to Project Courage without a primary diagnosis of substance abuse or substance dependence will be referred to another facility. Ex. A, p.128, 131
7. The services proposed by the Applicant will be funded by commercial insurers and by the clients and their families on a self-pay basis. Ex. A, p. 23
8. The target population for Project Courage includes adolescents and young adults (ages 14-26) from the following shoreline towns, which comprise the proposed service area: Guilford, Branford, Old Lyme, Chester, Essex, Deep River, Old Saybrook, Madison, Killingworth, Haddam, East Lyme, Westbrook and Clinton. Ex. A, pp. 5-6
9. The table below shows Project Courage’s referral and utilization volume for the last four calendar years. The Applicant reports that the main reason for not being able to accept referrals was the limited capacity of the program – only 20% accepted in 2012.

**Table 1: Project Courage Historical Utilization.**

Year	Annual Referrals	Volume
2009*	90	25
2010**	103	28
2011***	115	20
2012****	110	22

\* In 2009 there were two clinicians: one contractual and one full time.

\*\* In 2010 there were 3 clinicians: two contractual, and one full time.

\*\*\* In 2011 there were 4 clinicians: all of which were contractual.

\*\*\*\* In 2012 there were 4 clinicians: all of which were contractual.

Ex. A, pp. 14, 87

- The Applicant has provided care to adolescents and young adults who were referred for treatment from local schools, mental and other health care providers, youth services and from former clients. Project Courage averages eight referrals per month for weekly counseling services.

**Table 2: 2012 Referral Sources of the Applicant's Clients**

Referral Source	Referrals	%
School Systems	33	30.0%
Other mental health providers	31	28.1%
Existing or former clients	24	21.8%
Other healthcare providers (i.e. pediatricians, primary care physicians)	12	11.0%
Agency/Organizations (youth service bureaus, IOPs, etc.)	6	5.5%
Trainings/Workshops	3	2.7%
Media/Website	1	0.9%
Total	110	100%

Ex. A, pp. 12, 86

- While treating its current clients, Project Courage became aware that substance abuse disorders demand more than one hour of treatment per week. Ex. A, p. 14
- Patient referrals to a higher level of care (i.e., intensive outpatient) have been difficult due to barriers such as proximity, accessibility and quality of care resulting from the shortage of substance abuse treatment programs for adolescents and young adults (ages 14-26). Ex. A, p. 14
- There are no intensive outpatient programs in the proposed service area that primarily target adolescents and young adults suffering from substance abuse. Joshua Center Program is the only program that provides intensive outpatient service for adolescents and it is geared toward psychiatric services. The following table includes licensed outpatient treatment programs in the area. Ex. A, pp. 11, 88

**Table 3: Licensed Programs Serving Residents of the Proposed Service Area**

Facility Name	Location	Population served
Bhcare, Inc.	Branford	Adults & children
Child and Family Agency of Southeastern CT	Essex	Adults & children
The CT Counseling Center	Old Saybrook	Adults & children
Joshua Center-Shoreline	Old Saybrook	Children (5-18 year)

Sources: Statewide Health Care Facilities and Services Plan; Substance Abuse and Mental Health Services Administration (“SAMHSA”) website: <http://findtreatment.samhsa.gov>; and websites of the listed agencies: <http://www.saybrookcounseling.com>; <http://bhcare.org>; <http://www.childandfamilyagency.org> and <http://www.natchaug.org/programms>.

14. All of the centers listed in Table 3 are not-for-profit and three of the four providers rely on state and/or federal funding to provide their services to clients who are in the lower income bracket. Ex. A, p. 11
15. The 2011 National Survey on Drug Use and Health (“NSDUH”) reported that:
  - a. The number of people who were past-year heroin users in 2011 was higher than the number in 2007;
  - b. The rate of current illicit drug use varied by age. Among youths aged 12 to 17 in 2010, the rate increased from 4.0% at ages 12 or 13 to 9.3% at ages 14 or 15 and to 16.6 % at ages 16 or 17.
  - c. The highest rate (23.1%) of current illicit drug use was among 18 to 20 year olds; the next highest rate (20.5%) was found among 21 to 25 year olds.Source: SAMHSA, Results from the 2010 NSDUH: Summary of National Findings, NSDUH Series H-41, HHS Publication No. (SMA) 11-4658. Rockville, MD: SAMHSA, 2011.
16. According to the US Census 2010, there are approximately 819-1,000 residents per shoreline town<sup>1</sup>, or 8,600 individuals in total, between the ages of 15-23. Ex. A, p. 7
17. The 2003-2006 NSDUH estimates that 8.7% of Connecticut’s adolescent boys and 10.1% of adolescent girls meet the diagnostic criteria for an alcohol or substance abuse disorder. Ex. A, pp. 6, 37
18. Based on the NSDUH statistics, Project Courage estimates that 80 to 100 students per school would potentially be in need of treatment for substance use disorder. For the ten high schools within a 15-mile radius of the facility, an estimated 1,200 students may utilize the Applicant’s proposed services. Ex. A, pp. 5-7
19. Project Courage intends to have caseloads no higher than ten clients per clinician<sup>2</sup> to ensure high quality care. The following table shows the projected volumes.

<sup>1</sup> The shoreline towns include Guilford, Madison, Clinton, Westbrook, Killingworth, Haddam and Old Saybrook.

<sup>2</sup> *Guide to States: Treatment Standards for Women with Substance Use Disorders*, published by the National Association of State Alcohol and Drug Abuse Counselors in 2008, recommends that clinicians in IOP programs should have a maximum caseload size

**Table 4: Projected Volume by Fiscal Year**

Service Type	FY2013*	FY2014**	FY2015***	FY2016
Intensive Outpatient	3	12	20	25
Outpatient	13	16	16	19
Total	16	28	36	44

\*2013 is a partial year. The Applicant estimates to serve 3 clients or 38 IOP units (3 clients x 3 days per week for 1 month).

\*\*The Applicant estimates that it can serve 12 clients or 1,858 IOP units (12 clients x 3 days per week for 1 year)

\*\*\*The Applicant estimates that it can serve 20 clients or 3,096 IOP units (20 clients x 3 days per week for 1 year)

Ex. A. pp. 4, 86 & 129

20. The Applicant proposes to provide intensive outpatient treatment for adolescents and young adults struggling with substance abuse disorders and co-occurring mental health disorders. Upon completion of the IOP program, patients will “step-down” to the outpatient level of care that includes individual therapy and group therapy for two to three hours per week. Ex. A, pp. 6, 26
21. The Applicant’s proposed services will include individual therapy, group therapy, intensive family therapy and drug screening. All of these core services will be supplemented by the following recovery lifestyle services: medication management, recreational services, case management and other holistic treatment programs such as yoga. To keep its clients motivated, Project Courage will also offer services specifically designed for the adolescent and young adult population such as boxing, martial arts, basketball, music lessons and the arts. Ex. A. pp. 5, 16
22. The proposed population will be kept in separate treatment groups (i.e., ages 14-17 and ages 18-26) and as such will receive treatment that is developmentally appropriate. Ex. A. p.6
23. The Applicant plans to have its standards of practice in line with the SAMHSA Treatment Improvement Protocol (“TIP”) 47<sup>3</sup> including:
  - a. providing easy entry;
  - b. making treatment readily available;
  - c. building on existing motivation;
  - d. enhancing therapeutic alliance;
  - e. making retention a priority;
  - f. assessing and addressing individual treatment needs;
  - g. providing ongoing care;
  - h. monitoring abstinence;
  - i. using mutual help and other community based supports;
  - j. using medications if indicated;

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of 10. *The Manual for Recovery Coaching and Personal Recovery Plan Development* by Fayette Companies suggested caseload sizes for recovery coaches should not exceed 15-20 active clients in the program. Ex. C, p. 85

<sup>3</sup> TIP 47 identifies 14 principles of protocol for the improvement of Intensive Outpatient Treatment.

- k. educating about substance abuse, recovery, and relapse;
- l. engaging families, employers, and significant others;
- m. incorporating evidence-based approaches; and
- n. improving program administration.

Ex. A, pp. 16-21

24. Project Courage plans to incorporate the following evidence based models in its IOP program:

- a. motivational interviewing;
- b. acceptance and commitment therapy (a third generation cognitive behavioral therapy);
- c. traditional cognitive behavioral therapy; and
- d. 12-step facilitation.

Ex. A, p. 21

25. Dr. Peter Mohrer, a psychiatrist experienced working with substance use disorders, will provide medication evaluations and management for Project Courage clients.

Ex. A, pp. 20, 48

26. The Applicant's proposal will provide high quality client-centered services that will promote recovery and resilience for its clients. Project Courage will provide a treatment alternative that decreases long-term behavioral healthcare costs, including costly acute-care expenses. Ex. A, p.26

27. The Applicant's proposal will improve health care delivery for adolescents and young adults by enhancing the continuum of care. Clients concluding their treatment at a higher level of care (e.g. residential) will be able to continue their treatment at a lower level of care. By providing continued treatment, the potential for relapse is reduced and the ability to transition into a productive, independent and self-supporting lifestyle is enhanced. Ex. A, p.15

28. Project Courage will rely on out-of-network insurance reimbursement and self-pay clients to fund its services. The Applicant's projected payer mix is as follows:

**Table 5: Projected Payer Mix**

	FY2013*	FY 2014	FY 2015
Self Pay		10%	20%
Commercial Insurers*	100%	90%	80%
Total Payer Mix	100%	100%	100%

\*2013 is a partial year

Ex. A, p.23

29. Clients that don't have an out-of-network insurance option or present with financial hardship will be offered a discounted out-of-pocket rate or the Applicant will provide an aggressive referral process to find another provider in the area that offers services under the given insurance and/or financial circumstances of the client. The referral process will only be deemed complete once an appropriate provider is found and the client is actively engaged with that provider. Ex. A, p.129

30. The total capital cost for the proposal is \$40,000 for non-medical equipment purchases and will be financed by Andy Buccaro, who is the current CEO/Founder of Project Courage. Ex. A, pp. 22, 87
31. Based on the experience of the Applicant's contracted billing services and knowledge of rates for other local providers offering similar levels of care, the Applicant anticipates charging from \$275 to \$350 for outpatient sessions and \$800 per day, per client in the IOP program. Ex. A, p. 128
32. The Applicant projects incremental gains from this proposal for FYs 2013 through 2015 of \$3,630, \$291,200 and \$526,900, respectively.

**Table 6: Projected Incremental Revenues and Expenditures by Fiscal Year**

Description	FY2013	FY2014	FY2015
Total Gross Revenue*	\$22,800	\$911,483	\$1,474,950
Total Expenses**	19,170	620,283	948,050
<b>Income (Loss) from Operations***</b>	<b>\$ 3,630</b>	<b>\$ 291,200</b>	<b>\$ 526,900</b>

\*Total Gross Revenue estimated by Applicant based on usual and customary charges in the region and does not necessary reflect actual reimbursement.

\*\*Total Expenses include salaries and fringe benefits, contracted services, supplies, bad debts, depreciation, lease expenses and income tax provision.

\*\*\*The Applicant anticipates charging from \$275 to \$350 for OP sessions and \$800 per day per client for IOP.

FY2013 revenue projection is based on 38 IOP days (3 clients x 3 days per week for 1 month)

FY2014 revenue projection is based on 1,858 IOP days (12 clients x 3 days per week x 12 mos)

FY2015 revenue projection is based on 3,096 IOP days (20 clients x 3 days per week x 12 mos)

Ex. A, pp. 129, 133

33. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
34. This CON application is consistent with the overall goals of the State Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
35. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
36. The Applicant has satisfactorily demonstrated that its proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
37. The Applicant has satisfactorily demonstrated that its proposal would improve the accessibility of health care delivery in the region and it has satisfactorily demonstrated a potential improvement in quality and cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5))
38. The Applicant has shown that there will be an increase in access to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6))



39. The Applicant has satisfactorily identified the population to be served by its proposal and has satisfactorily demonstrated that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7))
40. The Applicant's historical provision of treatment in the proposed service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
41. The Applicant has satisfactorily demonstrated that the proposal will not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))

## Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in § 19a-639(a) of the Statutes. The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

Established in March 2006, Project Courage is a for-profit limited liability company that provides outpatient substance abuse and mental health counseling to adolescents and young adults (ages 14-26) in Old Saybrook, Connecticut. *FF1* The following shoreline towns comprise the Applicant's service area: Guilford, Branford, Old Lyme, Chester, Essex, Deep River, Old Saybrook, Madison, Killingworth, Haddam, East Lyme, Westbrook and Clinton. *FF8* The Applicant has been receiving an average of eight referrals per month from local schools, mental and other health care providers, youth services and from former clients. *FF10* The limited capacity of the Applicant's current program is the primary reason for its inability to accept additional referrals. *FF9*

While treating its current clients, Project Courage became aware that the treatment of substance abuse disorders for patients aged 14-26 demands more than one hour of treatment per week, as currently being provided by Project Courage. *FF11* Referring patients to a higher level of care (i.e., intensive outpatient) has been difficult for Project Courage due to proximity, accessibility and quality of care barriers resulting from the shortage of substance abuse treatment programs for adolescents and young adults (ages 14-26). *FF12* Only one program (Joshua Center Program) provides intensive outpatient service for adolescents in the proposed service area, but is geared more toward psychiatric services than substance abuse disorders. *FF13* To address this problem, Project Courage is proposing to establish an outpatient mental health and substance abuse treatment facility that will provide an intensive outpatient level of service for adolescents and young adults (ages 14-26). *FF20*

Project Courage's proposed core services will include individual therapy, group therapy, intensive family therapy and drug screening. In addition, the Applicant proposes to supplement its core services by providing recovery lifestyle services such as medication management, recreational services, case management and other holistic treatment programs such as yoga and martial arts. *FF21* Project Courage's proposal will enable patients who are exiting a residential treatment facility to obtain continued treatment in an outpatient setting thereby providing a smoother transition into a productive, independent and self-supporting lifestyle and a reduction in relapse. *FF27*

Given the challenges faced by Project Courage with respect to placement of patients for a higher level of care than it can currently provide, the need for the proposed service is evident. Furthermore, Project Courage has demonstrated that this need exists for the populations within its current service area. Project Courage's proposal will provide a continuum of care for those patients it currently serves as well as future patients. Therefore, the Applicant has sufficiently demonstrated that its proposal addresses a clear public need without the unnecessary duplication of services within its proposed service area.

Obtaining licensure as a facility providing intensive outpatient mental health and substance abuse treatment will enable Project Courage to receive out-of-network reimbursement for its services from third-party payers. *FF4,5,7,28* Clients that don't have an out-of-network insurance option or present with financial hardship will be offered a discounted out-of-pocket rate or Project Courage will work with the client to find another provider in the area that offers services under their insurance and/or financial circumstances. *FF29* The Applicant's proposal will, therefore, improve access to intensive outpatient services for the targeted population and provide additional payment options for clients and their families.

The Applicant's proposal has a capital cost of \$40,000 and projects incremental gains of \$3,630, \$291,200 and \$526,900 for FYs 2013 through 2015, respectively. *FF30, 32* With projected volumes that appear reasonable and achievable, the Applicant has demonstrated that its proposal is financially feasible.

## Order

Based upon the foregoing Findings of Fact and Discussion, the Certificate of Need application of Project Courage, LLC to establish an intensive outpatient program for substance abusing adolescents and young adults to be located in Old Saybrook, Connecticut, is hereby **APPROVED**.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the  
Department of Public Health  
Office of Health Care Access

1/8/14  
Date

Lisa A. Davis  
Lisa A. Davis, MBA, BSN, RN  
Deputy Commissioner