



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Hartford Hospital

**Docket Number:** 01-530

**Project Title:** Expansion of GI/Endoscopy Facilities

**Statutory Reference:** Sections 19a-638 and 19a-639,  
Connecticut General Statutes

**Filing Date:** October 5, 2001

**Hearing Date:** Waived

**Decision Date:** November 28, 2001

**Default Date:** January 3, 2002

**Staff Assigned:** Steven Lazarus  
Laurie Greci

**Project Description:** Hartford Hospital (“Applicant”) proposes to expand the existing GI/Endoscopy Unit by adding additional patient procedure rooms, recovery space and additional staff support space, at a total capital expenditure of \$5,000,000.

**Nature of Proceedings:** On October 5, 2001, the Office of Health Care Access (“OHCA”) received Hartford Hospital’s (“Applicant”) Certificate of Need (“CON”) application seeking authorization for expansion of the GI/Endoscopy Facility located at 80 Seymour Street, Hartford, Connecticut. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

On October 5, 2001, the Applicant requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA’s Regulations and claimed that the proposal was non-substantive as defined in Section 19a-643-95(3) of OHCA’s Regulations. Notice to the public was published in *Northeast Minority News, Inc* and

*The Hartford Courant* on October 25, 2001. OHCA received no comments concerning the Applicant's request for waiver of public hearing during the public comment period. Therefore, on November 12, 2001, OHCA granted the Applicant's request for waiver of the public hearing.

OHCA's authority to review and approve, modify or deny this application is established by Sections 19a-638 and 19a-639, C.G.S. The provisions of these sections, 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**

#### **Proposal's Contribution to Accessibility of Health Care Delivery in the Region Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services**

1. Hartford Hospital ("Applicant") is a not-for-profit acute care hospital located at 80 Seymour Street, Hartford, Connecticut. *(October 5, 2001 CON Application, pages 1 and 8)*
2. The Applicant is proposing to expand its GI/Endoscopy facility located at 85 Seymour Street in Hartford. *(October 5, 2001 CON Application, page 1)*
3. The Applicant's proposed expansion will augment its current services; no services will be replaced. *(October 5, 2001 CON Application, page 11)*
4. The Applicant proposes to expand its GI/Endoscopy facility by:
  - a. renovating approximately 12,600 square foot ("sq") of unoccupied space on the third floor of the West Wing;
  - b. renovating the building elevator lobby in the South Wing;
  - c. renovating the public corridor of the East Wing; and
  - d. renovating approximately 2,800 sq. of the existing endoscopy suite on the second floor of the East Wing.*(October 5, 2001 CON Application, page 9).*

5. The proposed renovations to the third floor include:

*West Wing:*

- Five (5) new procedure rooms;
- A twelve (12)-bay patient holding/recovery area;
- Four (4) private pre-procedure rooms and gowned waiting room; and
- Clinical support functions, including soiled and clean instruments processing rooms.

*South Wing:*

- Reception and waiting areas;
- Interview and consult rooms;
- Equipment storage; and
- Staff support spaces, including staff and physician lounges, a conference room and nurse office.

*(October 5, 2001 CON Application, page 9 and 10)*

6. The proposed renovations on the second floor of the building include:

- Two (2) additional patient/holding recovery bays to augment the six (6) existing and proposed bays;
- Two (2) new pre-procedure rooms and one (1) new pre-procedure/consult room;
- A gowned waiting area;
- A reconfigured nurse station; and
- New interior finishes to the existing holding/recovery areas.

*(October 5, 2001 CON Application, page 9 and 10)*

7. Any potential adverse impact on patient care will be avoided entirely by careful phasing of the renovation and evacuation of clinical services that could be affected.

*(October 5, 2001 CON Application, page 10)*

8. The projected payer mix associated with the CON proposal is as follows:

Type of Payer	Payer Mix (%)			
	Current	Year 1	Year 2	Year 3
Medicare	44.36	44.36	44.36	44.36
Medicaid	9.60	9.60	9.60	9.60
TriCare	0.04	0.04	0.04	0.04
Commercial Insurers	35.80	35.80	35.80	35.80
Self-Pay	6.70	6.70	6.70	6.70
Workers Compensation	0	0	0	0
Uncompensated Care	3.50	3.50	3.50	3.50
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*(October 5, 2001, CON Application, page 12)*

9. The Applicant has experienced a rapid increase in patient demand for GI/Endoscopy procedures over the past several years due to increased applicability as a screening

modality and the evolving demographics of the Applicant's service area. *(October 5, 2001 CON Application, page 2)*

10. The volume of procedures over the past five years has increased at an average rate of 10.1%. Outpatient procedures have risen at an average rate of 12.4%. *(October 5, 2001 CON Application, page 2)*
11. The Applicant is expecting the patient demand for GI/Endoscopy procedures to continue to increase for the following reasons:
  - a. Patients are requesting screening colonoscopies in response to a public awareness campaign launched by recognized celebrities and the National Colorectal Cancer Research Alliance. *(October 5, 2001 CON Application, page 3)*
  - b. Upper GI endoscopic procedures are in greater demand due to increased awareness of reflux disease. This awareness has been spurred by widespread advertising of prescription heartburn medication. *(October 5, 2001 CON Application, page 3)*
  - c. The Applicant projects additional demand for GI/Endoscopy services due to the aging of Connecticut's population and the greater utilization rate of GI/Endoscopy procedures by older individuals. *(October 5, 2001 CON Application, page 3)*
12. Analysis of demographic data indicates the following:
  - a. According to Connecticut's Office of Policy and Management, the population age 50 and over comprised of 30.2% of the population in the year 2000 and is projected to rise to 32.3 percent in the year 2005 and 34.8% percent in year 2010. *(October 5, 2001 CON Application, page 3)*
  - b. The median age of Connecticut is projected to increase from 37.4 in 2000 to 39.3 in 2005. *(October 5, 2001 CON Application, page 3)*
13. Legislative and reimbursement changes have been implemented, increasing the use of this clinical service. *(October 5, 2001 CON Application, page 3)*
  - a. Connecticut Public Act 01-171 mandates third-party reimbursement of colonoscopy as a colon cancer screening method for patients over the age of fifty.
  - b. Medicare began reimbursement to providers as well for colonoscopy beginning in July of 2001.
14. The present GI/Endoscopy facility has five procedure rooms, each with a capacity of seven cases per day or 35 cases per week. The Applicant has been borrowing space from other units within the hospital to accommodate existing demand. The facility under this arrangement has a capacity of approximately 9,000 cases per year. *(October 5, 2001 CON Application, page 4)*
15. Without utilizing the borrowed space, the GI/Endoscopy unit would be five cases per day per room, or approximately 6,500 cases per year. *(October 5, 2001 CON Application, page 4)*

16. Physical fragmentation of the GI/Endoscopy facility has resulted in staff inefficiencies and inconvenience to patients, families, and physicians. *(October 5, 2001 CON Application, page 4)*

17. The projected demand for services, based on the past five years, is expected to grow at rate of 10.1% annually, and at a rate of 12.4% annually for outpatient procedures. The projected number of procedures to be performed by the Applicant is approximately:

<b>Year</b>	<b>Projected Procedure Volume</b>
2002	11,000
2003	12,100
2004	13,000
2005	13,800

*(October 5, 2001 CON Application, Interpolated from Figure Two, page 4)*

18. The combination of increasing demand, physician workload, and existing facilities constraints has result in a scheduling backlog of six to eight weeks. *(October 5, 2001 CON Application, page 4)*

19. Patient referrals to the Applicant's GI/Endoscopy unit are generated from a service area that primarily ranges north to Windsor, south to Rocky Hill, west to Farmington and Avon, and east to Manchester and Bolton. *(October 5, 2001 CON Application, page 4)*

20. The exiting providers in the Applicant's service area are:

- Hartford Surgical Center, Hartford;
- Connecticut GI/Endoscopy Center, Bloomfield;
- St. Francis Hospital and Medical Center, Hartford; and
- John Dempsey Hospital, Farmington.

*(October 5, 2001 CON Application, page 5)*

21. The proposal is anticipated to have little or no effect on existing providers, given the significant and rising demand for these services within the region. *(October 5, 2001 CON Application, page 5)*

**Financial Feasibility of the Proposal and its Impact on the Applicants' Rates and  
Financial Condition  
Impact of the Proposal on the Interests of Consumers of Health Care Services and  
Payers for Such Services**

22. The total capital expenditure for this proposal is \$5,000,000 which includes:

<b>Type of Capital Expenditure</b>	
Construction and Renovation	\$4,102,466
Fixed Equipment	57,626
Movable Equipment (Purchase)	425,144
Other (Non-Construction)	414,764
<b>Total Capital Expenditures</b>	<b>\$5,000,000</b>

*(October 5, 2001 CON Application, page 9)*

23. The breakdown of the construction and renovation costs are as follows:

<b>Category</b>	<b>Cost of Construction</b>
Building	\$3,160,000
Architecture and Engineering	395,500
Contingency	493,662
Inflation Adjustment	53,304
Total	\$4,102,466

*(October 5, 2001 CON Application, page 10)*

24. The capital expenditure for Other (non-construction) includes the costs of hazardous substance removal, artwork, moving, secure storage development, telecommunications, nurse call system, and project management. *(October 5, 2001 CON Application, page 9)*

25. The Applicant proposes to fund the total capital expenditure of \$5,000,000 through an equity contribution from funded depreciation. *(October 5, 2001 CON Application, page 11)*

26. The Applicant is projecting the following for Total Revenue incremental to the proposed project:

<b>Fiscal Year</b>	<b>Revenue Dollars*</b>
2003	0
2004	334,073
2005	761,264

\* Includes salary and employee benefits for two additional full time equivalent staff.

*(October 5, 2001 CON Application, page 80)*

27. The anticipated schedule of the proposal is as follows:

<b>Activity</b>	<b>Date</b>
Commencement	January 2, 2002
Completion	March 31, 2003
Licensure	April 7, 2003
Occupancy	April 14, 2003

*(October 5, 2001 CON Application, page 11)*

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

The following findings are made pursuant to other principles and guidelines set forth in Section 19a-637, C.G.S.:

28. There is no State Health Plan in existence at this time. *(October 5, CON Application, page 2)*
29. The Applicant has adduced evidence that this proposal is consistent with their long-range plans. *(October 5, 2001 CON Application, page 2)*
30. The Applicant has improved productivity and contained costs through energy conservation, group purchasing, reengineering, and the application of technology. *(October 5, CON Application, page 7)*
31. The proposal will not result in changes to the Applicant's current teaching and research responsibilities. *(October 5, 2001 CON Application, page 7)*
32. There are no distinguishing characteristics of the patient/physician mix of the Applicant. *(October 5, 2001 CON Application, page 7)*
33. The Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(October 5, 2001, CON Application, Attachments B and C)*

## Rationale

Hartford Hospital (“Applicant”) is proposing to expand its GI/Endoscopy facilities. The expansion will augment its current services; no services will be replaced. The project will include additional procedure rooms and patient holding/recovery areas, as well as additional staff space. The project will eliminate the physical fragmentation of the current facility yielding greater efficiencies and decreasing the inconvenience to patients, families and physicians. Patient care will not be impacted as the renovations and evacuation of clinical services will be carefully phased during construction.

The project will allow the Applicant to meet the increasing demand for endoscopic procedures. There has been a rapid increase in patient demand for GI/Endoscopy procedures over the past several years. The volume of procedures over the past five years increased at an average rate of 10.1%; the outpatient procedure volume rose at an average rate of 12.4%. Patients are requesting screening colonoscopies in order to detect colon cancer early in its progression. Upper GI endoscopic procedures are in greater demand due to an increased awareness of reflux disease. Older people have a higher utilization rate of GI/Endoscopy procedures. With the project median age of Connecticut’s population increasing from 37.4 years of age in 2000 to 39.3 in 2005, the demand for these services will continue to increase.

The increase in demand has resulted in a scheduling backlog of six to eight weeks. The expansion of the facilities will help to alleviate the backlog. The Applicant’s proposal is anticipated to have little to no effect on existing providers within the area, as they also are anticipated to experience an increase in demand for services.

The proposal is financially feasible. The project has a total capital expenditure of \$5,000,000, which will be funded entirely through an equity contribution from funded depreciation. The Applicant is projecting that GI/Endoscopy procedures will continue to increase at a rate of 10-12% based on past volumes. The Applicant is also projecting incremental revenue with this proposal of \$334,073 by fiscal year 2004. These projections appear to be both reasonable and achievable.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Hartford Hospital for the expansion of its GI/Endoscopy located at 85 Seymour Street, Hartford, Connecticut, at a capital expenditure of \$5,000,000, is hereby GRANTED.



## Order

1. The authorization shall expire on November 28, 2003. Should the expansion and applicable renovations of Hartford Hospital's GI/Endoscopy facilities not be completed by that date, Hartford Hospital must seek further approval from OHCA to complete the project beyond that date.
2. Hartford Hospital shall not exceed the approved capital cost of \$5,000,000. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, Hartford Hospital shall file with OHCA a request for approval of the revised budget.

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

\_\_\_\_\_  
Date

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Raymond J. Gorman  
Commissioner

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