



Office of Health Care Access Certificate of Need Application

Proposed Final Decision

Applicant: Greenwich Hospital

Docket Number: 01-545

Project Title: Facility Modernization Plan – Phase II Building Construction and Renovation and the Addition of 28 Licensed Beds and Newborn Bassinets

Statutory Reference: Sections 19a-638 and 19a-639 of the Connecticut General Statutes

Filing Date: February 25, 2002

Hearing Date: April 1, 2002

Presiding Officer: Patricia A. Gerner

Decision Date: April 12, 2002

Default Date: May 26, 2002

Staff: Harold M. Oberg, Steven Lazarus and Laura Jaworski

Project Description: Greenwich Hospital (“Hospital”) proposes to implement its Facility Modernization Plan – Phase II building construction and renovation and to add 28 licensed beds and newborn bassinets, at a total capital expenditure of \$98,000,000.

Nature of Proceedings: On February 25, 2002, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Greenwich Hospital for the implementation of its Facility Modernization Plan – Phase II building construction and renovation and for the addition of 28 licensed beds and newborn bassinets, at a total capital expenditure of \$98,000,000. Greenwich Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A public hearing regarding the CON application was held on April 1, 2002. The Hospital was notified of the date, time, and place of the hearing, and a notice to the public was published prior to the hearing in *The Greenwich Times* and the *Northeast Minority News*. Patricia A. Gerner was designated by Commissioner Raymond J. Gorman to serve as presiding officer and to render a proposed final decision in this matter. The public hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Sections 19a-638 and 19a-639, C.G.S.

The Presiding Officer heard testimony from witnesses for the Hospital and in rendering this proposed final decision, considered the entire record of the proceeding. OHCA's authority to review and approve, modify or deny this proposal 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 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. Greenwich Hospital is an acute care general hospital located at 5 Perryridge Road in Greenwich, Connecticut. (*October 15, 2001 Letter of Intent, pages 1 and 2*)
2. On February 9, 1995, the Commission on Hospitals and Health Care ("Commission") granted a CON under Docket Number 94-531 to Greenwich Hospital for a two-phased hospital replacement/facility modernization project. The CON authorization consisted of the construction of the Helmsley Medical Building consisting of inpatient beds and patient care services ("Phase I"), the renovation of the existing South Building for outpatient and non-clinical functions and the demolition of a majority of the Hospital's existing physical plant ("the old Phase II"), at an authorized total capital expenditure of \$102,118,000. (*February 9, 1995 Commission Agreed Settlement, Docket Number 94-531, page 6 and January 7, 2002 CON Application, page 7*)
3. On February 6, 1998, OHCA subsequently granted the Hospital's request under Docket Number 97-573R for a modification of the Commission Order issued under Docket Number 94-531. OHCA's modification allowed the Hospital to construct additional spaces for the expansion of a new parking garage, upgrade the Women's/Infants Center, redesign and upgrade patient rooms, allow the unrestricted use of the CON project's Contingency Fund, increase the CON project's total gross square feet and total equity contribution, and authorized a revised total project capital expenditure of \$115,017,000. (*February 6, 1998 OHCA Agreed Settlement, Docket Number 97-573R, pages 5 through 11*)

4. New circumstances caused by significant events and factors have forced the Hospital to completely revise the old Phase II Facility Modernization Plan, from the renovation of the existing South Building that was constructed in the early 1960s to the construction of a completely new building, the Tom and Olive Watson Pavilion, which will be consistent in design and technical features with the recently constructed Helmsley Medical Building. *(January 7, 2002 CON Application, page 18)*
5. Recognizing that the Hospital's existing six-story South Building is rapidly becoming insufficient for current and future Hospital needs and taking into consideration its many structural deficiencies, the Hospital proposes a new Phase II Facility Modernization Plan that will raze this structure and construct the Watson Pavilion, a three-story building to be located adjacent to the Helmsley Medical Building. *(October 15, 2001 Letter of Intent, page 5)*
6. The Hospital has determined that not only would the previous renovation plan for the South Building be an expensive venture, but also that the South Building's low floor-to-floor heights inhibit compliance with new building codes and health regulations and the use of state-of-of-the-art infrastructure systems. In addition, the outdated South Building cannot be redesigned to handle modern inpatient layouts because its small floor plates inhibit flexibility, and the South Building is also separated by 300 feet from the Helmsley Medical Building, making the two facilities difficult for patients, families and Hospital staff to navigate with ease. *(October 15, 2001 Letter of Intent, page 5)*
7. The Watson Pavilion will be constructed on the site of the old Main Building, since there is no alternative site on the Hospital campus for the new building other than at this location. The South Building must be renovated in order to accommodate the Hospital staff and programs that are presently housed in the old Main Building, which will be demolished in order to make room for the new building. Once the Watson Pavilion is completed and occupied, the South Building must also be demolished per an agreement with the Town of Greenwich, Planning and Zoning Board. *(February 25, 2002 Completeness Responses, page 2)*
8. In order for the Hospital to construct the Watson Pavilion and at the same time maintain uninterrupted patient care services, several enabling steps must be undertaken before the project can be completed: *(January 7, 2002 CON Application, pages 23 and 24 and April 1, 2002 Greenwich Hospital Public Hearing Exhibit 4, Milestone Schedule)*
 - a. The Histology Department must be moved from the old Main Building, which will be demolished, into new space on the ground floor of the Helmsley Medical Building.
 - b. The South Building must be renovated in order to allow departments located in the old Main Building to move into temporary space for the duration of the Watson Pavilion construction.
 - c. A new stair tower for the South Building must be constructed in order to provide a second means of egress from this building.

- d. A Hospital-owned building located across the street at 16 Lake Avenue in Greenwich must be renovated to temporarily house the Facilities and Construction Departments.
 - e. Selected Hospital departments must be moved to the Hospital-owned building located at 55 Holly Hill Lane in Greenwich including Finance, The Healthy Living Program, Adolescent Medicine, Occupational Medicine and portions of Information Services.
 - f. Once all interim moves have been completed, the East Wing of the old Main Building will be abated and demolished.
 - g. A temporary pedestrian connector at grade between the Helmsley Medical Building and the South Building must be constructed and a temporary ambulance entrance must be relocated.
 - h. Once the pedestrian connector is completed, the old Main Building must be completely abated and demolished.
 - i. The Watson Pavilion will then be constructed, activated and occupied by the Hospital.
 - j. After the occupancy of the Watson Pavilion has been completed, the South Building must be completely abated and demolished.
 - k. Once the area where the South Building was located is fully landscaped, the project will then be completed, which the Hospital anticipates to occur on May 12, 2006.
9. The Watson Pavilion will include new and replacement patient rooms, including the conversion of 29 semi-private rooms to single rooms, along with additional outpatient clinics, support services and office spaces. The Watson Pavilion will also include a separate Emergency Department ramp for the Helmsley Medical Building and will add a 50,000 square foot underground parking garage to provide 105 additional parking spaces. *(January 7, 2002 CON Application, page 16)*
10. The Hospital listed the following advantages associated with the Hospital's new Phase II Facility Modernization Plan in view of the fact that the Watson Pavilion will: *(January 15, 2002 Supplemental CON Application filing, page 8)*
- a. Attach directly to the Helmsley Medical Building, permitting its use for inpatient services in response to departmental needs within the Helmsley Medical Building,
 - b. Increase operational and functional efficiencies for Hospital staff and provide convenient access between buildings for patients and visitors,
 - c. Allow for the addition of and the expansion of private patient rooms,

- d. Allow for the expansion of the Maternity program in the Helmsley Medical Building by allowing for the construction of a new Oncology Unit in the Watson Pavilion with more private rooms,
 - e. Consolidate pediatric services in one location, gaining efficiency and a seamless continuum of care between inpatient and outpatient services,
 - f. Allow for the construction of a new Medical Ambulatory Unit to provide for expansion and a separation of ambulatory medical patients from ambulatory surgical patients,
 - g. Include mechanical systems that will accommodate inpatient occupancy,
 - h. Include larger floor plates that will allow for more efficient use of space and greater flexibility in the use of this space over time,
 - i. Provide 105 off-street structured parking garage spaces with an easy connection to the clinical areas located above and 16 parking spaces located at the Emergency Department entrance area,
 - j. Provide a direct connection to the staff parking garage,
 - k. Complete the Emergency Department ramp and loading dock project steps included in the original Helmsley Medical Building master plan,
 - l. Provide a large landscaped area at the south end of the Hospital campus, and
 - m. Continue the exterior architectural language established by the Helmsley Medical Building, creating an attractive complementary appearance for both buildings.
11. After new construction has been completed, the Watson Pavilion will house the following Hospital departments, offices and functions: *(January 7, 2002 CON Application, pages 29, 30 and 31)*

Admitting/Registration, Alcohol Recovery Center, Anesthesiology Office, Clergy, Coffee Shop, EMS Greenwich, Environmental Services, Executive Offices, Facility Management, Geriatric Health, GH Physician's Association, Guest Relations, Health Information Management, Human Resources, Information Systems/Computers, Lobby/Public Spaces, Lockers, Marketing and Public Relations, Materials Management, Medical Ambulatory Unit, Medical/Pediatric/Surgical Beds Unit 2, Medical/Surgical Beds Unit 3, Medical Education, Medical Library, Medical Staff Lounge, Medical Staff Secretary, Medical Ambulatory Unit, Noble Conference Center, Nursing Administration Offices, Orthopedic Education Room, Outpatient Center, Outreach Laboratory, Pediatric Ambulatory Services, Physical Medicine and Rehabilitation, Physician Liaison, Pulmonary Medicine, Quality Management/Case Manager, Sleep Lab, Volunteers, Women's Resource Center and X-Ray Storage.

12. The CON granted by the Commission under Docket Number 94-531 for the Hospital's two-phased hospital replacement/facility modernization project, as subsequently modified by OHCA under Docket Number 97-573R, also included a reduction of 136 licensed beds and 3 newborn bassinets, from 296 licensed beds and 21 newborn bassinets to 160 licensed beds and 18 newborn bassinets. *(February 6, 1998 OHCA Agreed Settlement, Docket Number 97-573R, page 5)*
13. The Hospital proposes to increase its total of 178 licensed beds and newborn bassinets by 14 licensed beds and 14 newborn bassinets, from 160 licensed beds and 18 newborn bassinets to 174 licensed beds and 32 newborn bassinets, for a new total of 206 licensed beds and newborn bassinets. *(January 15, 2002 Supplemental CON Application filing, page 10)*
14. The Hospital's existing and proposed licensed beds and newborn bassinets by type of service category are as follows: *(January 15, 2002 Supplemental CON Application filing, page 10)*

Licensed Bed Service Category	Existing	Proposed	Change
Medical/Surgical	101	108	7
Recovery Program	6	6	0
ICU	10	10	0
Telemetry	12	12	0
Pediatrics	6	9	3
Maternity	25	29	4
Subtotal Licensed Beds	160	174	14
Newborn Bassinets	18	32	14
Total Licensed Beds and Bassinets	178	206	28

15. Since the Hospital's original CON was granted by the Commission in February 1995, significant events and factors have occurred, which have produced very marked growth in the Hospital's inpatient utilization and the need for a completely different approach from that of the old Phase II Facility Modernization Plan. These events and factors include the opening of the Helmsley Medical Building in October 1999, the Hospital's work redesign for efficiency and service excellence, the Hospital's affiliation with the Yale-New Haven Health System, and the change in hospital services in neighboring Port Chester, New York. *(January 7, 2002 CON Application, page 7)*
16. These events and factors have produced a need for more intensive clinical use of the Hospital's facilities resulting in a new Phase II Facility Modernization Plan, including inpatient beds for medical and surgical patients, maternity patients and newborns, and pediatric patients, and a change in the programming for Phase II to accommodate recent growth in utilization. The Hospital did not anticipate more than incremental increases in utilization in its original Phase II plan but due to several unanticipated events, there has been increased inpatient utilization and as a result the old Phase II Facility Modernization Plan required a complete reconsideration. *(January 7, 2002 CON Application, page 7)*

17. Since 1998, the last full year prior to the opening of the Helmsley Medical Building, Hospital admissions have increased by 27%, from 8,203 in FY 1998 to 10,428 in FY 2001, and the first quarter admissions in FY 2002 are 5% above the first quarter admissions in FY 2001. *(January 7, 2002 CON Application, page 7)*
18. The Hospital's recent experience with the success of the new architecture in the Helmsley Medical Building included features of the design of the new building that permitted work redesign, which in turn led to productivity gains and quality improvements. *(January 7, 2002 CON Application, page 18)*
19. The results of this work redesign process show clearly in patient satisfaction surveys and in cost management. Planning for the Helmsley Medical Building took place in a manner that was and is fully integrated with the Hospital's work redesign process. *(January 15, 2002 Supplemental CON Application filing, page 2)*
20. The work redesign process specifically influenced the design of the Helmsley Medical Building so that it could support service excellence and efficiency. Specific features incorporated into the building design included the following: *(January 15, 2002 Supplemental CON Application filing, page 2)*
 - a. Shortened distances from nursing stations and routine supply closets to patient rooms,
 - b. Optimal adjacencies: e.g., operating room adjacent to surgical beds, etc.,
 - c. Large floor plates to allow maximum flexibility to adapt to changing health care delivery practices,
 - d. Separation of inpatients from outpatients while utilizing common core facilities in the operating room and diagnostic center, and
 - e. Decentralization of patient services to nursing units: pharmacy, social services, respiratory care, etc.
21. The work redesign has produced significant efficiencies. The most prominent index of productivity is that the Helmsley Medical Building has accommodated the increased volume of patient activity without any change in the Hospital's cost per patient since 1997. These improved efficiencies have permitted increasing the actual hours of patient contact per FTE without corresponding increases in overall FTEs per adjusted occupied bed. *(January 7, 2002 CON Application, page 9)*
22. The Hospital's affiliation with the Yale-New Haven Health System ("Yale") in 1998 has increased the scope and depth of patient services provided at Greenwich Hospital with consequent increases in patient activity, especially in pediatrics where volume has doubled, from 156 admissions in 1998 to 321 admissions in 2001. Anecdotal comments from patients and physicians also reflect that the Yale affiliation has changed their perception of the quality of care at the Hospital. *(January 7, 2002 CON Application, page 9)*

23. In pediatrics, the presence of Yale pediatric sub-specialists has created a higher level of children's services at Greenwich Hospital, and pediatric patients no longer need to travel to New York City for such specialized care. Yale based sub-specialists see patients at Greenwich Hospital in a variety of areas that were formerly not available at the Hospital: pediatric endoscopy, pediatric surgery and orthopedics, pediatric endocrine care, and pediatric urology. Greenwich Hospital now has 37 pediatricians with admitting privileges at the Hospital. *(January 15, 2002 Supplemental CON Application filing, page 3)*
24. The Yale affiliation has also indirectly facilitated the recruitment of physician specialists not previously available at Greenwich Hospital. These physician specialists include a vascular surgeon, a neurosurgeon, a specialist in breast surgery, a perinatologist, as well as specialized pediatricians, and others now with admitting privileges at Greenwich Hospital. *(January 15, 2002 Supplemental CON Application filing, page 3)*
25. In obstetrics, the closure of the maternity service at United Hospital Medical Center in Port Chester, New York resulted in nine obstetricians seeking privileges to admit their patients to Greenwich Hospital and the referral of all such inpatients to Greenwich Hospital in the summer of 2000, with a resulting increase of 40% in the number of the Hospital's obstetrics admissions between FY 1999 and FY 2001. *(January 15, 2002 Supplemental CON Application filing, page 3)*
26. The recent growth in the Hospital's inpatient and outpatient utilization has been supported by an increasing number of physicians on the medical staff. Some of these new physicians have joined the staff in visiting or consulting categories as a result of the Yale affiliation. The largest increase has come both from the physicians new to the community, and physicians who have moved all or significant parts of their inpatient referrals from Westchester County hospitals to Greenwich Hospital. Of the 46 new physicians on the staff in 2001, half maintain their primary practices in Westchester County. With very few exceptions, these physicians maintain their own private practices in their own private offices that are not located on the Hospital campus. *(January 15, 2002 Supplemental CON Application filing, page 3)*
27. The use of Greenwich Hospital has increased markedly in the last three years as a result of the opening of the Helmsley Medical Building and the reduction of some services previously offered in Westchester County. New York patients (primarily obstetric and newborn patients, who make up 50% of the total change) account for 72% of the overall increase in discharges between 1998 and 2001. *(January 15, 2002 Supplemental CON Application filing, page 4)*
28. This increase in discharges also reflects the changes in the medical staff over this time period, much of which has come from the physicians primarily practicing in Westchester County and now referring more of their patients to Greenwich Hospital. A comparison of the Hospital's discharges by state for FY 1998 and FY 2001 is as follows: *(January 15, 2002 Supplemental CON Application filing, page 4)*

Description	FY 1998 Discharges	% of Total 1998	FY 2001 Discharges	% of Total 2001	Change	% of Change
CT Newborn	1,090	13%	1,112	11%	22	1%
CT Maternity	1,114	14%	1,148	11%	34	2%
CT All Other	4,382	53%	4,882	47%	500	22%
Total CT	6,586	80%	7,142	69%	556	25%
NY Newborn	323	4%	868	8%	545	24%
NY Maternity	321	4%	900	9%	579	26%
NY All Other	787	10%	1,288	12%	501	22%
Total NY	1,431	18%	3,056	29%	1,625	72%
All Other States	199	2%	256	2%	57	3%
Grand Total	8,216	100%	10,454	100%	2,238	100%

29. The Hospital's actual total admissions increased by 2,225 admissions between FY 1998 and FY 2001 as follows: *(January 15, 2002 Supplemental CON Application filing, page 12)*

Description	FY 1998	FY 1999	FY 2000	FY 2001
Total Admissions	8,203	8,425	8,846	10,428
Increase from Previous Year	-	222	421	1,582
% Increase from Previous Year	-	3%	5%	18%

30. The Hospital's actual total patient days increased by 3,524 patient days between FY 1998 and FY 2001 as follows: *(January 15, 2002 Supplemental CON Application filing, page 5)*

Description	FY 1998	FY 1999	FY 2000	FY 2001
Total Patient Days	40,977	41,931	40,758	44,501
Change from Previous Year	-	954	(1,173)	3,743
% Change from Previous Year	-	2%	(3%)	9%

31. The Hospital's actual total average length of stay decreased by 0.7 between FY 1998 and FY 2001 as follows: *(January 15, 2002 Supplemental CON Application filing, page 5)*

Description	FY 1998	FY 1999	FY 2000	FY 2001
Total Average Length of Stay	5.0	5.0	4.6	4.3
Change from Previous Year	-	-	(.4)	(.3)
% Change from Previous Year	-	-	(8%)	(7%)

32. The Hospital projects that the recent growth in utilization will continue for the next two or three years with patient days peaking at 55,141 in FY 2005, which is up from 44,501 actual patient days in FY 2001. The Hospital's bed need calculation for FY 2005 is as follows: *(January 15, 2002 Supplemental CON Application filing, page 6)*

Service Category for FY 2005	Patient Days	Average Daily Census	Occupancy %	"Raw" Bed Need	Adjusted Bed Need
Medical/Surgical	31,471	86	80%	108	108
Recovery Program	2,318	6	80%	8	6
ICU	2,312	6	80%	8	10
Telemetry	2,988	8	80%	10	12
Pediatrics	869	2	70%	3	9
Maternity	7,527	21	70%	29	29
Newborn	7,656	21	70%	30	32
Grand Total	55,141	151	76%	197	206

33. The largest part of the change in utilization is from the Westchester County towns of Port Chester, Rye, Harrison, Mamaroneck, Larchmont, New Rochelle and White Plains. The Hospital continues to define its service area as Greenwich and the towns of lower Fairfield County surrounding Greenwich and the nearby towns in Westchester County. The population of this area in 2005 will total 901,007, an increase of 2.4% over the 2000 population total of 879,935. *(January 15, 2002 Supplemental CON Application filing, pages 4 and 6)*
34. The Hospital's bed need calculation model takes age specific year 2000 populations for each of these towns, calculates a discharge per 1,000 population rate for each age cohort, and then applies that discharge rate to the projected 2005 populations to estimate the total number of discharges by age for the Hospital service area. "Raw" bed need is calculated by formula but adjusted bed need takes into account operational issues such as the need for gender and age separation (e.g., in Pediatrics), the mix of private and semiprivate rooms, and lower occupancy targets in some units such as ICU. *(January 15, 2002 Supplemental CON Application filing, page 6)*
35. The Hospital's summary of the forecasted inpatient demand at Greenwich Hospital for FY 2005 is as follows: *(January 15, 2002 Supplemental CON Application filing, page 7)*

Description	FY 2000 Actual	FY 2001 Actual	FY 2005 Projected
Hosp. Serv. Area Discharges excluding Newborn	6,348	7,447	8,644
Hosp. Newborn Serv. Area Discharges	1,472	1,721	2,021
Hospital Service Area Discharges	7,820	9,168	10,665
Total Est. Serv. Area Discharges including Newborn	98,677	99,119	100,886
Greenwich Hospital Market Share	7.92%	9.25%	10.50%
Hosp. Serv. Area Discharges as % of Total Discharges	87.21%	87.21%	87.21%
Total Hospital Discharges including Newborn	8,824	10,454	12,230
Average Length of Stay	4.6	4.3	4.5
Total Patient Days including Newborn	40,758	44,501	55,141
Average Daily Census	112	122	151
Number of Licensed Beds excluding Bassinets	160	160	174
Total Licensed Beds including Bassinets	178	178	206

36. In FY 2005, the Hospital's market share is expected to increase to 10.50% to yield total Hospital discharges from the service area of 10,665 and total Hospital discharges from all patients of 12,230. This increase in market share represents a 14% increase over FY 2001. *(January 15, 2002 Supplemental CON Application filing, page 7)*
37. The assumptions resulting in the 14% increase in market share over FY 2001 include the expected addition of two neurosurgeons in FY 2002 (each with their own off-campus private offices), as well as the growth of the practice of the Hospital's breast surgeon, who has a regional reputation. Other factors include continued growth in Maternity cases as the Hospital's reputation grows, and continued increases in the number of primary care physicians on the medical staff (although these physicians will not have offices on the Hospital campus). *(January 15, 2002 Supplemental CON Application filing, page 7)*

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 Payers for Such Services

38. The Hospital's proposed total capital expenditure of \$98,000,000 is broken down as follows: *(January 7, 2002 CON Application, page 23)*

Description	Total Cost
Fixed Equipment (Purchase)	\$ 4,545,000
Movable Equipment (Purchase)	2,798,058
Construction and Renovation (Buildings)	90,656,942
Total Capital Expenditures	\$98,000,000

39. The Hospital's proposed capital expenditures for building construction and renovation are broken down as follows: *(January 7, 2002, CON Application, page 24)*

Description	Construction	Renovation	Total Cost
Building Work Costs	\$46,855,000	\$7,770,000	\$54,625,000
Site Work Costs	6,627,000	0	6,627,000
Off-Site Work Costs	200,000	0	200,000
Architectural & Engineering Costs	11,331,342	2,180,600	13,511,942
Contingency Fund	9,225,360	1,079,640	10,305,000
Inflation Adjustment	4,741,440	646,560	5,388,000
Total Construction/Renovation Cost	\$78,980,142	\$11,676,800	\$90,656,942

40. The proposed total capital expenditure will be funded by an equity contribution of \$98,000,000 to be obtained entirely from fundraising. The Hospital has obtained \$46 million in cash and pledges from fundraising and will obtain the \$52 million remaining balance also from fundraising. *(April 1, 2002 Public Hearing Testimony of Eugene J. Colucci, Vice President, Finance of Greenwich Hospital)*

41. The Hospital projects the following revenue from operations, total operating expenses and gain/(loss) from operations associated with the CON proposal: *(January 7, 2002 CON Application, page 102)*

Description	FY 2004	FY 2005	FY 2006
Revenue from Operations	\$192,529,161	\$205,159,107	\$210,013,487
Total Operating Expenses	183,496,442	196,189,566	206,774,331
Gain/(Loss) from Operations	\$ 9,032,719	\$ 8,969,541	\$ 3,239,156

42. The Hospital's projected payer mix percentages based on gross patient revenue for the CON proposal are as follows: *(January 7, 2002 CON Application, page 26)*

Payer	FY 2004 Percentage	FY 2005 Percentage	FY 2006 Percentage
Medicare	28.8%	28.5%	28.2%
Medicaid	1.4%	1.3%	1.3%
TriCare	0.0%	0.0%	0.0%
Commercial Insurers	65.4%	65.8%	66.1%
Self-Pay	2.0%	2.0%	2.0%
Workers Comp/Other	2.4%	2.4%	2.4%
Total Payer Mix %	100.0%	100.9%	100.0%

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

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

43. There is no State Health Plan in existence at this time. *(January 7, 2002 CON Application, page 19)*
44. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(January 7, 2002 CON Application, page 19)*
45. The Hospital has no teaching or research responsibilities that would be affected as a result of the proposal. *(January 7, 2002 CON Application, page 22)*
46. There are no distinguishing or unique characteristics of the patient/physician mix related to the Hospital's proposal. *(January 7, 2002 CON Application, page 22)*
47. The Hospital has implemented various activities to improve productivity and contain costs. *(January 7, 2002 CON Application, page 22)*
48. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(January 7, 2002 CON Application, pages 80, 83 and 84 and January 15, 2002 Supplemental CON Application filing, pages 13-16)*

Rationale

Greenwich Hospital (“Hospital”) proposes the implementation of its Facility Modernization Plan - Phase II building construction and renovation and the addition of 28 licensed beds and newborn bassinets, at a total capital expenditure of \$98,000,000. The Hospital proposes to construct a new building on the Hospital campus to be known as the Tom and Olive Watson Pavilion, which will be consistent in design and technical features with the recently constructed Helmsley Medical Building. The Hospital also proposes the addition of 14 licensed beds and 14 newborn bassinets as a result of both actual and anticipated future increased inpatient utilization.

Recognizing that Greenwich Hospital’s existing six-story South Building is rapidly becoming insufficient for current and future Hospital needs and taking into consideration its many structural deficiencies, the Hospital proposes a new Phase II Facility Modernization Plan that will raze this structure as well as the existing Main Building, and construct the Watson Pavilion, a three-story building to be located adjacent to the Helmsley Medical Building. The Watson Pavilion will be constructed on the site of old the Main Building, since there is no alternative site on the Hospital campus for the new building other than at this location. The South Building must be renovated in order to accommodate the Hospital staff and programs that are presently housed in the old Main Building, which will be demolished in order to make room for the new building. Once the Watson Pavilion is completed and occupied, the South Building must also be demolished per an agreement with the Town of Greenwich, Planning and Zoning Board.

The Watson Pavilion will include new and replacement patient rooms, including the conversion of 29 semi-private rooms to single rooms, along with additional outpatient clinics, support services and office spaces. The Watson Pavilion will also include a separate Emergency Department ramp for the Helmsley Medical Building and will add a 50,000 square foot underground parking garage to provide 105 additional parking spaces. In addition to several other advantages, the Watson Pavilion will allow for the expansion of the Maternity program in the Helmsley Medical Building by allowing for the construction of a new Oncology Unit in the Watson Pavilion, and will allow for the construction of a new Medical Ambulatory Unit to provide expanded space and a separation of ambulatory medical patients from ambulatory surgical patients. The plan as presented in the CON application is evidence that the Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. OHCA finds that the Hospital has demonstrated that its Phase II proposal is needed for the Hospital to continue to provide patient services at a high level of quality, and that the proposal will contribute significantly to the accessibility of health services in the region.

The Hospital proposes to increase its total of 178 licensed beds and newborn bassinets by 14 licensed beds and 14 newborn bassinets, from 160 licensed beds and 18 newborn bassinets to 174 licensed beds and 32 newborn bassinets, for a new total of 206 licensed beds and newborn bassinets. Significant events and factors have occurred in recent years that have produced very marked growth in the Hospital’s utilization, which include the opening of the Helmsley Medical Building in October 1999, the Hospital’s work redesign for efficiency and service excellence, the Hospital’s affiliation with the Yale-New Haven Health System, and the change in hospital services in neighboring Port Chester, New York.

Since 1998, the last full year prior to the opening of the Helmsley Medical Building, Hospital admissions have increased by 27%, from 8,203 in FY 1998 to 10,428 in FY 2001. The Hospital's work redesign effort has produced significant efficiencies with the most prominent index of productivity being that the Helmsley Medical Building has accommodated the increased volume of patient activity without any change in the Hospital's cost per patient since 1997. The Hospital's affiliation with Yale in 1998 has increased the scope and depth of patient services provided at Greenwich Hospital with consequent increases in patient activity, especially in pediatrics where volume has doubled, from 156 admissions in 1998 to 321 admissions in 2001.

The Yale affiliation has also indirectly facilitated the recruitment of physician specialists not previously available at Greenwich Hospital. These physician specialists include a vascular surgeon, a neurosurgeon, a specialist in breast surgery, a perinatologist, as well as specialized pediatricians, and others now with admitting privileges at the Hospital. In obstetrics, the closure of the maternity service at United Hospital Medical Center in Port Chester, New York resulted in nine obstetricians seeking privileges to admit their patients to Greenwich Hospital and the referral of all such inpatients to the Hospital in the summer of 2000, with a resulting increase of 40% in the number of the Hospital's obstetrics admissions between FY 1999 and FY 2001.

The Hospital is projecting a bed need of 174 licensed beds and 32 newborn bassinets for FY 2005 based upon its projections of 12,230 total discharges in FY 2005 compared to 10,454 actual total discharges in FY 2001, 55,141 total patient days in FY 2005 compared to 44,501 actual total patient days in FY 2001, and an average daily census of 151 in FY 2005 compared to an actual average daily census of 122 in FY 2001. Based upon the significant events and factors identified and the favorable inpatient utilization trends confirmed by the Hospital's actual inpatient utilization achieved in recent years, it is not unreasonable for the Hospital to forecast that the favorable inpatient utilization trends will continue through FY 2005, and OHCA finds that these favorable inpatient utilization trends are likely to continue in the future. Therefore, OHCA finds that the Hospital has demonstrated that there is sufficient need for the addition of 14 licensed beds and 14 newborn bassinets.

The proposed total capital expenditure of \$98,000,000 will be funded by an equity contribution to be obtained entirely from fundraising activities. The Hospital projects gains from operations with the CON proposal of \$9,032,719, \$8,969,541 and \$3,239,156 for FY 2004, FY 2005 and FY 2006 respectively. The Hospital's projected inpatient utilization statistics for FY 2005 appear to be achievable, given the significant events and factors identified by the Hospital and the favorable inpatient utilization trends that should continue in future years. Since the financial forecast is based on the Hospital's projected inpatient utilization statistics, OHCA believes it is likely that the associated projected gains from operations will also be achievable. Therefore, OHCA finds that the Hospital's proposal will not only improve the quality and accessibility of patient services but that the Hospital's proposal is also financially feasible and cost effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital to implement its Facility Modernization Plan – Phase II building construction and renovation and to add 28 licensed beds and newborn bassinets, at a total capital expenditure of \$98,000,000, is hereby GRANTED.

Order

Greenwich Hospital (“Hospital”) is hereby authorized to implement its Facility Modernization Plan – Phase II building construction and renovation and to add 28 licensed beds and newborn bassinets, at a total capital expenditure of \$98,000,000, subject to the following conditions:

1. This authorization shall expire on June 30, 2007. Should the Hospital’s Facility Modernization Plan – Phase II building construction and renovation not be completed by that date, and should the 28 licensed beds and newborn bassinets not have received licensure or not have become operational by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved total capital expenditure of \$98,000,000. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.
3. The Hospital’s approved new licensed bed total is 206 licensed beds and newborn bassinets, which consists of 174 licensed beds and 32 newborn bassinets.

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

By Order of the
Office of Health Care Access

April 12, 2002
Date

Proposed Decision Signed by
Patricia A. Gerner
Presiding Officer

April 16, 2002
Date

Proposed Decision Adopted by
Raymond J. Gorman
Commissioner