



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Middlesex Hospital

Docket Number: 01-549

Project Title: Establish Endoscopy Suite at Shoreline Medical Center

Statutory Reference: Section 19a-638, Connecticut General Statutes

Filing Date: March 1, 2002

Hearing Dates: Not Applicable

Presiding Officer: Raymond J. Gorman, Commissioner

Decision Date: April 16, 2002

Default Date: May 30, 2002

Staff: Kim Martone
Steven Lazarus

Project Description: Middlesex Hospital (“Hospital”) proposes to establish an endoscopy suite at the Shoreline Medical Center in Essex, Connecticut, at a total capital expenditure of \$850,000.

Nature of Proceedings: On March 1, 2002, the Office of Health Care Access (“OHCA”) received the Hospital’s Certificate of Need (“CON”) application seeking authorization to establish an endoscopy suite at the Shoreline Medical Center in Essex, Connecticut, at a total capital expenditure of \$850,000. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA's authority to review, approve, modify or deny this proposal is established by Section 19a-638, C.G.S. The provisions of this section, 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

Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region

Impact on the Hospital's Current Utilization Statistics

Impact of the Proposal on the Interests of Consumers and Payers of Health Care Services

1. Middlesex Hospital is a non-profit acute care hospital located in Middletown, Connecticut. (*CON Determination Report 01-S3, October 30, 2001*)
2. The Shoreline Medical Center is wholly owned and operated by the Hospital and is located at 260 Westbrook Road in Essex, Connecticut. (*CON Determination Report 01-S3, October 30, 2001*)
3. The Shoreline Medical Center offers a 24-hour emergency department, diagnostic radiology, clinical laboratory, physical therapy, and other outpatient medical services for residents of Essex and surrounding shoreline towns. (*CON Application, March 1, 2002, page 1*)
4. The Hospital proposes the addition of endoscopy services at the Hospital's Shoreline Medical Center in Essex. The proposed endoscopy suite will complement the existing diagnostic and therapeutic services available at the Shoreline Medical Center. (*CON Application, March 1, 2002, page 1*)
5. The Hospital currently provides endoscopy services at its main hospital campus as well as its outpatient Middlesex Surgical Center ("MSC") in Middletown. The proposed endoscopy suite at the Shoreline Medical Center will be part of the existing endoscopy service. (*CON Application, March 1, 2002, page 1*)
6. The Hospital will operate the endoscopy suite and the gastroenterologists from the Hospital's medical staff will perform the procedures. (*CON Application, March 1, 2002, page 1*)
7. The service area of the Hospital's Shoreline Medical Center includes the following towns: Lyme/Old Lyme, Essex, Clinton, Madison, Old Saybrook, Deep River, Killingworth, Chester, Guilford and Westbrook. (*CON Application, March 1, 2002, page 3*)
8. Currently there is no hospital-operated endoscopy service in the shoreline service area. (*CON Application, March 1, 2002, page 1*)

9. The Hospital based the need for the satellite endoscopy suite on the following:
- Expanded capacity;
 - Improved local access;
 - Reduced waiting times; and
 - Reduced travel time.

(CON Application, March 1, 2002, pages 1-4)

10. Total utilization statistics for endoscopy services at the Hospital in three procedure rooms and at Middlesex Surgery Center in one procedure room for Fiscal Years (“FYs”) 1997-2001 are as follows:

Total Endoscopies: FY 1997-2001

	1997*	1998*	1999	2000	2001
Total Endoscopies	1,738	2,640	3,088	3,317	4,446

*Volumes reflect procedures only at the Hospital in FY 1997. MSC volume in FY 1998 is only reflective of 10 months. MSC was added on to the Hospital on December 1, 1997. *(CON Application, March 1, 2002, page 2)*

11. The Hospital and Middlesex Surgical Center are currently at capacity to perform the endoscopy procedures. Total Hospital endoscopy volume increased by 44% between FY 1999 and FY 2001. *(CON Application, March 1, 2002, pages 1&2)*
12. Local Hospital primary care physicians determined that a minimum of 1,000 cases per year is referred out of the service area for endoscopy services due to the past and current capacity problem. *(CON Application, March 1, 2002, page 3)*
13. The addition of endoscopy services at the Shoreline Medical Center will result in the following:
- Capacity to meet the needs of the patients served in a timely manner. *(CON Application, March 1, 2002, page 3)*
 - Relief of overcrowding and scheduling delays at the main campus and outpatient site. *(CON Application, March 1, 2002, page 1)*
14. The Hospital projects the following utilization statistics for the Shoreline Medical Center for the first three years of operation of the proposed endoscopy suite:

Endoscopy Volume Projections: FYs 2002-2004

	FY 2002	FY 2003	FY 2004
Projected Hospital Cases	4,757	5,090	5,447
Shoreline Patients	1,406	1,504	1,609
Hospital Cases for Shoreline	351	752	805
New Patients	250	500	500
Total Cases for Shoreline Medical Center	601	1,252	1,305

(CON Application, March 1, 2002, page 3)

15. The Hospital's volume projections were based on the following assumptions:
- Demand would continue to grow at 7% annually from FY 2001-2005;
 - Approximately 30% of the Hospital and MSC endoscopy patients come from shoreline towns;
 - 50% of the shoreline patients would use the Shoreline Medical Center; and
 - 50% of out-of-area endoscopy referrals would be captured by the Shoreline Medical Center.

(CON Application, March 1, 2002, page 3)

16. The Applicant received letters from primary care and family physicians with offices on the shoreline in support of the additional endoscopy suite in Essex. The letters stated the following:
- The Hospital and the Middlesex Surgical Center have not been able to meet all of the demand and this has resulted in considerable delays.
 - The location of these services will expand capacity, greatly reduce waiting times, and significantly reduce patient travel time and distance.

(CON Application, March 1, 2002, Attachment 10)

17. Section 19a-613 of the Connecticut General Statutes authorizes OHCA to collect patient-level outpatient data from health care facilities or institutions, as defined in Section 19a-630.

Financial Feasibility of the Proposal and its Impact on the Hospital's Rates and Financial Condition

18. The proposal has a total capital expenditure of \$850,000, as follows:

Component	Cost
Fixed Equipment	\$ 24,000
Moveable Equipment	\$300,000
Construction/Renovation	\$454,000
Other: A/E, other fees	\$ 72,000
Total Capital Expenditure	\$850,000

(CON Application, March 1, 2002, page 7)

19. The proposal will be financed with Hospital equity from operations and the remaining balance of \$38,212 in the OHCA Restricted Fund. *(CON Application, March 1, 2002, page 8 and Letter from Arthur Andersen, LLP received on February 25, 2002)*
20. The Hospital proposes to hire 2, 4, 4, and 4 Full-Time Equivalents ("FTEs") in FYs 2002, 2003, 2004, and 2005 respectively, to staff the endoscopy suite at the Shoreline Medical Center in Essex. *(CON Application, March 1, 2002, page 10)*
21. The Hospital projects an excess of revenues incremental to the project of \$329,062, \$688,791, \$721,752, and \$755,705 in FYs 2002, 2003, 2004, and 2005, respectively.

(CON Application, March 1, 2002, page 10)

22. If volume projections are achieved, the Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. *(CON Application, March 1, 2002, page 10)*

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

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

23. There is no State Health Plan in existence at this time. *(CON Application, March 1, 2002, page 1)*
24. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(CON Application, March 1, 2002, page 2)*
25. The Hospital has improved productivity and contained costs by participating in energy conservation programs, group purchasing, reengineering and applications of technology. *(CON Application, March 1, 2002, page 6)*
26. The Hospital's proposal will not change the Hospital's teaching or research responsibilities. *(CON Application, March 1, 2002, page 6)*
27. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(CON Application, March 1, 2002, page 6)*
28. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(CON Application, March 1, 2002, page 5 and Attachment 3)*

Rationale

Middlesex Hospital proposes an addition of endoscopy services at the Hospital's Shoreline Medical Center in Essex. The proposed endoscopy suite will complement the existing diagnostic and therapeutic services available at the Shoreline Medical Center. The Hospital currently provides endoscopy services at its main hospital campus as well as its outpatient Middlesex Surgical Center in Middletown. The proposed endoscopy suite at the Shoreline Medical Center will be part of the existing endoscopy service. The Hospital will operate the endoscopy suite and the gastroenterologists from the Hospital's medical staff will perform the procedures. Currently there is no hospital-operated endoscopy service in the shoreline service area. The Hospital based the need for the

satellite endoscopy suite on expanded capacity, improved local access, reduced waiting times, and reduced patient travel times.

The Hospital and Middlesex Surgery Center performed 1,738, 2,640, 3,088, 3,317, and 4,446 total endoscopies in FYs 1997, 1998, 1999, 2000, and 2001, respectively. The Hospital and Middlesex Surgical Center are currently at capacity to perform the endoscopy procedures. The Hospital endoscopy volume increased by 44% between FY 1999 and FY 2001. Local Hospital primary care physicians determined that a minimum of 1,000 cases per year is referred out of the service area for endoscopy services due to the past and current capacity problem. The addition of endoscopy services at the Shoreline Medical Center will provide the capacity to meet the needs of the patients served in a timely manner. OHCA finds that the Hospital's proposed endoscopy suite in Essex will improve the quality and accessibility of the services currently offered at the Hospital's main campus in Middletown.

The proposed endoscopy service at the Shoreline Medical Center will relieve overcrowding and scheduling delays at the main campus and outpatient site. The Hospital projects 351, 752, and 805 Hospital endoscopy cases to be performed at the Shoreline Medical Center in FYs 2002, 2003, and 2004. The Hospital projects 601, 1,252 and 1,305 total endoscopies at the Shoreline Medical Center for the first three years of operation of the proposed endoscopy suite. The Hospital's volume projections were based on the assumptions that demand would continue to grow at 7% annually from FY 2001-2005, approximately 30% of the Hospital and MSC endoscopy patients would come from shoreline towns, 50% of the shoreline patients would use the Shoreline Medical Center, and 50% of out-of-area endoscopy referrals would be captured by the Shoreline Medical Center. The Applicant received letters from primary care and family physicians with offices on the shoreline in support of the additional endoscopy suite in Essex. The physicians stated that the Hospital and the Middlesex Surgical Center have not been able to meet all of the demand and this has resulted in considerable delays. Also, the location of these services will expand capacity, greatly reduce waiting times, and significantly reduce patient travel time and distance. Patients are currently driving to Middletown for their gastroenterology procedures. The addition of a new endoscopy suite in Essex will significantly increase accessibility for the patients living in the Shoreline communities. OHCA finds that the Hospital's proposed endoscopy suite in Essex will improve access to endoscopy services for the residents of the shoreline service area towns who currently travel to the Hospital for such care. Therefore, the Hospital's proposal is in the best interests of consumers and payers of health care services. In addition, Section 19a-613, C.G.S. authorizes OHCA to collect patient-level outpatient data from health care facilities or institutions. The submission of quarterly utilization reports to OHCA by the Hospital will provide OHCA with the data necessary to monitor the quality and accessibility of care provided at the proposed facility.

Finally, the proposal is financially feasible. The total capital expenditure of \$850,000 will be financed entirely from Hospital equity through operations. The Hospital proposes to hire 2, 4, 4, and 4 FTEs in FYs 2002, 2003, 2004, and 2005 respectively, to staff the endoscopy suite at the Shoreline Medical Center in Essex. The Hospital projects an

excess of revenues incremental to the project of \$329,062, \$688,791, \$721,752, and \$755,705 in FYs 2002, 2003, 2004, and 2005, respectively. If volume projections are achieved, the Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Middlesex Hospital to establish an endoscopy suite at the Shoreline Medical Center in Essex, Connecticut, at a total capital expenditure of \$850,000, is hereby GRANTED.

Order

The proposal of Middlesex Hospital is hereby authorized to establish an endoscopy suite at the Shoreline Medical Center in Essex, Connecticut, at a total capital expenditure of \$850,000, subject to the following condition:

1. This authorization shall expire on April 16, 2003, unless the Hospital presents evidence to OHCA that the endoscopy suite at the Shoreline Medical Center has been established by that date.
2. The Hospital shall not exceed the approved total capital expenditure of \$850,000. 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 shall file with OHCA the date by which the OHCA Restricted Fund is closed.
4. The Hospital will provide OHCA with utilization reports on a quarterly basis. The data elements and the format and submission requirements are described in Attachment 1. In addition to basic data analyses, OHCA will use the submitted data to assure that residents of the Shoreline area have appropriate access to the site.

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

April 16, 2002
Date

Signed by:
Raymond J. Gorman
Commissioner

RJG:km
Decision/01-549dec

Attachment 1

Middlesex Hospital shall submit patient-specific data as listed and defined below for those patients that receive service, care, diagnosis or treatment at the endoscopy suites located at the Shoreline Medical Center in Essex. This information may be extracted from either the medical abstract or billing records or both and submitted to the Office of Health Care Access (OHCA) in accordance with this Attachment.

- I. The data are to be submitted in ASCII format on a computer disk or electronically.
- II. Column headers to be used are listed below in parentheses after the name of each data element.
- III. Data formats to be followed are listed for each data element.
- IV. The disk or file should be clearly marked with the applicant's/facility's name, file name, docket number and its contents.
- V. Accompanying the data submission, the applicant/facility must submit a full written description of the data submitted and its record layout.
- VI. Initial data shall be submitted at the end of the first quarter in which the facility begins to provide the service it is licensed for. Subsequent data for a calendar quarter shall be filed before the end of the calendar quarter following the calendar quarter in which the encounter was recorded. This data set shall contain the data records for each individual encounter from that facility during the preceding calendar quarter. For example, the data set to be filed before June 31, 2002, shall contain the data records for each individual encounter at that facility from January 1, 2002 until March 31, 2002.
- VII. All data collected by OHCA will be subject to the laws and regulations of the State of Connecticut and the Office of Health Care Access regarding its collection, use, and confidentiality.

Patient Data Elements

1. Medical Record Number (mrn) – unique patient identification number assigned to each patient for whom services are provided by a facility that distinguishes by itself the encounter of an individual patient from the encounter of all other patients for that facility. **Format: string (20, zero filled to left if fewer than 20 characters)**
2. Patient Control Number (patcont) – unique number assigned by the facility to each patient's individual encounter that distinguishes the medical and billing records of the encounter. **Format: string (20, zero filled to left if fewer than 20 characters)**

3. Date of birth (dob) – the month, day, and year of birth of the patient whose encounter is being recorded. **Format: date (20, dd-mmm-yyyy hh:mm:ss)**

4. Sex (sex) – patient’s sex, to be numerically coded as follows:
 - a. Male = 1
 - b. Female = 2
 - c. Undetermined = 3**Format: string (1)**

5. If available, Race (race1, race2, race3, race4, race5, race6) – patient-identified designation(s) of one or more categories from the following list, and numerically coded as follows:
 - a. White = 1
 - b. Black/African American = 2
 - c. American Indian/Alaska Native = 3
 - d. Native Hawaiian/Other Pacific Island = 4
(e.g., Native Hawaiian, Guamanian or Chamorro, Samoan, Other Pacific Islander.)
 - e. Asian = 5
(e.g., Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, other Asian)
 - f. Some other race = 6**Format: string (1)**

6. If available, Ethnicity (pat_eth) –patient-identified cultural origin listed below, as from time to time amended, and numerically coded as follows:
 - a. Hispanic/Latino = 1
(i.e., Mexican, Puerto Rican, Cuban or other Hispanic or Latino)
 - b. Non-Hispanic/Latino = 2**Format: string (1)**

7. Zip Code (patzip) - the zip code of the patient’s primary residence. **Format: string (5)**

8. Date that Procedure was Scheduled (Booking Date) – means the month, day, and year on which the procedure or service was scheduled for a patient by the provider. **Format: date (20, dd-mmm-yyyy hh:mm:ss)**

9. Date of Encounter or Service (doe) – means the month, day, and year of the procedure or service for the encounter being recorded. **Format: date (20, dd-mmm-yyyy hh:mm:ss)**

10. Principal Diagnosis (dx1) – the ICD-9-CM code for the condition which is established after the study to be chiefly responsible for the encounter being recorded. **Format: String (5, do not include decimal place -- decimal place is implied)**
11. Secondary Diagnoses (dx2 through dx10) – the ICD-9-CM codes for the conditions, exclusive to the principal diagnosis, which exist at the time the patient was treated or which developed subsequently to the treatment and which affect the patient’s treatment for the encounter being recorded. Diagnoses which are associated with an earlier encounter and which have no bearing on the current encounter shall not be recorded as secondary diagnoses. **Format: String (5, do not include decimal place -- decimal place is implied)**
12. E-code (ecode) – The ICD-9-CM codes for external cause of injury, poisoning or adverse effect. **Format: string (5, do not include decimal place -- decimal place is implied)**
13. Principle Procedure (px1) - the CPT-4/HCPCS code for the procedure most closely related to the principal diagnosis that is performed for the definitive treatment of the patient. **Format: string (5)**
14. Secondary Procedure (px2 through px10) – the CPT-4/HCPCS codes for other significant procedures. **Format – string (5)**
15. Modifier (mod1 through mod10) – means by which a physician indicates that a service or procedure performed has been altered by some specific circumstance but not changed in definition or code. **Format: string (2)**
16. Payment sources (Primary (ppayer), Secondary (spayer) and Tertiary (tpayer)) - the major payment sources that were expected at the time the dataset was completed, from the categories listed below:
 - a. Self pay = A
 - b. Worker's Compensation = B
 - c. Medicare = C
 - d. Medicaid = D
 - e. Other Federal Program = E
 - f. Commercial Insurance Company = F
 - g. Blue Cross = G
 - h. CHAMPUS = H
 - i. Other = I
 - j. Title V = Q
 - k. No Charge = R
 - l. HMO = S
 - m. PPO = T**Format: string (1)**

17. Payer Identification (payer1, payer2, payer3) – the insured’s group number that identifies the payer organization from which the facility expects, at the time of the encounter, some payment for the bill. Up to three payer organizations shall be reported in the order of their expected contributions to the payment of the facility’s bill. **Format: string (5, zero filled to left if fewer than 5 characters)**
18. Encounter type (etype) – indicates the priority of the encounter.
- | | | |
|-------------|---|---|
| a. Emergent | = | 1 |
| b. Urgent | = | 2 |
| c. Elective | = | 3 |
- Format: string (1)**
19. Referring Physician (rphysid) -- State license number of the physician that referred the patient to the service/treatment/procedure rendered. **Format: string (6)**
20. Operating Physician (physid) – State license number identifying the provider who performed the service/treatment/procedure. **Format: string (6)**
21. Charges (chrg_tot) – Total charges for this encounter. **Format: numeric (8)**
22. Disposition (pstat) – the circumstances of the patient’s discharge, categories of which are defined below and from time to time amended:
- | | | |
|------------------------------------------------|---|---|
| a. Discharged home | = | 1 |
| b. Referred for medical treatment | = | 2 |
| c. Transferred to another health care facility | = | 3 |
| d. Expired | = | 4 |
| e. Other | = | 5 |
- Format: string (1)**