



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Manchester Memorial Hospital

**Docket Number:** 02-507

**Project Title:** Replacement of GI/Endoscopy Facility and Sterile Processing Facility

**Statutory Reference:** Section 19a-639, Connecticut General Statutes

**Filing Date:** April 8, 2002

**Hearing Dates:** Not Applicable

**Decision Date:** May 17, 2002

**Default Date:** Not Applicable

**Staff:** Steven Lazarus  
Laurie Greci

**Project Description:** Manchester Memorial Hospital (“Hospital”) proposes to replace its GI/Endoscopy facility and Sterile Processing facility, at a total capital expenditure of \$3,411,500.

**Nature of Proceedings:** On April 8, 2002, the Office of Health Care Access (“OHCA”) received the Hospital’s Certificate of Need (“CON”) application seeking authorization to replace its GI/Endoscopy facility and Sterile Processing facility, at a total capital expenditure of \$3,411,500. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

The Hospital 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. A notice to the public was published on April 10, 2002 in *Journal Inquirer* and the *Northeast Minority News, Inc.* OHCA received no comments concerning the Hospital's request for waiver of public hearing during the public comment period and therefore, on April 26, 2002, OHCA granted the Hospital's request for waiver of public hearing.

OHCA's authority to review, approve, modify or deny this proposal is established by Section 19a-639, 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. Manchester Memorial Hospital is a non-profit acute care hospital located in Manchester, Connecticut. (*Letter of Intent, February 5, 2002*)
2. Manchester Memorial Hospital ("Hospital") is wholly owned and operated by the Eastern Connecticut Health Network ("ECHN"). Rockville General Hospital is also owned and operated by ECHN. (*Letter of Intent, February 5, 2002*)
3. The primary service area of the Hospital includes the following towns: East Hartford, Ellington, Manchester/Bolton, South Windsor, Tolland and Vernon. The secondary service area. The Hospital's secondary service area includes the following towns: Andover, Ashford, Columbia, Coventry, East Windsor, Glastonbury, Hebron, Mansfield, Somers, Stafford/Union/Stafford Springs and Willington. (*CON Application, April 8, 2002, page 4*)
4. The Hospital proposes to replace its existing GI/Endoscopy facility and relocate and replace its sterile processing facility. (*CON Application, April 8, 2002, page 3*)

5. Endoscopy procedure volume at the Hospital increased 10% from Fiscal Year (“FY”) 2000 to FY 2001, and is projected to increase by 20% in FY 2002. The volume is represented as follows:

<b>FY 2000-2001 Volume</b>			
	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b> (2,898 procedures through end of February)
<b>Procedures</b>	5,171	5,740	6,960 (projected)
<b>Percent Increase</b>		10% increase over FY 2000	20% increase projected over FY 2001

*(CON Application, April 8, 2002, pages 3 & 4)*

6. The Hospital expects the volume of endoscopy procedures to continue to increase based on the following factors:
- a) increased public awareness of colon cancer,
  - b) importance of early detection,
  - c) changes in Medicare reimbursement policy, and
  - d) implementation of a new Connecticut law mandating third-party reimbursement of colonoscopy as a screening tool for patients over the age of 50.

*(CON Application, April 8, 2002, page 3)*

7. The current GI/Endoscopy facility consists of five procedure rooms and is located on the upper floor of the Ambulatory Surgery Center (“ASC”) building at the Hospital. The GI/Endoscopy facility shares pre-operative and post-operative areas with the Hospital’s ambulatory surgery program. *(CON Application, April 8, 2002, page 4)*

8. The Hospital states that the following deficiencies exist with current arrangements:
- a) less than optimum scheduling of procedures,
  - b) 2 – 4 week delays in processing patients,
  - c) inefficient use of manpower and procedure space,
  - d) inconvenience to patients and physicians, and
  - e) insufficient space

*(CON Application, April 8, 2002, page 3)*

9. The Hospital states that it implemented the following operational changes to address the increasing demand for endoscopy service:
- a) afternoon hours were added;
  - b) a bronchoscopy room was converted to endoscopy procedure room; and
  - c) block scheduling was implemented.

*(CON Application, April 8, 2002, page 3)*

10. The Hospital conducted a study of the ASC building to explore the potential of increasing its physical capacity for endoscopy procedures by redesigning the current ASC. It was determined that sufficient space did not exist in ASC to accommodate both ambulatory surgery and the projected increase in endoscopy procedures. *(CON Application, April 8, 2002, page 3)*

11. In order to accommodate the increase on demand for endoscopy services, the Hospital is proposing to relocate the endoscopy program to space currently occupied by sterile processing. The sterile processing operations that are located on the lower level of the East Building of the Hospital will be moved to the ECHN Medical Building located at 460 Hartford Turnpike in Vernon.  
*(CON Application, April 8, 2002, page 5)*
12. The replacement GI/Endoscopy facility will consist of approximately 8300 square feet, located adjacent to the ASC on the lower level of the hospital. The replacement facility will consist of:
  - a) 7 procedures rooms and 26 pre-and post-procedure areas,
  - b) large nurses' station,
  - c) support space,
  - d) space for 3-4 physicians to dictate procedure results into the medical records;
  - e) 10 toilet facilities, 3 of which will be handicapped-accessible;
  - f) dedicated space for handicapped patients;
  - g) separate entrances for outpatient and inpatients, and
  - h) a consultation room for private conversations between physicians and patients/family members following procedures.*(CON Application, April 8, 2002, page 9)*
13. The Hospital expects that patient care will not be affected during renovations, as the space that will be house the new facility is not currently used for patient care.  
*(CON Application, April 8, 2002, page 10)*
14. The existing sterile processing equipment is ten to fifteen years old and maintenance and repairs are needed weekly, increasing costs and disruption to service. *(CON Application, April 8, 2002, page 5)*
15. The replacement sterile processing facility will also be used to service Rockville General Hospital. *(CON Application, April 8, 2002, page 5)*
16. The sterile processing facility will house two washers, three sterilizers, and an ethylene oxide sterilizer, as well as the requisite spaces for cleaning, sterilizing, and packing sterile instruments and equipment. Areas will be maintained at Manchester Memorial Hospital and Rockville General Hospital to receive and distribute soiled and sterilized instrumentation. *(CON Application, April 8, 2002, page 10)*

17. The Hospital states that the centralization of the sterile processing into a single location will:
- a) ensure the availability of state of the art sterilization equipment for both hospitals, while sharing the cost,
  - b) meet all current industry standards and requirements for sterile processing,
  - c) improve departmental efficiency with newer equipment, a better layout of equipment, predictable equipment maintenance schedules, reduced down-time and automated instrument tracking,
  - d) enhance staff safety with new equipment that includes the most current safety features, and
  - e) reduce the space at hospital sites dedicated to support functions, allowing for more direct patient care at the hospitals.
- (CON Application, April 8, 2002, page 5)

### **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 \$3,411,500, as follows:

<b>Total Capital Expenditure</b>	
<b>Component</b>	<b>Cost</b>
Fixed Equipment	\$ 1,144,390
Moveable Equipment	\$453,360
Construction/Renovation	\$1,473,070
Other: A/E, other fees	\$ 340,680
<b>Total Capital Expenditure</b>	<b>\$3,411,500</b>

(CON Application, April 8, 2002, page 9)

19. The proposal will be financed with Hospital equity from funded depreciation. (CON Application, April 8, 2002, page 11)
20. The Hospital projects an excess of revenues incremental to the project of \$70,000, \$134,000 and \$ 238,000 in FYs 2002, 2003, and 2004, respectively. (CON Application, April 8, 2002, page 78)
21. If volume projections are achieved, the Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. (CON Application, April 8, 2002, page 4)

## **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.:

22. There is no State Health Plan in existence at this time. *(CON Application, April 8, 2002, page 3)*
23. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(CON Application, April 8, 2002, page 3)*
24. The Hospital has improved productivity and contained costs by participating in energy conservation programs, group purchasing and applications of technology. *(CON Application, April 8, 2002, page 8)*
25. The Hospital's proposal will not change the Hospital's teaching or research responsibilities. *(CON Application, April 8, 2002, page 8)*
26. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(CON Application, April 8, 2002, page 8)*
27. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(CON Application, April 8, 2002, page 7)*

## Rationale

The Manchester Memorial Hospital ("Hospital") is a non-profit acute care hospital located in Manchester, Connecticut. The Hospital and Rockville General Hospital are wholly owned and operated by Eastern Connecticut Health Network ("ECHN"). The Hospital proposes to replace its existing GI/Endoscopy facility and replace and relocate the sterile processing facility to an ECHN medical building located in Vernon.

The Hospital based the need for the proposal on the increase in endoscopy procedures and spatial limitations of the current location that preclude expansion of services. The Hospital performed 5,171 endoscopy procedures in FY 2000 and 5,740 procedures in FY 2001. The Hospital estimates that 6,960 procedures will be performed in FY 2002, which represents a 20% increase in volume from FY 2001. This increase is expected to continue due to the increased public awareness of colon cancer, importance of early detection, reimbursement changes in Medicare policy, and new Connecticut law mandating third-party reimbursement of colonoscopy as screening tool for patients over the age of 50. Currently, the GI/Endoscopy facility consists of five procedure rooms and is located in the Ambulatory Surgery Center. The spatial limitations of the current location have led to scheduling delays for endoscopic procedures of 2 to 4 weeks, which the Hospital has attempted to address through the implementation of block scheduling, the introduction of afternoon hours and the establishment of a new procedure room. In addition, the Hospital conducted a study of the ASC building to explore the potential of increasing the size of the endoscopy program. The results of the study indicated that there was insufficient space available in the ASC to accommodate the projected increase in the number of endoscopic procedures. Therefore, the Hospital has chosen to relocate the GI/Endoscopy program to space located adjacent to the ASC that is currently used by sterile processing.

The relocation of the endoscopy program will result in the development of a GI/Endoscopy facility that has an adequate number of procedure rooms to accommodate the projected volume and reduce the scheduling delays that currently exist. Additionally, the new facility will be designed to meet the needs of the patients. Therefore, it appears that the proposal will increase the accessibility and quality of health care in the region.

To accommodate the relocation of the GI/Endoscopy program, the Hospital will relocate sterile processing to the ECHN Medical Building at 460 Hartford Turnpike in Vernon and develop a new sterile processing facility. The existing sterile processing equipment is ten to fifteen year old and maintenance and repairs are needed weekly, increasing costs and disruptions to service. The development of a new facility enables ECHN to replace the obsolete equipment at both Manchester Memorial and Rockville General Hospitals; thereby preventing the duplication of replacement equipment and achieving economies of scale.

Finally, the proposal is financially feasible. The total capital expenditure of \$3,411,500 will be financed entirely from Hospital equity through funded depreciation. The Hospital

projects an excess of revenues incremental to the project of \$70,000, \$134,000 and \$238,000 in FYs 2002, 2003, and 2004, 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 Manchester Memorial Hospital to replace its GI/Endoscopy Facility and Sterile Processing Facility, at a total capital expenditure of \$3,411,500, is hereby GRANTED.



## Order

The proposal of The Manchester Memorial Hospital to replace its GI/Endoscopy Facility and replace and relocate its Sterile Processing Facility to 460 Hartford Turnpike in Vernon is approved subject to the following conditions:

1. This authorization shall expire on November 16, 2003, unless the Hospital presents evidence to OHCA that the replacement GI/Endoscopy Facility and Sterile Processing Facility has been completed, by that date.
2. The Hospital shall not exceed the approved total capital expenditure of \$3,411,500. 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.

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

May 17, 2002  
Date

Signed by:  
Raymond J. Gorman  
Commissioner

RJG:sl  
Decision/02-507dec