



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Hartford Hospital

Docket Number: 02-524

Project Title: Establishment of a Wound Care Center and Acquisition of a Hyperbaric Chamber

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

Filing Date: June 10, 2002

Hearing: Waived

Decision Date: June 28, 2002

Default Date: September 9, 2002

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Project Description: Hartford Hospital (“Hospital”) proposes to establish a wound care center and acquire a hyperbaric chamber. The proposed capital cost is \$1,660,000, which includes a capital expenditure of \$760,000 and a fair market value of leased equipment of \$900,000.

Nature of Proceedings: On June 10, 2002, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Hartford Hospital seeking authorization to establish a wound care center and acquire a hyperbaric chamber. The total proposed capital cost is \$1,660,000, which includes a capital expenditure of \$760,000 and a fair market value of leased equipment of \$900,000. 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(3) of OHCA’s Regulations. On June 10, 2002, the Hospital was informed that the CON application was eligible for consideration of waiver of public hearing. Notice to the public was published in the *Hartford Courant* and the *Northeast Minority News*. OHCA received no comments concerning the Hospital’s request for waiver of public hearing during the public comment period and therefore, on June 27, 2002, OHCA granted the Hospital’s request for waiver of public hearing.

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 fully considered by OHCA in its review.

Findings of Fact

Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings. A source reference is included with each finding of fact. All CON applicants must attest to the accuracy and correctness of the information submitted to OHCA as part of the CON application process.

Clear Public Need

Impact on the Hospital’s Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Hartford Hospital (“Hospital”) is an acute care hospital located at 80 Seymour Street in Hartford, Connecticut. (*June 10, 2002, CON Application, pages 1 and 9*)
2. Municipalities in the Hospital’s primary service area include: Avon, Berlin, Bloomfield, Bolton, Canton, Cromwell, East Hampton, East Hartford, Farmington, Glastonbury, Hartford, Hebron, Manchester, Marlborough, Middletown, New Britain, Newington, Plainville, Portland, Rocky Hill, Simsbury, South Windsor, Vernon, West Hartford, Wethersfield, and Windsor. (*June 10, 2002, CON Application, page 3*)
3. The Hospital proposes to establish a wound care center and acquire a hyperbaric chamber. The proposed service will be delivered in a dedicated three-room suite on the first floor of the Hospital’s Conklin Building, also located at 80 Seymour Street. (*April 8, 2002, Letter of Intent and June 10, 2002, CON Application, pages 2 and 11*)
4. The Hospital states that its proposal to establish a wound care center and acquire a hyperbaric chamber will augment its service offerings by focusing on the care of

problem wounds. Specifically, such enhanced services include wound evaluations, dressing changes, minor surgical debridements, and the application of recombinant growth factors and skin substitutes. The Hospital states that in its effort to offer the latest therapies, it anticipates treating other types of conditions in the future; for example, air embolisms. *(April 8, 2002, Letter of Intent, June 10, 2002, CON Application, page 2, and June 17, 2002, Conversation with Dr. George Perdrizet, Hartford Hospital)*

5. Hyperbaric treatment, the use of a hyperbaric chamber to administer pressurized oxygen for patients with wounds that will not heal by themselves, is a component of this proposal. While in the chamber, patients breathe pressurized pure oxygen, increasing the level of oxygen delivered to the tissues, thereby assisting in the treatment of problem wounds. *(April 8, 2002, Letter of Intent)*
6. The proposed service will be provided through the Hospital's outpatient neuropathic foot clinic, which treats diabetes mellitus patients with neuropathic foot ulcers. The Hospital's neuropathic foot clinic annually provides care for approximately 1,600 patients. *(June 10, 2002, CON Application, page 2)*
7. The Hospital estimates that approximately 20% of patients who suffer from chronic wounds can benefit from hyperbaric oxygen therapy. *(June 10, 2002, CON Application, page 2)*
8. The Hospital asserts that the need for this proposal is based on the following factors:
 - (a) the need for hyperbaric oxygen treatment, a treatment that cannot be obtained within the Hartford-region;
 - (b) the need to improve access to care for patients who do not have access to a comprehensive wound treatment center;
 - (c) the growing number of obese, diabetic, and aging patients, a population who is at risk for the development of chronic, debilitating wounds; and
 - (d) to improve the continuity of care delivered to a population suffering from disabling and life-threatening chronic health problems.*(June 10, 2002, CON Application, pages 2 and 4)*
9. The Hospital states that the need for this proposal is also driven by the need to develop a standardized, uniform approach to the evaluation, diagnosis, and treatment of chronic wound care patients. Currently, such care is apt to be fragmented and uncoordinated because numerous health care providers (such as family practitioners; general, orthopedic, plastic, and vascular surgeons; dermatologists; infectious disease specialists; and podiatrists) may see chronic wound care patients. *(June 10, 2002, CON Application, page 4)*

10. The Hospital estimates that there are 17,300 patients in the Hartford-region in need of wound care services. By applying diagnosis incidence percentages to its service area, which based upon United States 2000 Census figures is estimated to be 770,000 individuals, the Hospital derived this number as follows:
 - (a) two percent of the United States' population suffers from chronic wounds; and
 - (b) according to clinical and epidemiological literature, the majority of wound care relates to three diagnoses: (1) diabetic ulcer (incidence within the general population of 0.09%); (2) venous stasis ulcer (incidence within the general population of 0.5%); and (3) decubitus ulcer (incidence within the general population of 0.85%).

(June 10, 2002, CON Application, page 3)
11. Existing providers of chronic wound care in the Hospital's service area include John Dempsey Hospital, Manchester Memorial Hospital, Middlesex Hospital, New Britain General Hospital, Rockville General Hospital, and St. Francis Hospital and Medical Center. *(June 10, 2002, CON Application, page 3 and June 17, 2002, Conversation with Dr. George Perdrizet, Hartford Hospital)*
12. According to the Association for the Advancement of Wound Care's 2001/2002 *Wound Care Clinic Directory*, Connecticut wound care clinics include the following: Comprehensive Wound Care, LLC in Westbrook; Connecticut Clinical Nursing Associates, LLC in Bristol; Curative Wound Care Center of New Haven in Hamden; Griffin Hospital, Comprehensive Wound Healing Center in Derby; and Wound Care Center at St. Joseph Medical Center in Stamford. *(June 17, 2002, Conversation with and fax from Dr. George Perdrizet, Hartford Hospital)*
13. The Hospital indicates that the development of a wound care center would not have a deleterious effect upon the existing providers of such care. The Hospital believes that such a center would serve as a resource for training, ongoing consultation, and tertiary care referrals. *(June 10, 2002, CON Application, page 6)*
14. The Hospital states that a hyperbaric oxygen unit is unavailable in the greater Hartford-region. Patients requiring hyperbaric treatment must travel to Griffin Hospital ("Griffin") in Derby, Connecticut; Norwalk Hospital ("Norwalk") in Norwalk, Connecticut; or Baystate Medical Center ("Baystate") in Springfield, Massachusetts. *(June 10, 2002, CON Application, page 2)*
15. Based upon personal interviews with referring physicians, the Hospital estimates that 58 patient referrals, which resulted in 2,160 treatments, were made to the hyperbaric facilities at Griffin, Norwalk, and Baystate in Fiscal Year ("FY") 2001. Specifically, 5% were referred to Griffin, 38% were referred to Norwalk, and 57% were referred to Baystate. To date, for FY 2002, the Hospital estimates approximately 40 patient referrals for this treatment, with a similar facility referral distribution pattern. *(June 10, 2002, CON Application, page 4)*

16. The Hospital states that the driving times to the Griffin, Norwalk, and Baystate hyperbaric facilities is burdensome for patients, especially for those who are wheelchair-bound or are in chronic pain. The one-way driving times to the facilities are as follows: one hour and five minutes to Griffin, one hour and twenty-five minutes to Norwalk, and fifty minutes to Baystate. *(June 10, 2002, CON Application, pages 4-7)*
17. The hyperbaric chamber will be provided via an outside contractor, Hyperbaric Management Systems, Inc. (“HMS”). *(June 10, 2002, CON Application, page 12)*
18. The hyperbaric chamber will be a ten person multiplace system. *(June 10, 2002, CON Application, page 255)*
19. According to the “Hyperbaric System Services Agreement” (“Agreement”) between the Hospital and HMS, HMS shall provide the Hospital with all services, activities, and functions related to hyperbaric treatments and certain wound healing services. This includes the delivery, connection, operation, and maintenance of the equipment; hyperbaric technicians and observers; and a program director. *(June 10, 2002, CON Application, pages 230-236)*
20. According to the Agreement, the Hospital shall provide the remainder of the staff as well as the support equipment. In addition, the Hospital shall be responsible for the construction of the proposed project, utilities, inpatient care, and supplies. *(June 10, 2002, CON Application, pages 236-238)*
21. The Hospital’s utilization statistics for the proposed services are as follows:
(June 10, 2002, CON Application, page 5)

Projected Visits				
Statistic	2003	2004	2005	
Wound Treatments (Without Hyperbaric)	2,814	4,256	4,256	
Hyperbaric Treatments	1,875	2,500	3,000	
Wound Treatments (With Hyperbaric)	216	320	408	
Total	4,905	7,076	7,664	

22. The Hospital states that 65% of the outpatient visits to the wound center, who are part of the sixteen-week cycle of treatment, receive a debridement. *(June 10, 2002, CON Application, page 228)*
23. The Hospital projects FY 2003, 2004, and 2005 inpatient debridements, in which each inpatient who comes to the wound center has a debridement, as 704, 851, and 638, respectively. *(June 10, 2002, CON Application, page 228)*
24. The existing outpatient neuropathic foot clinic operates two days per week, four hours per day. The Hospital indicates that the proposed wound center would typically function five days per week, eight hours per day. HMS agrees to maintain a call list of technicians to be available on stand-by twenty-four hours per day,

seven days per week for emergency services. *(June 10, 2002, CON Application, pages 6 and 235)*

25. The Hospital proposes the following project schedule:
(June 10, 2002, CON Application, page 11)

Schedule Description	Date
Commencement Date	August 21, 2002
Completion Date	December 20, 2002
Licensure Date	December 31, 2002
Occupancy Date	January 1, 2003

26. The Hospital states that the impact upon clinical operations, due to increased noise and vibrations, will be minimized because of the phasing of the project's construction component. *(June 10, 2002, CON Application, page 11)*

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

27. The proposal has a total capital cost of \$1,660,000; a breakdown of the project is as follows:
(June 10, 2002, CON Application, page 10)

Total Capital Cost Breakdown	
Component	Cost
Movable Equipment (Purchase)	\$34,211
Construction/Renovation	\$720,709
Art	\$5,080
Total Capital Expenditure	\$760,000
Fixed Equipment (FMV Leased)	\$900,000
Total Capital Cost	\$1,660,000

28. The source of \$760,000 of the Hospital's proposal is funded depreciation. The remaining \$900,000, the capital cost of the hyperbaric chamber, will be funded through per treatment payments to HMS. *(June 10, 2002, CON Application, pages 11 and 12)*
29. The Hospital asserts that the development of such a service would result in health care cost savings because such treatment would reduce the number and extent of patient care visits and limb amputation rates. According to the Undersea and Hyperbaric Medical Society's *Hyperbaric Oxygen Therapy: 1999 Committee Report*, "the ability to preserve a functional extremity can reduce the high cost of disability resulting from amputation. The shortened healing time for chronic wounds will reduce the cost of frequent, repeated surgical procedures. As part of a

multidisciplinary program of wound care, it [hyperbaric oxygen therapy] can be cost effective and durable.” (June 10, 2002, CON Application, pages 4 and 59)

30. The Hospital projects the following incremental revenue from operations, operating expenses, and earnings from operations associated with the CON proposal. (June 10, 2002, CON Application, page 227)

Hospital Financial Projections		
Description	FY 2004	FY 2005
Incremental Revenue from Operations	\$6,737,592	\$8,247,335
Incremental Operating Expenses	\$4,552,220	\$5,711,911
Incremental Earnings from Operations	\$2,185,372	\$2,535,424

31. The Hospital states that it will be the entity that bills for the proposed service. (June 10, 2002, CON Application, Page 10)
32. Based upon net patient revenue, the Hospital’s projected payer mix for the first three years of operation associated with the CON proposal is as follows: (June 10, 2002, CON Application, page 13)

Payer Mix			
Payer Source	Year One	Year Two	Year Three
Total Government	55.57%	55.57%	55.57%
Commercial Insurers	34.43%	34.43%	34.43%
Self-Pay	6.73%	6.73%	6.73%
Uncompensated Care	3.27%	3.27%	3.27%
Total Payer Mix	100.00%	100.00%	100.00%

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

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

33. There is no State Health Plan in existence at this time. (June 10, 2002, CON Application, page 2)
34. The Hospital has adduced evidence that this proposal is consistent with the Hospital’s long-range plan. (June 10, 2002, CON Application, page 2)
35. The Hospital has improved productivity and contained costs through energy conservation and group purchasing activities. (June 10, 2002, CON Application, page 9)
36. This proposal will result in changes to the Hospital’s teaching and research responsibilities. Specifically, the Hospital states that this proposal will enable it to expand and enhance ongoing research and educational efforts focused upon cellular

injury responses in the EMS/Trauma Program. The Hospital asserts that these expanded efforts will yield improved clinical protocols, thereby improving the quality of care provided to individual patients. *(June 10, 2002, CON Application, page 9)*

37. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(June 10, 2002, CON Application, page 9)*
38. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(June 10, 2002, CON Application, page 227)*

Rationale

Hartford Hospital proposes to establish a wound care center and acquire a hyperbaric chamber at a total capital cost of \$1,660,000, which includes a capital expenditure of \$760,000 and a fair market value of leased equipment of \$900,000. The Hospital, whose primary service area includes twenty-six municipalities in the Hartford-region, has put forward for consideration a project that will augment, rather than replace, its service offerings to include the care of problem wounds.

While wound care treatment is available in the Hartford-region, hyperbaric oxygen treatment is not. The need for this project stems from this fact. Patients requiring this treatment must travel to hyperbaric facilities in Derby or Norwalk, Connecticut or Springfield, Massachusetts to receive such care. Such travel is burdensome for patients who suffer from chronic wounds and would benefit from access to a comprehensive wound treatment center that includes hyperbaric oxygen treatment.

The need for this proposal also addresses the Hospital's intention to serve the growing number of obese, aging, and diabetic patients, a population who is at risk for the development of chronic, debilitating wounds. The proposed service will be provided through the Hospital's outpatient neuropathic foot clinic, which treats diabetes mellitus patients with neuropathic foot ulcers.

In addition, this proposal will contribute to the development of a standardized and uniform approach to the evaluation, diagnosis, and treatment of chronic wound care patients. Currently, such care tends to be discontinuous due to the fact that numerous health care providers may see chronic wound care patients. The development of a multidisciplinary wound care center would allow for the continuity of care. Implementation of the proposal will enhance the quality of health care delivery in the region.

The proposal's total capital cost of \$1,660,000 will be financed through funded depreciation and per treatment payments to HMS. The Hospital projects excess revenue incremental to the project of \$2,185,372 and \$2,535,424 for FYs 2004 and 2005, respectively. The project presents the opportunity for health care cost savings because such treatment would reduce the number and extent of patient care visits and limb amputation rates. If volume projections are achieved, the Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the project. OHCA concludes that the CON proposal is financially feasible and cost-effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Hartford Hospital to establish a wound care center and acquire a hyperbaric chamber at a total capital cost of \$1,660,000, which includes a capital expenditure of \$760,000 and a fair market value of leased equipment of \$900,000 is hereby GRANTED.

Order

Hartford Hospital is hereby authorized to establish a wound care center and acquire a hyperbaric chamber in the Conklin Building at 80 Seymour Street in Hartford, at a total capital cost of \$1,660,000, which includes a capital expenditure of \$760,000 and a fair market value of leased equipment of \$900,000, subject to the following conditions:

1. This authorization shall expire on June 28, 2003. Should the Hospital's project not be completed 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 capital cost of \$1,660,000. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the 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 signed:
Date June 28, 2002

Signed by:
Raymond J. Gorman
Commissioner

RJG/lj
Decision/02-524