

## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicants:** Yale New Haven Hospital and Yale New Haven Ambulatory Services Corporation

**Docket Number:** 02-549

**Project Title:** Establishment of the Yale New Haven Shoreline Medical Center in Guilford

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

**Filing Date:** October 7, 2002

**Hearing Date:** November 8, 2002

**Presiding Officer:** Mary M. Heffernan, Commissioner

**Decision Date:** December 6, 2002

**Default Date:** January 5, 2003

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

**Project Description:** Yale New Haven Hospital and Yale New Haven Ambulatory Services Corporation ("Applicants") propose to establish and operate the Yale New Haven Shoreline Medical Center to be located at 111 Goose Lane in Guilford, Connecticut. The total capital expenditure associated with the proposed ambulatory care center is \$7,973,380.

**Nature of Proceedings:** On October 7, 2002, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of Yale New Haven Hospital ("Hospital") and Yale New Haven Ambulatory Services Corporation ("YNHASC") to establish and operate an ambulatory care center in Guilford, at a total capital expenditure of \$7,973,380. The Applicants are health care facilities or institutions as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

A public hearing regarding the CON application was held on November 8, 2002. The Applicants were notified of the date, time and place of the hearing, and a notice to the public was published prior to the hearing in the *New Haven Register*. Commissioner Mary M. Heffernan served as presiding officer for this case. 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.

Middlesex Hospital ("Intervenor") petitioned for party status or, in the alternative, intervenor status in the proceeding and was denied party status but granted intervenor status with limited rights of participation in the proceeding by the Presiding Officer.

The Presiding Officer heard testimony from witnesses for the Applicants and the Intervenor and in rendering this 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 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, public hearing documents and testimony, or from other external sources of information. 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

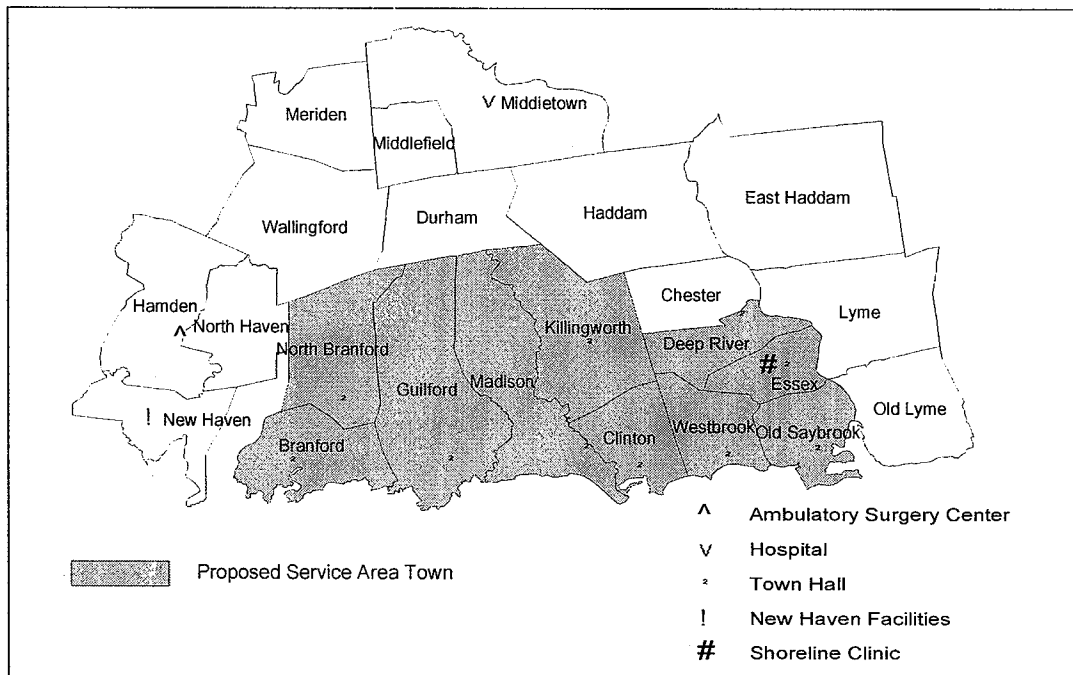
#### **Impact of the Proposal on the Applicants' Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region**

1. Yale New Haven Hospital ("Hospital") is an acute care hospital located at 20 York Street in New Haven. The Hospital is a wholly owned subsidiary of Yale New Haven Network Corporation and is a corporate affiliate of Yale New Haven Ambulatory Services Corporation. (*Yale New Haven Hospital, FY 2001 Twelve Months Actual Filing, Legal Chart of Corporate Structure*)
2. Yale New Haven Ambulatory Services Corporation ("YNHASC") owns and operates Temple Ambulatory Surgery Center, Temple Women's Ambulatory Center, Temple Imaging Center and Yale New Haven Refractive Eye Laser Center LLC in New Haven. YNHASC is a wholly owned subsidiary of Yale New Haven Network Corporation and is a corporate affiliate of Yale New Haven Hospital. (*Yale New Haven Hospital, FY 2001 Twelve Months Actual Filing, Legal Chart of Corporate Structure*)

3. Yale New Haven Hospital and Yale New Haven Ambulatory Services Corporation (“Applicants”) are proposing to establish and operate the Yale New Haven Shoreline Medical Center (“YNH Shoreline Medical Center”), an ambulatory care center to be located in leased building space at 111 Goose Lane in Guilford, Connecticut, at a total capital expenditure of \$7,973,380. *(October 7, 2002 CON Application, Page 6)*
4. The initial outpatient services to be offered at the YNH Shoreline Medical Center included in the CON proposal will be provided by either YNHASC or the Hospital. YNHASC proposes to provide ambulatory surgery, endoscopy and radiology services, while the Hospital proposes to provide radiation therapy, satellite emergency room services: Levels I-III, and laboratory and pre-admission testing services. The Applicants intend to propose additional diagnostic and ambulatory treatment services that would complement the services included in the CON proposal in a future phase of development. *(October 7, 2002 CON Application, Pages 7 and 8)*
5. The Hospital’s laboratory, pre-admission testing, health education and radiology services to be offered at the YNH Shoreline Medical Center do not require CON approval. The Hospital will provide STAT and same day laboratory services five days per week and on-site pathology services one day per week. The Hospital currently leases space in Madison for pre-admission testing and health education programs such as nutrition counseling, breastfeeding, childbirth preparation, and CPR training. The Hospital will move all of these services to the YNH Shoreline Medical Center. *(October 7, 2002 CON Application, Pages 8 and 9)*
6. On January 19, 2001, OHCA granted CON authorization under Docket Number 00-547 to Yale New Haven Ambulatory Services Corporation d/b/a Temple Radiology to establish a diagnostic imaging center, to be known as the Guilford Imaging Center and to be located at 596 Boston Post Road in Guilford, at a total capital expenditure of \$5,000,000. The imaging services to be provided include MRI, CT scanning, ultrasound, fluoroscopy, diagnostic x-ray, bone density and mammography services. *(January 19, 2001 OHCA Final Decision, Docket Number 00-547)*
7. On June 27, 2002, OHCA granted authorization under Docket Number 01-557 to Yale New Haven Ambulatory Services Corporation d/b/a Temple Radiology to modify the CON authorization previously granted under Docket Number 00-547 to relocate the diagnostic imaging center, from 596 Boston Post Road to 111 Goose Lane in Guilford, the site of the proposed YNH Shoreline Medical Center. *(June 27, 2002 OHCA Final Decision, Docket Number 01-557)*
8. The Shoreline location was selected because the Applicants have a strong Shoreline market share for the proposed services. The primary service area to be served by the YNH Shoreline Medical Center includes the towns of Branford, Clinton, Deep River, Essex, Guilford, Killingworth, Madison, North Branford, Old Saybrook and Westbrook. *(October 7, 2002 CON Application, Page 12)*

9. Residents of the proposed service area generally seek the CON proposal's services from the Applicants, Hospital of Saint Raphael or Middlesex Hospital. The Shoreline Medical Center ("SMC") in Essex, which is affiliated with Middlesex Hospital, is the only hospital-based provider of care in the service area. SMC offers urgent/emergent care and will in the future offer endoscopy services. SMC in Essex is located at the far eastern edge of the Applicants' proposed service area, and the majority of YNH physicians are not affiliated with SMC in Essex. (October 7, 2002 CON Application, Pages 12 and 36)

**Map 1 - Shoreline Service Area, Surrounding Towns and Closest Provider Locations**



10. The Applicants based their justification for the CON proposal's services on the following factors: increasing demand for these services; volume forecasts which indicate that current facilities will exceed capacity; lack of available on-campus space to expand; physician requests for an off-campus facility close to their offices; projected service area population growth; accessibility issues for Shoreline residents; and cost effectiveness. (October 7, 2002 CON Application, Page 6)
11. In July 2001, a long-term capacity planning analysis that focused on inpatient, outpatient, diagnostic and therapeutic procedure areas and determined future inpatient and ambulatory care capacity requirements, was completed for the Applicants. This analysis calculated projected volumes for 2005 and 2010 and identified projected growth between FY 2000 and FY 2010 for inpatient surgery of 24%, ambulatory surgery of 23%, radiation therapy of 45%, and emergency department services of 15%. (October 7, 2002 CON Application, Pages 9 and 10)

12. The Applicants considered two alternatives in order to meet the projected increase in utilization of these services: expanding capacity at current service delivery locations, or establishing a new location outside of New Haven. Expanding capacity at the current service delivery locations was rejected by the Applicants for several reasons including the following: *(October 7, 2002 CON Application, Page 11)*
- a. There is no expansion space at YNHASC's Temple Street location.
  - b. Expanding services in New Haven would not address the accessibility concerns of Shoreline area residents.
  - c. Ongoing patient care delivery would be significantly disrupted by new projects.
  - d. On-campus new construction and/or renovation would take longer to complete and would be more expensive due to more stringent hospital building codes and standards as well as phasing requirements.
13. The Applicants developed future projected service utilization volumes at the YNH Shoreline Medical Center for ambulatory surgery, endoscopy, radiation therapy and the emergency service satellite based on historical trends, projected growth, market share and population based projections. The table presented below summarizes the Applicants' projected service utilization volumes for the YNH Shoreline Medical Center during its first three years of operation for the proposed new services as follows: *(October 7, 2002 CON Application, Pages 32 and 33)*

**Table 1: YNH Shoreline Medical Center's Projected Utilization Statistics**

<b>Proposed Service</b>	<b>Provider</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Ambulatory Surgery Cases	YNHASC	1,500	1,800	2,400
Endoscopy Cases	YNHASC	1,500	2,000	2,400
Radiation Therapy Treatments	Hospital	6,350	7,620	10,160
Emergency Service Visits	Hospital	6,706	7,374	8,108

14. The Applicants anticipate that the CON proposal will have a minimal effect on existing service providers, since the projected volumes represent a shift of the Applicants' current and projected volumes for the proposed services from the Applicants' existing facilities in New Haven to the YNH Shoreline Medical Center in Guilford. In addition, some physician offices provide office-based surgery that would not be affected by the Applicants' CON proposal. *(October 7, 2002 CON Application, Page 36)*

### **Ambulatory Surgery and Endoscopy Services**

15. Ambulatory surgery and endoscopy are currently performed at both the Hospital and at YNHASC's facilities located in New Haven, which include the Temple Surgical Center, the Women's Surgical Center and the Endoscopy Center. *(October 7, 2002 CON Application, Pages 14 and 16)*

16. The table presented below provides a summary of the Applicants' recent historical ambulatory surgery and endoscopy case volume: *(October 7, 2002 CON Application, Page 16)*

**Table 2: Applicants' Actual Ambulatory Surgery and Endoscopy Cases by Provider**

Service Provider	2000 Cases	2001 Cases	2002 Cases	Current Rooms Available	2002 Cases/Room	Cases at 80% Utilization <sup>1</sup>
<b>Ambulatory Surgery:</b>						
YNHASC	9,670	9,714	10,671	8	1,334	1,200
Hospital	11,111	10,931	11,259	11	1,024	1,200
<b>Total Amb. Surgery</b>	<b>20,781</b>	<b>20,645</b>	<b>21,930</b>	<b>19</b>	<b>1,154</b>	<b>1,200</b>
<b>Endoscopy:</b>						
YNHASC	4,205	6,049	7,457	4	1,864	1,600
Hospital	6,620	7,088	8,063	4	2,016	1,600
<b>Total Endoscopy</b>	<b>10,825</b>	<b>13,137</b>	<b>15,520</b>	<b>8</b>	<b>1,940</b>	<b>1,600</b>

17. The Applicants estimate that ambulatory surgery will increase due to the aging of the population, continued technology improvements, the rapidly growing field of laparoscopic surgery for many surgical procedures, and continued improvements in anesthesia. The Applicants estimate that the demand for endoscopy will be consistent and will also increase as the population ages. *(October 7, 2002 CON Application, Page 18)*

18. The projected growth rate for ambulatory surgery at YNHASC and at the Hospital is based on historical growth rates of 4.4% and 1.7%, respectively. The growth in endoscopy has been substantial over the past two years due in large part to new screening guidelines and reimbursement changes. The table presented below provides the Applicants' projected ambulatory surgery and endoscopy case volumes: *(October 7, 2002 CON Application, Pages 18 and 19)*

**Table 3: Applicants' Projected Ambulatory Surgery and Endoscopy Cases by Provider**

Service Provider	2003 Cases	2004 Cases	2005 Cases	2006 Cases	Current Rooms Available	2006 Cases/Room	2006 % Utiliz. <sup>2</sup>
<b>Amb. Surgery:</b>							
YNHASC	11,140	11,630	12,142	12,676	8	1,585	106%
Hospital	11,450	11,645	11,843	12,044	11	1,095	73%
<b>Total Cases</b>	<b>22,591</b>	<b>23,275</b>	<b>23,985</b>	<b>24,721</b>	<b>19</b>	<b>1,301</b>	<b>87%</b>
<b>Endoscopy:</b>							
YNHASC	8,352	9,354	10,477	11,734	4	2,934	147%
Hospital	8,547	9,060	9,603	10,179	4	2,545	170%
<b>Total Cases</b>	<b>16,899</b>	<b>18,414</b>	<b>20,080</b>	<b>21,914</b>	<b>8</b>	<b>2,739</b>	<b>137%</b>

<sup>1</sup> According to industry standards, target utilization for an ambulatory surgery operating room is 1,200 cases and for an endoscopy procedure room is 1,600 cases.

<sup>2</sup> Assumes a maximum case volume per room of 1,500 ambulatory surgery cases and 2,000 endoscopy cases.

19. YNHASC is proposing to establish three ambulatory surgery operating rooms and two endoscopy procedure rooms to be included at the YNH Shoreline Medical Center. As a result of this proposal, YNHASC would operate 11 ambulatory surgery rooms and 6 endoscopy rooms. *(October 7, 2002 CON Application, Pages 8 and 16)*
20. The Applicants used the following assumptions in determining the need for additional ambulatory surgery operating rooms and endoscopy procedure rooms in the Shoreline service area: *(October 7, 2002 CON Application, Page 14)*
  - a. a 2005 projected Shoreline service area population of 127,000, and
  - b. use rates of 100.2 per 1,000 population for ambulatory surgery cases and 32.0 per 1,000 population for endoscopy cases, for a total of 12,754 ambulatory surgery cases and 4,073 endoscopy cases in 2005.
21. Based on FY 2001 patient origin data, the Applicants estimate that approximately 25% (or 2,400 cases) of YNHASC's total ambulatory surgery cases and 32% (or 1,900 cases) of its total endoscopy cases were from residents of the proposed service area. In addition, for the Hospital approximately 15% (or 3,800 cases) of its total ambulatory surgery and endoscopy cases were from residents of the Shoreline service area in FY 2001. *(October 7, 2002 CON Application, Page 20)*
22. Based on FY 2001 data from CHIME, YNHASC's and the Hospital's market share in the proposed service area for ambulatory surgery and endoscopy combined was 52% or 8,164 ambulatory surgery and endoscopy cases out of a total of 15,681 cases. *(October 7, 2002 CON Application, Pages 20 and 21)*
23. The Applicants' current market share percentage of 52% was applied to the total Shoreline service area projection of 16,827 cases in 2005 (12,754 ambulatory surgery cases and 4,073 endoscopy cases), resulting in a projected service area market share of 8,750 cases. *(October 7, 2002 CON Application, Pages 21 and 22)*
24. With the addition of the YNH Shoreline Medical Center's three ambulatory surgery operating rooms and two endoscopy procedure rooms, all of the Applicants' ambulatory surgery and endoscopy facilities would be operating at or close to desired case volume levels by 2006. *(October 7, 2002 CON Application, Page 20)*
25. The Applicants estimate that 80%-90% of the proposed YNH Shoreline Medical Center's case volume will shift from YNHASC's facilities with the remaining 10%-20% shifting from the Hospital. The table below summarizes the projected ambulatory surgery and endoscopy case volumes for FY 2004 through FY 2006 for YNHASC, the Hospital and the YNH Shoreline Medical Center and provides the average number of cases per room per provider: *(October 7, 2002 CON Application, Pages 19 and 20)*

**Table 4: Applicants' Projected Ambulatory Surgery and Endoscopy Cases by Provider**

Service Provider	2004 Cases	2005 Cases	2006 Cases	Future Rooms Available	2004 Cases/ Room	2005 Cases/ Room	2006 Cases/ Room
<b>Amb. Surgery:</b>							
YNHASC	10,280	10,522	10,516	8	1,285	1,315	1,315
Hospital	11,495	11,663	11,804	11	1,045	1,060	1,073
Shoreline M.C.	1,500	1,800	2,400	2	750	900	1,200
<b>Total Cases</b>	<b>23,275</b>	<b>23,985</b>	<b>24,721</b>	<b>21</b>	<b>1,108</b>	<b>1,142</b>	<b>1,177</b>
<b>Endoscopy:</b>							
YNHASC	8,154	8,877	9,814	4	2,039	2,219	2,454
Hospital	8,760	9,203	9,699	4	2,190	2,301	2,425
Shoreline M.C.	1,500	2,000	2,400	2	750	1,000	1,200
<b>Total Cases</b>	<b>18,414</b>	<b>20,080</b>	<b>21,914</b>	<b>10</b>	<b>1,841</b>	<b>2,008</b>	<b>2,191</b>

26. In the event that a YNH Shoreline Medical Center ambulatory surgery or endoscopy patient requires an overnight hospital stay following their procedure, the patient would be transferred to the Hospital. A transfer agreement would be developed between the YNH Shoreline Medical Center and the Hospital similar to one that currently exists between YNHASC and the Hospital. (October 7, 2002 CON Application, Page 37)

#### Radiation Therapy Services

27. Radiation therapy treatments are provided at the Hospital, which currently operates three linear accelerators. (October 7, 2002 CON Application, Page 24)
28. The Hospital's radiation therapy treatment volumes between 1998 and 2001 have increased consistently at approximately 8% per year. The table presented below summarizes the Hospital's historical volumes: (October 7, 2002 CON Application, Page 24)

**Table 5: Hospital's Actual Radiation Therapy Treatments**

Description	1998	1999	2000	2001	2002 <sup>3</sup>
Total Radiation Therapy Treatments	16,581	17,907	19,180	20,713	16,963
Outpatient Radiation Therapy Treatments	15,420	16,654	17,837	19,263	15,776
Treatments per Linear Accelerator		5,969	6,393	6,904	
Average Annual Percent Increase		8.0%	7.1%	8.0%	

29. Based upon 2001 radiation therapy treatments, maximum capacity will be reached by 2003 at the current rate of growth of 8% per year. In addition, based on changes in technology, the use of Intensity Modulated Radiation Therapy ("IMRT") and the aging population, the treatment growth rate is expected to be higher than 8% annually.

<sup>3</sup> The Hospital experienced a flood in 2001 in its Radiation Therapy Department, which was closed for approximately one month. During February 2002, the Department was reopened and operated with two linear accelerators until the third linear accelerator became operational in August 2002. Due to this disruption, 2002 treatment volumes were significantly lower.



The Hospital projects that growth rates in 2005 and 2006 will be 9% and 10%, respectively. The table presented below provides the Hospital's actual and projected radiation therapy treatments and linear accelerator requirements. (October 7, 2002 CON Application, Page 25)

**Table 6: Hospital's Actual and Projected Radiation Therapy Treatments and Linear Accelerator Requirements**

Description	2002	2003	2004	2005	2006
Total Radiation Therapy Treatments	22,369	24,156	26,087	28,435	31,278
Outpatient Radiation Therapy Treatments	20,803	22,465	24,261	26,445	29,089
Increase in Radiation Therapy Treatments		1,663	1,796	2,183	2,644
Percentage Increase	8.0%	8.0%	8.0%	9.0%	10.0%
Linear Accelerators Required <sup>4</sup>	2.8	3.0	3.3	3.6	3.9

30. The Hospital's proposed Radiation Therapy Center will include one linear accelerator with IMRT, one simulator for treatment planning, four exam rooms, a reception/waiting area, and an administrative and support area. (October 7, 2002 CON Application, Page 8)
31. The Hospital employed a use rate of 68.5 per 1,000 population to project 8,719 radiation therapy treatments for the total Shoreline service area in 2005. (October 7, 2002 CON Application, Page 14)
32. The Hospital anticipates that 65% to 85% of Shoreline service area patients currently obtaining radiation therapy at the Hospital campus, would seek this service from the YNH Shoreline Medical Center. The estimated use rate is based on the following:
- a. Patients requiring radiation therapy treatments typically travel to the Hospital five days per week for between six to eight weeks. Access to a local Shoreline radiation therapy facility would help to minimize some difficulties associated with receiving cancer treatment. (October 7, 2002 CON Application, Page 26)
  - b. A certain percentage of these patients would have to continue to obtain radiation therapy treatments at the Hospital due to certain specialized treatment available there such as Brachytherapy, which would not be available at the YNH Shoreline Medical Center. (October 7, 2002 CON Application, Page 26)
33. In 2001 there were 156 radiation therapy patients from the Shoreline service area and approximately 25% of these patients required retreatment. Assuming a conservative growth rate in patients (between 8% and 10% annually), the table presented below provides the projected number of radiation therapy patients and treatments to be provided at the YNH Shoreline Medical Center that would result from the Hospital's projected Shoreline service area patients: (October 7, 2002 CON Application, Page 27)

<sup>4</sup> The maximum capacity per Hospital linear accelerator is 8,000 treatments per year, which assumes four patients per hour, 8 hours per day, and 250 days of operation per year.

**Table 7: YNH Shoreline Medical Center's Projected Radiation Therapy Treatments**

Description	2001	2002	2003	2004	2005	2006
Percentage Increase in Shoreline Patients		8.0%	8.0%	8.0%	9.0%	10.0%
Shoreline Service Area Patients	156	168	182	197	214	236
Retreatments (25%)	39	42	45	49	54	59
<b>Total Shoreline Service Area Patients</b>	<b>195</b>	<b>211</b>	<b>227</b>	<b>246</b>	<b>268</b>	<b>295</b>
% Shift to YNH Shoreline Medical Center				65%	75%	85%
YNH Shoreline Medical Center Patients				160	201	250
Average Number of Treatments/Patient				40	40	40
<b>YNH Shoreline Medical Center Treatments</b>				<b>6,386</b>	<b>8,032</b>	<b>10,013</b>
YNH Shoreline Medical Ctr. Days/Year				250	250	250
YNH Shoreline Medical Ctr. Treatments/Day				25	30	40
<b>YNH Shoreline Medical Center Treatments</b>				<b>6,350</b>	<b>7,620</b>	<b>10,160</b>

**Satellite Emergency Room Services: Levels I-III**

34. Currently, emergency care is provided at the Hospital's Emergency Department, which also provides urgent/emergent care. Emergency Department visits at the Hospital have been increasing consistently over the past several years, a trend that is entirely consistent with both state and national trends. (October 7, 2002 CON Application, Pages 27 and 28)
35. Emergency Department visits can be categorized into two major groupings: patients treated and discharged ("discharged ED patients") and patients seen and admitted to the Hospital ("admitted ED patients"). The table presented below provides the Hospital's total Emergency Department visits and visits for discharged ED patients. (October 7, 2002 CON Application, Pages 28 and 29)

**Table 8: Hospital's Actual Total Emergency Department Visits and Discharged Emergency Department Visits<sup>5</sup>**

Description	1998	1999	2000	2001	2002
Total Emergency Department Visits	75,246	78,591	83,241	86,641	90,313
Annual Percentage Increase		4.4%	5.9%	4.1%	4.2%
Average Annual Percentage Increase					4.7%
Discharged Emergency Department Visits	54,640	61,125	66,497	69,088	68,298
Annual Percentage Increase		11.9%	8.8%	3.9%	(1.1)%
Average Annual Percentage Increase					5.9%

<sup>5</sup> The Hospital's total Emergency Department visits include all visits for both patients admitted to the Hospital and discharged ED patients, while discharged ED visits only represent visits to the Hospital's emergency room by patients who were not admitted. The Hospital's 2002 ED visits are annualized based on nine months of actual visits.

36. The majority of conditions treated by the Hospital for discharged ED patients could be handled at the proposed satellite emergency room, levels I-III at the YNH Shoreline Medical Center. *(October 7, 2002 CON Application, Pages 28 and 29)*
37. The Hospital's emergency facility was built approximately 20 years ago and is not conducive to the delivery of current day emergency care. Emergency Department overcrowding occurs with patients kept in the hallways, crowded waiting areas, and long lengths of stay in the emergency room. *(October 7, 2002 CON Application, Page 29)*
38. The Hospital anticipates that its Emergency Department volume will continue to grow due to a number of factors including the growing and aging population, less restrictive health insurance coverage and growing uninsured and underinsured populations. *(October 7, 2002 CON Application, Page 29)*
39. The table presented below provides the Hospital's projected 2003 through 2006 discharged ED visits based on an average annual rate of growth of 5.9% experienced by the Hospital between 1998 and 2002: *(October 7, 2002 CON Application, Page 30)*

**Table 9: Hospital's Projected Discharged Emergency Department Visits**

Description	2003	2004	2005	2006
Discharged Emergency Department Visits	72,295	76,526	81,005	85,746

40. In 2001, there were 5,934 discharged ED visits at the Hospital's Emergency Department from residents of the Shoreline service area. This volume of discharged ED visits represents 8.6% of the total discharged ED visits at the Hospital's Emergency Department. The Hospital's market share for 2001 for the Shoreline service area was 48.5% for admitted ED visits and 20.1% for discharged ED visits or non-admitted visits. Discharged ED visits comprise 85% of all emergency department visits for the Shoreline service area market. *(October 7, 2002 CON Application, Pages 30 and 31)*
41. The Hospital utilized a use rate of 399 per 1,000 population for total Emergency Department visits in projecting the Shoreline service area need for the proposed emergency service satellite. This results in a projected 50,789 total ED visits from the Shoreline service area in 2005. *(October 7, 2002 CON Application, Page 14)*
42. Consistent with the 2001 data for the Shoreline service area, it is assumed that 85% of the total projected Shoreline service area Emergency Department visits of 50,789 will be discharged ED visits. The Hospital's projected discharged ED visits from the Shoreline service area will total 8,677 in 2005 as shown in the table presented below: *(October 7, 2002 CON Application, Pages 31 and 32)*

**Table 10: Hospital's Projected 2005 Discharged Emergency Department Visits**

Description	Emergency Department Statistic
Projected 2005 Shoreline Total ED Visits	50,789
Projected 2005 Shoreline Discharged ED Visits	43,170
Projected 2005 Hospital Market Share Percentage	20.1%
Projected 2005 Hospital Discharged ED Visits	8,677

43. The Hospital's proposed emergency service satellite at the YNH Shoreline Medical Center will include eight exam rooms, a patient intake and triage area, a reception and waiting room area, and an administrative and support area. A helicopter pad will also be constructed as part of the Hospital's proposed emergency service satellite. *(October 7, 2002 CON Application, Page 8)*
44. It is estimated that 85% of the Hospital's Emergency Department visits from residents of the Shoreline service area would shift to the YNH Shoreline Medical Center. The table presented below provides the Hospital's projected Shoreline service area discharged ED visits and the projected discharged ED visits that would shift from the Hospital Emergency Department to the YNH Shoreline Medical Center: *(October 7, 2002 CON Application, Page 32)*

**Table 11: YNH Shoreline Medical Center's Projected Discharged ED Visits**

Description	2002	2003	2004	2005	2006
Hospital Service Area Discharged ED Visits	6,525	7,175	7,890	8,677	9,539
YNH Shoreline Medical Ctr. Discharged ED Visits	0	0	6,706	7,374	8,108

45. In the event that an emergency service satellite patient presents at the YNH Shoreline Medical Center and requires a higher level of care, the patient would be stabilized and would then be transported to the Hospital by either ambulance or helicopter depending on the severity of the patient's condition. The Applicants would develop specific clinical protocols in the event of such an occurrence. *(October 7, 2002 CON Application, Page 37)*

### Shoreline Medical Center

46. The YNH Shoreline Medical Center will consist of two buildings that will be built and owned by a private developer. The two buildings will be newly constructed two-story structures. The Applicants will be tenants in the buildings and the developer also plans to lease space to physicians for their offices in the buildings. Space in both buildings will be utilized for other new services in a later project phase. *(October 7, 2002 CON Application, Page 41)*
- Building One would house radiation therapy in the basement, ambulatory surgery and endoscopy on the first floor, and radiology and pre-admission services on the second floor.
  - Building Two would house the emergency service satellite on the first floor and laboratory on the second floor.

47. YNHASC proposes to initially own 100% of the YNH Shoreline Medical Center's proposed ambulatory surgery and endoscopy services, and will at all times operate the ambulatory surgery and endoscopy center. The ambulatory surgery and endoscopy center will include an intake/public area, a surgical operating area with three operating rooms, two endoscopy rooms, an eight-bed Stage I post anesthesia recovery room, a Stage II recovery/observation area with eight recliners, and an administrative and support area. *(October 7, 2002 CON Application, Pages 8 and 9)*
48. YNHASC is in the process of forming a limited liability corporation ("LLC") to provide the proposed ambulatory surgery and endoscopy services and to permit physician investment in these services. YNHASC will have at least 51% ownership in the LLC and only minority ownership interests would be offered to physicians. Minority ownership will be limited to only those physicians performing procedures at the YNH Shoreline Medical. *(October 7, 2002 CON Application, Page 9)*
49. The YNH Shoreline Medical Center's initial proposed hours of operation for the Applicants' proposed services are as follows: *(October 7, 2002 CON Application, Page 35)*

**Table 12: YNH Shoreline Medical Center's Initial Proposed Hours of Operation**

<b>Proposed Service</b>	<b>Proposed Hours of Operation</b>
Ambulatory Surgery	Monday – Friday, 7:00 a.m. through 6:00 p.m.
Endoscopy	Monday – Friday, 7:00 a.m. through 6:00 p.m.
Radiation Therapy	Monday – Friday, 8:00 a.m. through 5:30 p.m.
Emergency Service Satellite	Monday – Friday, 4:00 p.m. through 12:00 midnight and Saturday and Sunday, 8:00 a.m. through 12:00 midnight

50. The Applicants will seek approval for the YNH Shoreline Medical Center's proposed services from the Department of Public Health, the Joint Commission on Accreditation of Healthcare Organizations, and the Accreditation Association for Ambulatory Health Care, Inc. Since the emergency and radiation therapy services will be licensed under the Hospital, and the ambulatory surgery and endoscopy services will be licensed under YNHASC, the same quality standards currently utilized by the Hospital and YNHASC will apply to all of the proposed services to be provided at the YNH Shoreline Medical Center. *(October 7, 2002 CON Application, Page 37)*
51. The Applicants project the following schedule of development for the YNH Shoreline Medical Center in Guilford: *(October 7, 2002 CON Application, Page 42)*

**Table 13: Estimated Schedule of Development Timetable**

<b>Description</b>	<b>Projected Date</b>
Commencement of Construction	January 2003
Completion of Construction	October 2003
Department of Public Health Licensure	October 2003
Commencement of Operations	October 2003

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

52. A breakdown of the Applicants' total proposed capital expenditures of \$7,973,380 is as follows: *(October 7, 2002 CON Application, Pages 40 and 41 and October 31, 2002 Response to Interrogatories, Pages 1 and 2)*

**Table 14: Applicants' Total Proposed Capital Expenditures**

Description	Hospital	YNHASC	Total
Movable Equipment (Purchase)	\$3,176,500	\$2,025,000	\$5,201,500
Leasehold Improvements	0	1,720,575	1,720,575
Treatment Planning System	300,000	0	300,000
Computer Equipment	90,000	87,000	177,000
Contingency Fund	0	383,258	383,258
Arch. & Eng., Legal and CON Fees	1,783	189,264	191,047
<b>Total Capital Expenditures</b>	<b>\$3,568,283</b>	<b>\$4,405,097</b>	<b>\$7,973,380</b>

53. A breakdown of the proposed capital expenditures of \$5,201,500 for movable equipment purchases is as follows: *(October 7, 2002 CON Application, Pages 791 and 792)*

**Table 15: Applicants' Proposed Movable Equipment Capital Expenditures**

Description	Hospital	YNHASC	Total
Radiation Therapy Linear Accelerator	\$1,800,000	\$ 0	\$1,800,000
Radiation Therapy Simulator	600,000	0	600,000
Radiation Therapy Other Equipment	104,000	0	104,000
Emergency Satellite Medical Equipment	600,000	0	600,000
Emergency Satellite Other Equipment	72,500	0	72,500
Ambulatory Surgery Medical Equipment	0	1,600,000	1,600,000
Endoscopy Medical Equipment	0	300,000	300,000
Shared Other Equipment	0	125,000	125,000
<b>Total Movable Equipment Purchases</b>	<b>\$3,176,500</b>	<b>\$2,025,000</b>	<b>\$5,201,500</b>

54. The CON proposal's total capital expenditures of \$7,973,380 will be funded through an equity contribution totaling \$1,137,963 from the Applicants' operating funds and funded depreciation, and through debt financing totaling \$6,835,417 from conventional loans as follows: *(October 31, 2002 Response to Interrogatories, Page 15)*

**Table 16: Applicants' Total Proposed Source of Funds**

Description	Hospital	YNHASC	Total
Operating Funds	\$ 146,573	\$ 405,097	\$ 551,670
Funded Depreciation	586,293	0	586,293
Conventional Loan	2,835,417	4,000,000	6,835,417
<b>Total Funding Sources</b>	<b>\$3,568,283</b>	<b>\$4,405,097</b>	<b>\$7,973,380</b>

55. The Hospital projects incremental revenue from operations, total operating expense and gains/(losses) from operations associated with the CON proposal as follows: *(October 31, 2002 Response to Interrogatories, Page 153)*

**Table 17: Hospital's Financial Projections for FY 2003, FY 2004 and FY 2005**

Description	FY 2003	FY 2004	FY 2005
Incremental Revenue from Operations	\$ 0	\$3,715,000	\$4,281,000
Incremental Total Operating Expense	212,000	3,602,000	3,925,000
<b>Incremental Gain/(Loss) from Operations</b>	<b>\$ (212,000)</b>	<b>\$ 113,000</b>	<b>\$ 356,000</b>

56. YNHASC projects incremental revenue from operations, total operating expense and gains/(losses) from operations associated with the CON proposal as follows: *(October 31, 2002 Response to Interrogatories, Page 154)*

**Table 18: YNHASC's Financial Projections for FY 2003, FY 2004 and FY 2005**

Description	FY 2003	FY 2004	FY 2005
Incremental Revenue from Operations	\$ 0	\$2,827,500	\$3,510,000
Incremental Total Operating Expense	431,947	3,000,553	3,468,380
<b>Incremental Gain/(Loss) from Operations</b>	<b>\$ (431,947)</b>	<b>\$ (173,053)</b>	<b>\$ 41,620</b>

57. The Hospital's projected incremental operating loss for FY 2003 and YNHASC's projected incremental operating losses for FY 2003 and FY 2004 are the result of start-up expenses for the CON proposal occurring before the second year after commencement of operations for which there is either no revenue or minimal revenue. Profitability is projected for the Hospital starting in FY 2004 and for YNHASC starting in FY 2005. *(October 7, 2002 CON Application, Page 45)*

58. The Hospital's projected payer mix for the first three years of operation and YNHASC's projected payer mix for the first three years of operation are as follows: *(October 7, 2002 CON Application, Page 44)*

**Table 19: Applicants' Three-Year Projected Payer Mixes**

Payer	Hospital	YNHASC
	Years 1, 2 and 3	Years 1, 2 and 3
Medicare	37.92%	18.25%
Medicaid	13.51%	1.49%
TriCare	0.33%	0.00%
<b>Total Government</b>	<b>51.76%</b>	<b>19.74%</b>
Commercial Insurers	47.30%	72.47%
Self-Pay	0.51%	5.00%
Workers Compensation	0.43%	2.79%
<b>Total Non-Government</b>	<b>48.24%</b>	<b>80.26%</b>
Uncompensated Care	0.00%	0.0%
<b>Total Payer Mixes</b>	<b>100.00%</b>	<b>100.00%</b>

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

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

59. There is no State Health Plan in existence at this time. *(October 7, 2002 CON Application, Page 7)*
60. The Applicants have adduced evidence that this proposal is consistent with the Applicants' respective long-range plans. *(October 7, 2002 CON Application, Page 7)*
61. The Applicants have no current teaching and research responsibilities that would be affected as a result of the proposal. *(October 7, 2002 CON Application, Page 39)*
62. There are no distinguishing or unique characteristics of the patient/physician mix related to the Applicants' proposal. *(October 7, 2002 CON Application, Page 39)*
63. The Applicants have implemented various activities to improve productivity and contain costs. *(October 7, 2002 CON Application, Page 39)*
64. The Applicants have sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(October 7, 2002 CON Application, Appendix XX, Pages 488 - 548)*

### Rationale

Yale New Haven Hospital and Yale New Haven Ambulatory Services Corporation ("Applicants") propose to establish and operate the Yale New Haven Shoreline Medical Center ("YNH Shoreline Medical Center"), an ambulatory care center to be located in leased building space at 111 Goose Lane in Guilford, at a total capital expenditure of \$7,973,380. OHCA had previously granted CON authorization to Yale New Haven Ambulatory Services Corporation d/b/a Temple Radiology to establish the Guilford Imaging Center, a diagnostic imaging center that is also to be part of the CON proposal.

The initial ambulatory care center services to be offered at the YNH Shoreline Medical Center will be provided by either Yale New Haven Ambulatory Services Corporation ("YNHASC") or Yale New Haven Hospital ("Hospital"). YNHASC proposes to provide ambulatory surgery, endoscopy and radiology services, while the Hospital proposes to provide radiation therapy, satellite emergency room services: Levels I-III, and laboratory and pre-admission testing services. Subject to OHCA's approval, the Applicants intend to further develop the YNH Shoreline Medical Center in a future phase of the project by



proposing additional diagnostic and ambulatory treatment services that would complement the services currently being proposed by the Applicants.

### **Background**

The Applicants selected a Shoreline location for the CON proposal due to their strong combined Shoreline market share for the proposed services. The majority of Shoreline residents already seek care from Yale New Haven ("YNH") physicians and programs. The primary service area to be served by the YNH Shoreline Medical Center includes the towns of Branford, Clinton, Deep River, Essex, Guilford, Killingworth, Madison, North Branford, Old Saybrook and Westbrook.

Residents of the proposed service area generally seek the proposed services from the Hospital, YNHASC's facilities, the Hospital of Saint Raphael or Middlesex Hospital. Currently, there are no hospital-based providers of the proposed services located in any primary service area town except Essex. The Shoreline Medical Center ("SMC") in Essex, affiliated with Middlesex Hospital, offers urgent/emergent care and will offer endoscopy services. SMC in Essex is located at the far eastern edge of the Applicants' proposed service area, and the majority of YNH physicians are not affiliated with SMC in Essex.

In July of 2001, a long-term capacity planning analysis was completed for the Applicants. Specifically, this internal analysis focused on inpatient, outpatient, diagnostic, and therapeutic procedure areas and determined future inpatient and ambulatory care requirements. The Applicants' long-term capacity planning analysis calculated projected volumes for 2005 and 2010 and identified significant projected growth between FY 2000 and FY 2010 for inpatient surgery of 24%, ambulatory surgery of 23%, radiation therapy of 45%, and emergency department services of 15%.

Since, projected volumes for both 2005 and 2010 indicate that the Applicants' facilities will be beyond current capacity and will be unable to adequately address projected service volumes, consideration was given to expanding capacity at current service delivery locations in New Haven or to establishing a new location outside of New Haven. The Applicants rejected expanding capacity at the Applicants' current service delivery locations for several reasons including the following:

- a. There is no expansion space at YNHASC's Temple Street location.
- b. Expanding services in New Haven would not address the accessibility concerns of Shoreline area residents.
- c. Ongoing patient care delivery would be significantly disrupted by new construction and/or renovation projects.
- d. On-campus new construction and/or renovation projects would take longer to complete and would be more expensive due to more stringent hospital building codes and standards as well as phasing requirements.

### **Ambulatory Surgery and Endoscopy Services**

YNHASC proposes to own and operate an ambulatory surgery and endoscopy center at the YNH Shoreline Medical Center. The ambulatory surgery and endoscopy center would include an intake/public area, three surgical operating rooms, two endoscopy procedure rooms, an eight-bed Stage I post anesthesia recovery room, a Stage II recovery/observation area with eight recliners, and an administrative and support area.

The YNH Shoreline Medical Center's proposed ambulatory surgery and endoscopy services would initially be owned 100% by YNHASC, which would at all times operate the ambulatory surgery and endoscopy center. YNHASC is in the process of forming a limited liability corporation ("LLC") to provide the proposed ambulatory surgery and endoscopy services and to permit physician investment in these services. YNHASC would at all times have a majority ownership interest of at least 51% in the LLC and only minority interests would be offered to physicians. Minority ownership would be limited to only those physicians performing procedures at the YNH Shoreline Medical Center.

In projecting the Shoreline service area need for ambulatory surgery and endoscopy services in 2005, YNHASC utilized a use rate per 1,000 population of 100.2 for ambulatory surgery cases and a use rate per 1,000 population of 32.0 for endoscopy cases. By applying these two use rates to the projected 2005 service area population, the Shoreline service area would generate 12,754 ambulatory surgery cases and 4,073 endoscopy cases in 2005, which would support the CON proposal. Based on FY 2001 patient origin data, approximately 2,400 of YNHASC's total ambulatory surgery cases and 1,900 of its total endoscopy cases in FY 2001 were from residents of the Shoreline service area. In addition, approximately 3,800 of the Hospital's total ambulatory surgery and endoscopy cases in FY 2001 were also from residents of the Shoreline service area.

Based on FY 2001 data from CHIME, YNHASC and the Hospital's combined total market share for ambulatory surgery and endoscopy services from patients residing in the Shoreline service area was 52% or 8,164 ambulatory surgery and endoscopy cases out of a total of 15,681 cases. By applying the Applicants' combined current market share percentage of 52% to the total Shoreline service area projection of 16,827 cases (12,754 ambulatory surgery cases and 4,073 endoscopy cases) in 2005, the resulting projected service area market share of 8,750 cases would be sufficient to support the YNH Shoreline Medical Center's projected ambulatory surgery and endoscopy case volume of 3,000, 3,800 and 4,800 cases in 2004, 2005 and 2006, respectively.

Both YNHASC and the Hospital would shift the case volume for their Shoreline service area ambulatory surgery and endoscopy patients from the Applicants' existing New Haven service delivery locations to the YNH Shoreline Medical Center in Guilford. A majority or 80% - 90% of the projected YNH Shoreline Medical Center's ambulatory surgery and endoscopy case volume would shift from YNHASC's facilities with the remaining 10% - 20% shifting from the Hospital. The case volume shift is due to the

Applicants' current volume capacity and hours of operation, and because the ambulatory surgery and endoscopy center at the YNH Shoreline Medical Center would operate in a similar fashion to YNHASC's existing facilities. With the addition of three operating rooms and two endoscopy rooms at the Shoreline Medical Center, the Hospital and YNHASC's facilities would operate at or close to the Applicants' desired ambulatory surgery and endoscopy case volume levels by 2006.

### **Radiation Therapy Services**

Patients requiring radiation therapy treatments typically travel to the Hospital five days per week for between six to eight weeks. Travel to the Hospital in New Haven from the Shoreline service area can be difficult for many cancer patients who are elderly and/or debilitated from their disease and its associated treatment. Access to a local Shoreline radiation therapy facility would help to minimize some of the difficulties associated with receiving cancer treatment in New Haven. The Hospital proposes to establish a Radiation Therapy Center at the YNH Shoreline Medical Center that would include one linear accelerator, one simulator for treatment planning, four patient exam rooms, a reception/waiting area, and an administrative and support area.

Radiation therapy treatments are provided at the Hospital, which currently operates three linear accelerators. The Hospital's radiation therapy treatment volumes between 1998 and 2001 have increased consistently at approximately 8% per year with a reduction in the 2002 treatment volume due to an unanticipated service disruption resulting from flood damage in the Hospital's Radiation Therapy Department. In projecting the Shoreline service area need for the proposed radiation therapy service in 2005, the Hospital utilized a use rate of 68.5 per 1,000 population. By applying this use rate to the projected 2005 service area population, the Shoreline service area would generate 8,719 radiation therapy treatments in 2005, which would support the CON proposal.

Market share data for radiation therapy services is not available. However, in FY 2001 there were 156 Hospital radiation therapy patients from the Shoreline service area with 39 of these patients requiring retreatment for a total of 195 Hospital radiation therapy patients. Assuming a conservative growth rate in the Hospital's radiation therapy patients of 8% to 10% per year between 2003 and 2006, the resulting projected Shoreline service area radiation therapy treatments to be provided by the Hospital of 8,719 in 2005 would be sufficient to support the YNH Shoreline Medical Center's projected radiation therapy treatment volume of 6,350, 7,620 and 10,160 treatments in 2004, 2005 and 2006, respectively based on an assumption of a shift of this treatment volume from the Hospital.

The Hospital projects that a majority or 65% to 85% of its Shoreline service area patients, who currently obtain radiation therapy at the Hospital, would seek this service from the YNH Shoreline Medical Center. These percentages are based on the Hospital's current Shoreline service area patient mix and the fact that a certain percentage of these patients would have to continue to obtain radiation therapy at the Hospital due to certain

specialized treatment available there that would not be available at the YNH Shoreline Medical Center. A large majority of the radiation therapy treatments for patients from the Shoreline service area that would otherwise be provided at the Hospital would instead shift to the Radiation Therapy Center at the YNH Shoreline Medical Center. The Hospital's projected radiation therapy treatment volumes in 2004, 2005 and 2006 for the YNH Shoreline Medical Center closely coincide with the calculation of radiation therapy treatment volumes to be generated by the Hospital's Shoreline service area radiation therapy patients in 2004, 2005 and 2006.

### **Satellite Emergency Room Services: Levels I - III**

Emergency room care is currently provided at the Hospital's Emergency Department, which also provides urgent/emergent care. The Hospital's physicians, the Yale Medical Group and private practice physicians, also provide urgent/emergent care in their offices during regular working hours. Emergency Department visits at the Hospital have been increasing steadily over the past several years, which is a trend that is consistent with both state and national trends. The Hospital proposes to establish a satellite emergency room: Levels I-III at the YNH Shoreline Medical Center that would include eight patient exam rooms, a patient intake and triage area, a reception and waiting area, and an administrative and support area. A helicopter pad for patient transport would also be constructed as part of the Hospital's proposed satellite emergency room.

The majority of conditions treated at the Hospital's Emergency Department for discharged emergency room patients could also be treated at the proposed satellite emergency room, Levels I-III, at the YNH Shoreline Medical Center. In projecting the Shoreline service area need for total emergency room visits ("total ED Visits") in 2005, the Hospital utilized a use rate 399 per 1,000 population. By applying this use rate to the projected 2005 service area population, the Shoreline service area would generate 50,789 total ED visits in 2005.

In FY 2001, there were 5,934 discharged emergency room visits ("discharged ED visits") at the Hospital's Emergency Department from residents of the Shoreline service area. The Hospital's market share in FY 2001 for the Shoreline service area was 48.5% for admitted emergency room visits ("admitted ED visits") and 20.1% for discharged ED visits, and discharged ED visits comprised 85% of the Shoreline service area market's total ED visits in FY 2001. The Hospital estimated that 85% of the projected Shoreline service area total ED visits of 50,789 in 2005 would be discharged ED visits that would result in 43,170 discharged ED visits. The Hospital projected 8,677 discharged ED visits from the Shoreline service area in 2005 in applying its market share percentage of 20.1%.

The Hospital's projected service area market share of 8,677 discharged ED visits would be sufficient to support the YNH Shoreline Medical Center's projected discharged ED visits of 6,706, 7,374 and 8,108 visits in 2004, 2005 and 2006, respectively. The projected satellite emergency room's discharged ED visits to be provided at the YNH

Shoreline Medical Center were developed based on the assumption that the proposed satellite emergency room would treat patients at Levels I-III only, and that 85% of the Hospital's projected Shoreline service area discharged ED visits would shift to the YNH Shoreline Medical Center based on the proposed satellite emergency room's projected hours of operation and its proposed Shoreline location.

### **Conclusions**

The clear public need for the CON proposal has been demonstrated by the Hospital and YNHASC's projected individual utilization statistics for the proposed Shoreline service area for each of the proposed services that would be provided at the YNH Shoreline Medical Center. The Applicants' projected utilization statistics were derived by applying individual use rates per 1,000 population for each proposed service to the proposed Shoreline service area's projected 2005 population in determining the need for the proposed services. The Applicants used a coherent and reasonable approach in their determination and calculation of the Shoreline service area need that demonstrates the significant levels of service volume that would shift from their New Haven-based service delivery locations to the YNH Shoreline Medical Center.

In addition to the Applicants' need-based methodologies used in demonstrating a clear public need for the CON proposal, the Applicants also presented the results of a long-term capacity analysis that projected individual service volumes and identified significant growth in service utilization between 2000 and 2010. The Applicants provided justification for the need for a new Shoreline service delivery location with their determination that there is no expansion space available at YNHASC's Temple street location; that expanding service delivery locations in New Haven would not address the accessibility concerns of Shoreline area residents; that ongoing patient care delivery would be significantly disrupted by new building projects; and that on-campus new building projects would take longer to complete and would be more expensive due to more stringent hospital building codes and standards as well as phasing requirements.

The Applicants' existing facilities will soon be beyond service volume capacity limits and will not be able to adequately meet the projected significant increases in service volume demand. A new Shoreline service delivery location would improve the accessibility of services and would be a cost-effective alternative, as opposed to costly new construction and/or renovation projects, in expanding the Applicants' current service volume capacity to meet future demand. Therefore, OHCA finds that the Applicants have clearly demonstrated that the CON proposal is needed, that the CON proposal would enable the Applicants to continue to maintain the delivery of the proposed services at a high level of quality, and that the CON proposal would significantly improve the accessibility of the proposed services in the Shoreline region.

The proposed total capital expenditure of \$7,973,380 will be funded by an equity contribution of \$1,137,963 to be obtained from the Applicants operating funds and

funded depreciation as well as through debt financing from conventional loans totaling \$6,835,417. The Hospital projects incremental operating gains/(losses) of \$(212,000), \$113,000 and \$356,000 for FY 2003, FY 2004 and FY 2005, respectively, and YNHASC projects incremental operating gains/(losses) of \$(431,947), \$(173,053) and \$41,620 for FY 2003, FY 2004 and FY 2005, respectively during the early startup years subsequent to implementation of the CON proposal. The Applicants' projected utilization statistics upon which the financial projections are based for each of the proposed services for FY 2004, FY 2005 and FY 2006 appear to be achievable given the favorable utilization trends forecasted by the Applicants for each of the YNH Shoreline Medical Center's proposed services that are highly likely to continue in future years. Therefore, OHCA finds that the CON proposal will not only maintain the quality and improve the accessibility of the health care services currently provided to Shoreline area residents but that the CON proposal is also both financially feasible and cost-effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Yale New Haven Hospital and Yale New Haven Ambulatory Services Corporation to establish and operate the Yale New Haven Shoreline Medical Center, an ambulatory care center to be located in leased building space at 111 Goose Lane in Guilford, at a total capital expenditure of \$7,973,380, is hereby GRANTED.

## **ORDER**

Yale New Haven Hospital and Yale New Haven Ambulatory Services Corporation (“Applicants”) are hereby authorized to establish and operate the Yale New Haven Shoreline Medical Center (“YNH Shoreline Medical Center”), an ambulatory care center to be located in leased building space at 111 Goose Lane in Guilford, at a total capital expenditure of \$7,973,380, subject to the following conditions:

1. This authorization shall expire on December 31, 2005. Should the Applicants’ new ambulatory care center project not be completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
2. The Applicants shall not exceed the approved capital expenditure of \$7,973,380. In the event that the Applicants learn of potential cost increases or expect that final project costs will exceed those approved, the Applicants shall file with OHCA a request for approval of the revised project budget.
3. The Applicants shall obtain all further required approvals of the Department of Public Health and all other local, state and federal agencies governing the licensure and operation of health care facilities, and the Applicants shall report to OHCA upon receiving such approvals.
4. YNH Shoreline Medical Center’s approved ambulatory care services are as follows:
  - Ambulatory surgery consisting of three ambulatory surgery operating rooms,
  - Endoscopy consisting of two endoscopy procedure rooms,
  - Diagnostic radiology,
  - Laboratory,
  - Pre-admission testing,
  - Radiation therapy consisting of one linear accelerator and a simulator, and
  - Emergency room service satellite: Levels I-III.
5. The Applicants will provide OHCA with utilization reports for the YNH Shoreline Medical Center on a quarterly basis. The data elements and the format and submission requirements of these reports are described in Attachment I.
6. Yale New Haven Ambulatory Services Corporation will submit to OHCA copies of any documents related to a divestiture of ownership interest in the ambulatory surgery and endoscopy center prior to distribution.
7. Yale New Haven Ambulatory Services Corporation will report to OHCA the name of all physicians granted an ownership interest and their percentage of ownership in the ambulatory surgery and endoscopy center.

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

December 6, 2002  
Date

Mary M. Heffernan  
Mary M. Heffernan  
Commissioner

MMH:ho



## Attachment I

Yale New Haven Shoreline Medical Center shall submit patient-specific data as listed and defined below for those patients that receive service, care, diagnosis or treatment at the ambulatory care center located in Guilford, Connecticut. 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 30, 2004, shall contain the data records for each individual encounter at that facility from January 1, 2004 until March 31, 2004.
- 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)**