



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Wilton Pain Management Center, LLC

**Docket Number:** 02-554

**Project Title:** Development of Licensed Pain Management Center in Wilton

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

**Filing Date:** January 30, 2003

**Hearing:** Waived

**Decision Date:** March 3, 2003

**Default Date:** April 30, 2003

**Staff:** Kimberly Martone  
Steven Lazarus

**Project Description:** Wilton Pain Management Center, LLC (“Applicant”) proposes to develop a licensed pain management center to be located at 631-641 Danbury Road in Wilton, CT. The proposed total capital expenditure is \$1,631,038.

**Nature of Proceedings:** On January 30, 2003, the Office of Health Care Access (“OHCA”) received the completed Certificate of Need (“CON”) application of Wilton Pain Management Center, LLC seeking authorization to develop a licensed pain management center to be located at 631-641 Danbury Road in Wilton, CT at a total proposed capital expenditure of \$1,631,038. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

The Applicant requested a waiver of hearing for the CON application pursuant to Section 19a-643-45 of OHCA’s Regulations, and claimed that the CON application is non-

substantive as defined in Section 19a-643-95(3) of OHCA's Regulations. On February 7, 2003, the Applicant was informed that the CON application was eligible for consideration of waiver of public hearing, and a notice to the public was published in *The Advocate* in Stamford. OHCA received no comments from the public concerning the Applicant's request for waiver of hearing during the public comment period, and therefore on February 25, 2003, OHCA granted the Applicant's request for waiver of 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 provision 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

*Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings or from 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 on the Applicant's Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Wilton Pain Management Center, LLC ("Applicant") is a for-profit limited liability company organized to provide personalized, state-of-the-art quality interventional pain management. (*November 21, 2002, CON Application, page 3*)
2. The Pain Management Center ("PMC"), a professional medical practice and services corporation, was founded in September 2002 by Vincent R. Carlesi, MD and established in Stamford, CT. (*September 4, 2002, Letter of Intent and November 21, 2002, CON Application, page 3*)
3. The practice of interventional pain medicine has been recognized by the American Board of Medical Specialties as a subspecialty of the field of anesthesiology since 1991. (*November 21, 2002, CON Application, page 3*)
4. Dr. Carlesi is the sole shareholder of PMC. Currently, PMC has two physicians, Vincent Carlesi, MD and David Xiong, MD, PhD with offices in Stamford and Danbury, Connecticut. Another physician will join the Danbury office in July 2003. (*November 21, 2002, CON Application, page 3*)
5. PMC physicians currently staff a pain management center at The Stamford Hospital ("TSH"). (*January 30, 2003, Responses to Completeness, page 5*)

6. The Applicant proposes to develop a licensed freestanding pain management center ("Center") as a component of PMC to be located at 631-641 Danbury Road in Wilton, CT. The Center will consist of 7,000 square foot and contain two procedure rooms. *(September 4, 2002, Letter of Intent, November 21, 2002, CON Application, page 15 and January 30, 2003, Responses to Completeness, page 2)*
7. The Center will be owned by the members of PMC in concert with certain principals of Merritt Health Management Associates, LLC. Merritt provides overall management services to PMC. *(September 4, 2002, Letter of Intent)*
8. The Applicant proposes to perform the following types of surgical cases at the Center: Facet Joint Blocks, Epidural Steroid Injections, Percutaneous Lysis of Adhesions, Blood Patch, Radiofrequency Neuroablation, Selective Nerve Blocks, Spinal Puncture Lumbar, and Conscious Sedation. *(November 21, 2002, CON Application, Exhibit II)*
9. The Applicant currently performs the types of surgical cases to be provided at the Center in Wilton in its offices. However, PMC currently cannot collect a third party fee for the use of the existing procedure suite. *(November 21, 2002, CON Application, pages 3&4)*
10. According to the Applicant, the availability of the above sophisticated treatment modalities has improved the quality of life for patients with pain disorders and has been associated with increased productivity, less down time, and lower injury related costs. *(November 21, 2002, CON Application, page 3)*
11. The Applicant's service area consists of the towns of Bethel, Danbury, Darien, New Canaan, Norwalk, Redding, Ridgefield, Stamford, Weston, Westport, and Wilton. *(November 21, 2002, CON Application, page 6)*
12. The Applicant asserts that the need for the Pain Management Center in Wilton is based on the following factors: *(November 21, 2002, CON Application, pages 3-5)*
  - (a) Physician office capacity limitations due to increases in volume;
  - (b) Scheduling backlogs; and
  - (c) Lack of available outpatient surgical time and facilities.
13. PMC physicians performed 872 procedures from September 2001 to November 2002. *(November 21, 2002, CON Application, page 5 and January 30, 2003, Responses to Completeness, page 5)*
14. PMC's patient backlog for these procedures grew from two weeks in October 2001 to over three months in August 2002. *(November 21, 2002, CON Application, page 4)*
15. In August 2002, PMC opened its Stamford office to reduce the scheduling backlog. Although the total number of procedures performed by PMC physicians almost doubled from 61 in August 2002 to 113 procedures in September 2002, the backlog

did not decrease. *(November 21, 2002, CON Application, page 4 and January 30, 2003, Responses to Completeness, page 3)*

16. Due to increasing patient volume, PMC's Stamford office has little or no room to accommodate additional procedures. PMC physicians project the backlog of patients waiting for procedures to exceed 200 patients by July 2003. *(November 21, 2002, CON Application, page 5)*
17. The Applicant inquired as to availability of outpatient surgical time with other facilities to alleviate its procedure backlog as follows:
  - TSH granted PMC use of its special procedures suite four hours per week, which equates to the performance of 8-10 outpatient procedures per week. However, TSH could not accommodate any additional PMC physician procedures due to insufficient staffing resources and lack of equipment.
  - The Stamford Surgical Center was unable to grant PMC physicians outpatient procedure time.
  - Norwalk Hospital rejected PMC's offer to provide pain management services to the Norwalk community, establish an indigent care clinic and provide periodic in-service education for hospital staff.
  - HealthSouth of Norwalk declined to respond.*(November 21, 2002, CON Application, page 4)*
18. The Applicant expects to continue to utilize the procedure time at TSH after the establishment of the Center. Dr. Carlesi will continue to provide TSH with pain management consultation services and operate its pain management clinic. *(November 21, 2002, CON Application, pages 9&10)*
19. The Applicant will seek licensure from the State of Connecticut Department of Public Health as an Ambulatory Surgical Center to help promote the highest quality of patient care and enhance the collection of third party reimbursement. *(November 21, 2002, CON Application, page 7)*
20. The Applicant will also pursue accreditation with the American Academy of Pain Management and the American Association of Ambulatory Surgical Centers. *(November 21, 2002, CON Application, page 12)*
21. The Applicant will be the first licensed pain management outpatient surgical center in the state. *(November 21, 2002, CON Application, page 7)*
22. The Applicant's projected utilization statistics for the Center are as follows:  
*(November 21, 2002, CON Application, page 17)*

**Table 1 Projected Outpatient Procedures**

<b>Statistic</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Procedures	2,700	2,970	3,375

Based on three physicians each performing 900, 990, and 1,125 procedures per year respectively.

23. The proposed Center in Wilton will operate Monday through Friday, 7:00 am to 5:00 pm. *(November 21, 2002, CON Application, page 6)*
24. Section 19a-613 of the Connecticut General Statutes authorizes OHCA to collect patient-level outpatient data from health care facilities or institutions, as defined in Section 19a-630, C.G.S.

**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**

25. The proposal has a total capital expenditure of \$1,631,038, which includes:  
*(November 21, 2002, CON Application, page 14)*

**Table 2: Total Capital Expenditure**

Component	Cost
Medical Equipment (Purchase)	\$111,038
C-Arm (Purchase)	\$300,000
Non-Medical Equipment (Purchase)	\$100,000
Construction/Renovation	\$1,120,000
<b>Total Capital Expenditure</b>	<b>\$1,631,038</b>

26. The source of funding for the project is debt financing through a loan from principals of the Applicant and shareholder's equity. *(January 30, 2003, Responses to Completeness, page 4)*
27. The Applicant projects excess of revenues of \$79,421, \$165,508, and \$207,988 for FYs 2004, 2005, and 2006 with the proposed Center. *(November 21, 2002, CON Application, page 17)*
28. The Applicant's projected payer mix for the Center in Wilton is as follows:  
*(November 21, 2002, CON Application, page 16)*

**Table 3: Payer Mix**

Payer Source	Percentage
Total Government	33%
Commercial Insurers	57%
Self-Pay	2%
Worker's Compensation	7%
Uncompensated Care	1%
<b>Total Payer Mix</b>	<b>100.00%</b>

## **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.:

29. There is no State Health Plan in existence at this time. *(November 21, 2002, CON Application, page 3)*
30. The Applicant has adduced evidence that this proposal is consistent with Applicant's long-range plan. *(November 21, 2002, CON Application, page 3)*
31. There are currently no teaching programs in pain management in Connecticut. However, the Applicant intends to develop in-service education in pain management for area physicians and are willing to work with hospitals in the service area to provide education services. *(November 21, 2002, CON Application, page 13)*
32. The distinguishing characteristic of the Applicant's patient/physician mix is this will be the only single specialty interventional pain management ambulatory surgical center in the service area. *(November 21, 2002, CON Application, page 13)*
33. The Applicant has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(November 21, 2002, CON Application, page 12 and Exhibit III)*

## Rationale

Wilton Pain Management Center, LLC (“Center”) proposes to develop a freestanding licensed pain management center in Wilton as a component of the Pain Management Center (“PMC”), a professional services corporation founded in September 2001. PMC and Merritt Health Management Associates, LLC will own the Center. The PMC physicians currently have physician offices in Danbury and Stamford performing the same types of procedures proposed to be performed at the Outpatient Surgical Facility. The services to be provided at the Center would include the administration of steroid or analgesic injections and pain management treatments with local anesthesia, and in certain cases, conscious sedation. Pain management has been recognized as a subspecialty of the field of anesthesiology. The utilization of recent advances in technology, as those proposed by the Applicant, have improved the quality of care of patients with pain disorders. The Applicant based the need for the Center on office capacity limitations due to increases in volume, scheduling backlogs, and the lack of outpatient surgical time and facilities in the service area.

PMC’s patient backlog for outpatient surgical procedures grew from two weeks in October 2001 to over three months in August 2002. The Applicant opened the Stamford office in August 2002 to reduce this backlog. Although the number of procedures referred by PMC physicians almost doubled, the backlog was not reduced. PMC’s office in Stamford cannot currently accommodate any additional procedure volume. PMC physicians project the backlog of patients waiting for procedures to exceed 200 patients by July 2003. The Applicant inquired as to availability of outpatient surgical time with other facilities to alleviate its procedure backlog. The Stamford Hospital granted PMC use of its special procedure room to perform 8-10 procedures a week. However any additional volume could not be accommodated. Other providers in the service area either could not accommodate the Applicant’s procedure volume or were not interested in establishing a pain management program. The establishment of the proposed Center will allow the Applicant to accommodate demand for services and eliminate PMC’s patient backlog for these procedures. The Applicant projects 900 procedures for each of three physicians in the first year of operation for a total of 2,700 procedures in two procedure rooms at the Center. The proposal will improve accessibility and quality of care to the residents of the service area.

The Applicant expects to continue to utilize the procedure time at TSH after the establishment of the Center. Dr. Carlesi will continue to provide TSH with pain management consultation services and operate its pain management clinic. The Applicant will seek licensure as an Ambulatory Surgical Center to help promote the highest quality of patient care and enhance the collection of third party reimbursement. The Applicant will also pursue accreditation with the American Academy of Pain Management and the AAASC. The Applicant will be the first licensed pain management outpatient surgical center in the state. In addition, Section 19a-613 of the Connecticut General Statutes authorizes OHCA to collect patient-level outpatient data from health care facilities or institutions. The submission of quarterly utilization reports to OHCA by

the Applicant will provide OHCA with the data necessary to monitor the quality and accessibility of care provided at the Center.

The proposal's total capital expenditure of \$1,631,038 will be financed through a loan from the principals of the Applicant and shareholder's equity. The Applicant projects excess of revenues of \$79,421, \$165,508, and \$207,988 for FYs 2004, 2005, and 2006 with the proposed Center. If volume projections are achieved, the Applicant'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 Wilton Pain Management Center, LLC to develop a licensed pain management center to be located at 631-641 Danbury Road in Wilton, CT at a total proposed capital expenditure of \$1,631,038, is hereby GRANTED.



## Order

Wilton Pain Management Center, LLC are hereby authorized to develop a licensed pain management center to be located at 631-641 Danbury Road in Wilton, CT at a total proposed capital expenditure of \$1,631,038, subject to the following conditions:

1. This authorization shall expire September 3, 2004. Should the Applicant's project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved capital expenditure of \$1,631,038. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised project budget.
3. The Applicant shall limit its procedures at the Center to the field of pain management.
4. The Applicant will provide OHCA with utilization reports on a quarterly basis. The data elements and the format and submission requirements are described in Attachment 1.

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:  
March 3, 2003

Signed by:  
Mary M. Heffernan  
Commissioner

MMH/km  
Draftdecisions/02554dec