



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Griffin Hospital

**Docket Number:** 02-573

**Project Title:** Establishment and Operation of an Occupational Medicine Center

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

**Filing Date:** February 21, 2003

**Decision Date:** March 6, 2003

**Default Date:** May 22, 2003

**Staff:** Karen Roberts

**Project Description:** Griffin Hospital (“Applicant”) proposes to establish and operate the Griffin Hospital Occupational Medicine Center in Shelton, Connecticut. The proposed capital expenditure is \$249,225.

**Nature of Proceedings:** On February 21, 2003, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Griffin Hospital seeking authorization to establish and operate its Griffin Hospital Occupational Medicine Center in Shelton, at a total proposed capital expenditure of \$249,225. Griffin Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA’s authority to review and approve, modify or deny this proposal is established by Section 19a-638, 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. 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. Griffin Hospital ("Applicant") is an acute care hospital located at 130 Division Street in Derby, Connecticut. *(February 21, 2003, CON Application, Cover Letter)*
2. On September 15, 2002, the Applicant established the Griffin Hospital Occupational Medicine Center at 100 Commerce Drive in Shelton, Connecticut. The town of Shelton is approximately 3.91 miles from Derby and the location is convenient to Route 8. *(February 21, 2003, CON Application, pages 2, 4, 14 and 15)*
3. On November 6, 2002, under Report Number 02-F3, OHCA determined that Griffin Hospital is required to file a Certificate of Need authorization in order for the establishment and operation of the Griffin Hospital Occupational Medicine Center at 100 Commerce Drive in Shelton, Connecticut. Report Number 02-F3 states that the project "represents the establishment of a new health care service for the prevention, diagnosis or treatment of human health conditions by a health care facility or institution." *(November 6, 2002, CON Determination, pages 1-2)*
4. The Applicant provides the following services at its Occupational Medicine Center:
  - Acute Injury Management
  - X-ray, Laboratory, Physical Therapy, Audiometry, Pulmonary Function Testing, EKG
  - Tracking and case management services of injured workers
  - Fitness for duty examinations
  - Bloodborne Pathogen Exposure Counseling and Treatment
  - Immunizations
  - Drug and Alcohol Testing
  - Medical Surveillance Examinations
  - Wellness and Educational Services*(February 21, 2003, CON Application, page 1)*
5. Previously, the Applicant provided occupational medicine services to area employers through its Employee Health and Occupational Medicine Department, Emergency Department (including Convenient Care) and various ancillary services at Griffin Hospital. *(February 21, 2003, CON Application, page 1)*

6. The Applicant's primary service area includes the towns of Derby, Ansonia, Seymour, Shelton, Beacon Falls, and Oxford. The Applicant's secondary service area includes the towns of Bethany, Middlebury, Monroe, Naugatuck, Orange, Southbury, Stratford, Woodbridge, and Woodbury. *(February 21, 2003, CON Application, page 3)*
7. There are no other comprehensive occupational medicine programs in the primary service area. Concentra, Inc., a nationwide provider of occupational medicine services, recently purchased Industrial Health Care, an occupational medicine center located in Stratford. The Concentra program does not have a formal affiliation with a hospital system. *(February 21, 2003, CON Application, pages 4-5)*
8. The proposed center is staffed with a physician, physician assistant, registered nurses, licensed physician therapists, certified medical technicians and hearing conservationists. *(February 21, 2003, CON Application, Attachment G)*
9. Philip Adamo, M.D., M.P.H., is the Consulting Medical Director for the proposed center. He is Board Certified in Internal Medicine and Occupational Medicine and is also the Medical Director of Berkshire Occupational Health in Pittsfield Massachusetts. The Administrative Director of the proposed center is David J. Maffei, PA-C, a Physician Assistant at the Center and the Griffin Hospital emergency department, as well as having per diem responsibilities with Concentra. The Administrative Director will report to the Applicant's Vice President of Ambulatory Services for administrative issues and the Medical Director for medical/clinical issues. *(February 21, 2003, CON Application, Attachments E and G)*
10. The Medical Director of the proposed center will ensure that the clinical practice of clinicians associated with the center will utilize the American College of Occupational and Environmental Medicine practice guidelines. *(February 21, 2003, CON application, page 7)*
11. The proposed center operates Monday through Friday, 8:30 am – 5:00 pm. However, early morning and late evening appointments are available by special request. For acute injury management, the Griffin Hospital ED and Convenient Care Department in Derby provide off-hours coverage. *(February 21, 2003, CON Application, page 4)*
12. Features of the proposed center include expanded hours of operation; one-stop shopping at a location with easy access and ample parking; an information system specifically designed to meet the needs of occupational medicine providers and end-users, and access to a Preventive Medicine Residency Program. *(February 21, 2003, CON Application, page 2)*
13. As part of a strategic initiative in 2001, the Applicant identified opportunities for improving its occupational medicine service model based on the current needs of its users, the business community. Employers wanted a dedicated occupational medicine program with a convenient, accessible location, ample parking, expanded scope of services, enhanced continuity of care, better coordination and communication and a reduction of service limitations, such as is experienced in a high volume emergency department (ED). *(February 21, 2003, CON Application, pages 1-2 and 4)*

14. In April of 2001, the Applicant hired an occupational health research firm to provide an unbiased market analysis for a freestanding occupational medicine program in the Applicant's service area. The completed market analysis indicated that the projected number of employee initial injuries in the primary service area was 1,620, whereas, according to industry standards, a base of 1000 initial injuries is the minimum number needed to sustain a full-time Occupational Medicine practice. *(February 21, 2003, CON Application, page 2)*
15. The town of Shelton is projected to account for 850 of the 1,620 projected employee initial injuries. Data was analyzed for companies with 10 or more employees in each zip code in the primary service area. Data was sorted by zip code and then by Standard Industrial Classification (SIC) group, and average rates of injury by SIC group were applied to the number of employees within each SIC group to establish a projected number of injuries and illnesses for each zip code. *(February 21, 2003, CON Application, page 3)*
16. Projected utilization for the Shelton site, using registrations as its statistic, as follows:

**Table 1: Projected Outpatient Registrations**

Statistic	2003	2004	2005
Registrations	3,892	5,228	5,994

*(February 21, 2003, CON Application, Attachment A)*

17. The Applicant's laboratory at the Shelton location has a current Certificate of Waiver from the Centers for Medicare and Medicaid Services. *(February 21, 2003, CON application, Attachment C)*
18. The Applicant is currently having the Shelton location added to its acute care hospital license as a satellite location of Griffin Hospital. *(February 21, 2003, CON Application, pages 10-11)*

**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**

19. The total proposed capital expenditure of \$249,225 is broken down as follows:

**Table 2: Capital Cost Components**

Component	Cost
Medical and Non-Medical Equipment	\$111,947
Construction/Renovation	\$123,278
Arch/Eng	\$14,000
<b>Total Capital Expenditure</b>	<b>\$249,225</b>

*(February 21, 2003, CON Application, pages 12-13)*

20. The source of project funding is funded depreciation. *(February 21, 2003, CON Application, page 17)*
21. The Applicant leases 4,000 square feet of space on the first floor of the building at 100 Commerce Drive in Shelton, through an operating lease with Fusco Properties, LLC. an unrelated party. *(November 6, 2002, CON Determination and February 21, 2003, CON Application, Page 14)*
22. There are 6.1 Griffin Hospital FTEs associated with the Center, which is projected to increase to 7.1 in FY 2004 and 8.1 in FY 2005 *(February 21, 2003, CON Application, Attachment A)*
23. All billable services provided at the proposed center will be billed as hospital services under Griffin Hospital's provider number. *(October 25, 2002, CON Determination responses, Page 2)*
24. The gross and net revenue related to the operation of the center in Shelton is estimated to be entirely from non-government payers and will be 100% outpatient. This project will have no impact on the overall Griffin Hospital payer mix. *(February 21, 2003, CON Application, Page 18 and Attachment A)*
25. The Applicant projects a net gain from total hospital operations of \$211,571, \$407,257, and \$509,976 for FYs 2003, 2004 and 2005, respectively. *(February 21, 2003, CON Application, Attachment A)*
26. Due to start up costs, the proposed services are projected to lose \$53,000 in Year One (FY 2003) of operation, but reach its breakeven point some time during Year Two (FY 2004), as follows:

**Table 3: Projected Incremental Impact**

<b>Projected Incremental Impact</b>	<b>Year One</b>	<b>Year Two</b>	<b>Year Three</b>
Total Net Patient Revenue	\$629,592	\$682,592	\$(53,000)
Total Operating Expense	\$845,756	\$703,070	\$142,686
Gain/(Loss) from Operations	\$969,567	\$724,162	\$245,405

*(February 21, 2003, CON Application, Page 19 and Attachment A)*

### **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.:

27. There is no State Health Plan in existence at this time. *(February 21, 2003, CON Application, page 2)*

28. The Applicant has adduced evidence that this proposal is consistent with the Applicant's long-range plan. *(February 21, 2003, CON Application, page 2)*
29. The Applicant has improved productivity and contained costs through energy conservation, group purchasing, reengineering, and technology applications. *(February 21, 2003, CON Application, page 9)*
30. The proposed center will open new research and teaching opportunities for the Griffin Hospital graduate medical education faculty and residents. Prior to the formalization of the proposed program, the opportunity to initiate occupational health research was non-existent and residents who requested a rotation in occupational medicine had to go to New Haven or other parts of the state to get this clinical experience. This need created a compliance problem with the American College of Graduate Medical Education since it only allowed for two "away" rotations per resident during their three years of residency training. *(February 21, 2003, CON Application, pages 9-10)*
31. In addition to its traditional three-year internal medicine residency program, the Applicant also offers a unique four-year training program combining Internal Medicine (IM) with Preventive Medicine in conjunction with the Yale University School of Public Health. Residents in this program are required to complete an occupational medicine rotation. The proposed center will enable residents and faculty, both IM and the combined IM/Preventive Medicine to pursue more research activities and teaching experiences relevant to occupational medicine. *(February 21, 2003, CON Application, page 9)*
32. There are no distinguishing characteristics of the patient/physician mix of the Applicant. *(February 21, 2003, CON Application, page 10)*
33. The Applicant has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(February 21, 2003, CON Application, page 10 and Attachment E)*

## Rationale

Griffin Hospital ("Applicant") proposes to establish and operate the Griffin Hospital Occupational Medicine Center. The proposed capital expenditure is \$249,225. The source of project funding is funded depreciation. The Applicant commenced operation of the proposed center on September 15, 2002 in leased space at 100 Commerce Drive in Shelton, Connecticut. The Applicant proposes to provide a full compliment of occupational medicine services to employers in the Applicant's primary and secondary service area. Such services are recorded and billed for as Griffin Hospital services. Previously, the Applicant provided occupational medicine services to area employers through its Employee Health and Occupational Medicine Department, Emergency Department (including Convenient Care) and various ancillary services at Griffin Hospital. Features of the proposed center include expanded hours of operation; one-stop shopping at a location with easy access and ample parking; an information system specifically designed to meet the needs of occupational medicine providers and end-users, and access to a Preventive Medicine Residency Program.

In April 2001, the Applicant hired an occupational health research firm to provide an unbiased market analysis for a freestanding occupational medicine program in the Applicant's service area. The completed market analysis indicated that the projected number of employee initial injuries in the primary service area was 1,620. According to industry standards, a base of 1000 initial injuries is the minimum number needed to sustain a full-time Occupational Medicine practice. The Medical Director of the proposed center will ensure that the clinical practice of clinicians associated with the center will utilize the American College of Occupational and Environmental Medicine practice guidelines. From this it is determined that a clear public need for the establishment and operation of the Griffin Hospital Occupational Medicine Center exists and that such center will improve the quality and accessibility of occupational medicine services to employers located in the Applicant's service area.

The gross and net revenue related to the operation of the center in Shelton is estimated to be entirely from non-government payers and will be 100% outpatient. This project will have no impact on the overall Griffin Hospital payer mix. Due to start up costs, the proposed center is projected to lose \$53,000 in Year One of operation, but reach its breakeven point some time during Year Two. If volume projections are achieved, the Applicant's rates and net revenue will be sufficient to cover the proposed capital expenditure and operating costs associated with the project. OHCA concludes that the CON proposal is both financially feasible and cost-effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Griffin Hospital to establish and operate the Griffin Hospital Occupational Medicine Center in Shelton Connecticut at a total proposed capital expenditure of \$249,225, is hereby GRANTED.

## Order

Griffin Hospital is hereby authorized to establish and operate the Griffin Hospital Occupational Medicine Center in Shelton, Connecticut at a total proposed capital expenditure of \$249,225.

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 6, 2003

Signed by:  
Mary M. Heffernan  
Commissioner

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