



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Constitution Eye Surgery Center East, LLC

Docket Number: 03-30017

Project Title: Expansion of Scope of Services at Outpatient Surgical Facility in Waterford

Statutory Reference: Section 19a-638 of the Connecticut General Statutes

Filing Date: May 9, 2003

Hearing Date: June 18, 2003

Presiding Officer: Mary M. Heffernan, Commissioner

Decision Date: August 6, 2003

Default Date: August 7, 2003

Staff Assigned: Harold M. Oberg and Steven Lazarus

Project Description: Constitution Eye Surgery Center East, LLC (“Applicant” or “Facility”) proposes an expansion of the scope of services offered at its outpatient surgical facility located at 174 Cross Road in Waterford, Connecticut, at a total capital expenditure of \$318,000. The proposal would expand the Facility’s scope of services from the performance of only ophthalmology procedures to performing additional new ambulatory procedures in the fields of orthopedics, podiatry, ENT, pain management and endoscopy. The Applicant proposes to become a licensed multi-specialty outpatient surgical facility.

Nature of Proceedings: On May 9, 2003, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Constitution Eye Surgery Center East, LLC to expand the scope of services offered at its outpatient surgical facility located at 174 Cross Road in Waterford, Connecticut, at a total capital expenditure of \$318,000. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A public hearing regarding the CON application was held on June 18, 2003. The Applicant was notified of the date, time and place of the hearing, and a notice to the public was published prior to the hearing in *The Day* of New London. 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 Section 19a-638, C.G.S.

Lawrence & Memorial Hospital petitioned for party status in the proceeding and was denied party status by the Presiding Officer. In addition, Lawrence & Memorial Hospital and The William W. Backus Hospital (“Intervenors”) petitioned for intervenor status in the proceeding with full rights of participation. Lawrence & Memorial Hospital was granted intervenor status with the right to cross-examine witnesses for the Applicant by the Presiding Officer. The William W. Backus Hospital was granted intervenor status with limited rights of participation by the Presiding Officer. Jeffrey Hertz, M.D. requested informal participant status in the proceeding and was designated an Informal Participant with the right to make a statement by the Presiding Officer.

The Presiding Officer heard testimony from the Applicant’s and the Intervenors’ witnesses 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 Section 19a-638, C.G.S. The provisions of this section as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Impact of the Proposal on the Applicant’s 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. Constitution Eye Surgery Center East, LLC (“Applicant” or “Facility”) is a licensed single-specialty ophthalmic outpatient surgical facility located at 174 Cross Road in Waterford, Connecticut that has been in operation since October 11, 2001. (*January 10, 2003 Letter of Intent, Project Description and May 9, 2003 CON Application, Pages 1, 2 and 4*)
2. The Applicant proposes to expand the scope of services offered at its Facility from the performance of ophthalmology procedures to performing additional new ambulatory procedures in the fields of orthopedics, podiatry, ENT, pain management and endoscopy, and to become a licensed multi-specialty outpatient surgical facility, at a total capital expenditure of \$318,000. (*May 9, 2003 CON Application, Page 2*)
3. The Applicant based need for the proposal on its perception that limited ambulatory surgery capacity in the service area creates delays in service delivery, and that patient and provider surveys indicate that there are significant backlogs for ambulatory surgery in specialties other than ophthalmology in the service area. (*May 9, 2003 CON Application, Pages 4 and 5*)

4. The Applicant asserts that it confirmed these observations from communications with surgical practitioners performing surgeries at the two local hospitals, and that these practitioners indicated scheduling delays of two to three weeks for certain orthopedic cases at Backus Hospital and L & M Hospital. The Applicant stated that a patient currently desiring ophthalmic ambulatory surgery at the Facility can be scheduled for a procedure within as little as three days. *(May 9, 2003 CON Application, Page 5 and June 11, 2003 Responses to Interrogatories, Page 6)*
5. L & M Hospital testified to the following: *(June 16, 2003 Prefiled Testimony of Cynthia B. Kane, Executive Vice President and Chief Operating Officer of Lawrence & Memorial Hospital)*
 - The operating rooms at L & M Hospital are running at 78-79% capacity. The Hospital has the capacity to add more patients to its schedule. The preoperative and recovery space is currently constrained but this issue will be fully resolved once the ambulatory surgery center in Groton is operational.
 - Due to the continued loss of the eye surgery cases migrating to the Constitution Eye Surgery Center, other types of patients can now be added to the schedule on an elective basis within one week. In cases where the wait is longer, it is typically the surgeon's own schedule that prohibits patients from being scheduled in a more timely fashion.
6. Backus Hospital testified to the following: *(June 16, 2003 Prefiled Testimony of Dr. Larry Coletti, Chairman of Surgical Services, of The William W. Backus Hospital)*
 - Backus Hospital has 17 rooms where ambulatory surgery or endoscopic procedures are performed. If the physicians are reasonably willing to accommodate their schedule, the Hospital can schedule non-urgent surgeries within a day or two, and can schedule urgent surgeries almost instantly.
 - Delays in scheduling are most frequently the result of physicians unwilling to compromise their schedules to accommodate surgery. In almost no instance is surgery scheduled more than a week or two out.
7. The Facility currently operates two days per week utilizing two operating rooms to perform ophthalmic surgery. The Applicant proposes to provide the additional proposed services on the three days of the week not occupied by the Facility's current ophthalmic surgical volume. *(May 9, 2003 CON Application, Pages 4, 5 and 12)*
8. The Facility is currently Medicare certified and has been accredited for a term of three years by the Accreditation Association for Ambulatory Health Care, Inc. ("AAAHC"). All of the additional proposed procedures to be performed at the Facility are established ambulatory surgery procedures covered by the ASC Procedure List generated by Medicare and accepted clinically as appropriate ambulatory surgical cases. *(May 9, 2003 CON Application, Pages 16 and 129 - 135)*
9. The ownership structure of the Facility will be expanded to allow all individuals involved with the expanded roster of new services to participate in the Facility's ownership. The Applicant proposes to offer 35% of the total membership interests in the Facility to new owners, while 65% of the total membership interests in the Facility

will be retained by its current ownership comprised of the following eight physicians: Robert Klimek, M.D., Theodore Krawiec, M.D., Francis Falck, M.D., Jeffrey Hertz, M.D., David Oakley, M.D., Anthony Barri, M.D., Roger Van Dyke, M.D. and John Hornby, M.D. (*May 9, 2003 CON Application, Page 19 and June 11, 2003 Responses to Interrogatories, Attachment 19, Page 209*)

10. The service area towns for the CON proposal will remain unchanged from the existing service area for which the Facility currently sees ophthalmology patients in its operation and has identified its primary and secondary service area as consisting of all of New London County. The Applicant's statistics show that over sixty percent (60%) of the patients of the Facility are drawn from the following towns: Groton, Lisbon, Mystic (Stonington), New London, Niantic (East Lyme), Norwich, Old Lyme, Uncasville (Montville) and Waterford. (*May 9, 2003 CON Application, Pages 3 and 4 and June 11, 2003 Responses to Interrogatories, Page 1*)
11. In addition to the Applicant, two facilities provide ambulatory surgery services in the Applicant's primary service area. These facilities are The William W. Backus Hospital ("Backus Hospital") in Norwich and Lawrence & Memorial Hospital ("L&M Hospital") in New London. L&M Hospital has also received authorization to develop an ambulatory surgical facility at the Pequot Medical Center in Groton. The Eastern Connecticut Endoscopy Center located in Norwich performs only endoscopy procedures and consists of 2 endoscopy rooms, one of which is currently under construction. (*May 9, 2003 CON Application, Page 9 and June 16, 2003 Prefiled Testimony of Dr. Larry Coletti, Chairman of Surgical Services, of The William W. Backus Hospital*)
12. The Applicant provided the distance in miles and the approximate driving time in minutes from the Facility to each of the following local area health care facilities that provide or will provide the same services as the Applicant's proposed new services as follows: (*June 11, 2003 Responses to Interrogatories, Page 7*)

Table 1: Distance and Driving Time to Other Local Service Area Service Providers

Description	Distance	Driving Time
The William W. Backus Hospital in Norwich	14.44 miles	20 minutes
Pequot Medical Center in Groton	7.97 miles	15 minutes
Lawrence & Memorial Hospital in New London	5.27 miles	10 minutes

13. L & M Hospital received approval from OHCA under Docket Number 01-562 to expand its facilities and develop an ambulatory surgical service as a component of the Pequot Medical Center in Groton. The expanded facility will include four operating rooms, a pre-operating area with six stations and two exam/prep rooms, a post-operating recovery area with thirteen stations. (*April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Pages 3 and 9*)
14. The types of ambulatory surgery services that L & M Hospital was authorized to provide at the Pequot Medical Center are orthopedics, ENT, podiatry, pain management, plastic/hand and other services. (*April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 5*)

15. L & M Hospital projected the number of ambulatory surgery cases for the authorized ambulatory surgery services that are expected to shift from the L & M Hospital campus to the Pequot Medical Center in its first three years of operation to be 2,227 in FY 2004, 2,907 in FY 2005 and 3,606 in FY 2006. *(April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 4)*
16. The Applicant stated that the Ambulatory Care Centers of America, an ambulatory surgery center management and development company, places the capacity of an ambulatory operating room at up to 1,500 cases per year, assuming a one shift operation such as exists at the Facility. Assuming a 1,500 case/full time operations standard and a 2 room operation at the Facility for a full three days per week, yields a projected total incremental volume estimate of 1,800 cases. *(May 9, 2003 CON Application, Pages 11 and 12)*
17. The Applicant's total actual ambulatory surgery cases were 2,585 in FY 2002, and its total projected cases are as follows: *(May 9, 2003 CON Application, Pages 45 and 275)*

Table 2: Applicant's Projected Total Cases With and Without the CON Proposal

Description	FY 2003	FY 2004	FY 2005
Projected Total Facility Cases with the CON Proposal	3,100	4,281	4,565
Projected Total Facility Cases without the CON Proposal	2,700	2,781	2,865
Projected Total Incremental Facility Cases: New Svcs.	400	1,500	1,700

18. The Applicant's total projected incremental cases for its proposed new services are as follows: *(June 11, 2003 Responses to Interrogatories, Page 24)*

Table 3: Applicant's Projected Total Incremental Cases for its Proposed New Services

Description	FY 2003	FY 2004	FY 2005
Projected Orthopedics Cases	243	900	1,022
Projected ENT Cases	93	353	401
Projected Podiatry Cases	69	265	298
Projected Pain Management Cases	0	0	0
Projected Endoscopy Cases	0	0	0
Projected Total Incremental Facility Cases: New Svcs.	405	1,518	1,721

19. The Applicant asserts that while the Facility would be well suited to provide endoscopy procedures, the Applicant included no such procedures in its need assessment. *(June 11, 2003 Responses to Interrogatories, Page 4)*
20. The Applicant provided six different need methodologies in its evaluation of need for the CON proposal that projected service area ambulatory surgery demand ranging from 21,348 to 28,863, and projected service area unmet need for ambulatory surgery ranging from 1,473 to 9,179. The Applicant's initial projection of need was revised in its response to OHCA's interrogatories and resubmitted as one of the six need methodologies. *(June 11, 2003 Responses to Interrogatories, Pages 3, 19, 20, 21 and 22)*
21. The Applicant projected service area unmet need for its proposed new services by applying use rates that included endoscopies of 88 per 1,000, 101 per 1,000 and 111 per 1,000 population for the year 2000 census to the New London County service area

population. The Applicant's ambulatory surgery need assessments based on three use rates is as follows: *(June 11, 2003 Responses to Interrogatories, Attachment 3, Pages 19, 20 and 22)*

Table 4: Service Area Amb. Surg. Need Assessments based on Three Use Rates per 1,000

Description	Use Rate of 88/1000	Use Rate of 101/1000	Use Rate of 111/1000
Service Area Population-New London County ^a	259,088	259,088	260,027
Ambulatory Surgery Use Rate per 1,000	88/1,000 ^b	101/1,000	111/1,000
Service Area Ambulatory Surgery Demand	22,800	26,168	28,863
Less: Backus Hospital Surgery Volume ^c	7,935	7,935	8,748
Less: L & M Hospital Surgery Volume ^d	6,634	6,634	6,505
Service Area Hospitals Amb. Surg. Volume	14,569	14,569	15,253
Subtotal: Service Area Amb. Surg. Demand	8,231	11,599	13,610
Less: Applicant's Facility Surgery Cases	2,800	2,800	2,205
Less: Add. Applicant's Facility Surgery Cases	400	1,700	0
Applicant's Total Ambulatory Surg. Cases	3,200	4,500	2,205
Subtotal: Service Area Amb. Surg. Demand	5,031	7,099	11,405
Less: Pequot Medical Center Surgery Cases ^e	2,227	3,606	2,226
Remaining Unmet Need for Amb. Surgery	2,804	3,493	9,179

a 2000 U.S. Census Bureau data *(June 11, 2003 Responses to Interrogatories, Pages 19, 20 and 22)*

b 1996 report by U.S. Department of Health and Human Services ambulatory surgery rate including endoscopic procedures for Northeastern United States *(May 9, 2003 CON Application, Pages 10, 49 and 52)*

c FY 2002 Actual Results, Hospital Budget System, Schedule 500, Backus Hospital *(May 9, 2003 CON Application, Pages 9 and 34)*

d FY 2002 Actual Results, Hospital Budget System, Schedule 500, L & M Hospital *(May 9, 2003 CON Application, Pages 9 and 31)*

e *(April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 4)*

22. The Applicant also projected service area unmet need for its proposed new services using population analyses based on a 2000 U.S. Census data, a 2005 Office of Policy and Management population projection, and a 2005 L & M Hospital population projection for New London County and Connecticut applied to a statewide hospital ambulatory surgery total, which are as follows: *(June 11, 2003 Responses to Interrogatories, Attachment 3, Page 21)*

Table 5: Population Need Analyses Applied to a Statewide Hospital Amb. Surgery Total

Description	2000 U.S. Census	2005 OPM Projection	2005 L&M Projection
Service Area Population-New London County	259,088	259,088	260,027
Statewide Hospital Ambulatory Surgery Total	280,606	280,606	280,606
Statewide Population - Connecticut	3,405,565	3,364,080	3,364,080
Service Area Ambulatory Surgery Demand	21,348	21,775	23,615
Less: Backus Hospital Surgery Volume ^a	7,935	7,935	7,935
Less: L & M Hospital Surgery Volume ^b	6,634	6,634	6,634
Service Area Hospitals Amb. Surg. Volume	14,569	14,569	14,569
Subtotal: Service Area Amb. Surg. Demand	6,779	7,206	9,046
Less: Pequot Medical Center Surgery Cases ^c	3,606	3,606	3,606
Less: Applicant's Facility Surgery Cases	1,700	1,700	1,700
Pequot and Applicant's Amb. Surg. Cases	5,306	5,306	5,306
Subtotal: Service Area Amb. Surg. Demand	1,473	1,900	3,740
Baseline Residual Amb. Surgery Demand	1,473	1,900	3,740

a FY 2002 Actual Results, Hospital Budget System, Schedule 500, Backus Hospital (May 9, 2003 CON Application, Pages 9 and 34)

b FY 2002 Actual Results, Hospital Budget System, Schedule 500, L & M Hospital (May 9, 2003 CON Application, Pages 9 and 31)

c (April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 4)

23. The Applicant's proposed additional new services would be provided during regularly scheduled hours of operation for the Facility, which are currently 8:00 a.m. to 5:00 p.m., on the three days of the week not occupied by the Facility's current ophthalmic surgical practice volume. (May 9, 2003 CON Application, Pages 4 and 5)
24. Actual ambulatory surgery volumes at L & M Hospital from FY 1998 –FY 2001 were as follows: (April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 4)

Table 6: L & M Actual Ambulatory Surgery Volumes from FY 1998 through FY 2001

Description	FY 1998	FY 1999	FY 2000	FY 2001
Ambulatory Surgeries	6,167	6,466	6,775	6,957
Pain Management	1,010	1,050	1,025	1,191
Total Ambulatory Surgery Volume	7,177	7,516	7,800	8,148

25. L & M Hospital's total ambulatory surgical procedure volume of 6,634 for FY 2002, as reported by the Applicant in its six projections of service area need, does not include 1,784 ambulatory surgical procedures for pain management and minor treatment procedures. The total number of ambulatory surgical procedures for L & M Hospital for FY 2002 is 8,418. (May 9, 2003 CON Application, Page 31)

26. The Applicant did not provide the following information in support of the projections and assertions made by the Applicant in the CON application:
- a. Any identification by CPT code of the procedures to be performed for the proposed pain management and endoscopy services. *(June 11, 2003 Responses to Interrogatories, Page 24)*
 - b. Any projected number of cases or procedures for the proposed pain management and endoscopy services. *(June 11, 2003 Responses to Interrogatories, Page 24)*
 - c. Any listing or number of the physicians by service specialty who will be providing the proposed new procedures at the Facility, the curriculum vitae for these physicians, and an identification of the hospital where each physician has admitting privileges. *(June 11, 2003 Responses to Interrogatories, Page 8)*
 - d. Any description of the Facility's plans for providing emergency resuscitation of patients as well as any description of the Facility's training programs and equipment availability. *(June 11, 2003 Responses to Interrogatories, Page 11)*
 - e. Any documentary evidence of currently existing scheduling backlogs for ambulatory surgery and endoscopy services at Backus Hospital and L & M Hospital. *(June 11, 2003 Responses to Interrogatories, Pages 5 and 6)*

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

27. The Applicant's CON proposal includes a total capital expenditure of \$318,000 for the purchase of medical equipment. *(May 9, 2003 CON Application, Page 21)*
28. The CON proposal's total capital expenditure of \$318,000 will be financed entirely by an equity contribution from operating funds. *(May 9, 2003 CON Application, Page 21)*
29. The Applicant projects incremental revenue from operations, total operating expense and revenue over expense associated with the CON proposal as follows: *(May 9, 2003 CON Application, Page 275)*

Table 7: Applicant's Incremental Financial Projections for FY 2003, FY 2004 and FY 2005

Description	FY 2003	FY 2004	FY 2005
Incremental Revenue from Operations	\$342,000	\$1,282,500	\$1,453,500
Incremental Total Operating Expense	338,451	882,137	936,656
Incremental Revenue Over Expense	\$ 3,549	\$ 400,363	\$ 516,844

30. The anticipated commencement of operations date for the CON proposal is October 1, 2003. *(May 9, 2003 CON Application, Page 275)*

31. The Applicant's projected payer mix during the first three years of the implementation and operation of the CON proposal is as follows: *(May 9, 2003 CON Application, Page 23)*

Table 8: Applicant's Three-Year Projected Payer Mix

Payer Mix	Year 1	Year 2	Year 3
Medicare	67.0%	61.0%	56.0%
Medicaid	2.0%	3.0%	3.0%
TriCare	1.0%	1.0%	1.0%
Total Government	70.0%	65.0%	60.0%
Commercial Insurers	23.0%	27.0%	32.0%
Self-Pay	2.0%	2.0%	0.0%
Workers Compensation	2.0%	3.0%	5.0%
Total Non-Government	27.0%	32.0%	37.0%
Uncompensated Care	3.0%	3.0%	3.0%
Total Payer Mix	100.0%	100.0%	100.0%

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

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

32. There is no State Health Plan in existence at this time. *(May 9, 2003 CON Application, Page 3)*
33. The Applicant has adduced evidence that the proposal is consistent with the Applicant's long-range plan. *(May 9, 2003 CON Application, Page 3)*
34. The Applicant has no current teaching or research responsibilities that would be affected as a result of the proposal. *(May 9, 2003 CON Application, Page 18)*
35. There are no distinguishing or unique characteristics of the Applicant's patient/physician mix related to the proposal. *(May 9, 2003 CON Application, Page 19)*
36. The Applicant has committed itself to improving productivity and containing costs. *(May 9, 2003 CON Application, Page 18)*
37. The Applicant has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(May 9, 2003 CON Application, Pages 169 - 183)*

Rationale

Constitution Eye Surgery Center East, LLC (“Applicant” or “Facility”) proposes to expand the scope of services offered at its outpatient surgical facility located at 174 Cross Road in Waterford, at a total capital expenditure of \$318,000. The Applicant is currently licensed as an outpatient surgical facility that performs ophthalmology procedures. The Facility consists of two operating rooms that are in operation 2 days per week. In FY 2002, the Applicant performed 2,585 ophthalmic surgical procedures. The Applicant proposes to expand the Facility’s scope of services to become a licensed multi-specialty surgical facility operating 5 days per week that would perform additional new ambulatory procedures in the fields of orthopedics, podiatry, ENT, pain management and endoscopy.

The service area towns for the CON proposal will remain unchanged from the existing service area for which the Facility currently sees ophthalmology patients in its operation, and the Facility’s primary and secondary service area consists of all of New London County. The Applicant’s statistics show that over sixty percent (60%) of its patients are drawn from the following towns: Groton, East Lyme (Niantic), Lisbon, Montville (Uncasville), New London, Norwich, Old Lyme, Stonington (Mystic) and Waterford. In addition to the Applicant, three facilities provide ambulatory surgery and endoscopy services in the Applicant’s primary service area. These facilities are The William W. Backus Hospital (“Backus Hospital”) located in Norwich, Lawrence and Memorial Hospital (“L&M Hospital”) located in New London, and the Eastern Connecticut Endoscopy Center located in Norwich. L&M Hospital also has received authorization to provide ambulatory surgery at its Pequot Medical Center in Groton.

The Applicant stated that the Ambulatory Care Centers of America, an ambulatory surgery center management and development company, places the capacity of an ambulatory operating room at up to 1,500 cases per year, assuming a one shift operation such as exists at the Facility. Assuming a 1,500 case/full time operations standard and a 2 room operation at the Facility for a full three days per week, yields a projected total incremental volume estimate of 1,800 cases.

OHCA has major concerns with regard to the Applicant’s evaluation of the clear public need for the CON proposal. The Applicant provided six different need methodologies in its evaluation of need for the CON proposal that projected service area ambulatory surgery demand ranging from 21,348 to 28,863 procedures, and projected service area unmet need for ambulatory surgery ranging from 1,473 to 9,179 procedures. The Applicant projected service area unmet need for its proposed new services by applying use rates that included endoscopies of 88 per 1,000, 101 per 1,000 and 111 per 1,000 population for the year 2000 census to the New London County service area population. In addition, the Applicant also projected service area unmet need for its proposed new services using population analyses based on a 2000 U.S. Census data, a 2005 Office of Policy and Management population projection, and a 2005 L & M Hospital population projection for New London County and Connecticut applied to a statewide hospital ambulatory surgery total. All six need methodologies employed certain assumptions that are inaccurate.

Specifically, the Applicant understated the ambulatory surgical volume for L & M Hospital's pain management and minor procedures, understated the Facility's ophthalmology surgery case volume capacity, did not include the future volume case capacity at the Pequot Medical Center, and did not include the future volume case capacity of the Eastern Connecticut Endoscopy Center, all of which were not included in the total service area ambulatory surgery volume capacity. OHCA is very concerned that the assumptions employed by the Applicant understate current and future ambulatory surgery utilization volume as well as service area future volume capacity.

The Applicant utilized data from the FY 2002 Actual Results, Hospital Budget System, Schedule 500 to determine utilization at Backus Hospital and L & M Hospital that shows a total of 14,569 ambulatory surgical procedures performed consisting of 7,935 ambulatory surgery procedures performed at Backus Hospital and 6,634 ambulatory surgery procedures performed at L & M Hospital. However, the Applicant did not include 1,784 ambulatory surgery procedures performed at L & M Hospital in the total number of procedures reported. The additional outpatient surgical procedures represent L & M Hospital's pain management and minor treatment procedures. The actual total number of outpatient surgical procedures performed at L & M Hospital was 8,418. Backus Hospital's ambulatory surgical procedures did not change because the 7,935 procedures it listed under ambulatory surgery include pain management procedures. Furthermore, neither the 7,935 ambulatory surgery procedures for Backus Hospital nor the 8,418 ambulatory surgery procedures for L & M Hospital include endoscopy procedures. The Applicant projected 2,865 ophthalmology procedures to be performed at the Facility without the CON proposal but did not deduct this number of surgical procedures in its need methodology and deducted instead only 2,205 ophthalmology procedures from the total service area ambulatory surgery demand.

The Applicant noted that L & M Hospital received approval to expand its facilities and develop an ambulatory surgical service as a component of the Pequot Medical Center in Groton. Since L & M Hospital secured approval to add four additional operating rooms at the Pequot Medical Center, it has been in the process of implementing the project. The Pequot Medical Center will provide ambulatory surgery services, such as orthopedics, ENT, podiatry and pain management, and the expanded facility will include four operating rooms, a pre-operating area with six stations and two exam/prep rooms, a post-operating recovery area with thirteen stations. The Pequot Medical Center's case capacity of 6,000 ambulatory surgery cases is based upon utilizing four operating rooms during a one shift operation five days per week with 1,500 ambulatory surgery cases per operating room, which results in a total ambulatory surgical volume case capacity of 6,000 cases.

The Eastern Connecticut Endoscopy Center ("ECEC") in Norwich consists of 2 endoscopy procedure rooms, of which one is currently under construction. The endoscopic case capacity of the ECEC is 3,000 cases annually or 1,500 cases in each of its two rooms that should have been deducted from the Applicant's service area ambulatory surgery demand of 28,863 procedures, which include endoscopic procedures.

The Applicant presented conflicting information regarding the new ambulatory procedures to be performed at the Facility. Although the project description listed pain management and endoscopy as procedures to be added, the Applicant did not provide any projections of the number of pain management or endoscopy procedures to be performed. This confusion is compounded because the Applicant stated that it did not include endoscopy procedures in its need projections, while providing six need methodologies that clearly included endoscopic procedures. As a result, OHCA is unable to discern if the Applicant's proposal includes these procedures. Additionally, the Applicant did not identify the physicians who will be providing the proposed new procedures at the Facility. Therefore, OHCA could not determine the specialties represented and the number of physicians involved. Absent this information, OHCA is unable to evaluate the validity of the Applicant's utilization projections by service specialty.

The Applicant included endoscopy procedures in all six methodologies for its ambulatory surgery need projections. In order to obtain a true capacity analysis of unmet need, the endoscopy procedure volume performed by existing service area providers must also be deducted from the six projected service area ambulatory surgery demand numbers. If, however, the Applicant will not provide endoscopy procedures, then the Applicant should have adjusted the three ambulatory surgery use rates per 1,000 population and the statewide ambulatory surgery total to exclude endoscopies. Additionally, in this case the Applicant should have deducted only the ambulatory surgery procedure volume, excluding endoscopy procedures, of existing service area providers from the six projected service area ambulatory surgery demand numbers.

Therefore, based upon the foregoing, OHCA has recalculated the Applicant's six need methodologies using the following assumptions: an ambulatory surgical volume of 8,418 for L & M Hospital, an ophthalmology surgery case volume capacity of 2,865 cases for the Facility, an ambulatory surgical volume case capacity of 6,000 cases for the Pequot Medical Center, and a future volume case capacity of 3,000 endoscopy cases for ECEC. The recalculated projections of unmet need for the CON proposal are as follows:

Table 9: Recalculated Service Area Need Assessments based on Three Use Rates

Description	Use Rate of 88/1000	Use Rate of 101/1000	Use Rate of 111/1000
Service Area Population-New London County	259,088	259,088	260,027
Ambulatory Surgery Use Rate per 1,000 Population	88/1,000	101/1,000	111/1,000
Service Area Ambulatory Surgery Demand	22,800	26,168	28,863
Less: Backus Hospital Ambulatory Surgery Volume	7,935	7,935	8,748
Less: L & M Hospital Ambulatory Surgery Volume ^a	8,418	8,418	8,418
Less: Applicant's Ophthalmology Surgery Case Volume ^b	2,865	2,865	2,865
Less: Pequot Medical Center Surgery Case Capacity ^c	6,000	6,000	6,000
Less: Eastern Connecticut Endoscopy Center Capacity ^d	3,000	3,000	3,000
Service Area Ambulatory Surgery Volume Capacity	28,218	28,218	29,031
Remaining Unmet Need for Ambulatory Surgery	-5,418	-2050	-168

a FY 2002 Actual Results, Hospital Budget System, Schedule 500, L & M Hospital (May 9, 2003 CON Application, Pages 9 and 31)

- b Facility's projected ophthalmology surgical cases without the CON proposal (*May 9, 2003 CON Application, Page 275*)
- c Pequot Medical Center surgical case capacity (*April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 3*)
- d Eastern Connecticut Endoscopy Center endoscopy case capacity (*June 16, 2003 Prefiled Testimony of Dr. Larry Coletti, Chairman of Surgical Service, of The William W. Backus Hospital*)

Table 10: Recalculated Population Need Analyses with Statewide Hospital Amb. Surg. Total

Description	2000 U.S. Census	2005 OPM Projection	2005 L&M Projection
Service Area Population-New London County	259,088	261,050	283,116
Statewide Hospital Ambulatory Surgery Total	280,606	280,606	280,606
Statewide Population - Connecticut	3,405,565	3,364,080	3,364,080
Service Area Ambulatory Surgery Demand	21,348	21,775	23,615
Less: Backus Hospital Ambulatory Surgery Volume	7,935	7,935	7,935
Less: L & M Hospital Ambulatory Surgery Volume ^a	8,418	8,418	8,418
Less: Applicant's Ophthalmology Surgery Case Volume ^b	2,865	2,865	2,865
Less: Pequot Medical Center Surgery Case Capacity ^c	6,000	6,000	6,000
Less: Eastern Connecticut Endoscopy Center Capacity ^d	3,000	3,000	3,000
Service Area Ambulatory Surgery Volume Capacity	28,218	28,218	28,218
Baseline Residual Ambulatory Surgery Demand	-6,870	-6,443	-4,603

- a FY 2002 Actual Results, Hospital Budget System, Schedule 500, L & M Hospital (*May 9, 2003 CON Application, Pages 9 and 31*)
- b Facility's projected ophthalmology surgical cases without the CON proposal (*May 9, 2003 CON Application, Page 275*)
- c Pequot Medical Center surgical case capacity (*April 17, 2002 OHCA CON Final Decision, Lawrence & Memorial Hospital, Docket Number 01-562, Page 3*)
- d Eastern Connecticut Endoscopy Center endoscopy case capacity (*June 16, 2003 Prefiled Testimony of Dr. Larry Coletti, Chairman of Surgical Service, of The William W. Backus Hospital*)

The service area ambulatory surgery volume capacity in the six recalculated need projections is understated because it does not include the current ambulatory surgery volume maximum capacity of both Backus Hospital and L & M Hospital and also does not include any endoscopy procedures for either hospital. Therefore, OHCA concludes that the Applicant has not demonstrated a clear public need for the CON proposal.

With regard to the CON proposal's contribution to the quality of health care delivery in the region, the Applicant stated that the proposed new ambulatory procedures are well-established ambulatory surgical procedures that are relatively minimally invasive, and that as this roster of procedures is limited, all practitioners involved will continue to perform other procedures at acute care facilities in the service area. However, the Applicant did not provide a requested description of the Facility's plans for providing emergency resuscitation of patients or a requested description of the Facility's training programs and equipment availability. Therefore, OHCA is unable to reach any conclusion regarding the CON proposal's contribution to the quality of health care delivery in the region.

With regard to the CON proposal's contribution to the accessibility of health care delivery in the region, the Applicant testified that patient and provider surveys indicate that there are significant backlogs for ambulatory surgery in specialties other than ophthalmology in the service area. The Applicant asserts that it confirmed these observations from

communications with surgical practitioners performing surgeries at the two local hospitals, and that these practitioners indicated scheduling delays of two to three weeks for certain orthopedic cases at Backus Hospital and L & M Hospital. However, L&M Hospital testified that its operating rooms are running 78% to 79% of capacity and elective cases can be scheduled within one week. Backus Hospital testified that it schedules non-urgent surgeries within a day or two and can schedule urgent surgeries almost instantly. Both Hospitals testified that in cases where the wait is longer, it is typically the surgeon's own schedule that prohibits patients from being scheduled in a more timely fashion.

Ambulatory surgery and endoscopy procedures are elective procedures scheduled at the convenience of the patient and the physician performing the procedure. Inconvenience in accessing health care services, whether in the form of a one or two week delay in scheduling ambulatory surgery and endoscopy, does not demonstrate any unmet need for the provision of these health care services. Therefore, absent any substantiation of currently existing scheduling backlogs for ambulatory surgery and endoscopy services at Backus Hospital and L & M Hospital, OHCA is unable to reach any conclusion regarding the CON proposal's contribution to the accessibility of health care delivery in the region.

The CON proposal's total capital expenditure of \$318,000 will be financed entirely by an equity contribution of \$318,000 from the Applicant's operating funds. The Applicant projects 405, 1,518 and 1,721 incremental cases relating to its proposed new services for FY 2003, FY 2004 and FY 2005 respectively, due to the CON proposal. The Applicant also projects incremental revenue over expense of \$3,549, \$400,363 and \$516,844 in FY 2003, FY 2004 and FY 2005 respectively, due to the CON proposal.

OHCA questions the validity of these financial projections. The Applicant did not provide any projected case volume for either pain management or endoscopy, two out of five of its proposed new services, which would directly affect the magnitude of the financial projections. Furthermore, although the Applicant is projecting incremental revenue over expense in the first, second and third years of operation of the proposal, the volume projections upon which the financial projections are based are unsubstantiated because the Applicant has not demonstrated a clear public need for the CON proposal. Therefore, OHCA finds that the Applicant has not demonstrated that the CON proposal is either financially feasible or cost effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Constitution Eye Surgery Center East, LLC to expand the scope of services offered at its outpatient surgical facility located at 174 Cross Road in Waterford, Connecticut, and to become a licensed multi-specialty outpatient surgical facility, at a total capital expenditure of \$318,000, is hereby DENIED.

Order

The proposal of Constitution Eye Surgery Center East, LLC to expand the scope of services offered at its outpatient surgical facility located at 174 Cross Road in Waterford, Connecticut, and to become a licensed multi-specialty outpatient surgical facility, at a total capital expenditure of \$318,000, is hereby denied.

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:
August 6, 2003

Signed by:
Mary M. Heffernan
Commissioner

MMH:ho

Table Descriptions

**Constitution Eye Surgery Center East, LLC
Expansion of Scope of Services at Outpatient Surgical Facility in Waterford
CON Final Decision, Docket Number 03-30017**

Table 1

Title: Distance and Driving Time to Other Local Service Area Service Providers

The distance from the Applicant's Facility to The William W. Backus Hospital in Norwich is 14.44 miles, to the Pequot Medical Center in Groton is 7.97 miles, and to Lawrence & Memorial Hospital in New London is 5.27 miles. The driving time from the Applicant's Facility to The William W. Backus Hospital in Norwich is 20 minutes, to the Pequot Medical Center in Groton is 15 minutes, and to Lawrence & Memorial Hospital in New London is 10 minutes.

Table 2

Title: Applicant's Projected Total Cases With and Without the CON Proposal

The Applicant's projected number of total facility cases with the CON proposal is 3,100 in FY 2003, 4,281 in FY 2004 and 4,565 in FY 2005. The Applicant's projected number of total facility cases without the CON proposal is 2,700 in FY 2003, 2,781 in FY 2004 and 2,865 in FY 2005. The Applicant's projected total number of incremental facility cases for its new services is 400 in FY 2003, 1,500 in FY 2004 and 1,700 in FY 2005.

Table 3

Title: Applicant's Projected Total Incremental Cases for its Proposed New Services

The Applicant's projected number of orthopedics cases is 243 in FY 2003, 900 in FY 2004 and 1,022 in FY 2005. The Applicant's projected number of ear, nose and throat cases is 93 in FY 2003, 353 in FY 2004 and 401 in FY 2005. The Applicant's projected number of podiatry cases is 69 in FY 2003, 265 in FY 2004 and 298 in FY 2005. The Applicant projected number of pain management cases is 0 in FY 2003, 0 in FY 2004 and 0 in FY 2005. The Applicant projected number of endoscopy cases is 0 in FY 2003, 0 in FY 2004 and 0 in FY 2005. The Applicant's projected total number of incremental facility cases for its new services is 405 in FY 2003, 1,518 in FY 2004 and 1,721 in FY 2005.

Table 4

Title: Service Area Ambulatory Surgery Need Assessments based on Three Use Rates

The Applicant applied use rates of 88 per 1,000 population, 101 per 1,000 population and 111 per 1,000 population to the New London County service area population. The Applicant's projected service area population for New London County was 259,088 applied to the use rate of 88, 259,088 applied to the use rate of 101, and 260,027 applied to the use rate of 111. This resulted in a projected service area ambulatory surgery

demand of 22,800 after applying the use rate of 88, 26,168 after applying the use rate of 101, and 28,863 after applying the use rate of 111.

The Applicant deducted Backus Hospital's ambulatory surgery volume of 7,935 for the use rate of 88, 7,935 for the use rate of 101, and 8,748 for the use rate of 111. The Applicant also deducted L & M Hospital's ambulatory surgery volume of 6,634 for the use rate of 88, 6,634 for the use rate of 101, and 6,505 for the use rate of 111. This resulted in a total service area Hospital ambulatory surgery volume deduction of 14,569 for the use rate of 88, 14,569 for the use rate of 101, and 15,253 for the use rate of 111. The resulting subtotals for service area ambulatory surgery demand after the deductions for total service area Hospital ambulatory surgery volume for each use rate were 8,231 for the use rate of 88, 11,599 for the use rate of 101, and 13,610 for the use rate of 111.

In addition, the Applicant deducted the Applicant's Facility's projected ophthalmic surgery cases of 2,800 for the use rate of 88, 2,800 for the use rate of 101, and 2,205 for the use rate of 111 as well as deducted the Facility's projected additional surgery cases of 400 for the use rate of 88, 1,700 for the use rate of 101, and 0 for the use rate of 111. This resulted in a total Applicant's Facility's ambulatory surgery case deduction of 3,200 for the use rate of 88, 4,500 for the use rate of 101, and 2,205 for the use rate of 111. The resulting subtotals for service area ambulatory surgery demand after the deductions for the Applicant's Facility's projected ambulatory surgery cases for each use rate were 5,031 for the use rate of 88, 7,099 for the use rate of 101, and 11,405 for the use rate of 111.

Furthermore, the Applicant deducted the Pequot Medical Center's projected ambulatory surgery cases of 2,227 for the use rate of 88, 3,606 for the use rate of 101, and 2,226 for the use rate of 111. The resulting remaining unmet need for ambulatory surgery in the service area after the deductions for the Pequot Medical Center's projected ambulatory surgery cases for each use rate was 2,804 for the use rate of 88, 3,493 for the use rate of 101, and 9,179 for the use rate of 111.

Table 5

Title: Population Need Analyses Applied to a Statewide Ambulatory Surgery Total

The Applicant used population analyses based on a 2000 U.S. Census Bureau data, a 2005 Office of Policy and Management population projection, and a 2005 L & M Hospital population projection for New London County and Connecticut and applied these projections to a statewide hospital ambulatory surgery total. The Applicant used a service area population for New London County of 259,088 from the 2000 U.S. Census data, 261,050 from the 2005 OPM projection, and 283,116 from the 2005 L & M projection. The Applicant used a statewide hospital ambulatory surgery total of 280,606 for the 2000 U.S. Census data, 280,606 for the 2005 OPM projection, and 280,606 for the 2005 L & M projection. The Applicant used the statewide population for Connecticut of 3,405,565 for the 2000 U.S. Census data, 3,364,080 for the 2005 OPM projection, and 3,364,080 for the 2005 L & M projection. This resulted in a projected service area ambulatory surgery demand of 21,348 using the 2000 U.S. Census Bureau data, 21,775 using the 2005 OPM population projection, and 23,615 using the 2005 L & M Hospital population projection.

The Applicant deducted Backus Hospital's ambulatory surgery volume of 7,935 for the 2000 U.S. Census data, 7,935 for the 2005 OPM projection, and 7,935 for the 2005 L & M projection. The Applicant also deducted L & M Hospital's ambulatory surgery volume of 6,634 for the 2000 U.S. Census data, 6,634 for the 2005 OPM projection, and 6,634 for the 2005 L & M projection. This resulted in a total service area Hospital ambulatory surgery volume deduction of 14,569 for the 2000 U.S. Census Bureau data, 14,569 for the 2005 OPM population projection, and 14,569 for the 2005 L & M Hospital population projection. The resulting subtotals for service area ambulatory surgery demand after the deductions for total service area Hospital ambulatory surgery volume for each population analysis were 6,779 using the 2000 U.S. Census Bureau data, 7,206 using the 2005 OPM population projection, and 9,046 using the 2005 L & M Hospital population projection.

In addition, the Applicant deducted the Pequot Medical Center's projected ambulatory surgery cases of 3,606 for the 2000 U.S. Census data, 3,606 for the 2005 OPM projection, and 3,606 for the 2005 L & M projection. The Applicant also deducted the Applicant's Facility's projected additional surgery cases of 1,700 for the 2000 U.S. Census data, 1,700 for the 2005 OPM projection, and 1,700 for the 2005 L & M projection. This resulted in the total Pequot Medical Center's and Applicant's Facility's ambulatory surgery case deduction of 5,306 for the 2000 U.S. Census Bureau data, 5,306 for the 2005 OPM population projection, and 5,306 for the 2005 L & M Hospital population projection. The resulting subtotals for service area ambulatory surgery demand after the deductions for the Pequot Medical Center's and Applicant's Facility's projected ambulatory surgery cases for each population analysis were 1,473 using the 2000 U.S. Census Bureau data, 1,900 using the 2005 OPM population projection, and 3,740 using the 2005 L & M Hospital population projection.

The resulting baseline residual ambulatory surgery demand for each population analysis was 1,473 using the 2000 U.S. Census Bureau data, 1,900 using the 2005 OPM population projection, and 3,740 using the 2005 L & M Hospital population projection.

Table 6

Title: L & M Hospital Ambulatory Surgery Volumes from FY 1998 through FY 2001
Actual ambulatory surgeries at L & M Hospital were 6,167 in FY 1998, 6,466 in FY 1999, 6,775 in FY 2000 and 6,957 in FY 2001. Actual pain management volumes at L & M Hospital were 1,010 in FY 1998, 1,050 in FY 1999, 1,025 in FY 2000 and 1,191 in FY 2001. Actual ambulatory surgery total volumes at L & M Hospital were 7,177 in FY 1998, 7,516 in FY 1999, 7,800 in FY 2000 and 8,148 in FY 2001.

Table 7

Title: Applicant's Incremental Financial Projections for FY 2003, FY 2004 and FY 2005
Projected incremental revenue from operations for the proposal is \$342,000 in FY 2003, \$1,282,500 in FY 2004 and \$1,453,500 in FY 2005. Projected incremental total operating expense for the proposal is \$338,451 in FY 2003, \$882,137 in FY 2004 and \$936,656 in

FY 2005. Projected incremental revenue over expense with the proposal is \$3,549 in FY 2003, \$400,363 in FY 2004 and \$516,844 in FY 2005.

Table 8

Title: Applicant's Three-Year Projected Payer Mix

Total Government reimbursement is projected to account for 70% of total reimbursement in FY 2003 with Medicare at 67%, Medicaid at 2% and TriCare at 1%, 65% of total reimbursement in FY 2004 with Medicare at 61%, Medicaid at 3% and TriCare at 1%, and 60% of total reimbursement in FY 2005 with Medicare at 56%, Medicaid at 3% and TriCare at 1%. Total Non-Government reimbursement is projected to account for 27% of total reimbursement in FY 2003 with Commercial Insurers at 23%, Self-Pay Patients at 2% and Workers Compensation at 2%, 32% of total reimbursement in FY 2004 with Commercial Insurers at 27%, Self-Pay Patients at 2% and Workers Compensation at 3%, and 37% of total reimbursement in FY 2005 with Commercial Insurers at 32%, Self-Pay Patients at 0% and Workers Compensation at 5%. Uncompensated Care is projected to be 3% of total reimbursement for each fiscal year.

Table 9

Title: Recalculated Service Area Need Assessments based on Three Use Rates

The use rates of 88 per 1,000 population, 101 per 1,000 population and 111 per 1,000 population were applied to the New London County service area population. The projected service area population for New London County was 259,088 applied to the use rate of 88, 259,088 applied to the use rate of 101, and 260,027 applied to the use rate of 111. This resulted in a projected service area ambulatory surgery demand of 22,800 after applying the use rate of 88, 26,168 after applying the use rate of 101, and 28,863 after applying the use rate of 111.

Backus Hospital's ambulatory surgery volume of 7,935 was deducted for the use rate of 88, 7,935 for the use rate of 101, and 8,748 for the use rate of 111. OHCA recalculated and deducted L & M Hospital's ambulatory surgery volume of 8,418 for the use rate of 88, 8,418 for the use rate of 101, and 8,418 for the use rate of 111. OHCA recalculated and deducted the Applicant's Facility's projected ophthalmic surgery cases of 2,865 for the use rate of 88, 2,865 for the use rate of 101, and 2,865 for the use rate of 111. OHCA recalculated and deducted the Pequot Medical Center's ambulatory surgery case capacity of 6,000 for the use rate of 88, 6,000 for the use rate of 101, and 6,000 for the use rate of 111. OHCA deducted the Eastern Connecticut Endoscopy Center's endoscopy case capacity of 3,000 for the use rate of 88, 3,000 for the use rate of 101, and 3,000 for the use rate of 111. The resulting totals for the service area ambulatory surgery volume capacity of Backus Hospital, L & M Hospital, the Applicant's Facility, the Pequot Medical Center and the Eastern Connecticut Endoscopy Center for each use rate were 28,218 for the use rate of 88, 28,218 for the use rate of 101, and 29,031 for the use rate of 111.

The service area ambulatory surgery volume capacity for each use rate was deducted from the service area ambulatory surgery demand for each use rate. This resulted in a

remaining unmet need for ambulatory surgery in the service area of -5,418 for the use rate of 88, -2,050 for the use rate of 101, and -168 for the use rate of 111.

Table 10

Title: Recalculated Population Need Analyses with a Statewide Ambulatory Surg. Total Population analyses based on a 2000 U.S. Census Bureau data, a 2005 Office of Policy and Management population projection, and a 2005 L & M Hospital population projection for New London County and Connecticut were used and applied to a statewide hospital ambulatory surgery total. A service area population for New London County of 259,088 from the 2000 U.S. Census data, 261,050 from the 2005 OPM projection, and 283,116 from the 2005 L & M projection were used. A statewide hospital ambulatory surgery total of 280,606 for the 2000 U.S. Census data, 280,606 for the 2005 OPM projection, and 280,606 for the 2005 L & M projection were used. The statewide population for Connecticut of 3,405,565 for the 2000 U.S. Census data, 3,364,080 for the 2005 OPM projection, and 3,364,080 for the 2005 L & M projection were used. This resulted in a projected service area ambulatory surgery demand of 21,348 using the 2000 U.S. Census Bureau data, 21,775 using the 2005 OPM population projection, and 23,615 using the 2005 L & M Hospital population projection.

Backus Hospital's ambulatory surgery volume of 7,935 was deducted for the 2000 U.S. Census data, 7,935 for the 2005 OPM projection, and 7,935 for the 2005 L & M projection. OHCA recalculated and deducted L & M Hospital's ambulatory surgery volume of 8,418 for the 2000 U.S. Census data, 8,418 for the 2005 OPM projection, and 8,418 for the 2005 L & M projection. OHCA recalculated and deducted the Applicant's Facility's projected ophthalmic surgery cases of 2,865 for the 2000 U.S. Census data, 2,865 for the 2005 OPM projection, and 2,865 for the 2005 L & M projection. OHCA recalculated and deducted the Pequot Medical Center's ambulatory surgery case capacity of 6,000 for the 2000 U.S. Census data, 6,000 for the 2005 OPM projection, and 6,000 for the 2005 L & M projection. OHCA deducted the Eastern Connecticut Endoscopy Center's endoscopy case capacity of 3,000 for the 2000 U.S. Census data, 3,000 for the 2005 OPM projection, and 3,000 for the 2005 L & M projection. The resulting totals for the service area ambulatory surgery volume capacity of Backus Hospital, L & M Hospital, the Applicant's Facility, the Pequot Medical Center and the Eastern Connecticut Endoscopy Center for each population analysis were 28,218 for the 2000 U.S. Census Bureau data, 28,218 for the 2005 OPM population projection, and 28,218 for the 2005 L & M Hospital population projection.

The service area ambulatory surgery volume capacity for each population analysis was deducted from the service area ambulatory surgery demand for each population analysis. This resulted in a baseline residual ambulatory surgery demand in the service area of -6,870 using the 2000 U.S. Census Bureau data, -6,443 using the 2005 OPM population projection, and -4,603 using the 2005 L & M Hospital population projection.