



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Hospital of Saint Raphael

Docket Number: 03-30020-CON

Project Title: Redesign and Renovate SICU and Reduce SICU Bed Complement

Statutory Reference: Section 19a-639, C.G.S.

Filing Date: June 16, 2003

Hearing Date: Waived

Decision Date: July 9, 2003

Default Date: September 15, 2003

Staff Assigned: Kim Martone

Project Description: Hospital of Saint Raphael (“Hospital”) proposes to redesign and renovate the surgical intensive care unit (“SICU”) and reduce the number of SICU beds from 18 to 15, at a total capital expenditure of \$3,498,329.

Nature of Proceedings: On June 16, 2003, the Office of Health Care Access (“OHCA”) received Hospital of Saint Raphael’s (“Hospital”) completed Certificate of Need (“CON”) application seeking authorization to redesign and renovate the SICU and reduce the number of SICU beds from 18 to 15, at a total capital expenditure of \$3,498,329. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

The Hospital requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA’s Regulations and claimed that the proposal was non-substantive as defined in Section 19a-643-95(3) of OHCA’s Regulations. Notice to the public was published in the *New Haven Register* on June 19, 2003. OHCA received no

comments concerning the Hospital's request for waiver of public hearing during the public comment period. Therefore, on July 8, 2003, OHCA granted the Hospital's request for waiver of the public hearing.

OHCA's authority to review and approve, modify or deny this application is established by Section 19a-639, C.G.S. The provisions of these sections, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

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

Clear Public Need Current Utilization Statistics Contribution to Accessibility and Quality of Health Care Delivery in the Region Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services

1. Hospital of Saint Raphael ("Hospital") is a community teaching hospital that provides complex tertiary and quaternary medical and surgical services to the residents of Southern Connecticut. *(May 5, 2003 CON Application, page 2)*
2. The Hospital's service area consists of a 22-town Greater New Haven service area. *(May 5, 2003 CON Application, page 6)*
3. The Hospital is proposing to redesign and renovate the SICU to ensure the quality of patient care through improved infrastructure, updated medical technology, and enhanced operational design. *(May 5, 2003 CON Application, page 2)*
4. The Hospital is also proposing to reduce the number of SICU beds from 18 to 15 beds. *(May 5, 2003 CON Application, page 2)*
5. The SICU, located on the 2nd floor of the Verdi Building, is one of four intensive care units at the Hospital. The existing SICU wing is approximately 10,000 gross square feet and provides post-operative care for the Hospital's most acutely ill surgical inpatients. *(May 5, 2003 CON Application, page 2)*
6. The SICU was opened in 1978 and is the last of the Hospital's 4 intensive care units to undergo a facilities upgrade within the past 10 years. The Medical ICU was renovated 10 years ago; the Coronary Care Unit was renovated 5 years ago; and the

Cardio-Thoracic ICU was built in 1992. *(May 5, 2003 CON Application, page 2)*

7. The need for the SICU renovation is based on the following:
 - Patient safety
 - Aging equipment
 - Compliance with AIA Critical Care guidelines, CT Fire & Building Codes and American Standard for Accessible and Useable Buildings.*(May 5, 2003 CON Application, page 2)*
8. The major issues related to the deficiency of the design are as follows:
 - Inability to visually see all patients from the nurses station
 - Non-compliance with current infection control guidelines
 - Lack of a clean work room and eye-wash station
 - Lack of storage for linens and equipment
 - Non-compliance with isolation room code standards
 - Non-compliance with ADA requirements
 - Non-compliance with patient room code requirements.*(May 5, 2003 CON Application, page 3)*
9. At the completion of the project, the Hospital indicated that the SICU would be in full compliance with these codes and ADA requirements. *(May 5, 2003 CON Application, page 4)*
10. The Hospital's new SICU will be designed to reduce the risk of infection through the use of seamless, impervious, solid surface materials on walls, floors, and counters and through the installation of additional hand washing sinks. *(May 5, 2003 CON Application, page 5)*
11. The Hospital based the need to reduce the SICU beds from 18 to 15 on the following:
 - Physical constraints of the Verdi Building and its non-compliance with program and code requirements
 - Patient flow issues.*(May 5, 2003 CON Application, page 5)*
12. The Hospital's analysis of SICU utilization indicated that 3 to 5 patients per day are kept in the SICU longer than medically necessary due to the lack of an available bed on one of the Hospital's surgical inpatient nursing units. To alleviate this backup, the Hospital is evaluating the need to reopen an inpatient nursing unit to more effectively handle the Hospital's census. In addition, an overflow of patients can be accommodated in one of the other 3 ICUs or the Post Anesthesia Care Unit (i.e., Recovery Room). *(May 5, 2003 CON Application, page 5)*
13. The Hospital illustrated the available capacity of the ICUs and SICU for Fiscal Years ("FYs") 2000-2002 as follows:

Table 1: Average Monthly Daily Census of ICUs

	# Beds/Unit	ADC 2000 Low/High	ADC 2001 Low/High	ADC 2002 Low/High
CCU	22	17.60/21.14	18.90/20.17	17.68/20.96
MICU	22	17.43/20.72	19.00/20.90	18.81/21.29
CTICU	16	9.87/14.21	6.79/13.50	9.37/13.77
SICU*	15	12.13/15.48	10.48/15.58	13.60/16.39
Total Beds	75			
Under Licensed Capacity		9.85	10.91	8.92

* Reflects reduction of 3 SICU beds
 (May 12, 2003 Supplemental Information, Attachments)

14. The Hospital's proposal is to upgrade vital services to its existing patient population and to continue to provide appropriate care to some of the Hospital's most critically ill patients. (May 5, 2003 CON Application, page 6)
15. The Hospital projects an additional 30 patients with a length of stay of six (6) days, which results in an increase in average daily census of 180 additional patient days per year incrementally due to the project. (May 5, 2003 CON Application, page 90)

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

16. The total capital expenditure for this proposal is \$3,498,329 which includes:

Table 4: Total Capital Expenditure

Components	Cost
Construction and Renovation	\$2,698,034
Medical Equipment (Purchase)	699,033
Non-Medical Equipment (Purchase)	101,262
Total Capital Expenditure	\$3,498,329

(May 5, 2003 CON Application, page 12)

17. The Hospital proposes to fund the total capital expenditure through operating funds of \$2,799,296 and lease financing of \$699,033. (May 5, 2003 CON Application, page 16)
18. The Hospital reports an operating fund cash balance of \$52 million, which includes cash from the Hospital's wholly owned insurance subsidiaries, as of April 30, 2003. (May 23, 2003 Additional information received from the Hospital, Monthly Financial Statements Report)
19. The Hospital projects excess revenues of \$75,977 in FYs 2004, 2005, and 2006, which includes the Hospital's wholly owned insurance subsidiaries. (May 23, 2003 Additional information from Hospital)

20. The proposed renovation and redesign of the SICU will provide the following:
- Redesigned workrooms and areas
 - ADA compliant toilets
 - Equipment storage rooms
 - Redesigned patient bedrooms and additional outlets
 - Increased and replaced lighting
 - Redesigned nurses station for visual observation of patient rooms
 - Upgraded fire alarm system
 - Additional hand washing sinks
 - New staff conference room
 - Renovated family waiting area and conference room
 - New equipment storage space.
- (May 5, 2003 CON Application, page 13)*
21. The project is not expected to affect the delivery of patient care. During construction the SICU patients will be cared for in both the main Post Anesthesia Care Unit and the Short-Term Recovery Room. The PACU and Short-Term Recovery Room have all the necessary monitoring and biomedical equipment to meet the needs of the SICU patients. The Cardiothoracic Intensive Care Unit will also be used to care for surgical patients requiring critical care nursing. *(May 5, 2003 CON Application, page 14)*
22. The Hospital projects the renovations to the SICU to be completed by November 1, 2003. *(May 5, 2003 CON Application, page 15)*

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.:

23. There is no State Health Plan in existence at this time. *(May 5, 2003 CON Application, page 2)*
24. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(May 5, 2003 CON Application, page 2)*
25. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, reengineering and applications of technology. *(May 5, 2003 CON Application, page 10)*
26. The proposal will not result in changes to the Hospital's current teaching and research responsibilities. *(May 5, 2003 CON Application, page 10)*

27. There are no distinguishing characteristics of the patient/physician mix of the Hospital. *(May 5, 2003 CON Application, page 10)*
28. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(May 5, 2003 CON Application, page 9 and Attachment 3)*

Rationale

Hospital of Saint Raphael (“Hospital”) is proposing to redesign and renovate the SICU to ensure the quality of patient care through improved infrastructure, updated medical technology, and enhanced operational design. The Hospital is also proposing to reduce the number of SICU beds from 18 to 15 beds. The SICU, located on the 2nd floor of the Verdi Building, is one of four intensive care units at the Hospital. The existing SICU wing is approximately 10,000 gross square feet and provides post-operative care for the Hospital’s most acutely ill surgical inpatients. The SICU was opened in 1978 and is the last of the Hospital’s 4 intensive care units to undergo a facilities upgrade within the past 10 years. The Medical ICU was renovated 10 years ago; the Coronary Care Unit was renovated 5 years ago; and the Cardio-Thoracic ICU was built in 1992.

The need for the SICU renovation is based on patient safety, aging equipment, and compliance with federal patient safety guidelines and standards and state fire and building codes. The major issues include the inability to visually see all patients from the nurses station, non-compliance with current infection control guidelines, lack of a clean work room and eye-wash station, lack of storage for linens and equipment, non-compliance with isolation room code standards, non-compliance with ADA requirements, and non-compliance with patient room code requirements. At the completion of the project, the Hospital indicated that the SICU would be in full compliance with these codes and ADA requirements. The Hospital’s new SICU will be designed to reduce the risk of infection through the use of seamless, impervious, solid surface materials on walls, floors, and counters and through the installation of additional hand washing sinks.

The Hospital based the need to reduce the SICU beds from 18 to 15 on physical constraints of the Verdi Building and its noncompliance with program and code requirements and patient flow issues. The Hospital’s analysis of SICU utilization indicated that 3 to 5 patients per day are kept in the SICU longer than medically necessary due to the lack of an available bed on one of the Hospital’s surgical inpatient nursing units. To alleviate this backup, the Hospital is evaluating the need to reopen an inpatient nursing unit to more effectively handle the Hospital’s census. In addition, an overflow of patients can be accommodated in one of other 3 ICUs or the Post Anesthesia Care Unit (i.e., Recovery Room). The average daily census of the SICU over the past three fiscal years has ranged from a low of 10.48 patients to a high of 16.39 patients. The Hospital demonstrated that there is available capacity in the other ICUs to handle an overflow of patients during peak census in the SICU. The total census for all ICUs on average was under 9.85, 10.91, and 8.92 days per month for FYs 2000, 2001, and 2002

respectively. OHCA finds that the Hospital's project to upgrade vital services to its existing patient population will allow the Hospital to continue to provide high quality care to its most critically ill patients.

The proposed renovation of the SICU will provide redesigned workrooms and areas, ADA compliant toilets, equipment storage rooms, redesigned patient bedrooms and additional outlets, increased and replaced lighting, redesigned nurses station for visual observation of patient rooms, upgraded fire alarm system, additional hand washing sinks, a new staff conference room, renovated family waiting area and conference room, and new equipment storage space. The project will not affect the delivery of patient care. During construction the SICU patients will be cared for in both the main Post Anesthesia Care Unit and the Short-Term Recovery Room. The PACU and Short-Term Recovery Room have all the necessary monitoring and biomedical equipment to meet the needs of the SICU patients. The Cardiothoracic Intensive Care Unit will also be used to care for surgical patients requiring critical care nursing.

The proposal is financially feasible. The project has a total capital expenditure of \$3,498,329, which will be funded through operating funds and lease financing. The Hospital reports an operating fund cash balance of \$52 million, which includes cash from the Hospital's wholly owned insurance subsidiaries. The Hospital projects excess revenues of \$75,977 in FYs 2004, 2005, and 2006 due to a projected additional 180 patient days incrementally due to the project. If volume projections are achieved and the Hospital's strong cash balance is maintained, the Hospital's rates and net revenue will be sufficient to cover the proposed capital expenditure and operating costs associated with the project. With the inclusion of cash from the wholly owned insurance subsidiaries, the financial projections appear to be both reasonable and achievable. Based on the above, the proposal is in the best interest of consumers and payers of the service.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Hospital of Saint Raphael to redesign and renovate the SICU and reduce the number of SICU beds from 18 to 15, at a total capital expenditure of \$3,498,329, is hereby GRANTED.

Order

Hospital of Saint Raphael is hereby authorized to redesign and renovate the SICU and reduce the number of SICU beds from 18 to 15, at a total capital expenditure of \$3,498,329, subject to the following conditions:

1. The authorization shall expire on July 9, 2005. Should the renovations of the SICU not be completed by that date, Hospital of Saint Raphael must seek further approval from OHCA to complete the project beyond that date.
2. Hospital of Saint Raphael shall not exceed the approved capital expenditure of \$3,498,329, which will be funded through operating funds and lease financing. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, Hospital of Saint Raphael shall file with OHCA a request for approval of the revised budget.
3. The Hospital shall not use Connecticut Health and Educational Facilities Authority ("CHEFA") bonds or any other debt financing to fund the project. If the Hospital learns that operating funds or additional cash flow are not available to fund the project, the Hospital of Saint Raphael shall notify OHCA before proceeding with the renovation project.

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:
July 9, 2003

Singed by:
Mary M. Heffernan
Commissioner

MMH:km