



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Hospital:** MidState Medical Center

**Docket Number:** 03-30037-CON

**Project Title:** Establishment of a Wound Care Center and Acquisition of a Hyperbaric Chamber

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

**Filing Date:** June 10, 2002

**Hearing Date:** August 14, 2003

**Decision Date:** August 26, 2003

**Default Date:** August 28, 2003

**Staff:** Steven Lazarus

**Project Description:** MidState Medical Center (“Hospital”) proposes to establish a wound care center and acquire a hyperbaric chamber at a total proposed capital expenditure of \$161,000.

**Nature of Proceedings:** On May 30, 2003, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of MidState Medical Center seeking authorization to establish a wound care center and acquire a hyperbaric chamber at a total proposed capital expenditure of \$161,000. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

On July 16, 2003, OHCA received a request for public hearing from Griffin Hospital. OHCA granted the request and a public hearing regarding the CON application was held on August 14, 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 Record Journal* (Meriden). 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.

Griffin Hospital petitioned for status in the public hearing as a Party, or in the alternative, an Intervenor. Griffin Hospital was granted Intervenor status by the Presiding Officer

The Presiding Officer heard testimony from the Applicant's and Intervenors's 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 Sections 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 on the Hospital's Current Utilization Statistics**

#### **Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region**

1. MidState Medical Center ("Hospital") is an acute care hospital located at 435 Lewis Avenue, Meriden in Connecticut. *(March 31, 2003, LOI)*
2. The Hospital proposes to establish a wound care center ("Center"), which includes the acquisition of two monoplace hyperbaric chambers for hyperbaric oxygen therapy ("HBOT"). The Center would specialize in the treatment of chronic wounds, soft tissue infections, and ulcers that are traditionally associated with diabetic, elderly and surgical patients. *(March 31, 2003, LOI)*
3. Typical HBOT treatment regimen includes 3-5 visits per week for a 6 weeks period. *(August 7, 2003, Hospital's Prefile Testimony)*
4. The Hospital has an active Diabetes Management Program that sees approximately 660 patients per year. Approximately 15% of the general diabetic population requires wound care services. *(May 30, 2002, CON Application, page 2)*
5. The Center for Disease Control and Prevention estimates that overall diabetic population has increased by 30% within the last ten years. *(May 30, 2003, CON Application, page 4)*

6. The Hospital's Primary Service Area ("PSA") consists of Meriden, Wallingford and Cheshire. Municipalities included in the secondary service area are Berlin, Durham, Middlefield, Middletown and Southington. *(May 30, 2003, CON Application, page 2)*
7. The Hospital's target population for the proposed Center is residents of the Hospital's existing PSA. The Hospital estimates that 1% of the population, or approximately 1,369 patients, require wound care services. *(May 30, 2002, CON Application, page 3)*
8. The Hospital projects that the Center will serve 172 patients in the first year of operation, 189 patients in the second year of operation, and 208 patients in the third year of operation. The Hospital's need methodology is presented in Table 1. *(May 30, 2003, CON Application, page 4)*

**Table 1: Service Area Need Assessment**

Town of Origin	2003 Population (1)	% w/ Diabetes (2)	% w/ Chronic Wounds (3)	Hospital's MS% (4)	Potential Hospital WC Pts (3)*(4)	Yr.1 Projected Patients	Yr.2	Yr.3
<i>Primary Service Area</i>						30%	10%	10%
Cheshire	29,700	2,079	312	22.2%	69	21	23	25
Meriden	57,928	4,055	608	50.2%	305	92	101	111
Wallingford	42,710	2,990	448	44.5%	200	60	66	72
Total Primary Service	130,338	9,124	1,369	42.0%	574	172	189	208

Notes/Sources:

- (1) Population is based on United States 2000 States Census. Approximately 14% of the Hospital's population is 65+.
- (2) Diabetes incidence is 7% for the general population acquired during lifetime. American Diabetes Association.
- (3) Approximately 15% of general diabetic population require Wound Care Services. Various epidemiological literature.
- (4) Market share is based on FY02 Hospital's Surgical MS%.
- (5) Growth rate of 10% a year (2-3) is based on the following: a) slight growth in population b) growth in over 65+ age, and c) increased incidence of diabetes.

9. Patients requiring wound care frequently have complicated medical problems:
  - a. These patients have many co-morbidities, including diabetes, hypertension, obesity and cardiovascular disease.
  - b. Diabetes is a particular problem as it effects a significant and increasing portion of the general population and tends to produce serious abnormalities of the feet and legs that can leave sores that will not heal.
  - c. It is difficult for wound treatment patients to travel long distances for treatment and compliance becomes an issue.  
*(August 12, 2003, Dr. Aurangzeb Ali's Supplemental Prefile Testimony)*
10. There are no other providers of wound care services in the Hospital's primary service area. *(May 30, 2003, CON Application, page 2)*

11. Hyperbaric Chamber services are offered by Griffin Hospital, Hartford Hospital and Norwalk Hospital. The distance from the Hospital to the existing hyperbaric services is as follows:
  - Griffin Hospital: 31.2 Miles
  - Hartford Hospital: 26.8 Miles
  - Norwalk Hospital: 54.9 Miles*(August 7, 2003, Hospital's Prefile Testimony)*
12. The Hospital will work collaboratively with the Hartford Hospital Wound Care Center (approved by OHCA under Docket 02-524) for the provision of Level I and Level II models of care. Level I chronic wound patients that are appropriate for HBOT will be treated at the Hospital. Level II patients who are clinically obese, complex or would otherwise benefit from a large chamber HBOT, will have the oxygen therapy component of their treatment plan coordinated through the Hartford Hospital program. *(May 30, 2003, CON Application, page 5)*
13. The hours of operation for the proposed Center will be Monday through Friday, 8:00 a.m. to 5:00 p.m. *(May 30, 2003, CON Application, page 3)*
14. The Hospital proposes to contract with Diversified Therapy Service from Jacksonville, Florida to help manage the program and provide equipment. *(August 7, 2003, Hospital's Prefile Testimony)*
15. The Intervenor testified that it anticipates the utilization of its HBOT services will decrease by 9 cases due to the existence of the Hartford Hospital program and by 15 cases due to the Applicant's program. This reduction in caseload represents 275 treatments. *(August 7, 2003, Intervenor's Prefile Testimony)*
16. Between October 1999 to June 2003, seven cases from the towns of Cheshire, Meriden and Wallingford received HBOT at Griffin Hospital. *(August 7, 2003, Intervenor's Prefile Testimony, Table 1)*

**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**

17. The Hospital's proposal includes the following cost components:

**Table 3: Hospital's Total Proposed Capital Cost**

Component	Cost
Medical Equipment (Purchase)	\$112,500
Non-Medical Equipment (Purchase)	\$48,500
<b>Total Capital Expenditure</b>	<b>\$161,000</b>

*(May 30, 2003, CON Application, page 13)*

18. The source of \$161,000 of the Hospital's proposal is from Operating Funds. *(May 30, 2003, CON Application, page 14)*
19. The Centers for Medicare & Medicaid ("CMS") recently announced an increase in the reimbursement for HBOT from approximately \$270 per treatment to approximately \$750 per treatment. *(August 14, 2003, Public Hearing, Testimony of Erik G. Wexler of MidState Medical Center and Patrick Charmel of Griffin Hospital)*
20. The Hospital projects incremental gains from operations related to the proposal of \$286,280 for FY 2004, \$375,067 for FY 2005 and \$440,276 for FY 2006. *(May 30, 2003, CON Application, page 55)*
21. The Facility Fee will be billed by the Hospital and the Professional Fee will be billed by the individual physicians administering care. *(May 30, 2003, CON Application, page 11)*

### **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.:

22. There is no State Health Plan in existence at this time. *(May 30, 2003, CON Application, page 1)*
23. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(May 30, 2003, CON Application, page 2)*
24. The Hospital has improved productivity and contained costs through energy conservation and group purchasing activities. *(May 30, 2003, CON Application, page 9)*
25. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(May 30, 2003, CON Application, page 10)*
26. There are no distinguishing or unique characteristics of the Hospital's patient/physician mix related to this proposal. *(May 30, 2003, CON Application, page 10)*
27. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(May 30, 2003, CON Application, page 6&7)*

## Rationale

MidState Medical Center (“Hospital”) proposes to establish a wound care center (“Center”), which includes the acquisition of two monoplace chambers for hyperbaric oxygen therapy (“HBOT”). The Center will specialize in the treatment of chronic wounds, soft tissue infections, and ulcers that are traditionally associated with diabetic, elderly and surgical patients. Diversified Therapy Services would help manage the HBOT service and provide the equipment.

The Hospital’s need methodology used in projecting the service area need for a wound care center is based upon the estimated incidence rate of diabetes and the percentage of elderly in the primary service area. The Hospital’s primary service area, and the target service area for this proposal, consists of Meriden, Wallingford and Cheshire. Using information from the United States 2000 Census, the Hospital estimated that there are 130,338 people in its primary service area and that approximately 14% of them are 65 years of age or older. According to the American Diabetes Association the incidence of diabetes in the general population acquired during lifetime is 7%, which represents 9,124 residents of the primary service area. Epidemiological studies cited by the Hospital estimate that 15% of the general diabetic population, or approximately 1,369 residents, require wound care services. The Hospital then applied its FY 2002 surgical market share to the diabetic population in need of wound care to obtain the projection that 547 patients would be candidates for treatment at the wound care center in 2003, and that of these patients, 172 would seek treatment at the proposed Center. The hospital projected that the number of patients would increase by 10% during the second and third year of service due to an increase in the population aged 65 and older and increased incidence of diabetes. Although the Hospital’s need methodology is conservative and relies entirely on the population within its primary service area and reflects its current market share, it indicates sufficient need for the proposed Center. Therefore, based on the above, OHCA finds that the Hospital has demonstrated that there is a clear public need for the CON proposal.

The proposed Center will remedy a geographic barrier to access by providing HBOT services within the Hospital’s primary service area. There are no other providers of wound care services in the primary service area. Three providers currently provide HBOT services in Connecticut: Griffin Hospital, Hartford Hospital and Norwalk Hospital. The closest provide of HBOT services to the Hospital is 26.8 miles away. A typical HBOT treatment regimen includes 3-5 visits per week for approximately 6 weeks. Patients requiring wound care frequently have complicated medical problems and have many co-morbidities, including diabetes, hypertension, obesity and cardiovascular disease. It is difficult for wound treatment patients to travel long distances for treatment and compliance with the treatment regimen becomes an issue. OHCA concludes that since patients receiving HBOT treatments have complicated medical problems and are often frail, it is critical that the service be located close to the patients’ town of residence. The establishment of the proposed Center with HBOT services addresses this concern and will improve both the quality and accessibility of wound care service in the region.

The proposal has a total capital expenditure of \$161,000; which includes \$112,500 for medical equipment and \$48,500 for non-medical equipment. The capital expenditure will be financed by Hospital operating funds. The Centers for Medicare & Medicaid (“CMS”) recently announced an increase in the reimbursement for HBOT from approximately \$270 per treatment to \$750 per treatment. The Hospital projects the incremental gain from operations due to the implementation of the project of \$286,280 for FY 2004, \$375,067 for FY 2005 and \$440,276 for FY 2006. If volume projections are achieved, the Hospital’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.

With respect to the impact of the proposal on existing providers of HBOT services, Griffin Hospital testified that it anticipates the utilization of its HBOT services will decrease by 9 cases due to the existence of the Hartford Hospital program and by 15 cases due to the Applicant’s proposal. This reduction in caseload represents 275 treatments. However, during the period of October 1999 to June 2003, only 7 patients from the Applicant’s primary service area received HBOT treatment at Griffin Hospital. Therefore, OHCA is not convinced that the reduction in volume due to the implementation of the proposal will be as large as projected by Griffin Hospital. Additionally, the significant increases in reimbursement announced by CMS should be adequate to offset any financial losses incurred by Griffin Hospital due to reduced utilization.

Based on the foregoing Findings and Rationale, the Certificate of Need application of MidState Medical Center (“Hospital) to establish a wound care center, which includes the acquisition of two monoplace chambers for hyperbaric oxygen therapy, at a total capital expenditure of \$161,000, is hereby GRANTED.

## Order

MidState Medical Center ("Hospital") is hereby authorized to establish a wound care center, which includes the acquisition of two (2) monoplace chambers for hyperbaric oxygen therapy, at a total capital expenditure of \$161,000, subject to the following conditions:

1. This authorization shall expire on August 26, 2004. Should the Hospital's project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved capital expenditure of \$161,000.

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 26, 2003

Signed by:  
Mary M. Heffernan  
Commissioner

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