



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Connecticut Hospital Management Corporation d/b/a Stonington Institute

Docket Number: 03-30142-CON

Project Title: Establishment of Outpatient Detoxification Service

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

Filing Date: November 26, 2003

Decision Date: January 5, 2004

Default Date: February 24, 2004

Staff: Kim Martone

Project Description: Connecticut Hospital Management Corporation d/b/a Stonington Institute (“Applicant”) proposes to establish an outpatient detoxification service located at 75 Swantown Hill Road, North Stonington, Connecticut at no associated capital expenditure.

Nature of Proceeding: On November 26, 2003, the Office of Health Care Access (“OHCA”) received the Applicant’s Certificate of Need (“CON”) application seeking authorization to establish an outpatient detoxification service located at 75 Swantown Hill Road, North Stonington, Connecticut at no associated capital expenditure. The Applicant 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 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

Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region Impact on the Applicant's Current Utilization Statistics

1. Connecticut Hospital Management Corporation d/b/a Stonington Institute ("Applicant") is a for-profit corporation, which provides a full continuum of adult behavioral health services at 75 Swantown Hill Road in North Stonington. *(July 14, 2003, Letter of Intent)*
2. The Applicant is licensed by the Department of Public Health as a freestanding substance abuse treatment facility providing intensive treatment, outpatient treatment, residential detoxification and evaluation, and day and evening treatment services at 75 Swantown Hill Road in North Stonington. The Applicant is also licensed as a Mental Health Day Treatment facility with the multi-service component at 75 Swantown Hill Road in North Stonington. *(November 26, 2003, CON Application, DPH licenses, Attachment)*
3. The Applicant proposes to establish an outpatient detoxification service ("ODS") at 75 Swantown Hill Road, North Stonington, Connecticut. The Applicant would be licensed to provide Ambulatory Chemical Maintenance Treatment. *(July 14, 2003, Letter of Intent and November 26, 2003, CON Application, page 2)*
4. The primary service area for the proposed program consists of the towns located in New London county. *(November 26, 2003, CON Application, page 3)*
5. The need for the proposed program is based on improved patient accessibility and continuity of care. *(November 26, 2003, CON Application, pages 2-4)*
6. The Applicant stated that over the past twelve months, an average of 5 requests for ODS per weekday and one to two calls for ODS per weekend have been received. *(November 26, 2003, CON Application, page 3)*
7. There are no outpatient detoxification programs in the primary service area that combine ODS with Day Treatment programming and housing options. *(November 26, 2003, CON Application, page 3)*

8. Hartford Dispensary is an existing provider of ODS with clinics in Norwich and New London. The Applicant states that the proposed ODS will not directly compete with Hartford Dispensary for clients. The proposed ODS will be appropriate for those clients in need of longer-term programmatic and housing supports as a step-down from ODS. *(November 26, 2003, CON Application, page 3)*
9. The proposed ODS would provide a less expensive alternative to inpatient detoxification for clients who do not meet ASAM criteria for inpatient detoxification or who cannot otherwise afford an inpatient stay. *(November 26, 2003, CON Application, page 4)*
10. The Applicant projects 10 clients per day for the first three years of the ODS based on requests or referrals received over the last twelve months, discussions with public and private referral sources and the present physical plant capacity. *(November 26, 2003, CON Application, page 3)*
11. The proposed ODS would operate Monday through Friday from 8:00 a.m. to 4:00 p.m. and Saturdays from 8:00 a.m. to 1:00 p.m. *(November 26, 2003, CON Application, page 3)*

**Financial Feasibility 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
Payers for Such Services**

12. There is no associated capital expenditure with this proposal. *(November 26, 2003, CON Application, page 7)*
13. The Applicant will hire 1.55 Full-Time Equivalents ("FTEs") to operate the proposed ODS. *(November 26, 2003, CON Application, page 3)*
14. The Applicant's payer mix consists of 85% Medicaid, 13% commercial insurers, 1% self-pay and 1% uncompensated care. *(November 26, 2003, CON Application, page 9)*
15. The Applicant projects excess revenues of \$31,457, \$27,548, and \$23,517 for FYs 2003, 2004, and 2005 incrementally due to the project. *(Financial Projections)*
16. The Applicant's rates are sufficient to cover the proposed operating costs. *(November 26, 2003, CON Application, Financial Projections)*

Consideration of Other 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.:

17. There is no State Health Plan in existence at this time. *(November 26, 2003, CON Application, page 2)*
18. The Applicant has adduced evidence that this proposal is consistent with the Applicant's long-range plan. *(November 26, 2003, CON Application, page 2)*
19. The Applicant has improved productivity and contained costs by monitoring ongoing productivity and cost overheads, which has led to financial changes in operations, specifically outsourcing transportation. *(November 26, 2003, CON Application, page 6)*
20. The Applicant currently does not have teaching or research responsibilities. *(November 26, 2003, CON Application, page 6)*
21. There are no distinguishing characteristics of the Applicant's patient/physician mix. *(November 26, 2003, CON Application, page 7)*
22. The Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(November 26, 2003, CON Application, page 5 and Attachment)*

Rationale

The proposal is based on the need to improve patient access and continuity of care. The Applicant provides a full continuum of adult behavioral health services. The Applicant's proposed outpatient detoxification service ("ODS") will complement the Applicant's existing inpatient detoxification and day treatment services. The ODS will provide an alternative to inpatient detoxification for those individuals who do not meet specific criteria or cannot afford to pay and access to housing options during treatment. There are no providers of ODS in New London county that provide day treatment and housing options. The Applicant received an average of 5 requests per weekday and one to two calls per weekend for ODS over the past twelve months. The Applicant projects to serve 10 clients a day in the ODS for the first three years of operation based on recent referrals. The proposal will contribute in a favorable way to the quality and accessibility of health care delivery in the region.

The proposal is financially feasible. There is no associated capital expenditure with the proposed ODS. The Applicant will hire 1.55 FTEs to operate the ODS. The Applicant

projects excess revenues of \$31,457, \$27,548, and \$23,517 for FYs 2003, 2004, and 2005 incrementally due to the project. If volume projections are achieved, the Applicant's rates and net revenue will be sufficient to cover the operating costs associated with the project. OHCA concludes that the CON proposal is both financially feasible and cost-effective. Therefore, the CON proposal is in the best interests of consumers and payers.

Based upon the forgoing Findings of Fact and Rationale the Certificate of Need application of Connecticut Hospital Management Corporation d/b/a Stonington Institute to establish an outpatient detoxification service located at 75 Swantown Hill Road, North Stonington, Connecticut at no associated capital expenditure is hereby GRANTED.

ORDER

Connecticut Hospital Management Corporation d/b/a Stonington Institute is hereby authorized to establish an outpatient detoxification service located at 75 Swantown Hill Road, North Stonington, Connecticut at no associated capital expenditure:

This authorization shall expire on January 5, 2005, unless the Applicant presents evidence to OHCA that the outpatient detoxification service has commenced operation by that date.

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

January 5, 2004

Signed by Cristine A. Vogel
Commissioner

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