



Office of Health Care Access Certificate of Need Application

Final Decision

Applicants: Community Health & Wellness Center of Greater Torrington and The Charlotte Hungerford Hospital

Docket Number: 03-30146-CON

Project Title: Establishment of a Federally Qualified Health Center

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

Filing Date: January 5, 2004

Decision Date: January 29, 2004

Default Date: April 4, 2004

Staff Assigned: Laurie Greci

Project Description: The Community Health & Wellness Center of Greater Torrington and The Charlotte Hungerford Hospital (“Applicants”) propose the establishment of a Federally Qualified Health Center (“FQHC”). The project’s total proposed capital expenditure is \$100,000.

Nature of Proceedings: On January 5, 2004, the Office of Health Care Access (“OHCA”) received the Applicant’s Certificate of Need (“CON”) application seeking authorization to establish a FQHC. The project’s total proposed capital expenditure is \$100,000. The Applicants are health care facilities or institutions as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Notice to the public was published in *The Register Citizen* (Torrington) on January 21, 2004, pursuant to Section 19a-643-45 of OHCA's Regulations. OHCA received no comments from the public concerning the Hospital's proposal.

OHCA's authority to review and approve, modify or deny this application is established by Section 19a-638, C.G.S. The provision of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Proposal's Contribution to Accessibility 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. The Charlotte Hungerford Hospital ("Hospital") is an acute care hospital located at 540 Litchfield Street in Torrington, Connecticut. (*July 17, 2003, Letter of Intent, page 1*)
2. The Community Health & Wellness Center of Greater Torrington ("Center") is a nonprofit health center located at 157 Litchfield Street in Torrington, Connecticut. The Center opened in Fall 1998, supported by and operating as a department of the Hospital. It closed in April 2001 due to financial constraints. In February 2002, with new sources of funding, the Center once again opened as a department of the Hospital. (*July 17, 2003, Letter of Intent, pages 1 and 6*)
3. The Applicants propose to have the Center designated as a FQHC, thereby replacing the Hospital's current Community Health Center Department ("Existing Department"). FQHCs are facilities that provide cost-effective and comprehensive primary and preventive health care to the uninsured and underserved. FQHCs are qualified to receive federal Public Health Service grants. (*July 17, 2003, Letter of Intent, pages 2 and 6, and "Federally Qualified Health Centers (FQHC)," a State of Connecticut Office of Legislative Research Report, Report Number 2003-R-0573, August 6, 2003, downloaded from http://search.cga.state.ct.us/dtsearch_olr.html*)
4. The Hospital will support the Center until it becomes a FQHC and receives federal funding. (*July 17, 2003, Letter of Intent, page 6*)
5. The proposal will address medical, perinatal, and demographic disparities through expanded access to primary care services and increased levels of health education and screening and prevention initiatives. (*November 14, 2003, CON Application, pages 1 and 2*)
6. The Center is located in a region designated as a Primary Care Shortage Area and a Medically Underserved Area. (*November 14, 2003, CON Application, page 5*)
7. The project will serve the following municipalities: Barkhamsted, Colebrook, Cornwall, Goshen, Hartland, Harwinton, Litchfield, New Hartford, Norfolk, Torrington, and Winchester. (*July 17, 2003, Letter of Intent, page 2*)

8. The project also intends to serve the area's homeless population, roughly estimated to be 547 individuals. Historically, the Center has provided walk-in care to homeless individuals. *(November 14, 2003, CON Application, pages 3 and 4)*
9. The Center projects the following number of visits for years one, two, and three of the project: 5,000, 6,876, and 6,876, respectively. *(November 14, 2003, CON Application, page 6)*
10. Patients at the Center currently have a three to four week wait for non-emergency appointments. *(November 14, 2003, CON Application, page 5)*
11. The Applicants' project proposes to remedy cultural, geographic, economic, and transportation barriers to access. *(November 14, 2003, CON Application, page 6)*
12. The project's proposed hours of operation are Monday and Wednesday, 8:00am-5:00pm; Tuesday, 9:00am-7:00pm; Thursday, closed; and Friday, 8:00am-4:00pm. *(November 14, 2003, CON Application, page 5)*

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

13. The project's total proposed capital expenditure of \$100,000 is allocated for construction/renovation costs. *(November 14, 2003, CON Application, page 12)*
14. The proposal's total capital expenditure of \$100,000 will be financed via a grant from the Health Resources and Services Administration ("HRSA"), an agency of the United States Department of Health and Human Resources. *(November 14, 2003, CON Application, pages 12 and 13)*
15. The Center will bill for the proposed service. *(November 14, 2003, CON Application, page 11)*
16. The following table summarizes the projected revenues and expenses of the Center for the first three years of operations:

Table 1: Projected Revenues and Expenses for the Center

Description	Year 1	Year 2	Year 3
Federal Revenues	\$ 521,000	\$ 374,000	\$ 390,000
Revenues from Program/Operations	695,971	836,375	872,249
Other	-	-	-
Salary Expenses	619,119	669,400	708,775
Benefit Expenses	146,426	160,656	170,106
Other	331,585	380,319	383,368
Revenues over Expenses	\$ 119,841	0	0

(November 14, 2003, CON Application, Response to Question 14B)

17. Under the Applicants' Asset Purchase Agreement, the Center will receive the Existing Department's office equipment and supplies, the medical exam room equipment and supplies, charting supplies, and medical textbooks. The Center will also take custody of the medical records of the Hospital's patients that have received their services from the Existing Department. *(November 14, 2003, CON Application, Attachment I)*
18. By eliminating the Existing Department, the Hospital estimates an annual reduction in expenses of \$272,780, and an annual reduction in gross revenue of \$264,438. *(January 5, 2004, Completeness Response, page 4)*
19. The Center's projected payer mix for the first three years of operation is 45% from Medicaid, 32% from Medicare, 6% from commercial payers, and 17% from self-paying clients. *(November 14, 2003, CON Application, page 14)*
20. The Hospital will send a letter to each of the existing patients of the Hospital that have been treated by the Existing Department. The letter will explain to patients that the Center is no longer affiliated with the Hospital and that they may continue their relationship with the Center. *(November 14, 2003, CON Application, Attachment I)*
21. The Center has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(November 14, 2003, CON Application, Attachment C)*

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.:

16. There is no State Health Plan in existence at this time. *(November 14, 2003, CON Application, page 2)*
17. The Applicants have adduced evidence that the proposal is consistent with their long-range plans. *(November 14, 2003, CON Application, page 3)*
18. The Applicants have improved productivity and contained costs through group purchasing and the application of technology programs, including a MIS system and the Ryan White grant writing software. *(November 14, 2003, CON Application, pages 8 and 9)*
19. The proposal will not result in changes to the Applicants' current teaching and research responsibilities. *(November 14, 2003, CON Application, page 9)*
20. There are no distinguishing characteristics of the Applicants' patient/physician mix. *(November 14, 2003, CON Application, page 9)*

Rationale

The Community Health & Wellness Center of Greater Torrington (“Center”) and The Charlotte Hungerford Hospital (“Hospital”) propose to establish a federally qualified health center (“FQHC”). The total capital expenditure associated with this project is \$100,000.

FQHCs provide cost-effective and comprehensive primary and preventive health care to the uninsured and underserved. The FQHC will be located in a zone designated as a Primary Care Shortage Area and a Medically Underserved Area. As such, the center will serve fourteen municipalities located in the Greater Torrington and Litchfield Hills region. The project will address medical and demographic disparities through expanded access to services as well as screening and prevention initiatives. OHCA finds that this initiative will improve the overall quality of care to patients in the region.

The Center projects 5,000, 6,876, and 6,876 visits for Fiscal Years 2004, 2005, and 2006, respectively. After the first year of operation, the Center projects neither operational gains nor losses incremental to the project. Since FQHCs are qualified to receive federal grants, OHCA finds that the proposal is financially feasible.

Based on the foregoing Findings and Rationale, the Certificate of Need application of the Community Health & Wellness Center of Greater Torrington and The Charlotte Hungerford Hospital to establish a FQHC, is hereby **GRANTED**.

Order

The request of the Community Health & Wellness Center of Greater Torrington and The Charlotte Hungerford Hospital to establish a federally qualified health center, is approved subject to the following conditions:

1. The authorization shall expire on January 29, 2005. Should the Applicants' project not be implemented by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
2. The Applicants shall not exceed the approved capital cost of \$100,000. In the event that the Applicants learn of potential cost increases or expect that the final project costs will exceed those approved, the Applicants shall file with OHCA a request for approval of the revised budget.

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

Cristine Vogel
Commissioner