



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Bradley Memorial Hospital

Docket Number: 03-30168-CON

Project Title: Establishment of Hyperbaric Oxygen Therapy Services

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

Filing Date: November 28, 2003

Decision Date: January 2, 2004

Default Date: February 26, 2004

Staff: Steven Lazarus

Project Description: Bradley Memorial Hospital (“Hospital”) proposes to establish hyperbaric oxygen therapy services at a total proposed capital expenditure of \$154,564.

Nature of Proceedings: On November 28, 2003, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Bradley Memorial Hospital seeking authorization to establish hyperbaric oxygen therapy services at a total proposed capital expenditure of \$154,564. The Hospital 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 application 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 on the Hospital's Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Bradley Memorial Hospital ("Hospital") is an acute care hospital located at 81 Meriden Avenue, Southington Connecticut. *(August 26, 2003, Letter of Intent)*
2. The Hospital's primary service area consists of Southington, Meriden, Wallingford, Cheshire, Bristol and New Britain. *(November 28, 2003, Certificate of Need Application, pages 6)*
3. The Hospital proposes to establish a hyperbaric oxygen therapy service ("HBOT"), which includes the acquisition of a monoplace hyperbaric oxygen therapy chamber. *(August 26, 2003, Letter of Intent)*
4. The Wound Care Center ("Center") at the Hospital currently provides comprehensive wound management services including laboratory and radiological assessment, infection control, wound debridement, grafts, surgical repair, nutritional guidance and patient education. *(November 28, 2003, Certificate of Need Application, pages 5)*
5. The proposed HBOT is an adjunctive modality to be provided along with the conventional wound care offered at the Center. *(November 28, 2003, Certificate of Need Application, page 8)*
6. The undersea and hyperbaric medical Society defines HBOT as the intermittent administration of 100% oxygen inhaled while in an enclosed system at a pressure greater than sea level. The increased pressure changes the normal cellular respiration process and causes oxygen to dissolve in the plasma. This results in a substantial increase in tissue oxygenation. HBOT is beneficial because it stimulates the growth of new blood vessels and increases oxygenation that can arrest certain types of infections and enhance wound healing. *(November 28, 2003, Certificate of Need Application, page 5)*
7. Typically patients will receive HBOT treatments 5 days a week for up to 4 weeks. The treatment session can last between 90 minutes to 2 hours. *(November 28, 2003, Certificate of Need Application, page 5)*
8. Patients are required to travel to Norwalk Hospital, Hartford Hospital or Griffin Hospital to receive HBOT services. It is difficult for wound treatment patients to travel to these facilities for treatment and compliance becomes an issue. *(November 28, 2003, Certificate of Need Application, page 9)*

9. The Centers for Medicare and Medicaid (“CMS”) has recently expanded its coverage to include 15 conditions for which it approves the use of HBOT therapy including progressive necrotizing infection, chronic refractory osteomyelitis, osteoradionecrosis, soft tissue radionecrosis, and diabetic wounds of the lower extremities. *(November 28, 2003, Certificate of Need Application, page 12)*
10. The Hospital identified 432 adults diagnosed with diabetes in its primary service area who could benefit from HBOT treatment. *(November 28, 2003, Certificate of need Application, pages 11&34)*

Table 1: Diabetic Population in the Hospital's PSA

	FY 2004
Population with Diabetes	14,404
Diabetic Population with Chronic Wounds	2,161
Diabetic Population requiring HBOT	432

Incident Rates: Population with Diabetes 6.3%, Diabetic Pop. w/ Chronic Wounds 15%, Diabetic Pop. Requiring HBOT 20%

11. The actual and projected utilization statistics for the Center and the proposed HBOT program are listed below. The Hospital assumed an 8% annual growth rate in new patients and that 10% of the seen at the Center patients would receive HBOT treatment in developing its projections. *(November 28, 2003, Certificate of need Application, pages 8&30)*

Table 2: Bradley Wound Care Center Patient Activity FY 2001-FY 2006

	2001	2002	2003	2004*	2005	2006
Total Patients	97	181	251	275	293	316
Total Visits	654	1,736	2,550	2,754	2,974	3,212
HBOT Patients	0	0	0	14	29	32
Total HBOT Treatments	0	0	0	360	760	840

*Assumes HBOT service begins March 1, 2004

12. There are no existing providers of HBOT in the Hospital's primary service area. MidState Medical Center recently received authorization from OHCA to develop a Wound Care Center with HBOT in Meriden. The Hospital does not believe that the proposed HBOT service will have a significant impact on the forecasted patient volume, financial stability or quality of care of the MidState Medical Center's program. *(November 28, 2003, Certificate of need Application, pages 7)*
13. The proposed program's hours of operation will be 8:00 a.m. to 5:00 p.m. Monday through Friday. *(November 28, 2003, Certificate of need Application, pages 7)*

**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**

14. The proposal includes the following cost components:

Table 3: Total Proposed Capital Cost

Component	Cost
Medical Equipment (Purchase)	\$114,122
Non-Medical Equipment	\$4,592
Construction/Renovation	\$30,000
Delivery and Installation	\$5,850
Total Capital Expenditure	\$154,564

(November 28, 2003, Certificate of need Application, Revised Pages, page 19)

15. The Hospital will finance the proposal through its equity. *(November 28, 2003, Certificate of need Application, Revised Pages, page 21)*
16. The Hospital projects incremental gains from operations related to the proposal of \$133,733 for FY 2004, \$369,308 for FY 2005 and \$420,486 for FY 2006. *(November 28, 2003, Certificate of need Application, page 259, Financial proforma)*

**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.:

17. There is no State Health Plan in existence at this time. *(November 28, 2003, Certificate of need Application, page 5)*
18. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(November 28, 2003, Certificate of need Application, page 6)*
19. The Hospital has improved productivity and contained costs through group purchasing, energy conservation, reengineering and application of technology. *(November 28, 2003, Certificate of need Application, page 15)*
20. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(November 28, 2003, Certificate of need Application, page 17)*
21. There are no distinguishing or unique characteristics of the Hospital's patient/physician mix related to this proposal. *(November 28, 2003, Certificate of need Application, page 17)*

22. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(November 28, 2003, Certificate of need Application, pages 13&Attachment J)*

Rationale

Bradley Memorial Hospital (“Hospital”) proposes to establish a hyperbaric oxygen therapy service, which includes the acquisition of a monoplace hyperbaric oxygen therapy (“HBOT”) chamber.

The Wound Care Center (“Center”) at the Hospital currently provides comprehensive wound management services including laboratory and radiological assessment, infection control, wound debridement, grafts, surgical repair, nutritional guidance and patient education. The utilization at the Center has increased from 654 visits and 97 patients in FY 2001 to 2,550 visits and 251 patients in FY 2003. The proposed HBOT is an adjunctive modality to be provided along with the conventional wound care offered at the Center. The Centers for Medicare and Medicaid provides coverage for the use of HBOT therapy to include progressive necrotizing infection, chronic refractory osteomyelitis, osteoradionecrosis, soft tissue radionecrosis and diabetic wounds of the lower extremities. Additionally, the Hospital has identified 432 adults diagnosed with diabetes in its primary service area who could benefit from HBOT treatment. The Hospital is projecting that by FY 2006 The Center will experience total volume of 316 patients, 32 HBOT patients, 3,212 total visits, and 840 HBOT visits. The projections are based on the assumption that the Center will experience an annual growth in volume of 8% and that 10% of Center’s patients will receive HBOT treatment. Based on the historical utilization of the Center and the prevalence of diabetes in the service area, the projections appear to be reasonable and indicate that there is sufficient need for the proposal.

The Hospital’s primary service area consists of Southington, Meriden, Wallingford, Cheshire, Bristol and New Britain. The proposal will remedy a geographic barrier to access by providing HBOT services within the Hospital’s service area. Presently, there are no existing providers of HBOT in the Hospital’s primary service area and patients must travel to Norwalk, Griffin or Hartford Hospitals. Since the average course of treatment is 5 visits per week for approximately four weeks, it is difficult for the wound treatment patients to travel to these facilities for treatment and compliance 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 HBOT program addresses this concern and will improve both the quality and accessibility of wound care service in the primary service area.

The proposal has a total capital expenditure of \$154,564, which includes \$114,122 for medical equipment, \$4,592 for non-medical equipment, \$30,000 for construction/renovation and \$5,850 for delivery and installation. The Hospital will

finance the expenditure through its equity. The Hospital projects incremental gains from operations related to the proposal of \$133,733 for FY 2004, \$369,308 for FY 2005 and \$420,486 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.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Bradley Memorial Hospital to establish a hyperbaric oxygen service, which includes the acquisition a monoplace hyperbaric oxygen therapy chamber, at a total capital expenditure of \$157,564, is hereby GRANTED.

Order

Bradley Memorial Hospital ("Hospital) is hereby authorized to establish a hyperbaric oxygen therapy service including acquisition of a monoplace hyperbaric oxygen therapy chamber, at a total capital expenditure of \$154,564, subject to the following conditions:

1. This authorization shall expire on January 2, 2006. 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 \$154,564.

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 A. Vogel
Commissioner

CAV:sl