



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Bridgeport Hospital

Docket Number: 03-30181

Project Title: Establish a Mobile Lithotripsy Service under Bridgeport Hospital's License

Statutory Reference: Sections 19a-638 and 19a-639 of the Connecticut General Statutes

Filing Date: January 13, 2004

Decision Date: January 30, 2004

Default Date: April 12, 2004

Staff Assigned: Harold M. Oberg

Project Description: Bridgeport Hospital ("Hospital") proposes to establish a mobile lithotripsy service under Bridgeport Hospital's license, at a total capital cost of \$425,000. A mobile lithotripsy service has been provided at Bridgeport Hospital since June 2000 under the Yale-New Haven Hospital license as authorized under Docket Number 99-544 by the Office of Health Care Access on January 14, 2000. Bridgeport Hospital is seeking to establish a mobile lithotripsy service under its own license.

Nature of Proceedings: On January 13, 2004, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Bridgeport Hospital to establish a mobile lithotripsy service under Bridgeport Hospital's license, at a total capital cost of \$425,000. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

On January 13, 2004, the Hospital was informed that a notice to the public regarding OHCA's receipt of the Hospital's Letter of Intent ("LOI") to file its CON application would be published in *The Connecticut Post* of Bridgeport pursuant to Sections 19a-638 and 19a-639, C.G.S. as amended by Section 1 of Public Act 03-17. OHCA received no comments from the public concerning the Hospital's LOI or CON application.

OHCA's authority to review and approve, modify or deny the CON application is established by Sections 19a-638 and 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

Clear Public Need

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

1. Bridgeport Hospital ("Hospital") is an acute care general hospital located at 267 Grant Street in Bridgeport, Connecticut. The Hospital's total licensed bed capacity of 425 beds and bassinets includes 395 licensed beds and 30 licensed bassinets. (*January 13, 2004 CON Application, Page 42*)
2. On January 14, 2000, Yale-New Haven Hospital ("YNHH") received authorization from the Office of Health Care Access ("OHCA") under Docket Number 99-544 to expand its mobile lithotripsy service to three additional acute care hospital locations, with Bridgeport Hospital being one of these three service locations. A mobile lithotripsy service began to be offered at Bridgeport Hospital under YNHH's license during June 2000. (*January 13, 2004 CON Application, Page 4*)
3. The Hospital proposes to establish a mobile lithotripsy service under Bridgeport Hospital's license, at a total capital cost of \$425,000. Bridgeport Hospital is seeking to establish a mobile lithotripsy service under its own license rather than under YNHH's license. (*January 13, 2004 CON Application, Pages 1 and 2*)
4. Under the Hospital's current agreement with YNHH, the billing function falls under the control of YNHH due to the mobile lithotripsy service being operated at Bridgeport Hospital under YNHH's license. This arrangement leads to confusion among Bridgeport Hospital's patients because the service is provided at Bridgeport Hospital, the patient is registered and pre-screened by Bridgeport Hospital staff, and the urologist is a Bridgeport Hospital physician, while the bill for services rendered is sent to the patient from YNHH. (*September 15, 2003 Letter of Intent, Project Description*)
5. Operating the mobile lithotripsy service under Bridgeport Hospital's license would eliminate confusion resulting from current billing arrangements and would increase patient satisfaction. Also, controlling the registration, scheduling and billing functions at Bridgeport Hospital would simplify the Hospital's administrative processes by eliminating manually prepared monthly invoices and the need to send billing and demographic information to YNHH. (*January 13, 2004 CON Application, Page 3*)
6. The Hospital will contract with Greater Bridgeport Lithotripsy, LLC on a per procedure basis for the use of the lithotripsy equipment. The equipment to be used for the CON proposal will be the lithotripter currently used at Bridgeport Hospital, which is a Dornier Compact Delta lithotripter. The Hospital will also contract with Greater

Bridgeport Lithotripsy, LLC for other services including medical direction, quality management, equipment maintenance and appropriate support personnel. *(January 13, 2004 CON Application, Page 11)*

7. The Hospital's primary and secondary service area includes the cities and towns of Ansonia, Bethel, Bridgeport, Derby, Easton, Fairfield, Milford, Monroe, Newtown, Orange, Redding, Seymour, Shelton, Stratford, Trumbull, Weston, Westport and Wilton. *(January 13, 2004 CON Application, Page 3)*
8. The Hospital's proposal to establish a mobile lithotripsy service under Bridgeport Hospital's license will serve the same service area and patient population as the existing mobile lithotripsy service that is provided under YNHH's license. *(January 13, 2004 CON Application, Page 4)*
9. The actual number of lithotripsy procedures provided by the existing mobile lithotripsy service at Bridgeport Hospital under YNHH's license was 67 procedures in FY 2000, 160 procedures in FY 2001, 133 procedures in FY 2002 and 162 procedures in FY 2003. *(January 26, 2004 Supplemental CON Application Filing, Page 1)*
10. The Hospital's projected lithotripsy procedure volume for FY 2004, FY 2005 and FY 2006 is as follows: *(January 26, 2004 Supplemental CON Application Filing, Page 3)*

Table 1: Hospital's Projected Lithotripsy Procedures for FY 2004, FY 2005 and FY 2006

Description	FY 2004	FY 2005	FY 2006
Lithotripsy Procedures: With the CON Proposal	120	160	160
Lithotripsy Procedures: Without the CON Proposal	0	0	0
Lithotripsy Procedures: Incremental to CON Proposal	120	160	160

11. The Hospital will utilize the quality guidelines established by the American Lithotripsy Society concerning extracorporeal renal lithotripsy, criteria for patient selection, pretreatment evaluation, treatment parameters and post treatment evaluation of lithotripsy patients. *(January 13, 2004 CON Application, Pages 6 and 7)*
12. The Hospital intends to maintain the existing schedule of days and hours of operation for the mobile lithotripsy service, which will be provided on Thursday from 8:00 am to 3:30 pm. The availability of the lithotripsy service will be expanded as needed to accommodate increases in patient demand. *(January 13, 2004 CON Application, Page 5)*

Financial Feasibility and Cost Effectiveness 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 the Payers for Such Services

13. The total capital cost of \$425,000 for the CON proposal represents the estimated fair market value of the Dornier Compact Delta lithotripter to be utilized by Greater Bridgeport Lithotripsy, LLC to provide the proposed lithotripsy services. *(January 13, 2004 CON Application, Pages 10 and 11)*

14. The CON proposal's total capital cost of \$425,000 will be financed entirely through a leasing agreement on a per procedure basis between the Hospital and Greater Bridgeport Lithotripsy, LLC. *(January 13, 2004 CON Application, Page 11)*
15. The Hospital projects incremental revenue from operations, total operating expense and gains from operations associated with the CON proposal as follows: *(January 26, 2004 Supplemental CON Application Filing, Page 3)*

Table 2: Hospital's Incremental Financial Projections for FY 2004, FY 2005 and FY 2006

Description	FY 2004	FY 2005	FY 2006
Incremental Revenue from Operations	\$281,000	\$374,000	\$374,000
Incremental Total Operating Expense	264,000	352,000	352,000
Incremental Gain from Operations	\$ 17,000	\$ 22,000	\$ 22,000

16. The assumptions used by the Hospital in developing the financial projections included volume projections of 160 lithotripsy procedures per year, which is based upon the historic annual volume of lithotripsy procedures performed at the Bridgeport Hospital service location, and an anticipated project implementation date of February 1, 2004. *(January 13, 2004 CON Application, Pages 5 and 14)*
17. The Hospital's projected payer mix for the first three years of operation of the proposed mobile lithotripsy service is as follows: *(January 13, 2004 CON Application, Page 13)*

Table 3: Hospital's Three-Year Projected Payer Mix

Description	Year 1	Year 2	Year 3
Medicare	51.4%	51.4%	51.4%
Medicaid	14.9%	14.9%	14.9%
TriCare (CHAMPUS)	0.0%	0.0%	0.0%
Total Government	66.3%	66.3%	66.3%
Commercial Insurers	31.9%	31.9%	31.9%
Self-Pay	1.8%	1.8%	1.8%
Workers Compensation	0.0%	0.0%	0.0%
Total Non-Government	33.7%	33.7%	33.7%
Uncompensated Care	0.0%	0.0%	0.0%
Total Payer Mix	100.0%	100.0%	100.0%

Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

The following findings are made pursuant to the principles and guidelines set forth in Section 19a-637, C.G.S.:

18. There is no State Health Plan in existence at this time. *(January 13, 2004 CON Application, Page 2)*
19. The Hospital has adduced evidence that the proposal is consistent with the Hospital's long-range plan. *(January 13, 2004 CON Application, Page 2)*

20. The Hospital has improved productivity and contained costs by undertaking activities involving energy conservation, group purchasing, reengineering and the application of new technology. *(January 13, 2004 CON Application, Page 8)*
21. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(January 13, 2004 CON Application, Page 8)*
22. There are no distinguishing or unique characteristics of the Hospital's patient/physician mix related to the proposal. *(January 13, 2004 CON Application, Page 8)*
23. The Hospital has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(January 13, 2004 CON Application, Attachment II, Pages 21 through 40)*

Rationale

Bridgeport Hospital ("Hospital") proposes to establish a mobile lithotripsy service under Bridgeport Hospital's license, at a total capital cost of \$425,000. On January 14, 2000, the Office of Health Care Access ("OHCA") granted a Certificate of Need ("CON") under Docket Number 99-544 to Yale-New Haven Hospital ("YNHH") to expand its mobile lithotripsy service to three additional acute care hospital locations, with Bridgeport Hospital being one of these three service locations. A mobile lithotripsy service began to be offered at Bridgeport Hospital under YNHH's license during June 2000. Bridgeport Hospital is seeking to establish a mobile lithotripsy service under its own license rather than under YNHH's license.

Under the Hospital's current agreement with YNHH, the billing function falls under the control of YNHH due to the mobile lithotripsy service being operated at Bridgeport Hospital under YNHH's license. This arrangement leads to confusion among Bridgeport Hospital's patients because the service is provided at Bridgeport Hospital, the patient is registered and pre-screened by Bridgeport Hospital staff, and the urologist is a Bridgeport Hospital physician, while the bill for services rendered is sent to the patient from YNHH. Operating the mobile lithotripsy service under Bridgeport Hospital's license would eliminate confusion resulting from current billing arrangements and would increase patient satisfaction. Also, controlling the registration, scheduling and billing functions at Bridgeport Hospital would simplify the Hospital's administrative processes by eliminating manually prepared monthly invoices and the need to send billing and demographic information to YNHH.

The Hospital will contract with Greater Bridgeport Lithotripsy, LLC on a per procedure basis for the use of the lithotripsy equipment. The equipment to be used for the CON proposal will be the lithotripter currently used at Bridgeport Hospital, which is a Dornier Compact Delta lithotripter. The Hospital will also contract with Greater Bridgeport Lithotripsy, LLC for other services including medical direction, quality management, equipment maintenance and appropriate support personnel.

The Hospital's primary and secondary service area includes the cities and towns of Ansonia, Bethel, Bridgeport, Derby, Easton, Fairfield, Milford, Monroe, Newtown, Orange, Redding, Seymour, Shelton, Stratford, Trumbull, Weston, Westport and Wilton. The Hospital's proposal to establish a mobile lithotripsy service under Bridgeport Hospital's license will serve the same service area and patient population as the existing mobile lithotripsy service that is provided under YNHH's license. The Hospital projects incremental volume of 120 lithotripsy procedures in FY 2004, 160 lithotripsy procedures in FY 2005 and 160 lithotripsy procedures in FY 2006 associated with the CON proposal.

The Hospital will utilize the quality guidelines established by the American Lithotripsy Society concerning extracorporeal renal lithotripsy, criteria for patient selection, pretreatment evaluation, treatment parameters and post treatment evaluation of lithotripsy patients. The Hospital intends to maintain the existing schedule of days and hours of operation for the mobile lithotripsy service, which will be provided on Thursday from 8:00 am to 3:30 pm. The availability of the lithotripsy service will be expanded as needed to accommodate increases in patient demand. Based on the foregoing reasons, OHCA finds that there is a clear public need for the Hospital's CON proposal, and that the CON proposal will maintain both the quality and accessibility of existing lithotripsy services in the Bridgeport region.

The total capital cost of \$425,000 for the CON proposal represents the estimated fair market value of the Dornier Compact Delta lithotripter to be utilized by Greater Bridgeport Lithotripsy, LLC to provide the proposed lithotripsy services and will be financed entirely through a leasing agreement on a per procedure basis between the Hospital and Greater Bridgeport Lithotripsy, LLC. The Hospital projects incremental gains from operations of \$17,000 in FY 2004, \$22,000 in FY 2005 and \$22,000 in FY 2006 due to the CON proposal. The Hospital's volume projections and the financial projections upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Bridgeport Hospital to establish a mobile lithotripsy service under Bridgeport Hospital's license, at a total capital cost of \$425,000, is hereby granted.

Order

Bridgeport Hospital (“Hospital”) is hereby authorized to establish a mobile lithotripsy service under Bridgeport Hospital’s license, at a total capital cost of \$425,000, subject to the following conditions:

1. This authorization shall expire on January 31, 2006. Should the Hospital’s project to establish a mobile lithotripsy service under Bridgeport Hospital’s license not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The approved total capital cost for the Hospital’s project is \$425,000.

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,
January 30, 2004

Signed by,
Cristine A. Vogel
Commissioner

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Table Descriptions

Bridgeport Hospital
Establish a Mobile Lithotripsy Service under Bridgeport Hospital's License
CON Final Decision, Docket Number 03-30181

Table 1

Title: Hospital's Projected Lithotripsy Procedures for FY 2004, FY 2005 and FY 2006
The Hospital's projected number of lithotripsy procedures with the CON proposal is 120 in FY 2004, 160 in FY 2005 and 160 in FY 2006. The Hospital's projected number of lithotripsy procedures without the CON proposal is 0 in FY 2004, 0 in FY 2005 and 0 in FY 2006. The Hospital's projected number of lithotripsy procedures incremental to the CON proposal is 120 in FY 2004, 160 in FY 2005 and 160 in FY 2006.

Table 2

Title: Hospital's Incremental Financial Projections for FY 2004, FY 2005 and FY 2006
The projected incremental revenue from operations for the CON proposal is \$281,000 in FY 2004, \$374,000 in FY 2005 and \$374,000 in FY 2006. The projected incremental total operating expense for the proposal is \$264,000 in FY 2004, \$352,000 in FY 2005 and \$352,000 in FY 2006. The projected incremental gain from operations for the proposal is \$17,000 in FY 2004, \$22,000 in FY 2005 and \$22,000 in FY 2006.

Table 3

Title: Hospital's Three-Year Projected Payer Mix
The projected payer mix remains constant in each category for the first three years of operation of the mobile lithotripsy service under Bridgeport Hospital's license. Total Government reimbursement is projected to account for 66.3% of total reimbursement with Medicare at 51.4%, Medicaid at 14.9% and TriCare (CHAMPUS) at 0.0%. Total Non-Government reimbursement is projected to account for 33.7% of total reimbursement with Commercial Insurers at 31.9%, Self-Pay Patients at 1.8% and Workers Compensation at 0.0%. Uncompensated Care is projected to be 0.0% of total reimbursement.