



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Southwest Community Health Center, Inc.

Docket Number: 04-30308-CON

Project Title: Establishment of a New Primary Care and Administrative Services Headquarters in Bridgeport

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

Filing Date: November 16, 2004

Decision Date: January 31, 2005

Default Date: February 14, 2005

Staff Assigned: Jack Huber

Project Description: Southwest Community Health Center, Inc. proposes to establish a new primary care and administrative services headquarters through the acquisition and renovation of an existing building, located at 968 Fairfield Avenue, Bridgeport, at a total capital expenditure of \$5,026,000.

Nature of Proceedings: On November 16, 2004, the Office of Health Care Access (“OHCA”) received a completed Certificate of Need (“CON”) application from Southwest Community Health Center, Inc. (“Applicant”) seeking authorization to establish a new primary care and administrative services headquarters through the acquisition and renovation of an existing building, located at 968 Fairfield Avenue, Bridgeport, at a total capital expenditure of \$5,026,000. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning OHCA’s receipt of the Applicant’s CON application was published in the *Connecticut Post* (Bridgeport) on October 15, 2004. OHCA received no response from the public concerning the Applicant’s proposal.

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. Southwest Community Health Center, Inc. ("Applicant" or "Health Center") is a federally qualified health center providing medical, dental and behavioral health services to the medically underserved, uninsured and impoverished residing in the southwestern sections of Bridgeport, Connecticut. *(October 12, 2004, CON Application, page 1)*
2. Since its inception in 1976, the Health Center's primary care service sites have been expanded to meet the health care needs of the population served. In 2003, the Applicant provided 58,653 patient visits from its four (4) service center sites and nine (9) homeless shelter clinics. The Applicant's primary service centers are located at the following sites: *(October 12, 2004, CON Application, page 1)*
 - 361 Bird Street
 - 510 Clinton Avenue
 - Marina Village
 - 1046 Fairfield Avenue – Behavioral Health Services only
3. The Applicant currently provides the following array of health care services at its service sites and clinics: pediatrics, internal medicine, nutrition, dental services, behavioral health evaluations, child therapy, counseling and social services. *(October 12, 2004, CON Application, page 2)*
4. The Health Center is proposing to establish a new primary care and administrative services headquarters through the acquisition and renovation of an existing building, located at 968 Fairfield Avenue, Bridgeport, at a total capital expenditure of \$5,026,000. *(October 12, 2004, CON Application, page 1)*
5. The Health Center's primary service area includes the following twelve (12) census tracts, located in southwestern quadrant of Bridgeport. Each of the census tracts has been federally designated as a Health Professional Shortage Area and Medically Underserved Area ("HPSA/MUA"). *(October 12, 2004, CON Application, page 1 and Attachment 2)*

Table 1: Census Tracts that Comprise the Applicant's Service Area

702	703	704	705
706	709	710	711
712	713	714	716

6. The Applicant's current headquarters is located at 361 Bird Street, Bridgeport, in the southwestern portion of the center's service area, adjacent to the low income P.T. Barnum Housing complex. A converted school building serves as the existing headquarters, which is leased from the Bridgeport Housing Authority. *(October 12, 2004, CON Application, page 1)*
7. The Health Center proposes to relocate its primary care and administrative services headquarters to 968 Fairfield Avenue, Bridgeport, in order to accomplish the following:
 - to provide services in a facility that allows for additional treatment space and greater efficiencies through improved workflow design;
 - to expand services to meet the growing needs of the community; and
 - to provide services at a site that is more centrally located to the individuals residing in the service area. *(October 12, 2004, CON Application, page 1)*
8. The older design of the current headquarters has limited the Health Center's options in addressing and/or resolving workflow inefficiencies, space problems and service expansion considerations. *(October 12, 2004, CON Application, page 1)*
9. The redesigned building at 968 Fairfield Avenue will consist of approximately 20,000 square feet and will provide space for clinical and administrative services in a two story structure with a partial basement. *(October 12, 2004, CON Application, project schematics)*
10. The Applicant stated that the relocated primary care headquarters will address the shift in the residency pattern within the center's service area. A significant percentage of the service area residents have migrated from the area immediately surrounding the Bird Street clinic to neighborhoods in the central and northern portions of the center's service area. This migration was due, in part, to the elimination of hundreds of housing units in the south and west ends of Bridgeport. *(October 12, 2004, CON Application, pages 1 & 2)*
11. As the Bird Street clinic remains critically important as a site of accessible health care for the residents of the P.T. Barnum neighborhood, the Applicant intends to continue providing medical, dental, behavioral health and support services at this clinic, albeit in a downsize format as a satellite operation. *(October 12, 2004, CON Application, page 1)*
12. The Applicant intends to conduct an aggressive outreach campaign to educate the area residents as to the array of services to be offered and the accessibility they will have to the new site. *(October 12, 2004, CON Application, page 7)*
13. The proposed service site is located on one of Bridgeport's major east to west thoroughfares and is easily accessible by bus and car. A public bus stop is located in front

of the proposed facility. The site is well situated for pedestrian traffic with an elderly apartment complex located across the street and day care centers, social service agencies and several churches located within a few blocks of the proposed site. *(October 12, 2004, CON Application, page 2)*

14. Patients of the Health Center, who currently utilize the behavioral health and substance abuse services offered at the 1046 Fairfield Avenue site, will have easy access to the proposed service site in that the behavioral health building is situated one lot away from the proposed headquarters. *(October 12, 2004, CON Application, page 7)*

15. The Health Center's actual utilization statistics for fiscal years ('FY') 2001 through FY 2003 are presented in the following table:

Table 2: Actual Demand for Health Center Services

Service Description:	Actual Visits		
	FY 2001	FY 2002	FY 2003
Medical Services	33,033	34,515	35,297
Dental Services	8,770	7,165	8,792
Behavioral Health Services	11,466	12,655	14,564
Total Actual Visits	53,269	54,335	58,653

(November 16, 2004, Completeness Responses, page 3)

16. The Health Center's projects the following utilization statistics for the first three years of operating with the relocated headquarters:

Table 3: Projected Demand for Health Center Services

Service Description:	Projected Visits		
	Year 1	Year 2	Year 3
Medical Services	39,413	39,574	46,834
Dental Services	17,901	21,098	21,098
Behavioral Health Services	18,214	19,354	19,354
Total Projected Visits w/ Project	75,528	80,026	87,286

17. All facility sites and clinic sites of the Health Center are licensed by the Connecticut Department of Public Health. The Applicant is accredited by the Joint Commission on Accreditation of Health Care Organizations. *(June 14, 2004, Letter of Intent, page 8 and October 12, 2004, CON Application, Attachment 5B)*

18. During the Applicant's last JCAHO accreditation survey in November 2002, the federal reviewers concurred with the Health Center Board of Director's strategic planning goal by finding that the purchase of a new main facility was essential for the center's long term growth and viability. *(October 12, 2004, CON Application, page 2 and Attachment 2)*

19. There are no private primary care physicians within the service area that accept Medicaid or the uninsured client. *(October 12, 2004, CON Application, page 7)*

20. The Park City Primary Care Center, formerly operated jointly by Bridgeport Hospital and St. Vincent's Hospital and now operated by Bridgeport Community Health Center, is located within the Applicant's service area. *(October 12, 2004, CON Application, page 7)*

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

21. The proposed total capital expenditure of \$5,026,000 for the project includes the following capital cost components:

Table 4: Proposed Total Capital Expenditure for the Project

Description:	\$ Amount
Renovation Costs	4,293,000
Land Purchase	450,000
Dental Equipment	225,000
Total Capital Expenditure	\$4,968,000
Capitalized Financing Cost	58,000
Total Capital Expenditure w/ Cap. Fin. Costs	\$5,026,000

(October 12, 2004, CON Application, page 5)

22. The Applicant proposes to begin renovation work in early 2005. The entire project will be completed by late summer/early fall of 2005. *(October 12, 2004, CON Application, page 6)*
23. The total capital expenditure of the project will be financed up to ninety percent through debt financing, while the remainder will be covered by Applicant equity and state bond funding. The State of Connecticut will be funding \$250,000 of the proposal's equipment and renovation costs through its \$2 million, fall 2004 initiative to expand community access to dental care, especially for children and those without easy access to dentists, in eleven (11) selected Connecticut cities and towns. *(October 12, 2004, CON Application, page 6 and November 16, 2004, Completeness Responses, pages 5 & 6)*
24. The following table summarizes the Health Center's FY 2004 actual and projected revenues, expenses and revenue over/(under) with the proposal for the first three years of operating with the relocated headquarters: *(November 16, 2004, Completeness Responses, page 2)*

Table 5: FY 2004 Actual and Projected Financials for Operating Years 1 through 3

Description	FY 2004	Year 1	Year 2	Year 3
Revenue from Operations	\$4,448,000	\$5,801,200	\$6,331,000	\$6,964,400
Non-Operating Revenue	\$2,656,000	\$2,610,600	\$2,671,100	\$2,726,600
Total Revenue	\$7,104,000	\$8,411,600	\$9,002,600	\$9,691,000
Total Operating Expense	\$6,902,000	\$8,292,700	\$8,857,100	\$9,385,500
Revenue Over/(Under) Expenses	\$202,000	\$119,100	\$145,500	\$305,500

25. The Health Center’s current and projected payer mix percentages during the first three years of operating the relocated headquarters is as follows:

Table 6: Current and Three-Year Projected Payer Mix

Payer	Current	FY 1	FY 2	FY 3
Medicare	6.5	7.0	7.0	7.0
Medicaid	56.0	54.5	53.0	53.0
TriCare	0	0	0	0
Total Gov’t. Payers	62.5	61.5	60.0	60.0
Commercial Insurers	7.0	7.5	8.0	8.0
Self-Pay	30.5	31.0	32.0	32.0
Workers’ Compensation	0	0	0	0
Total Non-Gov’t. Payers	37.5	38.5	40.0	40.0
Uncompensated Care	0	0	0	0
Total Payer Mix	100%	100%	100%	100%

(October 12, 2004, CON Application, page 7)

26. The Health Center plans to hire 13.0 full time equivalents (“FTEs”) over the course of the first three years of operating the relocated headquarters as follows: Year 1= 7.0 FTEs to fully staffed the dental center; Year 2 = 3.0 FTEs for 2 administrative and 1 clinical staff members; and Year 3 = 3.0 FTEs for three clinical staff members. *(November 16, 2004, Completeness response, pg. 2)*

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.:

27. There is no State Health Plan in existence at this time. *(October 12, 2004, CON Application, page 2)*

28. The acquisition of an additional facility, to serve as a new headquarters, has been a strategic planning goal of the Health Center's Board of Directors since 1999, when the board identified the need to relocate its main site to a location that is more centrally located and accessible within the service area. *(October 12, 2004, CON Application, pg. 1)*
29. The Health Center has improved productivity and contained costs by:
(October 12, 2004, CON Application, page 3)
 - undertaking energy conservation measures regarding its facilities;
 - participating in activities involving the application of new technology;
 - offering and promoting staff development; and
 - employing group purchasing practices in its procurement of supplies and equipment.
30. The proposal will not result in any change to the Health Center's teaching and research responsibilities. *(October 12, 2004, CON Application, page 4)*
31. The Health Center's current and proposed patient/physician mix is similar to that of other federally qualified community health centers. *(October 12, 2004, CON Application, Addendum, pages 8 & 9)*
32. The Hospital has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(October 12, 2004, CON Application, page 3)*

Rationale

Southwest Community Health Center, Inc. ("Applicant" or "Health Center") is proposing to establish a new primary care and administrative services headquarters through the acquisition and renovation of an existing building, located at 968 Fairfield Avenue, Bridgeport, at a total capital expenditure of \$5,026,000. The Health Center proposes to relocate its primary care and administrative services headquarters from 361 Bird Street to 968 Fairfield Avenue in Bridgeport, in order to provide services in a facility that allows for additional treatment space and greater efficiencies through improved workflow design; expand services to meet the growing needs of the community; and provide services at a site that is more centrally located to the individuals residing in the service area.

The new primary care and administrative services headquarters will consist of approximately 20,000 square feet and will provide suitable space for clinical and administrative services in a two story structure with a partial basement. The relocated headquarters will address the shift in the residency pattern within the center's service area. The acquisition of an additional facility to serve as a new headquarters has been a strategic planning goal of the Health Center's Board of Directors since 1999, when the board identified the need to relocate its main site to a location that is more centrally located and accessible within the service area. Additionally, the need to establish a new primary care headquarters is based on the desire of the Health Center to provide future service in a more modernized physical plant. The older design of the current

headquarters has limited the Health Center's options in addressing and/or resolving workflow inefficiencies, space problems and service expansion considerations.

The proposed service site is appropriately located on one of Bridgeport's major east to west thoroughfares and is easily accessible by bus and car. A public bus stop is located in front of the proposed facility. In addition, patients of the Health Center, who currently utilize the behavioral health and substance abuse services offered at the 1046 Fairfield Avenue site, will be in close proximity to the other medical and dental health services provided by the center, as each of the service buildings are within a short walking distance of one another.

Based on the above, OHCA finds that the Health Center has demonstrated that its proposal to establish a new primary care and administrative services headquarters is needed for the Health Center to continue to provide patient services at a high level of quality, and that the proposal will contribute to the accessibility of health services in the region.

The capital expenditure for the proposal is \$5,026,000 and the proposal will be financed through debt financing, equity contribution, state bond funding. The Health Center projects incremental gains from operations in the earlier years of the proposal's implementation period. The volume projections and the financial projections appear to be reasonable and achievable. Therefore, OHCA finds that the Applicant's proposal will not only improve the quality and accessibility of its patient services, but that the proposal is both financially feasible and cost-effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Southwest Community Health Center, Inc., to establish a new primary care and administrative services headquarters through the acquisition and renovation of an existing building, located at 968 Fairfield Avenue in Bridgeport, at a total capital expenditure of \$5,026,000, is hereby GRANTED.

Order

Southwest Community Health Center, Inc. (“Health Center”) is hereby authorized to establish a new primary care and administrative services headquarters through the acquisition and renovation of an existing building, located at 968 Fairfield Avenue, Bridgeport, at a total capital expenditure of \$5,026,000, subject to the following conditions:

1. This authorization shall expire on January 31, 2006. Should the new primary care and administrative services headquarters not be completed by that date, the Health Center must seek further approval from OHCA to complete the project beyond that date.
2. The Health Center shall not exceed the approved total capital expenditure of \$5,026,000. In the event that the Health Center learns of potential cost increases or expects that final project costs will exceed those approved, the Health Center shall file with OHCA a request for approval of the revised CON project 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

January 31, 2005

Signed by Cristine A. Vogel
Commissioner

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