



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Lawrence and Memorial Hospital

Docket Number: 04-30348-CON

Project Title: Proposal to Discontinue the Ob-Gyn Clinic

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

Filing Date: February 4, 2005

Hearing Date: March 23, 2005

Presiding Officer: Cristine A. Vogel

Intervenor: Permanent Commission on the Status of Women

Decision Date: May 4, 2005

Default Date: May 5, 2005

Staff Assigned: Laurie K. Greci

Project Description: Lawrence and Memorial Hospital (“Hospital”) proposes to discontinue its Ob-Gyn (Obstetrical and Gynecological) Clinic at no associated capital expenditure.

Nature of Proceedings: On February 4, 2005, the Office of Health Care Access (“OHCA”) received Lawrence and Memorial Hospital’s Certificate of Need (“CON”) application to discontinue its Ob-Gyn (Obstetrical and Gynecological) Clinic at no associated capital expenditure. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public regarding OHCA's receipt of the Hospital's Letter of Intent was published in the *The Day* (New London) on August 6, 2004. OHCA received several responses from the public requesting that a hearing be held on the Hospital's CON application.

Pursuant to C.G.S. Section 19a-638 a public hearing regarding the CON application was held in New London on March 23, 2005. The Hospital was notified of the date, time and place of the hearing, and a notice to the public was published in *The Day* on March 5, 2005. Commissioner Cristine A. Vogel served as Presiding Officer for this case. The public hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and C.G.S. Section 19a-638.

The Permanent Commission on the Status of Women petitioned for Intervenor status and was granted Intervenor status with full rights of cross-examination by the Presiding Officer.

The Presiding Officer heard testimony from the Hospital's and the Intervenor's witnesses and, in rendering this decision, considered the entire record of the proceeding. OHCA's authority to review and approve, modify or deny the CON 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 of the Proposal on the Hospital's Current Utilization Statistics Contribution of the Proposal to the Quality, Accessibility and Cost Effectiveness of Health Care Delivery in the Region

1. Lawrence and Memorial Hospital ("Hospital") is a non-profit acute care hospital located at 365 Montauk Avenue in New London, Connecticut. (*July 30, 2004, Letter of Intent, page 1*)
2. The Hospital's primary service area includes the towns of East Lyme, Groton, Ledyard, Lyme, Montville, New London, North Stonington, Old Lyme, Stonington and Waterford. The Hospital's secondary service area includes the towns of Bozrah, Colchester, Franklin, Griswold, Lisbon, Norwich, Preston, Salem and Voluntown. (*December 23, 2004, CON Application, page 35*)
3. The Hospital proposes to discontinue the outpatient Ob-Gyn Clinic ("Clinic") located on its campus on Montauk Avenue. (*December 23, 2004, CON Application, page 32*)
4. During Fiscal Year ("FY") 2002, financial review of the Clinic's operations indicated an annual operating loss of nearly one million dollars. (*December 23, 2004, CON Application, page 34*)

Clinic Volume

5. The historical volume for past three years at the Clinic are provided in the following table:

Table 1: Clinic Visits by Service and Fiscal Year

Visits by Service	FY 2002	FY 2003	FY 2004
Obstetrical	3,501	3,869	4,253
Gynecological	2,243	1,785	1,558
Total	5,744	5,654	5,811

(December 23, 2004, CON Application, page 33)

6. The number of obstetrical visits reported by patient's town of residence is given in the following table:

Table 2: Obstetrical Visits by Patient's Town of Residence

Location	Number of Visits in FY		
	2002	2003	2004
Groton	877	949	863
New London	1,682	1,836	1,947
Other Towns in New London County (excluding Groton and New London)	879	1,013	1,316
Other Towns in Connecticut	20	63	102
Other	43	8	25
Total	3,501	3,869	4,253

(December 23, 2004, CON Application, page 174)

7. The number of gynecological visits reported by patient's town of residence is given in the following table:

Table 3: Gynecological Visits by Patients Town of Residence

Location	Number of Visits in FY		
	2002	2003	2004
Groton	421	379	326
New London	1,214	944	774
Other Towns in New London County (excluding Groton and New London)	576	439	429
Other Towns in Connecticut	21	14	21
Other	11	9	8
Total	2,243	1,785	1,558

(December 23, 2004, CON Application, page 173)

8. Residents of the towns within the primary service area make nearly 98%¹ of the total annual visits to the Clinic. Resident in the towns of New London and Groton make 70%² of the annual obstetrical visits and 73%³ of the annual gynecological visits. *(December 23, 2004, CON Application, page 35)*
9. The following table provides the number of Clinic patients discharged from the Clinic under DRG Codes 370 to 374, the codes for caesarean sections and vaginal deliveries.

Table 4: Discharge DRG Code 370 to 374 by Year

Payer	2002	2003	2004
Medicaid Managed Care	195	184	183
Self Pay	21	37	59
CHAMPUS	23	22	20
Blue Cross	18	40	18
Commercial	16	12	16
Health Maintenance Organization	10	16	14
Medicaid	12	10	10
Preferred Provider Organization	3	6	4
Other	0	2	1
Medicare	0	1	0
Total	298	330	325

(December 23, 2004, CON Application, page 54)

10. In 2004, the Clinic's patients represented 19% (325 out of 1,695) of the total discharges from the Hospital for DRG Codes 370 to 374. Government payers consisting of Medicaid, Medicaid Managed Care, and Medicare accounted for 21% of all Hospital discharges and 62% of the Clinic discharges *(December 23, 2004, CON Application, page 54)*
11. The following table provides the number of Clinic patients discharged from the Clinic under non-maternity DRGs, i.e. excluding 370 to 374.

Table 5: Discharge DRG Codes, excluding 370 to 374 by Year

Payer	2002	2003	2004
Blue Cross	0	3	2
CHAMPUS	1	2	1
Commercial	4	2	1
Health Maintenance Organization	3	4	2
Medicaid	5	6	2

¹ Percentage is calculated on the total number of visits reported for Groton, New London and the other towns in New London County in Tables 2 and Table 3.

² Percentage is calculated on the total number of visits reported for Groton and New London in Table 2.

³ Percentage is calculated on the total number of visits reported for Groton and New London in Table 3.

Payer	2002	2003	2004
Medicaid Managed Care	19	14	20
Medicare	2	0	0
Other	0	0	0
Preferred Provider Organization	2	0	0
Self Pay	7	6	7
Total	43	37	35

(December 23, 2004, CON Application, page 54)

12. In 2004, the Clinic's patients represented 9% (35 out of 372) of the total discharges from the Hospital, excluding Diagnosis Related Group ("DRG") Codes 370 to 374. Government payers consisting of Medicaid, Medicaid Managed Care, and Medicare accounted for 25% of all Hospital discharges and 60% of the Clinic discharges
(December 23, 2004, CON Application, page 54)

Current Services Offered at the Clinic

13. The Clinic currently provides outpatient Ob-Gyn care. The Clinic's staff is on site for patients Monday through Friday from 8:00 a.m. to 5:00 p.m. The Clinic is staffed by a nurse midwife or an advanced practice registered nurse 36 hours a week. The nurses are supervised by an Ob-Gyn physician, who also sees patients, as referred, approximately four hours per week. *(December 23, 2004, CON Application, pages 49 and 50)*
14. The Clinic provides each patient with a thorough nursing assessment. Those patients identified as high-risk for social, nutritional or medical co-morbidities, are referred to the social workers, dieticians or an appropriate follow-up with the physician provider during pregnancy. *(December 23, 2004, CON Application, page 49)*
15. Social workers counsel approximately 75% of the patients seen in the Clinic, and of those, approximately 75% are counseled more than once. *(December 23, 2004, CON Application, page 51)*
16. The risk factors for social work referrals include, but are not limited to, recent or current history of substance abuse, history of domestic violence or family abuse, history of psychiatric hospitalization, history of post-partum depression, Department of Children and Families involvement as a parent, legal involvement, no prenatal or late prenatal care, medical complication, adolescent pregnancy, homelessness, financial concerns, lack of basic needs, and being an undocumented resident. *(December 23, 2004, CON Application, page 147)*
17. The Clinic also provides a variety of educational offerings which include contraceptive information, pregnancy counseling, smoking cessation, and parenting classes. Childbirth and parenting classes are offered in English and Spanish. *(December 23, 2004, CON Application, page 50)*

18. Patients may also be referred to Healthy Start, Connecticut's health insurance program for uninsured pregnant women and children up to 24 months of age. *(December 23, 2004, CON Application, page 50)*
19. Risk factors for a referral to Healthy Start include being uninsured, underinsured or having questionable insurance coverage, being an undocumented resident, a candidate for the WIC⁴ program, having Medicare or Medicaid, homelessness, and being unemployed. *(December 23, 2004, CON Application, page 147)*
20. The Clinic has an AT&T language line for those patients where English is not their primary language. The Hospital will continue to provide and pay for this service. *(December 23, 2004, CON Application, page 50)*

Hospital's Proposal

21. According to the Hospital, during FY 2003 the medical liability insurance crisis increased the overhead expense for area Ob-Gyn physicians, forcing practices to seek ways to increase their volume to help cover the fixed costs. *(December 23, 2004, CON Application, page 34)*
22. Area physicians informed the Hospital that they would like to handle the Clinic's patients in their own practices. *(December 23, 2004, CON Application, pages 34 and 35)*
23. The Hospital has ten Ob-Gyn physicians on staff who maintain private practice office locations. The offices are located in the towns of New London and Groton. *(December 23, 2004, CON Application, page 32)*
24. The Hospital established an Ob-Gyn Clinic Task Force ("Task Force") consisting of members of the Hospital's management and staff, physicians from obstetrics, pediatrics, and the neonatal intensive care unit, and representatives from the Hospital's Board. The goal of the Task Force was to review and recommend alternatives to the current model for the Clinic that would reduce the level of financial support provided by the Hospital and integrate the services with other community-based providers. *(December 23, 2004, CON Application, pages 32 and 34)*
25. The Task Force reviewed five options for consideration of how to operate the Clinic in the future: maintain the status quo; hire a physician to staff the Clinic; develop a contract with private practices; have private practices see the patients in their private offices; and explore Community Health Center's interest in taking over the service. Community Health Center, Inc. is a federally-qualified health center located in New London. *(December 23, 2004, CON Application, page 35)*

⁴ WIC is a federal grant program administered at the state level by the Connecticut State Department of Public Health to provide nutritious foods and nutrition education to eligible women and children.

26. Each option, other than the proposal, was rejected by the Task Force and the majority of the members of the Hospital's Department of Ob-Gyn because it would have required a substantial subsidy from the Hospital and the Hospital would have been competing for patients with the private Ob-Gyn physician groups that are affiliated with the Hospital. In addition, the proposal to have Community Health Center take over the service gave rise to concern about call coverage, competition, and the potential lack of infrastructure to assume the additional volume of patients. *(February 4, 2005, Completeness Response, pages 2 and 3)*
27. The Task Force recommended transitioning the Clinic's patients into the private practices because it was the "best balanced approach to continuing a high quality service, while reducing the financial subsidy and supporting the retention of private practice Ob-Gyn physicians in the service area." *(December 23, 2004, CON Application, page 32)*

Proposed Providers

28. The following four physician groups have been proposed to become providers of the Clinic's services:
 - Coastal Women's Care, P.C., 417 Montauk Avenue, New London
 - Thames Gynecologic Group, P.C., 425 Montauk Avenue, New London
 - Shoreline Obstetrics & Gynecology, 4 Shaws Cove, New London
 - Thameside Ob-Gyn Centre, 419 Gold Star Highway, Groton*(December 23, 2004, CON Application, page 52)*
29. Nine physicians from the four group practices have asked to have patients referred to them. The physicians claim that additional patients will help offset expenses associated with medical malpractice insurance premiums. *(December 23, 2004, CON Application, page 32)*
30. Physicians will realize additional revenues from the additional patient volume by increasing routine obstetrical care, increasing hospital admission for gynecological care, and increasing office-based encounters for medical gynecological care. *(December 23, 2004, CON Application, page 33)*
31. Patients will select a physician from those that have agreed to provide services. The Hospital will continue to provide social services, nutritional counseling, and maternal children education programming. The Hospital's services will be available to patients beyond the transition period and provided at no cost to the patients. *(December 23, 2004, CON Application, page 33)*
32. The Hospital stated that each of the Groups currently serve ethnic minorities and patients less than 18 years of age. However, very few referrals for nutrition and social work are made from the private practices. *(February 4, 2005, Completeness Response, page 4)*

Agreement between Lawrence & Memorial Hospital and the Physician Groups

33. The Agreement between Lawrence & Memorial Hospital and the Physician Groups (“Agreement”) includes Medicare or Medicaid patients, insured and uninsured patients, patients referred by the Hospital’s referral service, and those patients who select the Group and/or the Group’s physicians by any other means. The Groups are required to accepted uninsured patients on a rotational basis when referred by the Hospital’s referral service. *(December 23, 2004, CON Application, page 163)*
34. Each private practice group (“Group”) that enters into the agreement to accept the Clinic’s patients shall provide the following services:
 - Accept and treat all patients for medical office-based prenatal delivery and post-partum obstetrical services and medical office-based gynecological services without regard to any factors other than medical condition;
 - Utilize interpreter service through the Hospital-provided ATT phone service for those patients that do not speak English and report utilization of such ATT phone service to the Hospital;
 - Make appropriate referrals to nutritional services, social services, VNA home nurse care services, and Healthy Start services;
 - Participate in quality measurements and quality improvement activities; and
 - Participate in the monthly High-Risk Ob Team meetings held by the Hospital.*(December 23, 2004, CON Application, pages 156 and 163)*
35. A Group is not required to accept any non-Medicaid patient if the Group is not a participating provider in the patient’s third party payer plan. *(December 23, 2004, CON Application, page 163)*
36. The Groups shall not, and shall ensure that each of the Group’s physicians does not, discriminate in the treatment of patients, or in the quality of services delivered to them, on the basis of race, color, national origin, sex, age, religion, ancestry marital status, sexual orientation, place of residence, diagnosis, handicap, source of payment, ability to pay or otherwise. *(December 23, 2004, CON Application, page 158)*
37. With respect to those patients who are uninsured, the Hospital shall reimburse the Group the then-current amount paid by the Connecticut Medicaid program for any obstetrical services provided to such uninsured patients and an amount equal to one hundred twenty-five percent (125%) of the Medicaid Reimbursement for any gynecological services provided to such uninsured patients. The Group must provide documentation to the Hospital of a proper referral of such uninsured patients to the Connecticut Healthy Start program, and provide documentation that such uninsured patients were not Medicaid eligible at the time such services were rendered by the Group. *(December 23, 2004, CON Application, page 158)*
38. The initial term of the Agreement is twelve (12) months. The term shall be extended automatically for successive one year periods unless terminated. Termination may occur due to a material breach of the Agreement, immediate termination by the

Hospital, change in law regarding the lawfulness of the Hospital provided payments to the Groups for the uninsured patients, or without cause by either the Hospital or the Groups. (*December 23, 2004, CON Application, pages 158 and 159*)

39. At any time after completion of the initial term, the Hospital or each Group (“Party”) may terminate the Agreement without cause by providing the other Party with at least one hundred eighty (180) days advance written notice of termination. During the 180 days period, the Parties shall continue to operate under this Agreement unless they agree otherwise in writing. (*December 23, 2004, CON Application, page 159*)
40. The Clinic’s manager will work with the patients and physician offices to assure that appointments are made with the patients’ chosen providers. (*December 23, 2004, CON Application, page 51*)
41. The physicians will be able to refer patients to the Hospital for social services, nutritional counseling, and maternal children education programming. These services will remain available to the patients beyond the transition period, and for at least 24 months following the closure of the Clinic. (*December 23, 2004, CON Application, page 51*)
42. The draft Agreement does not address the following issues:
 - How patient choice enters into the rotational basis for assignment of uninsured patients.
 - There is no provision in the contract to address when the practices are unable to accommodate a patient.
 - Where a patient would go if their insurance is not accepted at any of the participating private practice groups and the private physician practices refuse to accept them as a patient.
 - What will happen if each of the four private practice group no longer provides services after the first 18 months.
 - Sliding fee scales for patients that are underinsured or uninsured and do not qualify for state assistance.

Hearing Testimony

43. Mr. William Christopher, Chief Executive Officer of the Hospital, stated that physicians are no longer able to support the Clinic’s model of care. It is inefficient for the physicians to spend time at the Clinic, at their private offices, and at the Hospital. The discontinuation of the Clinic is “part of the solution to ensure the vibrancy of obstetrics practice” in the community. With competing demands for monetary resources, the Hospital cannot continue to support the Clinic and at the same time continue to address community needs in psychiatry, infectious diseases, AIDS, cancer care, childhood obesity, neonatal intensive care, and emergency services. (*Prefiled Testimony, William Christopher, March 16, 2005*)

44. At the hearing, Mr. Christopher testified that a significant number of the Clinic's patients are considered to be high-risk and many of the women are victims of intimate violence. Mr. Christopher was unaware of the services provided by "Healthy Woman" and the coverage of transportation under Medicaid. (*Hearing Testimony, William Christopher, March 23, 2005*)
45. Cynthia Kane, Executive Vice President and Chief Operating Office of the Hospital, testified that the Hospital talked to the Ob-Gyn physicians about the list of insurances that they participate in and no issues were identified. She also testified that the specialty is not one that can make long-term commitments. The physicians are interested in making the proposal work, but want to re-visit it. She stated that this is a dynamic process with a very unstable specialty. The Hospital made a promise to the physicians to re-visit the contract after one year. The draft contract is the agreement to-date and no changes are proposed. She also stated that all women of Southeastern Connecticut should be concerned about needing to go outside the primary service area to seek care should the Ob-Gyn physicians in New London and Groton decide to leave town. (*Hearing Testimony, Cynthia Kane, March 23, 2005*)
46. Jonathan Levine, M.D., the Chairman-elect of the Hospital's Department of Ob-Gyn and one of the proposed private physicians, testified that obstetricians are struggling with the malpractice insurance crisis and the increasing demands and expenses of managed care. He stated that malpractice insurance is renewed annually and that there are only two insurance companies that provide coverage in the state of Connecticut. If the insurance premium increases too much, some doctors may choose to resign from delivering babies and then would not be able to honor the Agreement. (*Hearing Testimony, Dr. Jonathan Levine, March 23, 2005*)
47. Leslie J. Gabel-Brett, Ph.D., Executive Director of the Permanent Commission on the Status of Women, stated that the hospital-based Clinic can be advertised and promoted in the community, easily located and identifiable, including the Healthy Start program on-site and provides "one-stop shopping" for the patients. The Commission stated that there is a competitive disincentive to accept patients whose insurance provides the lowest reimbursement. For the underinsured patients, there are no proposed rules or guidelines regarding fees to be charged by the private physicians. If the Clinic is closed under the proposed plan, there will no be provider "of last resort." (*Prefiled Testimony, Dr. Leslie Gabel-Brett, March 21, 2005*)
48. Thirty-one people made either an oral statement at the hearing or provided a written statement to OHCA opposing the Hospital's proposal; one person testified in favor of the proposal at the hearing. The majority of the people stated that the Clinic provides excellent care. (*Public Portion of Hearing, March 23, 2005 and Letters submitted to OHCA*)

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

49. The proposal has no associated capital expenditure. *(December 23, 2004, CON Application, page 46)*
50. The Hospital projects incremental gains from operations as a result of the closure of the Clinic of \$284,317 for the last six months of FY 2005, and \$694,633 in each year for FY 2006 and 2007. *(December 23, 2004, CON Application, page 127)*
51. The Hospital anticipates paying \$76,529, \$153,058, and \$153,058 for the last six months of FY 2005, FY 2006 and FY 2007, respectively, for the physician fees to the private physician groups for uncompensated care. *(December 23, 2004, CON Application, page 129)*
52. The Hospital's current and projected payers include 35% from Medicare, 6.9% from Medicaid, 2.9% from TriCare, 52.8% from commercial insurers, and 2.4% from Workers Compensation. *(December 23, 2004, CON Application, page 48)*
53. There is no State Health Plan in existence at this time. *(December 23, 2004, CON Application, page 34)*
54. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(December 23, 2004, CON Application, page 34)*
55. The Hospital has undertaken energy conservation, reengineering, group purchasing and the application of technology in the effort to improve productivity and contain costs. *(December 23, 2004, CON Application, page 43)*
56. The proposal will not result in changes to the Hospital's teaching and research responsibilities. *(December 23, 2004, CON Application, page 44)*
57. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(December 23, 2004, CON Application, page 44)*
58. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(December 23, 2004, CON Application, Attachments II and V)*
59. The Hospital's rates are sufficient to cover the proposed payments to the physician groups under the Agreement. *(December 23, 2004, CON Application, page 44)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for the proposed service on case by case basis. Certificate of Need (“CON”) applications do not lend themselves to general applicability due to a variety of complexity of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposed services.

Lawrence and Memorial Hospital (“Hospital”) proposes to discontinue its Ob-Gyn (Obstetrics and Gynecological) Clinic (“Clinic”) at no associated capital expenditure. Due to the increase in malpractice insurance premium rates, the area Ob-Gyn physicians approached the Hospital and requested that the Clinic’s patients transfer to their practices. The physicians stated that the additional patient volume would help their practices cover rising fixed costs. The Hospital, looking to reduce the financial drain of the Clinic, stated that it cannot continue to support the Clinic and at the same time continue to address community needs in psychiatry, infectious diseases, AIDS, cancer care, childhood obesity, neonatal intensive care, and emergency services.

The Hospital established an Agreement with four private physician groups (“Groups”). The Clinic’s patients would choose a Group and then transfer to that Group for their care. The Groups are required to accept uninsured patients on a rotational basis when referred by the Hospital’s referral service. For those patients that are uninsured and not eligible for Medicaid, the Hospital will reimburse the physician for care provided. OHCA is concerned about the short duration of the term of the Agreement, which is a one-year term with a 180 day notice of termination. The physicians stated that their practices, subject to annual renewals for malpractice insurance premiums, cannot commit for a longer time period. However, there are no provisions within the Agreement between the Hospital and the Groups that would address the consequences of each Group terminating the Agreement after the initial term of one year plus the required 180 days notice. The Hospital was unable to provide a plan in the event that the physicians no longer provided service to these patients. Therefore, OHCA questions whether or not these patients will continue to have access to care under the proposal.

Physicians that do not accept a patient’s insurance are not required to accept that person as a patient. Although the Hospital stated at the hearing that it identified no issues in this area, it is possible that some patients will be denied access to care because of their insurance. OHCA was not able to confirm that the private practices accept the same insurance plans as the Clinic and therefore cannot confirm that all patients will have the ability to choose their provider. Furthermore, OHCA is concerned that private practices that limit the number of patients accepted under a specific insurance plan will lead to the inability of patients to access care.

Without a sliding fee scale and other basic financial information concerning the four physician groups, OHCA was unable to evaluate the proposal’s main assumption, to add additional revenues to the practices in light of the ever increasing medical malpractice insurance rates.

As the Agreement is renegotiable yearly, the physicians and the Hospital would be able to make significant changes to a new agreement that may result in the inability of some patients to access care. The Hospital has not demonstrated that an option exists in the event that the physicians do not renew the Agreement.

OHCA is unable to evaluate the effect of the transfer of clients to the private practices on the quality of health care delivery in the region. At the Clinic, in addition to the medical care provided, the patients have access to social workers, educational offerings, referrals to state programs, such as Medicaid and Healthy Start. The Agreement requires the Groups accept uninsured patients on a rotational basis when referred by the Hospital's referral service. The Hospital stated that 75% of the Clinic's patients are high risk, i.e., history of substance abuse, mental illness, or domestic violence, involvement with the legal system, homeless, etc. In the testimony provided, the physicians stated that they rarely refer women to the Hospital for these ancillary services. Although under the Agreement the physicians will be able to refer patients to the Hospital for these services, OHCA is concerned that patients will not access these services and the quality of health care delivery might be compromised.

In summary, the proposal of Lawrence and Memorial Hospital to discontinue its Ob-Gyn Clinic has been designed to raise the bottom line of the Hospital's finances and increase the income of the private practice physicians. Most of the women that the Clinic provides services to are considered high-risk and most are pregnant. Without evidentiary proof that the proposal will address the physicians' malpractice premium issues nor without a longer term commitment, OHCA cannot be assured that these patients will continue to have access to care.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Lawrence and Memorial Hospital to discontinue its Ob-Gyn Clinic at no associated capital expenditure is hereby DENIED.

Order

The proposal of Lawrence and Memorial Hospital (“Hospital”) to discontinue its Ob-Gyn Clinic at no associated capital expenditure is hereby DENIED.

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

May 4, 2005

Signed by Cristine A. Vogel
Commissioner

CAV:lkg