



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Lawrence and Memorial Hospital

Docket Number: 04-30358-CON

Project Title: Bed Replacement Project

Statutory Reference: Section 19a-639, Connecticut General Statutes

Filing Date: November 19, 2004

Decision Date: December 28, 2004

Default Date: February 16, 2005

Staff Assigned: Jack Huber

Project Description: Lawrence and Memorial Hospital (“Hospital”) proposes to replace its existing beds at a total proposed capital expenditure of \$2,438,600.

Nature of Proceedings: On November 19, 2004, the Office of Health Care Access (“OHCA”) received Lawrence and Memorial Hospital’s Certificate of Need (“CON”) application to replace its existing beds at a total proposed capital expenditure of \$2,438,600. 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 CON application was published in the *The Day* (New London) on August 20, 2004. OHCA received no responses from the public concerning the Hospital’s proposal.

OHCA’s authority to review, approve, modify or deny this proposal is established by Section 19a-639, 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

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 in New London, Connecticut. (*August 17, 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. (*November 19, 2004, Certificate of Need Application, Attachment 1, page 47*)
3. The Hospital proposes to replace 169 existing Hospital beds as follows:
 - Replace 164 medical/surgical beds with “Total Care” Hill-Rom Bed System units;
 - Purchase 1 Total Care” Hill-Rom Bariatric Bed System unit to accommodate patients weighing over 500 pounds; and
 - Purchase 4 “Total Care” Hill-Rom SPO2RT Bed System units for patient receiving pulmonary inpatient services.(*November 19, 2004, Certificate of Need Application, Attachment 1, page 46*)
4. The Hospital clinicians and administrators concluded that the current patient beds had outlived their useful life. The existing beds are 15 to 20 years old and the related bed features no longer meet contemporary standards. (*August 17, 2004, Letter of Intent, page 11 and November 19, 2004, Certificate of Need Application, Attachment 1, pages 46 & 47*)
5. The replacement of existing medical/surgical and intensive care beds will help address the following:
 - Quality of Care Improvements;
 - Improved Patient Satisfaction and Safety;
 - Workforce Injury Risk Minimization;
 - Nurse Recruitment and Retention; and
 - Effectuate Projected Annual Operating Expense Reductions.(*August 17, 2004, Letter of Intent, page 11 and November 19, 2004, Certificate of Need Application, Attachment 1, page 46 & 47*)

6. The proposed “Total Care” Bed System units offers the following advantages:
- Therapeutic air mattress decreasing the incidence of hospital acquired decubiti;
 - Push-Button Conversion of Bed to “Full Chair” with seat lift for easy ambulating;
 - Bed Exit Alarms as an intervention to reduce patient falls;
 - In-Bed Scale to facilitate calculation of medication dosing, fluid intake and output relational with patient weight.
- (November 19, 2004, Certificate of Need Application, Attachment 1, page 46)*

**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**

7. The proposal has a total proposed capital expenditure of \$2,438,600. *(November 19, 2004, Certificate of Need Application, Attachment 1, page 36)*
8. The Hospital will be funding the proposed expenditure entirely through Hospital equity consisting of \$338,600 in operating funds and \$2,100,000 in contributions. *(November 19, 2004, Certificate of Need Application, Attachment 1, page 37)*
9. The Hospital projects incremental gains from operations as a result of the implementation of the proposal of \$115,491 for the first year of operation and \$21,783 each for the second and third years of operations. *(November 19, 2004, Certificate of Need Application, Attachment 9, page 76)*
10. The annual operating expense savings is projected to be \$225,000 and is attributable to bed rentals as a purchased service, made necessary to properly accommodate hospital patients. *(November 19, 2004, Certificate of Need Application, Attachment 1, page 47 and Attachment 10, page 79)*
11. The Hospital’s rates are sufficient to cover the proposed capital expenditure and operating costs. *(November 19, 2004, Certificate of Need Application, Attachment 9, page 76)*

**Consideration of Other 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.:

12. There is no State Health Plan in existence at this time. *(November 19, 2004, Certificate of Need Application, page 5)*

13. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(November 19, 2004, Certificate of Need Application, page 2)*
14. The Hospital has undertaken energy conservation, reengineering, group purchasing and the application of technology programs and activities in an effort to improve productivity and contain costs. *(November 19, 2004, Certificate of Need Application, pages 5 & 6)*
15. The proposal will not result in changes to the Hospital's teaching and research responsibilities. *(November 19, 2004, Certificate of Need Application, page 6)*
16. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(November 19, 2004, Certificate of Need Application, page 6)*
17. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(November 19, 2004, Certificate of Need Application, page 4)*

Rationale

Lawrence and Memorial Hospital ("Hospital") proposes to replace its existing 169 medical/surgical beds with "Total Care" Hill-Rom Bed System units at a total proposed capital expenditure of \$2,438,600. The existing Hospital beds are 15 to 20 years old and the related bed features no longer meet contemporary standards. The replacement of existing medical/surgical beds will help address areas such as quality of care improvements and cost reductions, patient satisfaction and safety, workforce injury risk minimization and nurse recruitment and retention. The proposed "Total Care" Bed System offers advantages such as: therapeutic air mattress; push-button conversion of bed to "Full Chair" with seat lift for easy ambulating; bed exit alarms as an intervention to reduce patient falls and in-bed scale to facilitate calculation of medication dosing, fluid intake and output relational with patient weight.

The capital expenditure associated with the proposed project is \$2,438,600. The proposed project will be funded entirely through the Hospital's operating funds. The Hospital projects incremental gain from operations as a result of implementation of the proposal of \$115,491 for the first year of operation and \$21,783 each for the second and third years of operation. As the proposal's annual operating expense savings is projected to be \$225,000 and the Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs, OHCA finds that the CON proposal is financially feasible. OHCA concludes that the implementation of proposal will result in enhanced quality of patient care and efficiencies in operation.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Lawrence and Memorial Hospital to replace its existing 169 medical/surgical beds, at a total capital expenditure of \$2,438,600, is hereby GRANTED.

Order

Lawrence and Memorial Hospital ("Hospital") is hereby authorized to replace its existing beds at total capital expenditure of \$2,438,600, subject to the following conditions:

1. This authorization shall expire on December 24, 2005, unless the Hospital presents evidence to OHCA that the proposal has been completed by that date.
2. The Hospital shall not exceed the approved capital expenditure of \$2,438,600. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON 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

December 28, 2004

Signed by Cristine A. Vogel
Commissioner

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