



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: William W. Backus Hospital

Docket Number: 04-30376-CON

Project Title: Establishment of Hyperbaric Oxygen Therapy Services

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

Filing Date: January 31, 2005

Decision Date: March 7, 2005

Default Date: May 1, 2005

Staff: Ronald A. Ciesones

Project Description: The William W. Backus Hospital (“Hospital”) proposes to establish hyperbaric oxygen therapy services at a total proposed capital expenditure of \$342,853.

Nature of Proceedings: On January 31, 2005, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of the William W. Backus Hospital seeking authorization to establish hyperbaric oxygen therapy services at a total proposed capital expenditure of \$342,853. The Hospital 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 Letter of Intent was published on December 13, 2004, in *The Norwich Bulletin* pursuant to Section 19a-638, C.G.S. OHCA received no comments from the public concerning the Hospital’s proposal.

OHCA's authority to review and approve, modify or deny this application is established by Sections 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. The William W. Backus Hospital ("Hospital") is an acute care hospital located at 326 Washington Street, Norwich, Connecticut. *(January 31, 2005, Certificate of Need Application, page 1)*
2. The Hospital's primary service area consists of Norwich, Bozrah, Franklin, Preston, Voluntown, Griswold, Sprague, Lisbon, and Canterbury. *(January 31, 2005, Certificate of Need Application, page 6)*
3. The Hospital proposes to establish hyperbaric oxygen therapy services ("HBOT"), which include the acquisition of two monoplace hyperbaric oxygen therapy chambers. *(January 31, 2005, Certificate of Need Application, page 2)*
4. The Wound Care Center ("Center") of the Hospital currently provides comprehensive wound management services including laboratory and radiological assessment, infection control, wound assessment, wound debridement, surgical repair, grafts, nutritional assessment and patient education. *(January 31, 2005, Certificate of Need Application, page 2)*
5. The Center is part of a comprehensive endocrinology program to be provided along with the conventional wound care offered at the Center. *(January 31, 2005, Certificate of Need Application, page 2)*
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. The result of this process is 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. *(January 31, 2005, Certificate of Need Application, page 3)*

7. The Hospital based the need for the Center on the following:
 - Quality of Care Improvements
 - Improved Patient Access to Service
 - Increased Utilization of Service*(January 31, 2005, Certificate of Need Application, pages 3 to 5)*
8. Typically patients will receive HBOT treatments 5 days a week for up to 4 weeks. The treatment session can last 90 minutes to 2 hours. *(January 31, 2005, Certificate of Need Application, page 3)*
9. Patients are required to travel to Hartford Hospital or Kent Hospital in Warwick, Rhode Island to receive HBOT services. It is difficult for wound treatment patients to travel to these facilities for treatment and compliance becomes an issue. *(January 31, 2005, Certificate of Need Application, page 3)*
10. The number of referrals for the proposed service for the most recent fiscal year is as follows:
 - Wound Care Center patients in FY 2004 420
 - Wound Care Center patients with HBOT referral need 43
 - Wound Care Center patients accepting referral for HBOT 13*(January 31, 2005, Certificate of Need Application, page 4)*
11. The actual and projected utilization statistics for the Center and the proposed HBOT program are listed below.

**Table 1: William W. Backus Hospital
Wound Care Center Patient Activity FY 2001-FY 2007**

	2001	2002	2003	2004	2005*	2006	2007
Total Patients	308	276	423	420	454	490	530
Total Visits	1983	1987	2160	2669	2906	3136	3392
HBOT Patients					*47	69	74
Total HBOT Treatments					1034	1518	1628

*Assumes HBOT service begins March 1, 2005
(January 31, 2005, Certificate of Need Application, page 5)

12. The Hospital assumed the following in developing projections based on historical patient activity:
 - An annual growth rate in new patients of 8%.
 - HBOT treatment would be received by 11% of the patients seen at the Center.
 - There would be a 3% HBOT utilization by referral from other specialties.*(January 31, 2005, Certificate of Need Application, page 5)*
13. There are no existing providers of HBOT in the Hospital's primary or secondary service area or in all of eastern Connecticut. *(January 31, 2005, Certificate of Need Application, page 3)*
14. The proposed program's hours of operation will be 7:30 a.m. to 6:00 p.m. Monday through Friday. *(January 31, 2005, Certificate of Need Application, page 3)*

**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**

15. The proposal includes the following cost components:

Table 2: Total Proposed Capital Cost

Component	Cost
Medical Equipment (Purchase)	\$335,513
Delivery and Installation	\$7,340
Total Capital Expenditure	\$342,853

(January 31, 2005, Certificate of Need Application, page 11)

16. The Hospital will finance the proposal through its equity. *(January 31, 2005, Certificate of Need Application, Page 11)*
17. The Hospital projects incremental gains from operations related to the proposal of \$356,098 for FY 2005, \$534,165 for FY 2005 and \$579,180 for FY 2006. *(January 31, 2005, Certificate of Need Application, page 101, 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.:

18. There is no State Health Plan in existence at this time. *(January 31, 2005, Certificate of Need Application, page 2)*
19. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(January 31, 2005, Certificate of Need Application, page 2)*
20. The Hospital has improved productivity and contained costs through group purchasing, energy conservation, reengineering and application of technology. *(January 31, 2005, Certificate of Need Application, page 8)*
21. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(January 31, 2005, Certificate of Need Application, page 9)*
22. The Wound Care Center program is unique in that the Diabetes Management Center, Endocrinology and wound care program are all centralized in one outpatient location. *(January 31, 2005, Certificate of Need Application, page 9)*

23. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(January 31, 2005, Certificate of Need Application, page 9 & Attachment 3)*
24. The Hospital's rates are sufficient to cover the proposed capital expenditures and operating costs associated with the proposal. *(January 31, 2005, Certificate of Need Application, page 101, Financial proforma)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for the proposed service on a 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.

The William W. Backus Hospital ("Hospital") proposes to establish a hyperbaric oxygen therapy service, which includes the acquisition of two monoplace hyperbaric oxygen therapy ("HBOT") chambers.

The Wound Care Center ("Center") at the Hospital currently provides comprehensive wound management services including laboratory and radiological assessment, infection control, wound assessment, wound debridement, surgical repair, grafts, nutritional assessment and patient education. The utilization at the Center has increased from 1,983 visits and 308 patients in FY 2001 to 2,669 visits and 420 patients in FY 2004. The proposed HBOT is part of a comprehensive endocrinology program to be provided along with the conventional wound care offered at the Center. The Hospital is projecting total Center volume of 530 patients, 74 HBOT patients, 3,392 total visits, and 1,628 HBOT treatments in FY 2007. The projections are based on an annual growth in volume at the Center of 8% with 11% of its patients receiving HBOT treatment.

The Hospital's primary service area consists of Norwich, Bozrah, Franklin, Preston, Voluntown, Griswold, Sprague, Lisbon and Canterbury. 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 Hartford Hospital or Kent Hospital in Warwick Rhode Island. 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 patient's 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 \$342,853, which includes \$335,513 for medical equipment and \$7,340 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 \$356,098 for FY 2004, \$534,165 for FY 2005 and \$579,180 for FY 2006. The Hospital's volume projections and the financial projections upon which they are based appear to be reasonable and achievable. 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 The William W. Backus Hospital to establish hyperbaric oxygen therapy services, which include the acquisition of two monoplace hyperbaric oxygen therapy chambers, at a total capital expenditure of \$342,853, is hereby GRANTED.

Order

The William W. Backus Hospital ("Hospital) is hereby authorized to establish hyperbaric oxygen therapy services including the acquisition of two monoplace hyperbaric oxygen therapy chambers, at a total capital expenditure of \$342,853, subject to the following conditions:

1. This authorization shall expire on March 7, 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 \$342,853. In the event that the Hospital learns of potential cost increases or expects the final project costs will exceed those approved, the Hospital 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

March 7, 2005

Signed by Cristine A. Vogel
Commissioner

CAV:rac