



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Danbury Hospital

Docket Number: 05-30477-CON

Project Title: Establishment of a Wound Care Center at Danbury Hospital

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

Filing Date: September 1, 2005

Decision Date: September 23, 2005

Default Date: November 30, 2005

Staff: Ronald A. Ciesones

Project Description: The Danbury Hospital (“Hospital”) proposes to establish a Wound Care Center, at a total proposed capital expenditure of \$784,330.

Nature of Proceedings: On September 1, 2005, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of the Danbury Hospital seeking authorization to establish a Wound Care Center (“Center”), at a total proposed capital expenditure of \$784,330. 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 May 6, 2005, in *The News-Times* 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 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 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. Danbury Hospital ("Hospital") is an acute care hospital located at 24 Hospital Avenue, Danbury, Connecticut. *(July 11, 2005, Certificate of Need Application, page 1)*
2. The Hospital's primary service area consists of Bethel, Brookfield, Danbury, New Fairfield, Newtown, Redding, and Ridgefield. *(July 11, 2005, Certificate of Need Application, page 3)*
3. The Hospital proposes the establishment of an outpatient Hyperbaric and Wound Care Program, which includes the acquisition of two monoplace hyperbaric oxygen therapy chambers. *(July 11, 2005, Certificate of Need Application, page 15)*
4. The Wound Care Center ("Center") of the Hospital will specialize in the treatment of chronic wounds soft tissue infections, and ulcers that are associated with diabetic, elderly, and surgical patients. *(July 31, 2005, Certificate of Need Application, page 2)*
5. The Undersea and Hyperbaric Medical Society defines hyperbaric oxygen therapy ("HBOT"), as a treatment, in which a patient breathes 100% oxygen intermittently while inside a treatment chamber at a pressure greater than sea level. *(July 31, 2005, Certificate of Need Application, page 205)*
6. The Hospital based the need for the Center on the following:
 - Improved Patient Access to Service
 - Quality and Continuity of Care Improvements
 - Increased Utilization of Service*(July 11, 2005, Certificate of Need Application, pages 2 and 3)*
7. Currently, the Hospital stated that treatment for wound care in the service area is fragmented and uncoordinated. Patients are currently receiving wound care treatment in places such as at their general and primary care physician, inpatient and outpatient rehabilitation facilities, visiting nurse associations, and skilled nursing facilities. It is difficult for many wound treatment patients to travel for treatment due to their age and co-morbidities. *(July 11, 2005, Certificate of Need Application, page 5 and Completeness responses September 1, 2005)*
8. Diversified Therapy, an approved provider of wound care and hyperbaric oxygen therapy services, will provide full protocols for wound care treatment when the program begins. *(July 11, 2005, Certificate of Need Application, page 10)*

9. The projected utilization statistics for the Center and the proposed HBOT program are listed below assuming a 15% increase in wound care patients per year.

**Table 1: Danbury Hospital Wound Care Center
Patient Activity FY 2006 – FY 2008**

	2006	2007	2008
Wound Care Patients	270	311	358
Total Outpatient Procedures	2,240	2,581	2,971
Total Outpatient Evaluation and Management	2,407	2,773	3,192
Hyperbaric Oxygen Therapy Treatments	1,350	1,555	1,790
Total HBOT Treatments / Procedures	5,998	6,908	7,952

(Completeness responses September 1, 2005)

10. The Hospital assumed the following in developing volume projections for the Center:
- There are 306,000 people in Danbury Hospital's service area,
 - 2.2% of this population are potential wound care patients; and
 - 4% of these wound care patients will receive treatment at the Center.
- (July 11, 2005, Certificate of Need Application, page 21 and Completeness responses September 1, 2005)*
11. The volume for HBOT services is estimated to be 20% of the wound care volume or 54 patients and each patient would require 25 treatments. *(Completeness responses September 1, 2005)*
12. The Hospital estimated the number of diabetics at 6% of the population, and it's estimated that 15% of the diabetic population or 2,757 residents will require wound care services. *(July 11, 2005, Certificate of Need Application, page 4 and completeness response)*
13. There are no existing providers of wound care services in the Hospital's primary or secondary service area. *(July 11, 2005, Certificate of Need Application, page 8)*
14. The proposed program's hours of operation will be 8:00 a.m. to 5:00 p.m. Monday through Friday. *(July 11, 2005, Certificate of Need Application, page 6)*

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

15. The proposal includes the following cost components:

Table 2: Total Proposed Capital Cost

Component	Cost
Medical Equipment (Purchase)	\$23,760
Non-Medical Equipment	\$15,240
Construction/Renovation	\$436,080
Lease Financing	\$309,250
Total Capital Expenditure	\$784,330

(July 11, 2005, Certificate of Need Application, page 14)

16. The proposed capital cost of \$784,330 for the CON proposal will be financed through an equity contribution of \$475,080 from the Hospital and the remaining \$309,250 will be lease financed. *(July 11, 2005, Certificate of Need Application, page 15)*
17. The Hospital proposed renovation will be performed in the south building of the Hospital's main campus and encompass approximately 3,000 square feet of the fourth floor. *(July 11, 2005, Certificate of Need Application, Page 15)*
18. The Hospital projects incremental gains from operations related to the proposal of \$344,245 for FY 2006, \$444,785 for FY 2007 and \$559,874 for FY 2008. *(Completeness responses September 1, 2005 and Financial proforma)*
19. The proposed project schedule is as follows:

Table 3: Proposed Project Schedule

Description	Date
Construction Commencement Date	Upon OHCA Approval
Construction Completion Date	4 Months Post Approval
DPH Licensure Date	Upon Construction Completion
Commencement of Operations Date	Upon Construction Completion

(July 11, 2005, CON Application, Page 15)

20. The Hospital's projected payer mix during the first three years of operation of the Wound Care Center is as follows:

Table 4: Three-Year Projected Payer Mix with the CON Proposal

Payer Mix	Current Payer Mix	Year 1	Year 2	Year 3
Medicare	31.6%	31.6%	31.6%	31.6%
Medicaid	5.7%	5.7%	5.7%	5.7%
TriCare (CHAMPUS)	0.0%	0.0%	0.0%	0.0%
Total Government	37.3%	37.3%	37.3%	37.3%
Commercial Insurers	60.9%	60.9%	60.9%	60.9%
Uninsured	1.8%	1.8%	1.8%	1.8%
Workers Compensation	0.0%	0.0%	0.0%	0.0%
Total Non-Government	62.7%	62.7%	62.7%	62.7%
Total Payer Mix	100.0%	100.0%	100.0%	100.0%

(July 11, 2005, CON Application, Page 17)

21. There is no State Health Plan in existence at this time. *(July 11, 2005, Certificate of Need Application, page 2)*
22. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(July 11, 2005, Certificate of Need Application, page 2)*
23. The Hospital has improved productivity and contained costs through group purchasing and energy conservation. *(July 11, 2005, Certificate of Need Application, page 11)*
24. This proposal will result in changes to the Hospital's teaching and research responsibilities. *(July 11, 2005, Certificate of Need Application, page 12)*
25. The Hospital stated that the Center's program is unique in that there is increasing surgical volume, growing Emergency Department visits, and an increasing elderly and diabetic population in the primary and secondary service areas, therefore a wound care center will allow for the full continuum of care for patients. *(July 11, 2005, Certificate of Need Application, page 12)*
26. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(July 11, 2005, Certificate of Need Application, page 9 & Appendix 4)*
27. The Hospital's rates are sufficient to cover the proposed capital expenditures and operating costs associated with the proposal. *(July 11, 2005, Certificate of Need Application, page 423)*

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.

Danbury Hospital (“Hospital”) proposes to establish a Wound Care Center (“Center”) at the Hospital and offer hyperbaric oxygen therapy services, which includes the need to acquire two monoplace hyperbaric oxygen therapy (“HBOT”) chambers.

The Center at the Hospital is expected to specialize in the treatment of chronic wounds, soft tissue infections, and ulcers that are associated with diabetic, elderly, and surgical patients. The Center will also provide hyperbaric oxygen therapy. The Hospital is projecting total Center volume of 270 patients in FY 2006, 311 in FY 2007 and 358 in FY 2008. This volume results in total procedures and treatments of 5,998 in FY 2006, 6,908 in FY 2007, and 7,952 in FY 2008. The projections are based on an annual growth in volume at the Center of 15%, with 20% of patients receiving HBOT treatment.

The Hospital’s primary service area consists of Bethel, Brookfield, Danbury, New Fairfield, Newtown, Redding, and Ridgefield. The proposal will remedy a geographic barrier to access by providing wound care services within the Hospital’s service area. Presently, there are no existing providers of wound care services in the Hospital’s primary or secondary service area. Patients currently receive wound care treatment from their primary care physician, rehabilitation facilities, visiting nurse associations, and skilled nursing facilities. It is difficult for many wound care patients to travel for treatment due to their age and co-morbidities. The establishment of the proposed Wound Care Center along with providing hyperbaric and oxygen therapy will improve both the quality and accessibility of wound care service in the Hospital’s primary service area.

The total capital cost for the CON proposal is \$784,330. The project will be financed through an equity contribution from the Hospital of \$475,080 and the remaining \$309,250 will be lease financed. The Hospital projects an incremental gain from operations related to the proposal of \$344,245 for FY 2006, \$444,785 for FY 2007 and \$559,874 for FY 2008. 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 on the foregoing Findings and Rationale, the Certificate of Need application of The Danbury Hospital to establish hyperbaric oxygen therapy services, which include the acquisition of two monoplace hyperbaric oxygen therapy chambers, at a total capital expenditure of \$784,330, is hereby GRANTED.

Order

Danbury Hospital ("Hospital") is hereby authorized to establish a Wound Care Center, at a total proposed capital expenditure of \$784,330 including the acquisition of two monoplace hyperbaric oxygen therapy chambers, at a total capital expenditure of \$784,330, subject to the following conditions:

1. This authorization shall expire on September 23, 2007. 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 \$784,330. 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

September 23, 2005

Signed by Cristine A. Vogel
Commissioner

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