



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: New Britain General

Docket Number: 05-30637-CON

Project Title: Emergency Department Expansion
and Renovation Project

Statutory Reference: Section 19a-639 of the Connecticut General Statutes

Filing Date: March 17, 2006

Decision Date: May 15, 2006

Default Date: June 16, 2006

Staff Assigned: Jack A. Huber

Project Description: New Britain General Hospital proposes to undertake an emergency department expansion and renovation project, at an estimated capital expenditure of \$6,426,061.

Nature of Proceedings: On March 17, 2006, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from New Britain General Hospital (“Hospital”) seeking authorization to expand and renovate its emergency department, at an estimated total capital expenditure of \$6,426,061. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Pursuant to Section 19a-639, C.G.S., a notice to the public concerning OHCA’s receipt of the Hospital’s Letter of Intent was published in *The Herald* of New Britain on December 12, 2005. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until April 7, 2006, the twenty-first calendar day following the filing of the Hospital’s CON application, to request that OHCA hold a public hearing on the Hospital’s proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny the CON application 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

Impact of the Proposal on the Hospital'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. New Britain General Hospital ("Hospital") is an acute care hospital located at 100 Grand Street in New Britain, Connecticut. *(March 17, 2006, CON application, Letter of transmittal)*
2. The Hospital proposes to undertake an Emergency Department ("ED") expansion and renovation project. The building project will address inadequacies regarding the department's current size, facility layout and a lack of a secure crisis stabilization unit. *(March 17, 2006, CON application, pages 1 through 4)*
3. The project represents a major step in the implementation of the Hospital's long range plan. *(March 17, 2006, CON application, page 2)*
4. The proposal has been designed to: *(March 17, 2006, CON application, page 4)*
 - Accommodate the anticipated growth in service volume for the Hospital's ED;
 - Improve departmental space functionality and work flow design; and
 - Allow the Hospital to meet clinical practice standards and patient privacy compliance.
5. The project encompasses the following components: *(March 17, 2006, CON application, pages 2 through 4)*
 - Modernize and expand the ED service facility, increasing the number of service beds incrementally by 11 stations, from 34 to 45 stations;
 - Ensure a safe ED environment for all patients by providing a secure crisis stabilization unit;
 - Convert the existing decontamination area to examination rooms; and
 - Renovate the existing Triage and departmental support areas to improve functional design and accommodate anticipated future volume.
6. The Hospital states its primary service area encompasses the following communities: Berlin, New Britain, Plainville and Southington. *(March 17, 2006, CON application, page 2)*

7. The project will be accomplished in three phases and will measure a total combined square footage (“SF”) of 40,559 SF. The proposal totals 9,559 SF of new building space, plus 31,000 SF of renovated space. The project phases are described as follows: *(March 17, 2006, CON application, page 11)*

Table 1: Project Phases

Phase	Project Component	Square Footage (“SF”) Allocated, Type of Building Work Required
I	Convert existing ambulance alcove into additional ED examination rooms.	<ul style="list-style-type: none"> 9,559 SF of new construction
II	Renovate ED space as follows: Convert existing decontamination area into additional ED examination rooms and ancillary service space and construct new decontamination area; and Renovate existing Triage Area to accommodate additional ED volume and improved patient flow.	<ul style="list-style-type: none"> 25,656 SF of renovation
III	Renovate CORE area of the existing ED facility to improve ED ancillary services.	<ul style="list-style-type: none"> 5,344 SF of renovation
Total Project Square Footage		<ul style="list-style-type: none"> 40,559 Combined SF

8. The proposal has been designed in a manner that will allow for Hospital services to be provided in an uninterrupted fashion. *(March 17, 2006, CON application, page 12)*
9. The project schedule is as follows: *(March 17, 2006, CON application, page 13)*

Table 2: Project Schedule

Description	Start Date
Construction Commencement Date	July 1, 2006
Construction Completion Date	July 1, 2008
Operations Commencement Date	July 1, 2008

10. The current ED was designed to accommodate approximately 45,000 visits annually. *(March 17, 2006, CON application, page 4)*
11. The Hospital reported that the actual number of annual ED visits covering the period of FYs 2003 through 2005 is 55,954, 57,937 and 62,997, respectively. *(March 17, 2006, CON application, page 3 and Attachment A, page 18)*
12. The Hospital estimates that at the completion of the project the ED will experience a service volume growth rate of approximately 2.0% per year for FYs 2008 through 2011. The Hospital’s growth rate projections are based on historical ED utilization. *(March 17, 2006, CON application, page 7 and Attachment D, page 24)*
13. The annual number of ED visits for the period covering FYs 2008 through 2011 is projected to be 64,109, 65,391, 66,699 and 68,033 respectively. The Hospital’s projections cannot be verified by OHCA. *(March 17, 2006, CON application, page 3 and Attachment D, page 24)*

14. An itemization comparing the number of existing and proposed ED treatment stations is provided in the following table: *(March 17, 2006, CON application, page 3 and Attachment C, page 22)*

Table 3: Existing & Proposed ED Treatment Stations

ED Bed Type	Existing	Proposed	Variance
Trauma Care Stations	1	1	0
General Monitored	13	18	+5
General Non-monitored	9	7	-2
Fast-track	4	4	0
ED Psych	4	7	+3
Isolation Monitored	2	7	+5
ENT Procedure Room	1	1	0
Total # ED Treatment Stations	34	45	+11

**Financial Feasibility and Cost Effectiveness 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 the Payers for Such Services
 Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

15. The proposal's total capital expenditure is \$6,426,061. An itemization of the capital expenditure is as follows: *(March 17, 2006, CON application, pages 10 and 11)*

Table 4: Capital Expenditure Itemization

Description	Cost
Building Costs	\$5,076,061
Medical Equipment	\$1,000,000
Non-Medical Equipment	\$300,000
Other: Delivery & Installation	\$50,000
Total Capital Expenditure	\$6,426,061

16. The project's building costs are itemized as follows: *(March 17, 2006, CON application, page 12)*

Table 5: Building Cost Itemization

Description	New Construction	Renovation	Total Cost
Building Work Costs	\$403,668	0	\$403,668
Site Work Costs	\$3,785,132	\$221,300	\$4,006,432
Arch. & Eng. Costs	\$462,000	0	\$462,000
Contingency Costs	\$203,961	0	\$203,961
Total Building Costs	\$4,854,761	\$221,300	\$5,076,061

17. The proposal will be financed through operating funds of \$4,983,072 and donations of \$1,442,989. *(March 17, 2006, CON application, pages 13 and 14)*

18. The Hospital projected incremental revenue from operations, total operating expense and gain from operations associated with the CON proposal as follows: *(March 17, 2006, CON application, page 15 and Attachment P, page 124)*

Table 6: Financial Projections Incremental to the Project

Description	FY 2008	FY 2009	FY 2010
Incremental Revenue from Operations	\$778,085	\$1,704,257	\$1,745,954
Incremental Total Operating Expense	\$389,543	\$806,987	\$1,287,001
Incremental Gain from Operations	\$388,542	\$897,270	\$458,953*

Note: *Decrease in operating gain in FY 2010 attributable to incremental expense increases for additional staffing (3.0 FTE) and depreciation expenses in completing the latter phases of the building project.

19. The Hospital indicates that the project will allow the Hospital to achieve operating efficiencies through the following: *(March 17, 2006, CON application, page 16)*

- Improved ED work flow patterns;
- Improved access to ED storage facilities and new exam rooms;
- Improved staff logistics resulting in more efficient treatment of critically ill patients in the ED;
- Improved use of technology to streamline patient management; and
- Improved access to ED work stations that will be located closer to patient exam rooms.

20. The current and projected payer mix percentages for the first three years of operating the modernized ED are as follows: *(March 17, 2006, CON application, pages 14 and 15)*

Table 7: Current & Three-Year Projected Payer Mix

Description	Current	Year 1	Year 2	Year 3
Medicare	31.56%	31.56%	31.56%	31.56%
Medicaid	29.38%	29.38%	29.38%	29.38%
CHAMPUS & TriCare	0.17%	0.17%	0.17%	0.17%
Total Government	61.11%	61.11%	61.11%	61.11%
Commercial Insurers	29.83%	29.83%	29.83%	29.83%
Uninsured	7.54%	7.54%	7.54%	7.54%
Workers Compensation	1.52%	1.52%	1.52%	1.52%
Total Non-Government	38.89%	38.89%	38.89%	38.89%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

21. There is no State Health Plan in existence at this time. *(March 17, 2006, CON application, page 2)*

22. The Hospital has improved productivity and contained costs by undertaking energy conservation measures, participating in activities involving the applications of new technology and employing group purchasing practices in its procurement of supplies and equipment. *(March 17, 2006, CON application, pages 7 through 9)*

23. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(March 17, 2006, CON application, page 9)*

24. The Hospital's current patient/physician mix is similar to that of other acute care, general hospitals. The proposal will not result in any change to this mix. *(March 17, 2006, CON application, page 9)*

25. The Hospital has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(March 17, 2006, CON application, page 6 and Attachment F, page 27 through 51)*
26. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(March 17, 2006, CON application, page 15 and Attachment P, page 124)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for Certificate of Need ("CON") proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety 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 proposal.

New Britain General Hospital ("Hospital") proposes to undertake an emergency department ("ED") expansion and renovation project. The project addresses inadequacies regarding the department's current size, facility layout and a lack of a secure crisis stabilization unit. The project encompasses the expansion and modernization of the existing ED; provisions for a safe ED environment by creating a secure crisis stabilization unit; and the renovation of the ED's existing Triage, "CORE" and departmental support areas to improve their functional design and to accommodate anticipated future volume. Facility improvements are also being undertaken in order that the department can conform to current clinical practice standards and patient privacy requirements. The project represents a major step in the implementation of the Hospital's long range plan.

The current ED was originally designed to accommodate approximately 45,000 visits annually. The structure has become outdated and significantly undersized for today's ED service operation. The actual number of annual ED visits for the period covering FYs 2003 through 2005 is 55,954, 57,937 and 62,997, respectfully.

The project will be accomplished in three distinct phases, commencing July 1, 2006 and concluding July 1, 2008. The total combined square footage for the proposal is 40,559 square feet ("SF"), consisting of 9,559 SF of new construction and 30,950 SF of renovated space. Phase I involves all of the new construction by converting the existing ambulance alcove into new ED exam rooms. Phases II and III address the conversion of the existing departmental area to new exam rooms and improved ancillary space. The number of ED service beds will increase incrementally by 11 stations, from 34 to 45 ED stations. The increase will provide for 5 additional general stations, 5 new isolation/emergency preparedness rooms and 3 additional psychiatric stations. The existing departmental space project has been designed in a manner which will allow for the Hospital services to be provided in an uninterrupted fashion. Based on the above, OHCA finds that the Hospital has demonstrated that its ED expansion and renovation project is needed for the Hospital to continue to provide emergency services at a high level of quality and that the proposal will contribute to the accessibility of health services to the region.

The total capital expenditure for the proposal is \$6,426,061. The Hospital will finance the project through a combination of available operating funds and donations. The Hospital projects incremental gains from operations of approximately \$389,000, \$897,000 and \$459,000 for FYs 2008 through 2010, respectively. The proposal will assist the Hospital in remaining productive and efficient overall. Although OHCA can not draw any conclusions, the Hospital's volume and financial projections upon which they are based appear to be reasonable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of New Britain General Hospital to undertake an emergency department expansion and renovation project, at a total capital expenditure of \$6,426,061 is, hereby, GRANTED.

Order

New Britain General Hospital ("Hospital") is hereby authorized to undertake an emergency department ("ED") expansion and renovation project, at a total capital expenditure of \$6,426,061, subject to the following conditions:

1. This authorization shall expire on July 1, 2010. Should the Hospital's ED 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 \$6,426,061. 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 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

May 15, 2006

Signed by Cristine A. Vogel
Commissioner

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