



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Lawrence & Memorial Hospital

Docket Number: 06-30710-CON

Project Title: Establishment of a Joslin Diabetes Center
in Old Saybrook

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

Filing Date: June 21, 2006

Decision Date: July 13, 2006

Default Date: September 19, 2006

Staff: Laurie K. Greci

Project Description: Lawrence & Memorial Hospital (“Hospital”) proposes to establish a Joslin Diabetes Center at 633 Middlesex Turnpike, Old Saybrook, Connecticut, at no associated capital expenditure.

Nature of Proceedings: On June 21, 2006, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application of Lawrence & Memorial Hospital (“Hospital”) seeking authorization to establish a Joslin Diabetes Center at 633 Middlesex Turnpike, Old Saybrook, Connecticut, at no associated capital expenditure. 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-638, C.G.S., a notice to the public concerning OHCA’s receipt of the Hospital’s Letter of Intent was published in *The Day* (New London) on March 14, 2006. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until July 12, 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 this proposal is established by Section 19a-638, C.G.S. The provision 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. Lawrence & Memorial Hospital ("Hospital") is an acute care hospital located at 365 Montauk Avenue in New London, Connecticut. *(June 21, 2006, CON Application, page 166)*
2. The Joslin Diabetes Center ("JDC") in Boston, Massachusetts, has over one hundred years of experience in the research, education, and treatment of diabetes. Each of its affiliates has programs that provide comprehensive medical management, nutrition counseling by registered dietitians, nursing assessment, social services, and education by certified diabetes educators. Community education regarding risks of diabetes and treatment options is a routine part of JDC services. Professional education is available to physicians, nurses, dietitians, therapist, and pharmacists in all aspects of diabetes management. *(June 21, 2006, CON Application, page 15)*
3. The Hospital has been operating the JDC affiliate at the Hospital's campus in New London since 1999. In 2002, the Hospital established a second JDC at 14 Clara Drive in Mystic. *(June 21, 2006, CON Application, page 15)*
4. The Joslin Diabetes Centers in New London and Mystic provide outpatient diabetes treatment, counseling, and education services. The Centers offer a multi-disciplinary approach using endocrinologists, nurse practitioners, diabetes nurse educators, nutritionists, and social workers. The services of Joslin Diabetes Centers, except for pre-diabetes classes, are physician-referred. *(June 21, 2006, CON Application, pages X and 18)*
5. The Hospital's primary service area for diabetes care includes the towns of East Lyme, Groton, Ledyard, Lyme, Montville, New London, North Stonington, Old Lyme, Stonington, and Waterford. The secondary service area includes the towns of Bozrah, Colchester, Franklin, Griswold, Lisbon, Norwich, Preston, Salem, Voluntown, and Old Saybrook. *(June 21, 2006, CON Application, page 17)*
6. The Hospital proposes to increase accessibility of comprehensive diabetes services for existing patients who reside in towns west of New London by providing a JDC at 633 Middlesex Turnpike, Old Saybrook. *(June 21, 2006, CON Application, page 16)*
7. Sound Medical Associates ("SMA") is a professional physician practice corporation and a subsidiary of L&M Systems and Lawrence and Memorial Corporation. SMA is

currently an occupant of the Lawrence and Memorial Medical Office Building at 633 Middlesex Turnpike, Old Saybrook and the Center will lease space from SMA. *(June 21, 2006, CON Application, page 18)*

8. The Hospital states that the proposed Joslin Diabetes Center in Old Saybrook is based on improved accessibility, as well as existing patient backlogs and spatial constraints at the existing sites. *(June 21, 2006, CON Application, pages 16 and 19)*
9. The Hospital states that prior to the recruitment of a third full-time physician in August 2005, non-urgent new patients were scheduled for appointments in about 90 days from the receipt of a physician's referral. With the additional physician wait times for an initial appointment were lowered to approximately one month. *(June 21, 2006, CON Application, page 19)*
10. The Joslin Diabetes standard is to schedule new patients within two to four weeks upon receipt of the referral. *(June 21, 2006, CON Application, page 19)*
11. The Hospital states that having a third physician for the Mystic and New London sites created some space constraints. Shifting a portion of the existing volume to Old Saybrook would help alleviate the space constraints. *(June 21, 2006, CON Application, page 19)*
12. The Hospital's primary service area for the proposed Old Saybrook location, based on the existing patient town of origin, is East Lyme, Lyme, Old Lyme, and Old Saybrook. *June 21, 2006, CON Application, page 18)*
13. Outpatient visits to the New London and Mystic sites combined for FY 2002 to FY 2005 and for FY 2006 from October 1, 2005 to March 31, 2006 by patient town of origin are reported in the following tables:

Table 1: Actual Outpatient Visits

Service Area	Town	Number of Outpatient Visits in Fiscal Year				
		2002	2003	2004	2005	2006
Primary	Groton	1,937	2,487	2,720	2,928	3,290
Primary	New London	1,278	1,638	1,639	1,847	2,294
Primary	Waterford	1,031	1,154	1,111	1,406	1,762
Primary	East Lyme	583	606	762	896	1,096
Primary	Montville	574	647	712	851	986
Primary	Ledyard	472	541	613	724	880
Primary	Stonington	536	623	651	688	820
Primary	Old Lyme	242	256	291	291	390
Primary	North Stonington	151	197	214	228	292
Primary	Lyme	1	1	0	0	4
Primary Service Area Total		6,508	8,150	8,713	9,859	11,814

Secondary	Norwich	317	353	298	373	526
Secondary	Preston	95	79	118	105	176
Secondary	Salem	57	61	86	115	142
Secondary	Old Saybrook	72	83	62	110	130
Secondary	Colchester	16	40	56	64	70
Secondary	Voluntown	24	19	57	40	52
Secondary	Bozrah	17	24	30	32	34
Secondary	Franklin	4	0	9	10	14
Secondary	Griswold	0	3	2	0	0
Other	Other CT Towns	1,885	2,081	2,061	2,157	2,434
Secondary and Other Service Areas Total		2,487	2,743	2,779	3,006	3,578
Grand Total		9,292	10,893	11,492	12,865	15,392

* The Hospital's outpatient data cannot be verified by OHCA.

**October 1, 2005 to March 31, 2006

(June 21, 2006, pages 17 and 18)

14. The Hospital estimates that approximately 184 of the existing 460 patients currently served from the proposed service area will select to receive their services at the Old Saybrook location. This estimate assumes that 50% of the patients for whom the Old Saybrook location would be more accessible would actually change their site of care and change their Joslin physician for the improved access. New patients may be referred by SMA. (June 21, 2006, CON Application, page 18)
15. The proposed hours for the Old Saybrook location are Wednesday from 9:00 a.m. until 3:00 p.m. for office visits and 6:00 p.m. to 8:00 p.m. for diabetes education classes. (June 21, 2006, CON Application, page 18)
16. Most physician visits for diabetes care are provided by primary care physicians. There are four endocrinology specialists who provide similar services and are located in the primary or secondary service areas for the proposed Old Saybrook site. (June 21, 2006, CON Application, page 18)
17. The Hospital stated that the impact on existing providers will be minimal as the proposed program is designed to improve access for the current patients of the Joslin Diabetes Centers who may shift their site of service to Old Saybrook from New London or Mystic. (June 21, 2006, CON Application, page 21)
18. The Hospital's projections for the units of service for the first three years of operation of the proposed Old Saybrook location are reported in the following table: (June 21, 2006, CON Application, page 22)

Table 2: Projected Units of Service for First Three Fiscal Years

	FY 2007	FY 2008	FY 2009
Physician Visits for New Patients	48	48	48
Follow-up Visits with Physician	384	384	384
Follow-up Visits with Nurse Practitioner	576	576	576
Total	1,008	1,008	1,008

* The visits are calculated based on one new and eight follow-up visits per six-hour physician shift for forty-eight weeks per year, and eight follow-up visits per six-hour nurse practitioner shift for forty-eight weeks per year. OHCA can not verify these projections.

19. The proposed Old Saybrook site will utilize the American Diabetes Association Guidelines as well as the Joslin Diabetes Center & Joslin Clinic Guidelines. *(June 21, 2006, CON Application, page 23)*

**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**

20. The proposal has no associated capital expenditure. *(June 21, 2006, CON Application, page 29)*
21. The Hospital bills patients for professional services as provided. There are no clinic charges. *(June 21, 2006, CON Application, page X)*
22. The Hospital projects a loss in operations of \$14,500 each year for FYs 2007, 2008, and 2009. The lease expense for the Old Saybrook site is projected to be \$14,500 each year. *(June 21, 2006, CON Application, page 187)*
23. The Hospital stated that the proposal is cost effective because for a negligible expense, it improves patient access to diabetic care services. *(June 21, 2006, CON Application, page 33)*
24. The Hospital's payer mix based on total net patient revenue for FY 2005 actual and project for FYs 2007, 2008, and 2009 is 58% for commercial insurers and other non-government payers and 42% for Medicare, Medicaid, and other medical assistance. *(June 21, 2006, CON Application, page 187)*
25. There is no State Health Plan in existence at this time. *(June 21, 2006, CON Application, page 16)*
26. The Hospital stated that the proposal is consistent with its long-range plan. *(June 21, 2006, CON Application, page 16)*

27. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, applications of technology, and consolidation of its materials receiving locations. *(June 21, 2006, CON Application, page 26)*
28. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(June 21, 2006, CON Application, page 27)*
29. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(June 21, 2006, CON Application, page 27)*
30. The Hospital's rates are sufficient to cover the operating costs associated with the proposal. *(June 21, 2006, CON Application, page 187)*
31. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(June 21, 2006, CON Application, Attachment 1)*

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 & Memorial Hospital (“Hospital”) has been operating a Joslin Diabetes Center (“JDC”) at the hospital since 1999 and also has a second site in Mystic. The Hospital proposes to establish another JDC in Old Saybrook to provide a more accessible location for its current patients who reside west of New London. In FY 2006, there were 1,620 visits from patients in the proposed primary service area. The Hospital based its proposal on the need to provide local access to diabetic care services for its current patients and reduce patient backlogs at its sites in New London and Mystic. The proposed JDC in Old Saybrook will also alleviate spatial constraints at the existing sites, thereby improving access at the existing JDC locations as well. OHCA finds that the Hospital has demonstrated that the proposal will contribute to the accessibility and quality of health services in the region.

The proposal has no associated total capital expenditure. The Hospital will lease space from an affiliated physician practice located at 633 Middlesex Turnpike in Old Saybrook. The lease expense, at \$14,500 per year, is the projected operating loss that the Hospital will realize from the proposal. The Hospital stated that the proposal is cost-effective because for a negligible expense it improves patient access to the diabetic care services. 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 Lawrence & Memorial Hospital to establish a Joslin Diabetes Center in Old Saybrook at no associated capital expenditure is hereby GRANTED.

Order

Lawrence and Memorial Hospital is hereby authorized to establish a Joslin Diabetes Center at 633 Middlesex Turnpike, Old Saybrook, Connecticut, at no associated capital expenditure, subject to the following conditions:

1. This authorization shall expire on July 13, 2007. Should the Hospital's JDC in Old Saybrook not have commenced operation by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital will notify OHCA in writing of the commencement of the proposed JDC in Old Saybrook no later than July 13, 2007.

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

July 13, 2006

Signed by Cristine a. Vogel
Commissioner

CAV:lkq