

M. JODI RELL  
GOVERNOR

STATE OF CONNECTICUT  
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL  
COMMISSIONER

July 21, 2009

**IN THE MATTER OF:**

An Application for a Certificate  
of Need filed pursuant to  
Section 19a-638, C.G.S. by:

**Greenwich Hospital**

Notice of Final Decision  
Office of Health Care Access  
Docket Number: 08-31283-CON

**Establishment and Operation of  
Outpatient Physical Therapy and  
Occupational Medicine Services in  
Stamford**

To: Nancy Hamson  
Director of Planning  
Greenwich Hospital  
5 Perryridge Road  
Greenwich CT, 06830

Dear Ms. Hamson:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-638, C.G.S. On July 21, 2009, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the  
Office of Health Care Access

  
Cristine A. Vogel  
Commissioner

Enclosure

CAV: swl



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Greenwich Hospital

**Docket Number:** 08-31283-CON

**Project Title:** Establishment and Operation of Outpatient Physical Therapy and Occupational Medicine Services in Stamford

**Statutory Reference:** Section 19a-638 of the Connecticut General Statutes

**Filing Date:** April 23, 2009

**Decision Date:** July 21, 2009

**Default Date:** July 22, 2009

**Staff Assigned:** Steven W. Lazarus

**Project Description:** Greenwich Hospital (“GH”) proposes to establish and operate physical therapy and occupational medicine services in Stamford, Connecticut at a total capital expenditure of \$1,326,442. GH began operating the proposed physical therapy and occupational medicine service at 2015 West Main Street, Stamford in April 2008. The services being provided are located in a previously vacant 3,775 gross square foot space of a building currently owned by GH’s subsidiary real estate company GH Realty, LLC.

**Nature of Proceedings:** On April 23, 2009, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application from Greenwich Hospital to establish and operate outpatient physical therapy and occupational medicine services at 2015 West Main Street in Stamford, Connecticut, at a total capital expenditure of \$1,326,442. The Applicant 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 Applicant's Letter of Intent was published in *The Advocate* and *The Greenwich Times* on December 20, 2008. OHCA received no responses from the public concerning the Applicant's proposal. Pursuant to 19a-638 C.G.S., three individuals or an individual representing an entity with five or more people had until May 14, 2009 the twenty-first calendar day following the filing of the Applicant's CON Application, to request that OHCA hold a public hearing on the Applicant'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-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.

### **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. It is found that Greenwich Hospital ("Hospital" or "GH") is a not-for-profit acute care hospital located at 5 Perry Ridge Road, Greenwich, Connecticut. (*December 3, 2008 Letter of Intent*)
2. It is found that the Hospital currently provides physical therapy and occupational medicine services (including psychiatry) ("proposed services") at its main campus, utilizing nine (9) treatment rooms. (*March 30, 2009, Initial CON Application, pages 3&5*)
3. On May 21, 2008, the Office of Health Care Access under Certificate of Need ("CON") Determination Report No.: 08-31168-DTR, determined that GH was required to go through the CON process for the establishment and operation of physical therapy and occupational medicine service at 2015 West Main Street, Stamford, Connecticut.
4. The Hospital contends that it chose the proposed location as there were economies of scale through locating several services in the same building for such items as delivery of supplies, signage, security and transportation of mail and documents between the building and the main campus. Further, the site offered the Hospital available (vacant) space to expand that was lacking at the Hospital's main campus and thereby considered to be a cost effective way to expand. (*April 23, 2009, Completeness Letter Responses, page 158*)
5. The Hospital currently has services at the proposed Stamford location including imaging services and a laboratory drawing station (offering outpatient laboratory services) located in the same building. (*April 23, 2009, Completeness Letter Responses, page 162*)

6. The Hospital contends that the following physicians affiliated with the Hospital are currently practicing at the proposed Stamford location:

**Table 1: Physicians located at 2015 West Main St. Stamford**

Physician	Specialty
Linda Grant, M.D.	Physiatrist
Janet Freedman, M.D.	Physiatrist
Nicholas Browning	Internal Medicine
Steven Murphy	Internal Medicine

*(March 30, 2009, Initial CON Application, page 8)*

7. According to GH, patients who require outpatient physical and occupational medicine services generally come for treatment several times a week for multiple weeks. Out of convenience, patients often choose a therapy location that is close to their home. Creating that convenience and ease of accessibility was a goal in choosing the current proposed Stamford location. *(April 23, 2009, Completeness Letter Responses, page 158)*
8. The Hospital contends that the following table represents the percentage of GH's historical market share for the proposed physical therapy and occupational therapy services at the main campus, based on its FY 2006-2009 patient base from the towns of Greenwich, Stamford and all other towns combined:

**Table 2: GH's O/P Physical Therapy and Occupational Medicine Services' Market Share (Main Campus), FYs '06-'09**

Town	FY 2006	FY 2007	FY 2008	*FY 2009
Greenwich	63.7%	63.0%	62.0%	61.8%
Stamford	10.1%	9.9%	9.8%	8.3%
Other**	26.1%	27.1%	28.2%	29.9%
Total	100%	100%	100%	100%

\*FY 2009 is for the time period October 2008 through February 2009.

\*\* Includes towns other than Greenwich & Stamford, including out-of-state.

*(March 30, 2009, Initial CON Application, pages 4 & 23)*

9. OHCA finds that for FY 2008, 8% of GH's total discharges for all inpatient services were from the town of Stamford, which is the second highest percentage from a Connecticut town, behind town of Greenwich. However, GH has a 7% total market share from the town of Stamford, which is the fourth highest among Connecticut towns' discharges from GH.
10. According to the Applicant, based on actual volumes experienced at the proposed site in Stamford, the following table identifies the percentage of patients for the proposed services originating from the towns of Greenwich and Stamford that have received services at the proposed 2015 West Main Street, Stamford location, since it began offering physical therapy and occupational medicine services in April 2008:

**Table 3: Towns of Greenwich & Stamford**  
**Percentage breakdown (Stamford Location)**

Town	April 2008- Sept. 2008	Oct. 2008- Feb. 2009
Greenwich	56.5%	62.6%
Stamford	26.6%	23.2%
Other	16.9%	14.2%
Total	100%	100%

(March 30, 2009, Initial CON Application, page 4)

11. GH contends that it did not consider any alternative locations, as the proposed location enabled the Hospital to provide the proposed services in a cost effective manner that best met the Hospital's patients' needs. (April 23, 2009, Completeness Letter Responses, page 158)
12. GH contends that the existing treatment rooms at the Hospital were fully occupied, opportunities to increase the size of the physical space occupied by the proposed services had been exhausted. (March 30, 2009, Initial CON Application, pages 3&6)
13. The Hospital contends that the following represents percentages of PT/OM patients that are from Connecticut and those from out-of-state, based on the actual number of patients what received PT/OM services at the Hospital and the proposed Stamford location:

**Table 4: GH's PT/OM Patients by In & Out of State Percentages**

FY	Main Campus		Stamford Location	
	Connecticut PT & OM (Combined)	Out-of-State PT & OM (Combined)	Connecticut PT & OM (Combined)	Out-of-State PT & OM (Combined)
2008	79.56%	20.44%	92.76%	7.24%
2009 (Oct.-Feb.)	77.68%	22.32%	95.80%	4.20%

Note: PT: Physical Therapy, OM: Occupational Medicine (these services include Physiatry).  
(March 30, 2009, Initial CON Application, pages 25-41)

14. The Hospital contends that the following table represents the historical outpatient physical therapy and occupational medicine services (including physiatry) volumes for fiscal years ("FY") 2003-2009 at the Hospital, FY 2009 is annualized based of the first five months of FY 2009 (Oct.-Feb.):

**Table 5: Hospital's Historical Utilization for Physical Therapy & Occupational Medicine Services**

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 (Annualized)
Patient visits	15,273	16,246	17,268	20,705	24,611	24,606	22,178

(March 30, 2009, Initial CON Application, pages 3&8)

15. OHCA finds that based on a five year annual average (between FYs 2003-2008) the Hospital's total average historical annual growth between FYs 2003-2008 was approximately 10.26%.

16. The Hospital presented the following historical and projected combined (Table 6) and at each location (Tables 7&8) volumes at GH and the Stamford location:

**Table 6: Historical & Projected Combined Volumes at GH's Main Campus & 2015 West Main Street**

Patient Visits	FY 2006	FY 2007	FY 2008	FY 2009 Actual (Oct.-Feb.)	FY 2009 Annualized	FY 2010 Projected	FY 2011 projected	FY 2012 Projected
PT	16,717	16,435	20,457	9,005	21,612	22,660	23,780	24,977
OT	2,129	6,292	6,017	2,568	6,163	6,436	6,726	7,035
Physiatry	1,859	1,884	1,850	742	1,781	1,863	1,950	2,043
Total	20,705	24,611	28,324	12,315	29,556	30,959	32,456	34,055

Note: FY 2009 provided by GH includes actual data between the months of Oct &-Feb.  
(March 30, 2009, Initial CON Application, page 8)

**Table 7: Historical & Projected Volume at GH's Main Campus**

Patient Visits	FY 2006	FY 2007	FY 2008	FY 2009 Annualized	FY 2010 Projected	FY 2011 projected	FY 2012 Projected
PT	16,717	16,435	17,634	15,900	16,377	16,868	17,374
OT	2,129	6,292	5,373	4,903	5,050	5,202	5,358
Physiatry	1,859	1,884	1,599	1,375	1,416	1,459	1,503
Total	20,705	24,611	24,606	22,178	22,844	23,529	24,235

Note: GH reported FY 2009 actual patient visits at the main campus between Oct. – Feb. as 9,241.  
FY 2009 projections were annualized by taking into account actual 5 month data and dividing it by 5 and then multiplying by 12.  
The annual growth rates between FYs 2010-2012, calculates to an average of 3%.  
(March 30, 2009, Initial CON Application, page 8)

**Table 8: Historical & Projected Volume at 2015 West Main Street Location**

Patient Visits	FY 2006	FY 2007	FY 2008 (Apr.-Sep.)	FY 2009 Annualized	FY 2010 Projected	FY 2011 projected	FY 2012 Projected
PT	0	0	2,823	5,712	6,283	6,912	7,603
OT	0	0	644	1,260	1,386	1,525	1,677
Physiatry	0	0	251	406	446	491	540
Total	0	0	3,718	7,378	8,155	8,927	9,820

Note: GH reported FY 2009 actual patient visits at the Stamford location between Oct. – Feb. as 3,074.  
FY 2009 projections were annualized by taking into account actual 5 month data and dividing it by 5 and then multiplying by 12.  
The projected average percentage growth calculates to 9.5% for FYs '10 to '11 and 10.0% for FYs '11 to '12. (March 30, 2009, Initial CON Application, page 7)

17. The Hospital contends that the following providers of similar services in the area:

**Table 9: Area Providers of PT & OM Services**

Provider Name	Address
The Stamford Hospital	30 Shelbourne Road, Stamford, CT
Norwalk Hospital	Maple Street, Norwalk, CT
Orthopaedic & Neurosurgery Specialists	10 Valley Drive, Greenwich, CT

(March 30, 2009, Initial CON Application, page 98)

18. The Hospital contends that the effect of the proposal on existing provider is minimal, since GH provides the proposed services to patients in the service area who generally seek services from the Hospital. *(March 30, 2009, Initial CON Application, page 9)*

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

19. The Hospital contends that the total capital expenditure associated with this proposal is \$1,326,442, which will be financed through the Hospital's equity, specifically through funded depreciation. *(March 30, 2009, Initial CON Application, pages 14-16)*
20. The Hospital's contends that the projected incremental gains from operations related to the proposal are \$348,000, \$227,000, \$347,000, and \$482,000 for FYs 2009-2012, respectively. *(March 30, 2009, Initial CON Application, pages 147-148 )*
21. The Hospital contends that rate structure at the proposed location in Stamford is the same rate structure utilized by the Hospital's Physical Medicine department. Both locations use the same coding, pricing and charge system. *(March 30, 2009, Initial CON Application, pages 155-156)*
22. GH contends that the current payer mix and three year projected payer mix for GH's proposed service at the Hospital's main campus, based on percentage of patients payer source, is as follows:

**Table 10: Hospital's Current & Three-Year Projected Payer Mix**

Description	FY 2009 (Hospital)	FY 2010 (Hospital)	FY 2011 (Hospital)	FY 2012 (Hospital)
Medicare*	37.7%	37.7%	37.7%	37.7%
Medicaid*	3.6%	3.6%	3.6%	3.6%
CHAMPUS and TriCare	0%	0%	0%	0%
<b>Total Government</b>	<b>41.3%</b>	<b>41.3%</b>	<b>41.3%</b>	<b>41.3%</b>
Commercial Insurers*	43.7%	43.7%	43.7%	43.7%
Uninsured	10.9%	10.9%	10.9%	10.9%
Workers Compensation	4.1%	4.1%	4.1%	4.1%
<b>Total Non-Government</b>	<b>58.7%</b>	<b>58.7%</b>	<b>58.7%</b>	<b>58.7%</b>
<b>Total Payer Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Includes managed care activity.  
*(April 23, 2009, Completeness Letter Responses, pages 159-160)*



23. The Hospital contends that the current payer mix and three year projected payer mix for the proposed 2015 West Main Street, Stamford location, based on percentage of patients' payer source, is as follows:

**Table 11: Proposed Location's Current & Three-Year Projected Payer Mix**

Description	FY 2010 (Stamford)	FY 2011 (Stamford)	FY 2012 (Stamford)
Medicare*	34.7%	34.7%	34.7%
Medicaid*	0.8%	0.8%	0.8%
CHAMPUS and TriCare	0%	0%	0%
<b>Total Government</b>	<b>35.5%</b>	<b>35.5%</b>	<b>35.5%</b>
Commercial Insurers*	54.4%	54.4%	54.4%
Uninsured	5.5%	5.5%	5.5%
Workers Compensation	4.6%	4.6%	4.6%
<b>Total Non-Government</b>	<b>64.5%</b>	<b>64.5%</b>	<b>64.5%</b>
<b>Total Payer Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Includes managed care activity.

*(April 23, 2009, Completeness Letter Responses, pages 159-160)*

24. The Hospital contends that it will bill for the services at the proposed Stamford location. *(March 30, 2009, Initial CON Application, page 12)*
25. It is found that there is no State Health Plan in existence at this time. *(February 17, 2009, Initial CON Application, page 8)*
26. It is found that the Hospital has improved productivity and contained costs through energy conservation, and applications of new technology. *(March 30, 2009, Initial CON Application, page 12)*
27. It is found that the proposal will not result in any change to the Hospital's teaching and research responsibilities. *(March 30, 2009, Initial CON Application, page 12)*
28. It is found that there are no characteristics of the Hospital's patient/physician mix that make the proposal unique. *(March 30, 2009, Initial CON Application, page 12)*
29. It is found that the Hospital has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(March 30, 2009, Initial CON Application, pages 11 & 68-86)*
30. The Hospital contends that the rates provided for FYs 2009-2012, as \$357, \$385, \$416 and \$449 for FYs 2009-2012, respectively, are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(March 30, 2009, Initial CON Application, -pages 152)*

## 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.

Greenwich Hospital (“Applicant,” “GH” or “Hospital”) is a not-for-profit acute care hospital located at 5 Perry Ridge Road, Greenwich, CT. GH is proposing to establish and operate outpatient physical therapy and occupational medicine (“PT and OM”) services at 2015 West Main Street, Stamford, Connecticut. The Hospital began offering the proposed PT and OM services at the proposed Stamford location without a CON authorization from the State of Connecticut, in April 2008.

The Hospital contends that it chose the proposed Stamford location as it currently offers hospital services at the Stamford location. In addition to the proposed PT and OM services, the Applicant currently offers various imaging and blood drawing services at the proposed Stamford location. Furthermore, there are currently four Hospital affiliated physicians practicing in the same proposed building (FINDING OF FACT 4-6). OHCA finds that for the aforementioned reasons, the proposed Stamford location offers GH a cost effective way to establish and operate the proposed PT and OM services.

According to GH, based on the historical PT and OM services provided at GH’s main campus (between fiscal years (“FY”) 2008-2009), majority of the percentage of patients who received these services were from the town of Greenwich, with town of Stamford being the second highest percentage (FINDING OF FACT 8). Further, shifting of the PT and OM services patients from GH’s main campus to the proposed Stamford location provides the Applicant with additional capacity for PT and OM service patients at GH’s main campus while improving access to outpatient services. OHCA finds the establishment and operation of PT and OM services at 2015 West Main Street, Stamford will improve access for GH’s patients residing in the area.

The CON proposal’s total capital expenditure total of \$1,326,422, will be financed through operating funds. The Applicant projects an incremental gain from projections of \$227,000, \$347,000 and \$482,000 for FYs 2010-2012, respectively (FINDING OF FACT 23-24). The Applicant’s financial projections, and volumes upon which they are based, appear to be reasonable and achievable. Based on the above, OHCA finds that the CON proposal is cost-effective.

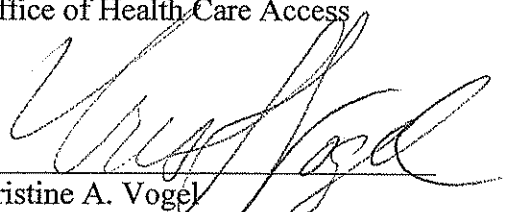
## Order

The proposal of Greenwich Hospital to establish and operate physical therapy and occupational medicine services at 2015 West Main Street, Stamford, at a total capital expenditure of \$1,326,442 is hereby GRANTED.

1. This authorization shall expire on December 31, 2009. Should the Applicant's project not be completed by that date, the Applicant must seek further approval from the Office of Health Care Access ("OHCA") to complete the project beyond that date.
2. The Applicant shall not exceed \$3 million in capital expenditure for the cost of the proposal. In the event that the Applicant learns of potential cost increases or expects the final project costs will exceed \$3 million, the Applicant shall notify OHCA in writing.
3. Greenwich Hospital shall hereafter notify OHCA of any and all proposed establishment and termination of services prior to finalizing any decision to establish or terminate any services or programs. Failure to notify OHCA in advance of any proposed establishment and/or termination of services may be considered as not filing required information and subject Greenwich Hospital to civil penalties pursuant to Section 19a-653, C.G.S.

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

  
Cristine A. Vogel  
Commissioner

7-21-09  
Date

CAV: swl