



M. JODI RELL  
GOVERNOR

STATE OF CONNECTICUT  
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL  
COMMISSIONER

June 11, 2009

**IN THE MATTER OF:**

A modification of a previous Certificate of  
Need authorization as allowed by  
Section 4-181a(b), Connecticut General Statutes

Notice of Modification Final Decision  
Office of Health Care Access  
Docket Number 09-30813-MDF

**Greenwich Hospital and Greenwich  
Ambulatory Surgery Center, LLC**

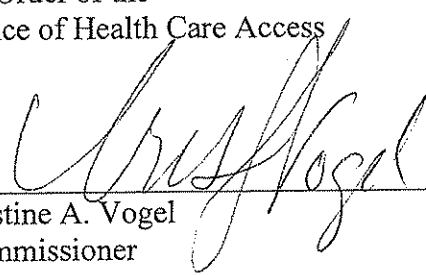
A request to modify Docket Number  
06-30813-CON in order to increase the  
authorized capital expenditure

To: Ms. 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 4-181a(b), C.G.S. On June 11, 2009, this Modification was rendered as the revised 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

CAV:kr



## Office of Health Care Access

### A Modification of a Previously Authorized Certificate of Need

**Applicant:** Greenwich Hospital and  
Greenwich Ambulatory Surgery Center, LLC

**Modification Docket Number:** 09-30813-MDF

**Modification Project Title:** A request to modify a previous Certificate of Need authorization in order to increase the authorized capital cost, by \$1,503,990 from \$8,552,992 to \$10,056,982

**Original Project Docket Number and Title:** Docket Number 06-30813-CON;  
The Establishment and Operation of an Ambulatory Surgery Center in Greenwich

**Statutory Reference:** Sections 4-181a(b), Connecticut General Statutes

**Filing Date:** May 8, 2009

**Decision Date:** June 11, 2009

**Staff:** Karen Roberts

**Project Description:** Greenwich Hospital and Greenwich Ambulatory Surgery Center, LLC, together referred to herein as the “Applicants”, propose a modification of the Certificate of Need (“CON”) authorization issued under Docket Number 06-30813-CON, as previously modified by OHCA under Docket Number 08-30813-MDF, in order to increase the authorized capital cost by \$1,503,990 from \$8,552,992 to \$10,056,982. The CON authorization was for the Applicants to establish and operate an ambulatory surgery center at 55 Holly Hill Lane, Greenwich, Connecticut at a total capital expenditure of \$8,552,992.

## Findings of Fact

1. On January 31, 2008, Greenwich Hospital (“Hospital”) and Greenwich Ambulatory Surgery Center, LLC (together referred to as “Applicants”) and the Office of Health Care Access (“OHCA”) entered into an Agreed Settlement under Docket Number 06-30813-CON, wherein OHCA modified and approved a Certificate of Need regarding the Applicants’ request to establish and operate an ambulatory surgery center in Greenwich, Connecticut at a total capital expenditure of \$8,552,992. Pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes, OHCA authorized the Applicants to establish and operate the ambulatory surgery center at 55 Holly Hill Lane, Greenwich, Connecticut, and to build, outfit, and utilize three operating rooms and to create shelled spaced for one additional operating room. This project was previously modified by OHCA under Docket Number 08-30813-MDF to vacate two stipulations related to the filing of patient level utilization data.
2. Stipulation #9 of the Agreed Settlement under Docket Number 06-30813-CON states the following:

*“9. The Hospital<sup>1</sup> shall not exceed the approved total capital expenditure of \$8,552,992. In the event that the Hospital learns of potential cost increases or expects that final capital expenditure for the proposal exceeds those approved, the Hospital shall notify OHCA immediately.”*
3. On February 3, 2009, the Applicants filed a request for OHCA to modify the Certificate of Need authorization in order to increase the authorized capital cost, by \$1,503,990 from \$8,552,992 to \$10,056,982 “*primarily due to several issues with floor vibration and FAR space limitations as well as unforeseen design and equipment costs.*” Further information was filed with OHCA on February 26, 2009 and May 8, 2009.
4. The following capital cost breakdown is provided by the Applicants in their modification request:

	<b>Original CON Budget</b>	<b>Final Project Costs</b>	<b>Incremental Difference</b>
New Construction / Renovation	\$4,750,500	\$5,577,746	\$827,246
Medical Equipment	\$2,160,378	\$3,676,439	\$1,516,061
Working Capital	\$1,412,000	\$0	\$(1,412,000)
Non-Medical Equipment	\$230,114	\$802,797	\$572,683
<b>Total Capital Expenditure</b>	<b>\$8,552,992</b>	<b>\$10,056,982</b>	<b>\$1,503,990</b>

5. The Applicants indicate the following related to this requested capital expenditure increase:
  - a. Since the original project budget was prepared in 2006 and the scope of the construction project was further developed, costs have exceeded those originally budgeted. In addition the construction market in 2007 and 2008 has also seen a rise in costs.

<sup>1</sup> The Hospital rather than GASC LLC was authorized to entirely incur the capital expenditure for this project.

- b. The Applicants indicate that "*Once the Finance Department moved out of the third floor of 55 Holly Hill and the space was demolished, the flooring was found to be more flexible than originally anticipated.*" The Applicants indicate that vibration studies confirmed that the flooring system was not stiff enough for eye surgery and they had to have the floor bar joists reinforced from below. This work required night and weekend work so as not to interfere with the Healthy Living Center program in the building. Vibration Isolation mounts were installed in the ceiling of each Operating Room to mount the Ophthalmic and ENT microscopes.
  - c. The Applicants found that there was not enough room within the building to support the space needs and a prefabricated penthouse was added to the building to handle some of the mechanical equipment. Additional Roof Screening was required to screen the new roof air handlers and penthouse.
  - d. Lead paint was discovered on the structural beams that the isolation systems needed to connect to the building and abatement was necessary.
  - e. During the planning and equipment purchase phase, it became clear to the Applicants that there was a discrepancy in the number type and quantity of equipment and the mounting systems for the OR Equipment Booms and lights had been omitted from the original equipment budget.
10. Construction of the center has been completed and on January 9, 2009, a successful Department of Public Health inspection was conducted. The formal opening of the center was held on January 12, 2009 and the first patient received care on January 19, 2009. The Hospital is currently operating the ambulatory surgery center for four days per week under its acute care hospital license (Monday, Wednesday, Thursday and Friday).<sup>2</sup>
11. The Applicants are not requesting any change in the scope of the authorized project related to this modification request. In addition, while the final project cost for this project is proposed to be \$10,056,982, the Hospital will only incur \$356,982 toward these costs as the Hospital received a charitable donation of \$9,700,000 for the ambulatory surgery center project.

## Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 06-30813-CON, to Section 19a-637, C.G.S., is not significantly altered by this request for a modification under Docket Number 09-30813-MDF. The modification proposal does not alter the intended scope of the project. The various cost increases appear to have been unanticipated at the time of the CON filing. The Applicants became aware of the need for additional project costs subsequent to the initial estimation of project costs and only as the construction project was underway. Therefore, the request for additional project costs appears to be reasonable.

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<sup>2</sup> The Hospital and GASC have not yet finalized the agreements for the operation of the Center by and between these two parties. GASC has not yet obtained its DPH license for Outpatient Surgical Facility.

## Order

Based on the above discussion and the reasons provided in the Applicants' modification request, OHCA hereby grants the request and modifies the CON authorized under Docket Number 06-30813-CON. Stipulation #9 of the Agreed Settlement under Docket Number 06-30813-CON is modified as follows:

*"9. The Hospital shall not exceed the approved total capital expenditure of \$10,056,982. In the event that the Hospital learns of potential cost increases or expects that final capital expenditure for the proposal exceeds those approved, the Hospital shall notify OHCA immediately."*

All other conditions set forth in the CON authorization issued under Docket Number 06-30813-CON not modified herein or not previously modified by Docket Number 08-30813-MDF, will remain in full effect.

By Order of the  
Office of Health Care Access

Date

6-11-09

  
Cristine A. Vogel  
Commissioner

CAV/kr