



**STATE OF CONNECTICUT**  
DEPARTMENT OF PUBLIC HEALTH  
*Office of Health Care Access*

May 11, 2012

**IN THE MATTER OF:**

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

Notice of Final Decision  
Office of Health Care Access  
Docket Number: 11-31734-CON

**MCI Healthcare, LLC**  
**d/b/a Mountainside Treatment Center**

**Increase in Licensed Bed Capacity**

To: Mr. Terence Dougherty  
President & CEO  
Mountainside Treatment Center  
P.O. Box 717  
Canaan, CT 06018

Dear Mr. Dougherty:

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 May 11, 2012, 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.

A handwritten signature in black ink, appearing to read "Kimberly R. Martone".

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Kimberly R. Martone  
Director of Operations

Enclosure  
KRM:swl



**Department of Public Health  
Office of Health Care Access  
Certificate of Need Application**

**Final Decision**

**Applicant:** MCI Healthcare, LLC d/b/a Mountainside Treatment Center  
**Docket Number:** 11-31734-CON  
**Project Title:** Increase in Licensed Bed Capacity by 16 Beds

**Project Description:** MCI Healthcare, LLC d/b/a Mountainside Treatment Center (“Mountainside” or “Applicant”) is proposing to increase its licensed bed capacity by 16 beds.

**Procedural History:** On January 2, 2012, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from the Applicant for the above-referenced proposal. Mountainside published notice of its intent to file the CON Application in the *Waterbury Republican*, on October 21, 22 and 23, 2011. OHCA received no responses from the public concerning the Applicant’s proposal and no hearing requests were received from the public per General Statutes §19a-639a (e).

**Findings of Fact**

1. Mountainside is located at 187 South Canaan Road, Route 7, Canaan, Connecticut and is licensed as a Facility for the Care or Treatment of Substance Abusive or Dependent Persons by the State of Connecticut, Department of Public Health (“DPH”). Ex. A, p.183.
2. Mountainside opened in 1998 with 50 beds for rehabilitation, intermediate and long-term care as classified by DPH. In 2006, it expanded to 66 beds and in 2010, it reduced its bed complement to 62. The bed reduction was necessary in order to create physical space for critically important support functions (e.g., rooms for group activities). Ex. A, p. 17.

3. The Applicant is currently licensed by DPH to offer 62 Intermediate and Long Term Treatment and Rehabilitation Beds. Ex. A, p.183.
4. Mountainside is a residential drug addiction and alcoholism rehabilitation facility that uses a multi-disciplinary approach to treat individuals suffering from addiction and provides individual addiction treatment and aftercare. Ex. A, p. 17.
5. Mountainside's current treatment methods include, but are not limited to, one-on-one counseling, group counseling, gender-specific groups, family counseling, the 12-Step education, a mind body spirit program, adventure-based initiatives and continuing care planning. The Center also offers day and evening and outpatient treatment as well as aftercare (e.g., Sober House). Ex. A, p. 17.
6. The Applicant's staff include licensed and certified social workers and counselors. Ex. A, pg. 17.
7. Mountainside currently uses all of its 62 licensed beds for rehabilitation care, and occupancy levels reach 100% regularly throughout the year, resulting in waiting lists. Ex. A, p. 18.
8. The proposed increase in bed capacity at Mountainside will increase the total bed complement by 16 beds to a total bed capacity of 78 beds. These additional beds will be utilized to provide residential detoxification and evaluation ("detoxification") services. Ex. A, p. 18-19.
9. The proposed detoxification beds will be housed in a newly constructed wing of the main facility, which will be connected by a glass-enclosed walkway. Ex. A, p. 18.
10. Residential detoxification generally requires five to seven days to complete before an individual is ready to begin substance abuse rehabilitation treatment, which typically continues for 28 days. Ex. A, p. 18.
11. Mountainside will provide level 3.7 residential detoxification services as defined by the American Society of Addiction Medicine's five levels of detoxification care. Ex. A, p. 18.
12. A 3.7 level of care includes providing 24-hour medically supervised evaluation and withdrawal management, a permanent facility with inpatient beds and services that are delivered under a defined set of physician-approved policies and the availability of 24-hour observation, monitoring and treatment. Ex. A, p. 18.
13. Offering detoxification in the same facility where rehabilitation will occur will help to ensure continuity of care throughout the patient's treatment process. Ex. A, p. 18.

14. According to the State of Connecticut, Department of Mental Health and Addiction Services (“DMHAS”), while treatment is available and effective, the majority who need treatment do not obtain it. It is estimated that for every one person who seeks and/or receives behavioral health care for addiction, there are six individuals with similar conditions who will neither gain access to, nor receive, such care. Ex. A, p. 18.
15. Effective treatment must provide a combination of culturally competent therapies and consider other factors including age, race, culture, language, sexual orientation, gender, family roles, housing, employment, etc. Ex. A, p. 18.
16. Mountainside’s approach to addiction treatment combines therapeutic and holistic methods to support its evidence-based program. Ex. A, p. 18.
17. Access to detoxification beds in Connecticut is problematic, and there are often waiting lists at the few facilities that offer the service. Ex. A, p. 18.
18. There are currently 44 DPH licensed residential (non-hospital) substance abuse facilities in Connecticut; however, only 10 are known to offer level 3.7 residential detoxification services. Ex. A, p. 19 & Ex. C, p. 207.
19. Mountainside conducted two surveys of Connecticut substance abuse facilities currently providing level 3.7 residential detoxification services to determine same-day detoxification bed availability. The first survey of six providers was conducted prior to submitting the CON application. It found that three of the facilities had between one and three detoxification beds available and three facilities had no detoxification beds available for several days. The second survey, conducted after filing the CON application, found that three of the facilities had no detoxification beds available (with one bed possibly available at night) and one facility had two beds available. Additionally, four out-of-state facilities were surveyed and only one of those four had available detoxification beds. Ex. A, p. 19 & 207.

20. The following is a list of the ten (10) substance abuse facilities in Connecticut that are currently providing level 3.7 residential detoxification services:

Facility Name	Town	Total Beds	Available Detox Beds
*First Step	Bridgeport	19	19
*MCCA	Danbury	30	10
*Detoxification Center (Blue Hills & ADRC)	Hartford	73	35
*Rushford Center	Middletown	58	16
*South Central Rehabilitation Center	New Haven	29	29
*Stonington Institute	North Stonington	63	13
**Community Prevention and Addiction Services (CPAS)	Willimantic	Unavailable	6
**CT Valley Hospital (Merritt Hall)	Middletown	Unavailable	20
**Southeastern Connecticut Council on Alcohol and Drug Dependence (SCADD)	Lebanon	Unavailable	20
**Silver Hill Hospital (Silver Hill)	New Canaan	Unavailable	18
<b>Total Detox Beds</b>			<b>186</b>

Notes: \*First Survey \*\*Second Survey  
 Ex. A, p. 79, & Ex. C, p. 207.

21. Mountainside receives requests for residential detoxification care from existing referral sources. These referral sources include physicians, acute care hospitals, family members, interventionists, therapists and other mental health facilities. Ex. A, p. 21.
22. Over the past 21 months, Mountainside has referred approximately 170 individuals to facilities outside of Connecticut (New York, New Jersey and Massachusetts) primarily due to limited or lack of (level 3.7) bed availability. Ex. A, p. 20.
23. Mountainside submitted letters of support from a variety of referral sources from within Connecticut and the neighboring states indicating need for access to additional detoxification beds in Connecticut. Ex. C, p. 214-218.
24. By increasing access to detoxification care through the addition of detoxification beds at Mountainside, continuity of care will be greatly enhanced and will ensure the successful completion of rehabilitation care. Ex. A, p. 21.
25. According to a Substance Abuse and Mental Health Services Administration (“SAMHSA”) report (the “Report”) issued in 2009, an estimated 8.7% of the population

aged 12 or older were illicit drug users, 23.7% of persons aged 12 and older participated in binge drinking and 6.8% reported being a heavy drinker. Ex. A, p. 22.

26. The Report states that while drug and alcohol abuse are major problems, they are not being adequately treated; of the people who needed treatment at a specialty facility for an illicit drug or alcohol use problem in the past year, only 11.2% of this population received treatment. Ex. A, p. 22.
27. SAMHSA's 2010 census data indicates that there are 2,757,082 Connecticut residents 18 years of age and over, which is approximately 77% of the total population. According to SAMHSA's States in Brief report for Connecticut ("State Report"), the global measures for abuse or dependence on illicit drugs or alcohol are at or above national rates. Ex. A, p. 24.
28. The State Report further states that Connecticut has been among the 10 states with the highest rates for past month illicit drug marijuana use and past year marijuana use for the 18-25 age group as well as past month alcohol use for several age groups including 12+, 18-25 and 26+. This has been a steady trend in Connecticut survey data collected between 2002-2003 and 2005-2006. Ex. A, p. 24.
29. According to SAMHSA's State Profile and Underage Drinking Facts, 137,000 (32.3%) of 12-to-20 year-olds consumed alcohol in the past month and 100,000 individuals (23.5%) binged on alcohol. Mountainside currently treats many young adults with alcohol abuse and dependence and a large percentage of these clients began drinking before they were of legal drinking age. Ex. A, p. 24.
30. Mountainside contends the proposed population either a) may not be receiving detoxification services at all because of the difficulty in obtaining access to detoxification beds, b) may be accessing out-of-state detoxification services, or c) may be able to access one of the limited number of available detoxification beds in Connecticut. Ex. A, p. 24.
31. Due to the limited number of detoxification beds and the fact that the existing providers are generally at or near capacity, the proposed addition of 16 detoxification beds at Mountainside is expected to have little or no impact on any existing providers. Additionally, Mountainside has an established referral base due to its other existing behavioral health services. Ex. A, p. 25.
32. Mountainside developed the following volume projections for the proposed 16 bed increase:
  - a. Monthly admissions are estimated to be 65 per month. This is based on Mountainside's recent historical admissions per month which have ranged between 65 and 80. Each admission is expected to utilize the detoxification beds. Some clients will only require 24 hours of observation but most will

require up to seven days of detoxification. Therefore, the projected detoxification admissions for a full year are estimated to be 780.

- b. The projected patient days have been calculated using an average length of stay of 6 days. Therefore, for a full year, 4,680 patient days are projected. Ex. A, p. 26.

33. The following are the historical occupancy and average daily census rates for Mountainside:

**Table A: Historical Occupancy Rate**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Occupancy Rate</b>	72%	70%	74%	87%

**Table B: Historical Average Daily Census**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Avg. Daily Census</b>	48	46	46	53

**Table C: Historical Variability in Census (high vs. low)**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Census High</b>	66	66	62	61
<b>Census Low</b>	36	36	34	33

**Table D: Historical Patient Days**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Patient Days</b>	17,342	16,762	16,820	17,429

Ex. A, p. 27.

34. Mountainside's historical and actual service admissions (for all services) was as follows:

**Table E: Historical and Actual Service Admissions**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Admissions</b>	598	578	580	601

Ex. A, p. 28.

35. In 2008, Mountainside was a not-for-profit facility but due to recent economic challenges, it was unable to obtain the necessary funding for needed renovations and improvements to the physical plant. The facility converted to a for-profit in 2009 in order to obtain the necessary funding for physical plant improvements. As a result of these facility improvements, admissions and census have increased, approaching 90% occupancy this current fiscal year. Ex. A, p. 28.
36. Utilizing projected admissions and patient days, Mountainside expects the proposed 16 detoxification beds to operate at 80% occupancy. This occupancy rate would allow Mountainside to respond to many same-day requests for bed access. Ex. A, p. 26.

37. Mountainside’s projected detoxification admissions are as follows:

**Table F: Projected Residential Detoxification Admissions**

	FY 2012*	FY 2013	FY 2014
<b>Detox Admissions</b>	768	780	780

\*Annualized

38. Mountainside estimates that the age distribution for the proposed detoxification beds will be similar to their existing population, which is primarily young adults between 18 and 30 years of age, with a smaller percentage being between 30 and 65 years of age. Ex. A, p. 25.
39. The addition of the proposed 16 detoxification beds will improve timely access to residential detoxification care, improved continuity of care due to the provision of detoxification and rehabilitation care at the same location and the ability to retain Connecticut residents who currently leave the state for residential detoxification care. Ex. A, p. 26.
40. Mountainside’s proposal will have a direct and positive impact on the quality of health care delivery. Availability of residential detoxification services in the same facility as the residential rehabilitation care will help ensure more drug-addicted and alcoholic individuals complete their treatment. Additionally, it will improve continuity of care and by improving access to detoxification care, will help to ensure that more individuals are entering the first phase of critical services at the same facility in which they will continue their rehabilitation to help them manage their addiction. Ex. A, p. 29.
41. The total capital expenditure associated with this proposal is \$9,672,513, which includes \$8,055,000 related directly to land/building construction costs and the remaining \$995,000 is related to non-medical equipment purchase. Ex. A, p. 30-31.
42. The project will be funded through a combination of an equity contribution and a commercial bank loan. The equity contribution is for a total of \$1,169,923 and the bank loan will be for a term of 10 years at 6% for a total loan amount of \$8,502,590. Ex. A, p. 31 & 201.
43. The following table illustrates the projected net income based on the *incremental* operational revenue and expenses for the proposed 16-bed increase:

**Table G: Mountainside’s incremental net income**

	FY 2012	FY 2013	FY 2014
<b>Total Revenue from Operations:</b>	<b>\$1,728,000</b>	<b>\$3,785,940</b>	<b>\$4,089,750</b>
<b>Total Expenses from Operations</b>	<b>\$1,851,565</b>	<b>\$3,819,748</b>	<b>\$3,908,628</b>
<b>Net Income (Before Taxes)</b>	<b>\$(123,565)</b>	<b>\$(33,808)</b>	<b>\$181,122</b>

Ex. A, p. 200.



44. Although Mountainside is projecting small incremental losses for the first two years of the proposal attributed directly to depreciation expenses, it is projecting an incremental gain in net income by year three of the proposal. Additionally, Mountainside is projecting gains from net income for each of the first three years of the proposal for the overall facility. Ex. A, p. 200.
45. The following table illustrates the projected net income based on the operational revenue and expenses *with the proposal*:

**Table G: Mountainside overall net income with proposal**

	FY 2012	FY 2013	FY 2014
<b>Total Revenue from Operations:</b>	\$12,541,750	\$15,140,378	\$16,011,909
<b>Total Expenses from Operations:</b>	\$12,286,382	\$14,776,306	\$15,413,014
<b>Net Income (Before Taxes)</b>	\$255,368	\$364,072	\$598,896

Ex. A, p. 200.

46. Mountainside's current patient population mix of 80% Commercial and 20% Self-Pay is not expected to change as a result of this proposal. Ex. A, p. 32.

## Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in General Statutes § 19a-639(a) and the Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services*, 288 Conn. 790 (2008); *Swiller v. Commissioner of Public Health*, No. CV 95-0705601 (Sup. Court, J.D. Hartford/New Britain at Hartford, October 10, 1995); *Bridgeport Ambulance Serv. v. Connecticut Dept. of Health Serv.*, No. CV 88-0349673-S (Sup. Court, J.D. Hartford/New Britain at Hartford, July 6, 1989); *Steadman v. SEC*, 450 U.S. 91, 101 S.Ct. 999, *reh'g den.*, 451 U.S. 933 (1981); *Bender v. Clark*, 744 F.2d 1424 (10th Cir. 1984); *Sea Island Broadcasting Corp. v. FCC*, 627 F.2d 240, 243 (D.C. Cir. 1980).

Mountainside is licensed as a Facility for the Care and Treatment of Substance Abusive or Dependent Persons in Canaan, Connecticut. FF1. The Applicant is proposing to increase its licensed bed capacity by adding 16 residential detoxification beds, which will bring its total complement of substance abuse beds to 78. FF10. Mountainside currently operates 62 Intermediate and Long-Term Treatment and Rehabilitation beds. FF3. Although Mountainside treats adults of all ages, it treats many young adults with alcohol abuse and dependence and a large percentage of these clients began drinking before they were of legal drinking age. FF29.

Mountainside, is a residential drug and alcoholism rehabilitation facility, uses a multi-disciplinary approach to help individuals suffering from addiction and provides individual addiction treatment and comprehensive aftercare. FF4. Current treatment methods include, but are not limited to, one-on-one and group counseling, day, evening and outpatient treatments as well as aftercare. FF5. Mountainside currently uses all of its 62 licensed beds for rehabilitation care, and occupancy levels reach 100% regularly throughout the year, resulting in waiting lists. FF7.

The proposed additional beds will be utilized to provide level 3.7 residential detoxification services: providing 24-hour medically supervised evaluation and withdrawal management, a permanent facility with inpatient beds and services that are delivered under a defined set of physician-approved policies and the availability of 24-hour observation, monitoring and treatment. FF10&14. Residential detoxification generally requires five to seven days to complete before an individual is ready to begin substance abuse rehabilitation treatment, which typically continues for 28 days. FF10. Additionally, the monthly admissions are estimated to be 65 per month, which is based on Mountainside's historical admissions, which have ranged between 65 and 80 per month FF32. Offering detoxification in the same facility where rehabilitation will occur will help to ensure continuity of care throughout the patient's treatment process. FF13.

Although there are 10 facilities in Connecticut that offer level 3.7 residential detoxification service, with a total of 186 detoxification beds, these beds are not readily available for same-day service for patients requiring this level of care. FF20-22. Over the past 21 months, Mountainside has referred approximately 170 individuals to facilities outside of Connecticut (New York, New Jersey and Massachusetts) primarily due to limited or lack of (level 3.7) bed

availability. FF24. Mountainside receives requests for residential detoxification care from existing referral sources. These include physicians, acute care hospitals, family members, interventionists, therapists and other mental health facilities. FF23. As evidence, the Applicant submitted letters of support from a variety of referral sources from within Connecticut and neighboring states indicating the need for access to additional detoxification beds in Connecticut. FF24. Additionally, SAMHSA data indicates the prevalence of the significant use of drug and alcohol by the population age 12 and older at the national level; moreover, the data also indicates that Connecticut has been among the 10 states with the highest rates for illicit drug and alcohol use. According to SAMHSA data, this has been a steady trend since 2002. FF26-29. By increasing access to detoxification care through the addition of detoxification beds at Mountainside, continuity of care will be greatly enhanced and will ensure the successful completion of rehabilitation care. FF24.

It appears to OHCA there is a need for 16 additional detoxification beds, based on the Applicant's demonstration of limited access to level 3.7 detoxification service beds in Connecticut and referrals of their existing patient population to other providers in order to accommodate needed detoxification services. In addition, supporting national and state-level data provided further indicate a need. The addition of level 3.7 detoxification service beds will not only have a positive impact on the quality of health care delivery in Connecticut but will provide Mountainside an opportunity to offer a full complement of substance abuse services to their existing patients, thereby improving continuity of care.

The total capital expenditure associated with the proposal is \$9,672,513, including \$8,055,000 associated with construction related to land and building. FF43. Although the Applicant is projecting a net income loss incremental to the proposal, attributed directly to the non-cash depreciation expense related to the construction for the first two years of the proposal, the Applicant is projecting a gain in net income incremental to the proposal by the third year of the proposal and additionally, the net income for the total facility for the first three years of the proposal is projecting a gain. FF45-46.

## Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of MCI Healthcare LLC d/b/a Mountainside Treatment Center to increase its total licensed beds by 16, from 62 total licensed beds to 78 total licensed beds at its treatment center located 187 South Canaan Road, Route 7 in Canaan, Connecticut, at an associated total capital expenditure of \$9,672,513 is hereby **approved**.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the  
Department of Public Health  
Office of Health Care Access

Date

5/11/2012

Lisa A. Davis  
Lisa A. Davis, MBA, BSN, RN  
Deputy Commissioner

LAD:swl