

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

October 16, 2013

**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: 12-31798-CON

**South Bay Mental Health Center, Inc**


**Establish a Psychiatric Outpatient  
Clinic for Adults and a Facility for the  
Care and Treatment of Substance  
Abusive or Dependent Persons in  
Hartford**

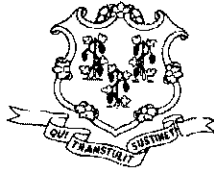
To:

Laura Nolda  
Program Director  
South Bay Mental Health Center, Inc.  
237 Hamilton St., Suite 205  
Hartford, CT 06106

Dear Ms. Nolda:

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 October 16, 2013, 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.

  
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Kimberly R. Martone  
Director of Operations



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

**Final Decision**

**Applicant:** South Bay Mental Health Center, Inc.  
237 Hamilton St., Hartford, CT 06106

**Docket Number:** 12-31798-CON

**Project Title:** Proposal to Establish a Psychiatric Outpatient Clinic for Adults and a Facility for the Care and Treatment of Substance Abusive or Dependent Persons in Hartford

**Project Description:** South Bay Mental Health Center, Inc., ("Applicant") seeks authorization to establish a psychiatric outpatient clinic for adults and a facility for the care and treatment of substance abusive or dependent persons in Hartford with no associated capital expenditure.

**Procedural History:** The Applicant published notice of its intent to file the CON Application in *The Hartford Courant* on September 2, 3, 5, 6, and 7, 2012. On October 26, 2012, the Office of Health Care Access ("OHCA") received the initial Certificate of Need ("CON") application for the above-referenced project. On May 6, 2013, OHCA deemed the CON application complete.

On May 24, 2013, OHCA notified the Applicant of the time and place of the public hearing. On May 25, 2013, a notice to the public announcing the hearing was published in the *Hartford Courant*. Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a, a public hearing regarding the CON application was held on June 13, 2013.

Commissioner Jewel Mullen designated Attorney Kevin T. Hansted as the hearing officer in this matter. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Conn. Gen. Stat.) and Conn. Gen. Stat. § 19a-639a(f).

The public hearing record was closed on August 7, 2013.

## Findings of Fact

1. The Applicant is a for-profit company that has been providing mental health and substance abuse services in Massachusetts since 1986. Ex. A., pp. 4, 295, 298 and Ex. C, p. 349.
2. The Applicant is currently contracted through the State of Connecticut's Department of Developmental Services to provide birth to three diagnostic and early intervention services to towns in the greater Hartford area. The Applicant began providing these services in 2011. Through referrals, the Applicant identifies children with risk factors for autism spectrum disorder and visits each child's home to conduct an assessment, a parent interview and clinically observe the child. Ex. A, p. 282 and Ex. E, p. 364.
3. The Applicant also currently operates a mental health outreach clinic at 237 Hamilton St., Hartford. Ex. C, p. 351.
4. The Applicant is proposing the establishment of an outpatient behavioral health clinic to provide a continuum of community-based services to children, families and adults in the greater Hartford area, including individual, group and family mental health and substance abuse counseling. Ex. A, p. 2.
5. The Applicant proposes establishing the behavioral health clinic at the same location as its mental health outreach clinic since it is centrally located in the downtown area with easy access to public transportation. It is also within walking distance of many other providers that may be serving the Applicant's clients, such as non-profit and state agencies. Ex. A, p. 5.
6. To provide the proposed services, the Applicant requires licensure from the Department of Public Health as a Psychiatric Outpatient Clinic for Adults and as a Facility for the Care and Treatment of Substance Abusive or Dependent Persons. The Applicant will also require licensure from the Department of Children and Families as an Outpatient Psychiatric Clinic for children. Ex. C, p. 339.
7. The Applicant proposes providing the services to residents of Hartford, West Hartford, East Hartford and Manchester. Ex. A, p. 5.
8. Data provided by the Applicant from local, state and federal sources indicate the proposed service area has high rates of unemployment, poverty, abuse/neglect, children in foster care/kinship homes, substance abuse, crime, teen death, teen pregnancy and other demographic risk factors. According to the U.S. Census Bureau American Community Survey, the towns of East Hartford and Hartford have higher rates of people living in poverty than the statewide rate. In Hartford, almost 50% of children are living in poverty. The following table reports the indicators for the proposed service area towns and for Connecticut as a whole.

**Table 1: Median Household Income and Poverty Percentages\***

<b>Town</b>	<b>Median Income**</b>	<b>All People in Poverty</b>	<b>All Children in Poverty***</b>
Connecticut	\$67,067↓	9.7%↑	12.8%↑
East Hartford	\$48,887	13.9%	21.0%
Hartford	\$28,069	32.0%	43.1%
West Hartford	\$77,156↓	7.0%	6.8%
Manchester	\$61,731	8.3%	12.9%

\*October 2011 U.S. Census Bureau American Community Survey, 2008-2010 three-year estimates.

\*\* In 2010 inflation-adjusted dollars.

\*\*\*Ages 0-17 years.

↓ Indicates a significant decrease from the 2005-2007 American Community Survey.

↑ Indicates a significant increase from the 2005-2007 American Community Survey.

Ex. A, pp. 5-12, pp. 89-92.

9. According to a 2009 Connecticut General Assembly Commission on Children report, children from low-income families experience emotional and behavioral problems more often than non-poor children. Further, low income, combined with other factors such as exposure to parental depression, domestic violence and substance abuse, generates the stress and life crises that put children at risk for behavioral health problems. Ex. E, pp. 361-362.
  
10. There are 23 entities within the four proposed service area towns that hold a total of 50 facility licenses in the two DPH categories for which the Applicant is seeking licensure. In addition, there are 19 school based health centers in the four proposed service area towns, many of which provide a behavioral health component of services. DPH e-licensure database as of October 2013 and Ex. A, pp. 14-17.
  
11. The March 2012 Hartford Community Health Needs Assessment (“HCHNA”) identified lack of knowledge about existing services, lack of available services, inability to pay and lack of transportation as barriers to care and determined that improved access to care is needed for the community’s underserved populations. The Applicant proposes providing treatment options to underserved populations where services have been insufficient or unavailable. The Applicant states that the result will be little to no shift of volume from existing providers. Ex. A, p. 41, Ex. C. p. 334.
  
12. Cristina Johnson, a court planner with the Connecticut Judicial Branch’s Court Operations Division responsible for ensuring that mental health services and other resources are available for clients in the Hartford area stated in a letter of support that referrals are made directly with local community providers in lieu of incarceration but finding these services is challenging due to the lack of availability. Ex. P, p. 4.
  
13. Steven Hunt, Director of Building Bridges, LLC, stated in a letter of support that Building Bridges has had positive interactions with the Applicant through the Birth to Three program. He further stated that children must be transitioned to another provider when turning three years old and that the availability of more agencies to provide services would create a more comprehensive and timely transition process. Ex. P, p. 5.

14. Jane Bisantz, the director of an agency that provides early intervention services to families with infants and toddlers with disabilities, stated in a letter of support that there has always been a shortage of mental health services for her agency's clients. Further, she stated that it is difficult to find services for families needing mental health resources that will remain in place after a child's third birthday. Ex. P, p. 6.
15. The Applicant stated that adding additional mental health services to the proposed service area will create more opportunity for consumers to access and receive help for their individual issues. The Applicant intends to collaborate with other area providers to help individuals reach the goal of self-sufficiency. Ex. A, pp. 17-18.
16. Peter Scanlon, Ph. D., Executive Director and Founder of South Bay Mental Health Center, Inc., noted an increasing demand for behavioral health care services arising from several initiatives and emerging trends. He cited the federal Affordable Care Act which will: increase insurance coverage, include behavioral health care without restrictions and encourage the integration of behavioral health and physical medicine. Further, he stated that Connecticut Public Act 13-3 advances mental health parity and requires that decisions about behavioral health care be made by behavioral health professionals. Dr. Scanlon also indicated that the trend toward decreased residential treatment and increased community-based interventions is also expected to drive demand for outpatient services along with the "increased awareness of mental health needs of children, adolescents and young adults." Transcript of June 13, 2013, Public Hearing ("Tr.") Testimony of Dr. Scanlon, pp. 5-18.
17. The Community Mental Health Services Block Grant Report ("CMHS BG Report") for Federal Fiscal Year 2012-2013 estimates that 23.9% of adults in Connecticut had some form of mental illness and 63.5% of those adults needed, but did not receive, treatment. The Applicant estimates that there are 34,348 adults with an unmet need for mental health treatment services in the proposed service area.

**Table 2: Adults with Unmet Treatment Needs in the Proposed Service Area**

<b>Town</b>	<b>Total Population*</b>	<b>Age 18 and Over</b>	<b>Estimated Number of Adults with Mental Illness (23.9%**)</b>	<b>Estimated Number of Adults with Mental Illness and Unmet Need (63.5%**)</b>
Hartford	124,775	92,558	22,121	14,047
East Hartford	51,252	39,275	9,387	5,961
West Hartford	63,268	48,503	11,592	7,361
Manchester	58,241	45,988	10,991	6,979
<b>Total</b>	<b>297,536</b>	<b>226,324</b>	<b>54,091</b>	<b>34,348</b>

\* U.S. Census Bureau, Census 2010.

\*\* Percentage reported in Community Mental Health Services Block Grant Report for Federal Fiscal Year 2012-2013, prepared by Connecticut's Department of Mental Health and Addiction Services and Department of Children and Families.  
Ex. C, p. 327.

18. The same CMHS BG Report also estimates that up to 20% of children and youth in Connecticut have some form of psychiatric disturbance and almost 70% of those individuals do not receive treatment for their disorder. The Applicant estimates that there are 9,969 children and youth with an unmet need for mental health treatment services in the proposed service area.

**Table 3: Children and Youth with Unmet Need in Proposed Service Area**

<b>Town</b>	<b>Total Population*</b>	<b>Under 18 yrs.</b>	<b>Population under 18 with Mental Illness (20%**)</b>	<b>Estimated Number with Mental Illness and Unmet Need (70%**)</b>
Hartford	124,775	32,217	6,443	4,510
East Hartford	51,252	11,977	2,396	1,677
West Hartford	63,268	14,765	2,953	2,067
Manchester	58,241	12,253	2,451	1,715
<b>Total</b>	<b>297,536</b>	<b>71,212</b>	<b>14,243</b>	<b>9,969</b>

\* U.S. Census Bureau, Census 2010.

\*\* Percentage reported in Community Mental Health Services Block Grant Report for Federal Fiscal Year 2012-2013, prepared by Connecticut's Department of Mental Health and Addiction Services and Department of Children and Families.  
Ex. C., p. 327.

19. The Applicant proposes providing its services to the following populations:

- a. Children, youth and adults with mental illness;
- b. Children in need of intense in-home services;
- c. Children in the juvenile justice system experiencing emotional disturbance or behavioral issues;
- d. Children diagnosed with post-traumatic stress disorder;
- e. Children and youth discharged from an inpatient facility, or at risk of going into an inpatient facility, due to psychiatric issues and/or substance abuse;
- f. Youth aging out of the services offered by a state agency;
- g. Low-income families and children; and
- h. Individuals requiring psychiatrist-prescribed psychotropic drug treatment.

Ex. C, p. 338, Ex. E, p. 356.

20. Dr. Scanlon stated that the Applicant has been active in providing community-based treatment services for children in danger of out-of-home placement and for children who are returning home and reintegrating into the community. He also indicated that the Applicant has developed a pilot project with the Massachusetts DCF to train and improve kinship homes and has a long history of working with youthful offenders and providing services to incarcerated women. Tr. Testimony of Dr. Scanlon, pp. 16-18.

21. The Applicant proposes using a "culture of recovery" model by providing and managing the continuum of prevention, intervention treatment and recovery services below:

- a. Individual therapy;
- b. Psychological testing;
- c. Family consultation with parents/guardians of a child being treated;

- d. Visits to prescribe, review and monitor medications;
  - e. Family therapy;
  - f. Case consultation with an appropriate party from an agency or program providing ancillary services to the client;
  - g. Interviews with clients in preparation of a treatment plan; and
  - h. Group therapy using psychotherapeutic or counseling techniques.
- Ex. C, pp. 4, 339, 340.

22. The Applicant has experience meeting with extremely high risk consumers in their homes, allowing the provision of treatment to those who might not otherwise be engaged. The intent is to make it possible for people who have difficulty leaving their homes to receive services. Ex. A, p. 18, Ex. C, pp. 345-346.

23. Laura Nolda, L.C.S.W., Director of South Bay Mental Health Services in Connecticut, stated that the Applicant is “currently providing Birth to Three services in 13 surrounding towns in the Hartford area...we go into the homes, and we conduct evaluations and...if they are found to be on the autism spectrum, then they are able to come to our program, where we provide intensive in-home service treatment with their family and their teams...we have speech and language pathologists, special education teachers, occupational therapists and physical therapist, who go in the homes and provide these services, and we’re required to cover over 17 services.” Transcript of June 13, 2013, Public Hearing (“Tr.”) Testimony of Ms. Nolda, p. 27.

24. The Applicant projects that it will provide 8,000, 10,000 and 12,410 sessions in the first three years of operation, respectively. Being a new operation, the Applicant projects moderate growth in each of the first three years. The projections indicate a 25% increase in the total number of sessions to be provided the following year. Each client will have a diagnostic assessment to assess function capacities, develop a case formulation, identify treatment goals and determine a treatment plan. Groups will have approximately 10 participants. Families will be involved with treatment plans for children and youth.

**Table 4: Project Volume by Fiscal Year and Service Type**

Service Type	Volume by Fiscal Year					
	2013		2014		2015	
	Persons*	Sessions**	Persons	Sessions	Persons	Sessions
Individual therapy	285	2,680	356	3,280	461	4,104
Psychological testing	20	20	30	30	35	35
Family consultation	90	350	100	420	125	504
Medication visit	105	1,100	180	1,350	185	1,700
Family therapy	94	1,800	118	2,160	152	2,592
Case consultation	342	1,250	428	1,500	553	1,800
Diagnostic consultation	285	300	356	360	461	475
Group Therapy	50	500	90	900	120	1,200
<b>Total</b>	<b>1,271</b>	<b>8,000</b>	<b>1,658</b>	<b>10,000</b>	<b>2,092</b>	<b>12,410</b>

\* Each client may receive more than one service and may be included in more than one service type.

\*\* A session may be 30 minutes or 60 minutes.

Ex A, p. 313 and Ex. C, pp. 338-340.

25. The Applicant proposes establishing itself as a provider in Connecticut by educating the current providers of its existence. The program director will have both a clinical and developmental role and will continue to reach out to local providers, state agencies, and others by informing existing providers of the Applicant's services and the availability for collaboration. Ex. C, p. 356.
26. The Applicant utilizes a quality improvement program with defined objectives and measures. For those measures where expectations are not met, a "plan, do, check, act" cycle is used to improve quality for the next quarter. In addition, the Applicant will maintain a Patient Care Assessment Committee which will develop and publish a Patient Care Assessment Plan and a Multidisciplinary Team and Utilization Review Committee to assure that the services that are provided are both sufficient and necessary to address clients' needs. Ex. A, pp. 279-280.
27. The Applicant stated that by providing evidence-based and holistic treatment, it is able to impact hospital emergency department over-utilization, hospital admissions and involvement with the correctional system, thus containing costs. Ex. A, pp. 314-315.
28. The proposed service will have a patient population mix of 5% Medicare, 86% Medicaid and 9% commercial insurance. The Applicant based this patient mix on the experience at its existing clinic in Boston, MA. Ex. A, p. 308.
29. The Applicant represented that it is willing to discount the customary fee by as much as 90% as long as the client demonstrates a commitment to treatment by making some payment toward their fees. The Applicant's sliding fee scale is based on federal guidelines and considers a client's income and number of dependents. Ex. C, p. 390.
30. The Applicant expects to make modest incremental gains in operating revenues beginning in the second year of service. The following table reports the projected operational revenue and expenses for the proposed service:

**Table 5: Financial Projections by Fiscal Year ("FY")\***

	<b>FY 2013**</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Revenue from Operations:</b>	\$ 189,613	\$760,609	\$910,141	\$1,092,170
<b>Expenses from Operations:</b>	208,098	659,037	709,844	949,013
<b>Operation Revenue (Earnings before Taxes)</b>	\$(18,485)	\$101,672	119,297	143,157
<b>Full Time Equivalent</b>	5	12	14	18

\* Based on fiscal year ending Dec 31.

\*\* Projections are for the last half of the year, July to Dec.

Ex C., p. 385.

31. In FY 2011, the Applicant's audited financial statements reported \$38 million in operating revenue and a net income of \$4.8 million. Ex. A, p. 300.



32. The Applicant estimates that 4,000 patient visits (200 patients, 20 visits per patient) will be required to provide an incremental gain from operations. Ex. C, p. 343.
33. Dr. Scanlon stated that the Applicant is capable of sustaining operating losses until the new programs become established. Tr. Testimony of Dr. Scanlon, p. 25.
34. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations adopted by OHCA. (General Statutes § 19a-639(a)(1)).
35. This CON application is consistent with the overall goals of the Statewide Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2)).
36. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).
37. The Applicant has satisfactorily demonstrated that its proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).
38. The Applicant has satisfactorily demonstrated how this proposal would improve the accessibility of health care delivery in the region and has satisfactorily demonstrated a potential improvement in quality and cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5)).
39. The Applicant has satisfactorily evidenced that there would be no adverse change to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6)).
40. The Applicant has satisfactorily identified the population to be served by its proposal and has satisfactorily demonstrated that the population has a need for the proposed services. (Conn. Gen. Stat. § 19a-639(a)(7)).
41. Existing utilization of behavioral health outpatient services supports approval of this proposal. The Applicant has satisfactorily demonstrated that the proposal is needed to meet the demand for services in the proposed service area. (Conn. Gen. Stat. § 19a-639(a)(8)).
42. The Applicant has satisfactorily demonstrated that its proposal would avoid unnecessary duplication of behavioral health services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).

## 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). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

South Bay Mental Health Center, Inc. (“Applicant”) is a for-profit company that has been providing mental health services in Massachusetts since 1986. *FF1* Since 2011, the Applicant has been providing services in Connecticut under its contract with the State of Connecticut’s Department of Developmental Services. These services include diagnostic and early intervention for children that the Applicant has identified as being on the autism spectrum. *FF2* The Applicant also operates a mental health outreach clinic in Hartford. *FF3* The Applicant is proposing the establishment of a behavioral health outpatient clinic to provide a continuum of community-based services to children, families and adults in the greater Hartford area. *FF4*

The Applicant proposes using a “culture of recovery” model by providing and managing the continuum of prevention, intervention treatment and recovery services to children, youth and adults with mental illness. Services will also focus on children needing intense in-home services; those within the juvenile justice system experiencing emotional or behavioral issues; children with post-traumatic stress disorder; children and youth discharged from or at risk of going into an inpatient facility due to psychiatric or substance abuse issues and youth aging out of State services. Additionally, the Applicant proposes offering services to individuals requiring psychiatrist-prescribed psychotropic drug treatment. *FF19, 21*

The proposed service area consists of the towns of Hartford, East Hartford, West Hartford and Manchester. *FF7* The Applicant estimates that there are 34,348 adults and 9,969 children and youth with unmet need for mental health treatment services in the service area towns. *FF17, 18* Many of the children, particularly in Hartford where the child poverty rate is 43%, are at-risk for behavioral health problems due to low household incomes and other factors that generate stress and life crises. *FF8, 9* The demand for behavioral health care services will likely increase due to recent federal and state legislation, decreased residential treatment and increased community-based interventions and an increased awareness of mental health needs of children, adolescents and young adults. *FF16* A number of existing providers offered letters of support for the Applicant’s proposal indicating a need for additional service providers in the area. *FF12-14* Considering the populations in the proposed service area, the existing area need for services, and the projected increase in demand for behavioral health resources, the Applicant’s proposal addresses a clear public need without unnecessary duplication of services.

The Applicant has considerable experience in Massachusetts. It has a history of providing services in individuals’ homes; in fact, the agency was founded with the intention of making it possible for people who have difficulty leaving their homes to receive services. *FF22* Additionally, the Applicant has experience in treating children who are in danger of out-of-home placement and has been involved in a kinship home pilot project in Massachusetts, as well as a history of working with youthful offenders and incarcerated women. *FF20* In Connecticut, the Applicant provides more than 17 different intensive in-home services to children in the Birth to

Three program and their families under its contract with the Department of Developmental Services' Birth to Three Program. *FF23* The Applicant will be utilizing evidenced-based and holistic treatment options and will use a quality improvement program and a Multidisciplinary Team and Utilization Review Committee to ensure objectives are met and services that are provided are both sufficient and necessary to meet clients' needs. *FF26* Therefore, OHCA finds that the proposal will enhance access to and improve the quality of behavioral health services in the proposed service area.

The Applicant is committed to providing services for the underserved. The proposal's payer mix is projected to be 86% Medicaid-enrolled clients. *FF28* For uninsured clients, the Applicant will discount the customary fee by as much as 90%, using a sliding fee scale, as long as the client demonstrates a commitment to treatment. *FF 29*

The Applicant estimates that 4,000 patient visits will be required to provide an incremental gain from operations. *FF21* The Applicant projects that it will provide 8,000, 10,000 and 12,410 sessions in the first three years of operations, respectively. *FF22* Although the Applicant does not project a gain in operations until the second year of service, it has the financial ability to continue providing services until the proposed service is well-established. *FF 31, 32* With no associated capital expenditures, and projected volumes that appear reasonable and achievable, OHCA concludes the Applicant's proposal is financially feasible.

## Order

Based upon the foregoing Findings of Fact and Discussion, the Certificate of Need application of South Bay Mental Health Center, Inc. to establish a behavioral health clinic at 237 Hamilton St., Hartford, Connecticut is hereby **APPROVED**.

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

10/16/13  
Date

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