



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

July 11, 2014

IN THE MATTER OF:

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

Notice of Agreed Settlement
Office of Health Care Access
Docket Number: 13-31885-CON

Gaylord Hospital

**Termination of Gaylord Sleep Medicine
Services in Glastonbury**

To:

Art Tedesco
Interim Chief Executive Officer
Gaylord Hospital
P.O. Box 400
Gaylord Farms Rd.
Wallingford, CT 06492

RE: Certificate of Need Application, Docket Number 13-31885-CON
Gaylord Hospital
Termination of Gaylord Sleep Medicine Services in Glastonbury

Dear Mr. Tedesco:

This letter will serve as notice of the approved Certificate of Need Application in the above-referenced matter. On July 11, 2014, the Agreed Settlement, attached hereto, was adopted and issued as an Order by the Department of Public Health, Office of Health Care Access.

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

Kimberly R. Martone
Director of Operations

Enclosure
KRM:ikg

An Equal Opportunity Provider
(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)
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**Department of Public Health
Office of Health Care Access
Certificate of Need Application**

Agreed Settlement

Applicant: Gaylord Hospital
Gaylord Farms Road, Wallingford, CT 06492

Docket Number: 13-31885-CON

Project Title: Termination of Gaylord Sleep Medicine Services in
Glastonbury, Connecticut

Project Description: Gaylord Hospital (“Hospital” or “Applicant”) seeks authorization to terminate Gaylord Sleep Medicine Services in Glastonbury, Connecticut, with no associated capital expenditure.

Procedural History: The Applicant published notice of its intent to file the Certificate of Need (“CON”) application in the *New Haven Register* on November 20, 21 and 22, 2013. On December 31, 2013, the Office of Health Care Access (“OHCA”) received the CON application from the Applicant for the above-referenced project and deemed the application complete on March 10, 2014. OHCA received no responses from the public concerning the Applicant’s proposal and no hearing requests were received from the public pursuant to Connecticut General Statutes (“Conn. Gen. Stat.”) § 19a-639a. Deputy Commissioner Davis considered the entire record in this matter.

To the extent the findings of fact actually represent conclusions of law, they should be so considered, and vice versa. *SAS Inst., Inc., v. S & H Computer Systems, Inc.*, 605 F.Supp. 816 (Md. Tenn. 1985).

Findings of Fact and Conclusions of Law

1. The Applicant is a long term acute care hospital located at Gaylord Farms Road, Wallingford, Connecticut. Ex. A, p. 5.
2. The Hospital provides health care services for patients requiring care for spinal cord injury, traumatic brain injury, stroke, pulmonary disease and other medically complex illnesses and sleep medicine. It includes both inpatient and outpatient care. Ex. A, p. 5.
3. Gaylord Sleep Medicine-Glastonbury (“Sleep Center”) is located at 676 Hebron Avenue, Glastonbury, Connecticut and utilizes six beds in its sleep laboratory. Ex. A, p. 5.
4. On May 9, 2007, OHCA granted Gaylord Hospital approval (DN: 06-30877-CON) to terminate sleep laboratory services located at 836 Farmington Avenue, West Hartford, and establish Gaylord Sleep Medicine-Glastonbury, increasing bed capacity from three to six beds. Ex. A, p. 5.
5. The Applicant, who currently provides outpatient sleep medicine services at its Glastonbury location, is now proposing the termination of all services at that location. Ex. A, p. 5.
6. Three quarters (75%) of patient visits originated from 25 towns in FY 2013:

**TABLE 1
GAYLORD SLEEP MEDICINE GLASTONBURY
PATIENT VISITS (FY 2013*)**

Town	Visits	%	Town	Visits	%	Town	Visits	%
Hartford	481	14.9%	West Hartford	77	2.4%	Portland	35	1.1%
East Hartford	226	7.0%	Wethersfield	76	2.4%	Torrington	34	1.1%
Glastonbury	208	6.4%	Middletown	72	2.2%	Berlin	33	1.0%
New Britain	186	5.8%	Willimantic	64	2.0%	Enfield	33	1.0%
Manchester	137	4.2%	Newington	54	1.7%	Coventry	30	0.9%
East Hampton	89	2.8%	Cromwell	52	1.6%	Top 25 Towns	2,411	74.7%
Colchester	87	2.7%	Marlborough	52	1.6%	All Other	818	25.3%
Windsor	86	2.7%	South Windsor	46	1.4%	Total	3,229	100%
Bristol	84	2.6%	Bloomfield	45	1.4%			
Rocky Hill	82	2.5%	Hebron	42	1.3%			

*Gaylord Hospital fiscal year (October 1-September 30)
Ex. A, pp. 7-10.

7. The following table shows the existing sleep medicine service providers in the Applicant's service area:

TABLE 2
EXISTING SLEEP LAB FACILITIES IN THE APPLICANT'S SERVICE AREA

Service	Provider Name and Location
Sleep Laboratory	Hartford Hospital Sleep Center Wethersfield, CT
Sleep Laboratory	Saint Francis Hospital Sleep Center Hartford, CT
Sleep Laboratory	ECHN Sleep Disorder Center Manchester, CT
Sleep Laboratory	Sleep Disorder Center Middlesex Hospital Middletown, CT
Sleep Laboratory	ProHealth Sleep Center West Hartford, CT
Sleep Laboratory	Connecticut Children's Medical Center Hartford, CT

Ex. A, p. 6.

8. The Applicant's decision to terminate sleep medicine services in Glastonbury was in response to changes in the practice of sleep medicine, including new technology used to diagnose sleep disorders. Ex. A, p. 6, Ex. C. p. 50.
9. The shift toward home versus lab-based studies and associated volume declines, coupled with the need to provide high-quality, cost-effective care for spinal cord and brain injuries, complex pulmonary diseases and medically complex patients, influenced the decision to terminate sleep services in Glastonbury. Ex. C, p. 50.

10. The overall decline in sleep medicine visits at the Sleep Center is illustrated in the table below:

**TABLE 3
HOSPITAL'S HISTORICAL AND CURRENT VISITS**

Visit Description	Fiscal Year			
	2011	2012	2013	2014* (annualized)
Sleep Medicine Study (full service study with physician interpretation)	1,129	1,339	973	838
Initial Consultation with Medical Staff	791	953	855	790
Follow-up visit to review study results and plan of care	459	992	476	333
PAP NAP **	---	4	17	10
Clinic***	605	872	749	463
Other****	42	124	159	125
Total	3,026	4,284	3,229	2,559

* October 1, 2013 – April 2014

** Day time visit of 3-4 hours to help patients learn to use marks and improve patient compliance.

*** CPAP set up; working with patients on compliance or mask issues.

****Includes in-home sleep studies; HST rental; psychology visits for insomnia management.

Ex. F, p. 88.

11. Overnight sleep lab volume dropped from 1,129 in FY2011 to 838 (annualized) in FY14, representing a 25% decrease. Ex. F, p. 88
12. The decision was also based on an evaluation of how the Hospital could best meet the complex medical and rehabilitation needs of its patients. Ex. A, p. 6.
13. As part of the Hospital's strategic planning process, the decision was made to concentrate resources on the Hospital's core health care services, which do not include sleep medicine services. Ex. C, p. 51.
14. The Applicant will implement external communications and outreach activities to help transition patients to alternative clinical services following the termination of Gaylord Sleep Medicine-Glastonbury. Ex. C, p. 75.
15. The Applicant will notify patients seen within the last two years, in writing, about the availability of sleep medicine services at Yale-New Haven Hospital (adult and pediatric patients) and Connecticut Children's Medical Center (pediatric patients). The Applicant will also provide copies of medical records upon request and help patients transition to alternative providers of their choice. Ex. A, p. 6, Ex. C, p. 76.
16. No capital expenditures/costs will be incurred from termination of sleep medicine services at the Sleep Center. Ex. A, p. 12.
17. The decision to terminate the Sleep Center services was not dependent on reimbursement levels, but on declining volume and leasing considerations. Ex. A, p. 13.

18. In FY 2013, Gaylord Sleep Medicine-Glastonbury posted a \$493,437 gain from operations. Ongoing gains are projected in FY 2014 through FY 2016; however, they are projected to decline in each consecutive year.

**TABLE 4
APPLICANT'S GAIN / (LOSS) FROM OPERATIONS**

	FY 2013* (Actual)	FY 2014	FY 2015	FY 2016
Revenue from Operations	\$1,378,533	\$1,361,531	\$1,361,531	\$1,361,531
Total Operating Expenses	\$885,096	\$891,481	\$912,330	\$927,463
Gain/(Loss) from Operations	\$493,437	\$470,050	\$449,201	\$434,068

*Gaylord Hospital fiscal year (October 1-September 30)

Assumptions: Gaylord Sleep Medicine Services-Glastonbury projects decreasing operational gains from FY 2014 through FY 2016 as a result of flat revenues and rising operating costs. The volume of sleep medicine patients in Glastonbury has been declining for both physician referrals and direct patient referrals and sleep services are provided by several other practices in the area.

Ex. A, p. 10, p. 25.

19. The Applicant's historical and current payer mix is as follows:

**TABLE 5
APPLICANT'S HISTORICAL AND CURRENT PAYER MIX**

Payer	FY 2011		FY 2012		FY 2013		FY 2014*	
	Volume	%	Volume	%	Volume	%	Volume	%
Medicare*	349	12%	554	13%	275	9%	133	9%
Medicaid*	943	31%	1,665	39%	1,238	38%	592	40%
CHAMPUS & TriCare	18	1%	4	<1%	16	<1%	13	1%
Total Government	1,310	43%	2,223	52%	1,529	47%	738	49%
Commercial Insurers	1,709	56%	2,051	48%	1,696	53%	750	50%
Uninsured	7	<1%	10	<1%	4	<1%	5	<1%
Workers Compensation	---	0%	---	0	---	0%	---	0%
Total Non-Government	1,716	57%	2,061	48%	1,700	53%	755	51%
Total Payer Mix	3,026	100%	4,284	100%	3,229	100%	1,493	100%

*(October 1, 2013 – to April 2014)

Ex. F, p. 88

20. 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 not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1)).
21. This CON application is consistent with the overall goals of the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
22. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).
23. The Applicant has demonstrated that the proposal will not impact the financial strength of the health care system in Connecticut. (Conn. Gen. Stat. § 19a-639(a)(4)).
24. The Applicant has satisfactorily demonstrated that quality and access to services in the region will be maintained for all relevant patient populations and that the proposal will reduce overall system costs by eliminating duplicative services and allowing for the greater use of a more cost-efficient diagnostic method with the potential to reach a broader population. (Conn. Gen. Stat. § 19a-639(a)(5))
25. The Applicant has shown that there would be no adverse change in the provision of health care services to the relevant populations and payer mix, including Medicaid patients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6)).
26. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)).
27. The declining historical utilization of sleep medicine visits in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).
28. The Applicant has satisfactorily demonstrated that this proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).
29. The Applicant has demonstrated good cause for the reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10)).

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 § 19a-639(a) of the Statutes. The Applicants bear the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

The Hospital is a long term acute care hospital located at Gaylord Farms Road, Wallingford, Connecticut. *FF1* The Hospital, which began offering sleep medicine services in 2007, is proposing to terminate all sleep medicine services at Gaylord Sleep Medicine-Glastonbury ("Sleep Center"), located at 676 Hebron Avenue, Hebron, Connecticut. *FF3-6*

The Applicant's request to terminate services at the Sleep Center is in response to changes in the practice of sleep medicine, including new technology used to diagnose sleep disorders. *FF6* Notably, overnight sleep studies have declined 25% between FY2011 and FY2014. *FF12,13* The decline in volume is attributed to the recent trend toward delivering sleep medicine testing in the home as opposed to lab-based testing. According to the Journal of Clinical Sleep Medicine, home-based sleep testing (HST) is likely to play an increasingly larger role in the practice of sleep medicine in the next several years, in large part due to changes in insurance practices around HST devices used in the diagnosis of obstructive sleep apnea (OSA). As prior authorization programs run by utilization management companies have begun to proliferate, many patients have been shunted from sleep laboratories into home testing. Portable, home-based testing appears to be a cost-efficient diagnostic measure at a time when medical costs are being closely scrutinized. Additionally, HST may reach a larger number of patients when not limited to a physical location of a sleep laboratory. *CON DN 13-31883, p. 4; Journal of Clinical Sleep Medicine Vol. 10, No. 5, pp. 5-7.* The trend toward moving sleep medicine testing to the home evidences forward thinking in an effort to reduce the cost of providing this service thereby strengthening the financial stability of Connecticut's health care system while maintaining access to this service for the patient population. In fact, this trend makes it easier for the patient to receive sleep medicine services by eliminating the need to travel to, and stay overnight at, the hospital.

As part of the closure, the Applicant will implement external communications and outreach activities to help transition patients to alternative clinical services following the termination of services at the Sleep Center. Specifically, the Applicant will notify patients seen within the last two years, in writing, about the availability of sleep medicine services at Yale-New Haven Hospital (adult and pediatric patients) and Connecticut Children's Medical Center (pediatric patients). The Applicant will also provide copies of medical records upon request and help patients transition to alternative providers of their choice. *FF14&15.* The Applicant has provided evidence that there are six other providers within its service area that are able to provide sleep medicine services to the patient population. Based upon the foregoing, the Applicant has satisfactorily demonstrated that access to sleep medicine services will be maintained for the relevant patient population, including Medicaid patients.

The shift toward home versus lab-based studies, volume declines and the Applicant's evaluation of how to best provide high-quality, cost-effective core services for patients with spinal cord and brain injuries, complex pulmonary diseases and medically complex needs influenced the decision to terminate sleep services in Glastonbury. *FF8-10*. The decision was not based on reimbursement levels, but rather was predicated on declining volume and leasing considerations. *FF17* While ongoing gains from operations are projected for FY2014-FY2016, they are also projected to decline in each consecutive year. *FF18* No capital expenditures/costs will be incurred from the termination. *FF16* Therefore, OHCA finds that this proposal will not negatively impact the financial strength of the state's health care system.

One of the overarching goals of the Statewide Health Care Facilities and Services Plan is the use of health care facility resources in an efficient, cost-effective manner while maintaining or improving patients' access to quality health care services. This proposal will allow for sleep medicine services to be provided in a more cost-effective setting and eliminate the duplication of services in the Applicant's service area. It is also reflective of the changing model of sleep medicine service delivery that has the potential to reach a larger number of patients. Thus, the Applicant has sufficiently demonstrated a clear public need for this proposal.

Order

NOW, THEREFORE, the Department of Public Health, Office of Health Care Access ("OHCA") and Gaylord Hospital ("Hospital") hereby stipulate and agree to the terms of settlement with respect to the termination of services of Gaylord Sleep Medicine Services at 676 Hebron Avenue, Glastonbury, Connecticut, as follows:

1. Gaylord Hospital's request to termination of service at Gaylord Sleep Medicine Services, 676 Hebron Avenue, Glastonbury, Connecticut, is **approved**.
2. Gaylord Hospital shall release a one-time notification to all current patients, and those seen within the last two years, of the Gaylord Sleep Medicine Services that clearly identifies all existing providers of sleep medicine services in the service area where patients can receive the same services. A copy of such notification shall be filed with OHCA within (10) days of the signing of this Agreed Settlement.
3. Gaylord Hospital shall assist former Gaylord Sleep Medicine Services patients in transitioning to alternative providers of their choice and provide copies of medical records upon request.
4. This Agreed Settlement is an order of OHCA with all rights and obligations attendant thereto, and OHCA may enforce this Agreed Settlement under the provisions of Conn. Gen. Stat. §§ 19a-642 and 19a-653 with all fees and costs of such enforcement being the responsibility of the Hospital.
5. OHCA and Gaylord Hospital agree that this Agreed Settlement represents a final agreement between OHCA and all parties with respect to this Application. The signing of this Agreed Settlement resolves all objections, claims, and disputes that may have been raised by the Applicant with regard to Docket Number: 13-31885-CON.
6. This Agreed Settlement shall be binding upon Gaylord Hospital and its successors and assigns.


Signed by George M. Kyriacou, CEO
(Print name) (Title)

7/8/14
Date


Duly Authorized Agent for
Gaylord Hospital

The above Agreed Settlement is hereby accepted and so ordered by the Department of Public Health Office of Health Care Access on July 14, 2014.

7/11/14
Date:


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