STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

September 19, 2014

IN THE MATTER OF:

An Application for a Certificate of Need filed Pursuant to Section 19a-639a, C.G.S. by:	Notice of Final Decision Office of Health Care Access Docket Number: 14-31908-CON
Yale-New Haven Hospital	**Proposal to Terminate Outpatient Eldercare Clinics in New Haven and West Haven, Connecticut**

To: Nancy Rosenthal
Senior Vice President – Health Systems Development
Yale-New Haven Hospital
20 York Street
New Haven, CT 06510

Dear Ms. Rosenthal:

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-639a, C.G.S. On September 19, 2014, 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.

Kimberly R. Martone
Director of Operations

Enclosure
KRM:rac

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

Final Decision

Applicant: **Yale-New Haven Hospital**
20 York Street, New Haven, CT 06510

Docket Number: **14-31908-CON**

Project Title: **Termination of Outpatient ElderCare Clinics in New Haven, Hamden and West Haven, Connecticut**

Project Description: Yale-New Haven Hospital ("Hospital" or "Applicant") seeks authorization to terminate its Outpatient ElderCare clinics in New Haven, Hamden and West Haven, Connecticut with no associated capital expenditure.

Procedural History: The Hospital published notice of its intent to file the Certificate of Need ("CON") Application in *The New Haven Register* on March 10, 11 and 12, 2014. On April 14, 2014, the Office of Health Care Access ("OHCA") received the ("CON") application from the Hospital for the above-referenced project and deemed the application complete on August 7, 2014. OHCA received no responses from the public concerning the Hospital's proposal and no hearing requests were received from the public per Connecticut General Statutes ("Conn. Gen. Stat." or "Statutes") § 19a-639a. Deputy Commissioner Davis considered the entire record in this matter.

Findings of Fact and Conclusions of Law

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).

1. The Applicant is a 1,541 bed acute care hospital with two integrated campuses located in New Haven, Connecticut and is a health care facility or institution as defined by Conn. Gen. Stat. § 19a-630. Ex. A, p. 17.

2. Project ElderCare is a geriatric outreach program with six off-site satellite provider-based clinics operated by the Hospital. Ex. A, p. 18.

3. The Hospital acquired the Project ElderCare clinics with its purchase of the Hospital of St. Raphael in 2012. Ex. A, p. 19.

4. Geriatric primary care services provided by Project ElderCare include physical exams, immunizations, counseling and health screenings. Ex. A, p. 18.

5. The professional services at these sites are provided by Northeast Medical Group, Inc. ("NEMG"), a multispecialty medical foundation affiliated with the Hospital. NEMG currently manages the day to day operations of the Project ElderCare sites and the clinicians providing care at these sites. Ex. A, p. 18.

6. The Hospital is proposing to terminate the Project ElderCare clinics and transfer operational control of the clinics to NEMG, which has clinical expertise in providing and managing geriatric primary care in skilled nursing and assisted living facilities in the region. Ex. A, pp. 20, 25.

7. The decision to transfer operational control to NEMG arose as a result of the Hospital's plan to integrate its services with those offered by the Hospital of St. Raphael, as required by the Agreed Settlement rendered under Docket No. 12-31747-CON. Ex. A, p. 19.

8. The Hospital's three-year integration plan identified primary care as a service that would benefit from integrating such services within the current structure of the Yale health system. Ex. A, p. 20.

9. NEMG works closely with the Hospital and has an extensive provider network of primary care physicians and specialists that practice in the local community and have extensive experience in geriatric primary care. Ex. A, p. 20.

10. NEMG will continue to offer the same services that are currently provided at the Project ElderCare clinics with no disruption in care. Ex. A, p. 19.

11. NEMG has developed patient centered medical homes ("PCMH") within the Yale health system. A PCMH is a model of care that emphasizes care coordination and collaboration to reduce costs associated with disjointed and fragmented care. This model is a key

component of efforts to improve quality and lower costs under the Patient Protection and Affordable Care Act. Ex. A, p. 25.

12. Subsequent to its purchase of the Hospital of St. Raphael, the Hospital began to charge a facility fee of $149 at each of its locations in order to maintain a uniform charge structure at all of its provider-based facilities, as required by Medicare. Ex. C, pp. 140-141.

13. Under NEMG ownership, patients will not be charged a facility fee, since the Project ElderCare sites will no longer operate as provider-based locations. Ex. A, p. 18.

14. The Project ElderCare clinics primarily serve elderly residents of New Haven, West Haven and Hamden, as indicated in the chart below:

TABLE 1
PROJECT ELDERCARE CLINICS
PATIENT VISITS (FY 2013*)

Town	Visits	Percent
New Haven	853	64%
West Haven	290	22%
Hamden	77	6%
All Other towns	54	8%
Total	**1,334**	**100%**

*Fiscal year: October 1st through September 30th
Ex. A, pp. 18, 23.

15. The Project ElderCare clinics are located in community settings such as senior centers and elderly housing complexes. The address, along with days/hours of operation for each location, are provided in the following table:

TABLE 2
EXISTING ELDERCARE CLINICS IN THE HOSPITAL'S SERVICE AREA

Location	Days/Hours of Operation
New Haven	
Atwater Senior Center 26 Atwater Street	Every Friday from 9:30 am – 3:00 pm
Casa Otonal 135 Sylvan Avenue	Every Tuesday from 9:30 am – 3:00 pm
Edith Johnson Towers 114 Bristol Street	The second and fourth Monday of each month from 9:00 am – 3:00 pm
Tower One / Tower East 18 Tower Lane	Every Wednesday from 9:30 am – 3:00 pm
Hamden	
ElderCare Clinic 2080 Whitney Avenue	The first and third Monday each month from 9:30 am – 3:00 pm
West Haven	
Surfside Apartments 200 Oak Street	Every Thursday from 9:30 am – 3:00 pm

Ex. A, pp. 18-19.

16. The Project ElderCare clinics' historical and current number of visits is reported as follows:

TABLE 3
HISTORICAL AND CURRENT VISITS

Historical Visits			CFY Visits
FY 2011	**FY 2012**	**FY 2013**	**FY 2014* (Annualized)**
1,327	**1,464**	**1,334**	**1183**

*Based on actual data, FY 2014 July through October, 986 visits
Fiscal year: October 1st through September 30th
Ex. A, p. 24 and Ex. D, p. 146.

17. Medicare and Medicaid are the primary sources of payment for the services provided at the Project ElderCare clinics. Ex. A, p. 18.

18. The Project ElderCare clinics' historical payer mix is as follows:

TABLE 4
HISTORICAL PAYER MIX

Payer	FY 2011		FY 2012		FY 2013		FY 2014* (Annualized)	
	Visits	%	Visits	%	Visits	%	Visits	%
Medicare	1,043	79%	1,131	77%	1,041	78%	854	87%
Medicaid	104	8%	114	8%	108	8%	103	10%
CHAMPUS & TriCare	0	0%	0	0%	0	0%	0	0%
Total Government	**1,147**	**86%**	**1,245**	**85%**	**1,149**	**86%**	**957**	**97%**
Commercial Insurers	150	11%	184	13%	162	12%	23	2%
Uninsured	30	2%	35	2%	23	2%	6	1%
Workers Compensation	0	0%	0	0	0	0%	0	0%
Total Non-Government	**180**	**14%**	**219**	**15%**	**185**	**14%**	**29**	**3%**
Total Payer Mix	**1,327**	**100%**	**1,464**	**100%**	**1,334**	**100%**	**1183**	**100%**

*Based on actual data, FY 2014 July through October, 986 visits
Fiscal year: October 1st through September 30th
Percentages may not add up to 100% due to rounding.
Ex. C, p. 143 and Ex. D, p. 146.

19. The Project ElderCare clinics' projected visits are reported as follows:

TABLE 5
PROJECTED VISITS

Projected Visits		
FY 2015	FY 2016	FY 2017
1241	1303	1,328

Fiscal year: October 1st through September 30th
Volumes in FY 2015, 2016, and 2017 projected to increase by 5% each year due to the recruitment of two new physicians at the ElderCare Clinic sites.
Ex. A, p. 24 and Ex. D, p. 146.

20. The projected payer mix for the Project ElderCare clinics is as follows:

TABLE 6
PROJECTED PAYER MIX

Payer	FY 2015		FY 2016		FY 2017	
	Visits	**%**	**Visits**	**%**	**Visits**	**%**
Medicare	1,074	87%	1,128	87%	1,184	87%
Medicaid	131	11%	138	11%	145	11%
CHAMPUS & TriCare	0	0%	0	0%	0	0%
Total Government	**1,205**	**97%**	**1,266**	**97%**	**1,329**	**97%**
Commercial Insurers	28	2%	30	2%	31	2%
Uninsured	7	1%	8	1%	8	1%
Workers Compensation	0	0	0	0%	0	0%
Total Non-Government	**36**	**3%**	**37**	**3%**	**39**	**3%**
Total Payer Mix	**1,241**	**100%**	**1,303**	**100%**	**1,328**	**100%**

Volumes in FY 2015, 2016, and 2017 projected to increase by 5% each year due to the recruitment of two new physicians at the ElderCare clinic sites.
Fiscal year: October 1st through September 30th
Percentages may not add up to 100% due to rounding.
Ex. C, p. 143 and Exhibit D, p. 146.

21. There are no capital expenditures associated with this proposal. Ex. A, p. 17.

22. The proposal is expected to save the Hospital $147,000 between FY2014 and FY2017 due to the elimination of expenses for salaries and fringe benefits, professional/contracted services and other operating expenses, as indicated in the chart below:

TABLE 7
HOSPITAL'S PROJECTED EXPENSE SAVINGS

	FY 2014	FY 2015	FY 2016	FY 2017
Revenue Reductions	($123,000)	($129,000)	($136,000)	($143,000)
Salaries and Fringe Benefits	$129,000	$133,000	$137,000	$141,000
Professional/Contracted Services	$22,000	$23,000	$24,000	$25,000
Other Operating Expenses	$10,000	$11,000	$11,000	$11,000
Total Expenses Savings	$162,000	$167,000	$172,000	$177,000
Net Savings	**$39,000**	**$38,000**	**$36,000**	**$34,000**

Fiscal year: October 1st through September 30th
Ex. C, p. 141.

23. 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)).

24. 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)).

25. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).

26. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).

27. The Applicant has satisfactorily demonstrated that quality and access to services in the region will be maintained for all relevant patient populations and the proposal is cost effective in that a facility fee will not be charged to patients. (Conn. Gen. Stat.§ 19a-639(a)(5)).

28. The Applicant has shown that there will be no impact on the provision of health care services to the relevant populations and payer mix including Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6)).

29. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)).

30. The historical utilization at the Project ElderCare clinics supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).

31. The Applicant has satisfactorily demonstrated that this proposal will not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).

32. The Applicant has satisfactorily demonstrated that there will be no 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 Applicant is a 1,541 bed acute care hospital with two integrated campuses located in New Haven, Connecticut. *FF1* The Hospital currently operates Project ElderCare, a geriatric outreach program with six off-site satellite provider-based clinics. *FF2* Project ElderCare offers professional primary care services to elderly residents of New Haven, East Haven, West Haven and Hamden. *FF2* The Hospital is proposing to terminate its Project ElderCare clinics and transfer operational control to Northeast Medical Group, Inc. ("NEMG"), a multispecialty medical foundation and affiliate of the Hospital. *FF6* The decision to transfer operational control to NEMG arose as a result of the Hospital's three-year plan to integrate its services with those offered by the Hospital of St. Raphael. *FF7* The Hospital's integration plan identified primary care as a service that would benefit from integrating such services within the current structure of the Hospital's health system. *FF8* NEMG will continue to offer the same services at the clinics, which are located in community settings such as senior centers and elderly housing complexes, with no disruption in care to patients. *FF10, 15*

NEMG, which currently manages the day to day operations and clinicians providing care at the Project ElderCare sites, has clinical expertise in providing and managing geriatric primary care in skilled nursing and assisted living facilities in the region. *FF6* Additionally, NEMG has an extensive provider network of primary care physicians and specialists that practice in the local community and have extensive experience in geriatric primary care. *FF9* In advancing key principles of the Patient Protection and Affordable Care Act, NEMG has developed within the Hospital's health system a patient centered medical home ("PCMH")[1] model which emphasizes care coordination and collaboration to reduce costs associated with disjointed and fragmented care. *FF11* There is a growing body of evidence documenting the benefits of a PCMH, including better quality and patient experience, continuity of care, and lower costs from reduced emergency department visits and hospital admissions. *National Committee for Quality Assurance, The Future of Patient-Centered Medical Homes, Foundation for a Better Health Care System, p. 1.* NEMG's use of the PCMH model evidences a potential improvement in the quality of care afforded to the patient. Therefore, the Applicant has satisfactorily demonstrated that quality and access to services in the region will be maintained for all relevant patient populations.

Medicare requires that hospitals maintain uniform charge structures at all provider-based facilities. *FF 12* The Hospital has been charging clinic patients a $149 facility fee since June

[1] The PCMH is accountable for meeting the large majority of each patient's physical and mental health care needs, including prevention and wellness, acute care, and chronic care. Providing comprehensive care requires a team of care providers. This team might include physicians, advanced practice nurses, physician assistants, nurses, pharmacists, nutritionists, social workers, educators, and care coordinators.

2013. Under NEMG ownership, patients will not be charged a facility fee, since the Project ElderCare sites will no longer operate as provider-based locations. *FF13* Additionally, under NEMG's operation, the Project ElderCare clinics will continue to serve primarily the Medicare and Medicaid population. *FF17,18* This is important to note since the Applicant is projecting a slight increase in the Medicaid population it will serve in FYs 2015 through 2017. *FF 20* Based on the foregoing, the Applicant has evidenced that there will be no impact on the provision of health care services to the relevant populations and payer mix including Medicaid recipients and indigent persons.

There is no capital expenditure associated with the Applicant's proposal. The proposal is expected to save the Hospital a total of $147,000 between FY 2014 and FY2017 due to the elimination of salary, fringe benefit, professional/contracted services and other operating expenses. *FF21, 22* Therefore, the Applicant has satisfactorily demonstrated that its proposal is financially feasible.

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 the Project ElderCare clinic services to be provided by the same experienced physicians in a more cost-effective setting, along with the potential to serve more Medicaid patients. Thus, the Applicant has sufficiently demonstrated a clear public need for this proposal.

Order

Based upon the foregoing Findings of Fact and Discussion, the Certificate of Need application of Yale-New Haven Hospital to terminate the operation of its outpatient Project ElderCare clinics in New Haven, Hamden and West Haven, Connecticut, 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

9/19/14
Date

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