



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

September 10, 2014

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: 14-31913-CON

Discovery Practice Management, Inc.
d/b/a Center for Discovery

**Proposal to Establish a 6-Bed Mental
Health Residential Living Center for
Women with Eating Disorders**

To: Tim Davis
Business Development Manager
Discovery Practice Management, Inc. d/b/a Center for Discovery
4281 Katella Ave., Ste. 111
Los Alamitos, CA 90720

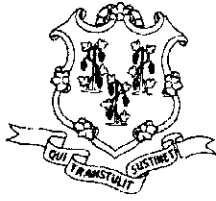
Dear Mr. Davis:

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 September 10, 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.

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

Kimberly R. Martone
Director of Operations

Enclosure
KRM:lkg



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

Final Decision

Applicant: Discovery Practice Management, Inc.
d/b/a Center for Discovery

Docket Number: 14-31913-CON

Project Title: Proposal to Establish a 6-Bed Mental Health Residential
Living Center for Women with Eating Disorders

Project Description: Discovery Practice Management, Inc. d/b/a Center for Discovery ("Applicant") seeks authorization to establish a 6-bed mental health residential living center for women with eating disorders at 4536 Congress Street, Fairfield, Connecticut.

Procedural History: The Applicant published notice of its intent to file the Certificate of Need application in the *Connecticut Post* (Bridgeport) on March 11, 12, and 13, 2014. On May 7, 2014, the Office of Health Care Access ("OHCA") received the Certificate of Need application from the Applicant for the above-referenced project. On August 11, 2014, OHCA deemed the Certificate of Need application complete. 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(e). 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. Discovery Practice Management, Inc. d/b/a Center for Discovery ("Applicant") provides residential treatment for women and teens with eating disorders, teens with mental health disorders and teens with substance abuse issues. Ex. A, pp. 7, 14 and Ex. C, p. 64.
2. The Applicant has treatment locations in California, Connecticut, Illinois, Virginia and Washington. Each location is accredited by The Joint Commission. Ex. A, p. 8; Ex. C, pp. 63, 83.
3. Each of the Applicant's locations is dedicated solely to one of its specialized treatment programs. Each program is located in a residential neighborhood. The Applicant will treat a small number of residents at one time to maintain an intimate home-like setting having a low resident-to-staff ratio. Ex. C, p. 64.
4. The Applicant currently operates the following facilities or programs in Connecticut:

Table 1: Locations of Applicant's Connecticut Facilities

Address	Services Provided	License Category
4536 Congress St., Fairfield	residential treatment and partial hospitalization for eating disorders for adolescents ages 10 to 18	Child Care Facility and Group Home
1320 Mill Hill Rd., Fairfield	residential treatment and partial hospitalization for eating disorders for adolescents ages 10 to 18	Child Care Facility and Group Home

Ex. C, pp. 2, 3.

5. Each facility listed in Table 1 is licensed by the State of Connecticut Department of Children and Families ("DCF") and has a bed capacity of six beds. Ex. A, p. 63 and Ex. C, pp. 83, 84.
6. The Applicant is currently seeking licensure as a Mental Health Residential Living Center under Sec. 19a-495-551 of the Regulations of Connecticut State Agencies. Ex. C, p. 68.
7. The Applicant proposes to establish a 6-bed residential treatment facility for adult women, ages 18 and older, who suffer from eating disorders, including anorexia nervosa, bulimia nervosa and binge-eating disorder. The proposed program is to be located at 4536 Congress Street, Fairfield, Connecticut. Ex. A, p. 8 and Ex. C, p. 66.

8. The proposed program is designed to provide an intermediate level of care between acute inpatient care and outpatient care. Residential treatment helps to bridge the gap between patients coming off feeding tubes or medical weight restoration and continue weight gain under 24-hour supervision. Ex. A, pp. 9, 14.
9. The National Task Force on Eating Disorders has identified residential treatment as an effective and necessary level of intervention in the treatment of more severe and treatment-resistant eating disorders. Ex. A, p. 9.
10. There are no existing providers of adult residential eating disorder treatments in Connecticut. Ex. A, p. 10.
11. The Applicant has existing relationships with local mental health outpatient therapists, physicians and psychiatrists through its adolescent facilities. The Applicant also receives referrals from the Yale-New Haven Hospital as well as hospitals in New York. Ex. A, p. 9 and Ex. C, p. 69.
12. Clients served by the proposed program will have a primary diagnosis of anorexia, bulimia or binge-eating and will often have co-occurring diagnosis, including depression and anxiety. Clients with psychotic disorders or a history of aggressive behavior will not be admitted. Ex. A, p. 8.
13. The average length of stay for the Applicant's adult programs is 40 days. Clients may be discharged once they are able to sustain treatment gains and maintain currently stability and recovery with an outpatient team consisting of a physician, psychiatrist, dietician and psychotherapist. Ex. A, pp. 8, 9 and Ex. C, p. 68.
14. The Applicant's program includes:
 - One-on-one therapeutic treatments 3 to 4 times each week;
 - Over 30 therapeutic group meetings per week;
 - Weekly checks with a physician and a psychiatrist; and
 - Dietary program.Ex. A, p. 8.
15. The Applicant's dietary program includes one-on-one meetings with a dietitian, meal preparation, food logs, and restaurant outings. Ex. A, p. 8.
16. Lifetime prevalence estimates of anorexia nervosa, bulimia nervosa and binge eating disorder are 0.9%, 1.5% and 3.5%, respectively, among women. Lifetime anorexia nervosa is associated with low current weight whereas lifetime binge eating disorder is associated with severe obesity. Ex. A, p. 47.
17. Eating disorders have the highest mortality rate of any mental illness. Ex. A, pp. 9, 41.
18. Four percent of women with eating disorders will die from complications related to their disease. Ex. A, pp. 41, 42.

19. Eating disorders are frequently associated with other psychopathology and role impairment, and are frequently under-treated. Ex. A, p. 47.
20. Persistence of low body weight predicts poor long-term outcomes and approximately 25% of individuals with anorexia nervosa will become chronically ill. Slow and low weight restoration is dangerous and results in the risk of bone disease and relapse. Ex. C, p. 87.
21. The Applicant is dedicated to restoring weight, reducing purge behavior and improving client mood and ensuring that clients have a lasting recovery by monitoring post-discharge progress. Ex. C, p. 89.
22. The Applicant collects intake and discharge data on its clients to support its research-based approach to treatment. The Applicant's clients gain an average of 1.92 pounds per week. Ex. C, pp. 86, 87.
23. In terms of the Applicant's adolescent clients, six months to one year after discharge, three-quarters of those with a history of purging ceased this behavior and approximately 90% of clients with anorexia nervosa maintained their weight within a healthy range. Ex. C, p. 90.
24. Additional treatment components of the Applicant's program include psycho-educational group therapy, discharge planning, exercise and recreational therapy, exposure response prevention and a variety of activities including art and music. Ex. A, p. 9.
25. The Applicant's program is designed to provide an intermediate level of care between acute inpatient care and outpatient care. Ex. A, p. 9.
26. The Applicant's treatment program is overseen by a program director who works full-time on-site. The program director leads a multi-disciplinary treatment team for the facility including:
 - A physician;
 - An experienced adult psychiatrist;
 - A primary therapist with a master degree or doctorate;
 - Registered dietitian;
 - Counselors;
 - Registered nurse; and
 - Diet technicians.Ex. A, p. and Ex. C, p. 69.
27. Eating disorder clients require a high level of supervision and monitoring to alter their behaviors. The program provides 24-hour supervision that an outpatient center cannot provide. Ex. A, p. 14, 18.

28. Clients that are discharged directly to an outpatient program from an inpatient hospital stay have high levels of relapse. Residential care provides long-term supervision and a structure learning environment where clients can learn and practice the behaviors they will need to be successful in an outpatient program and the at-home setting. Ex. A, p. 18.
29. The Applicant has a transfer agreement with Bridgeport Hospital when a client needs emergency or non-emergency medical services that are not available at the facility. Ex. C, pp. 101-104.
30. The service area for the proposal will primarily be the towns within Fairfield County with some clients also expected from other Connecticut towns and neighboring towns in Westchester County, New York. Ex. C, p. 66.
31. The Applicant estimates that only one-third of women in need will actually seek and receive treatment. The Applicant estimates that 891 women from Fairfield County and 3,512 from Connecticut may be served by the proposal. Ex. C, pp. 66, 92.
32. The Applicant projects that during the first year of operations it will provide services to 35 clients. With six beds and 365 days per year and an average length of stay of approximately 40 days, the maximum number of clients in one year is 54.

Table 2: Projected Number of Clients

	Fiscal Year (Jan 1 to Dec 31)		
	2015	2016	2017
Number of Clients	35	42	49
Average Length of Stay, bed days	40	40	40
Number of Bed Days	1,400	1,680	1,960
Maximum Number of Bed Days based on 6 beds	2,190	2,190	2,190
Percent of Capacity	64%	77%	89%

Ex. A, p. 11 and Ex. C, p. 68.

33. The Applicant's child care facility, currently in operation on Mill Hill Rd. in Fairfield, has a 90% utilization rate throughout the year. With marketing and outreach, the projected census for the proposed adult program of 49 persons should be achieved by 2017. Ex. A, p. 11.
34. There are no residential centers for adults with eating disorders in the greater Connecticut area. The closest providers are Renfrew Treatment Center in Philadelphia, Pennsylvania and the Cambridge Eating Disorder Program in Cambridge, Massachusetts. Ex. A, p. 10.
35. There are three existing providers in Connecticut for intensive outpatient treatment for eating disorders :

- 1) Center for Discovery, 7 Riversville Rd., Greenwich
 - 2) Renfrew Eating Disorder Treatment, 1445 East Putnam Ave., Greenwich and
 - 3) Walden Behavioral Health, 2400 Tamarack Ave., South Windsor.
- Ex. C, p. 70.

36. The Applicant's proposal contributes to the quality of health care delivery since it will fill the existing gap between acute inpatient care and outpatient care. Ex. A, p. 14.
37. The Applicant's proposal has no capital expenditures. The operating start-up costs will be minimal since the Applicant already has the property and staff in place. The Applicant is moving the existing adolescent program to a new location and all equipment and capital needs have already been purchased for the facility. Ex. A, p. 15.
38. The Applicant projects that the patient population mix, which has been based on the current adolescent population mix at the two existing locations, will consist of 98% commercial insurers and 2% uninsured. Ex. A, p. 16.
39. The facility will have two full-time therapists, one full-time facility administrator, and three to four full-time counselors along with other counselors, diet technicians and staff. Ex. A, p. 17.
40. The Applicant projects incremental gains from operations in each of the proposal's first three fiscal years.

Table 3: Applicant's Projected Incremental Gain from Operations

Net Patient Revenue	Fiscal Year (Jan 1 to Dec 31)		
	2015	2016	2017
Non-Government	\$1,432,000	\$1,646,800	\$1,893,820
Medicare	0	0	0
Medicaid & Other Medical Assistance	0	0	0
Other Government	0	0	0
Revenues from Operations	\$1,432,000	\$1,646,800	\$1,893,820
Total Operating Expense	854,750	883,940	914,298
Incremental Gains from Operations	\$ 375,213	\$ 871,072	\$ 1,507,761

Ex. C, p. 77.

41. The Applicant has sufficient funds and cash flow from its existing operations to support the facility. Ex. C, p. 70.
42. The Applicant's projected patient population mix by payer for the proposal is as follows:

Table 4: Applicant's Patient Population Mix by Fiscal Year

Description	Fiscal Year (Jan 1 to Dec 31)		
	FY 2015	FY 2016	FY 2017
Medicare	0.0%	0.0%	0.0%
Medicaid	0.0%	0.0%	0.0%
CHAMPUS & TriCare	0.0%	0.0%	0.0%
Total Government	0.0%	0.0%	0.0%
Commercial Insurers	98%	98%	98%
Uninsured	2%	2%	2%
Worker's Comp	0.0%	0.0%	0.0%
Total Non-Government	98%	98%	98%
Total Payer Mix	100%	100%	100%

Ex. A, p. 16.

43. The Applicant's patient population mix is based on its adolescent mix where most clients have commercial insurance. Ex. A, p. 16.
44. The Applicant has contracts with private pay insurers nationwide. Ex. A, p. 8.
45. The Applicant utilizes sliding fees to accommodate individuals whose insurance does not cover a large portion of treatment. The Applicant also has a scholarship program in Connecticut to sponsor individuals who qualify for treatment but are unable to provide any payment. Ex. C, pp. 67, 68.
46. Although the Applicant is not contracted with Medicaid, it does enter into single case agreements for Medicaid clients that specify the daily payment rate and utilization schedule for a particular client. Ex. C, p. 67; Ex. D, p. 1.
47. 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. (Conn. Gen. Stat. § 19a-639(a)(1)).
48. The Applicant's proposal is consistent with the overall goals of the Statewide Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2)).
49. The Applicant has satisfactorily demonstrated that there is a clear public need for this proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).
50. The Applicant has satisfactorily demonstrated that this proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).
51. The Applicant has satisfactorily demonstrated that the proposal will improve access and improve the quality of health care delivery in the region and it has satisfactorily demonstrated an improvement in cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5)).
52. The Applicant has shown that there would be no change to the provision of health care services to the relevant patient populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6)).

53. The Applicant has satisfactorily identified the population to be served by the proposal, and has satisfactorily demonstrated that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7)).
54. The Applicant's historical provision of care in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).
55. The Applicant has satisfactorily demonstrated that the proposal will not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).
56. The Applicant has demonstrated that there will not be a 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 Connecticut 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).

Discovery Practice Management, Inc. d/b/a Center for Discovery (“Applicant”) provides residential treatment for women and teens with eating disorders, teens with mental health disorders and teens with substance abuse issues. *FF1*

The Applicant is proposing the establishment of a 6-bed residential treatment facility for adult women, ages 18 and older, who suffer from eating disorders, including anorexia nervosa, bulimia nervosa and binge-eating. *FF8* The proposed facility will be located at 4536 Congress Street, Fairfield, Connecticut and will be licensed as a Mental Health Residential Living Center by the State of Connecticut Department of Public Health. *FF7,8* The Applicant currently operates two programs for adolescents with eating disorders in Fairfield, Connecticut. One program is located at 1320 Mill Hill Road. The other program, currently located at 4536 Congress Street, will be relocated and the space will be utilized for the proposed program. *FF5, 40*

The program proposed by the Applicant includes one-on-one therapeutic treatments 3 to 4 times per week; over 30 therapeutic group meetings per week; weekly checks by a physician and a psychiatrist; and a dietary program. *FF16* Clients served by the proposed program will have a primary diagnosis of anorexia, bulimia or binge-eating and will often have co-occurring diagnosis, including depression and anxiety. Clients with psychotic disorders or a history of aggressive behavior will not be admitted. *FF14* The average length of stay for the Applicant's programs is 40 days. Clients may be discharged once they are able to sustain treatment gains and maintain currently stability and recovery with an outpatient team consisting of a physician, psychiatrist, dietician and psychotherapist. *FF15*

The Applicant's program provides an intermediate level of residential care satisfying a need for services between acute inpatient care and outpatient care. *FF9* Residential treatment has been recognized as an effective and necessary level of intervention in the treatment of more severe and treatment-resistant eating disorders. *FF10* Notably, eating disorders have the highest mortality rate of any mental illness with 4% of women with anorexia nervosa or bulimia dying from complications related to the disease. *FF19,20* Persistence of low body weight predicts poor long-term outcomes with approximately 25% of individuals with anorexia nervosa becoming chronically ill. *FF22* Clients that are discharged directly to an outpatient program from an inpatient hospital stay have high levels of relapse. Residential care, like the program being proposed by the Applicant, provides long-term supervision and a structured learning environment where clients can learn and practice the behaviors they will need to be successful in an outpatient program and the at-home setting. *FF30*

Currently, there are no residential treatment centers for adults with eating disorders in Connecticut. *FF37* Through its existing adolescent programs, the Applicant has developed relationships with local mental health outpatient therapists, physicians and psychiatrists from whom it receives client referrals. The Applicant also receives referrals from the Yale-New Haven Hospital as well as hospitals in New York. *FF13* Given the complete lack of existing providers, the Applicant's proposal will improve access to care for the targeted population.

With respect to payment options, the Applicant primarily provides services to persons with commercial insurance. Services, however, are provided by the Applicant to others on a self-pay or sliding fee basis. Additionally, although the Applicant does not have contracts with Medicaid, clients will be accepted under single case Medicaid agreements, with scholarship funds also being made available. *FF46-49* Given the aforementioned, the Applicant has sufficiently demonstrated that its proposal will satisfy a clear public need for the relevant population without an unnecessary duplication of services within the proposed service area.

The Applicant's proposal has no capital expenditure and projects incremental gains of \$375,213, \$871,072 and \$1,507,761 for Fiscal Years 2015 through 2017, respectively. *FF43* With the number of clients by the third year of operations reaching 49, the projected utilization of the proposed services appears reasonable and achievable. *FF34* Therefore, the Applicant has demonstrated that its proposal is financially feasible.

Order

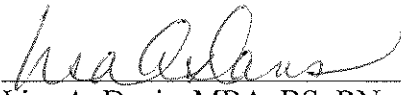
Based upon the foregoing Findings of Fact and Discussion, the Certificate of Need application of Discovery Practice Management, Inc. d/b/a Center for Discovery, to establish a 6-bed Mental Health Residential Treatment Center for women with eating disorders in Fairfield, Connecticut is hereby **APPROVED**.

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

Date

9/10/14



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