

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

August 25, 2015

IN THE MATTER OF:

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

Walden Behavioral Care, LLC

Notice of Decision
Office of Health Care Access
Docket Number: 15-31988-CON

Establishment of a Partial Hospital and
Intensive Outpatient Program for Adults and
Adolescents with Eating Disorders

To: Charles Rossignol
Assistant Vice President, Business Development
Walden Behavioral Care, LLC
51 Sawyer Road
Waltham, MA 02453

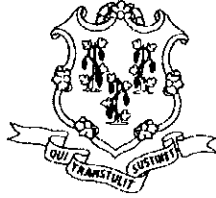
Dear Mr. Rossignol:

Enclosed please find a copy of the decision issued in the above-referenced matter pursuant to Connecticut General Statutes § 19a-639a on August 25, 2015.

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

Kimberly R. Martone
Director of Operations

Enclosure
KRM:oa



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

Final Decision

Applicant: Walden Behavioral Care, LLC
51 Sawyer Road
Waltham, MA 02453

Docket Number: 15-31988-CON

Project Title: Proposal to Establish a Partial Hospital and Intensive Outpatient Program for Adults and Adolescents with Eating Disorders in Guilford, Connecticut

Project Description: Walden Behavioral Care, LLC, (“Walden” or “Applicant”) is proposing to establish a partial hospital and an intensive outpatient program for adults and adolescents with eating disorders; a distinct intensive outpatient program for adults with binge eating disorder; and aftercare support services for adolescents and their families, in Guilford, Connecticut, at an associated capital cost of \$495,000.

Procedural History: The Applicant published notice of its intent to file a Certificate of Need (“CON”) application in *The New Haven Register* (New Haven) on February 25, 26 and 27, 2015. On April 2, 2015, the Office of Health Care Access (“OHCA”) received the CON application from the Applicant for the above-referenced project. On June 29, 2015, OHCA deemed the application complete.

OHCA received no responses from the public concerning the proposal and no hearing requests from the public per Connecticut General Statutes (“Conn. Gen. Stat.”) § 19a-639a(e). Deputy Commissioner Brancifort 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. Walden Behavioral Care, LLC (“Walden” or “Applicant”) is a Massachusetts-based provider of behavioral health services that include inpatient, residential, partial hospital (“PHP”) and intensive outpatient (“IOP”) services in licensed clinics and outpatient office treatment. Ex. A, p. 2.
2. Walden proposes to establish an outpatient psychiatric clinic at 157 Goose Lane, Guilford, Connecticut to treat adults and adolescents (ages 12-18) with eating disorders. Ex. A, p. 2
3. The clinic will treat patients with anorexia nervosa (AN) and bulimia nervosa (BN) eating disorders in two levels of care, PHP and IOP. There will also be a distinct IOP program for adults with binge-eating disorder (BED) and aftercare support for adolescents and their families. Ex. A, p. 3.
4. Walden’s subsidiary, WBC Connecticut East, LLC, currently operates a similar outpatient clinic and programs for the treatment of eating disorders in South Windsor, Connecticut. (approved by OHCA on 7/12/12, Docket: 11-317131-CON). Ex. A, p. 2.
5. Walden’s eating disorder programs utilize evidence-based practice approaches like Cognitive Behavioral Therapy, Dialectical Behavioral Therapy, Interpersonal Therapy and Maudsley Method Family Based Therapy; and provide nutritional education. Ex. A, pp. 3, 6.
6. The proposed PHP programs will meet five days per week, with an option for Saturday programming. Both the adult and adolescent programs will initially serve ten patients. Ex. A, p. 4.
7. The proposed IOP programs will meet three days per week and initially serve twelve adults and twelve adolescents in distinct programs. Upon completing the IOP program, adolescents and their families may continue specialized eating disorder recovery treatment by participating in individual, group and family treatment. Ex. A, pp. 4-5.
8. The distinct binge-eating disorder IOP program will serve twelve adults. Ex. A, p. 5.
9. The service area towns for the proposed clinic will include all of Middlesex County and those portions of New Haven and New London counties that are within one hour’s drive of Guilford. Ex. A, p. 8.

10. The Applicant chose a location in Guilford due to the following factors:
- a. Guilford adult and adolescent populations were at high risk for being over-weight or obese accordingly, the town’s “growing elderly population and higher obesity rate among adults will likely increase the number of residents who are most vulnerable to be affected by chronic health disease;”¹
 - b. A survey of the region surrounding Guilford determined there was sufficient need for the services;
 - c. It is centrally located to serve the South Windsor clinic patients that come from southeastern and south central Connecticut;
 - d. To serve adolescent patients, from the same area, still attending school, and who drive to South Windsor to receive treatments in the afternoons after school;
 - e. There are no dedicated eating disorder providers offering a continuum of care for men, women or adolescents, within the proposed service area, so residents seeking treatment must travel long distances or out of state to receive comprehensive care;
 - f. To serve as a regional resource;
- Ex. A, pp. ix, 12, 517.
11. Estimates, based on national prevalence rates and population statistics, indicate the service area has about fifty-two thousand or one-third of the state’s residents with eating disorders.

**TABLE 2
ESTIMATE OF EATING DISORDER INCIDENCE IN CONNECTICUT**

EATING DISORDER	PREVALENCE ¹	INCIDENCE		SERVICE AREA AS PERCENT OF CONNECTICUT
		CONNECTICUT ²	SERVICE AREA ²	
Anorexia Nervosa	0.60%	21,596	7,113	33%
Bulimia Nervosa	1.01%	36,353	11,979	33%
Binge Eating	2.76%	99,342	32,743	33%
Total	4.37%	157,291	51,835	33%

Sources:

¹American Psychiatric Association. (2000). *Diagnostic and Statistical Manual of Mental Disorders (4th ed., text rev.)*.

Hudson JI, Hiripi E, Pope HG, Jr, & Kessler RC. (2007), *Biological Psychiatry*, 61: 348-358.

SAMSHA Advisory (2011)

²<http://www.census.gov/popest/data/state/totals/2014/index.html> 2013 Connecticut population estimate is 3,599,341.

Ex. A, pp. 10-11, 521 - 522.

¹ Andersen, Elizabeth (2011). *Community Health Assessment of Guilford, Connecticut*. Nursing 6180 Dimensions of Professional Nursing. George Washington University.

12. In FY 2013, the South Windsor clinic served approximately 20% of patients residing in southeastern and south central Connecticut. The percentage increased to 23% in FY 2014.

**TABLE 1
FY 2014 PATIENT ORIGIN FOR SOUTH WINDSOR CLINIC**

SERVICE AREA TOWNS	NO. OF PATIENTS	PERCENT OF TOTAL
Beacon Falls	3	1%
Branford	5	1%
Cheshire	6	2%
Colchester	8	2%
East Hampton	3	1%
East Haven	2	1%
East Lyme	1	<1%
Griswold	1	<1%
Guilford	6	2%
Hamden	5	1%
Lebanon	1	<1%
Ledyard	2	1%
Lisbon	2	1%
Meriden	3	1%
Middletown	2	1%
New London	2	1%
North Branford	1	<1%
North Haven	1	<1%
Norwich	2	1%
Old Lyme	1	<1%
Old Saybrook	4	1%
Prospect	2	1%
Stonington	2	1%
Wallingford	10	3%
Waterbury	1	<1%
Wolcott	1	<1%
Sub-total	77	23%
All other	264	77%
Total	341	100%

Fiscal year is from January 1 – December 31

Ex. A, pp. 8, 9, 517, 527.

13. Yale-New Haven Hospital provides a clinic for assessment and offers inpatient treatment to adolescents with eating disorders, but does not offer a specialized dedicated eating disorders treatment program. Ex. A, p. 12-13.

14. The Guilford location is in close proximity to Yale’s Shoreline Medical Clinic, located at 111 Goose Lane, for back-up medical emergency services if required. Ex. A, p. 517.

15. As with the South Windsor clinic, Walden will refer adult clients that require more acute levels of care (inpatient or residential) to a Walden Massachusetts program for treatment pending payer approval and client consent or to another program of the patient's choice. Ex. A, p. 518.
16. In its first full year of operation, the South Windsor clinic received about 200 admissions which increased by 70% to 341 in FY 2014.

**TABLE 3
HISTORICAL UTILIZATION BY SERVICE – SOUTH WINDSOR**

Service/Program	Historical Volume - Patients			Historical Volume - Days		
	FY 2012	FY 2013	FY 2014	FY 2012	FY 2013	FY 2014
Adult Binge IOP (start 11/2013)		6	38		54	731
Adult IOP	13	72	97	130	826	1,532
Adult PHP	38	88	114	493	1,115	1,945
Adolescent IOP	12	35	47	102	766	772
Adolescent PHP (start 4/2014)			45			621
Total	63	201	341	725	2,761	5,601

Fiscal Year is January 1 – December 31
The South Windsor clinic opened in August 2012
Ex. A, p. 17.

17. The Applicant projects the admission volume at the South Windsor clinic to increase from 341 in 2014 to 387 in 2015. No additional increases in utilization are anticipated in subsequent years due to physical plant constraints.

**TABLE 4
PROJECTED UTILIZATION BY SERVICE- SOUTH WINDSOR**

Service/Program	Projected Volume - Patients			Projected Volume - Days		
	FY 2015	FY 2016	FY 2017	FY 2015	FY 2016	FY 2017
Adult Binge IOP	54	54	54	1,092	1,092	1,092
Adult IOP	94	94	94	1,716	1,716	1,716
Adult PHP	115	115	115	2,080	2,080	2,080
Adolescent IOP	47	47	47	858	858	858
Adolescent PHP	77	77	77	1,040	1,040	1,040
Total	387	387	387	6,786	6,786	6,786

Fiscal Year is January 1 – December 31
The South Windsor clinic opened in August 2012.

Ex. A, pp.17, 519-520

18. The South Windsor clinic has undergone two physical space expansions since opening to adequately treat the increased patient demand. Ex. A, p. 2.
19. Further expansion of the South Windsor clinic is impossible because there is no space available either contiguous to the clinic or in its vicinity. Ex. A, p. 518.

20. The Applicant based projected volumes for the proposed Guilford clinic on experiences with the Massachusetts and South Windsor clinics.

**TABLE 5
PROJECTED UTILIZATION BY SERVICE - GUILFORD**

Service/Program	Projected Volume - Patients			Projected Volume - Days		
	FY 2016	FY 2017	FY 2018	FY 2016	FY 2017	FY 2018
Adult Binge IOP	41	73	91	351	624	780
Adult IOP	73	100	145	624	858	1,248
Adult PHP	83	144	183	824	1,430	1,820
Adolescent IOP	28	69	100	351	858	1,248
Adolescent PHP	25	50	66	390	780	1,040
Total	250	436	585	2,540	4,550	6,136

Fiscal year is January 1 – December 31

It is anticipated that the Guilford facility will commence operation in January 2016.

Ex. A, p. 523.

21. Walden is actively exploring a cooperative relationship with Yale New Haven Hospital to receive referrals from Yale for eating disorder patients and to provide training opportunities with the clinic for selected medical, social work and nutrition staff. Ex. A, p. 13.

22. As with the South Windsor clinic, referrals to the proposed programs will be from primary care physicians, acute and psychiatric hospitals, community health, behavioral health and human services providers, educational systems and districts, insurance companies and families of those who need treatment. Ex. A, p. 13.

23. The Applicant utilized the patient population mix at the South Windsor clinic as the basis for the payer mix projection for the proposed clinic.

**TABLE 6
WALDEN (SOUTH WINDSOR) CURRENT & PROJECTED PAYER MIX**

Payer	Current		Projected					
	FY 2014		FY 2015		FY 2016		FY 2017	
	Volume	%	Volume	%	Volume	%	Volume	%
Medicare*	0		0		0		0	
Medicaid*	99	28.9	112	28.9	112	28.9	112	28.9
CHAMPUS & TriCare	1	0.3	1	0.3	1	0.3	1	0.3
Total Government	100	29.3	113	29.2	113	29.2	113	29.2
Commercial Insurers	238	69.9	270	69.8	270	69.8	270	69.8
Uninsured	3	0.9	4	1.0	4	1.0	4	1.0
Workers Compensation	0		0		0		0	
Total Non-Government	241	70.8	274	70.8	274	70.8	274	70.8
Total Payer Mix	341	100.0	387	100.0	387	100.0	387	100.0

* Includes managed care activity.

**TABLE 7
WALDEN (GUILFORD) PROJECTED PAYER MIX**

Payer	Projected					
	FY 2016		FY 2017		FY 2018	
	Volume	%	Volume	%	Volume	%
Medicare*	0		0		0	
Medicaid*	72	28.9	126	28.9	169	28.9
CHAMPUS & TriCare	0		0		0	
Total Government	72	28.9	126	28.9	169	28.9
Commercial Insurers	175	70.4	306	70.4	412	70.4
Uninsured	2	0.7	3	0.7	4	0.7
Workers Compensation	0		0		0	
Total Non-Government	177	71.1	309	71.1	416	71.1
Total Payer Mix	249	100.0	435	100.0	585	100.0

*Includes managed care activity.
Ex. A, p. 21.

24. Similar to the South Windsor clinic, Medicaid recipients and indigent persons will have access to proposed services. Ex. A, p. 21.
25. Fee schedules will be consistent between the Guilford and South Windsor clinics, as reimbursement rates are contracted with insurance payers for the type service provided at licensed Connecticut clinic locations. Ex. A, p. 524
26. Walden will utilize tools such as payment plans and sliding scale fee structures to achieve a payment plan mutually acceptable to patients with limited financial means or uninsured patients/families and to Walden. The Applicant has a charity care cap amount within each fiscal year and a \$25,000 limit for the first year. Ex. A, p. 525
27. The Applicant estimates the total project cost to be \$495,000 and will be funded from Walden's existing revenue sources.

**TABLE 8
TOTAL PROPOSAL CAPITAL EXPENDITURE**

Purchase/Lease	Cost
Equipment (Medical, Non-medical Imaging)	\$85,000
Land/Building Purchase	
Construction/Renovation**	\$410,000
Other (specify)	
Total Capital Expenditure (TCE)	\$495,000
Lease (Medical, Non-medical, Imaging)***	
Total Capital Cost (TCO)	
Total Project Cost (TCE+TCO)	\$495,000

* \$2,500 for medical and \$82,500 for non-medical.

Ex. A, p. 20.

28. As a result of startup costs related to staffing, Walden projects an incremental loss in FY 2016 and incremental gains for FY 2017 and FY 2018 due to the anticipated increase in patient volume without substantial increases in staff capacity.

TABLE 10
APPLICANTS PROJECTED INCREMENTAL INCOME/LOSS FROM OPERATIONS

	FY 2016	FY 2017	FY 2018
Revenue from Operations	\$722,135	\$1,293,931	\$1,743,146
Total Operating Expenses	\$866,602	\$1,106,581	\$1,221,311
Income (Loss) from Operations	\$(144,767)	\$187,350	\$475,392

Assumes 10% annual increase in patient revenue; 2% annual increase in operating revenue; 8% annual increase in salaries and fringe benefits; 3% increase in operating revenue (non-salary and fringe benefits); 2% increase in non-operating revenue; and 6% annual increase in FTEs.

Ex. A, pp. 23, 512, 515.

29. 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))
30. 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))
31. The Applicant has established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
32. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
33. The Applicant has satisfactorily demonstrated that the proposal will maintain quality, and improve the accessibility and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5))
34. 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 access to services by Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))
35. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7))
36. The Applicant's historical provision of the services in Connecticut supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
37. 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))
38. The Applicant has demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))

39. The Applicant has demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11))
40. The Applicant has satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or accessibility to care. (Conn. Gen. Stat. § 19a-639(a)(12))

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).

Walden Behavioral Care, LLC (“Walden” or “Applicant”) is a Massachusetts-based behavioral health services provider.” *FF1* Walden proposes to establish in Guilford, Connecticut an outpatient clinic that provides partial hospital (“PHP”) and intensive outpatient (“IOP”) programs for adults and adolescents with eating disorders; a distinct intensive outpatient for adults with binge eating disorders; and aftercare support for adolescents and their families may also be provided. *FF2, FF3* Since 2012, Walden’s subsidiary, WBC Connecticut East, LLC, has been operating a similar outpatient clinic and programs for eating disorders treatment in South Windsor, Connecticut. *FF4*

The Applicant’s proposed eating disorder programs utilize evidence-based practice approaches like cognitive behavioral therapy, dialectical behavioral therapy and Interpersonal therapy. *FF5*. The PHP will initially serve ten adults and ten adolescents meeting five times a week with an option for Saturday programming. *FF6* The IOP will initially serve twelve adults and adolescents, each, meeting three times a week with an option for specialized individual, group and family recovery treatment for adolescents that go through an IOP program. *FF7, FF8* The binge-eating disorder IOP program will serve twelve adults, initially. *FF9*

The service area for the proposed clinic includes Middlesex County and portions of New Haven and New London counties that are within an hour’s drive of the clinic location in Guilford. *FF9* Walden chose the town of Guilford based on the following factors: 1) adolescents and adults of the town are at a high risk for being overweight or obese; 2) there is sufficient demand in the area as it accounts for over fifty-two thousand or one-third of the state’s residents with eating disorders; 3) the town is centrally located and improves access for patients from the proposed service area who travel to the South Windsor clinic to receive treatment, including adolescent student patients; and 4) the clinic will serve as a regional resource for men, women and adolescents who have to travel far or out of state to seek outpatient treatment. *FF10, FF11, FF12* There are no outpatient eating disorders treatment providers in the service area except Yale New Haven Hospital which only provides assessments and inpatient treatments for adolescents. *FF10, FF13*

In 2013 and 2014, over 20% of the South Windsor facility patients, including adolescent patients still attending school, traveled from the proposed service area for outpatient treatment. *FF12* Further physical space expansion of the South Windsor clinic to meet increasing demand for the proposed services is not an option, since that facility has already undergone two expansions and run out of space either contiguous to it or in its vicinity. *FF16, FF18, FF19* The Applicant expects the clinic to reach its maximum patient volume of 387, at the end of FY 2015, at which point no additional patients can be accepted due to physical plant constraints. *FF17*

Patients from the service area, currently required to travel to South Windsor to receive outpatient services would be able to access care in Guilford, a closer location. *FF12* Walden is also actively exploring a cooperative relationship with Yale New Haven Hospital to receive referrals from the hospital for eating disorders patients and to provide training opportunities with the clinic for selected medical, social work and nutrition staff. *FF21* Additionally, as with its South Windsor clinic experience, Walden anticipates referrals to the proposed facility will be from local providers such as primary care physicians, hospitals, schools, insurance companies and families of potential patients. *FF22* The location of the proposed clinic is in close proximity to Yale Shoreline Medical Clinic for necessary back-up medical emergency services. *FF14* Also, adult clients requiring more acute levels of care will be referred to a Walden Massachusetts program pending payer approval or patient consent or to a program of the patient's choice. *FF15* On this basis, the Applicant has satisfactorily demonstrated that the quality of care will improve through increased access to a continuum of outpatient eating disorders treatment services.

The fee schedules for the Guilford clinic will be similar to that of South Windsor. *FF25* The Applicant expects as much as 30% of the proposed clinic's patients to be to be Medicaid beneficiaries or uninsured. *FF3, FF24* In anticipation of the payer mix, the Applicant will utilize payment plans, sliding fee scale fee structures and charity care cap amounts to assist patient/families with limited financial means or are uninsured. *FF26* The Applicant has satisfactorily demonstrated that there would be no adverse change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients and indigent persons.

Walden will fund the total project cost of \$495,000 from its existing revenue sources. *FF27* Due to startup costs related to staffing, the Applicant projects a first year incremental loss of \$144,767 followed by subsequent years of incremental gain in the amounts of \$187,350 and \$475,392 from increases in patient volumes. *FF29* Based on these two factors, the Applicant has satisfactorily demonstrated that the proposal is financially feasible.

As a result of these combined factors, the Applicant has satisfactorily demonstrated that there is clear public need for the eating disorder clinic in Guilford. Additionally, there will be no unnecessary duplication of services in the service area. The Applicant has satisfactorily demonstrated the proposal will ensure that access to quality care is improved for the population currently being served, including that of the Medicaid population. Consequently, the Applicant has demonstrated that the proposal is consistent with the overall goals included in the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of Walden Behavioral Care, LLC to establish a partial hospital and an intensive outpatient program for adults and adolescents with eating disorders; a distinct intensive outpatient program for adults with binge eating disorder; and aftercare support services for adolescents and their families, in Guilford, 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

August 25, 2015
Date

Janet M. Brancifort
Janet M. Brancifort, MPH, RRT
Deputy Commissioner