

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

Agreed Settlement

Applicant: Health Core Group, LLC
d/b/a Westport Behavioral Health
9 Fragrant Pines Court
Westport, CT 06880

Docket Number: 16-32084-CON

Project Title: Establishment of a Psychiatric Outpatient Clinic for Adults and Facility for the Care or Treatment of Substance Abusive or Dependent Persons in Westport, Connecticut

Project Description: Health Core Group, LLC d/b/a Westport Behavioral Health ("HCG" or "Applicant") is proposing to establish a psychiatric outpatient clinic and facility for the care or treatment of substance abusive or dependent adults at 162 Kings Highway North, Westport, Connecticut, at an associated capital cost of \$10,000.

Procedural History: The Applicant published notice of its intent to file a Certificate of Need ("CON") application in *The Hour* (Norwalk) on April 1, 2 and 3, 2016. On April 29, 2016, 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 July 15, 2016. 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 Addo considered the entire record in this matter.



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Findings of Fact and Conclusions of Law

1. HCG is a for-profit organization that operates three sober recovery and transitional houses (“Westport House”) for young adult males in Westport, Connecticut. Ex. A, pp. 4, 7, 9.
2. Westport House residents are referred from anywhere in the country following hospital inpatient or addiction rehabilitation center treatment for substance use disorders. Ex. A, p. 7.
3. The Applicant began providing sober housing July 1, 2014, and currently has a residential capacity of 33 beds and an average occupancy rate of 90%. Ex. A, p. 28.
4. HCG is proposing to establish a psychiatric outpatient clinic and facility for the care or treatment of substance abusive or dependent adults to provide intensive outpatient treatment (“IOP”) for substance use disorders and co-occurring mental health disorders to young adult males (17 to 25 years of age) in Westport. Ex. A, pp. 6, 15.
5. The address of the proposed IOP program, 162 Kings Highway North, Westport, CT, is less than one mile away from Westport House. Ex. A, p. 18.
6. The Applicant is proposing to locate the IOP program in an existing building in Westport close to Westport House to make the program easily accessible to clients in sober living and facilitate a sustained recovery, reduce rates of relapse and improve health outcomes. Ex. A, p. 17.
7. The proposed program will primarily treat Westport House clients transferred directly from inpatient substance abuse treatment facilities that are in early recovery from addiction and in need of continuing treatment at an IOP level of care. Ex. A, pp. 14, 15, 16.
8. Westport House residents identified as needing IOP are currently receiving outpatient counseling, a lower level of care, from local independent licensed/credentialed behavioral health professionals in the community. Ex. A, p. 16.
9. The proposed program will also serve young adult male residents from the surrounding area in need of IOP services that may opt to receive treatment at the facility. Ex. A, pp. 8, 29.
10. The Applicant intends to meet the current standards of practice outlined in the Substance Abuse and Mental Health Services Administration (SAMHSA) Treatment Improvement Protocol, critical to effective IOP, by providing a continuum of care that will: make treatment readily available; make program entry easy; build on existing motivation; emphasize therapeutic alliance; make program retention a priority; assess and address individual treatment needs; provide ongoing care; monitor abstinence; use mutual help and other community-based supports; use medication if needed; educate clients about substance abuse, recovery and relapse; engage families, employer and significant others; and incorporate evidenced-based approaches. Ex. A, pp. 11-14, 59.

11. The Applicant’s proposed program will provide developmentally appropriate and gender-specific outpatient substance treatment services including individual, group and family therapy, case management services and recovery-supportive rehabilitation such as recreational, psycho-educational, vocational and creative arts. Ex. A, p. 8.
12. In addition to once-per-week individual counseling, the proposed IOP will be delivered within structured and individualized treatments that include:
 - a. A minimum of three 3-hour sessions per week;
 - b. Case management;
 - c. Urine drug screening;
 - d. Medication monitoring; and
 - e. Cognitive-behavioral therapy.
 Ex. A, p. 8.
13. The program will operate from 9:00 a.m. to 9:00 p.m., Monday through Friday and from 9:00 a.m. to 1:00 p.m. on Saturdays. Ex. A, p. 9.
14. In FY 2015, 83% of Westport House clients from Connecticut were Fairfield County residents.

TABLE 1
FY 2015 CLIENT ORIGIN FOR WESTPORT HOUSE

SERVICE AREA	NO. OF CLIENTS	PERCENT OF CT TOTAL
Greenwich	5	17%
Westport	3	10%
Trumbull	2	7%
Darien	2	7%
New Canaan	2	7%
Ridgefield	2	7%
Stamford	2	7%
Wilton	2	7%
Fairfield	2	7%
Norwalk	1	3%
Redding	1	3%
Weston	1	3%
Fairfield County Total	25	83%**
Other Connecticut	5	17%
Connecticut Total	30	100%

*An additional 20 clients originated from out-of-state

**Actual total varies due to rounding

Ex. A, pp. 106-107.

15. Young adult males within the Applicant’s proposed service area represent 4% of Fairfield County’s population 17 to 25 years old. Based on prevalence rates predicated upon national data, approximately 795 of these young adult males may have a diagnosable substance use disorder.

TABLE 2
ESTIMATE OF DIAGNOSABLE SUBSTANCE USE DISORDERS INCIDENCE IN FAIRFIELD COUNTY

SUBSTANCE USE DISORDER	POPULATION (17 to 25 years old) ¹	PREVALENCE ²	INCIDENCE
Fairfield County	98,281	21.1%	20,737
Westport	3,770	21.1%	795
Service area as percent of Fairfield County	4%	n/a	4%

Sources:

¹2010 U.S. Census.

²Substance Abuse and Mental Health Services Administration. 2008. *Young Adults’ Need for and Receipt of Alcohol and Illicit Drug Use Treatment: 2007*. HHS Publication No. SMA-08-0325. Rockville, MD.

Ex. A, p. 107.

16. The Applicant projects that a minimum of 66 residents of Westport House will enter the IOP program following admission, each year from FY17 through FY19.

TABLE 3
HEALTH CORE GROUP, LLC PROJECTED UTILIZATION

SERVICE/PROGRAM	CURRENT	PROJECTED		
	FY 2016	FY 2017	FY 2018	FY 2019
Intensive Outpatient Treatment Program*	21	66	66	66

Fiscal Year is January 1 – December 31

* Individuals receiving IOP also receive sober housing services.

Assumptions:

IOP estimated to begin October 1, 2016.

All sober house residents will be in IOP from their first day in residence and remain in treatment for an average of six weeks.

Ex. A, pp. 6, 27-28, 108.

17. Referrals for the proposed program will come primarily from Westport House, however the program will have the physical space and staffing capacity to accept additional individuals through self-referrals, referrals through behavioral health professionals or Connecticut state agencies such as the Department of Mental Health and Addiction Services (DMHAS) and the Judicial Branch. Ex. A, pp. 12, 22, 106, 108.
18. The Applicant has developed key referral and transfer arrangements with Norwalk Hospital and Progressive Diagnostics, LLC, both local providers. Norwalk Hospital will accept and treat the Applicant’s clients in the event of an urgent medical and/or psychiatric need and the latter will carry out urine drug testing. Ex. A, pp. 14, 67.

19. While there are six existing providers of IOP in towns contiguous to the proposed service area (Norwalk, Wilton, Weston and Fairfield), none of these providers have programs specific to young adult males.

TABLE 4
PROVIDERS OF THE PROPOSED SERVICES IN SERVICE AREA

TOWN	PROVIDER	STREET ADDRESS
Norwalk	Connecticut Renaissance, Inc.	4 Byington Place
Norwalk	Family and Children's Agency, Inc.	165 Flax Hill Rd 9 Mott Ave
Norwalk	Norwalk Hospital – Outpatient	24 Stevens Street
Norwalk	Connecticut Counseling Centers, Inc. Norwalk Methadone Program ¹	20 North Main St
Norwalk	Saint Vincent's Behavioral Health Services Norwalk Clinic ¹	1 Lois Lane
Westport	The Recovery Center of Westport	328 Post Road East

Sources:

¹ Substance Abuse and Mental Health Services Administration, Behavioral Health Treatment Services Locator, <https://findtreatment.samhsa.gov>, accessed Sep. 21, 2016.

Ex. A, p. 29.

20. All six existing providers in the proposed service area accept Medicaid and/or government-funded insurance. Ex. A, p. 29; Substance Abuse and Mental Health Services Administration, Behavioral Health Treatment Services Locator, <https://findtreatment.samhsa.gov>, accessed Sep. 21, 2016.
21. Currently the Applicant accepts self-pay and/or insured clients only. HCG has set aside five percent of self-pay profits for scholarship assistance to provide charity care to Medicaid-eligible or indigent individuals. Ex. A, pp. 6, 24, 95.
22. Although HCG currently only accepts self-pay and/or insured clients, the Applicant plans to register with the Connecticut Department of Social Services as a Medicaid provider and to accept Medicaid clients for outpatient treatment services. Ex. A, pp. 111.

23. Based on Westport House’s FY2016 payer mix, the Applicant projects approximately 10% Medicaid, 60% commercial insurers and 30% self-pay for the proposed IOP program.

TABLE 5
PROJECTED PAYER MIX FOR APPLICANT BY NUMBER OF CLIENTS AND VISITS

Payer	Projected								
	FY 2017			FY 2018			FY 2019		
	Patient Volume	%**	Visit Volume	Patient Volume	%**	Visit Volume	Patient Volume	%**	Visit Volume
Medicare*	0			0			0		
Medicaid*	7	10%	200	7	10%	200	7	10%	200
CHAMPUS & TriCare	0			0			0		
Total Government	7	10%	200	7	10%	200	7	10%	200
Commercial Insurers	40	61%	1140	40	61%	1140	40	61%	1140
Self-pay	19	29%	542	19	29%	542	19	29%	542
Uninsured									
Workers Compensation									
Total Non-Government	59	90%	1,682	59	90%	1,682	59	90%	1,682
Total Payer Mix	66	100%	1,882	66	100%	1,882	66	100%	1,882

*Includes managed care activity.

Medicaid projections based on the Medicaid utilization rate for Westport and enrollment of residents at Westport House.

**May not add up due to rounding.

Ex. A, pp. 112, 114.

24. The Applicant estimates a total capital expenditure of \$10,000 for the purchase of office equipment and computers. The Applicant will fund the proposal with cash. Ex. A, p. 25

25. Based on an average treatment duration of six weeks, average projected utilization and 2.5% increases in revenue and expenses, the Applicant projects incremental gains from the onset of operations.

TABLE 6
APPLICANT’S PROJECTED INCREMENTAL GAIN FROM OPERATIONS

	FY 2017	FY 2018	FY 2019
Revenue from Operations	\$719,543	\$738,150	\$757,369
Total Operating Expenses	\$637,786	\$654,507	\$671,347
Income (Loss) from Operations	\$81,757	\$83,643	\$86,022

*Increase in expenses is reflective of increases in the costs of materials, consulting services, salaries and fringe benefits. Increase in revenue is based on improved billing, collections and negotiated rates.

Ex. A, pp. 25, 28, 108, 113.

26. 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)).

27. This CON application is consistent with the Statewide Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2)).
28. The Applicant has established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).
29. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).
30. The Applicant has satisfactorily demonstrated that the proposal will improve the accessibility and maintain the quality and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)).
31. 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)).
32. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)).
33. The Applicant's historical provision of services in the area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).
34. 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)).
35. 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)).
36. The Applicant has demonstrated that the proposal will not negatively impact the diversity of health care providers and client choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11)).
37. 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 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).

HCG is a for-profit organization that operates Westport House, comprising three sober recovery and transitional houses for young adult males in Westport, Connecticut. *FF1* The Applicant proposes to establish a psychiatric outpatient clinic and facility for the care or treatment of substance abusive or dependent adults to provide IOP to young adult males, ages 17 to 25 years, with substance use disorders and co-occurring mental health disorders. *FF4*

The proposed program will primarily treat new Westport House clients transferred directly from inpatient substance abuse treatment facilities and young adult male residents from the surrounding towns in need of IOP. *FF7, FF9* New Westport House clients are in early recovery from addiction and in need of continuing treatment at an IOP level of care. *FF7* Currently, Westport House residents receive outpatient counseling from local behavioral health providers who have determined the majority of the residents need IOP level of care for a sustained recovery. *FF8*

The Applicant intends to meet the current standards of practice outlined in the SAMHSA Treatment Improvement Protocol. These standards of practice are critical to effective IOP as they provide a continuum of care that will make treatment readily available, assess and address individual treatment needs, make program retention a priority and incorporate evidenced-based approaches. *FF10*

It is estimated that about 20,737 young adult males between the ages of 17 and 25 years in Fairfield County and 795 in Westport have diagnosable substance use disorder and may need IOP. *FF15* Although there are six existing providers of IOP in towns contiguous to the proposed service area, none of these providers have programs specific to young adult males. *FF19*

The Applicant is proposing to locate the IOP program in an existing building in Westport close to Westport House to provide dedicated, coordinated and uninterrupted services that are not available elsewhere in the community. The location will be easily accessible to clients in sober living to facilitate a sustained recovery, reduce rates of relapse and improve health outcomes. *FF6*

The proposed program will have minimal effect on existing providers, as the majority of the Applicant's referrals will come primarily from Westport House. *FF17* The Applicant projects that from FY17 to FY19, a minimum of 66 residents of Westport House will enter the IOP program, annually, following admission. *FF16* The program will also accept clients through self-referrals, referrals through behavioral health professionals or Connecticut state agencies such as DMHAS and the Judicial Branch. *FF17*

Although HCG currently only accepts self-pay and/or insured clients, the Applicant plans to register with the Connecticut Department of Social Services as a Medicaid provider and to accept Medicaid clients for outpatient treatment services to improve access to services for Medicaid recipients or indigent persons. *FF22* HCG projects a payer mix of approximately 10% Medicaid, 60% commercially insured and 30% self-pay patients, based on the existing payer mix of outpatient visits for Westport House residents. *FF23*

HCG will fund the total project cost of \$10,000 with cash. *FF24* The Applicant projects that based on average projected treatment and utilization and 2.5% increases in revenue and expenses, there will be incremental gains from operations of \$81,757, \$83,643 and \$86,022 in the first three years of operations. *FF25* Based on these two factors, the Applicant has shown that the proposal is financially feasible.

The Applicant has satisfactorily demonstrated clear public need for the IOP program in Westport without unnecessary duplication of services in the area. In order to ensure that access to care will improve for the population currently being served, including that of the Medicaid population, and to ensure the proposal is consistent with the Statewide Health Care Facilities and Services Plan, OHCA requires that the Applicant agree to take certain actions as stated in the order attached hereto.

Order

NOW, THEREFORE, the Department of Public Health, Office of Health Care Access (“OHCA”) and Health Core Group, LLC d/b/a Westport Behavioral Health (“HCG” or “Applicant”), through their authorized representatives, hereby stipulate and agree to the following terms of settlement with respect to the Applicant’s request to establish a psychiatric outpatient clinic for adults and facility for the care or treatment of substance abusive or dependent persons in Westport, Connecticut:

1. HCG shall provide notification to OHCA of the date of commencement of operations and shall provide a copy of the facility license(s) it has obtained. Such notification shall be provided within thirty (30) days of start of operations.
2. HCG shall ensure that there is equal access to the proposed services for young adult males in the service area, including Medicaid recipients.
3. The Applicant shall apply to the Connecticut Department of Social Services and be approved as a Medicaid provider and make all efforts to comply with the requirements of participation. The Applicant shall provide documentation to OHCA evidencing approval of its enrollment application. Such documentation shall be filed within thirty (30) days of approval as a Connecticut Medicaid provider.
4. The Applicant shall communicate availability of the aforementioned services to Medicaid clients to area health care providers, including, but not limited to, hospitals and addiction rehabilitation providers. HCG shall provide documentation to OHCA evidencing that HCG has notified area health care providers of its participation in the Connecticut Medicaid Program. Such documentation shall be filed within thirty (30) days of approval as a Connecticut Medicaid provider.
5. HCG shall take all practical steps to achieve a payer mix, based on patient volume, which includes 10% Connecticut Medicaid patients for its outpatient treatment program within the first year of operation, including but not limited to outreach efforts described in 4 above. HCG shall report such payer mix to OHCA at the end of its first year of operation and if the payer mix target is not met, HCG submit such documentation as OHCA determines appropriate, to demonstrate HCG’s efforts to re-evaluate its outreach initiatives and develop strategies to increase utilization by Connecticut Medicaid patients.
6. HCG shall file annual reports to OHCA for the following information outlined below. The annual periods shall be January 1 through December 31 for two (2) full years following commencement of outpatient treatment at the Westport facility. The required report is due no later than two (2) months after the end of each annual period. The first report may be based on a partial reporting period depending on the date clients begin receiving services and should identify the partial reporting timeframe:

- a. The number of visits and patients receiving IOP services at the Westport program by payor category. **Utilize the table format below:**

	Total	Medicare	Medicaid	CHAMPUS/ Tricare	Commercial	Uninsured	Worker's Comp.	Self-Pay
Number of patients								
Number of visits								
Percent (%)								

- b. The number of patients receiving IOP services by source of admission. **Utilize the table format below:**


	Total	Westport House	Self- Referral	Private Practitioner	State Agency	Other
Number of patients						
Percent (%)						

7. OHCA and HCG agree that this settlement represents a final agreement between OHCA and HCG with respect to OHCA Docket No. 16-32084-CON. The execution of this settlement resolves all objections, claims and disputes, which may or could have been raised by HCG with regard to OHCA Docket Number 16-32084-CON.
8. OHCA may enforce this settlement under the provisions of Conn. Gen. Stat. §§ 19a-642; 19a-653 and all other remedies available at law, with all fees and costs of such enforcement to be governed by State Law.
9. This settlement shall be binding upon HCG and its successors and assigns.

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

10/7/16
Date


Yvonne T. Addo, MBA
Deputy Commissioner

10/6/16
Date


Duly Authorized Agent for
Health Core Group, LLC

Signed by Albert Samaras (Print name), President (Title)