

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

Certificate of Need Final Decision

Applicant: St. Vincent's Medical Center
2800 Main Street
Bridgeport, CT 06606

Docket Number: 17-32165-CON

Project Title: Termination of Primary Care Services

Project Description: St. Vincent's Medical Center ("SVMC" or "Applicant"), seeks authorization to terminate outpatient primary care clinic services at the Family Health Center ("FHC").

Procedural History: The Applicant published notice of its intent to file a Certificate of Need ("CON") application in the *Connecticut Post* (Bridgeport) on February 16, 17 and 19, 2017. On May 2, 2017, 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 September 29, 2017. OHCA received no responses from the public concerning the proposal and no hearing requests were received 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. SVMC is a 397-bed acute-care hospital located in Bridgeport, Connecticut. Ex. A, p. 5
2. FHC, located at 762 Lindley Street Bridgeport, Connecticut, has been operated by SVMC since 1996 and was established to provide primary care services to at-risk or vulnerable populations. FHC also provides limited specialty services¹ at the same location. Ex. A, pp. 5, 12
3. SVMC has experienced ongoing operating losses at FHC. These losses are primarily attributable to FHC's payer mix, which has a disproportionate level of medically uninsured and underinsured patients. Ex. A, pp. 5, 12
4. These FHC operating losses have limited SVMC's ability to provide specialty care at FHC and have contributed to extended wait times for patients seeking appointments: over three months for cardiology, endocrinology and neurology; over four months for gastroenterology and up to six months for ophthalmology. Ex. A, p. 12
5. To avoid further losses and address inadequate resources for specialty care, the Applicant proposes to terminate primary care services at FHC and to transition these same services to Southwest Community Health Center, Inc., ("SWCHC"). Ex. A, p. 6
6. SWCHC is a licensed Federally Qualified Health Center ("FQHC²") with five locations in the Bridgeport area. SWCHC provides primary care and supportive enabling services (e.g., education, translation and facilitation of transportation) to area residents. Ex. A, p. 6
7. SWCHC will begin providing primary care (including obstetrics and gynecology) and behavioral health services at FHC following OHCA approval. FHC patients will gain access to SWCHC's dental health services, provided at 968 Fairfield Avenue and 46 Albion Street, Bridgeport. Ex. A, pp. 6, 12; <http://www.swchc.org/health-care-services/dental/>
8. SWCHC will enter into a professional services agreement to maintain the same physician group providing obstetrics and gynecology at FHC. Ex. A, pp. 7, 12, 30
9. SVMC will continue to provide specialty services, but at a new location: 2979 Main Street in Bridgeport. The new location is only four tenths of a mile from FHC, is larger, has ample parking and is located on a bus route. Ex. A, p. 6; Ex. H, p. 215
10. The addition of behavioral health care services at the Lindley Street location will allow for collaboration between SVMC and SWCHC's behavioral health and primary care teams and integrated treatment plans. Ex. A, p. 14

¹ Specialty services include: cardiology, endocrinology, neurology, ophthalmology, gastroenterology, infectious diseases, general surgery, orthopedics, nephrology, podiatry, nutritional counseling and pulmonary.

² FQHCs are community-based organizations that receive higher level reimbursement along with state and Federal support, such as U.S. Health Resources & Services Administration (HRSA) grants and 340B pricing discounts for pharmaceutical products to provide comprehensive primary and preventative care. Ex. A, pp. 1, 15.

11. SVMC and SWCHC will form an operating committee to monitor access, patient outcomes, and efficiency issues, and establish a committee for monitoring the quality and safety of services provided at the Lindley Street location. Ex. A, p. 16
12. SVMC will hire two new physicians to provide pulmonology and rheumatology specialty clinic services at the new location. In addition, specialty services in general surgery, infectious disease treatment, nephrology, nutritional counseling, orthopedics and podiatry will have expanded hours as a result of the proposal. Ex. C, pp. 216-217
13. In order to reduce significant wait times, SVMC plans to convert its part-time gastroenterologist to full-time and increase service hours available at its new location for cardiology, endocrinology, neurology, gastroenterology and ophthalmology (see table below).

**TABLE 1
SVMC SPECIALTY SERVICE LINE HOURS**

| Specialty Service Line | Current Monthly Hours | Proposed Monthly Hours | % change |
|------------------------|-----------------------|------------------------|----------|
| Cardiology | 6 | 60 | 900% |
| Endocrinology | 3 | 6 | 100% |
| Neurology | 6 | 12 | 100% |
| Gastroenterology | 9 | 80 | 789% |
| Ophthalmology | 3 | 6 | 100% |

Ex. A, p. 14; Ex. C, pp. 216-218

14. SWCHC will implement electronic health record technology at the Lindley Street location, allowing for data exchange between patients, providers, payers and health registries. Ex. A, p. 16; <https://www.nextgen.com/electronic-health-records-ehr>
15. To ensure there are no interruptions in services, the Applicant will transition Primary Care services to SWCHC over a 12-month period and provide notice to FHC patients explaining the transition. Ex. A, pp. 7, 30.
16. Historical utilization volume is shown in the table below:

**TABLE 2
FHC HISTORICAL UTILIZATION BY SERVICE**

| Service | Actual Volume (cases) | | | |
|----------------------------------|-----------------------|---------------|---------------|---------------------------|
| | FY 2014 | FY 2015 | FY 2016 | FY 2017 ¹ |
| Pediatric and Adult Primary Care | 12,936 | 15,583 | 17,756 | 17,832 |
| Specialty Care | 4,104 | 4,281 | 4,493 | 4,146 ² |
| Total | 17,040 | 19,864 | 22,249 | 21,978² |

¹FY 2017 represents annualized volume based on 6 months (October 2016 through March 2017)

²Decrease in FY 2017 due to reduced hours at specialty clinic

Ex. A, pp. 20, 25; Ex. C, p. 219

17. Specialty care volumes are anticipated to grow as a result of hiring a pulmonologist and a rheumatologist as well as increasing specialty service hours substantially at the new location.

**TABLE 3
SVMC PROJECTED SPECIALTY CARE UTILIZATION**

| Service | Projected Volume (cases) | | |
|----------------|--------------------------|---------|---------|
| | FY 2018 | FY 2019 | FY 2020 |
| Specialty Care | 5,225 | 6,400 | 6,850 |

Ex. A, p. 25; Ex. C, pp. 219-220.

18. SVMC will enter into a five-year Community Benefit and Support Agreement, transitioning the operation of the Lindley Street location clinic to SWCHC and provide funding to help cover operational expenses through 2022.

Ex. A, pp. 7, 18; Ex. C, pp. 218, 225-228.

19. SVMC has experienced operating losses over the past two years and anticipates similar results in FY 2017 (see table below).

**TABLE 4
SVMC HISTORICAL REVENUES AND EXPENSES**

| | FY 2015 | FY 2016 | FY 2017 ¹ |
|---------------------------------------|-------------------|-------------------|----------------------|
| Revenue from Operations | \$488,495 | \$506,458 | \$508,182 |
| Total Operating Expenses ² | \$508,201 | \$529,342 | \$517,182 |
| Gain/Loss from Operations | \$(19,706) | \$(22,884) | \$(9,000) |

¹Annualized based on 6 months (July-December 2016)

²Significant expenses contributing to an overall operating loss are; salaries and wages, fringe benefits, supplies and drugs, depreciation and amortization and physician fees.

Ex. A, pp. 5, 15, 207; Ex. C, p. 222; Ex. F, p 1

20. SVMC anticipates incremental gains of \$22,000, \$949,000 and \$986,000 in FY 2018 through FY 2020, respectively, due to its ability to offset the loss in revenue by reducing operating expenses associated with the proposal, including salaries and wages, fringe benefits, physician fees, supplies and drugs and lease expense. Ex. A, pp. 5, 12, 15, 207; Ex. C, p. 222.

21. The FHC service area includes the towns of Bridgeport, Stratford, Shelton, Fairfield, Easton, Trumbull and Monroe. Ex. A, p. 23.

22. The Applicant does not expect any changes to the patient population or payer mix. Medicaid recipients will continue to account for more than half (64%) of patients served.

**TABLE 5
FHC HISTORICAL & SVMC PROJECTED SPECIALTY CARE PAYER MIX¹**

| Payer | Actual | | Current | | Projected | | | | | |
|-----------------------------|---------------|-------------|----------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | FY 2016 | | FY 2017 ² | | FY 2018 | | FY 2019 | | FY 2020 | |
| | Visits | % | Visits | % | Visits | % | Visits | % | Visits | % |
| Medicare* | 2,225 | 10% | 2,198 | 10% | 523 | 10% | 640 | 10% | 685 | 10% |
| Medicaid* | 14,239 | 64% | 14,066 | 64% | 3,344 | 64% | 4,096 | 64% | 4,384 | 64% |
| CHAMPUS | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total Government | 16,464 | 74% | 16,264 | 74% | 3,876 | 74% | 4,736 | 74% | 5,069 | 74% |
| Commercial Insurers | 445 | 2% | 440 | 2% | 95 | 2% | 128 | 2% | 137 | 2% |
| Uninsured | 5,340 | 24% | 5,274 | 24% | 1,254 | 24% | 1,536 | 24% | 1,644 | 24% |
| Workers Compensation | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total Non-Government | 5,785 | 26% | 5,714 | 26% | 1,349 | 26% | 1,664 | 26% | 1,781 | 26% |
| Total Payer Mix | 22,249 | 100% | 21,978 | 100% | 5,225 | 100% | 6,400 | 100% | 6,850 | 100% |

¹ FY 2016 and FY 2017 represent Lindley Street volume, while FY 2018-FY 2020 represent SVMC specialty care

² FY 2017 represents annualized volume based on 6 months (October 2016 through March 2017)

Ex. A, pp. 17, 19, 26, 87; Ex. C, p. 220

23. There will be no changes in SVMC's charity care policy. All SVMC specialty care physicians will accept Medicaid. Ex. A, p. 16; Ex. C, p. 216

24. SWCHC has a sliding fee scale payment policy that is based upon financial need and is consistent with federal guidelines for FQHCs. Ex. A, p. 16

25. There will be no new fees or additional facility fees imposed by SWCHC as a result of this proposal. Ex. C, p. 221

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 Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2)) (Ex. A, pp. 10-11).

28. The Applicant has established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3)) (Ex. A, pp. 11-13).

29. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)) (Ex. A, pp. 4, 15; Ex. C, p. 222).

30. The Applicant has satisfactorily demonstrated that the proposal will increase quality and accessibility and maintain the cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)) (Ex. A, pp. 13-16).
31. The Applicant has shown that there would be no change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients. (Conn. Gen. Stat. § 19a-639(a)(6)) (Ex. A, pp. 17, 26).
32. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)) (Ex. A, pp. 11, 21).
33. The Applicant's historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)) (Ex. A, pp. 21-22).
34. The Applicant has satisfactorily demonstrated that the proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)) (Ex. A, p. 22).
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)) (Ex. A, p. 17).
36. 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)) (Ex. A, p. 22).
37. The Applicant has satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or access to care. (Conn. Gen. Stat. § 19a-639(a)(12)) (Ex. A, p. 17).

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 Conn. Gen. § 19a-639(a). 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).

Since 1996, SVMC has operated FHC, which provides primary and specialty care services to at-risk or vulnerable populations. SVMC has experienced ongoing operating losses at FHC, attributable to serving a high proportion of medically uninsured/ underinsured patients. FHC's payer mix has produced inadequate cost-of-care reimbursement, has limited the ability to provide specialty care at the Lindley Street location and contributed to lengthy patient wait times. As a result, SVMC proposes to terminate primary care services at FHC and to transition these same services to SWCHC. *FF2-FF5*

SWCHC will provide primary care (including obstetrics and gynecology) and behavioral health services at the Lindley Street location. Dental care will also be available at one of two SWCHC FQHC locations. SVMC will continue providing specialty services, but at a new location. The new facility is close to the Lindley Street location, is larger, provides ample parking and is on a bus route. SVMC will increase gastroenterologist coverage to full-time and hire two new specialty physicians to provide pulmonology and rheumatology services. Service hours will be expanded significantly. *FF7; FF9; FF12-FF13*

Adding behavioral health care will help create more integrated treatment plans to better coordinate the medical and behavioral health needs of patients. SVMC and SWCHC will form operating and quality committees to monitor access, efficiency, patient outcomes and review the quality and safety of services. Patients will benefit from new SVMC specialty offerings, expanded service hours and reduced wait times, with no additional cost to the patient. Finally, the proposal preserves access for Medicaid patients, which account for nearly two-thirds of FHC's payer mix. *FF10-FF13; FF22-FF25*

The proposal will allow SVMC to significantly reduce its expenses and realize incremental operating gains in excess of \$940,000 in FY 2019 and FY 2020. Thus, the proposal is financially feasible. *FF19-FF20*

Based on the foregoing factors, the Applicant has satisfactorily demonstrated that quality and access to both primary and specialty care services in the region will be enhanced for all relevant patient populations, including Medicaid and indigent persons. These benefits are consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application requesting authorization to terminate primary care services at SVMC'S Family Health Center in Bridgeport, 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



11/27/2017
Date

Yvonne T. Addo, MBA
Deputy Commissioner

Olejarz, Barbara

From: Microsoft Outlook
To: Kurt.bassett@stvincents.org; jfeldman@goodwin.com
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Subject: Relayed: Final decision

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

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Subject: Final decision