

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: The Hospital of Central Connecticut
100 Grand Street
New Britain, CT 06050

Docket Number: 17-32170-CON

Project Title: Termination of Five Blood Collection Facilities

Project Description: The Hospital of Central Connecticut (“HoCC” or the “Applicant”) seeks authorization to terminate its provision of services at five blood collection facilities, whereupon Quest Diagnostics will assume ownership and operation.

Procedural History: The Applicants published notice of their intent to file a Certificate of Need (“CON”) application in *Hartford Courant* on April 29, April 30 and May 1, 2017. On May 25, 2017, the Office of Health Care Access (“OHCA”) received the CON application from the Applicants for the above-referenced project and deemed the application complete on July 21, 2017.

On June 5, 2017 OHCA received a written request for a public hearing signed by at least three individuals, in accordance with Connecticut General Statute (“Conn. Gen. Stat.”) sec. 19a-639a(e). On August 1, 2017, Commissioner Pino designated Kevin Hansted as the hearing officer in the matter. On that same date OHCA notified the Applicant of the date, time and location of the hearing and the *Hartford Courant* and *New Britain Herald* published public notice regarding the hearing on August 3, 2017. On August 17, 2017 Dr. Harry Sanchez petitioned for intervenor status, which was granted with limited rights on August 18, 2017.

Pursuant to Connecticut General Statutes (“Conn. Gen. Stat.”) § 19a-639a(f)(2), a public hearing regarding the CON application was held on August 23, 2017. The public hearing record was closed on September 1, 2017. The hearing was conducted in accordance with the provisions of the Uniform-Administrative Procedure Act (Conn. Gen. Stat. Chapter 54). Deputy Commissioner Addo considered the entire record in this matter.



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Findings of Fact and Conclusions of Law

1. The Applicant is an acute care hospital and member of Hartford HealthCare Corporation (“Hartford HealthCare”) with its main campuses located at 100 Grand Street, New Britain, and 81 Meriden Avenue, Southington. Ex. A, p. 9.
2. The Applicant offers, among other services, laboratory testing and outpatient specimen collection at its main campuses. It currently also performs blood drawing and specimen collection services at five satellite patient service centers, also known as blood collection facilities (“BCFs”), in New Britain and Southington. Blood and other bodily fluid samples are currently collected at the BCFs and transferred to HoCC-owned laboratories for testing. Ex. A, 12; Ex. F, p. 89.
3. Due to the costs of running its blood draw operations, including billing, marketing, and client services and logistics, the Applicant determined a provider focused solely on sample collection and testing could more efficiently provide BCF services. Ex. A, pp. 17, 86.
4. The Applicant is seeking authorization to terminate its ownership and operation of all five of its satellite BCFs at the following locations:
 - 100 Grand Street, New Britain
 - 61 Hart Street, New Britain
 - 183 North Mountain Road, New Britain
 - 360-361 North Main Street, Southington
 - 55 Meriden Ave, SouthingtonEx. A, 12-13.
5. The above-listed BCFs perform clinical pathology services. According to the Applicant, 99% of the services performed are either blood drawings by a phlebotomist or the collection of urine samples. The BCFs do not perform anatomic pathology services wherein a tissue sample or other biological specimen is obtained via a biopsy in a physician’s office, transferred to a laboratory for slides to be developed, which are then sent to a pathologist for review. Ex. S, Pre-file Testimony, Dr. Salim Kabawat, Regional Medical Director of North Region, Quest, p. 3.
6. HoCC is not terminating any services that would otherwise be provided at the hospital and will continue to perform drawings for outpatients, Emergency Department (“ED”) patients, and patients requirement sampling for scheduled surgical services at the following locations:
 - 100 Grand Street, New Britain (Out Patient Test Center) – specimen collection for hospital outpatients
 - 183 N. Mountain Road, New Britain (Cancer Center) – limited diagnostic services for cancer center patientsEx. F, p. 89; Ex. BB, Transcript, Dr. Bimel Patel, Senior Vice President, Hartford HealthCare, pp. 36-37.
7. The proposal will not impact, affect, limit, reduce and/or terminate any of the laboratory testing services offered by HoCC. HoCC would continue to perform urgent and emergent laboratory services at the following locations:
 - 100 Grand Street, New Britain, CT (New Britain General Campus) – full laboratory testing services

- 81 Meriden Ave, Southington (Bradley Campus) – full service laboratory testing services
Ex. A, p. 13; Ex. F, p. 89; Ex. BB, Transcript, Patel, pp. 36-37.
8. The Applicant and Hartford HealthCare, in conjunction with an independent third party, issued a request for proposals to identify a purchaser for the five BCFs that are the subject of this proposal, as well as those of other Hartford HealthCare-owned hospitals. It sought a purchaser that is an expert in laboratory sciences and capable of handling the large volume of testing required by the Applicant and Hartford HealthCare as a whole. Ex. BB, Transcript, Dr. Bimel Patel, Senior Vice President, Hartford HealthCare, pp. 38-39.
 9. The Applicant identified Quest as its preferred purchaser. Quest is a publicly traded company headquartered in Madison, NJ that operates more than 2,200 BCFs nationwide, with at least 187 of those located in Connecticut. Quest Diagnostics, *Fact Sheet*, available at <http://newsroom.questdiagnostics.com/index.php?s=30664> (last accessed May 31, 2018); DPH, BCF Licensing and Inspection Records.
 10. There will be no change to the services offered at the BCFs subsequent to implementation of the proposal. The same services will be provided in the same locations by Quest. Ex. S, Pre-filed Testimony, Joseph Vaccarelli, Administrative Director, HoCC, p. 6.
 11. Following implementation of the proposal, patients visiting one of the five BCFs will have blood or urine samples collected by Quest and transported to a Quest-owned laboratory for testing. Results will be entered into an electronic health records (“EHR”) system and be immediately accessible by HoCC physicians.¹ Ex. S, Pre-file Testimony, Kabawat, p. 3-4. Ex. BB, Testimony, Dr. Spencer Erman, Chief Medical Informatics Officer for Hartford HealthCare, p. 51.
 12. Quest maintains “My Quest,” an online site through which consumers may create an account to view their test results online, schedule appointments, and track their test results over time. Ex. A, p. 16.
 13. As a result of the planned conversion to the EPIC EHR system in October 2017, HoCC and Quest will coordinate patients’ requisitions and results using a bi-directional data sharing interface. This software is currently in place at other Hartford Healthcare Corporation facilities. Ex. A, p. 17.
 14. Hartford HealthCare has implemented quarterly Steering Committee meetings, during which HoCC’s pathologists may directly communicate to Quest’s medical leadership any concerns or insights that may arise regarding Quest’s operation of the BCFs. Ex. BB, Transcript, Patel, p. 49.
 15. In addition to the five BCFs that are the subject of this proposal, Quest has seven BCFs in HoCC’s primary service area (“PSA”). Physicians have the ability to electronically submit requisition orders to Quest, which may then be accessed and completed by any Quest BCF at

¹ Process varies for anatomical pathology services. For example, generally biopsy samples will be taken at a physician’s office--rather than a BCF--and transferred to a Quest-owned and operated laboratory where they will be processed and glass slides will be produced, which will then transported to HoCC for review by its pathologists. Ex. V, Pre-Filed Testimony, Dr. Harold Sanchez, p. 4; Ex. BB, Transcript, Testimony, Kabawat, p. 16.

which the patient presents—be it one of the twelve in the PSA or elsewhere in the region. Ex. BB, Transcript, Kabawat, p. 58.

16. There are 14 existing BCFs in HoCC’s primary service area (“PSA”), as shown in the table below.

**TABLE 1
EXISTING BCFs IN HOCC’S PSA**

Provider Name	Address
Quest	98 Main Street, Southington 365 Queen Street, Southington 7 N. Washington St., Plainville 66 Cedar Street, Newington 955 Main Street, Newington 320 New Britain Rd, Berlin 40 Hart Street, New Britain
Mercy Diagnostics	832 Queen Street, Southington
UConn Health BCF	1115 West Street, Southington
Starling Physicians	300 Kensington Ave, New Britain 1 Lake Street, New Britain 375 Willard Ave, Newington 184 East Street, Plainville 209 Main Street, Southington

Ex. F, p. 92; DPH, BCF Licensing and Inspection Records.

17. Despite the incremental gain in FY 2017, the loss of revenue from operations exceeds the reduction in operating expenses from FY 2018 through FY 2020.

**TABLE 2
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	FY 2017	FY 2018	FY 2019	FY 2020
Revenue from Operations	\$15,000,000	(\$5,945,230)	(\$6,034,052)	(\$6,124,198)
Total Operating Expenses	\$328,942	(\$5,375,277)	(\$5,527,501)	(\$5,684,111)
Gain/Loss from Operations	\$14,671,058	(\$569,953)	(\$506,550)	(\$440,086)

Ex. A, pp. 26, 83.

18. The purchase price of Hartford HealthCare’s BCF services, of which HoCC’s BCFs are a part, is \$30 million. Ex. F, p. 91.

19. Quest has a charity care policy in place that qualifies patients for discounts based on their income compared to federal poverty level guidelines and patients may submit an application for billing relief. Quest provides no-charge Noninvasive Prenatal Screening for patients who meet or fall below the federal poverty level and an out-of-pocket maximum charge of \$200 for those with incomes between 100% and 400%. Ex. C, p. 90; Quest Diagnostics, *Financial Assistance*, www.questdiagnostics.com/home/about/corporate-citizenship/community-giving/assistance.html (last accessed Aug. 2017).

20. Medicaid payers currently comprise 27% of the Applicant’s patients.

**TABLE 3
APPLICANT’S LAST COMPLETED PAYER MIX**

Payer	CFY 2016	
	Visits	%
Medicare*	33,777	45.2%
Medicaid*	20,210	27%
CHAMPUS & TriCare	67	.1%
Total Government	54,054	72.3%
Commercial Insurers	19,813	26.5%
Uninsured	793	1%
Workers Compensation	135	.2%
Total Non-Government	20,741	27.7%
Total Payer Mix	74,795	100.0

*Includes managed care activity.

Ex. A, p. 29.

21. Quest is enrolled in and a participating service provider in Connecticut’s Medicaid program and there is no expected change in the payer mix. Ex. A, p. 17.
22. The Applicant’s primary service area is composed of Southington, Plainville, Newington, New Britain and Berlin. There is no expected change to the population to be served. Ex. A, p. 24.
23. As the BCFs will continue to operate in the same location, there is no expected change to the population served. Ex. BB, Transcript, Vaccarelli, p. 36.
24. 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)).
25. The Statewide Health Care Facilities and Service Plan does not address BCFs and, as such, there is currently no relationship between them. (Conn. Gen. Stat. § 19a-639(a)(2)).
26. The Applicant has not proposed a health care facility or service for which a demonstration of clear public need is applicable. (Conn. Gen. Stat. § 19a-639(a)(3))
27. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)). Ex. F, p. 91.
28. The Applicant has demonstrated that the proposal will maintain quality and accessibility and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)). Ex. S, Vaccarelli, p. 6; Ex. BB, Transcript, Kabawat, p. 58; Ex. C, p. 90; Ex. X, p. 44.

29. 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, 29.
30. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)). Ex. A, p. 15.
31. The Applicant's historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)). Ex. A, p. 24.
32. 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. 28.
33. 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, pp. 17, 29.
34. The Applicant has not demonstrated that the proposal will not negatively impact the diversity of health care providers, but patient choice will still exist in the region. (Conn. Gen. Stat. § 19a-639(a)(11)). Ex. F, p. 92.
35. 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. 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).

The Applicant, a member of Hartford HealthCare, is an acute care hospital with its primary campuses in New Britain and Southington. It performs, among other services, laboratory testing and outpatient specimen collection at its main campuses. It additionally performs blood drawing and specimen collection services at five satellite patient outreach centers, also known as blood collection facilities (“BCFs”), in New Britain and Southington. *FF1,2*.

Due to the costs of running its blood draw operations, including billing, marketing, and client services and logistics, the Applicant determined a provider focused solely on sample collection and testing could more efficiently provide BCF services. As a result, the Applicant is proposing terminating its ownership and operation of all five BCFs. *FF3,4*.

The Applicant sought a purchaser for the BCFs with an expertise in laboratory sciences that would also be capable of handling the large volume of testing required by the Applicant and Hartford HealthCare as a whole. *FF8*. Through a request for proposals process, and with assistance from an independent third party, the Applicant identified Quest as its preferred purchaser for \$30 million.² Quest is a publicly traded company headquartered in Madison, NJ that operates more than 2,200 BCFs nationwide, at least 187 of which are located throughout Connecticut. *FF9,18*.

The BCFs that are the subject of this proposal perform clinical, rather than anatomical, pathology services. Phlebotomists at the facilities draw and collect blood and urine specimens and transfer them to a laboratory for testing, the results of which are then transmitted to HoCC. They do not, in general, obtain tissue specimens via biopsies, a procedure that is performed by a physician rather than a BCF. *FF5*.

Conn. Gen. Stat. sec. 19a-638(a)(5) requires that a hospital terminating outpatient services obtain a CON. It is the Applicant’s proposed termination of its BCFs that trigger the provision and CON review. The Applicant has stated that the proposal will not “impact, affect, limit, reduce and/or terminate any of the laboratory testing services offered by HoCC.” *FF7*. As such, this CON review is limited in scope to the clinical pathology services performed at the BCFs and does not focus on anatomical services or laboratory practices that are not directly related to the BCFs that are the subject of the Applicant’s proposal.

Following the Hospital’s termination of its ownership of the BCFs, according to the Applicant, Quest will provide the same services currently provided and in the same locations. *FF10*. HoCC will continue to perform urgent and emergent laboratory services as well as drawings for

² Price includes Quest’s purchase of additional Hartford HealthCare-owned BCFs.

outpatients, ED patients, and patients requiring sampling for scheduled surgical services. It will not terminate or transfer any services currently offered at the hospital. *FF6,7.*

In addition to the five BCFs that are the subject of this proposal, Quest also owns and operates seven other BCFs in the Hospital's primary service area. *FF16.* Physicians can electronically submit requisition orders to Quest's electronic medical records system, which can be accessed and completed by any Quest BCF at which a patient presents—be it one of the 12 in the PSA or elsewhere in the region. *FF15.* Patients will not need to bring written orders to a particular BCF. As Dr. Kabawat stated by way of illustration, "Because the order is now in our . . . laboratory information system, that order could be accessed anywhere in New England. So, even if a patient lives in New Britain but is . . . somewhere in Southern Connecticut, they can go to any [Quest patient service center] and ask for blood to be drawn."³ Similarly, HoCC patients with limited transportation options may have access to more conveniently located BCF options that are electronically connected to HoCC physicians. For the above reasons, access will be maintained and potentially improved for patients.

The BCFs will continue to be subject to the same Department of Public Health quality review⁴ under Quest's ownership as they have been under the Applicant's. Dr. Kabawat confirmed that all of Quest's BCFs are inspected by DPH.⁵ Consequently, OHCA expects that the quality of blood drawing and specimen collection at the BCFs will be maintained.

Quest also has, according to Dr. Kabawat, its own internal quality control procedures measuring performance at its BCFs including patient wait time, satisfaction and any errors that occurred.⁶ Hartford HealthCare has also implemented quarterly Steering Committee meetings, during which the Hospital's pathologists may directly communicate to Quest's medical leadership any concerns or insights that may arise regarding Quest's operation of the BCFs. *FF14.*

The quality of laboratory testing of samples drawn from the BCFs is also unlikely to be affected. According to Intervenor Dr. Sanchez, the Applicant is currently sending Quest its routine outreach work and "there is absolutely no difference in the quality of the work that's being performed."⁷

The diversity of providers in the area will, however, be impacted. There are currently 14 BCFs in the Applicant's primary service area, seven of which are Quest owned. Starling Physicians, a multi-specialty group offering lab services, owns five; Mercy Diagnostics owns one; and UConn Health also owns one. *FF16.* The Applicant terminating its ownership will inevitably reduce the diversity of providers in the area. However, there are at least seven other BCF locations that are owned by entities other than Quest in the primary service area. *FF16.*

Medicaid payers currently comprise 27% of the Applicant's patients. *FF22.* Quest is enrolled in and a participating service provider in Connecticut's Medicaid program and there is no expected change to the payer mix. *FF20.*

³ Ex. BB, Transcript, Kabawat, p. 58.

⁴ See CONN. AGENCIES REGS. §§ 19a-36A-47 through 36A-49.

⁵ Ex. BB, Transcript, Kabawat, p. 43.

⁶ Ex. BB, Transcript, Kabawat, pp. 46-47.

⁷ Ex. BB, Transcript, Sanchez, p. 23.

Quest has a charity care policy in place that qualifies patients for discounts based on their income compared to federal poverty level guidelines and patients may submit an application for billing relief. Therefore, there will be no reduction in services to Medicaid recipients or indigent persons. *FF19*.

Furthermore, the Applicant has satisfactorily identified the patient population it serves and shown there is unlikely to be any impact on it as a result of the proposal. Since there are no new BCFs or services being proposed, the utilization of existing facilities in the area will not be affected and there will be no duplication of services. The Applicant will incur no cost or expenditure and has shown it is financially feasible.

Although the diversity of providers in an area is inevitably negatively impacted by a termination, this proposal will maintain access with no anticipated impact on the cost to consumers, including those who are indigent or covered by Medicaid.

Order

Based upon the foregoing Findings and Discussion and the associated Certificate of Need application, the Hospital of Central Connecticut's request to authorization the termination of five outpatient blood drawing locations 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



9/28/2017

Date

Yvonne T. Addo, MBA
Deputy Commissioner