

Greer, Leslie

From: Martone, Kim
Sent: Wednesday, July 08, 2015 8:12 AM
To: Hansted, Kevin
Cc: Greer, Leslie
Subject: FW: CON Determination - Grove Hill Medical Center
Attachments: CON Determination Form.pdf

From: Boyle, Lisa M [<mailto:lboyle@RC.com>]
Sent: Tuesday, July 07, 2015 9:22 PM
To: Martone, Kim
Subject: CON Determination - Grove Hill Medical Center

Hi Kim,
I hope you are well. Attached is a request for a CON determination for our client, Grove Hill Medical Center, P.C. Please do not hesitate to contact me with any questions. Thank you for your assistance with this matter. Lisa

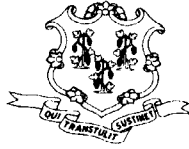
Lisa M. Boyle

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State of Connecticut Office of Health Care Access CON Determination Form Form 2020

All persons who are requesting a determination from OHCA as to whether a CON is required for their proposed project must complete this Form 2020. The completed form should be submitted to the Director of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If this proposal has more than two Petitioners, please attach a separate sheet, supplying the same information for each Petitioner in the format presented in the following table.

	Petitioner	Petitioner
Full Legal Name	Grove Hill Medical Center, P.C.	Investment Associates, LP
Doing Business As	N/A	N/A
Name of Parent Corporation	N/A	N/A
Petitioner's Mailing Address, if Post Office (PO) Box, include a street mailing address for Certified Mail	300 Kensington Avenue New Britain, CT 06051	300 Kensington Avenue New Britain, CT 06051
What is the Petitioner's Status: P for profit and NP for Nonprofit	P	P
Contact Person at Facility , including Title/Position: This Individual at the facility will be the Petitioner's Designee to receive all correspondence in this matter.	Alan McGinnes, Executive Director	Alan McGinnes, Executive Director

Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail	300 Kensington Avenue New Britain, CT 06051	300 Kensington Avenue New Britain, CT 06051
Contact Person's Telephone Number	860-224-6250	860-224-6250
Contact Person's Fax Number	860-224-6260	860-224-6260
Contact Person's e-mail Address	<u>AMcGinnes@grovehill.com</u>	<u>AMcGinnes@grovehill.com</u>

SECTION II. GENERAL PROPOSAL INFORMATION

- a. Proposal/Project Title: Merger of Grove Hill Medical Center, P.C. and Connecticut Multispecialty Group, P.C.
- b. Estimated Total Project Cost: \$N/A
- c. Location of proposal, identifying Street Address, Town and Zip Code: 300 Kensington Avenue, New Britain, CT 06051
- d. List each town this project is intended to serve: New Britain, Berlin, Bristol, Southington, Newington, Farmington, Plainville and Cromwell
- e. Estimated starting date for the project: Estimated January 1, 2016

SECTION IV. PROPOSAL DESCRIPTION

Please provide a description of the proposed project, highlighting each of its important aspects, on at least one, but not more than two separate 8.5" X 11" sheets of paper. At a minimum each of the following elements need to be addressed, if applicable:

1. If applicable, identify the types of services currently provided and provide a copy of each Department of Public Health license held by the Petitioner.
2. Identify the types of services that are being proposed and what DPH licensure categories will be sought, if applicable.
3. Identify the current population served and the target population to be served.

PROPOSAL DESCRIPTION

The Petitioners submit this CON Determination Form with respect to the proposed merger between Grove Hill Medical Center, P.C. (“Grove Hill”) and Connecticut Multispecialty Group, P.C. (“CMG”). Both Grove Hill and CMG are multi-specialty physician practices that are not licensed by the State of Connecticut Department of Public Health (“DPH”), and the combined entity would not require DPH licensure.

Background

Grove Hill currently operates both a magnetic resonance imaging (“MRI”) scanner and a computed tomography (“CT”) scanner pursuant to previously issued certificates of need (“CONs”). The MRI is operated pursuant to 05-30551-CON and the CT scanner is operated pursuant to 07-31051-CON. Both pieces of equipment are owned by Investment Associates, LP (“IA”) and leased to Grove Hill pursuant to a master equipment lease.

IA is a limited partnership owned by the same individuals who are shareholders of Grove Hill as limited partners and an entity called GHMC, Inc. as the general partner. GHMC, Inc. is a Connecticut stock corporation that is wholly owned by Grove Hill. CMG does not currently own or operate any imaging equipment that is subject to a CON. The service area for the MRI and CT scanner is currently New Britain, Berlin, Bristol, Southington, Newington, Farmington, Plainville and Cromwell. The service area for the MRI and CT scanner will not change as a result of the merger.

As part of the proposed merger of Grove Hill and CMG, the parties contemplate converting IA from a limited partnership to a Connecticut limited liability company with GHMC, Inc. as the sole member. IA will purchase the interests of the individual limited partners of IA so that GHMC, Inc. is the sole owner of IA. This is a technical change for IA.

Discussion

In pertinent part, a CON may be required when there is a **“transfer of ownership” of a “group practice to any entity other than a physician or group of physicians”** (pursuant to Conn. Gen. Stat. §19a-638(a)(3)) or **when a MRI or CT scanner is “acquired”** (pursuant to Conn. Gen. Stat. §19a-638(a)(10)). For the reasons discussed below, the proposed merger does not require a CON under either of these statutory provisions.

Conn. Gen. Stat. §19a-630(16) defines a “transfer of ownership” as “a transfer that impacts or changes the governance or controlling body of a health care facility, institution or group practice, including, but not limited to, all affiliations, mergers or any sale or transfer of net assets of a health care facility.” However, since both Grove Hill and CMG are “groups of physicians” (as such term is used in Conn. Gen. Stat. §19a-638(a)(3)), the merger will not constitute a transfer of ownership requiring a Certificate of Need (“CON”) pursuant to Conn. Gen. Stat. §19a-638(a)(3).

Moreover the proposed merger will not constitute an “acquisition” of the MRI and CT scanner requiring a CON, for the following reasons:

1. The proposed transactions is not an “acquisition” of imaging equipment by CMG. Section 19a-630-1(1) of OHCA’s Regulations defines “acquisition” as the **“acquisition through purchase, lease, donation or other comparable arrangement of a [CT] scanner ... [MRI] scanner...”** The proposed transaction does not involve a purchase, lease or donation of the equipment. Rather, the entity that currently operates the imaging equipment (Grove Hill) is merging with another physician entity and will gain some additional shareholders in the process.
2. The MRI and CT scanner will continue to be owned by the same entity - IA. Title to the imaging equipment is not being transferred. IA will continue to lease the MRI and CT scanner to the Grove Hill successor / merged entity. Although IA will be changing its legal entity structure, IA will not be adding any new owners as a result of these transactions. IA’s only general partner will be the sole member/owner of IA.
3. Grove Hill is the current operator of the imaging equipment. After the merger, the Grove Hill successor/merged entity will continue to operate the MRI and CT scanner. The existing equipment lease between IA and Grove Hill will remain in place with the Grove Hill successor / merged entity being responsible for the obligations as lessee under the lease. The Grove Hill successor/merged entity will continue to be owned by the same Grove Hill shareholders but will have additional physician shareholders. The equipment will continue to serve the same population.
4. Based on this definition and in accordance with recent OHCA determinations dealing with transfers of ownership interests in entities that own/operate imaging equipment, the transfer of capital stock or similar ownership interests does not create an “acquisition” of that imaging equipment by those new shareholders.
5. The above analysis is consistent with OHCA’s recent determination that Medical Specialty Group, P.C. was not required to obtain CON approval with respect to the proposed addition of physician shareholders under Certificate of Need Determination Report Number 15-31997-DTR, OHCA’s recent determination that The Farmington Imaging Center, LLC was not required to obtain CON approval with respect to the proposed sale of membership interests under Certificate of Need Determination Report Number 15-31993-DTR, and OHCA recent determination that Housatonic Valley Radiological Associates, P.C. was not required to obtain CON approval with respect to the proposed addition of new physician members under Certificate of Need Determination Report Number 14-31970-DTR.

For the reasons set forth above, the Petitioners respectfully request that OHCA issue a determination that the proposed merger between Grove Hill and CMG does not require CON approval.

SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)

Petitioner: Grove Hill Medical Center, P.C.

Project Title: Merger of Grove Hill Medical Center, P.C. and Connecticut Multispecialty Group, P.C.

I, Michael Genovesi, M.D., President of Grove Hill Medical Center, P.C., being duly sworn, depose and state that the information provided in this CON Determination form is true and accurate to the best of my knowledge.

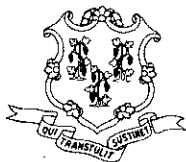
Michael G. Genovesi 7/7/15
Signature Date

Subscribed and sworn to before me on July 7, 2015

Alan M. McGinnes
Notary Public/~~Commissioner of Superior Court~~

ALAN M. MCGINNES
NOTARY PUBLIC
MY COMMISSION EXPIRES 3/31/2019

My commission expires: _____



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

July 9, 2015

VIA FACSIMILE ONLY

Alan McGinnes
Executive Director
Grove Hill Medical Center, P.C.
300 Kensington Avenue
New Britain, CT 06051

RE: Certificate of Need Determination Report Number 15-32012-DTR
Merger of Grove Hill Medical Center, P.C. and Connecticut Multispecialty Group, P.C.

Dear Mr. McGinnes:

On July 8, 2015, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination request on behalf of Grove Hill Medical Center, P.C. ("Grove Hill") and Connecticut Multispecialty Group, P.C. ("CMG") (Grove Hill and CMG are herein collectively referred to as the ("Petitioners")) with respect to a merger of the two entities.

Grove Hill and CMG are both multi-specialty physician practices. CMG does not currently own or operate any imaging equipment that is subject to a CON. Grove Hill currently operates both a magnetic resonance imaging scanner ("MRI") and a computed tomography scanner ("CT"). The MRI and CT are both owned by Investment Associates, LP ("IA") and leased to Grove Hill pursuant to a master equipment lease. IA is a limited partnership owned by the same individuals who are shareholders of Grove Hill and an entity called GHMC, Inc. GHMC, Inc. is wholly owned by Grove Hill. The Petitioners are proposing a merger of Grove Hill and CMG. Under this proposal, IA will become a Connecticut limited liability company and purchase the interests of its individual limited partners thereby leaving GHMC, Inc. as its sole member. Title to the MRI and CT will remain with IA after all of the aforementioned transactions have been completed.

Pursuant to Connecticut General Statutes § 19a-638(a)(2), a CON is required for the transfer of ownership of a health care facility. However, Grove Hill and CM do not meet the definition of a health care facility as specified in Connecticut General Statutes § 19a-630(10). Therefore, ***no CON is required*** for the proposed merger.

Pursuant to Connecticut General Statutes § 19a-638(a)(3), a CON is required for the transfer of ownership of a group practice to any entity other than a physician or group of physicians. Since the proposed merger involves a group of physicians, ***no CON is required***.

An Equal Opportunity Provider

(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)

410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308

Telephone: (860) 418-7001 Fax: (860) 418-7053 Email: OHCA@ct.gov

Pursuant to Connecticut General Statutes § 19a-638(a)(10), a CON is required for the acquisition of an MRI or CT. However, no acquisition is taking place since IA will continue to maintain ownership of the MRI and CT scanners. Therefore, *no CON is required.*

Sincerely,



Kimberly R. Martone
Director of Operations

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR

* * * COMMUNICATION RESULT REPORT (JUL. 9. 2015 2:58PM) * * *

FAX HEADER:

TRANSMITTED/STORED : JUL. 9. 2015 2:58PM
FILE MODE OPTION

ADDRESS

RESULT

PAGE

172 MEMORY TX

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OK

3/3

REASON FOR ERROR
E-1) HANG UP OR LINE FAIL
E-3) NO ANSWER

E-2) BUSY
E-4) NO FACSIMILE CONNECTION



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: ALAN MCGINNES

FAX: 860 224-6260

AGENCY: GROVE HILL MEDICAL CENTER, PC

FROM: OHCA

DATE: 7/9/15 Time: _____

NUMBER OF PAGES: _____
(including transmittal sheets)

Comments:
Please see attached determination for Merger of GHMC, PC and CMG, PC.

PLEASE PHONE Barbara K. Olejarsz IF THERE ARE ANY TRANSMISSION PROBLEMS.

Phone: (860) 418-7001

Fax: (860) 418-7053

410 Capitol Ave., MS#13HCA
P.O. Box 340308
Hartford, CT 06134