



## Agreed Settlement

### Applicants:

**St. Vincent's Medical Center  
Ascension Health Alliance  
2800 Main Street  
Bridgeport, CT 06606-4201**

**Hartford HealthCare Corporation  
1 State Street, Suite 19  
Hartford, CT 06103**

**SVMC Holdings, Inc.  
Hartford HealthCare Corporation  
1 State Street, Suite 19  
Hartford, CT 06103**

**Hartford HealthCare Medical Group, Inc.  
Hartford HealthCare Corporation  
1 State St., Suite 19  
Hartford, CT 06103**

**St. Vincent's MultiSpecialty Group,  
Inc.  
St. Vincent's Medical Center  
2800 Main Street  
Bridgeport, CT 06606-4201**

**Docket Number: 18-32272-CON**

**Project Title: Transfer of ownership of St. Vincent's Multispecialty Group to SVMC Holdings Inc., an affiliate of Hartford HealthCare Corporation**

### I. Project Description

The proposal involves the transfer of ownership of St. Vincent's Multispecialty Group, Inc. ("SVMG") to SVMC Holdings, Inc. ("SVMC Holdings"), an affiliate of Hartford HealthCare Corporation ("HHC"), and the subsequent consolidation of SVMG with Hartford HealthCare Medical Group, Inc. ("HHGMG"). The transfer of SVMG is part of a larger transaction involving the transfer of ownership of St. Vincent's Medical Center ("SVMC"), and other affiliated providers, to SVMC Holdings (Docket 18-32271-CON).

### II. Procedural History

The Applicants published notice of their intent to file a Certificate of Need ("CON") application in the *Connecticut Post*, the *New Haven Register*, the *Norwalk Hour* and the *Stamford Advocate* on October 3, 4 and 5, 2018. On November 19, 2018, the Health Systems Planning Unit of the Office of Health Strategy ("OHS") received the CON application from the Applicants for the above-referenced project, and deemed the application complete on March 19, 2019.

**Mailing Address:** 450 Capitol Avenue, MS#51OHS, PO Box 340308, Hartford, CT 06134

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Executive Director Victoria Veltri designated Attorney Micheala Mitchell as the hearing officer in this matter and the Applicants were notified of the date, time and place of the public hearing. On April 10, 2019, a notice to the public announcing the hearing was published in the *New Haven Register*, *Connecticut Post*, *Stamford Advocate* and *The Hour*.

Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(f)(2), a public hearing regarding the CON application was held on April 30, 2019. The hearing was conducted in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Conn. Gen. Stat.) and Conn. Gen. Stat. § 19a-639a(f)(2) and the Hearing Officer heard testimony from witnesses for the Applicants. The public hearing record was closed on June 27, 2019. Executive Director Victoria Veltri considered the entire record in this matter.

### **III. Provisions of Law**

The proposal constitutes a transfer of ownership of a large group practice pursuant to Conn. Gen. Stat. § 19-638a(3). OHS considered the factors set forth in Conn. Gen. Stat. § 19a-639(a) in rendering its decision.

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. 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).

### **IV. Findings of Fact and Conclusions of Law**

#### **A. Introduction and Background**

1. SVMC Holdings, Inc. is a newly formed Connecticut non-stock corporation and a subsidiary of Hartford HealthCare Corporation. Ex. A, Main Application, p. 28
2. St. Vincent's Multispecialty Group, Inc. is a large group practice with more than 250 providers in 37 office locations in Fairfield County and is affiliated with SVMC, a subsidiary of Ascension Health Alliance ("Ascension"). Ex. A, Main Application, p. 28; <https://www.stvincents.org>
3. SVMG and HHGMG are medical foundations established pursuant to Section 33-182bb of the General Statutes. Ex. A, Main Application, p. 28
4. The Applicants proposal involves the transfer of the membership interests held by SVMC in SVMG to SVMC Holdings and the subsequent consolidation of SVMG with HHGMG. Substantially all of SVMG's physicians and other providers will become employees of HHCMG at that time. Ex. A, Main Application, pp. 27-28
5. The decision to transfer ownership of SVMG was driven by a desire to affiliate with a regional health system to build a clinically integrated system of care with more

comprehensive services, to expand access to care, and to maintain efficiencies through scale. Ex. A, Main Application, p. 27

6. HHCMG currently operates a primary care network of over 150 providers located in 42 offices in its service area. In order to increase efficiencies in the office and the ability to improve patient access they have deployed the following initiatives:
  - a) standardized scheduling templates for new and established patients and sick and well visits;
  - b) multiple access points for patients including a central call center, online appointments utilizing Epic MyChart and ZocDoc along with office-based scheduling;
  - c) population health focus in which patients with chronic conditions are continuously monitored for care and outreach to patients who have not been seen in over 12-months; and
  - d) open slots to support same day visits.  
Ex. C, Completeness Responses, p. 310
7. The transfer of ownership is accomplished through an Asset Sale Agreement (“ASA”) between SVMC, as Seller, and SVMC Holdings, as Purchaser, signed on September 28, 2018. Ex. A, Main Application, p. 29
8. The transfer of SVMG is part of a larger transaction involving the sale of the assets of St. Vincent's Medical Center (“SVMC”) and other affiliated providers to SVMC Holdings, an affiliate of HHC (Docket No. 18-32271-CON). Ex. A, Main Application, pp. 27-29
9. OHS takes official notice of Docket No., 18-32271-CON, and incorporates by reference, the Order in that Agreed Settlement herein.

## **B. Access**

10. Approximately 75% of the patient visit volume of SVMG comes from Fairfield County.<sup>1</sup> Ex. A, Main Application, p.38
11. There are no planned terminations or reductions in services as a result of this proposal. Ex. A, Main Application, pp. 37, 47
12. HHC expects to expand the service offerings available at SVMG, increasing access for the Medicaid population. Enhancements will be evaluated and implemented in conformance with the Strategic Plan and/or HHC's system wide strategic planning process. Ex. A, Main Application, pp. 37, 47

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<sup>1</sup> Primary Service Area Towns include Bridgeport, Stratford, Fairfield, Trumbull, Shelton, Norwalk, Stamford and Monroe

13. The Applicants do not anticipate any significant changes to the payer mix composition following the transfer of ownership. Ex. A, Main Application, p. 56
14. Medicaid patients accounted for approximately twenty-four percent (24%) of discharges in FY18 and are projected to remain stable. Ex. A, Main Application, p. 56
15. The proposed change in ownership is expected to have no effect on SVMG's daily operations. Ex. A, Main Application, p. 67
15. There are no anticipated changes in staffing, service locations, or days/hours of operation. Ex. A, Main Application, p. 67

With respect to subsection Conn. Gen. Stat. § 19a-639(a)(5), the Applicants have satisfactorily demonstrated that the proposal will maintain accessibility of health care delivery in the region. Subsections (a)(10) and (a)(12) are not applicable as the proposal does not reduce access to services by Medicaid or indigent patients and will not result in any consolidation.

### **C. Quality**

16. HHC will integrate SVMG into its quality improvement platform including participation in clinical quality councils that will provide more effective and efficient healthcare services at the local level. Ex. A, Main Application, p. 44
17. Quality improvement initiatives will be coordinated across the system using common informatics tools, analytics, definitions, and reporting systems. Ex. A, Main Application, p. 44
18. SVMG providers will align within the HHCMG service lines and Institutes including cardiovascular care, oncology, urology, neurosciences, women's health and other medical subspecialties. Ex. A, Main Application, p. 46
19. Aligning the Electronic Health Record ("EHR") at SVMG with HHC's other system affiliates through the EPIC platform will enhance the coordination of patient care. Ex. A, Main Application, p. 46
20. The Applicants will provide access to several quality benefits that SVMG cannot achieve independently, including:
  - e) Expanded specialized clinical and service capabilities;
  - f) Access to new technology and equipment;
  - g) Recruitment of skilled provider talent and expertise;
  - h) Commitment of financial resources for infrastructure improvements;
  - i) Expanded community benefit programming; and

- j) Additional opportunities for clinical research trials and system-wide quality initiatives.  
Ex. A, Main Application, p. 46

- 21. HHCMG annually develops key performance indicators that are followed by each primary care office that include:
  - a) Targeting annual wellness exams for the Medicare population;
  - b) Focusing on the transition of care for patients moving through different stages of care; and
  - c) Key monitors for patients with complex medical needs including diabetes, and chronic heart disease.  
Ex. A, Main Application, pp. 44-47
- 22. HHCMG has adopted a model of imbedding behavioral health specialists in its primary care offices to create immediate access for previously undetected mental health issues of patients, and plans to expand this model throughout the practices of SVMG. Ex. A, Main Application, p. 45

In order to ensure that the proposal will improve quality of healthcare delivery in the region in accordance with Conn. Gen. Stat. § 19a-639(a)(5), the Applicants are required to comply with the Conditions set forth in 18-32271-CON.

#### **D. Financial Feasibility**

- 23. No separate capital expenditure is contemplated for the transfer of SVMG. Instead, it is being acquired as part of a larger transaction involving the acquisition of substantially all of the assets of SVMC by SVMC Holdings for \$244 million. OHS Docket # 18-32271-CON, Ex. A, Main Application, p. 51
- 24. As part of HHCMG the SVMG sites, like other medical foundation locations, will be supported by its affiliated health system. HHC has the financial resources to support these endeavors including in this case, losses resulting from the employment of additional primary and specialty care physicians. Ex. A, Main Application, p. 53

Based on the ability of SVMC Holdings, Inc.'s, parent corporation, HHC, to fund the proposal, the Applicants have demonstrated that the proposal is financially feasible in accordance with Conn. Gen. Stat. § 19a-639(a)(4).

#### **E. Cost to Consumers**

- 25. Upon approval of the proposal, HHC has agreed to implement financial assistance and charity care policies that are consistent with federal and state law and the policies and practices in effect at SVMC immediately prior to closing. Ex. A, Main Application, p. 42

26. The Applicants have no plans to change SVMG's price structure or to implement any facility fees at the newly acquired off-campus physician locations. Ex. A, Main Application, p. 49
27. Over time, the SVMG locations will be incorporated into Hartford HealthCare's ("HHC") systems' commercial insurance contracts and negotiated as part of Hartford HealthCare Medical Group ("HHCMG"). Ex. H, Responses to Issues and Prefiled Testimony, p. 15
28. The Applicants expect that the proposal will improve the cost-effectiveness of health care delivery in at least the following ways:
- a) Improved care coordination and avoidance of duplicative services once EPIC is implemented;
  - b) Expanded population health initiatives to better manage chronic disease and address early risk factors for disease incidence;
  - c) Enhanced community benefit funding for health education and promoting healthy lifestyles;
  - d) Increased primary care access to alleviate the need for treatment in emergency departments;
  - e) Increased access to specialty physicians services and use of evidence-based practices to promote better outcomes and reduce readmissions;
  - f) Savings on insurance and benefit costs and investments due to increased scale and more comprehensive management;
  - g) Utilize HHCMG's accountable care resources through Integrated Care Partners to manage the cost of care for a defined population inclusive of Medicare, Medicaid and commercially insured patients;
  - h) Utilize HHC recruitment services to more effectively recruit and grow the Hospital's medical staff; and
  - i) Participate with the HHCMG Continuous Improvement Team to refine work flows in the office, optimize the use of EPIC and other technologies and other staff and provider learning initiatives.
- Ex. A, Main Application, pp. 45-46
29. In FY 2017, Medicaid patients accounted for approximately one-quarter of the payer mix at SVMG. Ex. A, Main Application, p. 56

In order to ensure that the Applicants satisfy Conn. Gen. Stat. §§ 19a-639(a)(5) and (a)(6), OHS requires the Applicants to comply with the applicable Conditions in the Order attached to 18-32271-CON.

## **F. Existing Providers**

30. Substantially all of SVMG's employees will become employees of Hartford HealthCare Medical Group ("HHC MG") which is HHC's existing statutory medical foundation. Ex. A, Main Application, p. 27
31. Several Medical Foundations serve the PSA currently served by SVMG. These include, notably, Western Connecticut Medical Group, Inc. (affiliated with Western Connecticut Health Network) and Northeast Medical Group, Inc. (affiliated with Yale New Haven Health). Each foundation provides physician services in numerous medical specialties at various locations throughout the PSA. Ex. A, Main Application, pp. 58-59
32. The Applicants believe that this proposal will have a minimal impact on other physician practices as referral patterns between primary care and specialty care physicians will not be significantly interrupted. Ex. A, Main Application, p. 59
33. Future plans for added clinical services and programs are likely to result in additional providers on the medical staff. The specific number, location and provider types are not yet known but will be informed by HHC's Strategic Plan for the Hospital which will be developed post transfer. Ex. A, Main Application, p. 59
34. There will be no unnecessary duplication of services because SVMG is an existing provider of physician services and the proposal involves the transfer of existing physician services. Ex. A, Main Application, p. 60

Utilization of services is expected to remain constant and the impact on existing health care facilities minimal. As such, Conn. Gen. Stat. §§ 19a-639(a)(8), (a)(9) and (a)(11), are satisfied.

## **G. Demonstration of Need**

35. The Applicants do not expect any significant changes to the patient population served or to the payer mix. Ex. A, Main Application pp. 56
36. The population in SVMG's primary service area is projected to grow 2.4% from 2017 to 2022, and public need for health care services are likely to increase as a result of an aging population. The 50+ cohort is expected to reach 38.3% of the total population by 2022. Ex. A, Main Application, pp. 35, 41

Post transfer, the current locations will continue to serve the same population currently served by SVMG. Additionally, the affiliation will provide regional access to multiple levels of patient care within an integrated network. Therefore, the Applicants have identified the patient

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population to be served and have demonstrated need for the proposal in conformance with Conn. Gen. Stat. §§ 19a-639(a)(3),(6)-(7).

Based upon the foregoing, the Applicants have conditionally met their burden in satisfying Conn. Gen. Stat. §§ 19a-639(a)(5) and (6). The Applicants have demonstrated that they have satisfied Conn. Gen. Stat. §§ 19a-639(3)-(4), (7)-(9) and (11). Subsections (a)(2) and (a)(12) are not applicable as the state-wide health care facilities and services plan does not address transfers of ownership of large group practices and the proposal will not result in a consolidation. Lastly, OHS currently has no policies or regulations in place and Conn. Gen. Stat. § 19a-639(a)(1), cannot be applied.

OHS requires the Applicants to comply with the Conditions in the attached Order to ensure that they have met their burden of satisfying Conn. Gen. Stat. §§ 19a-639(a)(5)-(6).



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## Order

Based upon the foregoing Findings of Fact and Discussion, the Applicant's request for the transfer of ownership of St. Vincent's MultiSpecialty Group, Inc. to SVMC Holdings, Inc., an affiliate of Hartford HealthCare Corporation, and the subsequent consolidation of SVMG with Hartford HealthCare Medical Group, Inc., is hereby APPROVED under Conn. Gen. Stat. § 19a-639(a), subject to the enumerated conditions (the "Conditions") set forth in Certificate of Need Application No. 18-32271.

All of the foregoing constitutes the final order of the Office of Health Strategy in this matter.

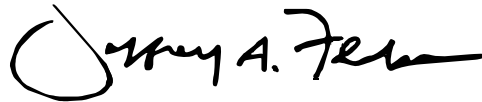
By Order of the  
Office of Health Strategy



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Victoria Veltri, JD, LLM  
OHS Executive Director

8-13-19

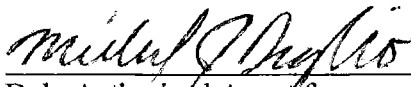
Date



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Duly Authorized Agent for  
Hartford HealthCare Corporation

8/13/2019

Date



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Duly Authorized Agent for  
SVMC Holdings, Inc.

8/13/19

Date

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St. Vincent's Medical Center

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OHS Executive Director


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_____ Duly Authorized Agent for SVMC Holdings, Inc.	_____ Date	_____ Duly Authorized Agent for St. Vincent's Medical Center	_____ Date
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 _____ Duly Authorized Agent for St. Vincent's MultiSpecialty Group, Inc.	<u>2/13/19</u> _____ Date	_____ Duly Authorized Agent for Hartford HealthCare Medical Group, Inc.	_____ Date
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