



## Office of Health Care Access Certificate of Need Determination

**Health Care Facility:** St. Mary's Hospital Corporation

**Report Number:** 04-30300-DTR

**Subject Matter:** A contractual arrangement with Franklin Medical Group, P.C. for Emergency Medical Coverage

**Statutory Reference:** Section 19a-638, Connecticut General Statutes

**Date of Completed Filing:** July 29, 2004

**Decision Date:** August 2, 2004

**Staff:** Karen Roberts

**Project Description:** St. Mary's Hospital Corporation ("Hospital") has entered into a contractual arrangement effective May 1, 2003, with Franklin Medical Group, P.C. ("P.C.") for the provision of Emergency Department staffing and coverage at St. Mary's Hospital, located at 56 Franklin Street in Waterbury, Connecticut. There is no capital expenditure associated with this proposal.

**Nature of Proceeding:** On May 26, 2004, the Office of Health Care Access ("OHCA") initiated a Certificate of Need ("CON") determination process regarding a contractual arrangement effective May 1, 2003, entered into by the Hospital and the P.C. for the provision of Emergency Department staffing and coverage by the P.C. at the Hospital. OHCA commenced the determination process under Report Number 04-30300-DTR and required the Hospital to file certain information in order for OHCA to ascertain whether any change of control has occurred as a result of this contractual arrangement. On July 29, 2004, the Hospital filed the information requested by OHCA.

St. Mary's Hospital is a health care facility or institution as defined by Section 19a-630, of the Connecticut General Statutes ("C.G.S."). OHCA's authority to review and approve, modify or deny transfers of ownership or control of all or part of a health care facility or institution is established by Section 19a-638 (a)(1) of the Connecticut General Statutes.

The purpose of the CON Determination process was to determine whether the contractual agreement represents a transfer of ownership or control of the Hospital's Emergency Department to Franklin Medical Group, P.C.

### **Findings of Fact**

1. St. Mary's Hospital Corporation ("Hospital") is a non-profit acute care hospital located at 56 Franklin Street in Waterbury Connecticut. *(July 29, 2004 response letter and attachment)*
2. Franklin Medical Group, P.C. ("P.C."), is a Connecticut professional corporation having its principle office at 133 Scoville Street in Waterbury. It is an independent Connecticut professional corporation created to support the needs and mission of the Hospital *(July 29, 2004 response letter and attachment)*
3. The P.C.'s sole shareholder, Dr. Michael Simms, is closely affiliated with the Hospital and is a long-time member of the Hospital's Medical Staff and is contractually bound to hold the stock of the P.C. on behalf of the Hospital. *(July 29, 2004 response letter and attachment)*
4. The sole shareholder of the P.C. also elects as directors of the P.C., those individuals designated by the Hospital. The Hospital has the right to designate a different physician to hold the P.C.'s stock at any time. *(July 29, 2004 response letter and attachment)*
5. The P.C. employs physicians and physician extenders, provides services only to or for the benefit of the Hospital and is bound by all Hospital Medical Staff policies, procedures, bylaws and rules and regulations. *(July 29, 2004 response letter and attachment)*
6. The Hospital has entered into a contractual agreement with the P.C., effective May 1, 2003 for the provision of Emergency Department ("ED") staffing and coverage by the P.C. at the Hospital. There is no capital expenditure associated with the proposal. *(July 29, 2004 response letter and attachment)*
7. The goal of the contractual arrangement is to assure necessary full-time coverage and availability of emergency medical services in the Hospital's ED and to promote efficiency in the operation of the ED, to promote control and standardization of procedures, to promote proper supervision and training, to promote appropriate monitoring to ensure that proper medical standards are met, to promote participation in educational programs and to promote high quality care in the ED. *(July 29, 2004 response letter and attachment)*
8. The Hospital owns, controls and manages all components of the ED. The Hospital retains total day-to-day operational and management control of the ED and ultimate legal responsibility for both clinical and non-clinical decision making in the ED. *(July 29, 2004 response letter and attachment)*

9. Franklin Medical Group only employs the physicians and physician assistants providing emergency medical services in the ED. The Hospital employs all other ED staff. *(July 29, 2004 response letter and attachment)*
10. In all Hospital privileging and staffing instances, decisions comport with the Medical Staff bylaws and with the Hospital's rules and regulations. *(July 29, 2004 response letter and attachment)*
11. The P.C. employs the physician who serves as the ED Medical Director; however, that person can only obtain that position upon receiving the Hospital's approval. The ED Nurse Management and all other ED decision makers are Hospital employees. *(July 29, 2004 response letter and attachment)*
12. In most instances, the P.C. contracts for its own professional services and the Hospital contracts for facility services. *(July 29, 2004 response letter and attachment)*
13. The P.C. bills for professional services and the Hospital bills for facility and technical services and supplies. *(July 29, 2004 response letter and attachment)*
14. The Hospital has and will continue to record ED volume, revenue and expenses (other than P.C. related staff salaries and fringe benefits) on the Hospital's books. *(July 29, 2004 response letter and attachment)*
15. The Hospital owns the ED equipment. *(July 29, 2004 response letter and attachment)*
16. The following was not modified as a result of this contractual relationship:
  - a) Medical Staff and Hospital By-Laws;
  - b) Hospital or Hospital affiliate Board of Directors membership;
  - c) Hospital Charity Care Policy;
  - d) Hospital Policies and Procedures;
  - e) Hospital Articles of Incorporation.*(July 29, 2004 response letter and attachment)*

**Office of Health Care Access  
Certificate of Need Determination  
Report Number 04-30300-DTR**

OHCA finds that the overall purpose of the *Emergency Department Services Agreement* between St. Mary's Hospital Corporation and Franklin Medical Group, P.C. is to assure necessary full-time coverage and availability of emergency medical services in the Hospital's ED. The goals of the contractual arrangement are to promote efficiency in the operation of the ED, to promote control and standardization of procedures, to promote proper supervision and training, to promote appropriate monitoring to ensure that proper medical standards are met, to promote participation in educational programs and to promote high quality care in the ED. Based on the information above, for these specific circumstances, the Office of Health Care Access hereby determines that the proposal of St. Mary's Hospital Corporation to participate in a contractual arrangement with Franklin Medical Group, P.C. for the provision of staffing and coverage of the Hospital's Emergency Department is not considered a transfer of all, or part of, its control of those services. The Hospital's Emergency Department and Emergency Services appear to be and will remain fully within the control and ownership of the Hospital. Therefore, a Certificate of Need pursuant to Section 19a-638 will not be required for St. Mary's Hospital Corporation to participate in this contractual arrangement.

Please note that if any new or revised information becomes available to OHCA related to this contractual arrangement, OHCA may reopen this inquiry or conduct a new inquiry related to the new or revised information if deemed pertinent. Please note that this CON Determination relates solely to the contractual arrangement reviewed and not to any other contractual arrangement that the Hospital has or may have related to any other health care service or function.

By Order of the  
Office of Health Care Access

August 2, 2004

Signed by Cristine A. Vogel  
Commissioner

CAV:kr