

# ENCOMPASS HEALTH REHABILITATION HOSPITAL OF DANBURY

**Certificate of Need Application Docket No. 20-32392-CON** 

> Oral Argument on Proposed Final Decision February 21, 2023

# **Encompass Health Proposal**

#### National & Regional Experience:

- 150+ hospitals in United States & Puerto Rico
- Includes 10 Encompass hospitals in New England

#### **Proposed Project:**

- Proposed \$39 million investment in Connecticut
- No financial assistance requested
- More than 100 permanent employees
- Provides speech, occupational, and physical rehabilitation
- Target population includes victims of strokes, spinal cord injuries, TBIs, Parkinson's Disease, and other debilitating conditions



#### **Project Should be Approved Considering Totality of Factors**

Statutory Criteria	Met	OHS Agreed
Improves Quality (Sec. 19a-639(a)(5))	$\checkmark$	$\checkmark$
Enhances Healthcare Access (Sec. 19a-639(a)(5))	$\checkmark$	$\checkmark$
Increases Diversity of Providers (Sec. 19a-639(a)(11))	$\checkmark$	$\checkmark$
Improves Patient Choice (Sec. 19a-639(a)(11))	$\checkmark$	$\checkmark$
Ensures Access to Medicaid & Indigent (Sec. 19a-639(a)(6))	$\checkmark$	√*
Financially Feasible (Sec. 19a-639(a)(4))	$\checkmark$	$\checkmark$
Cost-Effective (Sec. 19a-639(a)(5))	$\checkmark$	$\checkmark$
Utilization of Existing Providers (Sec. 19a-639(a)(8) & (9))	$\checkmark$	<b>√</b> **
Need for Project (Sec. 19a-639(a)(3) & (7))	$\checkmark$	
Consistent with Goals of Statewide Healthcare Facilities & Services Plan (Sec. 19a-639(a)(2))	$\checkmark$	

\* This criterion was met because Encompass provided a Financial Assistance Policy, as acknowledged by the Hearing Officer. \*\*OHS' Proposed Final Decision cited Danbury Hospital's FY2021 data supporting the facility's 88.1% utilization, but then erroneously referenced older data in its finding.

#### **Utilization of Existing Provider: Danbury Hospital**

Danbury Hospital IP Rehab Volume Statistics						
			Avg Daily	Number of Days Census	% of Days Census was	
	Discharges	Days	Census	was at 14	at 14	
FY2019	276	3,789	10.4	28	7.7%	
FY2020	221	2,858	7.8	18	4.9%	
FY2021	305	4,503	12.3	58	15.9%	
Totals	802	11,150	10.2	104	9.5%	

Table #1 - Danbury Hospital Inpatient Rehabilitation Unit Volume

Current Utilization = 88.1% (4,503 pt days / 365 days / 14 beds)

#### Yet, OHS erroneously found:

 Danbury Hospital, a member of Nuvance Health, is a non-profit acute care hospital with an inpatient rehabilitation unit. Danbury Hospital has 14 licensed IRF beds and a utilization rate of 74.1%. Ex A, P.69

### **Cost-Effectiveness of Encompass Danbury**

OHS TABLE 4 DH'S CURRENT AND ENCOMPASS DANBURY'S PROJECTED DAILY COST OF CARE						
Inpatient Rehabilitation Facilities						
*Danbury Hospital⁵		**Encompass Health of Danbury <sup>6</sup>				
Self Pay	FY 2021	Self Pay	FY 2023	FY 2024	FY 2025	FY 2026
	\$1,665		\$800	\$816	\$833	\$850
Commercially Insured	\$3,536	Commercially Insured	\$1,360	\$1,387	\$1,415	\$1,443
*Ex. MM, Late File, Table 2; **Ex.A, Tables 2 and 3, p. 494						

Danbury Hospital's <u>Current</u> Costs are Higher than Encompass' <u>Projected</u> Costs:

- Self-Pay Patients Costs' = 2x higher
- Commercially-Insured Patients Costs' = 2.5x higher

### **Need for the Project:**

- Market assessment conducted by Encompass identified unmet need for IRF services in greater Danbury area.
- Community physician & referral agency representatives attest to patients' inability to access IRF services.
- Patient population able to receive rehabilitative care:
  - Majority of whom are in suboptimal settings,
  - > A portion of whom must travel out of state, or
  - Many who forego care altogether.
- Need or "gap in care" was quantified using national benchmarks applied to service area population.

## **Needs Assessment – Key Statistics** IRF Conversion Rates 2019

CT is <u>Underserved</u> in terms of Rehab Services when Compared to National Benchmarks, Ranking Among the Nation's Lowest in Terms of IRF Utilization, 2019 data (Conversion Rate to Intensive Inpatient Rehab)



#### States Highlighted in Yellow Have Similar or Higher MA Penetration Rates than Connecticut

Discharge Source: Medicare Standard Analytical IP File Year 2019. Note: Ranking based on 50 states plus Washington, D.C.

### **Needs Assessment – Key Statistics** IRF Conversion Rates 2020

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#### **Needs Assessment – Key Statistics** Discharges Per 1,000 Medicare FFS Patients

CT is <u>Underserved</u> in terms of Rehab Services when Compared to National Benchmarks, Continuing to Rank Among the Nation's Lowest in Terms of IRF Utilization (Post-Acute Care Utilization, 2019)

> Connecticut Medicare Beneficiary Utilization Comparison to National Acute and Post-Acute Care Rates, 2019

Health Care Utilization (Admissions or Episodes per 1,000 Beneficiaries)	ст	National Avg.	CT as % of National Average
General Acute Care	294	262	112.2%
Post-Acute Care (PAC) Continuum			
Inpatient Rehab Facility (IRF)	5	11	45.5%
Skilled Nursing Facility	92	62	148.4%
Home Health Agency	218	170	128.2%
Ratio of SNF to IRF Discharges	18.4	5.6	328.6%

The low utilization of IRF is NOT due to lack of access to general acute care services. Residents "get in the door" for acute care services slightly above national rates, but are discharged to IRF at significantly lower rates.

IRF utilization is the outlier.

Source: Centers for Medicare & Medicaid Services (CMS), Geographic Variation Public Use File, All Ages. Data represents Medicare Fee for Service Enrollees and is for the identified Post-Acute Care services, only.

## **Needs Assessment – Quantification**

#### A Population-based Need Methodology Quantifies the IRF Beds Needed to Address the Identified Gap in Care for Western Connecticut Patients

Projected Rehab Bed Need for Defined Service Area, 2025 Based on National CMS 75th Percentile Discharge Rate				
Line #	Calculations	2025 Projections		
1	Projected Service Area Medicare Beneficiaries, 2025	111,256		
2	Multiplied by Statewide CY18 Percent of Medicare FFS Beneficiaries	56.8%		
3	Equals Total Projected Medicare FFS Beneficiaries, Service Area	63,193		
4	Multiplied by Expected (or Target) IRF Discharge Rate (per 1,000 FFS Beneficiaries)	13		
5	Equals Projected Service Area Rehab Admits, Medicare FFS	822		
6	Divided by National % Rehab Admits that are Medicare FFS	59.0%		
7	Equals Projected Service Area Rehab Admits, All Payers	1,393		
8	Multiplied by Current (FY19) Connecticut Statewide Rehab Patient Length of Stay	12.8		
9	Equals Projected 2025 Service Area Rehab Days	17,830		
10	Total Service Area Rehab Beds Needed at 100% Occupancy	49		
11	Target Rehab Occupancy Rate (based on State Health Plan)	80.0%		
12	Projected Gross Need for Service Area Rehab Beds	62		
13	Minus Existing Rehab Beds in Service Area	14		
14 Equals Projected Net Rehab Bed Need for Defined Service Area 48 Sources: CMS Geographic Variation Public Use Files; Report to the Congress: Medicare Payment Policy, Medicare Payment Advisory Commission (MedPAC), March 2020; Environics Analytics, ©Claritas, LLC 2020; 12 Month Hospital Reporting System (HRS) Filing Reports, Connecticut Office of Health Strategy ("OHS"); and American Hospital Directory (ahd.com).				
Note: numbers may not calculate exactly as shown due to rounding.				

# **CON Application Timeline**

The Delay in Project Approval has Negatively Impacted Patients' Access to Needed Intensive Inpatient Rehab Care

CON Application Filed	Aug. 4, 2020
CON Deemed Complete	February 2021
Public Hearing Scheduled	8 months
Public Hearing Closed	3 months later
Proposed Final Decision Issued	8 months later
Oral Argument Scheduled	4 months later
CON Submission to Today	2 ½ Years
Cost to Applicant for Property Extensions	\$200,000
Risk to Applicant due to CON Delays	Loss of Property

#### **Next Steps**

- Asking Executive Director to correct errors and omissions and issue Final Decision approving Encompass Danbury's CON Application
- Negotiate an Agreed Settlement that ensures access to muchneeded inpatient rehabilitation services for all patients through a proposal that OHS acknowledges is in the best interest of patient care
- Failure to approve the CON Application is grounds for an Administrative Appeal