



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Greenwich Hospital

**Docket Number:** 06-30868-CON

**Project Title:** Acquisition and Operation of a Digital Flat Detector Radiology Imaging System for Use in the Hospital's Second Special Procedures Laboratory

**Statutory Reference:** Section 19a-639, Connecticut General Statutes

**Filing Date:** June 18, 2007

**Decision Date:** July 10, 2007

**Default Date:** September 16, 2007

**Staff:** Jack A. Huber

**Project Description:** Greenwich Hospital proposes to acquire and operate a new digital flat detector radiology imaging system for use in the Hospital's second special procedures laboratory. The proposed total capital expenditure for the project is \$1,706,784.

**Nature of Proceedings:** On June 18, 2007, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of Greenwich Hospital ("Hospital") seeking authorization to acquire and operate a new digital flat detector radiology imaging system for use in the Hospital's second special procedures laboratory. The proposed total capital expenditure for the project is \$1,706,784. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Pursuant to Section 19a-639, C.G.S., a notice to the public concerning OHCA's receipt of the Hospital's Letter of Intent was published in the *Greenwich Times* on December 22, 2006. OHCA received no responses from the public concerning the Hospital's proposal. Pursuant to Section 19a-639, C.G.S, three individuals or an individual representing an entity with five or more people had until July 9, 2007, the twenty-first calendar day following the filing of the Hospital's CON application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-639, C.G.S. The provisions of this section as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

## **Findings of Fact**

### **Clear Public Need Impact on the Hospital's Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region**

1. Greenwich Hospital ("Hospital") is an acute care general hospital, located at 5 Perryridge Road in Greenwich, Connecticut. *(November 20, 2006, Letter of Intent, page 1)*
2. The Hospital provides cardiovascular and interventional radiology services. The services have been provided in one special procedures laboratory. *(March 12, 2007, Initial CON application, page 4)*
3. The Hospital is renovating another radiology department room for use as a second special procedures laboratory. The new laboratory is scheduled to become operational in June 2007. *(March 12, 2007, Initial CON application, page 4)*
4. The new laboratory is initially being equipped with the Hospital's operating room C-arm imaging unit. The mobile C-arm provides basic fluoroscopy imaging and possesses technology that does not allow the second laboratory to be utilized for all types of special procedures. *(March 12, 2007, Initial CON application, pages 4 and 6)*
5. The Hospital proposes to purchase and operate a new digital flat detector radiology imaging system for use in the Hospital's second special procedures laboratory: *(March 12, 2007, Initial CON application, pages 4)*
6. The goal of the Hospital's proposal is to: *(March 12, 2007, Initial CON application, page 5)*
  - Provide patients with equipment that is up to date; and
  - Provide patients with ready access to quality services on a timely basis.
7. The proposed imaging system will support diagnostic cardiac catheterization, primary angioplasty, electrophysiology, device implantation, vascular angiography and radiology interventional services. *(March 12, 2007, Initial CON application, page 5)*
8. The Hospital decided to add a second special procedures laboratory in order to: *(March 12, 2007, Initial CON application, page 5)*
  - Meet the current demand for services; and
  - Provide greater flexibility for scheduling procedures: when the current laboratory is in use access is limited for patients with immediate cardiac needs.

9. The digital flat detector radiology imaging system will allow the following: *(March 12, 2007, Initial CON application, pages 6 and 7)*
  - Higher quality imaging for a wider range of diagnostic and interventional procedures;
  - Seamless image archiving, storage and access to other modality images during the performance of special procedures;
  - A versatile platform that will allow the flexibility to expand services for future market demands through optional software and other upgrades; and
  - Improved ability to support the services provided by the Hospital.
10. The Hospital proposes to purchase a General Electric, Innova 3100QI cardiovascular system. *(March 12, 2007, Initial CON application, page 18 and Attachment 7, page 68 through 105)*
11. The Hospital indicates that the proposal is intended to serve residents from the communities that comprise the Hospital's service area. *(March 20, 2007, Initial CON application, Exhibit 1, page 16)*
12. The Hospital indicates its primary service area ("PSA") includes the following communities in Fairfield County Connecticut and Westchester County New York: *(March 12, 2007, Initial CON application, page 7)*
  - Connecticut: Cos Cob, Greenwich, Darien, New Canaan, Old Greenwich, Riverside and Stamford; and
  - New York: Harrison, Larchmont, Mamaroneck, Port Chester/Rye Brook and Rye.
13. The Hospital indicates its secondary service area ("SSA") includes the following communities by state: *(March 12, 2007, Initial CON application, page 8)*
  - Connecticut: Fairfield, Norwalk, Weston, Westport and Wilton; and
  - New York: Armonk, Bedford/Bedford Hills, Hartsdale, Katonah, Mount Kisco, Mount Vernon, New Rochelle, Pound Ridge, Purchase, Scarsdale, South Salem, West Harrison and White Plains.
14. The Hospital estimates the annual capacity of the special procedures equipment in the existing laboratory to be 1,500 procedures based on 6 procedures performed per day times 250 operating days per year. The Hospital indicates that the annual capacity of the proposed special procedures equipment will be the same as the current equipment. *(June 18, 2007, Completeness responses, page 2)*

15. The Hospital reported the following number of special procedures by service area (“SA”) town and locale provided to Connecticut and New York state residents for fiscal years (“FYs”) 2004 through 2006: *(May 25, 2007, Completeness responses, pages 1 and 2 and Attachment 1, page 7)*

**Table 1: Actual Special Procedures Volume, FYs 2004 through 2006**

CT PSA Towns and Other Service Areas	FY 2004		FY 2005		FY 2006	
	Procedures	%	Procedures	%	Procedures	%
Darien	14	70.0	7	57.2	18	55.1
Greenwich	311		427		591	
New Canaan	11		26		26	
Stamford	73		65		103	
All CT PSA Towns	<b>409</b>		<b>525</b>		<b>738</b>	
All CT SSA Towns	29	5.0	57	6.2	70	5.2
All NY SA Towns	78	13.4	231	25.2	387	28.9
Other Towns	68	11.6	105	11.4	144	10.8
<b>Procedure Totals</b>	<b>584</b>	<b>100</b>	<b>918</b>	<b>100</b>	<b>1,339</b>	<b>100</b>

16. The Hospital projected the following number of special procedures to be performed from FYs 2007 through 2010: *(March 20, 2007, Initial CON application, Exhibit 1, page 19)*

**Table 2: Projected Special Procedures Volume, FYs 2007 through 2010**

Description	FY 2007	FY 2008	FY 2009	FY 2010
# Procedures	1,376*	1,417	1,460	1,504
% Increase**	-	3.0%	3.0%	3.0%

Notes: \* The projected number of special procedures for FY 2007 is derived from annualizing the Hospital’s actual procedures performed from October 2006 to December 2006.

\*\* An projected annual growth rate of 3.0% is based upon the aging of the population in the service area and increasing demand generated by improved imaging technology being offered by the Hospital.

17. The Hospital maintains and adheres to the practice guidelines outlined by the American College of Radiology and American College of Cardiology. *(March 12, 2007, Initial CON application, pages 11 and 12)*

**Financial Feasibility of the Proposal and its Impact on the Hospital's  
Rates and Financial Condition  
Impact of the Proposal on the Interests of Consumers of Health Care  
Services and Payers for Such Services  
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

18. The proposal totals \$1,706,784 in capital expenditures and is itemized as follows: *(March 12, 2007, Initial CON application, page 15)*

**Table 3: Capital Cost Itemization**

Description	Component Cost
Medical Equipment	\$1,298,784
Major Medical Equipment	\$308,000
Renovation Work	\$100,000
<b>Total Capital Expenditure</b>	<b>\$1,706,784</b>

19. The proposed capital expenditure will be financed entirely through funded depreciation. *(March 12, 2007, Initial CON application, page 18)*
20. The Hospital's projected three-year incremental revenue from operations, total operating expense and loss from operations associated with the implementation of the new equipment are presented in the table below: *(March 12, 2007, Initial CON application, page 20 and Exhibit 9, page 109)*

**Table 4: Hospital's Financial Projections Incremental to the Project**

Description	FY 2007	FY 2008	FY 2009
Incremental Revenue from Operations	\$0	\$0	\$0
Incremental Total Operating Expense	\$0	\$301,000	\$388,000
<b>Incremental Loss from Operations</b>	<b>\$0</b>	<b>(\$301,000)</b>	<b>(\$388,000)</b>

21. The projected incremental losses from operations for FYs 2008 and 2009 are primarily due to increased depreciation expenses and professional/contracted services associated with the implementation of the proposal. *(March 12, 2007, Initial CON application, page 20 and Exhibit 9, page 109)*
22. The Hospital's projected overall facility revenue from operations, total operating expense and gain from operations with the proposal are as follows: *(March 12, 2007, Initial CON application, page 20 and Exhibit 9, page 109)*

**Table 5: Hospital's Overall Financial Projections with the Project**

Description	FY 2009	FY 2010	FY 2011
Revenue from Operations	\$258,999,000	\$269,733,000	\$280,726,000
Total Operating Expense	\$254,372,000	\$265,325,000	\$276,227,000
<b>Gain from Operations</b>	<b>\$4,627,000</b>	<b>\$4,408,000</b>	<b>\$4,499,000</b>

23. The project schedule is as follows: *(March 12, 2007, Initial CON application, page 17)*

**Table 6: Proposed Schedule**

Description	Date
Renovation Commencement	Upon CON Approval
Renovation Completion	August 30, 2007
Commencement of Operation	September 4, 2007

24. The project requires renovation work to existing space to accommodate the proposed equipment. The renovation entail new partitions, electrical, HVAC and plumbing connections.
25. The project has been designed in a manner that will allow the Hospital to provide services in an uninterrupted fashion. *(March 12, 2007, Initial CON application, page 11)*
26. The Hospital's existing payer mix is not expected to change as a result of this project. The current and projected payer mix for the first three years of operation with the proposed equipment is illustrated in the as following table: *(March 12, 2007, Initial CON application, pages 19 and 20)*

**Table 7: Current and Three-Year Projected Payer Mix with the Proposal**

Payer	Current and Projected (FYs 2007 to 2010)
Medicare	29.7%
Medicaid	1.4%
TriCare (CHAMPUS)	0.0%
<b>Total Government</b>	<b>31.1%</b>
Commercial Insurers	62.2%
Uninsured	4.8%
Workers Compensation	1.9%
<b>Total Non-Government</b>	<b>68.9%</b>
<b>Total Payer Mix</b>	<b>100.0%</b>

27. There is no State Health Plan in existence at this time. *(March 12, 2007, Initial CON application, page 4)*
28. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(March 12, 2007, Initial CON application, page 4)*
29. The Hospital has improved productivity and contained costs by undertaking energy conservation measures regarding its facilities; by participating in activities involving the application of new technology and reengineering; and by employing group purchasing practices in its procurement of supplies and equipment. *(March 12, 2007, Initial CON application, page 13)*
30. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(March 12, 2007, Initial CON application, page 14)*

31. The Hospital's current patient/physician mix is similar to that of other acute care hospitals in the region. The proposal will not result in any change to this mix. *(March 12, 2007, Initial CON application, page 14)*
32. The Hospital has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(March 12, 2007, Initial CON application, page 12 and Exhibit 4, pages 29 through 42)*
33. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. *(March 12, 2007, Initial CON application, page 20 and Exhibit 9, page 109)*

## **Rationale**

The Office of Health Care Access ("OHCA") approaches community and regional need for Certificate of Need ("CON") proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

Greenwich Hospital ("Hospital") proposes to acquire and operate a new digital flat detector radiology imaging system for use in the Hospital's second special procedures laboratory. The Hospital has been in the process of renovating radiology space for use as a second special procedures laboratory. The Hospital decided to add a second special procedures laboratory in order to meet the current demand for such services and to provide greater flexibility for the scheduling of special procedures, especially when the current laboratory is in use and access becomes limited for patients with immediate cardiac needs. The proposal is intended to serve residents from the communities that comprise the Hospital's service area.

The new laboratory will initially be equipped with the Hospital's operating room C-arm imaging unit and is scheduled to become operational in June 2007. The C-arm imaging unit, which provides basic fluoroscopy imaging, cannot be utilized for all types of special procedures due to its limited technological capabilities. The Hospital estimates the annual capacity of the existing and proposed special procedures equipment to be 1,500 procedures per year. The Hospital reports having performed 1,339 special procedures in fiscal year 2006, its last full year of operation. The new laboratory is scheduled to become operational in June 2007.

The Hospital proposes to purchase a General Electric, Innova 3100QI cardiovascular system. In acquiring the new special procedures equipment the Hospital seeks to provide its patients with equipment that is up to date and to provide ready access to quality cardiovascular and interventional radiology services on a timely basis. The proposed imaging system will support diagnostic cardiac catheterization, primary angioplasty, electrophysiology, device implantation, vascular angiography and radiology interventional services. The new imaging system will allow for higher quality imaging for a wider range of diagnostic and interventional procedures, seamless image archiving, storage and access to other modality images and a versatile platform that will allow the Hospital flexibility to expand services for future demands. The Hospital anticipates the new equipment will be fully operational by early September 2007.

The CON proposal's capital expenditure of \$1,706,784 will be financed through Hospital's funded depreciation account. In the first three years after completion of the second special procedures laboratory, the Hospital projects an incremental loss from operations in each of the fiscal years. However, the Hospital projects overall gains from operation for each fiscal year during the same period. Although OHCA can not draw any conclusions, the Hospital's volume and financial projections upon which they are based appear to be reasonable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

## **ORDER**

Based on the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital ("Hospital") to acquire and operate a new digital flat detector radiology imaging system for use in the Hospital's second special procedures laboratory, at an estimated total capital expenditure of \$1,706,784, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire September 1, 2008. Should the Hospital's project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved capital expenditure of \$1,706,784. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall notify OHCA immediately.
3. With respect to the acquisition of the special procedures imaging system, the Hospital shall submit to OHCA in writing the following information by no later than one month after the system's equipment has become operational:
  - a) The name of the equipment manufacturer;
  - b) The model name and description of the equipment; and
  - c) The initial date of the operation of the equipment.
4. Should the Hospital propose any change in the array of health care services offered or a change in its complement of existing major medical or imaging equipment, the Hospital shall file with OHCA appropriate documentation regarding its change, including either a Certificate of Need Determination Request or a Certificate of Need Letter of Intent.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

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

By Order of the  
Office of Health Care Access

July 10, 2007

Signed by Cristine A. Vogel  
Commissioner

CAV:jah