



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Middlesex Hospital

Docket Number: 07-30924-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing CT Scanner

Statutory Reference: Section 19a-639c of the Connecticut General Statutes

Filing Date: February 16, 2007

Hearing: Not Applicable

Decision Date: February 23, 2007

Staff: Laurie K. Greci

Project Description: Middlesex Hospital, Inc. requests a waiver of the Certificate of Need requirements for the purpose of replacing its existing computed tomography scanner, at a total capital cost of \$726,000.

Nature of Proceedings: On February 16, 2007, the Office of Health Care Access (“OHCA”) received the waiver of Certificate of Need (“CON”) request for replacement equipment from Middlesex Hospital (“Hospital”). The Hospital proposes to replace an existing computed tomography (“CT”) scanner, at a total capital cost of \$726,000. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA’s authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c of the 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

1. Middlesex Hospital (“Hospital”) is a general acute-care hospital with its main campus located at 28 Crescent Street, Middletown, Connecticut. The Hospital also has a satellite location, the Marlborough Medical Center (“MMC”), at 14 Jones Hollow Road, Marlborough. *(February 16, 2007, CON Waiver Form 2040, page 2)*
2. On November 1, 2002, under OHCA Docket Number 02-533, the Hospital received Certificate of Need (“CON”) authorization to operate a 4-slice Computed Tomography (“CT”) scanner at the MMC. *(November 1, 2002, OHCA Docket Number 02-533, Final Decision)*
3. The Hospital is requesting a waiver of CON requirements for the purpose of replacing its existing Toshiba 4 slice CT scanner with a General Electric Brightspeed Elite 16-slice CT scanner, at a total capital cost of \$726,000.
4. Pursuant to Section 19a-639c, C.G.S, a proposal may be eligible for a waiver of replacement equipment from the CON process when a provider has previously received Certificate of Need authorization from OHCA for the equipment that will be replaced and when the cost or value of the replacement equipment will not exceed three million dollars.
5. The Hospital stated the existing CT scanner needs to be replaced because over the past six months the CT scanner has been experiencing significant down time and there have been significant problems with obtaining Toshiba service. *(February 16, 2007, CON Waiver Form 2040, page 6)*
6. The Hospital stated that the proposed CT scanner will offer the following improvements:
 - Enhance resolution and image quality;
 - Enhance productivity and throughput through faster scan times; and
 - Provide advanced imaging techniques with the ability to perform additional clinical applications.*(February 16, 2007, CON Waiver Form 2040, page 7)*
7. The Hospital stated that one in four of its emergency room patients requires a CT scan. The lack of a reliable CT scanner impedes the ability of the Hospital to provide services to its patients. *(February 16, 2007, CON Waiver Form 2040, page 6)*
8. The total capital cost for the project is \$726,000, which consists of the following:
 - \$711,000, representing the fair market value of the replacement CT scanner; and
 - \$15,000 for renovation work associated with the installation of the new CT scanner.*(February 16, 2007, CON Waiver Form 2040, page 3)*

9. The capital cost of \$711,000 for the replacement CT scanner is below the three million dollar threshold used to determine whether a request is eligible to receive a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(February 16, 2007, CON Waiver Form 2040, page 2)*
10. The Hospital will fund the proposal with operating funds and the operating lease for the CT scanner through Shared Imaging. *(February 16, 2007, CON Waiver Form 2040, page 3)*
11. The Hospital intends to proceed with its proposal upon authorization from OHCA. *(February 16, 2007, CON Waiver Form 2040, page 2)*
12. The replacement CT scanner will serve the Hospital's existing patient population with no anticipated change in the existing payer sources. *(February 16, 2007, CON Waiver Form 2040, page 6)*

Rationale

Middlesex Hospital ("Hospital") is requesting a waiver of Certificate of Need ("CON") requirements for replacement equipment, pursuant to Section 19a-639c, C.G.S. The Hospital is seeking to replace the existing computed tomography ("CT") scanner located at the Marlborough Medical Center and to operate a General Electric Brightspeed Elite CT scanner.

The Hospital indicates that the existing CT scanner is experienced significant down time and the Hospital has difficulty obtaining servicing for it. The Hospital stated that the proposed CT scanner will offer improved efficiencies, allowing the Hospital to offer higher quality CT scans to its patients, many of whom are seeking emergency care.

The total capital cost for the proposal is \$726,000 and consists of \$711,000, representing the fair market value of the replacement CT system, and \$15,000 for renovation costs. The Hospital will fund the replacement project with operating funds and monthly lease payments. The capital cost of \$711,000 for the replacement CT scanner is below the three million dollar threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S.

Based on the foregoing Findings and Rationale, OHCA has determined that Middlesex Hospital's request for a waiver of CON requirements for replacement equipment in order to replace the existing CT scanner at Marlborough Medical Center with a 16-slice CT scanner, at a total capital cost of \$726,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. and is hereby granted subject to conditions.

Order

Middlesex (“Hospital”) is hereby authorized to replace the existing computed tomography (“CT”) scanner located at the Marlborough Medical Center, at a total capital cost of \$726,000, subject to the following conditions:

1. This authorization shall expire on February 21, 2008. Should the Hospital’s CT replacement 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 cost of \$726,000. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.
3. With respect to the acquisition of the new CT scanner, the Hospital shall notify OHCA regarding the following information in writing by no later than one month after the equipment becomes operational:
 - a) The name of the CT scanning manufacturer;
 - b) The model name and description of the CT scanner; and
 - c) The initial date of the operation of the CT scanner.
4. This authorization requires the removal of the Hospital’s existing CT scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital’s Connecticut service locations. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the existing CT scanner to be replaced by no later than six months after the replacement CT scanner has become operational.
5. Should the Hospital propose any change in the computed tomography services, the Hospital shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

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

February 23, 2007

Signed by Cristine A. Vogel
Commissioner

CAV:lkg