



Office of Health Care Access

Modification of a Previously Authorized Certificate of Need

Applicant: Bridgeport Hospital

Modification Docket Number: 07-30352-MDF

Modification Project Description: A request to modify a previous Certificate of Need authorization in order to increase the authorized project capital costs by \$2,064,589, from \$16,000,000 to \$18,064,589, including the upgrade in the additional CT scanner from a 16 slice unit to a 64 slice unit.

Original Project Docket Numbers and Title: Docket Number 04-30352-CON: The Emergency Department Renovation and Expansion Project, including the acquisition of a second CT Scanner

Statutory Reference: Sections 4-181a(b), Connecticut General Statutes

Modification Filing Date: November 27, 2007

Decision Date: November 30, 2007

Staff: Karen Roberts

Project Description: The Certificate of Need (“CON”) issued under Docket Number 04-30352-CON authorized the request of Bridgeport Hospital (“Hospital” or “Applicant”) to renovate its Emergency Department (“ED”) and to acquire a second computed tomography (“CT”) scanner for its ED, at a total capital expenditure of \$16,000,000.

Under Docket Number 07-30352-MDF, the Hospital is requesting a modification of that CON authorization in order to increase the authorized capital costs for the project by \$2,064,589, from \$16,000,000 to \$18,064,589, including an upgrade in the authorized but not yet acquired CT scanner, from a 16 slice unit to a 64 slice unit.

Findings of Fact

1. On March 21, 2005, under Docket Number 04-30352-CON, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) to Bridgeport Hospital (“Hospital” or “Applicant”) to renovate its Emergency Department (“ED”) and to acquire a second computed tomography (“CT”) scanner for the ED, at a total proposed capital expenditure of \$16,000,000. Conditions #2 and #3 of the CON authorization state the following:
 - “2. *The Hospital shall acquire a second CT scanner to be located in the ED at a capital expenditure not to exceed \$810,000.*”
 - “3. *The Hospital shall not exceed the approved capital expenditure of \$16,000,000. 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 file with OHCA a request for approval of the revised CON project budget.*”
(Final Decision for DN 04-30352-CON)
2. On October 3, 2007, OHCA received the Hospital’s request for a modification of the CON authorization and additional information was received on November 8, 2007 and November 27, 2007. The Hospital is requesting an increase in the authorized total project costs, by \$2,064,589, from \$16,000,000 to \$18,064,589. The Hospital provides the following reasons for the request to increase the authorized costs:
 - a. The Hospital indicates that the requested increase in project costs is driven by three factors:
 - Costs for additional site demolition, preparation and remediation;
 - Architectural changes beyond those that were budgeted; and
 - An upgrade in the planned CT scanning equipment from a 16 slice unit to a 64 slice unit.
 - b. The site work and architectural changes were unplanned and identified during construction. They include additional site work remediation, building protection and grading of space that was required on the property.
 - c. The Hospital included in its original CON request in December 2004, a request to acquire a 16 slice CT scanner. Since that time, advancements have been made in CT technology and the Hospital indicates that 64-slice units are not the “standard of care” for Connecticut’s hospitals. The Hospital has not yet acquired the CT scanner.
 - d. The Hospital’s emergency department is designated by the American College of Surgeons as a Level II Trauma Center and the location of the only burn center between New York and Boston. The Hospital indicates that it wants to provide services that are consistent with the latest standard of care in its newly renovated and expanded emergency department.

- e. \$1,481,558 of the requested increase of \$2,064,589 is attributable to the site demolition and other unplanned work. This includes funds to make changes to meet HVAC and other requirements for the installation of the 64 slice CT scanner. The remaining \$583,031 is for the incremental increase for the acquisition of a 64-slice CT scanner, bringing the total cost related to the acquisition of the CT scanner to \$1,393,031.
 - f. The CT scanner that the Hospital plans to now acquire is a General Electric LightSpeed VCT XT unit. The CT scanner is scheduled for installation in November 2008 as part of the final phase of the renovation and expansion project.
 - g. The Hospital originally planned to acquire the 16-slice CT scanner through purchase. However, subsequent to the original CON authorization, the Hospital revised its plans and now intends to enter into lease financing for the acquisition of the scanner.
 - h. The upgrade of the CT scanner is not anticipated to change the utilization projections submitted in the original CON.
(Page 3 of the October 3, 2007 modification request and the November 8, 2007 completeness responses)
3. The Hospital has completed the first phase of its ED renovation project, which is a 17,765 square foot addition that includes 11,000 square feet that houses the new adult and children's treat and release emergency services. Additional patient parking has been provided just outside the ED entrance on Mill Hill Avenue. The new addition increases the total amount of ED space to 25,000 square feet, nearly double its previous size. The next phases will include renovations to the rest of the department and installation of the ED based CT scanner. *(Page 5 of the October 3, 2007 modification request)*
 4. The Hospital originally projected an incremental loss from operations of (\$583,000), (\$520,000) and (\$650,000) for FY 2007, FY 2008 and FY 2009 respectively. The Hospital now projects an incremental loss from operations of (\$583,000), (\$469,000) and (\$920,000) for FY 2007, FY 2008 and FY 2009, respectively, to reflect the modification to this project, as requested. *(March 21, 2005 CON decision under Docket Number 04-30352-CON and page 7 of the November 8, 2007 completeness responses)*
 5. The Hospital will utilize both operating funds and lease financing (specific to the CT scanner acquisition) to cover the increased expenditure amount. *(Page 4 of the October 3, 2007 modification request).*
 6. The Hospital is not requesting an extension of the CON expiration date for the original CON authorization. *(Page 4 of the October 3, 2007 modification request)*

Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 04-30352-CON to Section 19a-637 of the Connecticut General Statutes, is not significantly altered by this request for a modification under Docket Number 07-30352-MDF. The modification proposal does not alter the intended scope or timeframe for the project originally reviewed and acted upon by OHCA and the increased costs appear to be for circumstances that were unanticipated by the Hospital at the time of the original CON filing such as the additional site demolition, preparation and remediation costs, architectural changes and an upgrade in the planned equipment to reflect the change in technology and standards of care since the filing of the original CON application in December 2004 . The request for an additional \$2,064,589 appears to be reasonable.

Order

Based on the above discussion and the reasons provided in the Hospital's modification request, OHCA hereby **Grants** the request and allows a modification of the CON Order under Docket Number 04-30352-CON. Conditions # 2 and #3of the CON Order under Docket Number 04-30352-CON are modified as follows:

2. The Hospital shall acquire a second CT scanner to be located in the ED at a capital cost not to exceed \$1,393,031, representing the fair market value of the leased equipment.
3. The Hospital shall not exceed the approved capital cost of \$18,064,589, which includes \$1,393,031 for the fair market value of leased equipment. 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 file with OHCA a request for approval of the revised CON project budget.

All other conditions set forth in the CON authorization issued under Docket Number 04-30352-CON, not further modified herein, will remain in full effect.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on November 30, 2007

Date

Cristine A. Vogel
Commissioner

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