



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Jefferson Radiology, P.C.

Docket Number: 07-30958-CON

Project Title: Acquisition of a 3T Magnetic Resonance Imaging Scanner in Farmington

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

Filing Date: February 1, 2008

Hearing Date: March 19, 2008

Intervenors: John Dempsey Hospital,
The Hospital of Central Connecticut,
Bristol Hospital

Decision Date: April 30, 2008

Default Date: May 1, 2008

Staff Assigned: Paolo Fiducia

Project Description: Jefferson Radiology, P.C. (“Applicant”) proposes the acquisition of a 3T magnetic resonance imaging (“MRI”) scanner for an office located in the town of Farmington, Connecticut, at an estimated total capital cost of \$3,106,272.

Nature of Proceedings: On February 1, 2008, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from the Applicant seeking authorization for the acquisition of a 3T MRI scanner for an office located at 399 Farmington Avenue, Farmington, Connecticut, at an estimated total capital cost of \$3,106,272.

Pursuant to Section 19a-639, C.G.S., a notice to the public concerning OHCA’s receipt of the Applicant’s Letter of Intent was published in *The Hartford Courant* on May 6, 2007.

Pursuant to Section 19a-639, C.G.S., three individuals or an individual representing an entity with five or more people had until February 22, 2008, the twenty-first calendar day following the filing of the Applicant's CON application, to request that OHCA hold a public hearing on the Practice's proposal. OHCA received three hearing requests from the public.

On February 21, 2008, OHCA received letters from John Dempsey Hospital, The Hospital of Central Connecticut, and Bristol Hospital requesting that a public hearing be held in this matter.

On March 13, 2008, OHCA received a request for Intervenor status with full procedural rights from John Dempsey Hospital. On March 14, 2008, OHCA received a request for Intervenor status with full procedural rights from The Hospital of Central Connecticut and also Bristol Hospital. On March 17, 2008, OHCA granted Intervenor status with full rights of cross examination to John Dempsey Hospital, The Hospital of Central Connecticut and Bristol Hospital.

Pursuant to Section 19a-639, C.G.S., a public hearing regarding the CON application was held on March 19, 2008. On February 22, 2008, the Applicant was notified of the date, time, and place of the hearing. On February 23, 2008, a notice to the public announcing the hearing was published in the *The Hartford Courant*. Commissioner Cristine A. Vogel served as Presiding Officer. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Section 19a-638, C.G.S.

OHCA's authority to review and approve, modify or deny the CON application 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 of the Proposal on the Applicant's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Jefferson Radiology, P.C. ("Applicant") is a private practice physician's group, offering sub-specialized diagnostic and interventional imaging services. The group's 41 radiologists are all board certified and licensed to practice in the State of Connecticut. (*August 20, 2007, CON Application, Page 9*)
2. The Applicant states that it has eight private offices located in Avon (3 locations), Glastonbury, Hartford, West Hartford, Enfield, and Wethersfield. The Applicant currently provides MRI services in 6 of its 8 existing office locations. (*August 20, 2007, CON Application, Page 9*)

3. The Applicant also provides radiology services to the four following acute care hospitals: Hartford Hospital, Johnson Memorial Hospital, Connecticut Children's Medical Center and Windham Community Memorial Hospital. *(August 20, 2007, CON Application, Page 9)*
0. The imaging services provided by the Applicant include: general x-ray; ultrasound; mammography; nuclear medicine; computed tomography ("CT"); magnetic resonance imaging ("MRI"); bone densitometry; and a full spectrum of vascular and interventional procedures. *(August 20, 2007, CON Application, Page 9)*
0. The Applicant's proposal is to acquire and operate a new General Electric, Signa HDx 3.0T MRI scanner to be located at 399 Farmington Avenue, Farmington, Connecticut. This will be the ninth office for the Applicant. *(April 24, 2007, Letter of Intent, page 4 and August 20, 2007, CON Application, Page 9)*
0. The Farmington office is being constructed in a large medical office complex. There will be a significant number of physician practices (e.g., Orthopedic Associates of Hartford, CSG General Surgery, Connecticut ENT, Neurosurgeons of Central Connecticut) in the complex and Jefferson Radiology will be the only radiology provider. *(August 20, 2007, CON Application, Page 10)*
0. The imaging services provided by the Applicant in the Farmington office will include: patient examination and consultation, women's imaging (mammography, bone densitometry), general x-ray, ultrasound, vein services, image guided procedures, and nuclear medicine. *(August 20, 2007, CON Application, Page 12)*
8. The Applicant states that the need for the proposed 3T MRI is based on several factors including:
 - Significant improvements to patient care with 3T MRI technology (e.g. improved image quality and reduced scan time);
 - Lack of capacity at Jefferson Radiology's high field MRI magnets in West Hartford and Glastonbury;
 - Continued emergence of new and expanded uses for MRI technology (i.e. orthopedic, neurology imaging and breast imaging);
 - Growth and aging of the population in the proposed service area; and
 - The absence of a 3T MRI for clinical use anywhere in the greater Hartford area.*(August 20, 2007, CON Application, Page 12)*
9. The Applicant states that the primary service area towns for the proposed 3T MRI service are Avon, Bristol, Burlington, Farmington, New Britain, Newington, Plainville, and West Hartford. The secondary service area encompasses the towns of Berlin, Bloomfield, Canton, Hartford, Rocky Hill, Simsbury, Southington, and Wethersfield. *(August 20, 2007, CON Application, Pages 15 & 16)*

10. The projected number of scans for the first three years of operation of the proposed 3T MRI in Farmington is provided below:

Table 1: Projected number of 3T MRI scans for 2008, 2009, 2010

Farmington	2008	2009	2010
3T MRI Scans	2,000	2,500	2,750

*Note: In Year 2008, it is assumed that 1,000 scans will shift from the West Hartford scanner: these scans will primarily consist of breast MRIs and some orthopedic and neurology scans. Hours of operation in West Hartford will be reduced to 9 pm from 11 pm (Monday through Friday). This reduction of 2 hours per day or 10 hours per week will result in 1,000 scans being shifted from West Hartford to Farmington (10 hours x 50 weeks = 500 hours per year x 2 scans per hour = 1,000 scans per year).

New MRI volume in Year 2008 is expected to total 1,000. This is based on anticipated increases in breast, orthopedic and neurological volume. JR's breast MRI volume increased 45% between the first and second quarters of 2007. Additionally, the growth and aging of the service area population will also contribute to MRI growth.

Year 2009 volume is expected to increase by 25% and Year 2010 volume by 10%. These increases are based on historical trends at JR's two fixed high field magnets in Glastonbury and West Hartford where year 2 and year 3 increases were similar.

(August 20, 2007, CON Application, Page 21)

11. The following table shows the existing MRI providers in the Applicant's service area:

Table 2: Existing MRI providers in the Applicant's service area

MRI	Provider	Address	Town	Utilization
High Field				
1.5T Mobile (4 days)	Radiology Associates of Hartford	33 Nod Road	Avon	Not Known
1.5T	Bristol Hospital	Brewster Road	Bristol	3,123
1.5T	John Dempsey Hospital	263 Farmington Avenue	Farmington	4,253
1.5T	Grove Hill Radiology	300 Kensington Avenue	New Britain	Not Known
1.5T	CT Valley Radiology, PC	701 Cottage Grove Road	Bloomfield	Not Known
1.5T Siemens	CCMC	282 Washington Street	Hartford	Not Known
1.5T Siemens 2 units	St. Francis Hospital	114 Woodland Street	Hartford	Not Known
1.5T Siemens	Rehab. Hospital of Conn.	500 Blue Hills Avenue	Hartford	Not Known
1.5T GE 2 units	Hartford Hospital	80 Seymour Street	Hartford	Not Known
1.5T & 1.0T Phillips 2 units	MRI of New Britain (in Hospital)	100 Grand Street	New Britain	6,037 4,024
1.5T	Medical Imaging Center	6 Northwestern Drive	Bloomfield	Not Known
1.5T	Jefferson Radiology, P.C.		West Hartford	6,159
1.5T	Jefferson Radiology, P.C.		Glastonbury	3,012
1.5T	Jefferson Radiology, P.C.		Glastonbury	6,892
1.5T	CT Imaging Partners, LLC		Wethersfield	1,620
1.0T	Jefferson Radiology, P.C.		Avon	2,273
Total number of High Field MRIs 19				
Low Field				
.23 Phillips	Bristol Rad. Center	25 Collins Road	Bristol	Not Known
.23	Farmington Imaging Center	353 Scott Swamp Road	Farmington	Not Known
0.6 Phillips	UConn Medical Arts Building		Farmington	Not Known
.23 Phillips	Open MRI of Farmington Avenue	901 Farmington Avenue	West Hartford	Not Known
0.3 Hitachi	West Hartford Open MRI	8 North Main Street	West Hartford	Not Known
.05T	Jefferson Radiology, P.C.		Avon	200
0.3 Hitachi	CT Valley Radiology, PC.	19 Woodland Street	Hartford	Not Known
0.23 Open	Medical Imaging Center	1084 Cromwell Avenue	Rocky Hill	Not Known
0.35 Toshiba Open	Medical Imaging Center	381 Hopmeadow Street	Simsbury	Not Known
.07 Open	Bradley Memorial Hospital	81 Meriden Avenue	Southington	Not Known
Total number of Low Field MRIs 10				

Note: The Applicant also operates a .23T MRI in Enfield. (August 20, 2007, CON Application, Pages 23 & 24)

12. The Applicant states that the Glastonbury office has a 1.5T Wide Bore MRI that became operational in January 2008. The Applicant also testified to the following:
- 1.5T Wide Bore MRI estimated capacity is at 63.7%;
 - Not sure what the current utilization is at the Glastonbury office;
 - JR attempts to decrease backlogs by suggesting the patients to go to other JR offices;
 - Avon and Wethersfield offices have lower utilization; and
 - Only the West Hartford office is overutilized.
(March 19, 2008, Public Hearing, Dr. William Glucksman)
13. The Applicant incorporates all of the American College of Radiology's ("ACR") standards and guidelines in its policies and procedures at all of its sites. *(August 20, 2007, CON Application, Pages 25 & 26)*
14. Dr. Glucksman testified to the following:
- The Applicant considered all the area capacity, but was not able to objectively determine the excess capacity that might be there;
 - One of the main reasons to move to Farmington was that a new medical complex was being built with medical practices and referring physicians located in the same building;
 - Another reason to move to Farmington was not necessarily for MRI services but to try to provide radiologic services that were needed in the complex; and
 - The Applicant has no ability to increase capacity for MRI services in the West Hartford location.
(March 19, 2008, Public Hearing, Dr. William Glucksman)
15. Dr. Christopher Lena testified that currently his practice (Orthopedic Associates of Hartford) orders approximately 70-80 MRIs per week but does not know how many MRIs are referred to JR per week. *(March 19, 2008, Public Hearing, Dr. Christopher Lena)*
16. Dr. Brady testified her practice (Connecticut Surgical Group) refers over 1500 patients per year for breast MRI to either Hartford Hospital or Jefferson Radiology and that their primary office is located in the same medical complex as Jefferson Radiology's Farmington office. *(March 19, 2008, Public Hearing, Dr. Elizabeth Brady)*
17. Mr. Borda from John Dempsey Hospital ("JDH") testified to the following:
- JDH 1.5T MRI scanner is currently operating at 64% capacity;
 - JR's application will draw patients from JDH and the cause and effect of this deterioration will impact our ability to meet the applications of the university;
 - JDH estimates total losses of \$450,000 annually with the additional MRI; and
 - Planning on acquiring 3T when space is available.
(March 19, 2008, Public Hearing, Mr. Anthony Borda)

18. Mr. Silvia from The Hospital of Central Connecticut (“HCC”) testified to the following:
- Currently the high field MRI at the New Britain General Hospital campus is running at 92% capacity;
 - HCC in order to increase capacity would transfer more cases to the 1.0T MRI; and
 - HCC is planning to replace the 1.0T with a 1.5T.
(March 19, 2008, Public Hearing, Mr. Clarence Silvia)

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

19. The estimated total capital cost of the CON proposal is \$3,106,272. The capital costs are itemized as follows: \$2,481,766 for the lease of the unit; \$450,000 for building work to accommodate the new unit and \$173,906 for sales tax associated with the unit’s acquisition. *(August 20, 2007, CON Application, Page 30)*
20. The project will be financed through the Applicant’s operating funds of \$624,506 and lease financing of \$2,481,766. *(August 20, 2007, CON Application, Page 32)*
21. The Applicant projects incremental revenue from operations, total operating expense and losses/gains from operations associated with the CON proposal for FY 2008, FY 2009 and FY 2010 as follows: *(August 20, 2007, CON Application, Page 411)*

Table 3: Incremental Financial Projections for FY 2008 - FY 2010

Description	FY 2008	FY 2009	FY 2010
Incremental Revenue from Operations	\$835,000	\$2,087,500	\$2,296,250
Incremental Total Operating Expense	\$1,038,174	\$1,302,082	\$1,292,989
Incremental (Loss)/Gain from Operations	(\$203,174)	\$582,245	\$1,585,505

22. The Applicant indicates that its projected incremental loss in FY 2008 is primarily due to the start-up expenses associated with the proposed additional scanner. *(August 20, 2007, CON Application, Page 34)*
23. There is no State Health Plan in existence at this time. *(August 20, 2007, CON Application, Page 12)*
24. The Applicant has adduced evidence that the proposal is consistent with its long-range plan. *(August 20, 2007, CON Application, Page 12)*
25. The Applicant has improved productivity and contained costs by employing group purchasing practices in its procurement of supplies and equipment and by participating in activities involving the application of new technologies. *(August 20, 2007, CON Application, Page 28)*

26. The proposal will not result in any change to the Applicant's teaching and research responsibilities. *(August 20, 2007, CON Application, Page 28)*
27. The Applicant's projected payer mix during the first three years of operating the proposed additional MRI scanner is as follows: *(August 20, 2007, CON Application, Page 33)*

Table 4: Three-Year Projected Payer Mix with the CON Proposal

Payer Mix	Year 1	Year 2	Year 3
Medicare	25.0%	25.0%	25.0%
Medicaid	2.0%	2.0%	2.0%
TriCare (CHAMPUS)	0.0%	0.0%	0.0%
Total Government	27.0%	27.0%	27.0%
Commercial Insurers	73.0%	73.0%	73.0%
Uninsured	0.0%	0.0%	0.0%
Workers Compensation	0.0%	0.0%	0.0%
Total Non-Government	73.0%	73.0%	73.0%
Total Payer Mix	100.00%	100.00%	100.00%

28. The proposal will not change the Applicant's patient/physician mix. *(August 20, 2007, CON Application, Page 29)*
29. The Applicant possesses sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(August 20, 2007, CON Application, Page 26)*
30. The Applicant's rates are sufficient to cover the proposed capital and operating costs associated with the proposal. *(August 20, 2007, CON Application, Page 426)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for the proposed service on a case by case basis. Certificate of Need (“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 proposed services.

Jefferson Radiology, P.C. (“Applicant”), is a private practice physician’s group, offering sub-specialized diagnostic and interventional imaging services. The Applicant provides diagnostic radiology services at Hartford Hospital, Johnson Memorial Hospital, Connecticut Children’s Medical Center and Windham Community Memorial Hospital. Currently, the Applicant has eight private offices located in Avon (3 locations), Glastonbury, Hartford, West Hartford, Enfield, and Wethersfield, and provides MRI services in 6 of its 8 existing office locations. The Applicant is proposing to acquire and operate a new General Electric, Signa HDx 3.0T MRI scanner to be located at a new private office at 399 Farmington Avenue, Farmington, Connecticut.

The Applicant asserts that the acquisition of the proposed 3.0T MRI scanner in the town of Farmington is needed because the Applicant’s existing MRI scanners in West Hartford and Glastonbury are near or at capacity. The Applicant claims that 1,000 scans would be shifted from the West Hartford scanner to the new proposed MRI in Farmington, to alleviate MRI capacity issues in West Hartford. However, as of January 2008, the Glastonbury office replaced its 1.5T mobile MRI scanner with a new 1.5T Wide Bore MRI scanner estimated to operate at 63.7% capacity. Dr. Glucksman testified that the current utilization of the new MRI scanner in Glastonbury is unknown and the Avon and Wethersfield offices have lower utilization. However, the Applicant attempts to decrease backlogs at the West Hartford office by suggesting that patients go to other JR offices.

Additionally, there are currently 28 MRIs (high field units and low fields) scanners operating in the proposed service area towns: 18 are high field units (1.0T and higher). Dr. Glucksman testified that they did not objectively determine the excess capacity that might exist in the service area. Furthermore, John Dempsey Hospital and The Hospital of Central Connecticut testified that their MRI scanners have excess capacity. OHCA can not conclude that there is an unmet need in the area since there is unknown utilization and capacity in the service area.

Since OHCA cannot conclude definitively that need exists for the proposed MRI scanners, OHCA is unable to evaluate the financial feasibility of the proposal.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Jefferson Radiology, P.C. for the acquisition of a 3.0T Magnetic Resonance Imaging Scanner in Farmington, Connecticut at a total capital expenditure of \$3,106,272, is hereby **DENIED**.

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

Signed by Commissioner Vogel on April 30, 2008

Date

Commissioner

CAV;pf