



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Bridgeport Hospital

Docket Number: 07-31050-CON

Project Title: Acquisition of a Third Cardiac Catheterization Laboratory and Dedicating One of the Three Laboratories as Electrophysiology Laboratory

Statutory Reference: Section 19a-639 C.G.S.

Filing Date: March 12, 2008

Decision Date: May 30, 2008

Default Date: June 10, 2008

Staff: Steven W. Lazarus

Project Description: Bridgeport Hospital (“Hospital”) proposes the acquisition of a third cardiac catheterization laboratory and dedicating one of the three laboratories as electrophysiology laboratory, at a total capital expenditure of \$2,830,101.

Nature of Proceedings: On March 12, 2008, the Office of Health Care Access (“OHCA”) received the completed Certificate of Need (“CON”) application of the Hospital for the acquisition of a third cardiac catheterization laboratory and dedicating one of the three as electrophysiology laboratory, at a total capital expenditure of \$2,830,101. 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 Connecticut Post*, on November 12, 2007. 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 April 2, 2008, 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. Bridgeport Hospital ("Hospital") is an acute care hospital located at 267 Grant Street in Bridgeport, Connecticut. (*October 15, 2007, Letter of Intent*)
2. The Hospital is a full cardiac service provider including cardiac catheterization¹, angioplasty and open heart surgery. The Hospital currently operates two Cardiac Catheterization Laboratories ("CCL"). (*February 11, 2008, Initial CON Submission, page 2 and March 12, 2008, Completeness Letter Responses, page 1*)
3. The Hospital reported the primary service area ("PSA") and the secondary service area ("SSA") towns as follows:

Table One: Proposed Service Area

PSA	SSA	
Bridgeport	Ansonia	Seymour
Easton	Bethel	Weston
Fairfield	Derby	Westport
Monroe	Milford	Wilton
Shelton	Newton	
Stratford	Orange	
Trumbull	Redding	

(*February 11, 2008, Initial CON Submission, page 4*)

4. On September 2, 1982, the Hospital received Certificate of Need ("CON") authorization issued under Docket No.: 82-516, for the acquisition of its cardiovascular laboratory and angioplasty suite including cardiac catheterization equipment, at a total capital cost not to exceed \$2,381,613. (*August 6, 1998, Office of Health Care Access, CON Waiver Final Decision*)

¹ Passage of a small catheter through a vein in an arm or leg or the neck and into the heart, permitting the securing of blood samples, determination of intracardiac pressure, detection of cardiac anomalies, planning of operative approaches, and determination, implementation, or evaluation of appropriate therapy. (Source: www.medical-dictionary.com)

5. On August 6, 1998, under Docket No.: 98-1501, OHCA approved the Hospital's request for a CON Waiver for the replacement of its first CCL approved under CON Docket No.: 82-516. *(August 6, 1998, Office of Health Care Access, CON Waiver Final Decision)*
6. On July 7, 1994, under Docket No.: 92-538, the Hospital received authorization to acquire and operate a second CCL, at a total capital expenditure of \$2,859,968. *(July 7, 2008, Commission on Hospitals and Health Care, Notice of Agreed Settlement)*
7. On March 29, 2007, under Docket No.: 07-30945-WVR, OHCA approved the Hospital's request for a CON Waiver to replace its second CCL at a total capital expenditure of \$1,813,366, which was originally acquired by the Hospital under OHCA Docket No.: 92-538. *(March 29, 2007, CON Waiver, Final Decision 07-30945-WVR)*
8. The Hospital is proposing the acquisition of a third CCL and dedicating one of the three laboratories as an electrophysiology laboratory. *(February 11, 2008, Initial CON Submission, page 2)*
9. According to the Hospital the proposed acquisition of the third CCL will replace the existing CCL (first) acquired under OHCA's CON Waiver Docket No.: 98-1501. *(February 11, 2008, Initial CON Submission, page 2)*
10. Instead of disposing of the existing (first) CCL, the Hospital proposes to upgraded the CCL and use it exclusively as an electrophysiology laboratory² ("EPL"). *(February 11, 2008, Initial CON Submission, pages 2&3)*
11. The Hospital based the need for the acquisition of the new cardiac catheterization laboratory equipment and retaining and upgrading of the existing equipment on the following:
 - a. Improved quality of the new CCL equipment and the upgraded existing equipment;
 - b. Cost benefit of upgrading the existing CCL equipment to provide improved access to EP studies; and
 - c. Age and depreciation of the existing equipment. *(February 11, 2008, Initial CON Submission, page 3)*
12. The Hospital evaluated other alternatives, including the purchase of a new EPL at a cost of approximately \$750,000 not including renovations. However, when the Hospital had the existing GE catheterization laboratory evaluated by experts, and although it is nearing the end of the vendor's estimated useful life and is no longer considered state-of-the-art catheterization equipment, with minor upgrades to the existing equipment, the lab can be converted for use as an EPL. The cost of the new camera and associated renovations is \$365,191, less then buying a new system. *(February 11, 2008, Initial CON Submission, page 3)*

² The procedures in the EPL include EP studies, non-invasive EP studies, radioablations, cardioversions, pacemaker implants, implantable cardioverter defibrillators and tilt table tests (Source: CON Application, page 3)

13. According to the Hospital, the following are the shortcomings of the existing equipment utilized for electrophysiology studies:
 - a. The existing equipment utilizes a C-Arm, which is not optimal for EP procedures; and
 - b. The C-Arm can overheat during these long procedures.
(February 11, 2008, Initial CON Submission, pages 3 and March 12, 2008, Completeness Responses, page 4)
14. Converting the existing CCL equipment through upgrades to utilize exclusively as an EPL provides the following benefits:
 - a. A fixed camera for EP procedures will improve quality; and
 - b. Upgrading the existing CCL equipment provides a cost savings of approximately \$360,000.
(February 11, 2008, Initial CON Submission, pages 3 and March 12, 2008, Completeness Responses, page 4)
15. The equipment in the existing first CCL is over ten years old and is fully depreciated.
(February 11, 2008, Initial CON Submission, page 3)
16. The acquisition of the new CCL and relocation of the existing (first) CCL equipment to the dedicated EPL will allow placement of the two (2) CCLs in close proximity of each other.
(February 11, 2008, Initial CON Submission, page 4)
17. Currently the electrophysiology (“EP”) procedures are currently performed in a dedicated room located on the 10th floor of the Hospital using a portable C-Arm.
(February 11, 2008, Initial CON Submission, page 3)
18. The Hospital stated a fixed camera and dedicated EPL would improve the quality of fluoroscopy for diagnosis and treatment.
(February 11, 2008, Initial CON Submission, page 3)
19. Once the third CCL equipment is installed, the existing equipment in CCL will undergo minor upgrades (e.g. installation of EP monitoring equipment), then the equipment will be dedicated to EP procedures only (i.e. radioablations, pacemaker insertions, defibrillator insertions, EP studies, etc.). *(February 11, 2008, Initial CON Submission, page 4)*
20. The existing floor plan (10th floor) includes the two CCLs and the dedicated EPL. The Hospital plans the reconfiguration of the floor:
 - (a) The CCL (second) approved by OHCA under CON Waiver Docket No.: 07-30945-WVR, will be installed in the existing dedicated EPL;
 - (b) If this proposal is approved, the Hospital plans to install the new cardiac catheterization equipment (first CCL) in the laboratory vacated by the second CCL; and

- (c) The existing first CCL equipment will be retained and upgraded to act as a dedicated EPL in the equipment's current location which will be replaced by the new equipment and if approved under this proposal the existing equipment will be retained by the Hospital and moved from the first CCL to location of the to the (second) CCL which was approved under CON Docket No.: 07-30945-WVR.

Table Two: Current and Proposed CCL Equipment Reconfiguration

CCL	Current Location	Proposed New Location
CCL 1	CCL 1	Current EPL
CCL 2	CCL 2	CCL 1
Current EPL	EPL Space	See CCL 3
CCL 3		CCL 2

(Will act as a dedicated EPL, utilizing the retained cardiac catheterization equipment)

The existing CCL (1st) will be upgraded to act as a dedicated EPL.

(February 11, 2008, Initial CON Submission, page 3-4)

21. The total historical annual cardiac catheterization volumes by CCL is as follows:

Table Three: Historical Cardiac Cath. Volume by Laboratory

CCL	FY 2005	FY 2006	FY 2007
CCL #1	1,110	869	785
CCL # 2	909	711	643
Total CCL Patients	2,019	1,580	1,428
Electrophysiology	500	498	518
Dedicated Laboratory			

Note: The Hospital estimates the total volume was allocated as 55% for CCL 1 and 45% as CCL 2.

The Hospital revised the electrophysiology volume from 730 to 518. According to the Hospital, due to the varying definition of data collection, the Hospital volumes reported do not equal the OHCA schedule 500 filings. The Hospital attributes the decline in volume during FY 2005 and 2006 to the loss of referrals and changes in medical practices (i.e. less restenosis with drug eluting stents). Additionally losses in FY 2007 are attributed to articles and news stories in late 2006 and in 2007 regarding the efficacy and safety of drug eluting stents and stent procedures in general. *(March 12, 2008, Completeness Letter Responses, page 2 and Completeness Letter Responses, page 3, Correspondence received from the Hospital on May 15, 2008)*

22. The Hospital projects the CCL volumes to remain constant during the first three years of operations (FYs 2008-2010) at 1,428. The same applies to EPL, which is projected to remain constant at 518 for FYs 2008-2010. The Hospital based its projections for CCL and EPL on FY 2007. *(February 11, 2008, Initial CON Submission, page 6)*
23. The proposed hours of operation for the proposed (third) CCL will remain the same at Monday through Friday from 7:00 am to 5:30 pm, with an on call team operational for 24/7 coverage. *(February 11, 2008, Initial CON Submission, page 5)*
24. The existing (first) CCL that is proposed for upgrading will perform EP procedures and will replace the equipment currently utilized for the service and will operate Monday through Friday from 7:00 am to 5:30 pm. *(February 11, 2008, Initial CON Submission, page 5)*

**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**

25. The associated capital expenditure for this proposal is as follows:

Table Four: Associated Capital Expenditure

Major Medical Equipment (Purchase)	\$998,554
Non-Medical Equipment	\$700,570
Construction/Renovation	\$1,130,977
Total Capital Expenditure	\$2,830,101

(February 11, 2008, Initial CON Submission, page 11)

26. The Hospital proposes to fund this proposal through its equity, specifically through Operating Funds. *(February 11, 2008, Initial CON Submission, page 11)*

27. The Hospital expects losses incremental to the proposal for the first three full years of operation of \$297,000, \$297,000 and \$297,000, for FYs 2009-2011, respectively. *(March 12, 2008, Completeness Letter Responses, pages 7-8)*

28. The Hospital stated that the losses with the proposal for the first three full years of operation are expected to be \$54,000, \$75,000 and \$95,000, respectively. *(March 12, 2008, Completeness Letter Responses, pages 7-8)*

29. The Hospital attributes the projected incremental losses to non-cash depreciation expense associated with the new equipment. *(February 11, 2008, Initial CON Submission, page 15)*

30. The Hospital's payer mix is not expected to change as a result of this proposal. The projected payer mix for the first three years of operation of the proposal is as follows:

Table Five: Projected Payer Mix with the CON Proposal

Payer Description	Year 1	Year 2	Year 3
Medicare (including managed care)	39.89%	39.89%	39.89%
Medicaid (including managed care)	22.85%	22.85%	22.85%
CHAMPUS or TriCare	0.11%	0.11%	0.11%
Total Government	62.85%	62.85%	62.85%
Commercial Insurers	31.91%	31.91%	31.91%
Uninsured	4.22%	4.22%	4.22%
Workers Compensation	1.02%	1.02%	1.02%
Total Non-Government	37.15%	37.15%	37.15%
Total Payer Mix	100%	100%	100%

(February 11, 2008, Initial CON Submission, page 14)

31. There is no State Health Plan in existence at this time. *(February 11, 2008, Initial CON Submission, page 2)*

32. The Hospital stated that this proposal is consistent with its long-range plan.
(February 11, 2008, Initial CON Submission, page 2)
33. The Hospital has improved productivity and contained costs in the past year by the application of energy conservation, group purchasing, re-engineering, and the application of technology.
(February 11, 2008, Initial CON Submission, page 9)
34. The proposal will not result in any change to the Hospital's research responsibilities.
(February 11, 2008, Initial CON Submission, page 10)
35. There are no distinguishing characteristics of the Hospital's patient/physician mix that makes the proposal unique. *(February 11, 2008, Initial CON Submission, page 10)*
36. The Hospital has sufficient technical and managerial competence and expertise to provide efficient and adequate service to the public. *(February 11, 2008, Initial CON Submission, pages 8-9 and Attachment VII)*

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.

Bridgeport Hospital (“Hospital”) is an acute care hospital located at 267 Grant Street in Bridgeport, Connecticut. The Hospital is a full service provider of cardiac services including open heart surgery. The Hospital is proposing the acquisition of a third cardiac catheterization laboratory (“CCL”) and the dedication of one of the three laboratories as the electrophysiology laboratory. The Hospital is proposing to acquire new cardiac catheterization laboratory equipment to replace the equipment in the existing (first) cardiac catheterization laboratory. The Hospital is further requesting to retain the original equipment acquired under CON Docket No.: 98-1501 and to use it to perform electrophysiology studies.

The need for the acquisition of the new CCL equipment and retaining and upgrading the existing CCL equipment to utilize solely for electrophysiology (“EP”) studies was based on improved quality and access. This proposal will provide for new and upgraded equipment and cost benefit through upgrading the existing equipment compared to purchasing new equipment. The new CCL equipment will replace the existing equipment in the first CCL, thereby improving of the cardiac catheterizations for the Hospital’s long established full-service cardiac program. Through retaining and upgrading the existing equipment in first CCL, the Hospital will improve access for patients to quality electrophysiology studies through the use of a fixed camera rather than a C-arm, which can overheat during long procedures. This proposal provides a financial benefit to the Hospital as it provides the Hospital significant cost savings, at the same time improving quality and access to the Hospital’s patients

The capital expenditure associated with this proposal is \$2,830,101. The Hospital will fund this proposal through its equity, specifically through operating funds. The Hospital projects a loss with the proposal for the first three years of operation of \$54,000, \$75,000 and \$95,000, respectively. Although OHCA can not draw any conclusions, the Hospital’s volume and financial projections upon which they are based appear to be reasonable and achievable.

ORDER

Based on the foregoing Findings and Rationale, the Certificate of Need application of Bridgeport Hospital ("Hospital") for the acquisition of a third cardiac catheterization laboratory and dedicating one of the three laboratories as electrophysiology laboratory, at an associated capital expenditure of \$2,830,101, is hereby **Approved**, subject to the following conditions:

1. This authorization expires on December 31, 2008. Should the Hospital's proposal not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. Under this Certificate of Need, the Hospital is authorized to:
 - a. Acquire a third cardiac catheterization laboratory; and
 - b. Retain the cardiac catheterization equipment originally approved under Docket No.: 82-516 and later replaced under Docket No.: 98-1501.
3. The Hospital shall not exceed the approved capital cost of \$2,830,101. 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.

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

Signed by Commissioner Vogel on May 30, 2008

Date

Cristine Vogel
Commissioner

CAV:swl