



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: The Stamford Hospital

Docket Number: 07-31059-CON

Project Title: Emergency Certificate of Need for the Acquisition and Operation of a 1.5 Tesla Magnetic Resonance Imaging Scanner at The Stamford Hospital's Main Campus

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

Filing Date: December 10, 2007

Decision Date: January 2, 2008

Default Date: March 9, 2008

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Project Description: The Stamford Hospital ("TSH") seeks emergency authorization to acquire and operate a 1.5 Tesla Magnetic Resonance Imaging ("MRI") scanner for TSH's main campus, at an estimated total capital cost of \$2,113,831.

Nature of Proceedings: On November 6, 2007, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") Determination request from The Stamford Hospital ("TSH") requesting an emergency CON for the acquisition of a 1.5 Tesla magnetic resonance imaging ("MRI") scanner and lease of a temporary mobile MRI scanner, at a total capital cost of \$2,506,831.

On November 9, 2007, due to the emergency nature of the request, pursuant to 19a-639(b)(2) C.G.S., OHCA waived the Letter of Intent ("LOI") for the CON required of The Stamford Hospital ("TSH") for the acquisition of the new 1.5 Tesla MRI scanner. OHCA did not prohibit TSH from leasing a *temporary* mobile MRI scanner until OHCA renders a final decision in this matter.

Pursuant to Section 19a-639, C.G.S., a notice to the public concerning OHCA's receipt of TSH's emergency CON application was published in *The Stamford Advocate* on November 29, 2007.

On December 10, 2007, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from The Stamford Hospital ("TSH") seeking emergency authorization to acquire and operate a 1.5 Tesla MRI scanner for TSH's main campus, at an estimated total capital cost of \$2,113,831. 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., three individuals or an individual representing an entity with five or more people had until December 31, 2007, the twenty-first calendar day following the filing of the TSH's CON application, to request that OHCA hold a public hearing on TSH's proposal. OHCA received no hearing requests from the public.

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 TSH'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. The Stamford Hospital ("TSH" or "Hospital") is an acute care hospital located at 30 Shelburne Road in Stamford, Connecticut. (*November 7, 2007, CON Determination Request*)
2. On November 9, 2007, OHCA rendered a CON Determination requiring TSH to acquire CON authorization to replace its existing MRI scanner, waiving the Letter of Intent period due to the emergent nature of the proposal, and allowing TSH to lease a temporary mobile MRI scanner until OHCA renders a final decision under Docket No.: 07-31059-CON. OHCA made the following findings regarding the emergency nature of the CON:

"3. The current MRI scanner is the only MRI scanner operating at the Hospital campus and, therefore, the only MRI:

- a. Available to patients treated in TSH's Emergency Department;*
- b. Supplementing MRI services to the Hospital's outpatient population; and*
- c. Operating 24-hours per day, 7-days a week."*

“5. Due to the age of the current MRI scanner and its constant use, ongoing maintenance requirements, the scarcity of replacement parts, and the risk that a malfunction in this equipment could result in the current MRI scanner being placed out of service for an extended period of time.”

“6. The City of Stamford ordinance prohibits MRI scanners and similar pieces of equipment from being cooled using municipal water supply. The current unit is incapable of meeting this ordinance and is only able to be operated subject to a grandfathering provision that allows certain older equipment to operate until it is replaced.”

(November 9, 2007, CON Determination, Docket No.: 07-31059-DTR)

3. TSH proposes an emergency acquisition of a GE 1.5 Tesla Signa HDx MRI scanner to replace its existing GE Signa 1.5 Tesla Horizon MRI scanner at TSH’s main campus.
(November 21, 2007, CON application, page 2)
4. The current MRI scanner, the GE Signa 1.5 Tesla Horizon MRI scanner was originally manufactured in 1991 and was acquired by TSH as a refurbished unit in 1998. There was no CON authorization as the current scanner was purchased under the \$400,000 threshold amount applicable at the time of purchase. *(November 21, 2007, CON application, page 5)*
5. TSH currently provides Magnetic Resonance Imaging (“MRI”) services at the following locations:

Table 1: TSH’s Current MRI Scanners

Facility Name & Location	MRI Description	First Year of Scanner Operation
TSH’s Main Campus	1.5 Tesla	1998
Tully Health Center 32 Strawberry Hill Court, Stamford	1.5 Tesla	2002
Darien Imaging Center 1500 Boston Post Road, Darien,	1.5 Tesla	2006

(November 21, 2007, CON application, page 5)

6. According to TSH, the proposal to replace the current 1.5 Tesla MRI scanner was based on several key factors, including that the current MRI scanner:
 - Is the only MRI scanner operating on TSH’s main campus;
 - Has ongoing maintenance issues complicated by the scarcity of replacement parts;
 - Produces less than optimal image quality;
 - Functionally has been surpassed by newer technologies;
 - Is fully depreciated; and
 - Is out of compliance with the City of Stamford’s ordinance prohibiting MRI scanners and similar pieces of equipment from being cooled using the municipal water supply.*(November 21, 2007, CON application, pages 2-4)*

7. TSH indicated that the proposed 1.5 Tesla MRI scanner will provide the following benefits:
 - Immediately improve MRI services in terms of faster scan times, more robust clinical applications, and improved image quality and resolution; and
 - Be capable of enhanced cardiac function and brain perfusion, complementing the current diagnostic imaging services available at TSH’s main campus.
 (November 21, 2007, CON application, pages 2)
8. TSH stated that the CON application is emergent in nature as the existing MRI scanner is the only MRI operating at TSH’s main campus and providing diagnostic imaging services to the inpatient population, patients treated in TSH’s Emergency Department, and stroke patients. (November 21, 2007, CON application, pages 3-4)
9. TSH indicated that for TSH’s MRI service, the primary service area (“PSA”) consists of Stamford and Darien, and the secondary service area (“SSA”) consists of New Canaan, Greenwich, Norwalk, Wilton, and Westport. (November 21, 2007, CON application, page 4)
10. TSH’s historical volumes by MRI scanner are as follows:

Table 2: TSH’s MRI Historical Volumes by I/P, O/P and ED, FYs 2005-2007

	O/P	I/P	ED	Total
FY 2005				
TSH Main Campus	3,659	3,659	150	7,468
Tully Health Center	4,471	-	-	4,471
Darien Imaging Center	441	-	-	441
FY 2006				
TSH Main Campus	3,409	3,409	139	6,957
Tully Health Center	4,360	-	-	4,360
Darien Imaging Center	674	-	-	674
FY 2007				
TSH Main Campus	3,589	3,589	147	7,325
Tully Health Center	3,991	-	-	3,991
Darien Imaging Center*	1,653	-	-	1,653

Note: *Darien Imaging Center operated a 0.2 Tesla Open MRI scanner until June 2006.
 I/P= Inpatient, O/P= Outpatient, ED=Emergency Department
 (December 7, 2007, Completeness Letter Responses, page 1)

11. According to TSH, the capacity of its existing MRI scanners by site are as follows:

Table 4: TSH's MRI Capacity by Site (Number of Scans)

Site	Cap./ Week (100%)	Cap./ Year (100%)	Cap./ Week (75%)	Cap./ Year (75%)	FY '07 Actual Procedures	FY '07 Utilization (100%)	FY '07 Utilization (75%)
Tully Health Center	107	5,564	76	3,952	3,991	72%	101%
Darien Imaging Center	65	3,380	50	2,600	1,653	49%	64%
TSH Existing	206	10,712	153	7,956	7,325	68%	92%
TSH Proposed	216	11,232	163	8,476	7,825	70%	93%

Note: TSH based capacity on the following hours of operation and average scan times ("Available" is calculated by dividing the weekly hours of operation by average scan time, and "Adjusted" is 75% of Available, as TSH prefers to reserve time for emergency cases):

- Darien Imaging Center: M-F: 8am-4pm, 7.5 hours per day, 37.5hours per week, Average scan time 35 min, Available 65 & Adjusted 50;
 - Tully Health Center: M-F: 8am-11pm, 11 hours per day, Sat & Sun: 8am-4pm, 7.5 hours per day, 70 Hours per week, Average scan time 40 min, Available 107 & Adjusted 76;
 - TSH's Main Campus (Existing): M-F 7am-10pm, 14 hours per day, Sat. & Sun.: 8am-4pm, 7.5 hours per day, 85 Hours per week, Average scan time 25 min, Available 206 & Adjusted 153;
 - TSH's Main Campus (Proposed): M-F 7am-10pm, 14 hours per day, Sat & Sun: 8am-4pm, 7.5 hours per day, 85 Hours per week, Average scan time 23.6 min, Available 216 & Adjusted 163.
- (November 21, 2007, CON Application, page 7 and December 7, 2007, Completeness Letter Responses, pages 2-4)

12. Projected MRI volumes for each TSH facility offering MRI services are as follows:

Table 3: TSH's Projected MRI Volumes by Site

Site	FY 2008	FY 2009	FY 2010
TSH Main Campus*	7,825	7,950	8,075
Tully Health Center**	3,891	5,291	5,491
Darien Imaging Center***	1,787	1,921	2,113

*Due to the increased throughput of the new unit and enhanced functionality (cardiac function and brain perfusion), TSH anticipates 2 additional scans per day, for 250 days per year, in FY 2008, and an additional ½ scan per day for 250 days per year in both FYs 2009 and 2010.

**Projected decrease in FY 2008 is due to increased breast scanning activity, which takes an additional 20 minutes per scan. The FY 2009 projected volume anticipates the addition of a second MRI scanner dedicated to Breast MRI scans to handle the anticipated growth in breast exams due to the American Cancer Society and American College of Radiology Guidelines advocating for such use. FY 2010 represents a 4% increase over the projected Volume for FY 2009 based on historical experience.

***TSH projects annual volume increases of 5%, 7.5% and 10% at the Darien Imaging Center for FYs 2008-2010, respectively.

(November 21, 2007, CON application, page 6 and December 7, 2007, Completeness Letter Responses, page 2)

13. The Hospital will meet the ACR guidelines through clinical policies and procedures, medical staff credentialing, and quality assurance processes. (November 21, 2007, CON application, pages 10-12)

**Financial Feasibility and Cost Effectiveness 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 the Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

14. The estimated total capital cost of the CON proposal is \$2,113,831. The capital costs are itemized as follows:

Table 5: Total Capital Cost

Medical Equipment (MRI Purchase)	\$1,663,831
Construction/Renovation	\$450,000
Total Capital Expenditure	\$2,113,831

(November 21, 2007, CON Application, page 15 and December 7, 2007 Completeness Letter Responses, page 5)

15. TSH proposes to fund this proposal through equity, specifically through operating funds. *(November 21, 2007, CON application, page 17)*

16. The Hospital's projected incremental revenue from operations, total operating expense, and gain from operations associated with the CON proposal are as follows:

Table 6: Financial Projections Incremental to the Project

Description	FY 2008	FY 2009	FY 2010
Incremental Revenue from Operations	\$900,000	\$1,125,000	\$1,350,000
Incremental Total Operating Expense	\$683,214	\$555,480	\$557,747
Incremental Gain from Operations	\$216,786	\$569,520	\$792,254

(November 21, 2007, CON application, page 148)

17. There is no State Health Plan in existence at this time. *(November 21, 2007, CON application, page 3)*

18. The Hospital has adduced evidence that the proposal is consistent with its long-range plan. *(November 21, 2007, CON application, page 3)*

19. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, reengineering, and application of new technologies. *(November 21, 2007, CON application, page 13)*

20. TSH's current and three year projected payer mix for the proposed MRI scanner, are as follows:

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

Payer Mix	Current	Year 1	Year 2	Year 3
Medicare	28.4%	27.6%	27.6%	27.6%
Medicaid	5.2%	5.6%	5.6%	5.6%
Champus and TriCare	0%	0%	0%	0%
Total Government	33.6%	33.2%	33.2%	33.2%
Commercial Insurers	62.0%	63.0%	63.0%	63.0%
Uninsured	2.1%	2.2%	2.2%	2.2%
Workers Compensation	2.3%	1.6%	1.6%	1.6%
Total Non-Government	66.4%	68.8%	68.8%	68.8%
Total Payer Mix	100%	100%	100%	100%

(November 21, 2007, CON application, page 19)

21. The proposal will not result in any change to the Hospital's current patient/physician mix. *(November 21, 2007, CON application, page 13)*
22. The Hospital possesses sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(November 21, 2007, CON application, page 11 and Exhibit C)*
23. The Hospital's rates are sufficient to cover the proposed capital expenditures and operating costs associated with the proposal. *(November 21, 2007, CON application, page 148)*

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.

The Stamford Hospital (“TSH” or “Hospital”) is an acute care teaching hospital located at 30 Shelburne Road, in Stamford, Connecticut. Through the emergency CON process, TSH proposes to replace an existing GE Signa 1.5 Tesla Horizon magnetic resonance imaging (“MRI”) scanner at the Hospital’s main campus with a GE 1.5 Tesla Signa HDx MRI Scanner.

The existing MRI scanner is a refurbished scanner purchased in 1998 and originally manufactured in 1991. No CON authorization was required for the current MRI scanner due to the cost of the scanner being below the statutory thresholds at the time of the purchase. The current MRI scanner performed 7,468, 6,957, and 7,326 scans during FYs 2005, 2006 and 2007, respectively.

The current MRI scanner is fully depreciated, produces less than optimal image quality; is outdated; experiences maintenance issues, including scarcity of replacement parts; and is out of compliance with the City of Stamford’s ordinances. In addition, this is the only MRI currently operating at TSH’s main campus and it provides diagnostic services to the inpatient population and the emergency department, including the Hospital’s stroke patients. The proposed scanner will provide faster scan times, improved image quality, and increase capabilities for enhanced cardiac function and brain perfusion. OHCA finds that the replacement of the outdated MRI scanner with a new 1.5 Tesla MRI scanner will improve both access and quality of care for the Hospital’s patients in the service area.

The total capital expenditure for the CON proposal is \$2,113,831, financed through the Hospital’s equity, specifically through operating funds. TSH projects incremental gains from operations with the proposal of \$216,786, \$569,520, and \$792,254 in fiscal years 2008, 2009, and 2010 respectively. Although OHCA cannot draw any conclusions, TSH’s financial projections, and volumes upon which they are based, appear to be reasonable and achievable.

Order

Based upon the foregoing Findings and Rationale, The Stamford Hospital's ("TSH") Certificate of Need application for emergency authorization to acquire and operate a 1.5 Tesla Magnetic Resonance Imaging ("MRI") scanner at TSH's main campus, at a total capital expenditure of \$2,113,831, is hereby GRANTED.

1. This authorization shall expire on March 31, 2008. Should TSH's MRI replacement project not be completed by that date, TSH must seek further approval from OHCA to complete the project beyond that date.
2. TSH shall not exceed the approved total capital expenditure of \$2,113,831. In the event that TSH learns of potential cost increases or expects that final project costs will exceed those approved, TSH shall notify OHCA immediately.
3. This authorization requires the removal of TSH's existing MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to TSH's service provider locations. Furthermore, TSH will provide evidence to OHCA of the final disposition of the existing MRI scanner, by no later than six months after the new scanner has become operational.
4. This authorization allows TSH to lease a temporary mobile MRI scanner during installation and initial testing of the current MRI scanner.
5. TSH may only operate one MRI scanner on TSH's main campus at all times; therefore, the temporary mobile MRI scanner may only be operated during installation of the new MRI scanner. The contractual arrangement for the temporary mobile MRI scanner must be terminated effective the date the new authorized MRI scanner becomes fully operational at TSH's main campus.
6. The Applicant shall notify OHCA in writing of the following information by no later than March 31, 2008:
 - a) The name of the MRI scanner manufacturer;
 - b) The model name and description of the scanning unit;
 - c) The initial date of the operation of the new MRI scanner;
 - d) The termination date of the operation of the temporary mobile MRI scanner;

Should TSH 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

Signed by Commissioner Vogel on January 2, 2008

Date

Cristine A. Vogel
Commissioner

CAV:swl