



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Windham Community Memorial Hospital

Docket Number: 07-31061-CON

Project Title: Acquisition of Mobile Positron Emission Tomography-Computed Tomography Scanner

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

Filing Date: May 2, 2008

Presiding Officer: Cristine A. Vogel

Decision Date: July 1, 2008

Default Date: July 31, 2008

Staff Assigned: Steven W. Lazarus

Project Description: Windham Community Memorial Hospital (“Hospital”) proposes acquisition of a mobile Positron Emission Tomography-Computed Tomography (“PET-CT”) scanner to replace its existing mobile Positron Emission Tomography (“PET”) scanner, at a total capital expenditure of \$1,750,000.

Nature of Proceedings: On May 2, 2008, the Office of Health Care Access (“OHCA”) received the completed Certificate of Need (“CON”) application from the Hospital seeking authorization for the acquisition of a mobile Positron Emission Tomography-Computed Tomography (“PET-CT”) scanner to replace its existing mobile Positron Emission Tomography (“PET”) scanner, at a total capital expenditure of \$1,750,000. The Hospital is a Health care facility or institution as defined under Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning OHCA's receipt of the Hospital's Letter of Intent to file its CON application was published in *The Chronicle* on November 19, 2007, pursuant to Section 19a-639, C.G.S. OHCA received no responses from the public concerning the Hospital's Letter of Intent.

Pursuant to Section 19a-639, C.G.S. three individuals or an individual representing an entity with five or more people had May 23, 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 by May 23, 2008.

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 Hospital'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. Windham Community Memorial Hospital ("Hospital") is a non-profit acute care hospital located at 112 Mansfield Avenue, Willimantic. (*March 5, 2008, Initial CON Application Submission, page 1*)
2. The Hospital was authorized to provide Positron Emission Tomography ("PET") scanning services at the Hospital under Certificate of Need ("CON") authorization Docket No.: 01-515. (*August 1, 2001, OHCA Final Decision, Docket No.: 01-515*)
3. The Hospital proposes the acquisition of a Positron Emission Tomography-Computed Tomography Scanner ("PET-CT") scanner to replace its existing mobile PET scanner, authorized under Docket No.: 01-515. (*March 5, 2008, Initial CON Application Submission, pages 1&2*)

4. The Hospital based the need for the acquisition of the proposed PET-CT scanner on the following:
- Enhancing its existing cancer program;
 - Enhancing specificity and sensitivity of PET imaging; and
 - Improved access for physicians and patients of the Hospital.
- (June 13, 2006, Certificate of Need Application, pages 5-9)*

5. The total service area (“TSA”) for the Hospital is listed in the following table:

Table 1: Hospital’s TSA by Town

Service Area by Town	
TSA	Andover, Ashford, Chaplin, Columbia, Franklin, Hampton, Lebanon, Mansfield, Scotland and Windham

(March 5, 2008, Initial CON Application Submission, page 3)

6. The cancer program at the Hospital offers the following services:

Table 2: Hospital’s Existing Cancer Program Services

Chemotherapy	Medical Oncology/Hematology
Surgical Oncology	NCI Clinical Trials Participation
Pain Management	Discharge Planning/Continuing Care
Diagnostic Imaging	Rehabilitation
Social Services	Nutrition Support
Support Groups	Cancer Resource Center
Cancer Registry	

(March 5, 2008, Initial CON Application Submission, page 3)

7. The Hospital offers PET scanning services for its current cancer patient population, specifically related to:
- a. Diagnosis, Staging and Restaging of:
 - i. Non-small Cell Lung Cancer;
 - ii. Esophageal Cancer;
 - iii. Colorectal Cancer;
 - iv. Lymphoma;
 - v. Malignant Melanoma; and
 - vi. Head and Neck Cancer
 - b. Staging, Restaging and Treatment Monitoring of Breast Cancer;
 - c. Detection of TG=/RAI-Thyroid Cancer; and
 - d. Staging of Cervical Cancer (CT/MRI outside pelvis).
(March 5, 2008, Initial CON Application Submission, pages 4-5)

8. The cancer incidence data based on the 2006 data, is as follows:

Table 3: Cancer Incidence Data

	Connecticut	Windham County
Population, 2006*	3,504,809	116,872
Population of estimated cancer cases**	17,320	538

Note: *US Census-Bureau-Fact finder 2006-<http://www.census.gov/>

**SEER Cancer Statistics Review-These rates are based on cases diagnosed 2001-2005 from 17 SEER geographic areas.

(May 2, 2008, *Completeness Letter Responses*, page 268)

9. The proposed PET-CT scanner will provide the following benefits:

- a. Accurately aligned anatomical and functional patient images allowing abnormalities to be localized and distinguished from normal uptakes of the PET radioactive isotope; and
- b. The combination of the PET capabilities with CT technology has created a non-invasive imaging tool with increased sensitivity, shorter imaging times and ability to localize tumors more accurately.
 (March 5, 2008, *Initial CON Application Submission*, pages 2-3)

10. The Hospital stated that the a majority of the patients receiving therapeutic hematology and oncology treatments at the Hospital are affiliated with Oncology Associates of Hartford, P.C. (“Practice”), a multi-physician practice based at the Helen and Harry Gray Cancer Center in Hartford. (May 2, 2008, *Completeness Letter Responses*, page 241)

11. The Practice operates a satellite office at the Hospital in the Hospital’s Hatch Wing. The Practice provides chemotherapy treatments from 9:00 am to 5:00 pm. (May 2, 2008, *Completeness Letter Responses*, page 241)

12. The following table lists the current physicians of the Practice that are currently providing holding office hours at the Hospital and Hartford Hospital:

Table 4: Practice’s Physician Hours by Location

OAH physician	# of current working hours (weekly) at the Hospital	# of current hours (weekly) at Hartford Hospital
Dr. Baker	8 hours	24 hours
Dr. Dailey	8 hours	24 hours
Dr. Hong	8 hours	24 hours
Dr. Ray	16 hours	0

(May 2, 2008, *Completeness Letter Responses*, page 244)

13. The Practice's total annual patient visits are increasing at the satellite office as exhibited through the following table:

Table 5: Practice's Annual Patient Visits (Satellite Office)

FY 2005	FY 2006	FY 2007
1,658	1,778	1,912

(May 2, 2008, Completeness Letter Responses, page 241)

14. The number of chemotherapy treatments provided to the Practice's patients during FYs 2005-2007, are illustrated below:

Table 6: Chemotherapy Service to the Practice's Treatments (Satellite Office)

	FY 2005	FY 2006	FY 2007
Chemotherapy (Provided at Hospital by the Practice)	471	662	1,029
Chemotherapy (Provided by Hospital Staff)	134	143	99

(May 2, 2008, Completeness Letter Responses, page 241)

15. In addition to the Practice, the Hospital anticipates additional referrals from Lesek Kolodziejczak, M.D., a board certified surgical oncologist and Carolyn Runowicz, M.D., a board certified GYN oncologist who currently practice at the Hospital.
(March 5, 2008, Initial CON Application Submission, page 5)
16. The Hospital also participates in the Comprehensive Health Enhancement Support System ("CHESS") program in collaboration with Helen and Harry Grace Program Center at Hartford Hospital and University of Wisconsin.
(March 5, 2008, Initial CON Application Submission, page 5)
17. The historical volume of the Hospital's mobile PET scanner since inception of the service in 2001 is as follows:

Table 7: Hospital's Historical PET Volume

Calendar Year	2001	2002	2003	2004	2005	2006	2007
PET Scans	39	106	104	93	99	134	106

Note: The Hospital's current mobile PET scanner operates 2 days per month (one day every other week or 26 days per week), with current hours being 7 am to 5 pm.

In 2007, the Hospital experienced a decrease in volume because physicians needed to use the PET-CT scanning for some patients, which was unavailable at the Hospital.

(March 5, 2008, CON Application, page 8 and May 2, 2008, Completeness Letter Responses, pages 242-243)

18. According to the Hospital, the majority of the cases patients requiring PET-CT scanning were referred to Hartford Hospital. The Practice's staff at the Hospital estimates, that approximately five (5) patients per month were referred out for a PET-CT scan. *(May 2, 2008, Completeness Letter Response, page 244)*

19. The Hospital is projecting the following number of scans for the proposed PET-CT service:

Table 7: Projected PET-CT Scanner Utilization

Year 1	Year 2	Year 3
134	138	142

Note: During the first full year of operation of the PET-CT service, the Hospital projects to achieve the volume it had before physicians had to refer patients who needed PET-CT (rather than PET) to other providers, the 2006 volume of 134.

From that point on, there will be a minimum of a 3% increase in volume each year based on the increased rate of cancer patients who can utilize PET-CT scanning.

The Hospital based these projections on the Needs Analysis performed by Insight Health Corporation, a copy was provided to OHCA. The Needs Analysis focused on the technology advantages of the PET-CT scanner and the cancer incidence rates.

(March 5, 2008, Initial CON Application, page 8 and Attachment A)

20. According to the Hospital, just as subsequent introduction of mobile PET scanning services at William W. Backus Hospital (Norwich) and Day Kimball Hospital (Putnam) did not have a serious negative impact on the Hospital, so too the upgrade from a mobile PET scanning services to a mobile PET-CT scanning service will not have a negative impact on either of the aforementioned hospitals.

(May 2, 2008, Completeness Letter Responses, page 7)

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

21. The total proposed capital cost associated with this proposal is \$1,750,000. This is the fair market value of the proposed mobile PET-CT scanner. There is also an additional \$29,776 for capitalized financing costs (for informational purposes only).
(March 5, 2008, Initial CON Application, page 16)
22. The proposed PET-CT scanner will be purchased by the Insight Health Corporation ("Vendor"), and the Hospital will utilize the proposed PET-CT scanner on a contractual fee-for-service basis of \$6,500 per scan. *(March 5, 2008, Initial CON Application, pages 16 and Attachment L and May 2, 2008, Completeness Responses, page 248)*
23. The Hospital proposes to fund the proposal through equity contribution, specifically through operations (operating lease). *(March 5, 2008, Initial CON Application, pages 16-20, Attachment L and Completeness Letter Responses page 248-249)*
24. According to the Hospital's agreement with the Vendor, the Hospital needs to perform 10 PET-CT scans per month, or 120 PET-CT scans per year in order for this proposal

to remain profitable. The Hospital is projecting 134 PET-CT scans in its first year of operation. *(May 2, 2008, Completeness Letter Responses, pages 242-244)*

25. The Hospital is projecting an incremental gain from operations as a result of this proposal as follows:

Table 8: Projected Increases in Operating Revenue

	Year 1	Year 2	Year 3
Revenue from Operations	\$252,000	\$258,000	\$267,000
Total Operating Expenses	\$159,000	\$164,000	\$169,000
Gain from Operations	\$93,000	\$94,000	\$98,000

(May 2, 2008, Completeness Letter Responses, page 291)

26. There is no State Health Plan in existence at this time. *(March 5, 2008, Initial CON Application, page 2)*
27. The Hospital has adduced evidence that the proposal is consistent with its long-range plan. *(March 5, 2008, Initial CON Application, page 2)*
28. The Hospital has improved productivity and contained costs through energy conservation, reengineering and through application of new technology. *(March 5, 2008, Initial CON Application, page 13)*
29. The proposal will not result in any changes to the Hospital's teaching and research responsibilities. *(March 5, 2008, Initial CON Application, page 14)*
30. The proposal will not result in any change to patient/physician mix of the Hospital. *(March 5, 2008, Initial CON Application, page 14)*
31. The Hospital has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(March 5, 2008, Initial CON Application, page 12 and Attachment F)*
32. The Hospital's rates are sufficient to cover the proposed operating costs associated with the proposal. *(May 2, 2008, Completeness Letter, page 291)*

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 Windham Community Memorial Hospital (“Hospital”) began providing mobile Positron Emission Tomography (“PET”) scanning service at the Hospital in 2001, one day every other week. The Hospital is proposing the acquisition of a mobile Positron Emission Tomography-Computed Tomography (“PET-CT”) scanner to operate at the Hospital one day every other week. The Hospital’s proposal will improve access to care by accommodating more scans and by enhancing the specificity and sensitivity of PET imaging for the Hospital’s patients.

This proposal will enhance the Hospital’s existing cancer program, which currently offers a full range of cancer services. According to the Hospital, the majority of patients receiving therapeutic hematology and oncology treatments at the Hospital are affiliated with Oncology Associates of Hartford, P.C. (“Practice”), a multi-physician practice based at the Helen and Harry Gray Cancer Center in Hartford. The Practice operates a satellite office located in the Hospital’s Hatch wing, five days a week. The Practice is currently referring an estimated five PET-CT imaging referrals to Hartford Hospital each month. In addition to the Practice, the Hospital stated that two additional oncologists will act as an additional source of referral for the proposed PET-CT scanner. The proposed PET-CT scanner will improve image quality and accuracy in disease staging, surgical planning, and radiation treatment planning; reduce the number of invasive procedures such as biopsies and unnecessary surgeries; improve patient comfort; and decrease motion artifacts due to faster scanning times. There are no providers of PET-CT services within the Hospital’s service area; the closest providers are located in the towns of Norwich and Putnam. The Hospital’s proposal for the acquisition of the PET-CT scanner will improve both the accessibility and quality of PET-CT services for the patients of the Hospital.

The total capital cost associated with the proposed project is \$1,750,000. The vendor, Insight Health Corporation will own the PET-CT scanner, and the Hospital will utilize the proposed scanner on a fee-for-service basis. The Hospital plans to fund the proposal through its equity, specifically through operations. The Hospital projects an incremental gain from operations for the first three years of operation as a result of implementation of the proposal of \$93,000, \$94,000 and \$98,000, respectively. Although OHCA can not draw any conclusions, the volumes and financial projections appear to be reasonable and achievable.

Order

Based on the foregoing Findings of Fact and Rationale, the Certificate of Need application of Windham Community Memorial Hospital (“Hospital”) proposing to acquire a Positron Emission Tomography-Computed Tomography (“PET-CT”) Scanner to replace the existing mobile Positron Emission Tomography scanner, at a total capital cost of \$1,750,000, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire on March 31, 2009. Should operation of the PET- CT scanning service 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 total capital cost of \$1,750,000, the fair market value of the proposed PET-CT scanner. In the event that the Hospital learns of potential capital 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. The Hospital shall file with OHCA utilization statistics for this mobile PET-CT scanner service on a quarterly basis for two full years of operation. Each quarterly filing shall be submitted to OHCA by no later than one month following the end of each reporting period (e.g., January, April, July and October). The initial report shall list the date on which the mobile PET-CT scanner commenced operation. The quarterly reports shall be filed by Hospital and include the following information:
 - Total number of scans scheduled for the mobile PET-CT scanner;
 - Total number of scans performed by the mobile PET-CT scanner;
 - Average patient waiting time from the scheduling of the scan to the performance of the scan;
 - Number of scans by patient zip code;
 - Hours and days of operation for each week and in total; and
 - Number of scans by Medicare diagnostic code.
4. This authorization requires that use of the Hospital’s existing PET scanner at the Hospital be discontinued upon implementation of the PET-CT scanning service.

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 July 1, 2008

Date

Cristine A. Vogel
Commissioner