



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: The William W. Backus Hospital

Docket Number: 07-31070-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing 1.5 Tesla Magnetic Resonance Imaging Scanner

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

Filing Date: December 3, 2007

Hearing: Waived

Decision Date: January 4, 2008

Staff: Diane Duran

Project Description: The William W. Backus Hospital requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its existing magnetic resonance imaging (“MRI”) scanner equipment, at a total capital cost of \$2,098,394.

Nature of Proceedings: On December 3, 2007, the Office of Health Care Access (“OHCA”) received the waiver of Certificate of Need (“CON”) request for replacement equipment from The William W. Backus Hospital (“Hospital”). The Hospital proposes to replace its existing MRI scanner equipment, at a total capital cost of \$2,098,394. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA’s authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c of the 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

1. On May 22, 1990, in a Final Decision under Docket Number 89-564, The William W. Backus Hospital (“Hospital”), Day Kimball Hospital (“DKH”), Lawrence and Memorial Hospital (“LMH”) and Linc Scientific Imaging, Inc. (“LSI”), the operating entity received Certificate of Need (“CON”) authorization from the Commission on Hospital’s and Health Care (“CHHC”), predecessor to the Office of Health Care Access (“OHCA”), to acquire and operate a 0.5 Tesla mobile MRI scanner, at a total capital cost of \$2,149,862. *(December 3, 2007, CON Waiver Form 2040, page 2, and May 22, 1990, Commission on Hospital’s and Health Care, Final Decision, Docket Number: 89-564)*
2. Under CHHC order, Docket Number 89-564, LSI was purchased by Mobile Technology, Inc. (“MTI”) to become the operating entity providing the mobile MRI service Monday through Saturday to the Hospital, DKH, and LMH on a fee per scan basis. *(June 5, 1997, Office of Health Care Access, Final Decision, Docket Number: 97-504R, page 1 and September 4, 1994, Commission on Hospital’s and Health Care, Final Decision, Docket Number: 93-550R, page 1)*
3. On March 22, 1992, under Docket Number 91-521R, CHHC granted a modification of its order under Docket Number 89-564 to expand the mobile MRI service to include Sunday operations shared equally by the Hospital, DKH and LMH at no additional capital cost. *(June 5, 1997, Office of Health Care Access, Final Decision, Docket Number: 97-504R, page 1)*
4. On November 4, 1993, in a Final Decision under Docket Number 93-555, CHHC granted the request of LMH and MTI to terminate its participation in the shared mobile MRI service. The Hospital and DKH were to continue their respective schedule of MRI operations without re-allocation of the mobile MRI hours of LMH. *(November 4, 1993, Commission on Hospital’s and Health Care, Final Decision, Docket Number: 93-555 and June 5, 1997, Office of Health Care Access, Final Decision, Docket Number: 97-504R, page 1)*
5. On September 1, 1994, The William W. Backus Hospital and DKH received CON authorization, issued under Docket Number 93-550R, to replace the 0.5 Tesla mobile MRI unit with a new 1.0 Tesla mobile MRI unit at a capital cost of \$2,507,170. *(September 1, 1994, Commission on Hospital’s and Health Care, Final Decision, Docket Number: 93-550R)*
6. The William W. Backus Hospital in July 1999, became the sole lessee of the mobile MRI unit authorized in the order issued under Docket Number 93-550R, when DKH entered into a consortium MRI service arrangement with another Connecticut Acute Care Hospital. *(December 28, 1999, the Office of Health Care Access, CON Waiver Decision, Docket Number: 99-1506)*
7. On December 28, 1999, The William W. Backus Hospital received CON authorization, issued under Docket Number 99-1506, to replace the 1.0 Tesla mobile MRI unit with a new 1.5 Tesla mobile MRI unit at a capital cost of \$1,778,677. *(December 28, 1999, the Office of Health Care Access, CON Waiver Decision, Docket Number: 99-1506)*

8. The Hospital is requesting a waiver of CON requirements for the purpose of replacement of an existing Siemens Symphony 1.5 Tesla, Magnetic Resonance Imaging (“MRI”) scanner, acquired by the Hospital, which was authorized by the OHCA, through a Final Decision approved under Docket Number: 99-1506. *(December 3, 2007, CON Waiver Form 2040, pages 3 & 4 and December 28, 1999, the Office of Health Care Access, CON Waiver Decision, Docket Number: 99-1506)*
9. Pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S”), a proposal may be eligible for a waiver of replacement equipment from the CON process when a provider has previously received Certificate of Need authorization from OHCA for the equipment to be replaced and when the cost or value of the replacement equipment will not exceed \$3 million. *(Section 19a-639c, C.G.S.)*
10. The Hospital operates the 1.5 Tesla MRI scanner currently located on a stationary enclosed trailer seven days per week at the Hospital at 326 Washington Street in Norwich. *(December 3, 2007, CON Waiver Form 2040, pages 2 and 4)*
11. The Hospital plans to acquire and operate a Siemens Avanto 1.5 Tesla, MRI scanner as its replacement equipment in the same location. *(December 3, 2007, CON Waiver Form 2040, pages 1, 2 & 4 and Vendor Quotation, Exhibit 1)*
12. The Hospital indicates the existing MRI scanner provides the following: *(December 3, 2007, CON Waiver Form 2040, page 4)*
 - Magnetic Resonance Angiography;
 - High resolution exams of the joints, wrist, shoulder, knee, elbow, endocavity imaging of the prostate and other types of MRI exams; and
 - MR mammography and visualization of soft tumors.
13. The Hospital states that the existing MRI scanner needs to be replaced due to the following: *(December 3, 2007, CON Waiver Form 2040, pages 4 and 5)*
 - Inability to perform breast biopsies, bilateral breast images and exams involving conscious sedation;
 - Inability to diagnose heart disease as well as disease in the arteries; and
 - Inability to perform high field MRI examinations.
14. The Hospital states that the new MRI scanner will provide the following: *(December 3, 2007, CON Waiver Form 2040, page 5)*
 - Enhanced image clarity, increased imaging processing speed, and high resolution;
 - Improved efficiency of operation;
 - Reduced noise by up to 97% during a MRI procedure;
 - Reduced procedure time resulting from a wider tube reducing the risk of claustrophobia; and
 - Improved patient accessibility by providing a low table height and supporting patients up to four hundred pounds.
15. The total capital cost for the replacement project is \$2,098,394, which consists of the purchase price of the replacement MRI scanner. *(December 3, 2007, CON Waiver Form 2040, page 3)*

16. The capital cost of \$2,098,394, for the replacement MRI scanner equipment is below the \$3 million threshold used to determine whether a request is eligible to receive a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(December 3, 2007, CON Waiver Form 2040, page 4)*
17. The Hospital will fund the proposal through its equity. *(December 3, 2007, CON Waiver Form 2040, page 4)*
18. The Hospital intends to begin operating the new MRI scanner upon CON approval. *(December 3, 2007, CON Waiver Form 2040, page 2)*
19. The replacement MRI scanner will serve the Hospital's existing patient population with no anticipated changes in the payer mix due to the proposal. *(December 3, 2007, CON Waiver Form 2040, page 4)*

Rationale

The William W. Backus Hospital (“Hospital”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, of the C.G.S. The Hospital is seeking to replace an existing 1.5 Tesla Magnetic Resonance Imaging (“MRI”) scanner with a 1.5 Tesla MRI scanner with advanced capability.

The Hospital’s existing MRI scanner needs to be replaced as the existing unit is not considered the preferred high field MRI unit for performance of certain MRI examinations. Additionally, the current MRI scanner lacks the ability to diagnose heart disease as well as disease in the arteries and to perform breast biopsies, bilateral breast images and exams involving conscious sedation. The Hospital’s proposed MRI scanner will enhance image clarity, increase imaging processing speed and high resolution, and improve efficiency of operation. The reduced procedure time will result from a wider tube that will reduce the risk of claustrophobia and improve patient accessibility by providing a low table height and supporting for patients up to four hundred pounds.

The capital cost for the proposed replacement MRI scanner is \$2,098,394, which is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. The Hospital will fund the replacement project through an equity contribution.

Order

Based on the foregoing Findings and Rationale, OHCA has determined that The William W. Backus Hospital's ("Hospital") request for a waiver of CON requirements for replacement equipment in order to replace an existing Magnetic Resonance Imaging ("MRI") scanner, at a total capital cost of \$2,098,394, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. and is hereby Granted subject to the following conditions.

1. This authorization shall expire on May 5, 2008. Should the Hospital's replacement project 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 capital cost of \$2,098,394. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall notify OHCA.
3. With respect to the acquisition of the new MRI scanner, the Hospital shall notify OHCA regarding the following information in writing by no later than two months after the system becomes operational:
 - a) The name of the system manufacturer;
 - b) The model name and description of the system; and
 - c) The initial date of the operation of the system.
4. This authorization requires the removal of the Hospital's existing MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's Connecticut service locations. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the existing MRI scanner to be replaced by no later than September 5, 2008.
5. Should the Hospital propose any change in the MRI scanner service, the Hospital shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

Should the Hospital 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 4, 2008

Date

Cristine A. Vogel
Commissioner

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