



## Office of Health Care Access

### Modification of a Previously Authorized Certificate of Need

**Applicants:** The Norwalk Hospital Association d/b/a Norwalk Hospital and Norwalk Radiology and Mammography Center

**Modification Docket Number:** 08-30827-MDF

**Modification Project Description:** A request to modify a previous Certificate of Need authorization in order to increase the authorized capital expenditure by \$594,000, from \$2,263,399 to \$2,857,399 and to extend the CON expiration date from July 20, 2008 to December 31, 2008.

**Original Project Docket Numbers and Title:** Docket Number 06-30827-CON  
Acquire and Operate an Additional Outpatient 1.5 T High Field Magnetic Resonance Imaging Scanner

**Statutory Reference:** Sections 4-181a(b), Connecticut General Statutes

**Filing Date:** July 21, 2008

**Decision Date:** August 19, 2008

**Staff:** Karen Roberts

**Project Description:** The Norwalk Hospital Association d/b/a Norwalk Hospital and Norwalk Radiology and Mammography Center (together "Applicants") request a modification of the Certificate of Need ("CON") authorization issued under Docket Number 06-30827-CON in order to increase the authorized capital expenditure by \$594,000, from \$2,263,399 to \$2,857,399 and to extend the CON expiration date from July 20, 2008 to December 31, 2008. The CON under Docket Number 06-30827-CON authorized the Applicants to acquire and operate an additional outpatient 1.5 Tesla High Field MRI, at a total capital expenditure of \$2,263,399.

## Findings of Fact

1. On July 20, 2007, under Docket Number 06-30827-CON, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) to The Norwalk Hospital Association d/b/a Norwalk Hospital and Norwalk Radiology and Mammography Center (together “Applicants”) to acquire and operate an additional outpatient 1.5 Tesla High Field MRI, at a total capital expenditure of \$2,263,399 at 148 East Avenue in Norwalk, the Norwalk Radiology and Mammography Center.
2. Conditions #1 and #2 of the CON authorization states the following:
  - “1. *This authorization shall expire on July 20, 2008. Should the Applicants MRI scanning project not be completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.*”
  - “2. *The Applicants shall not exceed the approved total capital expenditure of \$2,263,399. In the event that the Applicants learn of potential cost increases or expects that final project costs will exceed those approved, the Applicants shall notify OHCA immediately.*”
3. On July 21, 2008<sup>1</sup>, OHCA received the Applicants’ request to increase the authorized total capital expenditure, by \$594,000, from \$2,263,399 to \$2,857,399 and to extend the CON expiration date from July 20, 2008 to December 31, 2008. (*Source: Page 3 of the July 21, 2008 modification request*)
4. Regarding the request for an increased capital expenditure:
  - a. The Applicants’ indicate that the requested increase is partly due to the increase in the cost of materials for renovation of space. At the time the CON was submitted in 2006, the “*cost of raw building materials was much lower.*” It will cost an additional \$407,700 to construct the MRI space, disassemble the existing Women’s Center, and relocate it within the same building.
  - b. In addition, after renovations had begun, the Applicants “*discovered that the existing heating and air conditioning systems in the space where the MRI will be located need to be replaced and upgraded for the MRI in order to stay within code compliance. Those upgrades will cost \$186,300.*” (*Source: Page 3 of the July 21, 2008 modification request*)
5. The Applicants’ will fund the additional capital expenditure amount through operating funds. (*Source: Page 4 of the July 21, 2008 modification request*)
6. Regarding the request for an extension of the CON expiration date:

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<sup>1</sup> The filing of the modification request is determined to be received by OHCA by the CON expiration date, as the CON expiration date occurred on a weekend and not a business day.

- a. The Applicants indicate that it *“took longer than expected for the qualified Architect/Engineer to complete the construction drawings. Due to this delay, the construction drawings were not finalized until September 2007 and the first phase of construction did not actually begin until November 2007.”*
  - b. The Applicants further indicate that *“Actual existing conditions of the electrical and mechanical project components were slightly different than originally understood”* and that *“Adjustments had to be made to the phasing plan in order to maintain electrical and HVAC services to areas not under renovation. These adjustments took additional time to resolve.”*
  - c. The Applicants also indicate that *“Lead time on many of the construction materials were outside original projections: These items included flooring, doors, and lighting fixtures and the unexpected lead time created construction delays.”*
  - d. In order to complete the full scope of the project and continue to provide patient services without interruption, the total construction time is now estimated to be 14 months instead of the six months originally projected, and the Applicants anticipate project completion by December 2008.  
*(Source: Pages 4-5 of the July 21, 2008 modification request)*
7. The project is currently in the construction phase that involves the relocation of the Suite for Women’s Imaging, as outlined in the original CON application, to space formerly used for administrative functions. This relocation is a prerequisite to the creation of the space where the new MRI unit will be located. The relocation of the Women’s Imaging space is close to completion with mechanical inspections due the week of July 7<sup>th</sup> (as indicated by the Applicants at the time of the July 21, 2008 filing). The occupancy date for the relocated Women’s Imaging services was planned for July 21, 2008. The Applicants indicate that the construction will then transition into the renovations needed for the placement of the new MRI unit (i.e., shielding) with completion anticipated for December 2008.  
*(Source: Page 6 of the July 21, 2008 modification request)*
8. This request does not result in a change in the scope of the project originally reviewed and authorized by OHCA.

## Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 06-30827-CON to Section 19a-637 of the Connecticut General Statutes, is not significantly altered by this request for a modification under Docket Number 08-30827-MDF. The modification proposal does not alter the intended scope of the project originally reviewed and acted upon by OHCA and the increased costs and extension of time appear to be for circumstances that were unanticipated by the Applicants at the time of the original CON filing. The request for an additional \$594,399 and the request for an extension of time to December 31, 2008 both appear to be justified and reasonable.

## Order

Based on the above discussion and the reasons provided in the Applicants' modification request, OHCA hereby **Grants** the request and allows a modification of the CON Order under Docket Number 06-30827-CON. Conditions #1 and #2 of the CON Order under Docket Number 06-30827-CON are modified as follows:

1. This authorization shall expire on December 31, 2008. Should the Applicants MRI scanning project not be completed by that date, the Applicants must seek further approval from OHCA to complete the project beyond that date.
- “2. The Applicants shall not exceed the approved total capital expenditure of \$2,857,399. In the event that the Applicants learn of potential cost increases or expects that final project costs will exceed those approved, the Applicants shall notify OHCA immediately.”

All other conditions set forth in the CON authorization under Docket Number 06-30827-CON, remain in full effect.

By Order of the  
Office of Health Care Access

*Signed by Commissioner Vogel on August 19, 2008*

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Date

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Cristine A. Vogel  
Commissioner

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