



Office of Health Care Access

Modification of Previously Authorized Certificate of Need

Applicant: Yale-New Haven Hospital

Modification Docket Number: 08-30901-MDF

Modification Project Title: A request to modify a previous Certificate of Need authorization to extend the CON expiration date.

Original Project Docket Number and Title: Docket Number 06-30901-CON:
Replace an existing single-slice CT scanner with a 64-slice CT scanner

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

Filing Date: May 16, 2008

Decision Date: May 27, 2008

Staff: Karen Roberts

Project Description: Yale-New Haven Hospital (“Hospital”) proposes a modification of the Certificate of Need (“CON”) authorization issued under Docket Number 06-30901-CON, in order to extend the CON expiration date from September 20, 2008 to September 20, 2009. The CON authorization was for the replacement of existing single-slice Computed Tomography (“CT”) scanner at the Hospital’s Temple Radiology Center at 3000 Dixwell Avenue, Hamden with a 64-slice CT scanner at a total capital cost of \$1,969,502.

Findings of Fact

1. On September 20, 2007, under Docket Number 06-30901-CON, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) pursuant to Section 19a-639 of the Connecticut General Statutes to Yale-New Haven Hospital (“Hospital”) to replace an existing single-slice Computed Tomography (“CT”) scanner at the Hospital’s Temple Radiology Center at 3000 Dixwell Avenue, Hamden with a 64-slice CT scanner at a total capital cost of \$1,969,502. Condition #1 of the CON Order states the following:
 - “1. *This authorization shall expire on September 20, 2008. Should the Applicant’s CT imaging project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.*”
2. On April 17, 2008, OHCA received the Hospital’s request to modify the CON Final Decision under Docket Number 06-30901-CON, in order to extend the CON expiration date from September 20, 2008 to September 20, 2009. Additional information was received on May 16, 2008 and the matter was deemed complete under Docket Number 08-30901-MDF. The Hospital provides the following information related to this request:
 - a) The initial CON approval in September 2007 was based on an in-place replacement of the CT scanner at the existing site at 3000 Dixwell Avenue in Hamden, Connecticut. The Hospital now plans to relocate the entire Hamden Temple Radiology Center from 3000 Dixwell Avenue in Hamden to 2560 Dixwell Avenue in Hamden and wants to postpone the delivery of the authorized unit until after the relocation. This relocation is less than one mile in distance. *(April 17, 2008 Modification Request, Cover Letter and Page 2)*
 - b) The lease for the 3000 Dixwell Avenue site expires on June 30, 2010 and the Hospital has evaluated whether to negotiate a lease renewal at the current space or lease an alternative site. The Hospital concluded it is more beneficial to relocate the center. *(April 17, 2008 Modification Request, Page 4)*
 - c) The Hospital indicates that the renewal terms for rent at the current site are significantly higher than the terms for the alternative location.¹ In addition, the alternative site resolves significant issues experienced with the electrical power service in the existing space as well as offers better parking in a less congested setting.² *(April 17, 2008 Modification Request, Page 4)*

¹ The Hospital received new lease terms from a new building owner for the 3000 Dixwell Avenue site on September 24, 2007. This was four days subsequent to the CON authorization regarding the CT scanner replacement. *(May 16, 2008 completeness responses, pages 3-4)*

² The Hospital toured the 2560 Dixwell Avenue site, a new professional medical building, on October 2, 2007 and on November 20, 2007; Yale signed a non-binding letter of intent for the lease of space contingent upon OHCA approval. *(May 16, 2008 completeness responses, pages 2-4)*

- d) The Hospital will formally execute the new physical plant lease upon OHCA modification. The timeframe for design, permitting, construction, and completion will be from 210 to 300 days after lease execution. *(May 16, 2008 completeness responses, Page 1)*
- e) The Hospital indicates that if it went forward with the acquisition and installation of the new unit now at the current location and then relocated the unit later when the new site is ready, this will result in two periods of downtime, initial installation, and then reinstallation. *(May 16, 2008 completeness responses, page 2)*
- f) The Hospital indicates that relocation and installation of the new scanner would be significantly more expensive, requiring major structural modification to the building for both installation and removal in a relatively short period of time and that the additional cost to reinstall the equipment in the new building would not only add significant incremental construction costs, but additional vendor installation costs as well.³ *(May 16, 2008 completeness responses, page 2)*
- g) After the CON approval in September 2007, the electrical contractor began preparing for the site work to install the new unit and then determined that it would need a release of liability for any work done at the current property given the poor power quality and the age, current condition and non-code conforming state of 3000 Dixwell Avenue site. This was communicated in a letter from the contractor on October 19, 2007 and from the electrician on October 17, 2007 both of which the Hospital has submitted copies of. *(May 16, 2008 completeness responses, pages 2-3 and 13-14)*
- h) The Hospital also indicates that in January 2008, the electrician further reiterated that more extensive electrical upgrades would be necessary to the building than originally anticipated; this was determined while an aging radiography machine was being replaced at the 3000 Dixwell Avenue site. *(May 16, 2008 completeness responses, page 3)*
- i) The Hospital has entered into a lease with GE Healthcare Financial Services for the CT acquisition. GE has agreed to delay the delivery of the unit until the new space is prepared. *(April 17, 2008 Modification Request, Page 5)*
- j) The existing single slice CT scanner will remain fully operational until the new unit is installed and ready for use. No loss of patient access to services will occur. *(May 16, 2008 completeness responses, Page 1)*

³ The initial installation costs are included in the purchase price for the unit. A removal and reinstallation would result in additional vendor fees. *(May 16, 2008 completeness responses, page 2)*

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 06-30901-CON, to Section 19a-637, C.G.S., is not altered by this request for a modification under Docket Number 08-30901-MDF. The Hospital has demonstrated that it has been making sufficient and appropriate efforts toward implementing this project and the additional time needed to complete the project will not result in a change to project scope or the authorized capital expenditure. The reasoning for the relocation of the project from the 3000 Dixwell Avenue location to the 2560 Dixwell Avenue location, and thus the one year time extension, is reasonable and for reasons that are beyond the Hospital's direct control. The significant electrical problems and the change in lease expense were unforeseen at the time of the filing of the initial CON application and the CON authorization in 2007. Due to the circumstances presented to OHCA by the Hospital, OHCA finds the request for one year extension reasonable.

Order

Based on the above discussion and the reasons provided in the Hospital's modification request, OHCA hereby grants the request and modifies the CON authorized under Docket Number 06-30901-CON. The Order is revised as follows to reflect the change in project location:

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Yale-New Haven Hospital ("Hospital" or "Applicant") to replace an existing single-slice Computed Tomography ("CT") scanner at the Hospital's Temple Radiology Center at 2560 Dixwell Avenue, Hamden with a 64-slice CT scanner at a total capital cost of \$1,969,502, is hereby GRANTED.

Condition Number One of the previous modification authorization under Docket Number 06-30901-CON is modified as follows:

1. This authorization shall expire on September 20, 2009. Should the Applicant's CT imaging project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.

All other conditions set forth in the CON authorization issued under Docket Number 06-30901-CON not modified herein, will remain in full effect.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on May 23, 2008

Date

CAV/kr

Cristine A. Vogel
Commissioner