



Office of Health Care Access

A Modification of a Previously Authorized Certificate of Need

Applicant: Johnson Memorial Hospital

Modification Docket Number: 08-30950-MDF

Modification Project Title: A request to modify a previous Certificate of Need authorization in order to extend the CON expiration date from October 3, 2008 to October 3, 2009 and to reduce the authorized capital expenditure from \$1,245,600 to \$453,000.

Original Project Docket Number and Title: Docket Number 07-30950-WVR; The Replacement of an Existing Computed Tomography Scanner

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

Filing Date: October 2, 2008

Decision Date: October 7, 2008

Staff: Karen Roberts

Project Description: Johnson Memorial Hospital requests a modification of the Certificate of Need authorization under Docket Number 07-30950-WVR, in order to extend the CON expiration date from October 3, 2008 to October 3, 2009 and to reduce the authorized capital expenditure from \$1,245,600 to \$453,000.

Findings of Fact

1. On April 3, 2007, under Docket Number 07-30950-WVR, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) to Johnson Memorial Hospital (“Hospital”) to replace its existing single-slice computed tomography (“CT”) scanner, at a total capital cost of \$1,245,600, pursuant to Section 19a-638c of the Connecticut General Statutes.

2. Conditions #1 and #2 of the CON authorization state the following:

“1. This authorization shall expire on October 3, 2008. Should the Hospital’s CT 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 \$1,245,600. In the event that the Hospital learns of potential 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. On October 2, 2008, the Hospital filed a Form 2050 request for modification of this CON in order to extend the CON expiration date set forth in Condition #1 by one year, from October 3, 2008 to October 3, 2009. In addition, the Hospital is choosing to obtain a lower cost 16 slice CT scanner¹ to replace the existing scanner and the project is now estimated to cost only \$453,000 rather than the capital expenditure of \$1,245,600 previously granted.
4. The Hospital is currently under the management of an interim management team engaged to develop and implement turnaround plan for the currently financially distressed hospital. At the time of the engagement of the current management team, all major capital purchases, including the purchase of the authorized CT scanner were put on hold to assess the feasibility of such purchases.
5. Upon review of this planned purchase, the current management team determined that, due to the age of the existing single-slice CT scanner and the potential down-time that could result in continuing to utilize the existing unit, it remains necessary to replace the existing unit. The Hospital states that the existing scanner is unable to provide all studies considered to be the standard of care. The Hospital is now planning to proceed with the acquisition of a 16-slice unit rather than a 64-slice unit.
6. The Hospital indicates that the purchase of a 16-slice unit will still allow for faster throughput, improved reputation and image quality and improved CT diagnostic capabilities. The Hospital has decided that the 16 slice unit is also more appropriate for a hospital of the Applicant’s size which does not offer a more comprehensive cardiac program.
7. The Hospital now plans to acquire a Siemens Somatom Emotion unit at a unit cost of \$433,000. The renovations related to such installation are estimated be \$20,000, for a revised total project cost of \$453,000.
8. The Hospital indicates that the requested extension will provide sufficient time to finalize the purchase, the acquisition, and the installation of the CT scanner.

¹ The Hospital had originally proposed to obtain a 64 slice CT scanner and had based the authorized capital expenditure of \$1,245,600 on that higher level unit.

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 07-30950-WVR, to Section 19a-637, C.G.S., is not altered by this request for a modification under Docket Number 08-30950-MDF. It is the Hospital's intent to complete the project as reviewed and authorized by OHCA and the Hospital indicates that the replacement project should be implemented by October 3, 2009. The Hospital has sufficiently explained the barriers that have occurred, which have prevented the Hospital from fully completing the project in the timeframe previously authorized. In addition, OHCA finds that the Hospital's decision to acquire a 16-slice CT scanner instead of the originally planned 64-slice unit is both reasonable and sound considering the Hospital's current financial distress. Therefore, the reduction in the authorized capital expenditure is also acceptable to OHCA.

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 07-30950-CON.

Condition #1 of the previous authorization under Docket Number 07-30950-WVR is modified as follows:

1. This authorization shall expire on October 3, 2009. Should the Hospital's CT replacement project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.

Condition #2 of the previous authorization under Docket Number 07-30950-WVR is modified as follows:

2. The Hospital shall not exceed the approved capital cost of \$453,000. In the event that the Hospital learns of potential 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.

All other conditions set forth in the CON authorization issued under Docket Number 07-30950-CON, not modified herein, will remain in full effect.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on October 7, 2008

Date

CAV/kr

Cristine A. Vogel
Commissioner