



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Yale-New Haven Hospital

**Docket Number:** 08-31082-CON

**Project Title:** Acquisition and Operation of an Angiography Suite With Digital Flat Detector, Replacing an Existing Single-Plane Angiography Suite

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

**Filing Date:** May 2, 2008

**Decision Date:** July 14, 2008

**Default Date:** July 31, 2008

**Staff:** Jack A. Huber

**Project Description:** Yale-New Haven Hospital proposes to acquire and operate an angiography suite with digital flat detector, replacing an existing single-plane angiography suite, at a total capital expenditure of \$2,923,729.

**Nature of Proceedings:** On May 2, 2008, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application seeking authorization to acquire and operate an angiography suite with digital flat detector, replacing an existing single-plane angiography suite. The proposed total capital expenditure of the project is \$2,923,729. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Pursuant to Section 19a-639, C.G.S., a notice to the public concerning OHCA’s receipt of the Hospital’s Letter of Intent was published by the New Haven Register on January 19, 2008. OHCA received no responses from the public concerning the Hospital’s proposal.

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

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-639 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. Yale-New Haven Hospital ("Hospital") is an acute care, teaching hospital located at 20 York Street in New Haven. *(January 4, 2008, Letter of Intent, page 8)*
2. The Hospital is requesting the acquisition and operation of an angiography suite with digital flat detector, replacing an existing single-plane angiography suite. The proposal also includes renovations necessary to accommodate the new system. *(May 2, 2008, Initial CON application, page 10)*
3. The original suite was approved by the Commission on Hospitals and Health Care, predecessor to the Office of Health Care Access ("OHCA"), as a budget item in the Hospital's fiscal year ("FY") 1977 budget authorization. *(May 2, 2008, Initial CON application, page 10)*
4. The existing single-plane suite is currently used to perform less complicated angiographic and special procedures including abscess, nephrostomy, biliary, pleural and other drainage catheter placements, checks and changes; cholangiograms; interior vena cava filter placements; gastric tube placements, checks and changes; central venous access device placement, checks and changes; extremity venograms and ultrasound guided biopsies. *(July 7, 2008, Additional Information submitted by the Hospital, page 164)*
5. The Hospital plans to acquire and operate a General Electric, Innova 4100 IQ, digital, single-plane angiography system as its replacement equipment for use in the Hospital. *(May 2, 2008, Initial CON application, page 20 and Attachment XIII, page 123)*
6. The Hospital states that providing safe, high quality interventional services is important in its goal of improving patient safety and clinical quality. *(May 2, 2008, Initial CON application, page 10)*
7. The Hospital's proposal is based on the following factors:
  - The existing system is over 30 years old and has exceeded its useful life;
  - Given the systems age, it has become prone to breakdown and replacement parts for the system have become increasingly difficult to obtain, resulting in longer and more frequent downtime, which subsequently affects patient care delivery;

- Key capabilities and tools are provided with the replacement equipment that are unavailable with the current equipment and which the Hospital deems necessary to meet its patient safety and clinical quality goals. The capabilities/tools include:
    - Enhanced imaging and resolution;
    - Integrated rapid network capabilities that facilitate interfacing with other systems for more efficient patient treatment planning and workflow; and
    - Automated radiation dose reduction and dose recording, which is particularly important for patients, including children, who require repeat procedures.

(May 2, 2008, Initial CON application, pages 10 and 11)
8. The Hospital indicates that no new types of angiographic and special procedures will be performed with the proposed equipment. The new equipment will perform procedures presently offered by the interventional radiology service. (July 7, 2008, Additional Information submitted by the Hospital, page 164)
  9. While the current equipment is experiencing increasing downtime, the Hospital states the interventional radiology service’s focus has been on the careful review and selection of less complex cases with more urgent and acute cases being routed to other angiography suites in the service. To ensure continued patient access and maintain case loads despite breakdowns, the Hospital has extended the hours of operation on its other equipment, incurring staff overtime expense and involving delayed patient care as patients are scheduled later in the day or rescheduled completely, resulting in inconvenience to both patients and physicians. (July 7, 2008, Additional Information from the Hospital, pages 164 and 165)
  10. The Hospital indicates it serves a 26 town primary service area and a 99 town secondary service area. The Hospital’s primary service area includes the following towns: Ansonia, Bethany, Branford, Cheshire, Clinton, Deep River, Derby, East Haven, Essex, Guilford, Hamden, Killingworth, Madison, Meriden, Milford, New Haven, North Haven, Old Saybrook, Orange, Oxford, Seymour, Wallingford, West Haven, Westbrook and Woodbridge. (May 2, 2008, Initial CON application, page 11 and Attachment II, page 27)
  11. The replacement suite will serve the Hospital’s existing patient population and will have no effect on existing providers. (May 2, 2008, Initial CON application, page 14)
  12. The Hospital’s actual service volume by interventional suite is as follows:

**Table 1: Actual Service Volume**

Description	FY 2005	FY 2006	FY 2007	CFY 2008*
Suite 1- single-plane angiography	2,014	1,959	2,017	2,023
Suite 2- double-plane neuroangiography	1,483	1,749	1,948	1,934
Suite 3- single-plane angiography	1,400	1,759	1,934	2,119
<b>Total Service Volume</b>	<b>4,897</b>	<b>5,467</b>	<b>5,899</b>	<b>6,076</b>

Note: \*Current Fiscal Year 2008 represents actual October 2007 through February 2008 volume annualized.  
 (May 2, 2008, Initial CON Submission, page 12)

13. On January 18, 2008, OHCA approved each of the following Hospital requests to waive CON requirements for angiography replacement equipment:

- Docket Number: 08-31080-WVR for a single-plane angiography suite; and
- Docket Number: 08-31081-WVR for a double-plane neuroangiography suite.  
*(May 2, 2008, Initial CON application, page 10)*

14. The Hospital states the proposed angiography suite with digital flat detector will offer greater flexibility in accommodating patients and will have greater efficiency than the equipment in the current suite. The Hospital's projected service volumes by suite for the first three full fiscal years with the replacement equipment are as follows:

**Table 2: Projected Service Volume\***

Description	FY 2010	FY 2011	FY 2012
Suite 1- CON waived, single-plane angiography	2,084	2,105	2,126
Suite 2- CON waived, double-plane neuroangiography	1,993	2,013	2,033
Suite 3- CON requested, single-plane angiography	2,183	2,205	2,227
<b>Total Service Volume</b>	<b>6,260</b>	<b>6,323</b>	<b>6,386</b>

Note: \*The projected volume represents growth of approximately 1 to 2 percent each year, as the Hospital expects no change in either its physician complement or other operational considerations that might affect volume growth for the angiographic suites.

*(May 2, 2008, Initial CON application, page 12 and July 7, 2008, Additional Information submitted by the Hospital, page 165)*

15. The Hospital indicates that the proposed angiography suite with digital flat detector will not materially change the duration of exam times. The Hospital's calculated operating capacity and percentage operating capacity of the existing angiographic suite and proposed replacement suite are presented in the following table: *(May 2, 2008, Initial CON application, page 13 and July 7, 2008, Additional Information submitted by the Hospital, page 165)*

**Table 3: Operating Capacity Calculation**

Description	Existing Suite FY 2008	Proposed Suite FY 2010
Number of Exams	2,119	2,183
Average # Hours/Week Suite Operational	40	40
Weeks/ Year Operational	50	50
Targeted Utilization as % of Capacity	85%	85%
Annual Total Capacity for Exams in Hours	1,980	1,980
Average Exam Time in Hours	0.73	0.73
Annual Capacity - # Exams/Suite	2,712	2,712
# Exams – Actual & Projected	2,119	2,183
% Operating Capacity	78%	80%

16. The suite currently operates Monday through Friday, 8:00 a.m. to 4:30 p.m. The suite, when equipped with the replacement equipment, will maintain the same hours of operation. *(May 2, 2008, Initial CON application, page 12)*

**Financial Feasibility 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 Payers for Such Services  
 Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

17. The proposal totals \$2,923,729 in capital expenditures and is itemized as follows:

**Table 4: Total Capital Expenditure**

Description	Component Cost
Major Medical Equipment	\$1,484,027
Renovation Work	1,300,000
Medical Equipment	139,702
<b>Total Capital Expenditure</b>	<b>\$2,923,729</b>

(May 2, 2008, Initial CON application, page 18)

15. The Hospital will fund the proposal through \$2,338,983 in funded depreciation and \$584,746 in operating funds. (May 2, 2008, Initial CON application, page 20)

16. Renovations to the suite totaling 830 square feet will commence immediately following the receipt of a CON authorization. (May 2, 2008, Initial CON application, page 19)

17. The project has been designed in a manner that will allow the Hospital to provide services in an uninterrupted fashion. (May 2, 2008, Initial CON application, page 19)

18. The Hospital projects incremental operating losses of \$142,000 and \$284,000 due to non-cost depreciation expense in FYs 2009 and 2010, respectively. (May 2, 2008, Initial CON application, pages 22 and 23 and Attachment XVI, pages 155 through 158)

19. The Hospital projects overall operating gains of \$46.7 million and \$24.8 million with the proposal in FYs 2009 and 2010, respectively. (May 2, 2008, Initial CON application, pages 22 and 23 and Attachment XVI, pages 155 through 158)

20. The current and projected payer mix for the first three years of operation with the proposed equipment is illustrated in the following table:

**Table 5: Current and Three-Year Projected Payer Mix**

Payer Mix	Current	Year 1	Year 2	Year 3
Medicare	29.6%	29.3%	28.5%	27.4%
Medical Assistance	11.4%	12.3%	12.3%	12.3%
TriCare or Champus	0.7%	0.6%	0.6%	0.6%
<b>Total Government</b>	<b>41.7%</b>	<b>42.2%</b>	<b>41.4%</b>	<b>40.3%</b>
Commercial Insurers	51.5%	50.8%	51.6%	52.7%
Uninsured	5.5%	5.8%	6.0%	6.0%
Workers Compensation	1.3%	1.2%	1.0%	1.0%
<b>Total Non-Government</b>	<b>58.3%</b>	<b>57.8%</b>	<b>58.6%</b>	<b>59.7%</b>
<b>Total Payer Mix</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(May 2, 2008, Initial CON application, page 22)

21. There is no State Health Plan in existence at this time. *(May 2, 2008, Initial CON application, page 10)*
22. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(May 2, 2008, Initial CON application, page 10)*
23. The Hospital has improved productivity and contained costs by undertaking energy conservation measures regarding its facilities; by participating in activities involving the application of new technology and reengineering; and by employing group purchasing practices in its procurement of supplies and equipment. *(May 2, 2008, Initial CON application, page 16)*
24. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(May 2, 2008, Initial CON application, page 16)*
25. The Hospital's current patient/physician mix is similar to that of other quaternary care hospitals. The proposal will not result in any change to this mix. *(May 2, 2008, Initial CON application, page 17)*
26. The Hospital has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(May 2, 2008, Initial CON application, page 15 and Attachment VII, pages 58 through 108)*
27. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. *(May 2, 2008, Initial CON application, pages 22 and 23 and Attachment XVI, pages 155 through 158)*

## 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 Hospital proposes to acquire and operate a new angiographic suite with digital flat detector, replacing an existing 30 year old single-plane angiography suite. The Hospital plans to acquire and operate a General Electric, Innova 4100 IQ, digital, single-plane angiography system as its replacement equipment for use in the Hospital.

The Hospital states the existing angiography system needs to be replaced as the equipment has exceeded its useful life and has become prone to breakdown. Given the system’s age, replacement parts have become increasingly difficult to obtain, resulting in longer and more frequent downtime. The enhanced integrated rapid network capabilities, resolution and imaging quality offered by the proposed replacement equipment and the benefits to patients in the Hospital’s service area provided by automated radiation dose reduction and recording were deemed necessary by the Hospital to further meet its patient safety and clinical quality goals. OHCA finds that the replacement of the existing outdated equipment will serve the Hospital’s patients in its service area via important quality and safety enhancements and benefits provided by the proposed replacement equipment.

The CON proposal’s total capital expenditure is \$2,923,729 and consists of costs attributable to the replacement equipment and renovation work to accommodate the equipment. The project’s capital expenditure will be financed through a combination of Hospital funded depreciation and operating funds. In the initial years of operating the new angiography suite, the Hospital projects operating losses from operation in each of the fiscal years due to non-cost funded depreciation. The Hospital’s volume and financial projections upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is financially feasible.

## Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Yale-New Haven Hospital ("Hospital") to acquire and operate an angiography suite with digital flat detector, replacing an existing single-plane angiography suite, at a total capital expenditure of \$2,923,729 is hereby **granted**, subject to the following conditions.

1. This authorization shall expire on July 15, 2009. 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 expenditure of \$2,923,729. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall immediately notify OHCA.
3. With respect to the acquisition of the an angiography suite with digital flat detector, the Hospital shall notify OHCA regarding the following information in writing by no later than one month 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 angiography system 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 angiography system to be replaced by no later than six months after the replacement system has become operational.
5. Should the Hospital propose any change in the angiography service, the Hospital shall file with OHCA a Certificate of Need Determination Request or Certificate of Need letter of Intent 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 July 14, 2008*

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Date

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Cristine A. Vogel  
Commissioner

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