



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Torrington Radiologists, P.C. and The Charlotte Hungerford Hospital

Docket Number: 08-31094-CON

Project Title: Acquisition and Operation of a 16-Slice Computed Tomography Scanner in Torrington

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

Filing Date: July 22, 2008

Decision Date: October 15, 2008

Default Date: October 20, 2008

Staff Assigned: Paolo Fiducia

Project Description: Torrington Radiologists, P.C. and The Charlotte Hungerford Hospital (“Applicants”) propose to acquire and operate a 16-Slice Computed Tomography (“CT”) scanner at Advanced Medical Imaging at 220 Kennedy Drive, Torrington, Connecticut, at an estimated total capital cost of \$572,640.

Nature of Proceedings: On July 22, 2008, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Torrington Radiologists, P.C. and The Charlotte Hungerford Hospital (“Applicants”) seeking authorization to acquire and operate a 16-Slice Computed Tomography (“CT”) scanner to be operated at Advanced Medical Imaging, at an estimated total capital cost of \$572,640. The Applicants are health care facilities or institutions as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA’s receipt of the Applicants’ Letter of Intent was published in *The Register Citizen* on February 5, 2008.

Pursuant to Section 19a-638, C.G.S., three individuals or an individual representing an entity with five or more people had until August 21, 2008, the twenty-first calendar day following the filing of the Applicants' CON application, to request that OHCA hold a public hearing on the Applicants' proposal. OHCA received no hearing requests from the public by August 21, 2008.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 19a-638, 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

Clear Public Need

Impact of the Proposal on the Applicants' Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Torrington Radiologists, P.C. ("Torrington Radiologists") is a private practice radiology group of five board certified radiologists, located at 220 Kennedy Drive in Torrington, Connecticut. *(July 3, 2008, Completeness Letter Responses, page 2)*
2. Torrington Radiologists provides professional reading services for The Charlotte Hungerford Hospital ("CHH") and Advanced Medical Imaging of NW CT, LLC ("AMI"). *(July 3, 2008, Completeness Letter Responses, page 2)*
3. The owners of Torrington Radiologists are also the sole owners of Torrad Associates, LLC ("Torrad Associates") a leasing company which leases equipment and personnel. *(July 3, 2008, Completeness Letter Responses, page 2)*
4. AMI is jointly owned by CHH and Torrad Associates and provides imaging services at 220 Kennedy Drive in Torrington. *(July 3, 2008, Completeness Letter Responses, page 2)*
5. AMI provides magnetic resonance imaging ("MRI"), computed tomography ("CT"), ultrasound, mammography, general x-ray and bone densitometry ("DXA") services. *(January 28, 2008, Letter of Intent, page 7)*
6. AMI currently utilizes a 1-slice CT Scanner that was purchased pursuant to a Certificate of Need Determination issued on June 21, 2001 in which OHCA determined that Torrington Radiologists, P.C. d/b/a Torrad Associates, LLC and The Charlotte Hungerford Hospital's proposal to purchase a used 1-slice CT Philips Aura Vision Scanner would not require Certificate of Need approval from OHCA pursuant to Sections 19a-638 or 19a-639 of the Connecticut General Statutes. *(June 21, 2001, CON Determination DocketNumber 01-H2; January 28, 2008, Letter of Intent, page 8)*
7. The Applicants state that the purchase price of the 1-slice CT Philips Aura Vision Scanner when it was purchased in 2001 was \$360,332. *(June 21, 2001, CON Determination Docket # 01-H2, page 1)*

8. The Applicants are now requesting approval from OHCA to acquire a 16-Slice CT Scanner (Philips Brilliance CT 16-slice scanner) to replace the 1-slice CT scanner located at AMI at 220 Kennedy Drive in Torrington.
9. Torrington Radiologists d/b/a Torrad Associates, LLC will purchase the proposed CT scanner and lease finance the unit to AMI. *(July 3, 2008, Completeness Letter Responses, page 5)*
10. According to the Applicants, the proposal to replace its 1-slice CT Philips Aura Vision Scanner with a 16-slice CT Philips Brilliance Scanner is the result of several key factors:
 - The current 1-slice CT Philips Aura Vision Scanner was purchased and installed in 2001 as a used system;
 - The production date of that system was the year 2000;
 - The unit is at the end of its useful life; and
 - Philips Medical Systems has stated that it will no longer provide service for the unit as of December 31, 2008.
(May 20, 2008, CON Application, page 3)
11. The Applicants indicated that the 16-slice CT Philips Brilliance Scanner is the appropriate choice due to the following factors:
 - The 16-slice CT scanner has become the minimum capacity scanner for meeting the standard of care;
 - It allows for a broad range of exams;
 - Innovations in technology have provided a faster imaging scanner with lower and safer radiation dosing mechanisms; and
 - This is the only free-standing CT scanner in the service area and many patients, especially cancer patients, prefer to have their CT imaging done in a freestanding, out-patient setting which is centrally located to both the Torrington and Winsted markets.
(July 3, 2008, Completeness Letter Responses, page 3)
12. The Applicants indicated that the proposed 16-slice CT scanner will allow them to perform the following exams:
 - Virtual Colonoscopy;
 - Calcium Scoring;
 - CTAs- particularly of the aorta;
 - CT urography; and
 - 16-slice CT systems have become the norm for evaluation, treatment and follow-up of tumors through multi-dimension imaging.
(July 3, 2008, Completeness Letter Responses, page 5)
13. The current population served and the target population to be served include the residents of Torrington, Winchester, Litchfield, Harwinton, New Hartford, Goshen, Thomaston,

Norfolk, Morris, Barkhamsted, Colebrook and Cornwall. (January 28, 2008, Letter of Intent, page 7)

14. The following table shows the actual CT scans performed by TRPC for 2005-2007 and 1Q 08:

Table 1: Actual CT scans performed by TRPC for 2005-2007 and 1Q08

| MRI Site | 2005 | 2006 | 2007 | 1Q08 |
|--------------------------|-------|-------|-------|------|
| Advanced Medical Imaging | 3,669 | 3,568 | 3,817 | 855 |

(May 20, 2008, Initial CON Submission, page 5)

15. The following table shows the projected number of CT scans for the first three years of service:

Table 2: Projected number of CT scans for the first three years of service

| MRI Site | 2008 (10/08-12/08) | 2009 | 2010 | 2011 |
|---------------------------|-----------------------|-------|-------|-------|
| Advanced Medical Imaging* | 3,877 | 4,067 | 4,317 | 4,317 |

*Note: Year 2008 = 3,877 scans - assumes a 3-month increase of 60 scans (20 additional scans/month).

This will bring the average daily CT scan volume up from 15.15 to 16.09/day (1.5%).

Year 2009 = 4,067 scans - assumes an annual increase of 190 scans (16 additional scans/month).

This will bring the average daily CT scan volume up to 16.13/day (4.7%).

Year 2010 = 4,317 scans - assumes an annual increase of 250 scans (21 additional scans/month).

This will bring the average daily CT scan volume up to 17.13/day (5.8%).

Year 2011 = 4,317 scans – there was no increase projected in the number of units of CT scans in the third full year of operation (2011) over the projected number for 2010. In 2010, the

Applicants project that they will be doing 4,317 scans annually, or 17.13 CT scans per day (5 days/week x 50 weeks = 250 days/12 = 21 days of operation/month). At an average scan time of 30 minutes, this would be the maximum volume which one technologist + one tech aide could handle within their current hours of operation. All projected increases are consistent with their historical annual volume growth.

(July 22, 2008, Completeness Responses, page 2)

16. The following table shows the existing CT providers in the Applicants' service area:

Table 3: Existing CT providers in the Applicants' service area

| CT | Provider | Address | Town | Utilization |
|------------------|-------------------------------|-----------------------|------------|----------------|
| Low Field | | | | |
| 1-slice | Advanced Medical Imaging | 220 Kennedy Drive | Torrington | 3,817 (CY 07) |
| 32-slice | Charlotte Hungerford Hospital | 540 Litchfield Street | Torrington | 11,285 (CY 07) |

(May 20, 2008, Initial CON Submission, page 5)

17. The Applicants' current and proposed hours of operation will be as follows: 7:30 am – 5:00 pm Monday – Friday. (May 20, 2008, Initial CON Submission, page 5)

18. The Applicants state that the current CT scanner at AMI is American College of Radiology (“ACR”) certified and they will apply for ACR accreditation immediately after the new CT unit will be installed. *(May 20, 2008, Initial CON Submission, page 5)*

**Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the Applicants’ Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and the Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

19. The estimated total capital expenditure of the CON proposal is \$572,640. *(May 20, 2008, Initial CON Submission, page 9)*
20. The proposed project will be financed entirely through lease financing. *(May 20, 2008, Initial CON Submission, page 10)*
21. The Applicants project incremental gains from operations with implementation of the project of \$9,951, \$31,511 and \$41,463 for FY 2008, FY 2009 and FY 2010, respectively. *(May 20, 2008, Initial CON Submission, page 14)*
22. There is no State Health Plan in existence at this time. *(May 20, 2008, Initial CON Submission, page 3)*
23. The Applicants have adduced evidence that the proposal is consistent with its long-range plan. *(May 20, 2008, Initial CON Submission, page 3)*
24. The Applicants have improved productivity and contained costs through energy conservation and the application of new technologies. *(May 20, 2008, Initial CON Submission, page 8)*
25. The Applicants’ current and three year projected payer mix for the proposed CT unit is as follows:

Table 4: Three-Year Projected Payer Mix with the CON Proposal

| Payer Mix | Current | Year 1 | Year 2 | Year 3 |
|-----------------------------|----------------|----------------|----------------|----------------|
| Medicare | 30.00% | 30.00% | 30.00% | 30.00% |
| Medicaid | 1.00% | 1.00% | 1.00% | 1.00% |
| Total Government | 31.00% | 31.00% | 31.00% | 31.00% |
| Commercial Insurers | 66.00% | 66.00% | 66.00% | 66.00% |
| Uninsured | 2.00% | 2.00% | 2.00% | 2.00% |
| Workers Compensation | 1.00% | 1.00% | 1.00% | 1.00% |
| Total Non-Government | 69.00% | 69.00% | 69.00% | 69.00% |
| Total Payer Mix | 100.00% | 100.00% | 100.00% | 100.00% |

(May 20, 2008, Initial CON Submission, page 11)

26. The proposal will not result in changes to the Applicants’ current patient/physician mix. *(May 20, 2008, Initial CON Submission, page 8)*

27. The Applicants possess sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. (*May 20, 2008, Initial CON Submission, page 7*)

28. The Applicants' rates are sufficient to cover the proposed capital expenditures and operating costs associated with the proposal. (*May 20, 2008, Completeness Responses, page 14*)

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.

Torrington Radiologists, P.C. (“Torrington Radiologists”) is a 5-physician private practice radiology group which provides the professional reading services for both The Charlotte Hungerford Hospital (“CHH”) and Advanced Medical Imaging. Torrington Radiologists, P.C. d/b/a Torrad Associates, LLC will purchase the proposed CT scanner and lease finance the unit to Advanced Medical Imaging. Torrington Radiologists and CHH are requesting approval from OHCA to acquire a 16-slice CT scanner (Philips Brilliance CT 16-slice scanner) to be located at Advanced Medical Imaging, 220 Kennedy Drive, Torrington.

Advanced Medical Imaging provides magnetic resonance imaging (“MRI”), computed tomography (“CT”), ultrasound, mammography, general x-ray and bone densitometry (“DEXA”) services. The 1-slice CT scanner is 8 years old and it is at the end of its useful life. The proposed 16-slice CT scanner provides faster imaging with lower radiation dosage mechanisms. AMI is the only free-standing center in the Applicants’ service area. Replacing the 1-slice CT Philips Aura Vision scanner with the 16-slice CT Philips Brilliance scanner at the AMI will improve diagnostic capabilities. The proposed 16-slice CT scanner allows the Applicants to perform new and additional exams (i.e. virtual colonoscopy, calcium scoring, CTAs- particularly of the aorta, CT urography). The Applicants have demonstrated a need to maintain access to CT scanning services in the area and improve the quality of CT scanning to patients at Advance Medical Imaging and The Charlotte Hungerford Hospital.

The total capital expenditure for the CON proposal is \$572,640, which will be financed through lease financing. The Applicants financial projections, and volumes upon which they are based, appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is cost effective and is in the best interest of consumers and payers.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Torrington Radiologists, P.C. and The Charlotte Hungerford Hospital to acquire the Philips Brilliance CT 16-slice scanner to be operated at Advanced Medical Imaging, 220 Kennedy Drive, Torrington, Connecticut, at a total capital expenditure of \$572,640, is hereby APPROVED.

1. This authorization shall expire on October 15, 2009. Should the Applicants' 16-slice CT scanner 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 \$3 million in replacement fair market value or capital expenditure for the proposed replacement equipment. In the event that the Hospital learns of potential cost increases or expects the final project costs will exceed \$3 million, the Hospital shall notify OHCA in writing.
3. The Applicants shall notify OHCA in writing of the initial date of the operation of the 16-slice CT scanner by no later than one month after the new unit becomes operational.
4. This authorization requires the removal of the Applicants' existing 1-slice Philips Aura Vision CT scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Applicants' service provider locations. Furthermore, the Applicants will provide evidence to OHCA of the final disposition of its existing 1-slice CT scanner by no later than three months after the 16-slice CT scanner has become operational.

Should the Applicants 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 October 15, 2008

Date

Cristine A. Vogel
Commissioner

CAV:pf