



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** John Dempsey Hospital

**Docket Number:** 08-31104-WVR

**Project Title:** Request to Waive CON Requirements for the Replacement of an Existing 1.5 Tesla MRI Scanner with a 1.5 Tesla MRI Scanner in Farmington

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

**Filing Date:** February 4, 2008

**Hearing:** Waived

**Decision Date:** February 21, 2008

**Staff:** Diane Duran

**Project Description:** John Dempsey Hospital requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its existing Magnetic Resonance Imaging (“MRI”) scanner equipment in Farmington, at a total capital cost of \$2,200,000.

**Nature of Proceedings:** On February 4, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from John Dempsey Hospital (“Hospital”). The Hospital proposes to replace its existing MRI scanner equipment in Farmington, at a total capital cost of \$2,200,000. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA’s authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c 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. John Dempsey Hospital (“Hospital”) is an acute care hospital located at 263 Farmington Avenue in Farmington, Connecticut. *(February 4, 2008, CON Waiver Form 2040, pages 1 & 5)*
2. On March 2, 1995 in an Agreed Settlement under the Docket Number 94-548, the Hospital received Certificate of Need (“CON”) authorization from the Commission on Hospitals and Health Care (“CHHC”), predecessor to the Office of Health Care Access (“OHCA”), to acquire and operate a 1.5 Tesla magnetic resonance imaging (“MRI”) in Farmington, at a capital cost of \$2,135,400. *(February 4, 2008, CON Waiver Form 2040, page 2, and March 2, 1995, Agreed Settlement, Docket Number: 94-548, pages 1 through 5)*
3. The Hospital operates its existing 1.5 Tesla MRI scanner, located at the Hospital at 263 Farmington Avenue in Farmington. *(February 4, 2008, CON Waiver Form 2040, page 6)*
4. The Hospital is requesting a waiver of CON requirements for the purpose of replacement of its existing Siemens Magnetom Visions, 1.5 Tesla MRI scanner acquired by the Hospital and authorized by CHHC, through an Agreed Settlement approved under Docket Number: 94-548. *(February 4, 2008, CON Waiver Form 2040, page 3, and March 2, 1995, Agreed Settlement, Docket Number: 94-548)*
5. Pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S”), a proposal may be eligible for a waiver of replacement equipment from the CON process when a provider has previously received Certificate of Need authorization from OHCA for the equipment to be replaced and when the cost or value of the replacement equipment will not exceed \$3 million. *(Section 19a-639c, C.G.S.)*
6. The Hospital plans to acquire and operate a Siemens Magnetom Avanto, 1.5 Tesla MRI scanner as its replacement equipment at the Hospital, located at 263 Farmington Avenue in Farmington. *(February 4, 2008, CON Waiver Form 2040, pages 2, 3 & 6)*
7. The Hospital states that the existing MRI scanner equipment needs to be replaced with a high performance 1.5 Tesla MRI scanner for the following reasons: *(February 4, 2008, CON Waiver Form 2040, page 6)*
  - a) The existing equipment has aged approximately 12 years, and the factory support for the current MRI is marginal;
  - b) There is no service training to their engineers on the current MRI model, availability and reliability of spared parts are problematic;
  - c) There is a consistency of downtime due to the MRI equipment experiencing weekly problems with major and minor issues involving artifacts, coil tuning problems, echo planer module failures, gradient amplifier failures, air conditioning and humidity problems;
  - d) The actual service history shows an average of 5 service calls each month for the past two years and with as many as 12 service calls in 1 month; and
  - e) During the past summer, the scanner was down 4 consecutive days creating a major impact to the hospital.

8. The total capital expenditure for the replacement project is \$2,200,000, which consists of the following components:
  - a) \$548,000 for site work construction and renovation associated with the installation of the new equipment; and
  - b) \$1,652,000 for the associated major medical equipment purchase.  
*(February 4, 2008, CON Waiver Form 2040, pages 3 & 6)*
  
9. The capital cost of \$1,652,000, for the replacement MRI scanner equipment is below the \$3 million threshold used to determine whether a request is eligible to receive a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S.  
*(February 4, 2008, CON Waiver Form 2040, pages 2 & 3)*
  
10. The Hospital will fund the proposal through its equity funds. *(February 4, 2008, CON Waiver Form 2040, page 3)*
  
11. The Hospital states that the existing MRI unit will be removed by the vendor. A temporary 1.5 Tesla MRI scanner unit will be housed in a trailer and will be used during the construction and renovation phase of the project. *(February 4, 2008, CON Waiver Form 2040, page 6)*
  
12. The Hospital intends to begin operating the new 1.5 Tesla MRI scanner on July 1, 2008 after CON approval. *(February 4, 2008, CON Waiver Form 2040, page 2)*
  
13. The replacement MRI scanner equipment will serve the Hospital's existing patient population and with no anticipated changes in the payer mix due to the proposal.  
*(February 4, 2008, CON Waiver Form 2040, page 6)*

## **Rationale**

John Dempsey Hospital (“Hospital”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, C.G.S. The Hospital is seeking to replace its existing 1.5 Tesla Magnetic Resonance Imaging (“MRI”) scanner equipment with a high performance 1.5 Tesla MRI scanner and to undertake site work construction and renovations to accommodate the new equipment.

The Hospital indicated that the MRI scanner needs to be replaced as the existing MRI scanner equipment has aged approximately 12 years, and the factory support for the current MRI is marginal. There is no service training to their engineers on the current MRI scanner and availability and reliability of spare parts has become problematic. Additionally, there is a consistency of downtime due to the MRI equipment experiencing weekly problems with major and minor issues involving artifacts, coil tuning problems, echo planer module failures, gradient amplifier failures, and air conditioning and humidity problems. The actual service history shows an average of five service calls each month for the past two years and with as many as twelve service calls in one month. Also, during the past summer the scanner was down four consecutive days creating a major impact to the hospital.

The capital cost for the proposed replacement MRI scanner equipment is \$1,652,000, which is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. The Hospital will fund the replacement project through its equity funds.

## Order

Based on the foregoing Findings and Rationale, OHCA has determined that John Dempsey Hospital's request for a waiver of CON requirements for replacement equipment in order to replace its existing 1.5 Tesla Magnetic Resonance Imaging ("MRI") scanner equipment with a high performance 1.5 Tesla MRI scanner equipment, at a total capital cost of \$2,200,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. and is hereby **Approved** subject to the following conditions.

1. This authorization shall expire on February 21, 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 total capital cost of \$2,200,000. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall notify OHCA.
3. With respect to the acquisition of the new MRI, the Hospital shall notify OHCA regarding the following information in writing by no later than two months after the system becomes operational:
  - a) The name of the system manufacturer;
  - b) The model name and description of the system;
  - c) The initial date of the operation of the system; and
  - d) The termination date of the operation of the temporary trailer MRI scanner.
4. This authorization requires the removal of the Hospital's existing 1.5T MRI scanner 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 1.5T MRI scanner 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 magnetic resonance imaging scanner service, the Hospital shall file with OHCA a Certificate of Need Determination Request 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 February 21, 2008*

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Date

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Cristine A. Vogel  
Commissioner