



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Radiologic Associates of Middletown, P.C.
d/b/a Guilford Radiology

Docket Number: 08-31110-WVR

Project Title: Request to Waive CON Requirements for the
Replacement of the Mobile 1.5 Tesla MRI Scanner
with a Fixed 1.5 Tesla MRI Scanner in Guilford

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

Filing Date: May 6, 2008

Decision Date: May 15, 2008

Staff: Diane Duran

Project Description: Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its mobile magnetic resonance imaging (“MRI”) scanner equipment with a fixed MRI scanner, at a total capital cost of \$1,336,872.

Nature of Proceedings: On May 6, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology (“Applicant”). The Applicant proposes to replace its mobile MRI scanner equipment with a fixed MRI scanner, at a total capital cost of \$1,336,872.

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. Radiologic Associates of Middletown, P.C. is a radiology group located at 330 South Main Street in Middletown, Connecticut that provides radiology services for Middlesex Hospital and its outpatient facilities. The Radiologic Associates of Middletown, P.C.'s physicians have admitting privileges at Middlesex Hospital and also have two private offices located in Guilford and West Haven. (*December 6, 2001, Office of Health Care Access, Final Decision, Docket Number: 01-1002, page 2*)
2. Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology ("Applicant") is a for profit facility located at 1591 Boston Road in Guilford, Connecticut. (*February 26, 2008, Initial CON Waiver Form 2040, page 1*)
3. On December 6, 2001, in the Final Decision under the Docket Number 01-1002, the Applicant and Alliance Imaging, Inc. were authorized by OHCA, to acquire and operate a mobile 1.5 Tesla magnetic resonance imaging ("MRI") scanner in Guilford, at a total capital expenditure of \$1,907,618. (*February 26, 2008, Initial CON Waiver Form 2040, page 3 and December 6, 2001, Office of Health Care Access, Final Decision, Docket Number: 01-1002, pages 6, 8 & 10*)
4. On August 10, 2004, in the Final Decision under the Docket Number 04-30349-WVR, the Applicant was authorized by OHCA, to terminate its lease of the mobile 1.5 Tesla MRI scanner with Alliance Imaging in Guilford, and to lease the same mobile 1.5 Tesla MRI directly through Siemens, at a total capital cost of \$1,743,114. (*August 10, 2004, Office of Health Care Access, Final Decision, Docket Number: 04-30349, pages 2 & 3*)
5. On February 8, 2008, OHCA determined that the Applicant had to get authorization to acquire a new MRI which had been placed in an indoor location and which replaced the mobile MRI authorized by OHCA under Docket Number 04-30349-WVR. OHCA required the Applicant to file a request for waiver of replacement equipment pursuant to Section 19a-639c. (*February 8, 2008, Office of Health Care Access, Compliance Letter, Form 2040*)
6. The Applicant is requesting a waiver of CON requirements in order to replace its mobile Siemens Magnetom Symphony 1.5 Tesla MRI scanner with a fixed Siemens 1.5 Tesla Magnetom Espree MRI scanner in Guilford. (*February 26, 2008, Initial CON Waiver Form 2040, pages 2 and 3*)
7. 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.*)

8. The Applicant operated one mobile MRI scanner on Monday through Friday, 8:30 a.m. to 5 p.m., located at 1591 Boston Road in Guilford. *(February 26, 2008, Initial CON Waiver Form 2040, page 2 and April 7, 2008, Additional Completeness Responses, page 1)*
9. On February 18, 2008, the Applicant stated that they started operating the fixed MRI scanner as its replacement equipment located at 1591 Boston Road in Guilford. *(April 7, 2008, Additional Completeness Responses, page 1)*
10. The Applicant states that the mobile MRI scanner equipment needed to be replaced with a fixed MRI scanner for the following reasons: *(February 26, 2008, Initial CON Waiver Form 2040, page 4 and April 7, 2008, Additional Completeness Responses, Exhibits A through F)*
 - a) The equipment was located in an area that the town granted approval for; however, only for a specific time period that expired on May 2007, and the landlord was unwilling to extend the contract;
 - b) The town officials frequently visited the Applicant complaining about the congestion and safety issues in the adjacent parking area; and
 - c) The town hesitatingly accepted the Applicant's verbal promise to move the mobile unit as soon as space became available.
11. The Applicant additionally states that there are three other considerations for the replacement of the MRI scanner equipment as follows: *(April 7, 2008, Additional Completeness Responses, Exhibits A through F)*
 - a) The new fixed MRI is expected to have better reliability than the old reassembled mobile MRI;
 - b) Returning the unit with its van at a fair market value and rolling the proceeds into a new lease agreement resulted in a reduction in monthly lease costs; and
 - c) Patient comfort will be enhanced by having access with an indoor MRI facility due to weather conditions, waiting room, stairs and other inconveniences with the outside unit.
12. The Applicant states that the volume of MRI scans is as follows: *(May 6, 2008, 2nd Additional Completeness Responses)*

<u>Calendar Year</u>	<u>MRI Volume</u>
2005	1691
2006	1625
2007*	1357
2008**	337 year-to-date

Notes: * The lower volume in 2007 was in large part due to issues with the PACs system, (connectivity issues, e.g. slow transmission of images from outside scanner to the reading station). The PACs system is currently being replaced.

** The 2008 year-to-date volume has been severely impacted by the move from the outside ramp (discontinuing the mobile service) and installing the MRI inside.

13. The total capital expenditure for the replacement project is \$1,336,872, which consists of the following components:
 - a) \$260,262 for construction and renovation work associated with the installation of the new equipment;
 - b) \$1,076,610 for the associated major medical equipment purchase.
(February 26, 2008, Initial CON Waiver Form 2040, page 3)
14. The capital cost of \$1,076,610 for the replacement mobile 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 26, 2008, Initial CON Waiver Form 2040, page 3)*
15. The Applicant will fund the proposal through an operating lease. *(February 26, 2008, Initial CON Waiver Form 2040, page 3)*
16. The Applicant states that the proposed operating hours for the fixed MRI scanner service will remain the same, Monday through Friday 8:30 a.m. to 5 p.m. *(April 7, 2008, Additional Completeness Responses, pages 1 and 2)*
17. The proposed fixed MRI scanner equipment will serve the Applicant's existing patient population and with no anticipated changes in the payer mix due to the proposal.
(February 26, 2008, CON Waiver Form 2040, page 4 and Attachment)

Rationale

Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology (“Applicant”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, of the C.G.S. The Applicant is seeking to replace its mobile 1.5 Tesla Magnetic Resonance Imaging (“MRI”) scanner equipment with a fixed 1.5 Tesla MRI scanner in Guilford and to undertake renovations to accommodate the new equipment. On February 18, 2008, the Applicant acquired a fixed Siemens 1.5 Tesla Magnetom Espree MRI scanner as its replacement equipment located at 1591 Boston Road in Guilford.

The Applicant’s mobile MRI scanner needed to be replaced as the equipment was located in an area that the town granted approval for; however, only for a specific time period that expired on May 2007, and the landlord was unwilling to extend the contract. The Applicant indicated that town officials frequently visited the Applicant complaining about the congestion and safety issues in the adjacent parking area. The town hesitatingly accepted the Applicant’s verbal promise to move the mobile unit as soon as space became available. The fixed MRI scanner operates five days a week as the mobile scanner. Returning the mobile MRI unit with its van at a fair market value and rolling the proceeds into a new lease agreement resulted in a reduction in monthly lease costs. Additionally, the Applicant indicates that the fixed MRI scanner has better reliability than the old reassembled mobile MRI scanner, which had encountered reliability problems in the past.

The capital cost for the proposed replacement fixed MRI scanner equipment is \$1,076,610, 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 Applicant will fund the replacement project through an operating lease.

Order

Based on the foregoing Findings and Rationale, OHCA has determined that Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology request for a waiver of the Certificate of Need (“CON”) requirements for replacement equipment in order to replace its mobile Magnetic Resonance Imaging (“MRI”) scanner equipment with a fixed MRI scanner in Guilford, at a total capital cost of \$1,336,872, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. and is hereby **Approved**.

The Applicant shall hereafter notify OHCA of any and all new or replacement MRI equipment prior to finalizing any decision to add or replace any equipment or services. Failure to notify OHCA in advance of any proposed termination or replacement of services may be considered as not filing required information and subject Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology to civil penalties pursuant to Section 19a-653, C.G.S.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on May 15, 2008

Date

Cristine A. Vogel
Commissioner

CAV:dd