



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Yale-New Haven Hospital

**Docket Number:** 08-31126-WVR

**Project Title:** Request to Waive CON Requirements for the Replacement of the Existing 4-Slice CT Scanner with a 16-Slice CT Scanner for Temple New Haven Location

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

**Filing Date:** July 15, 2008

**Decision Date:** July 25, 2008

**Staff:** Diane Duran

**Project Description:** Yale-New Haven Hospital requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its existing 4-slice computed tomography (“CT”) scanner equipment with a 16-slice CT scanner at 60 Temple Street in New Haven, at a total capital cost of \$585,246.

**Nature of Proceedings:** On July 15, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from Yale-New Haven Hospital (“Hospital”). The Hospital proposes to replace its 4-slice CT scanner equipment with a 16-slice CT scanner at 60 Temple Street in New Haven, at a total capital cost of \$585,246.

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. Yale-New Haven Hospital (“Hospital”) is an acute care hospital located at 20 York Street in New Haven, Connecticut. *(July 15, 2008, Completed CON Waiver Form 2040, page 1)*
2. On April 3, 1991 in an Agreed Settlement under the Docket Number 90-1003, Temple Radiology Group 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 a GE Advantage replacement computed tomography (“CT”) scanner at 60 Temple Street in New Haven, at a capital expenditure of \$1,064,378. *(July 15, 2008, Completed CON Waiver Form 2040, Appendix 1, page 2, and April 3, 1991, Agreed Settlement under DN: 90-1003)*
3. On March 27, 2000 in the Final Decision under the Docket Number 00-1500, Yale-New Haven Ambulatory Service Corporation was authorized by OHCA to replace the existing CT scanner located at 60 Temple Street in New Haven, at a capital cost of \$1,546,541. *(July 15, 2008, Completed CON Waiver Form 2040, Appendix 1, pages 2, 9 and 10)*
4. The Hospital states that prior to July 1, 2006 the Temple Radiology Group was owned and operated by Yale New-Haven Ambulatory Services Corporation, a for-profit corporate member of the Yale-New Haven Delivery Network. On July of 2006, a number of ambulatory patient care services, including the practice, were formally integrated into the operations of Yale-New Haven Hospital through an asset transfer. *(July 15, 2008, Completed CON Waiver Form 2040, page 30)*
5. The Hospital is requesting a waiver of CON requirements in order to replace its existing GE Light Speed 4-slice CT scanner authorized by OHCA located at 60 Temple Street in New Haven. *(July 15, 2008, Completed CON Waiver Form 2040, page 2)*
6. The Hospital operates one 4-slice CT scanner at located at 60 Temple Street in New Haven. *(July 15, 2008, Completed CON Waiver Form 2040, pages 2 and 5)*
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 Hospital plans to acquire and operate a GE Bright-Speed Elite, 16-slice CT scanner as its replacement equipment located at 60 Temple Street in New Haven. *(July 15, 2008, Completed CON Waiver Form 2040, page 5)*
9. The Hospital indicates that its current operating hours for the CT service at 60 Temple Street in New Haven are Monday through Friday from 7 a.m. – 5 p.m. *(July 15, 2008, Completed CON Waiver Form 2040, page 30)*

9. The Hospital states that the existing 4-slice CT scanner equipment needs to be replaced with a 16-slice CT scanner for the following reasons: *(July 15, 2008, Completed CON Waiver Form 2040, page 5)*
  - a) The existing equipment has fully depreciated which was purchased as a refurbished machine, and is nearing the end of its useful life;
  - b) The equipment cannot be upgraded on its current imaging platform; and
  - c) Additionally, patient radiation exposure can be reduced and dosage optimized through newer technology which is not available on the current outdated scanner.
  
10. The Hospital states that its replacement of the existing 4-slice CT scanner equipment with the proposed 16-slice CT scanner will provide several significant benefits: *(July 15, 2008, Completed CON Waiver Form 2040, pages 5 and 6)*
  - a) Improve image quality;
  - b) Fewer repeat exams;
  - c) Lower doses of IV contrast;
  - d) Shorter scan time;
  - e) Optidose;
  - f) Thinner slices to be retrospectively reconstructed after a complete scan; and
  - g) Improve patient satisfaction by quicker imaging capabilities which allow shorter breath-holds and decreases the required time the patient needs to remain motionless, increasing imaging and diagnostic accuracy as well as patient comfort.
  
11. The total capital expenditure for the replacement project is \$585,246, which consists of the following components:
  - a) \$64,481 for construction and renovation work associated with the installation of the new equipment; and
  - b) \$520,765 for the associated major medical equipment purchase.  
*(July 15, 2008, Completed CON Waiver Form 2040, page 3)*
  
12. The capital cost of \$520,765 for the replacement 4-slice CT 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. *(July 15, 2008, Completed CON Waiver Form 2040, page 2)*
  
13. The Hospital will fund the proposal through its equity and depreciation funds. *(July 15, 2008, Completed CON Waiver Form 2040, page 3)*
  
14. The Hospital intends to begin operating the new 16-slice CT scanner upon CON approval. *(July 15, 2008, Completed CON Waiver Form 2040, page 2)*
  
15. The Hospital states that there is no proposed change to the operating hours for the new CT scanner service. Should patient demand necessitate, the hours of operation will be expanded. *(July 15, 2008, Completed CON Waiver Form 2040, page 30)*

16. The replacement CT scanner equipment will serve the Hospital's existing patient population and with no anticipated changes in the payer mix due to the proposal. (*July 15, 2008, Completed CON Waiver Form 2040, pages 5 & 6*)

## **Rationale**

Yale-New Haven Hospital (“Hospital”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, of the C.G.S. The Hospital is seeking to replace its existing 4-slice computed tomography (“CT”) scanner with a 16-slice CT scanner at Temple New Haven Location and to undertake renovations to accommodate the new equipment. The new CT scanner replacement equipment will be located at 60 Temple Street in New Haven.

The Hospital is requesting that the existing 4-slice CT scanner be replaced as the existing equipment has fully depreciated which was purchased as a refurbished machine, and is nearing the end of its useful life. The equipment cannot be upgraded on its current imaging platform. The proposed 16-slice CT scanner will reduce patient radiation exposure and optimize the dosage. The Hospital indicated that the new CT scanner will improve image quality and patient satisfaction by quicker imaging capabilities that will allow shorter breath-holds and decrease the required time that patient needs to remain motionless, which will increase diagnostic accuracy as well as patient comfort. The proposed CT scanner will allow for fewer repeat exams, lower doses of IV contrast, and shorter scan time that will improve image quality and access for the Hospital’s existing patient population.

The capital cost for the proposed replacement CT scanner equipment is \$520,765, 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 an equity and depreciation funds.

## **Order**

Based on the foregoing Findings and Rationale, OHCA has determined that the Yale-New Haven Hospital request for a waiver of CON requirements for replacement equipment in order to replace its existing 4-slice computed tomography ("CT") scanner with a 16-slice CT scanner located at 60 Temple Street in New Haven, at a total capital cost of \$585,246, 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 July 25, 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 \$585,246. 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 16-slice CT scanner, the Hospital shall notify OHCA regarding the following information in writing prior to the expiration date noted in Stipulation number 1:
  - 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 4-slice CT 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 4-slice CT 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 CT 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 July 25, 2008*

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Date

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Cristine A. Vogel  
Commissioner