



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** New Britain MRI, LLP

**Docket Number:** 08-31163-WVR

**Project Title:** Request to Waive CON Requirements for the Replacement of the Existing 1.0 Tesla MRI Scanner with a 1.5 Tesla MRI Scanner in New Britain

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

**Filing Date:** July 16, 2008

**Decision Date:** July 17, 2008

**Staff:** Diane Duran

**Project Description:** New Britain MRI, LLP 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 New Britain, at a total capital cost of \$2,500,000.

**Nature of Proceedings:** On July 16, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from New Britain MRI, LLP (“Applicant”). The Applicant proposes to replace its existing 1.0 Tesla MRI scanner with a 1.5 Tesla MRI scanner, at a total capital cost of \$2,500,000.

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. New Britain MRI, LLP (“Applicant”) is a for profit facility located at 100 Grand Street in New Britain, Connecticut. *(June 23, 2008, CON Waiver Form 2040, page 2 )*
2. New Britain MRI, LLP is requesting a waiver of CON requirements in order to replace its existing Philips NT, 1.0 Tesla, Wide Aperature, MRI scanner equipment authorized by OHCA. *(June 23, 2008, CON Waiver Form 2040, page 4)*
3. On April 18, 1989, in an Agreed Settlement under Docket Number 89-1000, New Britain MRI, LLP, Mandell & Blau, M.D.’s P.C., New Britain Radiology Associates, Inc., and The Hospital of Central Connecticut formerly doing business as New Britain General 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 purchase a Philips Medical System, .5 Tesla magnetic resonance imaging (“MRI”) scanner in New Britain. *(June 23, 2008, CON Waiver Form 2040, Attachment A, page 11)*
4. On April 18, 1989, in the Agreed Settlement under Docket Number 89-1000, the Applicant indicated that Mandell & Blau, M.D.’s P.C., (“M&B”) and New Britain Radiology Associates, Inc., (“NBRA”) had currently subleased facility space along with the MRI scanner purchased from the Applicant in order to provide clinical and MRI services. *(June 23, 2008, CON Waiver Form 2040, Attachment A, page 11)*
5. Additionally, the two groups of radiologists M&B and NBRA provide professional MRI services doing business as MRI of New Britain. *(June 23, 2008, CON Waiver Form 2040, page 65 and July 16, 2008, Additional Responses, page 2)*
6. On May 16, 1996, in an Agreed Settlement under Docket Number 95-1000, the Applicant received CON authorization by OHCA to replace its .5 Tesla MRI scanner with a 1.0 Tesla MRI scanner located at 100 Grand Street in New Britain, at a total capital expenditure of \$1,365,128. *(June 23, 2008, CON Waiver Form 2040, page 11 and May 16, 199, Agreed Settlement, Docket Number: 95-1000, Attachment A, pages 11, 14 and 18)*
7. The Applicant owns and operates two wide aperture MRI scanners. The authorized location for both the 1.0 Tesla and 1.5 Tesla MRI scanners is 100 Grand Street in New Britain, CT, located on the main campus of the Hospital of Central Connecticut. *(June 23, 2008, CON Waiver Form 2040, pages 64 and 65)*
8. 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.)*

9. The Applicant plans to acquire and operate a Philips XR, 1.5 Tesla, Wide Aperature, MRI scanner as its replacement equipment located at 100 Grand Street in New Britain. (June 23, 2008, CON Waiver Form 2040, page 4, and 11)
10. The Applicant indicates that its current operating hours for the MRI service in New Britain are Monday through Friday from 7 a.m. – 8 p.m. (June 23, 2008, CON Waiver Form 2040, page 66 )
11. The Applicant states that the existing MRI scanner needs to be replaced for the following reasons: (June 23, 2008, CON Waiver Form 2040, page 5)
- The existing scanner had aged 12 years and is at the of end its life for any upgrade path;
  - Although the existing scanner is adequate for routine diagnostic imaging, it is unable to be upgraded to perform more complex studies; and
  - The new scanner will allow the Applicant to perform MRI of the breast with biopsy capabilities, peripheral vascular MR angiography, MR angiography of the neck and abdomen, and dynamic evaluation of the abdomen including MRCP for it patients.
12. According to the Applicant the new MRI scanner will enhance the delivery of treatment as follows: (June 23, 2008, CON Waiver Form 2040, page 6)
- Improves ready access to advanced technology;
  - Allows more advance imaging studies to be performed;
  - Allows greater flexibility to schedule MRI examinations; and
  - Improves quality of care and examination of patients.
13. The Applicant states that the volume of the existing MRI scanner is as follows:

	FY 2005	FY 2006	FY 2007	FY 2008 (5 months)
<b>MRI Scans</b>	3,991	4,317	4,250	1,746

(June 23, 2008, CON Waiver Form 2040, page 65)

14. The total capital expenditure for the replacement project is \$2,500,000, which consists of the following components:
- a) \$1,650,000 for the associated major medical equipment with a fair market value of leases;
  - b) \$610,000 for construction and renovation work associated with the installation of the new equipment; and
  - c) \$240,000 for other non-construction and rental of the mobile scanner.

(June 23, 2008, CON Waiver Form 2040, pages 4 and J)

15. The Applicant plans to rent a Philips, 1.5 Tesla, MRI mobile scanner as its temporary equipment. (June 23, 2008, CON Waiver Form 2040, page 4 and July 10, 2008, Additional Responses)
16. The Applicant states that the cost of the rental mobile scanner is temporary for the service during the de-installation and installation of the new MRI scanner which, will

take up to 16 weeks at a cost of \$15,000 per week. It will insure no interruption of service while the scanner is being replaced. *(June 23, 2008, CON Waiver Form 2040, page 4 and July 10, 2008, Additional Responses)*

17. The capital cost of \$1,650,000 for the replacement MRI scanner 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. *(June 23, 2008, CON Waiver Form 2040, pages 3 and 4)*
18. The Applicant will fund the proposal through a capital lease and its equity funds. *(June 23, 2008, CON Waiver Form 2040, page 5)*
19. The Applicant states that its proposed change of operating hours for the new MRI scanner service is as follow: *(June 23, 2008, CON Waiver Form 2040, page 66)*
  - Monday through Friday from 6 a.m. – 10 p.m.;
  - Saturday from 7 a.m. – 2 p.m.; and
  - Sunday as needed (emergent exams).
20. The replacement MRI scanner will serve the Applicant's existing patient population and with no anticipated changes in the payer mix due to the proposal. *(June 23, 2008, CON Waiver Form 2040, page 5)*

## **Rationale**

New Britain MRI, LLP (“Applicant”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, C.G.S. The Applicant is seeking to replace its existing 1.0 Tesla MRI scanner with a 1.5 Tesla MRI scanner in New Britain and undertake renovations to accommodate the new equipment. The new MRI scanner replacement equipment will be located at 100 Grand Street in New Britain.

The Applicant is requesting that the existing MRI scanner be replaced as the equipment has aged 12 years and is at the end of its useful life and cannot be upgraded. The proposed MRI scanner will provide enhanced imaging studies, such as MRI of the breast with biopsy capabilities, peripheral vascular MR angiography, MR angiography of the neck and abdomen, and evaluation of the abdomen including MRCP for its patients. The Applicant states that the proposed MRI scanner will enhance the delivery of treatment and will allow more examinations to be scheduled. The proposed MRI scanner will improve quality and access for the Applicant’s existing patient population.

The capital cost for the proposed replacement MRI scanner equipment is \$1,650,000 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 Applicant will fund the replacement project through a capital lease and its equity funds.

## **Order**

Based on the foregoing Findings and Rationale, OHCA has determined that the New Britain MRI, LLP (“Applicant”) request for a waiver of CON requirements for replacement equipment in order to replace its existing 1.0 Tesla Magnetic Resonance Imaging (“MRI”) scanner with a 1.5 Tesla MRI scanner in New Britain, at a total capital cost of \$2,500,000, 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 July 17, 2009. Should the Applicant’s replacement project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved total capital cost of \$2,500,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall notify OHCA.
3. This authorization allows the Applicant to rent a temporary mobile MRI scanner during installation of the new MRI scanner.
4. The Applicant may only operate one MRI scanner at all times; therefore, the temporary mobile MRI scanner may only be operated during installation of the new MRI scanner. The contractual arrangement for the temporary mobile MRI scanner must be terminated effective the date the new authorized MRI scanner becomes fully operational.
5. With respect to the acquisition of the new MRI scanner, the Applicant 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 mobile MRI scanner.
6. This authorization requires the removal of the Applicant’s existing 1.0 Tesla MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant’s Connecticut service locations. Furthermore, the Applicant shall provide evidence to OHCA of the disposition of the existing 1.0 Tesla MRI scanner to be replaced by no later than six months after the replacement system has become operational.
7. Should the Applicant propose any change in the MRI service, the Applicant shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

Should the Applicant 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 17, 2008*

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Date

CAV: dd

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Cristine A. Vogel  
Commissioner