



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: John Dempsey Hospital

Docket Number: 08-31175-WVR

Project Title: Request to Waive CON Requirements for the Replacement of a Computed Tomography Scanner

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

Filing Date: June 25, 2008

Decision Date: July 14, 2008

Staff: Jack A. Huber

Project Description: John Dempsey Hospital requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing a computed tomography scanner, at a total capital expenditure of \$2,200,000.

Nature of Proceedings: On June 25, 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”) in Farmington. The Hospital proposes to replace a computed tomography scanner in Farmington, at a total capital expenditure 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 teaching hospital affiliated with the University of Connecticut Health Center. The Hospital is located at 263 Farmington Avenue in Farmington, Connecticut. *(May 29, 2008, CON Waiver Form 2040, page 2)*
2. The Hospital is requesting a waiver of Certificate of Need (“CON”) requirements for the purpose of replacing an existing computed tomography (“CT”) scanner. The project also includes renovations to accommodate the proposed CT scanner as well as the reconfiguration of the scanners with regard to their functionality within the service. *(May 29, 2008, CON Waiver Form 2040, page 6)*
3. The Hospital proposes to acquire and operate a 64-slice Siemens Somatom Definition Duel Source CT scanner. *(May 29, 2008, CON Waiver Form 2040, page 6)*
4. 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 CON 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.)*
5. The Hospital’s CT service includes three scanning units whose manufacturer name, on-campus location, OHCA docket number identifying previously authorized CON actions and current use of each unit are identified in the following table:

Table 1: Current Status of the Hospital’s CT Scanners

Scanner	Location	Docket Number	Current Use
1. Phillips MX8000	Main Hosp Bldg.; Room: H17	03-30088-CON	Primary Hospital Unit
2. Phillips Brilliance	Med. Arts & Research Bldg.	04-30343-WVR	Outpatient Services
3. MX Twin CT	Main Hosp. Bldg.; Room: L79	98-510; 00-583R; & 04-30343-WVR	Simulations for Radiation Oncology

(May 29, 2008, CON Waiver Form 2040, page 6)

6. On January 5, 2004, in a final decision under the Docket Number: 03-30088-CON, the Hospital received CON authorization from the Office of Health Care Access (“OHCA”) to acquire and operate a 16-slice Phillips MX8000 CT scanner, at a total capital expenditure of \$1,840,290. The new CT scanner became operational in August 2004. *(May 29, 2008, CON Waiver Form 2040, page 6 and January 5, 2004, Final Decision Order under DN: 03-30088-CON)*
7. On August 6, 2004, in a final decision under the Docket Number: 04-30343-WVR, the Hospital received approval waiving CON requirements for replacement equipment in order to replace its single-slice MX Twin CT scanner with a new 16-slice Phillips Brilliance CT scanner, at a total capital expenditure of \$965,272. The new CT scanner became operational in July 2005. The authorization further allowed the reuse of the single-slice MX Twin CT scanner, converting it from use as a scanner in the CT service to use as a simulator in the Radiation Oncology service. *(May 29, 2008, CON Waiver Form 2040, page 6 and August 6, 2004, Final Decision Order under DN: 04-30343-WVR)*

8. On May 22, 1998, in an agreed settlement under the Docket Number: 98-510, the Hospital received CON authorization from OHCA to acquire and operate a single-slice MX Twin CT scanner at a capital cost of \$1,300,893, which replaced an existing nine year old, fully depreciated CT scanner. The new CT scanner became operational in December 2000. *(May 29, 2008, CON Waiver Form 2040, page 6 and May 22, 1998, Agreed Settlement Order under DN: 98-510)*

9. The Hospital proposes to reconfigure its CT service in the following manner:
 - a) The proposed 64-slice Siemens CT scanner will be installed in the room currently occupied by the MX Twin CT and will serve as the Hospital's primary CT scanner;
 - b) The MX Twin CT scanner will be taken out of service and removed from the Hospital;
 - c) The 16-slice Phillips MX8000 CT scanner will remain in its current location and will serve as the simulator for the Radiation Oncology service;
 - d) The 16-slice Brilliance CT scanner will remain in the Medical Arts and Research Building and continue to serve the Hospital's outpatient population; and
 - e) The CT service hours of operation and the patient population requiring CT examinations will not be affected or altered by the proposal.
(May 29, 2008, CON Waiver Form 2040, page 3)

10. The Hospital indicates that the existing single-slice MX Twin CT scanner needs to be removed from service as the scanner is technologically antiquated and provides inferior image quality compared to current technology. *(May 29, 2008, CON Waiver Form 2040, page 7)*

11. The Hospital states that the conversion of the existing 16-slice Phillips MX8000 CT scanner from primary service unit to radiation therapy simulator is based on the following factors:
 - a) The amount of time required to complete a scan on this unit is approximately 30 to 40 seconds and patient movement and natural cardiac rhythm combine to cause motion artifact, resulting in less than satisfactory image quality;
 - b) To counteract motion artifact, adult patients are required to take beta-blockers to reduce their heartbeat, while newborn intensive care patients must be fully anesthetized prior to scanning. The additional steps complicate the scanning procedure and increases the risk to the patients; and
 - c) By using the unit as a radiation therapy simulator, the scanner's useful life will be extended and the scanner will provide an upgrade over the current radiation therapy treatment planning technology.
(May 29, 2008, CON Waiver Form 2040, pages 6 and 7)

12. The Hospital indicates the new 64-slice Siemens Somatom CT scanner will provide the following advantages:
 - a) The newer technology offers improved imaging clarity and resolution and greater reduction in motion artifact over the existing technology;
 - b) The newer technology will complement the Hospital's cardiac, cancer and musculoskeletal programs by improving diagnostic information regarding coronary artery disease, pulmonary medicine, stroke, neurology, oncology and orthopedics;
 - c) Imaging time will be reduced by approximately 90%, allowing many scans to be completed in fewer than two seconds;

- d) The faster scan times will improve patient comfort and the patient's overall experience.

(May 29, 2008, CON Waiver Form 2040, page 6)

13. The following table presents the Hospital's actual CT scanning volumes for the last three fiscal years ("FY") and the current year ("CY") to date annualized:

Table 2: Actual CT Scanning Utilization

CT Scanner	Start Date	FY 2005	FY 2006	FY 2007	CY 2008*
Phillips MX8000	8/04/2004	9,846	10,018	10,339	10,921
Phillips Brilliance	7/28/2005	-	3,037	5,065	4,953
MX Twin	12/15/2000	2,462	1,135	811	835
Total Scans	-	12,308	14,190	16,215	16,709

Note: * Annualized figure based on 11 months of actual data with Hospital's fiscal year from July to June. (June 25, 2008, Completeness Responses, page 1)

14. The Hospital projects the following number of CT scans for the FYs 2010 through 2012 with the proposal:

Table 3: Projected CT Scanning Utilization*

CT Scanner	FY 2010	FY 2011	FY 2012
Siemens Dual Source	11,586	11,933	12,291
Phillips MX8000	886	913	940
Phillips Brilliance	5,255	5,412	5,575
Total Scans	17,727	18,258	18,806

Note: * CT scan and CT simulation growth are estimated to be approximately 3% Each, based on historical data.

(June 25, 2008, Completeness Responses, page 1)

15. The total capital expenditure for the replacement project is \$2,200,000, which consists of \$1,873,938 in equipment costs and \$326,062 in renovation costs to install the new equipment. (May 29, 2008, CON Waiver Form 2040, page 3)
16. The capital expenditure of \$1,873,938 for the proposed 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. (May 29, 2008, CON Waiver Form 2040, page 3)
17. The Hospital will fund the proposal through charitable contributions. (May 29, 2008, CON Waiver Form 2040, page 3)
18. Under the Hospital's proposal, the new CT scanner is scheduled to become operational by February 2009. (May 29, 2008, CON Waiver Form 2040, page 2)

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 a single-slice MX Twin computed tomography (“CT”) scanner, which is nearly eight years old and has been used for simulation in the Hospital’s Radiation Therapy service. The new CT replacement equipment, a 64-slice Siemens Somatom Definition Duel Source CT scanner will become the primary scanner for the service and will be located in the main Hospital Building at 263 Farmington Avenue in Farmington. The project also includes renovations to accommodate the proposed CT scanner as well as the reconfiguration of the scanners with regard to their functionality within the service.

The Hospital’s possesses three CT scanners. There are two 16-slice scanners, one utilized in the Hospital setting and the second utilized in the outpatient services building. The third scanner, a one-slice unit, has been used in the oncology service as a simulator. The proposed 64-slice Siemens CT scanner will functionally replace the hospital’s 16-slice Phillips MX8000 CT scanner. The 16-slice Phillips MX8000 CT scanner will remain in its current location and will serve as the simulator for the radiation oncology service. The proposal will not affect the operation of the second 16-slice CT scanner as it will continue to support the Hospital’s outpatient service population. Lastly, the Hospital will remove from service and dispose of the single-slice CT simulator, as the unit is technologically antiquated and provides inferior image quality compared to current technology.

The proposed 64-slice CT scanner will be installed in the room currently occupied by the MX Twin CT and will serve as the Hospital’s primary CT scanner. The advantages of a 64-slice Siemens Somatom Definition Duel Source CT scanner over the current service’s primary unit, the 16-slice Phillips MX8000 CT scanner, are as follows: the newer technology offers improved imaging clarity and resolution and greater reduction in motion artifact over the existing technology; the newer technology will complement the Hospital’s cardiac, cancer and musculoskeletal programs by improving diagnostic information regarding coronary artery disease, pulmonary medicine stroke neurology, oncology and orthopedics; imaging time will be reduce by 90%, allowing many scans to be completed in fewer than two seconds; and the faster scan times will improve patient comfort and the patient’s overall experience.

The capital expenditure for the proposed replacement CT scanner is \$1,873,938, 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 charitable contributions.

Order

Based on the foregoing Findings and Rationale, the Office of Health Care Access (“OHCA”) has determined that John Dempsey Hospital’s (“Hospital”) request for a waiver of Certificate of need (“CON”) requirements for replacement equipment in order to replace a computed tomography (“CT”) scanner in Farmington, at a total capital expenditure 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 August 31, 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 expenditure of \$2,200,000 for the CT scanner and required renovations. 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 64-slice CT scanner, the Hospital shall notify OHCA regarding the following information in writing by no later than two months after the scanner becomes operational:
 - a) The name of the manufacturer;
 - b) The model name and description of the computed tomography scanner; and
 - c) The initial date of the operation of the computed tomography scanner.
4. This authorization requires the removal of the single-slice MX Twin 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 computed tomography scanner to be removed by no later than six months after the new scanner has become operational.
5. Should the Hospital propose any change in its proposal to replace its CT scanner, 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 14, 2008

Date

Cristine A. Vogel
Commissioner

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