



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: The William W. Backus Hospital

Docket Number: 08-31225-WVR

Project Title: Request to Waive CON Requirements for the Replacement of the Existing Mobile Magnetic Resonance Imaging Scanner in Norwich and Colchester

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

Filing Date: August 25, 2008

Decision Date: September 15, 2008

Staff: Diane Duran

Project Description: The William W. Backus Hospital requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its existing 1.5 Tesla mobile magnetic resonance imaging (“MRI”) scanner equipment with a 1.5 Tesla Mobile MRI scanner at 326 Washington Street in Norwich and 163 Broadway in Colchester, at a total capital expenditure of \$1,978,000.

Nature of Proceedings: On August 25, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from The William W. Backus Hospital (“Hospital”). The Hospital proposes to replace its 1.5 Tesla mobile MRI scanner equipment with a 1.5 Tesla mobile magnetic resonance imaging MRI scanner at 326 Washington Street in Norwich and 163 Broadway in Colchester, at a total capital expenditure of \$1,978,000.

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. The William W. Backus Hospital is an acute care hospital located at 326 Washington Street in Norwich, Connecticut. *(August 25, 2008, CON Waiver Form 2040, page 1)*
2. On February 26, 2002, in a Final Decision under Docket Number: 01-522, The William W. Backus Hospital (“Hospital”) and Alliance Imaging, Inc. (“Applicants”), received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) to acquire a Siemens MAGNETOM Symphony, 1.5 Tesla mobile magnetic resonance imaging (“MRI”) scanner at the Hospital’s campus located at 326 Washington Street in Norwich and at Backus Health Center located at 163 Broadway in Colchester, at a capital expenditure of \$1,772,723. *(August 25, 2008, CON Waiver Form 2040, page 3, and February 26, 2002, Final Decision under DN: 01-522)*
3. On February 26, 2002, in the Final Decision under Docket Number: 01-522, the Applicants indicated that Alliance Imaging, Inc. is a company that provides diagnostic imaging and therapeutic systems and related technical support services, as well as management services, to hospitals and other health care providers. *(August 25, 2008, CON Waiver Form 2040, page 2, and February 26, 2002, Final Decision under DN: 01-522)*
4. The Hospital is requesting a waiver of CON requirements in order to replace its existing Siemens Symphony, 1.5 Tesla mobile MRI scanner authorized by OHCA located at 326 Washington Street in Norwich and 163 Broadway in Colchester. *(August 25, 2008, CON Waiver Form 2040, pages 2 and 3)*
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 a Siemens MAGNETOM Avanto, 1.5 Tesla mobile MRI scanner as its replacement equipment located at 326 Washington Street in Norwich and 163 Broadway in Colchester. *(August 25, 2008, CON Waiver Form 2040, page 3 and Quotation)*

7. The Hospital states that the existing 1.5 Tesla mobile MRI scanner equipment needs to be replaced for the following reasons: *(August 25, 2008, CON Waiver Form 2040, page 5)*
 - a. The proposed 1.5 Tesla mobile MRI scanner is the preferred high field MRI unit for performance of certain MRI examinations including,
 - i. Breast biopsies,
 - ii. Bilateral breast imaging,
 - iii. Conscious sedation procedures due to new technology,
 - iv. Innovative diagnostic imaging capabilities; and
 - b. The equipment is ideal for diagnosing heart disease as well as disease in the arteries throughout the body.
8. Additionally, the Hospital states that the replacement of the existing 1.5 Tesla mobile MRI scanner equipment with a new 1.5 Tesla mobile MRI will result in the following benefits: *(August 25, 2008, CON Waiver Form 2040, pages 5 & 6)*
 - a. Improved diagnostic imaging capabilities;
 - b. Increased imaging processing speed;
 - c. Improved access for patients to get on, in, and out of the scanner;
 - d. Improved hardware and software that reduces noise by up to 97% during a MRI procedure;
 - e. The high speed and high resolution technology permits a level of detail not possible with the older or slower MRI equipment; and
 - f. The low table height makes the Avanto MRI scanner easily accessible to most patients and the table supports patients up to four hundred pounds.
9. The Hospital states that Alliance Imaging, Inc. will continue to be responsible for operating the proposed MRI replacement equipment and will provide technologists as part of its MRI services agreement. *(August 25, 2008, CON Waiver Form 2040, page 5)*
10. The total capital expenditure for the replacement project is \$1,978,000, which is associated with the medical equipment. *(August 25, 2008, CON Waiver Form 2040, page 3)*
11. The capital cost of \$1,978,000, for the replacement 1.5 Tesla 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. *(August 25, 2008, CON Waiver Form 2040, page 3)*
12. The Hospital will fund the proposal through its equity funds. *(August 25, 2008, CON Waiver Form 2040, page 4)*
13. Under the Hospital's proposal, the new 1.5 Tesla mobile scanner is scheduled to become operational by February 2009. *(August 25, 2008, CON Waiver Form 2040, page 2)*
14. The replacement mobile MRI scanner equipment will serve the Hospital's existing patient population and with no anticipated changes in the payer mix due to the proposal. *(August 25, 2008, CON Waiver Form 2040, page 5)*

Rationale

The William W. Backus 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 1.5 Tesla mobile magnetic resonance imaging (“MRI”) scanner with a 1.5 Tesla mobile MRI scanner in Norwich and Colchester. The new mobile MRI scanner replacement equipment will be located at the Hospital’s campus at 326 Washington Street in Norwich and at Backus Health Center located at 163 Broadway in Colchester, Connecticut.

The Hospital is requesting that the existing 1.5 Tesla mobile MRI scanner be replaced as it is the preferred high field MRI unit for performance of certain MRI examinations which include breast biopsies, bilateral breast imaging, and conscious sedation procedures. Additionally, the Hospital states that the replacement of the existing 1.5 Tesla mobile MRI scanner equipment with a new 1.5 Tesla mobile MRI will improve diagnostic imaging capabilities, increase imaging processing speed and improve access for patients to get on, in, and out of the scanner. The low table height makes the Avanto MRI scanner easily accessible to most patients and the table supports patients up to four hundred pounds. The high speed and high resolution technology will permit a level of detail that is not possible with the older or slower MRI equipment. The proposed MRI will also have improved hardware and software that reduces noise by up to 97% during a MRI procedure.

The capital cost for the proposed replacement mobile MRI scanner equipment is \$1,978,000 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 an equity funds.

Order

Based on the foregoing Findings and Rationale, OHCA has determined that The William W. Backus Hospital (“Hospital”) request for a waiver of CON requirements for replacement equipment in order to replace its existing 1.5 Tesla mobile magnetic resonance imaging (“MRI”) scanner with a 1.5 Tesla mobile MRI scanner located at the Hospital’s campus at 326 Washington Street in Norwich and at Backus Health Center located at 163 Broadway in Colchester, Connecticut, at a total capital cost of \$1,978,000, 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 September 15, 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 \$3 million in replacement fair market value or capital expenditure for the proposed replacement equipment. In the event that the Hospital learns of potential cost increases or expects the final project costs will exceed \$3 million, the Hospital shall notify OHCA in writing.
3. With respect to the acquisition of the new 1.5 Tesla mobile MRI 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 1.5 Tesla mobile MRI scanner, 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 MRI scanners to be removed by no later than six months after the new mobile MRI scanner has become operational.
5. Should the Hospital propose any change in the mobile MRI 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 September 15, 2008

Date

CAV:dd

Cristine A. Vogel
Commissioner