



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Middlesex Hospital

Docket Number: 08-31263-WVR

Project Title: Request to Waive CON Requirements for the Replacement of the Existing Computed Tomography Scanner in Essex

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

Filing Date: December 26, 2008

Decision Date: January 12, 2009

Staff: Diane Duran

Project Description: Middlesex Hospital (“Hospital”) requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its existing Computed Tomography (“CT”) scanner with a 64-slice CT scanner at the Hospital’s Shoreline Medical Center located at Westbrook Road in Essex, at a total capital expenditure of \$1,537,000.

Nature of Proceedings: On December 26, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from Middlesex Hospital (“Hospital”). The Hospital proposes to replace its existing CT scanner with a 64-slice CT scanner at the Hospital’s Shoreline Medical Center located at Westbrook Road in Essex, at a total capital expenditure of \$1,537,000.

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. Middlesex Hospital (“Hospital”) is an acute care hospital located at 28 Crescent Street in Middletown, Connecticut. *(November 3, 2008, Initial CON Waiver Form 2040, page 1)*
2. On January 21, 1993 in an Agreed Settlement under the Docket Number (“DN”) 92-537, the Hospital received Certificate of Need (“CON”) authorization from the Commission on Hospitals and Health Care, predecessor to the Office of Health Care Access (“OHCA”), to acquire and operate a General Electric (“GE”) Computed Tomography (“CT”) scanner for the Hospital’s Shoreline Medical Center in Essex, at a total capital expenditure of \$394,360. *(November 3, 2008, Initial CON Waiver Form 2040, page 2, and Attachment A, January 21, 1993, Agreed Settlement under DN 92-537, pages 4 and 7)*
3. On January 22, 2001 in a Final Decision under DN 01-1500-WVR, the Hospital received CON authorization from OHCA, to replace its GE CT scanner with a GE NX/I CT scanner located at the Hospital’s Shoreline Medical Center in Essex, at a total capital expenditure of \$991,803. *(November 3, 2008, Initial CON Waiver Form 2040, page 2, and January 22, 2001, Final Decision under DN: 01-1500, pages 1 and 2)*
4. The Hospital is requesting a waiver of CON requirements in order to replace its existing GE NX/I CT scanner authorized by OHCA under DN 01-1500 located at the Hospital’s Shoreline Medical Center in Essex, Connecticut. *(November 3, 2008, Initial CON Waiver Form 2040, page 2, and January 22, 2001, Final Decision under DN: 01-1500, pages 1 and 2)*
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 and operate a GE, LightSpeed VCT XT, 64-slice CT scanner as its replacement equipment currently at the Hospital’s Shoreline Medical Center located at Westbrook Road in Essex, Connecticut. *(November 3, 2008, Initial CON Waiver Form 2040, page 2, and December 26, 2008, Completeness Responses, pages 7 & 10, and Attachment B, Quotation page 13)*
7. The Hospital states that the existing CT scanner needs to be replaced for the following reasons: *(November 3, 2008, Initial CON Waiver Form 2040, page 5, and December 26, 2008, Completeness Responses, pages 7 and 8)*
 - The existing scanner is over 7 years old;
 - The equipment has been experiencing increased machine downtime which include 16 service events in the past year; and
 - The equipment has poor imaging quality, lack of x-ray tube heat capacity and limitations on procedures to be performed.

8. According to the Hospital the new 64-slice CT scanner will result in the following benefits: *(December 26, 2008, Completeness Responses, pages 7 and 8)*
 - Improved reduction in down time and unreliability;
 - Ability to perform routine CT procedures which include:
 - a) All extremities that require very thin slices and wide area of interest,
 - b) Thoracic spines, which tend to have motion artifacts due to length of the procedure and poor saggital and coronal reforming software,
 - c) CT colonoscopy due to the lack of tube capacity and breath holds that are too long which causes image blurring, and
 - d) CT enterography due to lack of speed and power.
 - Faster throughput which allows better management of urgent add on cases with less patient wait time;
 - Improved patient safety by using less contrast per patient; and
 - Improved service accessibility.

9. The total capital expenditure for the replacement project is \$1,537,000, which consists of the following components: *(November 3, 2008, Initial CON Waiver Form 2040, page 3 and December 26, 2008, Completeness Responses, pages 10 and 11)*
 - a) \$1,037,000 for the associated major medical equipment;
 - b) \$100,000 for other (non-construction) owners contingency; and
 - c) \$400,000 for construction and renovation work associated with the installation of the new equipment.

10. The capital cost of \$1,037,000 for the replacement CT 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. *(November 3, 2008, Initial CON Waiver Form 2040, page 3 and December 26, 2008, Completeness Responses, page 10)*

11. The Hospital will fund the proposal through its funded depreciation. *(November 3, 2008, Initial CON Waiver Form 2040, page 4)*

12. The Hospital intends to begin operating the 64-slice CT scanner on June 1, 2009 after CON approval. *(December 26, 2008, Completeness Responses, page 10)*

13. 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. *(December 26, 2008, Completeness Responses, page 9)*

Rationale

Middlesex 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 Computed Tomography (“CT”) scanner with a 64-slice CT scanner at the Hospital’s Shoreline Medical Center location and undertake renovations and construction work to accommodate the new equipment. The new CT scanner equipment will be located at Westbrook Road in Essex, Connecticut.

The Hospital is requesting that the existing CT scanner be replaced as it is over 7 years old. The proposed 64-slice CT scanner will improve the reduction in down time due to past service events and unreliability. The new 64-slice CT scanner will improve the ability to perform routine CT procedures and provide patient safety by using less contrast per patient. The 64-slice CT scanner will also improve faster throughput which allows better management of urgent add on cases with less patient wait time.

The capital cost for the proposed replacement CT scanner equipment is \$1,037,000 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 its funded depreciation.

Order

Based on the foregoing Findings and Rationale, OHCA has determined that the Middlesex Hospital (“Hospital”) request for a waiver of CON requirements for replacement equipment in order to replace its existing Computed Tomography (“CT”) scanner with a 64-slice CT scanner at the Hospital’s Shoreline Medical Center located at Westbrook Road in Essex, at a total capital expenditure of \$1,537,000, 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 January 12, 2010. 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 64-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, such as sale or salvage, outside of and unrelated to the Hospital’s Connecticut service locations, for the existing CT scanner. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the above listed CT scanner to be removed by no later than six months after the new 64-slice CT scanner 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 January 12, 2009

Date

Cristine A. Vogel
Commissioner

CAV:dd