# Office of Health Care Access
# Certificate of Need Application

## Final Decision

| | |
|---|---|
| **Applicant:** | **New Milford Hospital** |
| **Docket Number:** | **08-31275-WVR** |
| **Project Title:** | **Request to Waive CON Requirements for the Replacement of the Existing Mobile 1.5 Tesla MRI Scanner with a Fixed 1.5 Tesla MRI Scanner in New Milford** |
| **Statutory Reference:** | **Section 19a-639c of the Connecticut General Statutes** |
| **Filing Date:** | **January 7, 2009** |
| **Decision Date:** | **January 12, 2009** |
| **Staff:** | **Diane Duran** |

**Project Description:** New Milford Hospital requests a waiver of Certificate of Need ("CON") requirements for replacement equipment for the purpose of replacing its existing mobile 1.5 Tesla magnetic resonance imaging ("MRI") scanner equipment with a fixed 1.5 Tesla MRI scanner at 21 Elm Street in New Milford, at a total capital expenditure of $2,853,236.

**Nature of Proceedings:** On January 7, 2009, the Office of Health Care Access ("OHCA") received the completed waiver of Certificate of Need ("CON") request for replacement equipment from New Milford Hospital ("Hospital"). The Hospital proposes to replace its mobile 1.5 Tesla MRI scanner equipment with a fixed 1.5 Tesla MRI scanner at 21 Elm Street in New Milford, at a total capital expenditure of $2,853,236.

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 Milford Hospital ("Hospital") is an acute care hospital located at 21 Elm Street in New Milford, Connecticut. *(December 24, 2008, CON Waiver Form 2040, page 1)*

2. On March 4, 1993 in an Agreed Settlement under the Docket Number ("DN") 92-547, the Hospital, Charlotte Hunger Hospital ("CHH"), Sharon Hospital ("SH") and Winsted Memorial Hospital ("WMH") 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 initiate magnetic resonance imaging ("MRI") services at the Hospital, SH and WMH, and to expand MRI services at CHH through the establishment of a regional mobile MRI consortium known as the Northwest Connecticut Mobile MRI Consortium, to acquire and operate a mobile 1.0 Tesla MRI scanner at a total capital expenditure of $2,425,381. *(December 24, 2008, CON Waiver Form 2040, page 2, and Attachment III, March 14, 1989, Agreed Settlement under DN 92-547, pages 13)*

3. On October 25, 1996 WMH ceased operations and surrendered its license to the Department of Public Health. *(December 24, 2008, CON Waiver Form 2040, page 2, and Attachment IV, April 17, 1998, Agreed Settlement under DN 97-590Ra, page 45)*

4. On April 17, 1998 in an Agreed Settlement under DN 97-590Ra, the Hospital, CHH, and SH received CON authorization from OHCA, to increase the number of days the mobile MRI unit operates at CHH, from 3 days per week to 4 days per week without a specific hour limitation, and to increase the number of days the mobile MRI unit may operate at the Hospital from 1 day per week, to 2 day per week without a specific hour limitation. *(December 24, 2008, CON Waiver Form 2040, page 2, and Attachment IV, April 17, 1998, Agreed Settlement under DN 97-590Ra, page 47)*

5. On June 21, 1999 in a Final Decision under DN 99-519, the Hospital received CON authorization from OHCA, to (1) acquire a replacement mobile MRI unit to provide MRI services at the Hospital and SH, (2) add a third day of MRI services, and (3) the termination of CHH's involvement in the mobile MRI services. *(December 24, 2008, CON Waiver Form 2040, page 2, and Attachment V, June 21, 1999, Final Decision under DN 99-519, page 56)*

6. On May 9, 2003 the Hospital implemented its current contract for a five day per week schedule of its mobile MRI route with Alliance Imaging. According to the Hospital, this time period coincided with SH moving forward with permanent installation of MRI service on its campus and no longer participating in the mobile MRI service. *(January 7, 2008, Additional Information, page 2)*

7. On June 24, 2003 in a Final Decision under DN 03-30085-WVR, SH received CON authorization by OHCA to replace its existing MRI unit with a GE Medical Systems 1.5 Tesla Highspeed MRI unit and the AK Specialty van to be leased for its project. *(June 24, 2003, Final Decision under DN 03-30085, page 5)*

8. The Hospital is requesting a waiver of CON requirements in order to replace its existing Siemens mobile 1.5 Tesla MRI scanner authorized by OHCA located at 21 Elm Street in New Milford. *(December 24, 2008, CON Waiver Form 2040, page 2)*

9. The Applicant indicates that its current operating hours for the existing mobile 1.5 Tesla MRI service in New Milford is as follows:
   - An average of 5 days of service per week;
   - Monday, Tuesday, Wednesday, Friday and Saturday from 8 a.m. to 5 p.m.; and
   - Expanded hours through the early evening as the schedule warrants.

   *(December 24, 2008, CON Waiver Form 2040, page 3)*

10. 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.)*

11. The Hospital plans to acquire and operate a GE, Signa HDX fixed 1.5 Tesla MRI scanner as its replacement equipment located at 21 Elm Street in New Milford. *(December 24, 2008, CON Waiver Form 2040, page 3 and Attachment I, Quotation, page 8)*

12. The Hospital states that the existing mobile 1.5 Tesla MRI scanner needs to be replaced for the following reasons:

    a) The existing equipment is more than 6 years old;
    b) The equipment does not utilize the latest technology; and
    c) The electrical hookup and the trailer is currently shared with its mobile PET-CT scanner which is occupied and must be moved from the site every Thursday.

    *(December 24, 2008, CON Waiver Form 2040, page 4)*

13. The Hospital states that the replacement of the existing mobile 1.5 Tesla MRI scanner will result in the following benefits:

    a) Improved imaging quality and additional applications;
    b) Improved dynamic breast MRI and MRI-guided breast biopsy, functional neurologic imaging, cardiac MRI and diffusion tensor images;
    c) Enhanced patient throughput;
    d) Enhanced patient privacy and comfort;
    e) Improved average scan time per patients;
    f) Capable of imaging all standard and advanced MRI procedures; and
    g) Designed with a shorter and wider bore with flared openings to enhance patient comfort and allow scanning of claustrophobic and larger patients.

    *(December 24, 2008, CON Waiver Form 2040, pages 4 and 5)*

14. The Hospital states that the volume of the existing MRI scanner at the Hospital is as follows:

| | FY 2006 | FY 2007 | FY 2008 |
|---|---|---|---|
| **MRI Scans** | 2,676 | 2,266 | 2,317 |

*(December 24, 2008, CON Waiver Form 2040, page 4)*

15. The total capital expenditure for the replacement project is $2,853,236, which consists of the following components:
    a) $1,522,440 for the associated medical equipment purchase; and
    b) $1,331,796 for construction and renovation work associated with the installation of the new equipment.
    *(December 24, 2008, CON Waiver Form 2040, page 3)*

16. The capital cost of $1,522,440 for the replacement 1.5 Tesla 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. *(December 24, 2008, CON Waiver Form 2040, page 3)*

17. The Hospital will fund the proposal through its conventional loans. *(December 24, 2008, CON Waiver Form 2040, page 4)*

18. The Hospital indicates that the operation of the proposed fixed 1.5 Tesla MRI scanner at the Hospital is as follows:
    - An average of 7 days of service per week;
    - Sunday through Saturday from 8 a.m. to 5 p.m.; and
    - Expanded hours through the early evening as the schedule warrants and emergencies.

    *(December 24, 2008, CON Waiver Form 2040, page 3)*

19. Under the Hospital's proposal, the new fixed 1.5 Tesla MRI scanner is scheduled to become operational by July 1, 2009. *(December 24, 2008, CON Waiver Form 2040, page 2)*

20. The replacement MRI scanner equipment will serve the Hospital's existing patient population and with no anticipated changes in the payer mix due to the proposal. *(December 24, 2008, CON Waiver Form 2040, page 6)*

# Rationale

New Milford 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 mobile 1.5 Tesla magnetic resonance imaging ("MRI") scanner with a fixed 1.5 Tesla MRI scanner at the Hospital and undertake renovations to accommodate the new equipment. The new fixed MRI scanner replacement equipment will be located at 21 Elm Street in New Milford, Connecticut.

The Hospital is requesting that the existing mobile 1.5 Tesla MRI scanner be replaced as it will improve imaging quality, and additional applications will include dynamic breast MRI and MRI-guided breast biopsy, functional neurologic imaging, cardiac MRI and diffusion tensor images. The fixed MRI scanner will enhance the patients' throughput and patient privacy. The fixed MRI scanner is designed with a shorter and wider bore with flared openings that will enhance patient comfort and allow scanning of claustrophobic and larger patients.

The capital cost for the proposed replacement MRI scanner equipment is $1,522,440 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 conventional loans.

# Order

Based on the foregoing Findings and Rationale, OHCA has determined that New Milford Hospital's ("Hospital") request for a waiver of CON requirements for replacement equipment in order to replace its existing mobile 1.5 Tesla magnetic resonance imaging ("MRI") scanner with a fixed 1.5 Tesla MRI scanner located at 21 Elm Street in New Milford, at a total capital expenditure of $2,853,236, 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 fixed 1.5 Tesla 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, such as sale or salvage, outside of and unrelated to the Hospital's Connecticut service locations, for the existing mobile 1.5 Tesla MRI scanner. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the above listed MRI scanner to be removed by no later than six months after the new MRI scanner has become operational.

5. Should the Hospital propose any change in the 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 January 12, 2009***

_____ _____

Date

Cristine A. Vogel
Commissioner

CAV:dd