



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Saint Mary's Hospital

Docket Number: 08-31295-WVR

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

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

Filing Date: January 21, 2009

Decision Date: February 5, 2009

Staff: Laurie K. Greci

Project Description: Saint Mary's Hospital requests a waiver of Certificate of Need ("CON") requirements for replacement equipment for the purpose of replacing its existing 16-slice Philips MX-8000 IDT computed tomography ("CT") scanner with a 40-slice Philips DS Brilliance CT scanner, at a total capital expenditure of \$464,000.

Nature of Proceedings: On January 21, 2009, the Office of Health Care Access ("OHCA") received the completed waiver of CON request for replacement equipment from Saint Mary's Hospital ("Hospital") in Waterbury. The Hospital proposes to replace its existing 16-slice Philips MX-8000 IDT CT scanner with a 40-slice Philips DS Brilliance CT scanner at the Hospital's main campus in Waterbury, at a total capital expenditure of \$464,000. 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 Connecticut General Statutes ("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. Saint Mary's Hospital ("Hospital") is an acute care hospital located at 56 Franklin Street, Waterbury, Connecticut. *(December 29, 2008, CON Waiver Form 2040, page 1)*
2. On June 17, 1993, in an Agreed Settlement with Docket Number 92-584, 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 computed tomography ("CT") scanner on the Hospital's main campus in Waterbury. The Hospital obtained a single-slice Siemens Somatom DRH CT scanner at a total capital expenditure of \$1,536,164, representing the fair market value of the leased equipment. *(June 17, 1993, Agreed Settlement, Docket Number 92-584, page 3)*
3. On April 1, 2005, under the Docket Number 04-30413-WVR, the Hospital received a waiver of CON requirements from OHCA to replace its existing single-slice Siemens Somatom DRH CT scanner with a refurbished 16-slice Philips Medical Systems MX-8000 IDT CT scanner. The Hospital obtained the CT scanner at a total capital expenditure of \$395,000. *(April 1, 2005, OHCA Docket Number 04-30413-WVR and June 7, 2007, Compliance Response from Saint Mary's Hospital for 04-30413-WVR, page 2)*
4. The Hospital is requesting a waiver of CON requirements for the purpose of replacing its existing 16-slice Philips MX-8000 IDT CT scanner. *(December 29, 2008, CON Waiver Form 2040, page 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 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.)*
6. The Hospital proposes to acquire and operate a 40-slice Philips DS Brilliance CT scanner as its replacement equipment. *(December 29, 2008, CON Waiver Form 2040, page 3)*
7. The Hospital will rent a temporary CT scanner for use until the new 40-slice CT scanner becomes operational. *(December 29, 2008, CON Waiver Form 2040, page 4)*
8. The Hospital states that the current 16-slice CT scanner needs to be replaced for the following reasons:
 - a. The CT scanner has experienced ongoing maintenance problems and downtime;
 - b. Since October 2008 the CT scanner has had problems on over 80 different occasions requiring over 200 hours of servicing by the Hospital Clinical Engineering Department;

- c. The Hospital requires a reliable CT scanner to provide the majority of CT scan-related treatments and procedures.
(December 29, 2008, CON Waiver Form 2040, page 5)
9. The Hospital indicates the proposed replacement 40-slice CT scanner will provide the following advantages:
 - a. The Hospital requires a reliable CT scanner to provide the service;
 - b. The CT scanner has newer technology that will allow the Hospital's Emergency Department to provide higher quality scans, faster and more accurately;
 - c. The CT scanner will provide the Hospital's patients with enhanced accessibility and quality.
(December 29, 2008, CON Waiver Form 2040, page 5)
10. The type of testing and the procedures performed at the Hospital will not change with the proposed replacement 40-slice CT scanner. The CT scanner will be located in the Radiology Department of the Hospital, where the current single-slice CT scanner is located.
(December 29, 2008, CON Waiver Form 2040, page 5)
11. The total capital expenditure for the replacement project is \$464,000, which consists of \$417,000 in equipment costs and \$10,000 in renovation costs, and \$37,000 for rental of a temporary scanner during installation. *(May 16, 2008, CON Waiver Form 2040, page 4)*
12. The capital expenditure of \$417,000 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 16, 2008, CON Waiver Form 2040, page 3)*
13. The Hospital will fund the proposal through equity. *(May 16, 2008, CON Waiver Form 2040, page 4)*
14. Under the Hospital's proposal, the new CT scanner will become operational as soon as the renovations are performed and the equipment is obtained from the vendor. *(May 16, 2008, CON Waiver Form 2040, page 3)*
15. The replacement CT scanner will serve the Hospital's existing patient population and the Hospital anticipates no changes in the payer mix due to the proposal.

Rationale

Saint Mary's 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 its existing 16-slice Philips MX-8000 IDT computed tomography ("CT") scanner with a 40-slice Philips DS Brilliance CT scanner at the Hospital's main campus in Waterbury.

The Hospital is requesting that the existing 16-slice CT scanner be replaced as it has experienced ongoing maintenance problems and downtime. Since October 2008 the CT scanner has had problems on over 80 different occasions requiring over 200 hours of servicing by the Hospital Clinical Engineering Department. With the new 40-slice Philips DS Brilliance CT scanner, the Hospital will have a reliable CT scanner to provide the majority of its CT scan-related treatments and procedures.

The proposed capital expenditure for the replacement CT scanner is \$417,000, exclusive of renovation costs and rental of the temporary CT scanner, 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 equity funds.

Order

Based on the foregoing Findings and Rationale, the Office of Health Care Access ("OHCA") has determined that Saint Mary's 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 Waterbury, at a total capital expenditure of \$464,000, 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 February 5, 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 that final project costs will exceed those approved, the Hospital shall notify OHCA in writing.
3. With respect to the acquisition of the new 40-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.
 - d. The termination date of the operation of the temporary CT scanner.
4. This authorization requires the removal of the 16-slice Philips Medical Systems MX-8000 IDT ("16-slice") 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 16-slice CT scanner to be removed by no later than six months after the new scanner has become operational.
5. The Hospital may rent a temporary scanner until the new 40-slice CT scanner becomes operational. Once the rental CT scanner becomes operational, the existing 16-slice scanner may not longer be used by the Hospital. Furthermore, once the new 40-slice CT scanner becomes operational, the temporary scanner may no longer be used.

6. 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 February 5, 2009

Date

Cristine A. Vogel
Commissioner

CAV:lkq