



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: The William W. Backus Hospital

Docket Number: 09-31306-WVR

Project Title: Request to Waive CON Requirements for the Replacement of the Existing Computer Tomography Scanner located at Backus Outpatient Care Center

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

Filing Date: February 3, 2009

Decision Date: February 19, 2009

Staff: Steven W. Lazarus

Project Description: The William W. Backus Hospital (“Hospital”) requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its Computer Tomography (“CT”) scanner located at the Hospital’s Outpatient Care Center located at 113 Salem Turnpike in Norwich, at a total capital expenditure of \$661,400.

Nature of Proceedings: On February 17, 2009, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from the Hospital. The Hospital proposes to replace its existing singled-slice CT scanner equipment located at the Backus Outpatient Care Center located at 113 Salem Turnpike in Norwich, at a total capital expenditure of \$661,400.

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 (“Hospital”) is an acute care hospital located at 326 Washington Street in Norwich, Connecticut. *(February 3, 2009, CON Waiver Form 2040, page 1)*
2. On December 14, 2006, under Docket No. (“DN”) 06-30766-CON, the Hospital received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”), to acquire Norwich Radiology Group, P.C.’s Norwich office and its assets, including a single-slice Computed Tomography (“CT”) scanner. *(December 14, 2006, OHCA Final Decision, DN 06-30766-CON)*
3. On May 28, 2008 under CON Determination, DN 08-31169-DTR, the Hospital received CON determination from OHCA stating that no CON was required to relocate the Hospital’s single –slice CT scanner originally acquired under DN 06-30766-CON from Norwich Radiology, located at 12 Case Street, Norwich to the Hospital’s Backus Outpatient Care Center located at 113 Salem Turnpike in Norwich, at a total capital expenditure of \$376,236. *(May 28, 2008, OHCA CON Determination, Report No.: 08-31169-DTR)*
4. Under this proposal, the Hospital is requesting a waiver of CON requirements in order to replace its existing single-slice GE Highspeed FX/I CT scanner equipment currently operating at its Backus Outpatient Care Center (“Center”) located at 113 Salem Turnpike in Norwich, Connecticut, at a total capital expenditure of \$661,400. *(February 3, 2009, CON Waiver, pages 3-4)*
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 does not exceed \$3 million. *(Section 19a-639c, C.G.S.)*
6. The Hospital proposes to acquire and operate a multi-slice (40-slice) Siemens, Somatom Definition AS 40 CT scanner equipment as its replacement equipment. *(February 3, 2009, CON Waiver Form 2040, page 3)*
7. According to the Hospital, the current single-slice CT scanner is limited in its clinical uses as it can not perform many of the high demand studies such as pulmonary embolism, non-invasive vascular exams or surgical planning. Further, the existing single-slice Ct scanner offers inferior image resolution compared to a multi-slice CT scanner thereby, increasing the repeat scan rate. *(February 17, 2009, Supplemental Information Submitted by the Applicant)*
8. According to the Hospital the new CT scanner will offer a full compliment of CT scanning services including evaluation of the brain, spine, lungs, body, bones, angiography and high resolution imaging: *(February 3, 2009, CON Waiver Form 2040, page 4)*

9. The Hospital stated that the replacement CT scanner equipment will provide for the following:
- Increase slices per rotation and narrower slice widths;
 - Increase the amount of data acquired;
 - Improve image reconstruction;
 - Three dimensional (3-D) analysis leading to more accurate diagnosis;
 - Decrease rate of repeat examinations; and
 - Improve resolution.
- (February 3, 2009, CON Waiver Form 2040, pages 4-5)*
10. The total capital expenditure for the replacement project is \$661,400 which is the cost of the proposed CT scanner. *(February 3, 2009, CON Waiver Form 2040, pages 3-4)*
11. The capital cost of \$661,400 for the replacement CT 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. *(February 3, 2009, CON Waiver Form 2040, page 3-4)*
12. The Hospital will fund the proposal through its equity funds. *(February 3, 2009, CON Waiver Form 2040, page 4)*
13. The Hospital estimates to begin operating the proposed replacement CT scanner on March 1, 2009 after CON approval. *(February 3, 2009, CON Waiver Form 2040, page 2)*
14. 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. *(February 3, 2009, CON Waiver Form 2040, pages 4-5)*

Rationale

The William W. Backus (“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 Computer Tomography (“CT”) scanner equipment currently located at its Backus Outpatient Center (“Center”) at 113 Salem Turnpike in Norwich, Connecticut.

The Hospital is requesting that the existing CT scanner equipment located at the Center be replaced due to the fact that it’s a single slice scanner and is limited in its capabilities in performing some of the high demand studies such as pulmonary embolism, non-invasive vascular exams or surgical planning. In addition, the proposed CT scanner will increase the amount of data that will be collected and will provide 3-D analysis leading to a more accurate diagnosis and decreased repeat scans. Patient quality of care will be improved by the advanced CT imaging technology.

The capital cost for the proposed replacement CT scanner equipment is \$661,400 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 equity funds.

Order

Based on the foregoing Findings and Rationale, OHCA has determined that The William W. Backus Hospital (“Hospital”) requests for a waiver of CON requirements for the proposed replacement equipment in order to replace its existing Computed Tomography (“CT”) scanner equipment to be located at the Hospitals’ Backus Outpatient Care Center located at 113 Salem Turnpike, Norwich, Connecticut, at a total capital expenditure of \$661,400, 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 December 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 \$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 angiography equipment, 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 equipment. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the above listed CT scanner equipment to be removed by no later than six months after the new CT Scanner equipment has become operational.
5. Should the Hospital propose any change in the CT scanner equipment, 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 19, 2009

Date

Cristine A. Vogel
Commissioner

CAV:swl