



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

April 7, 2005

Scott Nadel, M.D.
President
Northeast Radiology of Connecticut, LLC
73 Sand Pit Road
Danbury, CT 06810

Re: Certificate of Need Determination, Report Number: 05-30472-DTR
Northeast Radiology of CT, LLC
Acquisition of a 1.0 Tesla-Strength Extremity MRI Unit

Dear Dr. Nadel:

On April 4, 2005, the Office of Health Care Access (“OHCA”) received your Certificate of Need (“CON”) Determination request concerning the proposal of Northeast Radiology of CT, LLC, to acquire a 1.0 tesla-strength, extremity magnetic resonance imaging (“MRI”) unit for its Danbury office, at an estimated total capital cost of \$397,000. OHCA has reviewed the information contained in your CON Determination request letter and makes the following findings:

1. Northeast Radiology of CT, LLC, (“Applicant”) is a physician practice that provides imaging services at multiple offices in Connecticut (Danbury and Southbury) and New York. The physician practice employs sixteen (16) radiologists and is the radiology provider for New Milford Hospital.
2. The Applicant’s Danbury office, located at 73 Sand Pit Road, currently provides ultrasound, mammography, and bone densitometry services in approximately 1,700 square feet of rented office space.
3. The Applicant is proposing to acquire a 1.0 tesla-strength, extremity magnetic resonance imaging (“MRI”) unit for its Danbury practice site, at an estimated total capital cost of \$397,000.
4. The Applicant proposes to acquire an OrthoOne XT MRI System in a “turnkey arrangement from ONI Medical Systems Inc.

An Equal Opportunity Employer
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Toll-Free: 1-800-797-9688
Fax: (860) 418-7053

5. The space constraints of the existing Danbury office were considered in the Applicant's decision to provide MRI services. The size and design specifications of the proposed extremity unit will allow for the installation of the equipment in approximately 200 square feet of existing space in the Danbury office.
6. The extremity MRI unit will be used to provide scans of the hand, wrist, elbow, foot, ankle and knee.
7. The MRI service will serve individuals residing or working in Danbury and the surrounding Connecticut towns of New Fairfield, Brookfield, Newtown, Redding, Bethel and Ridgefield.
8. The estimated total capital cost associated with the proposal is \$397,000. The proposed costs consists of the following components:
 - \$307,000 in the fair market value of the imaging equipment;
 - \$70,000 in renovation and shielding work;
 - \$18,420 in sales tax; and
 - \$1,580 in delivery and installation.
9. The cost estimate for all elements of the proposal was verified through receipt of a vendor price quotation that accompanied the Applicant's CON determination request.
10. The Applicant plans to finance the imaging equipment through a five year lease with GE Capital and anticipates financing the proposed renovation and shielding work expense, delivery and installation charges and sales tax expense from operating funds.
11. Northeast Radiology of CT, LLC is the entity that will bill for the MRI services, receive payment for the MRI services and be responsible for the reading of scans resulting from MRI examinations rendered to patients.
12. The estimated start date for the MRI service is May 31, 2005.
13. On October 21, 2004, the Applicant received from OHCA a CON determination, issued under Report Number: 04-30380-DTR. The determination provided that no CON authorization was required for the Applicant to move forward with its proposal to relocate its Danbury practice location to another Danbury site and to expand imaging services at the proposed site. The proposed relocation was due primarily to the lack of sufficient space for the current and proposed service needs of the radiology practice at the existing site.
14. On January 13, 2005, after learning that the scope of the aforementioned proposal, identified in the determination rendered under Report Number: 04-30380-DTR, had significantly been altered from that which was previously reviewed by OHCA, OHCA conveyed to the Applicant notification that the CON determination previously reached by OHCA would be withdrawn and that the determination conclusions would be void. Further, the Applicant was informed that it would be required to file a new CON

An Equal Opportunity Employer

410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308

Telephone: (860) 418-7001 Toll-Free: 1-800-797-9688

Fax: (860) 418-7053

determination request prior to proceeding with either a radiology office relocation or an imaging equipment acquisition.

15. This CON determination request complies, in part, with OHCA's directive to the Applicant, requiring the Applicant to file a new CON determination request prior to proceeding with any imaging equipment acquisition.

Based on the aforementioned findings, OHCA has determined that Certificate of Need approval is not required for Northeast Radiology of CT, LLC's to acquire a 1.0 tesla-strength, extremity MRI unit to be installed in pre-existing space in its Danbury practice site, at an estimated total capital cost of \$397,000. Please submit the final project cost, inclusive of the acquisition cost and all other costs associated with the implementation of the extremity MRI service to OHCA by July 1, 2005. Be advised, however, that if the Applicant changes the scope of the proposal or incurs a capital cost for the acquisition of the extremity MRI unit equal to or greater than \$400,000, Certificate of Need approval from OHCA would then be required.

Thank you for informing OHCA of your plans. If you have any questions concerning this letter, please contact Jack A. Huber, Health Care Analyst, at OHCA at (860) 418-7034.

Sincerely,

Signed by Cristine A. Vogel
Commissioner

cc: Rose McLellan, Licensing Examination Assistant, DHSR, DPH

CAV:jah

An Equal Opportunity Employer
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Toll-Free: 1-800-797-9688
Fax: (860) 418-7053