



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

November 15, 2005

Lawrence Berson, M.D.
Middlesex Orthopedic Surgeons, P.C.
540 Saybrook Road, Suite 160
Middletown, CT 06457

Re: Certificate of Need Determination, Report Number 05-30593-DTR
Middlesex Orthopedic Surgeons, P.C.
Acquisition of MRI unit for orthopedic surgery office

Dear Dr. Berson:

On October 4, 2005, the Office of Health Care Access ("OHCA") initiated a Certificate of Need ("CON") Determination process regarding the acquisition of an MRI unit by Middlesex Orthopedic Surgeons, P.C. ("MOS"). Information was received by OHCA from MOS in regard to this inquiry on October 26, 2005 and additional information was submitted on November 10, 2005. Please be advised that OHCA has reviewed this matter and makes the following findings:

1. MOS is a private practice orthopedic surgery group based in Middlesex, Connecticut.
2. MOS has purchased an MRI unit for use at its physician practice location at 410 Saybrook Road in Middletown.
3. The MRI unit purchased is a Hitachi MRP 7000, with 0.3T permanent magnet, which was originally manufactured in 1995.
4. MOS will be billing for MRI scans under its provider number. No other entity will be billing professional or technical fees related to the MRI scanning.
5. Patients scanned on this unit will strictly be patients of MOS with an ongoing patient-physician relationship with their MOS physician. No patients from outside the regular practice of MOS will be referred for scanning on this MRI unit.
6. MOS will be solely responsible and liable for patient care related to the MRI scanning.
7. No non-medical personnel will influence the operation of the MRI unit to any significant degree.
8. MOS has not and will not contract with any other entity to manage or operate the MRI unit.

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9. The MRI unit will be entirely owned by MOS and MOS is entirely owned by its physician members.
10. The radiologist and MRI technologist will be employees of MOS pursuant to an employment contract.
11. MOS will send one bill for services, which covers the professional fee for the services of its employed radiologist and the technical fee for the use of its equipment and technicians.
12. MOS will not charge a facility fee.
13. MOS anticipates commencing the installation process for the MRI unit in late November.
14. MOS purchased the MRI unit in June of 2005. The purchase agreement was signed on June 3, 2005 and the first payment was mailed to the vendor on June 27, 2005.
15. The total capital expenditure related to the MRI unit is \$279,360, broken down by the following components:

Purchase of MRI unit	\$250,000
Sales Tax	Included
Delivery and Installation	Included
Shielding	<u>\$ 29,360</u>
Total	\$279,360

16. The Applicant has provided to OHCA, an executed Purchase Agreement, entered into between MOS and Mega Tech, Inc. for the Hitachi MRI 7000 MRI unit signed June 3, 2005. The price listed in the signed purchase agreement was \$250,000.
17. The Applicant provided a copy of its \$5,000 check to Mega Tech, Inc. dated June 27, 2005 for initial payment and proof that such check has been cashed by Mega Tech, Inc. The Applicant also provided a copy of its \$115,000 check to Mega Tech, Inc., which won't be cashed until delivery of the unit. Final payment will be made upon installation.

Based on the above findings, OHCA has determined that Middlesex Orthopedic Surgeons, P.C. is not required to file a Certificate of Need request for the purchase of the MRI unit, as Middlesex Orthopedic Surgeons, P.C. made certain binding commitments related to the acquisition of this MRI unit prior to the implementation of Public Act 05-93. The Applicant has provided to OHCA satisfactory evidence that it acquired the MRI unit for under \$400,000 prior to July 1, 2005 and further OHCA authorization is not required.

The Applicant is required to provide to OHCA, by December 31, 2005, evidence that the Applicant has, by that date, taken full possession of the MRI unit. Any request to provide such evidence beyond that date, must be accompanied by a full and satisfactory explanation as to the specific and previously unforeseen barriers which have or do exist, which prevent the Applicant taking full possession by December 31, 2005.

If you have any questions concerning this letter, please contact Karen Roberts, Compliance Officer, at (860) 418-7001.

Sincerely,

Signed by Cristine A. Vogel
Commissioner

CAV:kr

Copy: Rose McLellan License and Applications Supervisor, DPH, DHSR