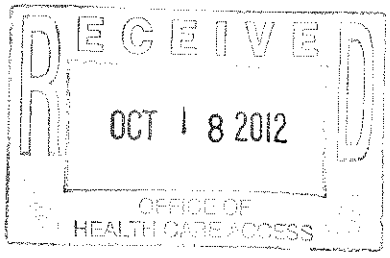
MIDDLESEX
HOSPITAL

ADMINISTRATION



October 17, 2012

Ms. Kimberly Martone
Director of Operations
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134

Re: Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital– Docket #TBD

Dear Ms. Martone:

I am pleased to enclose the original and four copies of Middlesex Hospital's Certificate of Need for the *Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital.* As requested, also enclosed on a CD is a scanned copy of the complete application and documents in MS format.

We are also enclosing our check in the amount of $500 in payment of the filing fee.

Given the tax increases scheduled to go into effect on January 1, 2013, the sellers are anxious to close before year end. Anything you might do to assist us in obtaining a decision on the application prior thereto will be most appreciated.

Thank you very much for your consideration of the enclosed application.

Please call me if you have any questions or concerns.

Very truly yours,

Harry Evert
Senior Vice President, Strategic Planning and Operations

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485

Application Checklist

Instructions:

1. **Please check each box below, as appropriate; and**
2. **The completed checklist *must* be submitted as the first page of the CON application.**

☒ **Attached is the CON application filing fee in the form of a certified, cashier or business check made out to the "Treasurer State of Connecticut" in the amount of $500.**

For OHCA Use Only:

Docket No.: 12-31795-CON **Check No.:** 235491
OHCA Verified by: SB **Date:** 10/18/12

☒ **Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (*OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 428-7053, at the time of the publication)***

☒ **Attached is a paginated hard copy of the CON application including a completed affidavit, signed and notarized by the appropriate individuals.**

☒ **Attached are completed Financial Attachments I and II.**

☒ **Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.**

Note: A CON application may be filed with OHCA electronically through email, if the total number of pages submitted is 50 pages or less. In this case, the CON Application must be emailed to ohca@ct.gov.

Important: For CON applications(less than 50 pages) filed electronically through email, the singed affidavit and the check in the amount of $500 must be delivered to OHCA in hardcopy.

☒ **The following have been submitted on a CD**

1. **A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format.**
2. **An electronic copy of the documents in MS Word and MS Excel as appropriate.**

Middlesex Hospital
Certificate of Need Application for
Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

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Middlesex Hospital
Application for Docket TBD

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AFFIDAVIT

Applicant: Middlesex Hospital

Project Title: Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

I, Vincent G. Capece, Jr, CEO
(Individual's Name) (Position Title – CEO or CFO)

of Middlesex Hospital being duly sworn, depose and state that
(Hospital or Facility Name)

Middlesex Hospital's information submitted in this Certificate of
(Hospital or Facility Name)

Need Application is accurate and correct to the best of my knowledge.

Vincent Capece
Signature

10/16/12
Date

Subscribed and sworn to before me on October 16, 2012

Melissa M. Lowry
Notary Public/~~Commissioner of Superior Court~~

My commission expires: _____

Melissa M. Lowry
Notary Public Connecticut
My Commission Expires
March 31, 2014

THE ATTACHED CHECK IS IN PAYMENT OF ITEMS LISTED BELOW. MIDDLESEX HOSPITAL

INVOICE NUMBER, DATE, AND COMMENTS	GROSS AMOUNT	DISCOUNT	NET AMOUNT
10/12/12A 10/12/12 CON FOR GUILFORD RADIOLOGY (RAM)	500.00	0.00	500.00
THIS VOUCHER IS FOR YOUR RECORDS.	500.00	0.00	500.00

MIDDLESEX HOSPITAL 28 Crescent Street Middletown, CT 06457

DATE 10/15/12 CHECK NUMBER 235491

62-22
311

DOLLARS	CENTS
$ ******500	00

PAY TO THE ORDER OF TREASURER STATE OF CT
55 Elm Street, Hartford CT 06106

FIVE HUNDRED AND 00/100---------- DOLLARS

Susan M. Martin

WACHOVIA BANK, N.A.
Wilmington, DE 19303

⑈0000235491⑈ ⑆031100225⑆ 2079960001518⑈

11828

MIDDLESEX HOSPITAL 28 Crescent Street Middletown, CT 06457-3650

ADDRESS SERVICE REQUESTED

Treasurer State of Ct
55 Elm Street
Hartford CT 06106

Proof of Public Notice

8/15/12 PUBLIC NOTICE Statute Reference: Section 19a-638 of the Connecticut General Statues Applicant: Mid...

PUBLIC NOTICE Statute Reference: Section 19a-638 of the Connecticut General Statues Applicant: Middlesex...

Source: New Haven Register

Category: Events & Notices » Legal & Public Notices
http://nhregister.kaango.com/ads/view?adid=20993611

Ad Details:

Ad ID:	20993611
Created:	Aug 15, 2012
Expires:	Aug 17, 2012

PUBLIC NOTICE Statute Reference: Section 19a-638 of the Connecticut General Statues Applicant: Middlesex Hospital, 28 Crescent Street, Middletown, CT 06457 Project Title: Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. and Advanced Colon Care, Inc. d/b/a Shoreline Colonoscopy Suites, LLC to Middlesex Hospital Project Summary: Middlesex Hospital is applying for a Certificate of Need pursuant section 19a-638 of the Connecticut General Statutes requesting a transfer of ownership of certain of the assets of Radiologic Associates of Middletown, P.C. (Guilford Radiology) and Advanced Colon Care, Inc. d/b/a Shoreline Colonoscopy Suites, LLC (Shoreline Colonoscopy Center) at the following two locations: d Guilford Radiology, 1591 Post Road, Suite 106, Guilford, CT 06437 d Shoreline Colonoscopy Center, 929 Boston Post Road, Suite 1, Old Saybrook, CT 06475 Estimated Total Capital Expenditure: $ 3,250,000

/15/12 Public Notices

PUBLIC NOTICE

Statute Reference: Section 19a-638 of the Connecticut General Statues

Applicant: Middlesex Hospital, 28 Crescent Street, Middletown, CT 06457

Project Title: Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. and Advanced Colon Care, Inc. d/b/a Shoreline Colonoscopy Suites, LLC to Middlesex Hospital

Project Summary: Middlesex Hospital is applying for a Certificate of Need pursuant section 19a-638 of the Connecticut General Statutes requesting a transfer of ownership of certain of the assets of Radiologic Associates of Middletown, P.C. (Guilford Radiology) and Advanced Colon Care, Inc. d/b/a Shoreline Colonoscopy Suites, LLC (Shoreline Colonoscopy Center) at the following two locations:
• Guilford Radiology, 1591 Post Road, Suite 106, Guilford, CT 06437
• Shoreline Colonoscopy Center, 929 Boston Post Road, Suite 1, Old Saybrook, CT 06475

Estimated Total Capital Expenditure:
$ 3,250,000

Appeared in: ***Hartford Courant*** on 08/15/2012 and 08/17/2012

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www.myPublicNotices.com

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State of Connecticut
Office of Health Care Access
Certificate of Need Application

Instructions: Please complete all sections of the Certificate of Need ("CON") application. If any section or question is not relevant to your project, a response of "Not Applicable" may be deemed an acceptable answer. If there is more than one applicant, identify the name and all contact information for each applicant. OHCA will assign a Docket Number to the CON application once the application is received by OHCA.

Docket Number:	TBD
Applicant:	Middlesex Hospital
Contact Person:	Harry Evert
Contact Person's Title:	Senior Vice President, Strategic Planning and Operations
Contact Person's Address:	Middlesex Hospital, 28 Crescent Street, Middletown, CT 06457
Contact Person's Phone Number:	860 358 6150
Contact Person's Fax Number:	860 346 5485
Contact Person's Email Address:	harry.evert@midhosp.org
Project Town:	Middletown
Project Name:	Transfer of Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital
Statute Reference:	Section 19a-638, C.G.S.
Estimated Total Capital Expenditure:	$1,428,000

1. Project Description: Acquisition of Equipment

a. Please provide a narrative detailing the proposal.

Middlesex Hospital is a 275-bed, not-for-profit acute care hospital serving the Greater Middlesex County and Shoreline area of Connecticut through a network of community-based outpatient, primary care and emergency care facilities located throughout its service area. Middlesex Hospital ("Middlesex") as the Applicant proposes a transfer of ownership of certain of the assets of Radiologic Associates of Middletown, P.C. to Middlesex and submits this CON in support of this transfer of ownership request.

The assets to be acquired from Radiologic Associates of Middletown, P.C. ("RAM") are located at RAM's Guilford Radiology facility at 1591 Boston Post Road, Guilford, Connecticut. Guilford Radiology provides CT, MRI, ultrasound, mammography, x-ray, and bone density imaging services. Middlesex intends to acquire the assets of RAM's Guilford Radiology facility, which are comprised of computers, furniture and fixtures, office equipment, and diagnostic imaging equipment that includes an MRI and CT scanner. After the transfer of ownership of these assets, the facility will operate as a Middlesex Hospital Outpatient Department and the RAM physicians will continue to provide professional radiology services to their patients at this Guilford facility.

The scope of services provided to the local communities in the future at the facility will not change as a result of the asset purchases described above. The acquisition of these assets will allow Middlesex to integrate these valuable community-based clinical services into the Middlesex Health System's network of service sites to continue meeting the needs of area communities into the future.

Middlesex Hospital determined the need existed for this proposal after RAM approached Middlesex regarding a transfer of ownership of the assets of the facility. The physicians felt that they and their patients would benefit by converting the site into Hospital facilities.

The benefits of the proposal to transfer ownership of the select assets to Middlesex are that it will better enable the physicians to focus on the professional services they provide to their patients while at the same time allowing these patients to continue to receive these services locally in their respective communities.

The facility is located within the Middlesex service area. Middlesex believes it is in the best interests of the patients in the community for Middlesex to ensure continued access at the current location. Integrating the outpatient diagnostic radiology services into the existing Middlesex Health System's

network of community-based resources will ensure not only the continuation of service access, it will help to ensure effective and efficient care coordination for these patients' care within the Middlesex Health System.

RAM approached the Applicant, Middlesex Hospital, during 2011 about transferring the ownership of the facility's assets. After considering the long-term benefits of the proposed transaction for Middlesex's service area communities, Middlesex and the physician-owned enterprise mutually agreed to enter into formal discussions about the transfers of assets.

Middlesex commissioned an independent third party valuation firm to determine the fair market value of the businesses' assets. A Memorandum of Understanding was drawn up and signed by the respective parties. (This is included in the Attachments to this Application.) The Purchase and Sale agreements are being developed, and any closing thereunder will be contingent upon approval of this proposal. In addition, a transition team has been formed to ensure that a seamless transition of service will occur at the facility.

b. Provide letters that have been received in support of the proposal.

See Attachment A on page 28 for letters in support of the proposal.

c. Provide the Manufacturer, Model, Number of slices/tesla strength of the proposed scanner (as appropriate to each piece of equipment).

Scanner	Slices/tesla strength
Toshiba Aquillion CT	16 slice
Siemens Symphony MRI	1.5T

d. List each of the Applicant's sites and the imaging modalities and other services currently offered by location.

Site Name	Location	Imaging Modality	Other Services
Middlesex Hospital	28 Crescent St. Middletown, CT	• General Radiography • Ultrasound • CT Scanner • Nuclear Medicine • Mammography • MRI • Interventional Radiology	• General, specialty and acute medical and surgical care for adults and children • Emergency Department
Middlesex Hospital Outpatient Center	534 Saybrook Rd. Middletown, CT	• General Radiography • Ultrasound	• Laboratory, ambulatory surgery,

		• CT Scanner • Nuclear Medicine • Mammography • MRI • PET/CT	rehabilitation, physical therapy, wound care, speech and occupational therapy
Middlesex Hospital Shoreline Medical Center	260 Westbrook Road, Essex, CT	• General Radiography • Ultrasound • CT Scanner • Nuclear Medicine • Mammography • MRI	• Emergency Department • Laboratory, rehabilitation services, mental health services, infusion therapy
Middlesex Hospital Marlborough Medical Center	12 Jones Hollow Road, Marlborough, CT	• General Radiography • Ultrasound • CT Scanner • Nuclear Medicine • Mammography • MRI	• Emergency Department • Laboratory, rehabilitation services,

2. Clear Public Need

a. Explain why there is a clear public need for the proposed equipment. Provide evidence that demonstrates this need.

The Guilford facility is located within the Middlesex service area and currently provides thousands of patients a year with high quality imaging services to aid in the diagnosis and treatment of their illnesses and injuries. As stated previously, Middlesex believes it is in the best interests of the patients in the community for Middlesex to ensure continued access at the current location. The acquisition by Middlesex will not add any new diagnostic imaging capacity to the state. Integrating the outpatient diagnostic radiology services into the existing Middlesex Health System's network of community-based resources will ensure not only the continuation of service access, it will help to ensure effective and efficient care coordination for these patients' care within the Middlesex Health System. The utilization data tables below provide evidence in support of the statement above of a clear public need.

b. Provide the utilization of existing health care facilities and health care services in the Applicant's service area.

Utilization of CT and MRI services at existing hospitals in the Middlesex service area is not available, as the Applicant is the only hospital within their

service area. Utilization of freestanding, non-Hospital based imaging centers within Middlesex's service area is not publically available.

c. Complete **Table 1** for each piece of equipment of the type proposed currently operated by the Applicant at each of the Applicant's sites.

Table 1: Existing Equipment Operated by the Applicant

Provider Name Street Address Town, Zip Code	**Description of Service ***	**Hours/Days of Operation ****	**Utilization *** Aug 1, 2011 – Aug 30, 2012**
Middlesex Hospital 28 Crescent St. Middletown, CT 06457	• GE VCT 64 slice CT • GE Brightspeed 16 slice CT • Siemens 1.5T Symphony MRI	CT: 24 hrs/7 days per week**** MRI: 28hrs/per week 3 days per week	CT: 14,447 **** MRI: 1,127
Middlesex Hospital Outpatient Center 534 Saybrook Rd., Middletown, CT 06457	• GE Discovery 16 slice CT-PET scanner • Siemens Avanto 1.5T MRI	CT-PET: 42.5 hrs/week, 5 days/week MRI: 78 hrs/week, 6 days/week	CT only: 4,495 CT-PET: 512 MRI: 5,342
Middlesex Hospital Shoreline Medical Center 260 Westbrook Rd Essex, CT 06426	• GE VCT 64 slice CT • Siemens 1.5T Symphony MRI	CT: 24 hrs/7 days per week MRI: 49.5hrs/week, 4 days/week	CT: 6,412 MRI: 2,930
Middlesex Hospital Marlborough Medical Center 12 Jones Hollow Rd Marlborough, CT 06447	• GE Brightspeed 16 CT • Siemens 1.5T Symphony MRI	CT: 24 hrs/7 days per week MRI: 25 hrs/week, 2 days per week	CT: 4,131 MRI: 1,232

* Include equipment strength (e.g. slices, tesla strength), whether the unit is open or closed (for MRI)
** Days of the week unit is operational, and start and end time for each day; and
*** Number of scans/exams performed on each unit for the most recent 12-month period (identify period).
****** Both CT scanners are used interchangeably and are operated 24 hours/ 7 days a week, the volume is an aggregate number**

d. Provide the following regarding the proposal's location:

i. The rationale for locating the proposed equipment at the proposed site;

The proposed equipment will remain at its current location in order to continue serving the patients in the community. As stated previously, integrating the outpatient services into the existing Middlesex Health System's network of community-based resources will ensure not only the continuation of service access, it will help to ensure effective and efficient care coordination for these patients' care within the Middlesex Health

System. Middlesex believes it is in the best interests of the patients in the community for Middlesex to ensure continued access at the current location.

ii. The population to be served, including specific evidence such as incidence, prevalence, or other demographic data that demonstrates need;

The populations to be served are located in towns within Middlesex's current service area. The existing populations will not be impacted by this change of ownership. The Applicant's primary and secondary service area includes the following towns within the Greater Middlesex County and Shoreline area of Connecticut. The 2010 and projected 2015 populations for these towns are listed in the table below.

Middlesex Service Area Towns	2010 Population	2015 Projected Population	Projected Growth per year	Projected Growth Total
Chester	3,817	3,749	-0.4%	-1.8%
Clinton	13,577	14,211	0.9%	4.7%
Colchester	15,383	15,783	0.5%	2.6%
Cromwell	13,968	13,886	-0.1%	-0.6%
Deep River	4,789	4,742	-0.2%	-1.0%
Durham	6,889	6,858	-0.1%	-0.4%
East Haddam	8,859	8,846	0.0%	-0.1%
East Hampton	14,761	15,620	1.1%	5.8%
Essex	6,744	6,690	-0.2%	-0.8%
Haddam	7,953	7,987	0.1%	0.4%
Killingworth	6,765	6,892	0.4%	1.9%
Madison	18,620	18,736	0.1%	0.6%
Marlborough	6,217	6,619	1.3%	6.5%
Middlefield	4,482	4,513	0.1%	0.7%
Middletown	46,251	48,583	1.0%	5.0%
Old Saybrook	10,562	10,431	-0.2%	-1.2%
Portland	9,687	10,073	0.8%	4.0%
Westbrook	6,814	6,813	0.0%	0.0%
TOTAL	**206,138**	**211,032**	**0.5%**	**2.4%**
Secondary Service Areas				
Guilford	21,968	21,715	-0.2%	-1.2%
Lyme	1,977	1,998	0.2%	1.1%
Old Lyme	7,267	7,045	-0.6%	-3.1%
Rocky Hill	19,502	20,256	0.8%	3.9%
*Source for 2010 Population and 2015 Population Projections: Connecticut Economic Resource Center, Inc. (www.cerc.com)				

iii. How and where the proposed patient population is currently being served;

There will be no change in how the current and proposed population will be served. The proposed patient population is currently being served by RAM and will continue to be served by the Hospital as a hospital based outpatient location.

iv. All existing providers (name, address) of the proposed service in the towns listed above and in nearby towns;

Town	Provider Name	Provider Address	MRI	PET/ CT	CT
Chester	None				
Clinton	None				
Colchester	Colchester Backus Health Center	163 Broadway	X		X
Cromwell	None				
Deep River	None				
Durham	None				
East Haddam	None				
East Hampton	None				
Essex	Middlesex Hospital – Shoreline Medical Center (Applicant)	260 Westbrook Road	X		X
Haddam	None				
Killingworth	None				
Madison	Madison Radiology, P.C.	2A Samson Rock Dr.			X
	Madison Radiology Imaging LLC	705 Boston Post Rd #9A			X
Marlborough	Middlesex Hospital – Marlborough Medical Center (Applicant)	12 Jones Hollow Road	X		X
Middlefield	None				
Middletown	Open MRI of CT	140 Main St	X		

	Middlesex Hospital (Applicant)	28 Crescent Street	X		X
	Middlesex Hospital – Outpatient Center (Applicant)	534 Saybrook Road	X	X	X
Old Saybrook	None				
Portland	None				
Westbrook	Madison Radiology of Westbrook	5 Pequot Park Road			X
SSAs					
Guilford	Madison Radiology Imaging LLC	705 Boston Post Road	X		
	YNNH- Temple Radiology	111 Goose Lane	X		X
Rocky Hill	None				
Old Lyme	None				
Lyme	None				

v. The effect of the proposal on existing providers; and

The proposal will have no impact on existing providers because Middlesex is acquiring diagnostic imaging equipment that is already in operation at the current and proposed location. Therefore, no changes in imaging capacity will result.

vi. If the proposal involves a new site of service, identify the service area towns and the basis for their selection.

The proposal does not involve a new site of service; Guilford is located within the Middlesex service area.

e. Explain why the proposal will not result in an unnecessary duplication of existing or approved health care services.

The proposal will not result in an unnecessary duplication of existing health care services because it will not introduce any new imaging equipment capacity into the market. Rather, it will ensure a continuation of high quality diagnostic imaging services to the service area communities.

3. Actual and Projected Volume

a. Complete the following tables for the past three fiscal years ("FY"), current fiscal year ("CFY"), and first three projected FYs of the proposal, for each of the Applicant's existing and proposed pieces of equipment (of the type proposed, at the proposed location only). In Table 2a, report the units of service by piece of equipment, and in Table 2b, report the units of service by type of exam (e.g. if specializing in orthopedic, neurosurgery, or if there are scans that can be performed on the proposed scanner that the Applicant is unable to perform on its existing scanners).
See Table 2a for the Applicant's projections for the proposed pieces of equipment at the proposed location.

Table 2a: Historical, Current, and Projected Volume, by Equipment Unit

	Actual Volume (Last 3 Completed FYs)			CFY Volume *	Projected Volume (First 3 Full Operational FYs)** *****		
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
CT - 1591 Boston Post Rd, Guilford, CT*****	1,797	1,305	1,047	1,047	1,047	1,047	1,047
CT SCAN TOTAL	**1,797**	**1,305**	**1,047**	**1,047**	**1,047**	**1,047**	**1,047**
MRI - 1591 Boston Post Rd, Guilford, CT *****	950	938	821	821	821	821	821
MRI	**950**	**938**	**821**	**821**	**821**	**821**	**821**

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than six months, report actual volume and identify the period covered.
** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary.
*** Identify each scanner separately and add lines as necessary. Also break out inpatient/outpatient/ED volumes if applicable.
**** Fill in years. In a footnote, identify the period covered by the Applicant's FY (e.g. July 1-June 30, calendar year, etc.).
*****Guilford Radiology Statistics based on an August 1 – July 31 Fiscal Year. Projections are based on the previous fiscal year plus 1%. 2013 projections reflect the current budget.**

Table 2b: Historical, Current, and Projected Volume, by Type of Scan/Exam

	Actual Volume (Last 3 Completed FYs) ****			CFY Volume*	Projected Volume (First 3 Full Operational FYs)**		
	FY 2010	FY 2011	FY 2012	FY 2013 ******	FY 2014	FY 2015	FY 2016
CT - Abdomen	564	467	409	410	409	410	410
CT - Chest	292	273	285	285	285	285	285
CT - Extremities Lower	25	10	10	10	10	10	10
CT - Extremities Upper	7	5	9	9	9	9	9
CT - Head & Neck	340	270	245	245	245	245	245

CT - Spine & Pelvis	511	242	57	57	57	57	57
CT - Other	58	38	32	32	32	32	32
CT SCAN Total	1,797	1,305	1,047	1,048	,047	1,048	1,048
MRI - Abdomen	51	55	40	40	40	40	40
MRI - Breast	-	2	1	1	1	1	1
MRI - Chest	6	4	2	2	2	2	2
MRI - Extremities Lower	206	219	172	172	172	172	172
MRI - Extremities Upper	106	102	106	106	106	106	106
MRI - Head & Neck	257	233	179	179	179	179	179
MRI - Spine & Pelvis	324	323	321	322	322	322	322
MRI - Other	-	-	-	-	-	-	-
MRI Total	950	938	821	822	822	822	822

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than six months, report actual volume and identify the period covered.
** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary.
*** Identify each type of scan/exam (e.g. orthopedic, neurosurgery or if there are scans/exams that can be performed on the proposed piece of equipment that the Applicant is unable to perform on its existing equipment) and add lines as necessary.
**** Fill in years. In a footnote, identify the period covered by the Applicant's FY (e.g. July 1-June 30, calendar year, etc.).
***** **Guilford Radiology Statistics based on an August 1 – July 31 Fiscal Year.**
****** Current FY13 numbers are based on the FY13 budget since the FY13 started October 1, 2013

b. Provide a breakdown, by town, of the volumes provided in Table 2a for the most recently completed full FY.
The data below is the aggregate of Middlesex and Guilford volumes.

	FY 2011
CT SCAN	
Town	**Tests**
GUILFORD	427
BRANFORD	201
MADISON	158
NORTH BRANFORD	102
CLINTON	93
EAST HAVEN	91
KILLINGWORTH	39
NORTHFORD	39
WESTBROOK	19
OLD SAYBROOK	17
WALLINGFORD	17
EAST HADDAM	12
OLD LYME	10
Other	80

GUILFORD	427
BRANFORD	201
MADISON	158
NORTH BRANFORD	102
CLINTON	93
EAST HAVEN	91
KILLINGWORTH	39
TOTAL CT Scans	**1,305**
MRI	**FY2011**
Town	**Tests**
GUILFORD	277
BRANFORD	122
MADISON	115
CLINTON	66
EAST HAVEN	56
NORTH BRANFORD	55
KILLINGWORTH	23
NORTHFORD	21
WESTBROOK	21
WEST HAVEN	20
OLD SAYBROOK	16
EAST HAVEN	15
NORTH HAVEN	12
Other	119
Total MRI	**938**

c. Describe existing referral patterns in the area to be served by the proposal.

Currently, patients are referred to Guilford Radiology by their physicians or are self-referred.

d. Explain how the existing referral patterns will be affected by the proposal.

Existing referral patterns are expected to continue and not be affected by this proposal.

e. Explain any increases and/or decreases in volume seen in the tables above.

The decreases in volume are explained as follows:

January 2011, CMS changed the procedure coding with regards to CT abdomen and pelvis scans. Prior to January 2011, a CT of the abdomen and pelvis were counted as 2 procedures; after January 2011, a CT of the abdomen and pelvis is now coded and counted as one procedure. The drop in volume for CTs from the change in procedure coding is seen in both the 2011 and 2012 volumes because the RAM fiscal year runs from August 1 – July 31st.

The MRI volume decrease in 2011 and 2012 (RAM's FY runs August 1 – July 31) is believed to be attributed to leakage to the Yale New Haven Hospital Guilford facility.

f. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected volume by scanner and scan type.

The assumption used in the derivation of the projected volume by scanner and scan type was to use the previous fiscal year and assume 1% growth in volume. The most recent year's data and historical volumes were used to project to FY13, FY14 and FY15.

g. Provide a copy of any articles, studies, or reports that support the need to acquire the proposed scanner, along with a brief explanation regarding the relevance of the selected articles.

The proposal does not add new diagnostic imaging equipment to the State, therefore articles directly pertaining to this type of proposal were not able to be found upon a literature review. However, the following articles are submitted for their relevance to hospital-owned outpatient diagnostic imaging centers. See Attachment G on page 73 for copies of the following articles

Article	Relevance
"Changing Relationships between Radiologists and Hospitals Part I. Background and Major Issues"	• "Hospitals have been slow to respond to the outpatient trend, and a number of factors need to be better addressed... Relatively well outpatients do not want to experience the inconvenience of having to travel long distances to crowded hospital campuses with limited parking and then probably wait beyond their appointment times while emergencies are accommodated. Moreover, while many hospitals have built or expanded dedicated outpatient facilities, these centers are often right next to the hospital and thus are only a partial aspect of what patients want—

	good service and quality close to home in a convenient setting." • "The increase in outpatient services, including high-technology imaging, has accelerated during the past 2 decades....When I joined the Massachusetts General Hospital radiology department in 1988, approximately 60% of the 360 000 examinations performed each year were for inpatients, and 40% were for outpatients. Today [2007], the percentages have largely reversed, with 64% of the 600 000 annual examinations performed in outpatients and 36% performed in inpatients."
"Hospital-based Versus Freestanding Outpatient Imaging Services"	• This article highlights the trend of Hospitals purchasing privately owned imaging centers. Cuts in reimbursement for privately-owned imaging centers have forced some to leave the business; the conversion of these facilities into Hospital Outpatient Departments (HOPD) have allowed these locations to continue to offer diagnostic imaging in their current locations.

4. Quality Measures

a. Submit a list of all key professional, administrative, clinical, and direct service personnel related to the proposal. Attach a copy of their Curriculum Vitae.

Key Personnel	Facility
Vincent Capece	**Middlesex Hospital**
Harry Evert	**Middlesex Hospital**
Arthur V. McDowell, M.D	**Middlesex Hospital**
Jacquelyn G. Calamari	**Middlesex Hospital**
Michael Crain, M.D.	**Guilford**

See Attachment B: Curriculum Vitae on page 56, for copies of the above CVs.

b. Explain how the proposal contributes to the quality of health care delivery in the region.

RAM has been providing high quality diagnostic imaging services with convenient access for patients within Middlesex's service area communities for years. Integrating RAM's outpatient diagnostic imaging services into the existing Middlesex Hospital will ensure the continuation of access to these

services as well as provide opportunities for enhanced care coordination within the Middlesex Health System.

5. Organizational and Financial Information

a. Identify the Applicant's ownership type(s) (e.g. Corporation, PC, LLC, etc.).

b. Does the Applicant have non-profit status?
☒ Yes (Provide documentation) ☐ No

Middlesex Hospital is a tax-exempt, non-profit organization. Please see Attachment E: Proof of Non-Profit Status, page 69, for documentation.

c. Provide a copy of the State of Connecticut, Department of Public Health license(s) currently held by the Applicant and indicate any additional licensure categories being sought in relation to the proposal.

Please see Attachment F: Copy of Operating License for Middlesex Hospital, page 71, for a copy.

d. Financial Statements

i. If the Applicant is a Connecticut hospital: Pursuant to Section 19a-644, C.G.S., each hospital licensed by the Department of Public Health is required to file with OHCA copies of the hospital's audited financial statements. If the hospital has filed its most recently completed fiscal year audited financial statements, the hospital may reference that filing for this proposal.

Refer to Middlesex Hospital's Annual Filing Submission for FY11 which was filed with OHCA on February 29, 2012.

ii. If the Applicant is not a Connecticut hospital (other health care facilities): Audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, in lieu of audited financial statements, provide other financial documentation (e.g. unaudited balance sheet, statement of operations, tax return, or other set of books.)

Not applicable.

e. Submit a final version of all capital expenditures/costs as follows:

Table 3: Proposed Capital Expenditures/Costs

Medical Equipment Purchase	-
Imaging Equipment Purchase	$979,700
Non-Medical Equipment Purchase	$121,300

Land/Building Purchase *	
Construction/Renovation **	
Other Non-Construction (Specify) – Intangible Assets	$328,000
Total Capital Expenditure (TCE)	**$1,428,000**
Medical Equipment Lease (Fair Market Value) ***	$
Imaging Equipment Lease (Fair Market Value) ***	
Non-Medical Equipment Lease (Fair Market Value) ***	
Fair Market Value of Space ***	
Total Capital Cost (TCC)	**$**
Total Project Cost (TCE + TCC)	**$**
Capitalized Financing Costs (Informational Purpose Only)	
Total Capital Expenditure with Cap. Fin. Costs	$1, 428,000

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.
** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.
*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

f. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

Middlesex Hospital intends to use equity to fund the acquisitions.

Demonstrate how this proposal will affect the financial strength of the state's health care system.

This proposal will help to ensure the continued provision of quality community-based outpatient services for residents of the Connecticut Shoreline area communities, which are currently served by Middlesex Hospital and its affiliated physicians. This proposal, as structured by the parties involved, is financially feasible and therefore, in the long-term best interests of the state's health care system.

6. Patient Population Mix: Current and Projected

a. Provide the current and projected patient population mix (based on the number of patients, not based on revenue) with the CON proposal for the proposed program.

Below is Middlesex Hospital's overall projected payer mix of patients for the current year (FY12). The projections for FY13, FY14 and FY15 represent the payer mix with the asset purchases included.

Table 4: Patient Population Mix

	Current**	Year 1	Year 2	Year 3
	FY12	**FY13**	**FY14**	**FY15**
Medicare*	46.40%	46.14%	46.14%	46.14%
Medicaid*	13.88%	13.73%	13.73%	13.73%
CHAMPUS & TriCare	0.36%	0.35%	0.35%	0.35%
Total Government	**60.64%**	**60.22%**	**60.22%**	**60.22%**
Commercial Insurers*	36.41%	36.72%	36.72%	36.72%
Uninsured	1.70%	1.68%	1.68%	1.68%
Workers Compensation	1.25%	1.38%	1.38%	1.38%
Total Non-Government	**39.36%**	**39.78%**	**39.78%**	**39.78%**
Total Payer Mix	**100.00%**	**100.00%**	**100.00%**	**100.00%**

* Includes managed care activity.
** New programs may leave the "current" column blank.
*** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided.

b) Provide the basis for/assumptions used to project the patient population mix. **Data on the current patient population mix for each of the two facilities that are proposed to be acquired were obtained by the Applicant during the due diligence process.**

7. Financial Attachments I & II

a. Provide a summary of revenue, expense, and volume statistics, without the CON project, incremental to the CON project, and with the CON project. **Complete Financial Attachment I.** (Note that the actual results for the fiscal year reported in the first column must agree with the Applicant's audited financial statements.) The projections must include the first three full fiscal years of the project. **Financial Attachment I for Middlesex Hospital is included on page 27**

b. Provide a three year projection of incremental revenue, expense, and volume statistics attributable to the proposal by payer. **Complete Financial Attachment II.** The projections must include the first three full fiscal years of the project. **Financial Attachment II for Middlesex Hospital is included on page 28**

c. Provide the assumptions utilized in developing **both Financial Attachments I and II** (e.g., full-time equivalents, volume statistics, other expenses, revenue and expense % increases, project commencement of operation date, etc.).

The most recent year's actual data on volumes of clinical services for each facility by payer type were projected to FY13, FY14 and FY15. The

associated revenues were projected based upon the Applicant's existing payment rates pursuant to each payer's contract with Middlesex Hospital. Expenses were projected based upon the volumes of services forecasted and the Applicant's experience providing these same outpatient services in its other facilities. For purposes of these financial projections it has been assumed that this proposal will be approved by the end of calendar year 2012; so that the first projection year (FY13) includes nine (9) months of the full-year projected annual impact.

d. Provide documentation or the basis to support the proposed rates for each of the FYs as reported in Financial Attachment II. Provide a copy of the rate schedule for the proposed service(s)
Please see the Schedule of Charges on page XX in support of the proposed rates for each of the FYs as reported in Financial Attachment II

e. Provide the minimum number of units required to show an incremental gain from operations for each fiscal year.

Minimum number of units required to show an incremental gain from operations for each fiscal year	FY13 Projected Incremental		FY14 Projected Incremental	
	Projected with the Proposal	Required to show incremental gain	Projected with the Proposal	Required to show incremental gain
Diagnostic Radiology	6,676	6,420	8,901	7,420
CT Scan	764	735	1,019	849
MRI	600	577	800	667
Ultrasound	1,976	1,900	2,634	2,196
Total	10,016	9,631	13,354	11,132

f. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.
Not Applicable. There are no incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

g. Describe how this proposal is cost effective.

The financial projections included herein prove that the proposal is financially feasible and cost-effective.

Financial Attachment I & II– Middlesex Hospital

Middlesex Hospital

12. C (i). Please provide one year of actual results and three years of projections of **Total Facility** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Total Facility: Description	FY 11 Actual Results	FY 12 Projected W/out CON	FY 12 Projected Incremental	FY 12 Projected With CON	FY 13 Projected W/out CON	FY 13 Projected Incremental	FY 13 Projected With CON	FY 14 Projected W/out CON	FY 14 Projected Incremental	FY 14 Projected With CON	FY 15 Projected W/out CON	FY 15 Projected Incremental	FY 15 Projected With CON
NET PATIENT REVENUE													
Non-Government	$187,081,758	$192,989,299		$192,989,299	$195,884,138	$1,997,278	$197,881,416	$200,157,230	$2,569,167	$202,726,397	$204,939,362	$2,569,167	$207,508,529
Medicare	$116,601,012	$120,282,960		$120,282,960	$122,087,204	$357,623	$122,444,827	$124,750,461	$476,830	$125,227,291	127,730,984	$476,830	$128,207,814
Medicaid and Other Medical Assistance	$32,430,440	$33,454,506		$33,454,506	$33,956,324	$7,829	$33,964,153	$34,697,060	$104,309	$34,801,369	35,526,038	$104,309	$35,630,347
Other Government				$0			$0			$0			$0
Total Net Patient Patient Revenue	$336,113,210	$346,726,765	$0	$346,726,765	$351,927,666	$2,362,729	$354,290,396	$359,604,752	$3,150,306	$362,755,058	$368,196,384	$3,150,306	$371,346,690
Other Operating Revenue	$9,543,630	$11,468,410		$11,468,410	$8,928,462	$0	$8,928,462	$8,578,316		$8,578,316	$8,217,666		$8,217,666
Revenue from Operations	$345,656,840	$358,195,175	$0	$358,195,175	$360,856,129	$2,362,729	$363,218,858	$368,183,068	$3,150,306	$371,333,374	$376,414,049	$3,150,306	$379,564,355
OPERATING EXPENSES													
Salaries and Fringe Benefits	$198,095,489	$197,587,603		$197,587,603	$203,515,231	$637,263	$204,152,494	$210,277,069	$870,926	$211,147,995	$217,482,435	$892,699	$218,375,134
Professional / Contracted Services	$29,240,342	$32,510,797		$32,510,797	$33,323,567	$0	$33,323,567	$34,156,656	$0	$34,156,656	$35,010,573	$0	$35,010,573
Supplies and Drugs	$33,144,537	$34,297,207		$34,297,207	$35,455,855	$0	$35,455,855	$36,575,418	$0	$36,575,418	$36,575,418	$0	$36,575,418
Bad Debts	$13,570,742	$11,270,701		$11,270,701	$11,439,762	$0	$11,439,762	$11,611,358	$0	$11,611,358	$11,785,528	$0	$11,785,528
Other Operating Expense	$29,485,401	$32,057,554		$32,057,554	$33,019,281	$804,708	$33,823,989	$34,838,708	$691,268	$35,529,976	$36,595,876	$718,226	$37,314,102
Subtotal	$303,536,511	$307,723,862	$0	$307,723,862	$316,753,695	$1,441,971	$318,195,666	$327,459,209	$1,562,194	$329,021,403	$337,449,829	$1,610,925	$339,060,754
Depreciation/Amortization	$21,736,910	$21,695,542		$21,695,542	$24,000,000	$204,000	$24,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000
Interest Expense	$3,242,228	$3,106,798		$3,106,798	$3,137,866	$0	$3,137,866	$3,169,245	$0	$3,169,245	$3,200,937	$0	$3,200,937
Lease Expense				$0		$626,081	$626,081		$859,818	$859,818		$885,613	$885,613
Total Operating Expense	$326,515,649	$332,526,202	$0	$332,526,202	$343,891,561	$2,272,052	$346,163,613	$356,628,454	$2,626,012	$359,254,466	$366,650,766	$2,700,538	$369,351,304
Gain/(Loss) from Operations	$17,141,191	$25,668,973	$0	$25,668,973	$16,964,568	$90,677	$17,055,245	$11,554,614	$524,294	$12,078,908	$9,763,283	$449,768	$10,213,051
Plus: Non-Operating Revenue	$5,495,123	$3,814,931		$3,814,931	$3,929,379		$3,929,379	$4,047,260		$4,047,260	$4,168,678		$4,168,678
Revenue Over/(Under) Expense	$22,636,314	$29,483,904	$0	$29,483,904	$20,893,947	$90,677	$20,984,624	$15,601,874	$524,294	$16,126,168	$13,931,961	$449,768	$14,381,729
FTEs				0			0			0			0
*Volume Statistics:						-	-			-			-
Diagnostic Radiology	94,617	93,369		93,369	93,262	6,676	99,938	94,195	8,901	103,096	95,137	8,901	104,038
CT Scan	29,269	28,027		28,027	27,796	764	28,560	28,074	1,019	29,093	28,355	1,019	29,374
MRI	10,583	10,916		10,916	12,666	600	13,266	12,793	800	13,593	12,921	800	13,721
Ultrasound	22,372	25,098		25,098	24,118	1,976	26,094	24,359	2,634	26,993	24,603	2,634	27,237
Breakeven Volume						**9,631**			**11,132**			**11,447**	

Financial Attachment II - Middlesex Hospital

12.C(ii). Please provide **three** years of projections of incremental revenue, expense and volume statistics **attributable to the proposal** in the following reporting format:

Type of Service Description: Radiology
Type of Unit Description: Imaging
# of Months in Operation: 9

FY2013 **FY Projected Incremental** Total Incremental Expenses: **$2,272,052** **Total Facility by Payer Category:**	(1)	(2) Rate	(3) Units	(4) Gross Revenue Col. 2 * Col. 3	(5) Allowances/ Deductions	(6) Charity Care	(7) Bad Debt	(8) Net Revenue Col.4 - Col.5 -Col.6 - Col.7	(9) Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	(10) Gain/(Loss) from Operations Col. 8 - Col. 9
Medicare		$1,003	2,854	$2,862,494	$2,188,377			$674,117	$647,535	$26,583
Medicaid		$1,003	341	$341,491	$261,070			$80,421	$77,250	$3,171
CHAMPUS/TriCare		$1,003	0	$0	$0			$0	$0	$0
Total Governmental			3,195	$3,203,985	$2,449,446	$0	$0	$754,538	$724,785	$29,754
Commericial Insurers		$1,003	6,821	$6,839,855	$5,231,664			$1,608,191	$1,547,267	$60,923
Uninsured		$1,003	0	$0				$0	$0	$0
Total NonGovernment		$1,003	6,821	$6,839,855	$5,231,664	$0	$0	$1,608,191	$1,547,267	$60,923
Total All Payers		$1,003	10,016	$10,043,840	$7,681,110	$0	$0	$2,362,729	$2,272,052	$90,677

Type of Service Description: Radiology
Type of Unit Description: Imaging
# of Months in Operation: 12

FY2014 **FY Projected Incremental** Total Incremental Expenses: **$2,626,012** **Total Facility by Payer Category:**	(1)	(2) Rate	(3) Units	(4) Gross Revenue Col. 2 * Col. 3	(5) Allowances/ Deductions	(6) Charity Care	(7) Bad Debt	(8) Net Revenue Col.4 - Col.5 -Col.6 - Col.7	(9) Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	(10) Gain/(Loss) from Operations Col. 8 - Col. 9
Medicare		$1,053	3,806	$ 4,007,492	$3,109,814			$897,678	$748,413	$149,265
Medicaid		$1,053	454	$ 478,087	$370,995			$107,091	$89,284	$17,807
CHAMPUS/TriCare		$1,053	0	$ -	$0			$0	$0	$0
Total Governmental			4,260	$4,485,579	$3,480,809	$0	$0	$1,004,770	$837,698	$167,072
Commericial Insurers		$1,053	9,094	$ 9,575,796	$7,430,260			$2,145,536	$1,788,314	$357,222
Uninsured		$1,053	0	$ -				$0	$0	$0
Total NonGovernment		$1,053	9,094	$ 9,575,796	$7,430,260	$0	$0	$2,145,536	$1,788,314	$357,222
Total All Payers		$1,053	13,354	$ 14,061,375	$10,911,069	$0	$0	$3,150,306	$2,626,012	$524,294

Type of Service Description: Radiology
Type of Unit Description: Imaging
# of Months in Operation: 12

FY2015 **FY Projected Incremental** Total Incremental Expenses: **$2,700,538** **Total Facility by Payer Category:**	(1)	(2) Rate	(3) Units	(4) Gross Revenue Col. 2 * Col. 3	(5) Allowances/ Deductions	(6) Charity Care	(7) Bad Debt	(8) Net Revenue Col.4 - Col.5 -Col.6 - Col.7	(9) Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	(10) Gain/(Loss) from Operations Col. 8 - Col. 9
Medicare		$1,106	3,806	$ 4,207,867	$3,309,487			$898,380	$769,653	$128,726
Medicaid		$1,106	454	$ 501,991	$394,816			$107,175	$91,818	$15,357
CHAMPUS/TriCare		$1,106	0	$ -	$0			$0	$0	$0
Total Governmental			4,260	$4,709,858	$3,704,303	$0	$0	$1,005,555	$861,472	$144,083
Commericial Insurers		$1,106	9,094	$ 10,054,586	$7,909,835			$2,144,751	$1,839,066	$305,685
Uninsured		$1,106	0	$ -				$0	$0	$0
Total NonGovernment		$1,106	9,094	$ 10,054,586	$7,909,835	$0	$0	$2,144,751	$1,839,066	$305,685
Total All Payers		$1,106	13,354	$ 14,764,444	$11,614,138	$0	$0	$3,150,306	$2,700,538	$449,768

Attachment A: Letters of Support

MIDDLESEX
HOSPITAL

David A. Baggish, MD
Chairman
Department of Medicine

October 2nd, 2012

Ms. Kimberly Martone
Director of Operations
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134

Re: Acquisition of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

Dear Ms. Martone:

This letter is in reference to the proposed acquisition of certain of the assets of Radiologic Associates of Middletown, P.C. by Middlesex Hospital. I am writing to express my avid support for the proposed acquisition.

Attainment of these assets will allow Middlesex Hospital to integrate valuable comprehensive imaging services into Middlesex Health System's network of service sites for the growing needs of our community.

Furthermore, incorporating the outpatient diagnostic radiology services into our existing Middlesex Health System's community-focused resources will ensure our effective and efficient continuation of service access and care coordination for our patients.

Finally, this acquirement will enable Middlesex Hospital to provide outpatient imaging services without adding new imaging capacity to the state. As a result, the proposal is most importantly beneficial to our community as well as the Hospital and our physicians.

Thank you for your attention to this matter.

David A. Baggish, M.D.
Chair of the Department of Medicine

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 358-4720
fax 860 344-6271

MIDDLESEX
HOSPITAL

ADMINISTRATION

September 24, 2012

Ms. Kimberly Martone
Director of Operations
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134

Re: Acquisition of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

Dear Ms. Martone:

This letter is in reference to the proposed acquisition of certain of the assets of Radiologic Associates of Middletown, P.C. by Middlesex Hospital. I am writing to express my support for the proposed acquisition.

The acquisition of these assets will allow Middlesex to integrate these valuable community-based comprehensive imaging services into Middlesex Health System's network of service sites to continue meeting the needs of area communities into the future. Additionally, integrating the outpatient diagnostic radiology services into the existing Middlesex Health System's network of community-based resources will ensure not only the continuation of service access; it will help to ensure effective and efficient care coordination for these patients' care within the Middlesex Health System.

Finally, the acquisition allows the Hospital to provide outpatient community-based imaging services without adding new imaging capacity to the state. As a result, the proposal is beneficial to patients as well as the Hospital and its physicians.

Thank you for your attention to this matter.

Arthur V. McDowell, III, M.D.
Vice President, Clinical Affairs

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485

Attachment B: Schedule of Charges

	Middlesex Hospital
	Schedule of Charges
	Effective 09/18/2012

Code	Name	Dept Number	Dept Name	Stdfee	Ins Cat Code	MCareHCPC Code
2802101	CT HEAD WO CONTRAST	280	CT SCAN	1,875.00	0351	70450
2802102	CT HEAD W CONTRAST	280	CT SCAN	2,301.00	0351	70460
2802103	CT HEAD W/WO CONTRAST	280	CT SCAN	2,807.00	0351	70470
2802104	CT IAC WO CONTRAST	280	CT SCAN	2,072.00	0351	70480
2802105	CT ORBIT WO CONTRAST	280	CT SCAN	2,072.00	0351	70480
2802106	CT POSTERIOR FOSSA WO CONTRAST	280	CT SCAN	2,072.00	0351	70480
2802107	CT SELLA TURCICA WO CONTRAST	280	CT SCAN	2,072.00	0351	70480
2802108	CT IAC W CONTRAST	280	CT SCAN	2,408.00	0351	70481
2802109	CT ORBIT W CONTRAST	280	CT SCAN	2,408.00	0351	70481
2802110	CT POSTERIOR FOSSA W CONTRAST	280	CT SCAN	2,408.00	0351	70481
2802111	CT SELLA TURCICA W CONTRAST	280	CT SCAN	2,408.00	0351	70481
2802112	CT IAC W/WO CONTRAST	280	CT SCAN	2,885.00	0351	70482
2802113	CT ORBIT W/WO CONTRAST	280	CT SCAN	2,885.00	0351	70482
2802114	CT POSTERIOR FOSSA W/WO CONTRAST	280	CT SCAN	2,885.00	0351	70482
2802115	CT SELLA TURCICA W/WO CONTRAST	280	CT SCAN	2,885.00	0351	70482
2802116	CT SINUS/FACIAL WO CONTRAST	280	CT SCAN	1,997.00	0351	70486
2802117	CT SINUS/FACIAL W CONTRAST	280	CT SCAN	2,371.00	0351	70487
2802118	CT SINUS/FACIAL W/WO CONTRAST	280	CT SCAN	2,873.00	0351	70488
2802119	CT NECK/NASO PHARYNX WO CNTRST	280	CT SCAN	2,072.00	0351	70490
2802120	CT NECK/NASO PHARYNX W CONTRAST	280	CT SCAN	2,408.00	0351	70491
2802121	CT NECK/NASO PHARYNX W/WO CNTRST	280	CT SCAN	2,885.00	0351	70492
2802122	CT SINUSES, LIMITED STUDY	280	CT SCAN	1,558.00	0351	76380
2802123	CT DENTAL IMPLANT PER ARCH	280	CT SCAN	250.00	0352	
2802581	CT CHEST WO CONTRAST	280	CT SCAN	2,391.00	0352	71250
2802582	CT CHEST W CONTRAST	280	CT SCAN	2,788.00	0352	71260
2802583	CT CHEST W/WO CONTRAST	280	CT SCAN	3,408.00	0352	71270
2802584	CT LUNG SCREENING, SELF PAY	280	CT SCAN	250.00	0352	
2803032	VERTEBROPLASTY S&I UNDER CT GUIDE	280	CT SCAN	3,135.00	0352	72292
2803070	CT C/SPINE WO CONTRAST	280	CT SCAN	2,391.00	0352	72125
2803071	CT C/SPINE W CONTRAST	280	CT SCAN	2,780.00	0352	72126
2803072	CT C/SPINE W/WO CONTRAST	280	CT SCAN	3,359.00	0352	72127
2803073	CT THORACIC SPINE WO CONTRAST	280	CT SCAN	2,391.00	0352	72128
2803074	CT THORACIC SPINE W CONTRAST	280	CT SCAN	2,780.00	0352	72129
2803075	CT THORACIC SPINE W/WO CONTRAST	280	CT SCAN	3,359.00	0352	72130
2803076	CT LUMBAR SPINE WO CONTRAST	280	CT SCAN	2,391.00	0352	72131
2803077	CT LUMBAR SPINE W CONTRAST	280	CT SCAN	2,780.00	0352	72132
2803078	CT LUMBAR SPINE W/WO CONTRAST	280	CT SCAN	3,359.00	0352	72133
2803079	CT PELVIS WO CONTRAST	280	CT SCAN	2,354.00	0352	72192
2803080	CT PELVIS W CONTRAST	280	CT SCAN	2,682.00	0352	72193
2803081	CT PELVIS W/WO CONTRAST	280	CT SCAN	3,229.00	0352	72194
2803750	CT UPPER EXTREMITY WO CONTRAST	280	CT SCAN	2,058.00	0352	73200

2803751	CT UPPER EXTREMITY W CONTRAST	280	CT SCAN	2,391.00	0352	73201
2803752	CT UPPER EXTREMITY W/WO CONTRAST	280	CT SCAN	2,896.00	0352	73202
2804060	CT LOWER EXTREMITY WO CONTRAST	280	CT SCAN	2,058.00	0352	73700
2804061	CT LOWER EXTREMITY W CONTRAST	280	CT SCAN	2,391.00	0352	73701
2804062	CT LOWER EXTREMITY W/WO CONTRAST	280	CT SCAN	3,113.00	0352	73702
2804063	CT LOWER EXTREMITY LENGTH	280	CT SCAN	756.00	0352	77073
2804550	CT ABDOMEN, WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804551	CT ADRENAL WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804552	CT KIDNEY WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804553	CT LIVER WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804554	CT PANCREAS WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804555	CT RETROPERITONEAL WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804556	CT SPLEEN WO CONTRAST	280	CT SCAN	2,316.00	0352	74150
2804557	CT ABDOMEN W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804558	CT ADRENAL W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804559	CT KIDNEY W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804560	CT LIVER W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804561	CT PANCREAS W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804562	CT RETROPERITONEAL W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804563	CT SPLEEN W CONTRAST	280	CT SCAN	2,734.00	0352	74160
2804564	CT ABDOMEN W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804565	CT ADRENAL W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804566	CT KIDNEY W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804567	CT LIVER W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804568	CT PANCREAS W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804569	CT RETROPERITONEAL W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804570	CT SPLEEN W/WO CONTRAST	280	CT SCAN	3,310.00	0352	74170
2804571	CT COLONGRAPHY DIAG. W/O CONTR INCL POST PROC	280	CT SCAN	3,310.00	0352	74261
2804577	CT AB & PELVIS WO CONTR	280	CT SCAN	3,471.00	0352	74176
2804578	CT AB & PELVIS WITH CONTR	280	CT SCAN	4,062.00	0352	74177
2804579	CT AB & PELVIS W/WO CONTR	280	CT SCAN	4,904.00	0352	74178
2805052	CT PLACEMENT, G OR J TUBE, PERC	280	CT SCAN	1,407.00	0352	74355
2805101	CT SCREENING COLONOSCOPY INCL POST PROC	280	CT SCAN	840.00	0352	74263
2805102	CT COLONOSCOPY W/WO CONTR	280	CT SCAN	3,515.00	0352	74262
2806043	CT HEART STRUCT W/CONTR 3D & FUNCTION	280	CT SCAN	1,300.00	0352	75572
2806046	CTA CORONARY W/CONTR, INCL FUNC & 3D	280	CT SCAN	1,758.00	0352	75574
2806047	CT CALCIUM SCORING W/O CONTRAST	280	CT SCAN	703.00	0352	75571
2806049	CT HEART W/CONTR IN CONG HEART DIS INCL 3D & FUNC	280	CT SCAN	3,219.00	0352	75573
2806610	CT ANGIO HEAD W/WO CONTRAST	280	CT SCAN	5,466.00	0351	70496
2806611	CT ANGIO NECK W/WO CONTRAST	280	CT SCAN	5,466.00	0351	70498
2806612	CT ANGIO PULMONARY EMBOLUS W CONTR NO LEGS	280	CT SCAN	2,788.00	0352	71275
2806613	CT ANGIO CHEST W/WO CONTRAST-NON CORONARY	280	CT SCAN	4,376.00	0352	71275
2806614	CT ANGIO PELVIS W/WO CONTRAST incl post proc	280	CT SCAN	3,643.00	0352	72191
2806615	CT ANGIO UPPER EXTREMITY W/WO CNTRST	280	CT SCAN	3,643.00	0352	73206
2806616	CT ANGIO,LWR EXTREM,W/WO CONTRAST	280	CT SCAN	1,636.00	0359	73706
2806617	CT ANGIO ABDOMEN W/WO CONTRAST + post proc	280	CT SCAN	4,376.00	0352	74175
2806619	CT ANGIO PULM EMBOLUS PANEL W/C & LEGS	280	CT SCAN	0.00	0352	
2806620	CT CTA RECON AORTA FOR SURG PLAN	280	CT SCAN	1,199.00	0350	G0288

2806621	CTA, ABD AORTA W/RUNOFF W/WO CONTR	280	CT SCAN	4,575.00	0352	75635
2806622	CT ANGIO ABD & PELV W/WO CONTR & post proc	280	CT SCAN	4,376.00	0352	74174
2807080	CT ABCESS DRAINAGE W/CATH PLACEMENT	280	CT SCAN	2,400.00	0320	75989
2807082	CT GUIDE DRAINAGE PROC	280	CT SCAN	3,135.00	0352	77012
2807083	CT GUIDANCE CYST ASPIRATION	280	CT SCAN	3,321.00	0352	77012
2807084	CT GUIDE BX,ASPR OR NEEDLE W/CTR	280	CT SCAN	3,135.00	0352	77012
2807085	CT GUIDE,BX,ASPR OR NEEDLE WO CTRST	280	CT SCAN	3,135.00	0352	77012
2807086	CT GUIDE/BX,ASPIR OR NEEDLE W/WO CTR	280	CT SCAN	3,135.00	0352	77012
2807087	CT GUIDANCE R/F ABLATION	280	CT SCAN	2,724.00	0352	77013
2807601	CT GUIDE RAD THRPY FIELD PLACEMENT	280	CT SCAN	1,316.00	0350	77014
2807602	CT LIMITED OR LOCALIZED FU STUDY	280	CT SCAN	1,632.00	0352	76380
2808060	CT RECONSTRUCTION/3D W/O INDEP WKST	280	CT SCAN	204.00	0352	76376
2808061	CT RECONSTRUCTION/3D W/INDEP WKST	280	CT SCAN	456.00	0352	76377
2808062	UNLISTED CT PROCEDURE CT SCAN	280	CT SCAN	2,869.00	0350	76497
2852151	MRI TMJ	285	MRI	3,221.00	0611	70336
2852153	MRI ORBIT/FACE/NECK WO CONT	285	MRI	3,221.00	0611	70540
2852155	MRI ORBIT/FACE/NECK W CONT	285	MRI	3,643.00	0611	70542
2852158	MRI ORBIT/FACE/NECK W/WO CONTR	285	MRI	5,466.00	0611	70543
2852159	MRI SOFT TISSUE NECK W/WO CONTRAST	285	MRI	5,683.00	0611	70543
2852161	MRI BRAIN INC STEM WO CONTRAST	285	MRI	3,221.00	0611	70551
2852163	MRI BRAIN INC STEM W CONTRAST	285	MRI	3,787.00	0611	70552
2852165	MRI BRAIN INC STEM W/WO CONTRAST	285	MRI	5,683.00	0611	70553
2852585	MRI CHEST WO CONTRAST	285	MRI	3,099.00	0610	71550
2852587	MRI CHEST W CONTRAST	285	MRI	3,643.00	0610	71551
2852589	MRI CHEST W/WO CONTRAST	285	MRI	5,466.00	0610	71552
2852951	MRI BREAST UNILAT W CONTRAST	285	MRI	3,541.00	0610	C8903
2852953	MRI BREAST UNILAT WO CONTRAST	285	MRI	3,182.00	0610	C8904
2852955	MRI BREAST UNILAT W/WO CONTRAST	285	MRI	3,891.00	0610	C8905
2852957	MRI BREAST BILAT W CONTRAST	285	MRI	5,817.00	0610	C8906
2852959	MRI BREAST BILAT WO CONTRAST	285	MRI	5,466.00	0610	C8907
2852961	MRI BREAST BILAT W/WO CONTRAST	285	MRI	6,170.00	0610	C8908
2852962	MRI CAD BREAST	285	MRI	1,147.00	0610	0159T
2853101	MRI CERVICAL SPINE WO CONTRAST	285	MRI	3,221.00	0612	72141
2853103	MRI CERVICAL SPINE W CONTRAST	285	MRI	3,787.00	0612	72142
2853105	MRI DORSAL SPINE WO CONTRAST	285	MRI	3,221.00	0612	72146
2853107	MRI DORSAL SPINE W CONTRAST	285	MRI	3,787.00	0612	72147
2853109	MRI LUMBAR SPINE WO CONTRAST	285	MRI	3,221.00	0612	72148
2853111	MRI LUMBAR SPINE W CONTRAST	285	MRI	3,787.00	0612	72149
2853113	MRI CERVICAL SPINE W/WO CONTRAST	285	MRI	5,683.00	0612	72156
2853115	MRI DORSAL SPINE W/WO CONTRAST	285	MRI	5,683.00	0612	72157
2853117	MRI LUMBAR SPINE W/WO CONTRAST	285	MRI	5,683.00	0612	72158
2853119	MRI PELVIS WO CONT	285	MRI	3,221.00	0610	72195
2853121	MRI PELVIS W CONTRAST	285	MRI	5,683.00	0610	72196
2853123	MRI PELVIS W/WO CONTRAST	285	MRI	7,287.00	0610	72197
2853761	MRI EXTREMITY UPPER WO CONT	285	MRI	3,099.00	0610	73218
2853763	MRI EXTREMITY UPPER W CONT	285	MRI	3,643.00	0610	73219
2853765	MRI EXTREMITY UPPER W/WO CONT	285	MRI	5,466.00	0610	73220
2853767	MRI JOINT U. EXTREMITY W/O CONT	285	MRI	3,221.00	0610	73221

2853769	MRI JOINT U. EXTREMITY W/CONT	285	MRI	3,643.00	0610	73222
2853771	MRI JOINT U. EXTREMITY W/WO CONT	285	MRI	5,466.00	0610	73223
2854065	MRI EXTREMITY LWR NO JOINT W/O CONTR	285	MRI	3,099.00	0610	73718
2854067	MRI EXTREMITY LWR NO JOINT W CONT	285	MRI	3,643.00	0610	73719
2854069	MRI EXTREMITY LWR NO JOINT W/WO CONT	285	MRI	5,466.00	0610	73720
2854071	MRI JOINT L. EXTREMITY WO CONT	285	MRI	3,221.00	0610	73721
2854073	MRI JOINT L. EXTREMITY W CONT	285	MRI	3,643.00	0610	73722
2854075	MRI JOINT L. EXTREMITY W/WO CONT	285	MRI	5,466.00	0610	73723
2854572	MRI ABDOMEN WO CONTRAST	285	MRI	3,221.00	0610	74181
2854574	MRI ABDOMEN W CONTRAST	285	MRI	3,643.00	0610	74182
2854576	MRI ABDOMEN W/WO CONTRAST	285	MRI	5,466.00	0610	74183
2856059	MRI Cardiac Stress Imaging WO CONTRST	285	MRI	3,221.00	0610	75559
2856061	MRI CARDIAC WO CONTRAST	285	MRI	3,221.00	0610	75557
2856064	MRI Cardiac Stress Imaging W/WO CONTRST	285	MRI	3,787.00	0610	75563
2856065	MRI CARDIAC FUNCTION W/WO CONT	285	MRI	3,787.00	0610	75561
2856069	MRI CARDIAC VELOCITY FLOW MAP	285	MRI	3,787.00	0610	75565
2856641	MRI MRA HEAD WO CONTRAST	285	MRI	3,221.00	0615	70544
2856643	MRI MRA HEAD W CONTRAST	285	MRI	3,643.00	0615	70545
2856645	MRI MRA HEAD W/WO CONTRAST	285	MRI	5,466.00	0615	70546
2856647	MRI MRA NECK WO CONTRAST	285	MRI	3,099.00	0615	70547
2856649	MRI MRA NECK W CONTRAST	285	MRI	3,643.00	0615	70548
2856651	MRI MRA NECK W/WO CONTRAST	285	MRI	5,466.00	0615	70549
2856653	MRI MRA SPINAL CANAL, W-WO CONTRAST	285	MRI	3,221.00	0618	C8933
2856654	MRI MRA SPINAL CANAL, WO CONTRAST	285	MRI	2,928.00	0612	C8932
2856655	MRI MRA SPINAL CANAL, W CONTRAST	285	MRI	3,243.00	0612	C8931
2856656	MRI MRA ABDOMEN W CONTRAST	285	MRI	3,541.00	0610	C8900
2856658	MRI MRA ABDOMEN WO CONTRAST	285	MRI	3,182.00	0610	C8901
2856660	MRI MRA ABDOMEN W/WO CONTRAST	285	MRI	3,891.00	0610	C8902
2856662	MRI MRA CHEST W CONTRAST	285	MRI	3,541.00	0610	C8909
2856664	MRI MRA CHEST WO CONTRAST	285	MRI	3,182.00	0610	C8910
2856665	MRI MRA EXTREMITY UPPER, W/CONTRAST	285	MRI	3,383.00	0610	C8934
2856666	MRI MRA CHEST W/WO CONTRAST	285	MRI	3,891.00	0610	C8911
2856667	MRI MRA ANY JOINT, UPR EXTRM W/AND OR/WO CONTRST	285	MRI	3,698.00	0618	C8936
2856668	MRI MRA EXTREMITY LOWER W CONT	285	MRI	3,716.00	0610	C8912
2856669	MRI MRA EXTREMITY UPPER WO CONTRAST	285	MRI	3,068.00	0610	C8935
2856670	MRI MRA EXTREMITY LOWER WO CONT	285	MRI	3,221.00	0610	C8913
2856672	MRI MRA EXTREMITY L. W/WO CONT	285	MRI	4,068.00	0610	C8914
2856674	MRI MRA PELVIS W/CONTRAST	285	MRI	3,541.00	0610	C8918
2856676	MRI MRA PELVIS WO/CONTRAST	285	MRI	3,182.00	0610	C8919
2856678	MRI MRA PELVIS W/WO CONTRAST	285	MRI	3,891.00	0610	C8920
2857095	MRI GUIDE BX, ASP, LOCALIZATION	285	MRI	6,151.00	0610	77021
2857621	MRI BONE MARROW/BLOOD SUPPLY	285	MRI	3,221.00	0610	77084
2858070	MRI RECONSTRUCT/3D W/O INDEP WKST	285	MRI	204.00	0610	76376
2858071	MRI RECONSTRUCT/3D W/INDEP WKST	285	MRI	456.00	0610	76377
2858073	UNLISTED MRI PROCEDURE	285	MRI	4,050.00	0610	76498
2858075	MRI SPECTROSCOPY	285	MRI	2,506.00	0610	76390

Attachment C: Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING

DATE: June 29, 2012

PARTIES: Radiologic Associates of Middletown, P.C.
330 South Main Street
Middletown, CT 06457

Middlesex Hospital
28 Crescent Street
Middletown, CT 06457

1. SUBJECT MATTER.

Radiologic Associates of Middletown, P.C. ("Seller"), a Connecticut professional corporation, currently owns and operates a licensed outpatient radiology facility located at 1591 Boston Post Road, Guilford, Connecticut (the "Center"). Middlesex Hospital, a not-for-profit community hospital located at 28 Crescent Street in Middletown, Connecticut (the "Hospital" or the "Buyer"), proposes to purchase substantially all of the assets of the Seller with respect to the Center (the "Assets").

The parties desire to enter into discussions as to the purchase of the Seller's Assets by the Buyer (or its designee) and the related undertakings as set forth herein (the "Transactions"). The parties desire to set forth herein their agreement as to certain fundamental matters pertaining to the Transactions, the related due diligence process and the treatment of any Confidential Information (as defined below).

2. EXCLUSIVITY.

Until the later of (i) One Hundred Twenty (120) days after the date hereof (One Hundred Eighty (180) days if a CON (as defined below) is required for the Transactions), and (ii) the date upon which the Transaction Documents (as defined below) executed by and among the parties are terminated pursuant to their respective terms and conditions (the "Exclusivity Period"):

(a) neither Seller nor its shareholders, members, directors, officers, managers, agents or representatives will directly or indirectly, through any representative or otherwise, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept, or consider any proposal of any other person relating to a transaction similar in nature to the Transaction or the acquisition of the Assets of the Seller, its ownership interests or business, in whole or in part, whether directly or indirectly, through purchase, merger, consolidation, or otherwise; and

(b) the Seller will immediately notify the Hospital regarding any contact between the Seller, its shareholders, members, directors, officers, managers, agents or representatives and any other person regarding any such offer or proposal or any related inquiry.

A breach of this Section 2 may, at the sole discretion of the Hospital and without any limitation as to other rights and remedies available to the Hospital, result in the immediate termination of this Memorandum of Understanding.

3. **CONFIDENTIALITY.**

(a) Except as limited by the provisions of subsection 3(c) below, from the date hereof the parties each agree not to disclose this Agreement, the subject matter of this Agreement or any potential transactions or dealings contemplated hereby to any third parties except for their professional legal and financial advisors, officers, directors and senior management, equity owners and executive employees. Each party shall be responsible to ensure that any individuals receiving information related to this Agreement shall themselves abide by the terms of this Section 3.

(b) The parties further recognize and agree that proprietary information and trade secrets relating to the operations of the parties (such proprietary information and trade secrets hereinafter referred to as the "Confidential Information"), may be exchanged among the parties in the conduct of their discussions. A party that discloses Confidential Information shall be referred to as a "Disclosing Party", and a party that receives Confidential Information shall be referred to as a "Receiving Party". All such Confidential Information at all times from and after the date hereof shall be maintained as confidential by the Receiving Party and treated with no less care than Receiving Party treats its own confidential and proprietary information. All Confidential Information shall be returned to the applicable Disclosing Party upon such Disclosing Party's request and shall not be used for any purpose other than in support of efforts to consummate the Transactions. Should this Memorandum of Understanding terminate or expire with no further dealings as to the subject matter hereof, then each Receiving Party shall return or, at the request of the Disclosing Party, destroy any Confidential Information provided by the Disclosing Party consistent with the terms hereof.

(c) Notwithstanding any provisions of this Section 3 to the contrary, no obligation of confidentiality shall exist as to (i) information or materials that are in the public domain at the time of the disclosure or thereafter become part of the public domain through no act or omission of the Receiving Party; or (ii) information that was lawfully disclosed to the recipient after the date hereof by a third party.

(d) In the event that a Receiving Party should be requested or required by a government agency or instrumentality to disclose any Confidential Information of a Disclosing Party, it is agreed that the Receiving Party will promptly provide the Disclosing Party with the content of the proposed disclosure, the reasons that such disclosure is required by law, and the time and place that the disclosure will be made. The Disclosing party may seek any appropriate protective orders and/or take such other

actions as the Disclosing Party may deem necessary to prevent or limit such disclosure..

(e) The parties expressly understand and agree that: (a) the restrictions contained in this Section 3 represent a reasonable and necessary protection of the legitimate interests of the parties and that failure to observe and comply with them will cause irreparable harm to the parties; (b) it is and will continue to be difficult to determine the nature, scope and extent of such harm; and (c) a remedy at law for such failure by a party will be inadequate. Accordingly, in addition to any other rights and remedies that each party may have at law or in equity in the event of any breach of the above paragraphs (including the right to monetary damages), each Disclosing Party shall be entitled, and each is expressly authorized by each other party (including the Receiving Party), to demand and obtain specific performance, including without limitation temporary and permanent injunctive relief, and all other appropriate equitable relief against the Receiving Party in order to enforce the restrictions contained in this Section 3 or to prevent any breach or threatened breach of such restrictions.

4. PROTECTION OF INDIVIDUALLY IDENTIFIABLE PATIENT INFORMATION.

Notwithstanding any provision of this Memorandum of Understanding to the contrary, the parties agree to comply with all state and federal laws and regulations concerning the confidentiality of individually identifiable healthcare information, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA") and the regulations promulgated thereunder and the Health Information Technology for Economic and Clinical Health Act and regulations promulgated thereunder ("HITECH").

5. COMPETITIVELY SENSITIVE INFORMATION.

Notwithstanding any provision of this Memorandum of Understanding to the contrary, the parties shall not disclose to any other party any Competitively Sensitive Information (as hereinafter defined). For purposes hereof, "Competitively Sensitive Information" shall mean any commercially sensitive information which, if improperly used or disclosed would subject any party to liability under federal antitrust laws, including without limitation (i) fee schedules, pricing, rate or other reimbursement information; (ii) salaries and benefits; (iii) marketing plans, market evaluations or strategic plans; (iv) material strategic or proprietary information about present or future patients, and referral sources; (v) negotiations with payors such as insurance companies and managed care plans; and (vi) any other confidential information that could be used to reduce competition between the parties.

6. ACQUISITION OF SELLER'S ASSETS BY BUYER.

(a) The parties intend that on or before the end of the Exclusivity Period, the Buyer will close the Transactions (the "Closing") and acquire the Assets from the Seller on a date mutually agreeable to the parties (the "Closing Date"). The aggregate purchase price for the Assets (other than the Inventory (as defined below) shall be $1,428,000 (this purchase price is allocated approximately as follows: $1,100,000 for the fixed assets of the Center and $328,000 for the Center's intangible assets). The Seller has determined the purchase price using a valuation obtained from Healthcare Appraisers, Inc., an independent third party appraisal firm. This valuation has not taken into consideration the volume or value of any health care service referrals between any of the parties. In addition, the purchase price does not include any discount, rebate, kickback or other reduction in charge. The sole purpose of the payment to the Seller is to pay fair market value for the Assets sold by the Seller to the Buyer.

(b) The Assets shall specifically exclude the Seller's available cash and accounts receivable and any personal effects of the Seller's owners and employees.

(c) A preliminary list of the usable inventory and supplies shall be attached to the Asset Purchase Agreement (the "Inventory"), and such usable Inventory shall be sold at the Seller's cost to the Buyer as an addition to the purchase price. The Inventory to be sold to the Buyer shall not include any obsolete, defective or expired inventory or supplies. The Hospital shall conduct an inventory no more than one (1) day prior to the Closing, and the purchase price for the Inventory may be adjusted at that time, following the Seller's review of the results of the pre-closing inventory, on a dollar-for-dollar basis, up or down, based on the actual usable inventory and supplies.

(d) The Seller shall pay all debts, liabilities and expenses the relate to, arise from or associated with the Assets or the Center on or before the Closing. The parties shall adjust at the closing for personal property taxes and other prepaid expenses.

(e) The Assets shall be sold by the Seller to the Buyer free and clear of any liens, encumbrances or claims of any kind except as set forth on Schedule A attached hereto.

(f) The Buyer shall assume the debts, liabilities and obligations of the Seller set forth on Schedule B attached hereto.

(g) Payment of the purchase price for the Assets will be made in full by the Buyers at the closing of the Transactions, except for the indemnification holdback amount as set forth in Section 7 hereof.

(h) The Seller shall transfer the Center's medical records to the Buyer at the closing and Buyer shall assume all of the obligations and liabilities of the Seller for and in connection with the maintenance and retention of the Center's medical records to the extent that the same accrue and arise on or after the Closing Date.

(i) The definitive documentation for the Transactions shall include such documents as necessary to legally effect the acquisition of the Assets by the Buyers in the Seller (collectively, the "Transaction Documents"), including the asset purchase agreement.

(j) Consummation of the Transactions shall be subject to completion by Buyer and Seller, to their respective sole satisfaction, of standard due diligence investigations, including but not by way of limitation, a review of financial and regulatory matters, litigation and liability matters, permits, compliance with law matters, and general accounting and financial matters.

7. **ASSET PURCHASE AGREEMENT.**

The Asset Purchase Agreement shall contain, among other provisions, (ii) representations and warranties that are customary to transactions of this nature; (ii) a joint-and-several indemnity by the Seller and its owners in favor of the Hospital for breaches of representations and warranties, breaches of covenants and obligations, liabilities of the Seller that are not assumed by the Hospital, and other matters as may be necessary or as are customary to transactions of this nature; (iii) a cap on the amount of the indemnity equal to the purchase price; (iv) an indemnity by the Hospital in favor of the Seller for breaches of representations and warranties, breaches of covenants and obligations, and liabilities of the Seller that are assumed by the Hospital; and (v) an escrow amount to provide initial satisfaction of any indemnification claims made by the Buyer equal to fifteen percent (15%) of the purchase price and that shall last for eighteen (18) months following the Closing. The escrow amount shall be held in an interest bearing escrow account with U.S Bank serving as escrow agent, or another escrow agent may be selected upon the mutual agreement of Seller and Hospital. The Seller and its owners shall be subject to a standard five (5) year noncompetition agreement with respect to activities that may be competitive with the Center within its service area.

8. **REAL ESTATE.**

The Buyer will enter into an agreement with the Seller whereby the rentable space currently leased by the Seller, but utilized for the operation of the Center, shall be subleased to the Buyer (the "Sublease"). The Sublease shall outline the terms of a lease between the Seller and the Hospital for the use of the space currently occupied by the Center. The Sublease shall have a term of five (5) years, with an option to renew the Sublease for an additional five (5) years. Rent shall be equal fair market value for the space. The Sublease shall allow Hospital to (i) further sublease the space with the approval of the Seller and the Center's landlord, neither of which shall

be unreasonably withheld, and (ii) allow Hospital to assign its Sublease to affiliates of the Hospital without consent. Notwithstanding the foregoing, the parties may discuss the possibility of the Hospital entering into a new direct lease with the Center's landlord.

9. SUPPORT STAFF.

(a) The Buyer may, but is not obligated, to offer employment, from and after the Closing Date, to certain employees of the Seller at the Center who have been specifically designated by the Buyer in writing as being required by them to conduct the business and operations of the Center after the Closing Date. Nothing set forth in this Section 9(a) shall require the Buyer to pay compensation to any employee that exceeds the fair market value of the services that such individual provides, nor shall any provision of this Section 9(a) obligate the Buyer to employ any such individual for any period of time or continue any term or condition of employment or any employment benefits or policies for any period of time after the Closing Date.

(b) With respect to all of its employees who work for the Seller at the Center the Seller shall be and shall remain solely liable for all amounts, arising prior to the Closing Date, of (i) accrued paid time off expense, vacation, sick leave or other pay; (ii) employer contributions accrued or committed under each pension, profit-sharing, medical, dental, life insurance or retirement plan or similar arrangement except those contributions accrued or committed that are not yet due which will be paid by the Seller and for which the Buyer shall be held harmless from liability by the Seller; (iii) any severance payments or other obligations arising under existing employment agreements or similar arrangements; and (iv) any other accrued benefits to which each employee of the Seller may be entitled. The Seller acknowledges and agrees that the Buyer assumes no obligation under any existing retirement or benefit plan of the Seller, that there shall be no merger of any retirement plan of the Seller with any existing retirement plan of the Buyer, that the Buyer shall not be deemed to be a successor operation or employer of the Seller for purposes of ERISA and the regulations thereunder, and that the Seller shall be responsible for any retirement plan benefits or other benefits or contributions up to the time of Closing for any employees of the Seller who may become employed by the Buyer as of the Closing Date.

10. SERVICES AGREEMENT.

The parties acknowledge and agree that the Radiology Services Agreement between the parties shall be amended upon the closing of the Transactions to add the Center to the list of facilities owned or controlled by the Hospital.

11. LIMITATIONS OF THIS MEMORANDUM; CONTINGENCIES.

(a) The parties shall (i) negotiate the Transaction Documents in good faith with the intention of submitting a certificate of need ("CON") determination request within sixty (60) days of the date hereof, and, if necessary, a CON application within sixty (60) days following the receipt of a determination that a CON is required for the Transactions, and (ii) subject to the receipt of any required CON approval, endeavor to consummate the Transactions on or by the end of the Exclusivity Period. The parties agree to cooperate to jointly submit the CON determination request and any required CON application and any such determination or application shall be mutually satisfactory to the parties.

(b) Without limitation as to any other provision this Memorandum of Understanding, the parties acknowledge that the closing of the Transactions shall be subject to the following specific contingencies:

(i) satisfactory completion of the due diligence process referred to in Section 6(j), above;

(ii) the receipt of any governmental or other approvals, including, without limitation, any required CON, deemed reasonably necessary by the parties and/or are required to effectuate the Transactions;

(iii) the absence of any material adverse change in the financial condition, business, assets or prospects of the Buyer or the Seller;

(iv) completion of Transaction Documents; and

(vi) approval of the Transactions and the Transaction Documents by the Buyer's and the Seller's Board of Directors.

12. ACCESS.

During the period from the date hereof until the date upon which this Memorandum of Understanding is terminated, the Seller will, subject to Sections 3, 4 and 5 hereof, afford the Hospital full and free access to the Center, its personnel, properties, contracts, books and records, and all other documents and data; provided, however, that the Hospital shall conduct its investigation of the Seller so as not to unduly interfere with or disturb the normal operations of the Seller or otherwise prevent the Seller from operating its business in the ordinary course and in compliance with all applicable laws.

13. EXPENSES AND LEGAL FEES.

Each party hereto agrees that it shall pay its own expenses and those of its respective agents, advisors, attorneys and accountants with respect to carrying out of the due diligence, negotiation of this Memorandum of Understanding, the preparation of any CON determination requests or applications, the Transaction Documents and the closing of the Transactions.

14. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall comprise one and the same instrument. Delivery of a copy of this Agreement or such other document bearing an original signature by facsimile transmission, by electronic mail in .pdf form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

15. TERMINATION OF MEMORANDUM OF UNDERSTANDING.

This Memorandum of Understanding will expire upon the earliest to occur of: (a) the end of the Exclusivity Period; or (b) mutual agreement of the parties to such expiration; or (c) the closing of the Transactions.

16. GOVERNING LAW.

This letter will be governed by and construed under the laws of the State of Connecticut without regard to conflicts of laws principles that would require the application of any other law.

17. NON-BINDING OBLIGATIONS.

Sections 2, 3, 4, 5, 12, 13, 14, 15, 16 and 17 above are binding provisions (the "Binding Provisions"). Except for the Binding Provisions, this Memorandum of Understanding does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of any party hereto. No such obligation shall be created except upon the closing of the Transactions that shall be upon such terms and conditions as shall be agreed upon by the parties and then only in accordance with the terms and conditions of the Transaction Documents. Moreover, except as expressly provided in the Binding Provisions (or as expressly provided in any binding written agreement that the parties may enter into in the future), no past or future action, course of conduct, or failure to act relating to the transactions contemplated hereunder, or relating to the negotiation of the terms of the Transaction Documents, will give rise to or serve as a basis for any obligation or other liability on the part of any party.

[Signature Page Follows]

If the foregoing accurately expresses our understanding, please so indicate by signing and dating this Agreement and the enclosed copy and returning the enclosed copy to the undersigned.

SELLER

Radiologic Associates of Middletown, P.C.

By: Michael Cram, MD
Name: Michael Cram MD
Title: President

Date: 7/13/12

BUYER

Middlesex Hospital

By:
Name: Vincent Capece
Title: CEO

Date: 7/13/12

SCHEDULE A

Permitted Liens

[redacted]

FILING #0002607922 PG 01 OF 05 VOL U-00372
FILED 12/11/2007 12:05 PM PAGE 02610
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A NAME & PHONE OF CONTACT AT FILER (optional)

B SEND ACKNOWLEDGMENT TO (Name and Address) CSY For CSY

Corporation Service Company
801 ADLAI STEVENSON DRIVE
Springfield, IL 62703

353049-1

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1 DEBTOR'S EXACT FULL LEGAL NAME Insert only one debtor name (1a or 1b) do not abbreviate or combine names

1a ORGANIZATION'S NAME
Radiologic Associates of Middletown, P.C.

OR 1b INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY
330 South Main St , PO Box 931 | Middletown | CT | 06457 | USA

1d SEE INSTRUCTIONS | ADDL INFO RE ORGANIZATION DEBTOR | 1e TYPE OF ORGANIZATION | 1f JURISDICTION OF ORGANIZATION | 1g ORGANIZATIONAL ID # if any
 | PC | CT | 0038511 | NONE

2 ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME Insert only one debtor name (2a or 2b) do not abbreviate or combine names

2a ORGANIZATION'S NAME

OR 2b INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d SEE INSTRUCTIONS | ADDL INFO RE ORGANIZATION DEBTOR | 2e TYPE OF ORGANIZATION | 2f JURISDICTION OF ORGANIZATION | 2g ORGANIZATIONAL ID # if any
 | | | | NONE

3 SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) Insert only one secured party name (3a or 3b)

3a ORGANIZATION'S NAME
SIEMENS FINANCIAL SERVICES, INC.

OR 3b INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY
186 Wood Avenue South | ISELIN | NJ | 08830 | USA

4 This FINANCING STATEMENT covers the following collateral

The property covered under Leasing Schedule #14717 between Debtor and Secured Party, including the Equipment described below (or on Schedule A attached hereto), together with all accessions, attachments, replacements, substitutions, modifications and additions thereto (including all Debtor's rights in all licenses of all software related to any of the foregoing), now or hereafter acquired, and all Proceeds (as defined in the applicable Uniform Commercial Code) thereof (including insurance proceeds).
Equipment description (See Attached Schedule A)

5 ALTERNATIVE DESIGNATION (if applicable) | X LESSEE/LESSOR | CONSIGNEE/CONSIGNOR | BAILEE/BAILOR | SELLER/BUYER | AG. LIEN | NON-UCC FILING

6 This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable) | 7 Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) | All Debtors | Debtor 1 | Debtor 2

8 OPTIONAL FILER REFERENCE DATA SW 12/10/07 SW

(1) Secretary of State

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV 05/22/02)

FILING #0002607922 RG 02 OF 05 VOL U-00372
FILED 12/11/2007 12:05 PM PAGE 02611
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

SIEMENS

Quote Summary

Date: 12/10/2007
Quote #: 1-6QM0SS
Rev #: 1
Opportunity ID: 1-9F3MUR

Sales Representative: JOHNSC00
Effective From: 6/26/2007
Valid Through: 9/27/2007
Currency: USD

SCHEDULE A 147357
10f4

Comment:

To:
Mark Worstell
(865) 482-4078
RADIOLOGIC ASSOCIATES PC

Bill To:
SIEMENS FINANCIAL SERVICES INC
200 SOMERSET CORPORATE BLVD
BRIDGEWATER, NJ 08807-2843
USA

Ship To:
RADIOLOGIC ASSOCIATES PC

Line	Part #	Description	Qty	POE	ETA	UOM	List Price	Net Price	Ext Price
RELEVANT ITEMS:									
1	SD_000_M 1-015	MAGNETOM Symphony	1						
1.1	07060090	MAGNETOM SYMPHONY SYNGO	1		PCE				
1.2	14407307	Power Class #S	1		PCE				
1.3	07365280	SPRINT GRADIENTS SYMPHONY	1		PCE				
1.4	05641217	ADVANCED ARRAY INTERFACE/SYMPHONY	1		PCE				
1.5	07584415	Whole Body Array Interface New #HS;SON.	1		PCE				
1.6	07584985	Cover maple Maestro #S	1		PCE				
1.7	05641043	Patient Table Fixed #Symphony	1		PCE				
1.8	07060041	CORE Package Syngo #MRSon	1		PCE				
1.9	07275931	Keyboard #MR	1		PCE				
1.10	07060053	Advanced 3D Syngo #MS	1		PCE				
1.11	05641126	Patient Monitoring Unit #Symphony	1		PCE				

Search Query for QUOTE: [Quote Number] = "1-6QM0SS"

SIEMENS Generated by WILLSH01 on 12/10/2007 12:54 PM SIEMENS Confidential - Do not Copy or Distribute

Quote Summary

FILING #0002507922 PG 03 OF 05 VOL U-00372
FILED 12/17/2007 12:05 PM PAGE 02612
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

SIEMENS

SCHEDULE A 14737 2084

Line	Part	Description	Qty	Price	UOM	List Price	Net Price	Ext Price
RELEVANT ITEMS:								
1.12	14407253	BLADE 4S	1		PCE			
1.13	07090116	Panoramic Table Syngo #HS	1		PCE			
1.14	07090074	Advanced Angio Pkg Syngo H/S	1		PCE			
1.15	07090108	CARE Bolus Syngo #HS/Son	1		PCE			
1.16	07089142	Pwr Array Angio Coil # S/SON	1		PCE			
1.17	07090140	Echo Planar Imaging Syngo #HS/SON	1		PCE			
1.18	07090086	Advanced Turbo Syngo #H/SSon	1		PCE			
1.19	05671505	CP Head Array Coil #Symphony	1		PCE			
1.20	05671511	Mirror for Head Coil S/Son	1		PCE			
1.21	05671529	CP Spine Array Coil #Symphony	1		PCE			
1.22	05671536	CP Neck Array Coil #Symphony	1		PCE			
1.23	05671537	Flex Coil Interface # SYM, AV	1		PCE			
1.24	05671545	CP Flex Coil Large # SYM, AV	1		PCE			
1.25	05671552	CP Flex Coil Small # SMY, AV	1		PCE			
1.26	07276731	CP Body Array Flex #Son,Sym	1		PCE			
1.27	05671602	CP Extremity Coil #Symphony	1		PCE			
1.28	05803429	Shoulder Phased Array Coil #Symphony	1		PCE			
1.29	SD_000_M 9-060	MR Console Tables and Containers	1					
1.29.1	07275907	Console Desk Syngo 1.2m #MR	1		PCE			
1.29.2	07092207	Computer Housing Syngo #MR	1		PCE			
1.29.3	SD_000_M 9-066	Total	1					
1.30	05641357	Water Cooler for Cabinet # S/SON	1		PCE			
1.31	07275816	Cable Set 7T3 Syngo H/S	1		PCE			
1.32	05672121	Venting Kit	1		PCE			
1.33	05672105	Helium Fill 30/60 H.S.SON	1		PCE			
1.34	05806918	Cable for UPS	1		PCE			
1.35	07276020	Ethernet Twisted Pair Syngo #MR	1		PCE			
1.36	SL_000_M 1-015-L	MAGNETOM Symphony - Local	1		PCE			

Search Query for QUOTE: [Quote Number] = "1-6OM8S8"

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FILING #000025007922 PG 04 OF 05 VOL U-00372
FILED 12/11/2007 12:40 PM PAGES 02613
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

SIEMENS

Quote Summary

Item	Part #	Description	Qty	FOB	Std. UOM	List Price	Net Price	Ext. Price
RELEVANT ITEMS:								
1.36.1	MR_STD_FIG_INST	MR Standard Rigging and Installation	1		PCE			
1.36.2	MR_BTL_INSTALL	MR Standard Rigging & Install (no gas)	1		PCE			
1.36.3	MR_TRAIN_NOTE	Training Timeframe Special Note	1		PCE			
1.36.4	4MR5142868	Amnesx #MR	1		PCE			
1.36.5	PWR9125V240	Powerware 9125/240V	1		PCE			
1.36.6	GLB2KJNCSOX	Junction box for 2KVA UPS	1		PCE			
1.36.7	MR_APPLS_5_3	MR Application Training	1		PCE			
1.36.8	MR_CRYO	Standard Cryogens	1	*	PCE			
1.36.9	MR_SYNGO	Basic syngo training (2 teah)	1		PCE			
1.36.10	MR_APPLS_ADD_5	Addpoonal 3 days on-site training	1		PCE			
1.36.11	MR_PR_NOV_07_GLB	Novation Group Buy Global	1		PCE			
1.36.12	MR_PR_NOV_07_SY	Novation Group Buy Symphony	1		PCE			
1.36.13	MR_PR_NOV_SY	Novation Group Buy Whole Body Array Sym	1		PCE			
1.36.14	MR_PR_NOV_EXWR_	Novation Group Buy Ext Warranty Sy	1		PCE			
1.36.15	MR_EXTEND_WARRA NTY	MR Extended Warranty $50,000	1	*	PCE			
1.36.16	MR_PR_NOV_APPSS DAY	Novation Group Buy Addl 5 Days Training	1		PCE			
1.36.17	MR_POS	Point of Sale Service	1		PCE			
1.36.19	SL_000_M 1-015 L	Total	1					
1.47	SD_000_M 1-015		1					
					Total for Relevant Items			
OPTIONAL ITEMS:								
1.36.18	KKS250000	Koolant Koolers 25 Ton Water Chiller	1		PCE			
1.37	07276079	MAGNETOM SYMPHONY QUANTUM GRADIENT	1		PCE			
1.38	14407256	Composing syngo #1.5.SON.Tno	1		PCE			
1.39	07366195	FOV Adapter Large # Sym., Sonata	1		PCE			
1.40	14407954	SWI #5.Tno	1		PCE			

Search Query for QUOTE: [Quote Number] = "1-9QM6SP"

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SCHEDULE A 14937
3 of 4

FILING #000026079222 PG 05 OF 05 VOL U-00372
FILED 12/17/2007 12:05 PM PAGE 02614
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CONNECTICUT SECRETARY OF THE STATE

SIEMENS

Quote Summary

Line	Part #	Description	Qty	FOB	BTL	UOM	List Price	Net Price	Ext Price
OPTIONAL ITEMS:									
1.41	07365377	Single Voxel Spectroscopy syngo # S,Son	1			PCE			
1.42	07365385	Spectroscopy Evaluat.syngo DMC#4.S,SONLA	1			PCE			
1.43	05641183	Advanced Shim #Symphony	1			PCE			
1.44	07089880	Chemical Shift Imaging #S/Son	1			PCE			
1.45	07216749	CP Body Array Extender #Son,Sym	1			PCE			
1.46	05809601	Double Loop Array Coil #Symphony	1			PCE			

Subtotals

EXHIBIT A 14937 4 of 4

Search Query for QUOTE: [Quote Number] = "1-9GM6SS"

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[redacted]

S0284487

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address) CSY For CSY

Corporation Service Company
801 ADLAI STEVENSON DRIVE
Springfield, IL 62703

419883-1

FILING #0002616594 PG 01 OF 01 VOL U-00376
FILED 02/01/2008 08:30 AM PAGE 01044
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
0002607922 Date:12/11/2007 B: P:

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS

2. ☐ TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement

3. ☐ CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

4. ☐ ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c, and also give name of assignor in item 9

5. AMENDMENT (PARTY INFORMATION): This Amendment affects ☐ Debtor or ☐ Secured Party of record Check only one of these two boxes

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7

☐ CHANGE name and/or address: Please refer to the detailed instructions in regard to changing the name/address of a party ☐ DELETE name: Give record name to be deleted in item 6a or 6b. ☐ ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d–7g (if applicable)

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR 6b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

7c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

7d. SEE INSTRUCTIONS | ADD'L INFO RE ORGANIZATION DEBTOR | 7e. TYPE OF ORGANIZATION | 7f. JURISDICTION OF ORGANIZATION | 7g. ORGANIZATIONAL ID #, if any ☐ NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box

Describe collateral ☐ deleted or ☒ added, or give entire ☐ restated collateral description, or describe collateral ☐ assigned

Equipment description: Add (1) Kraus Chiller to Leasing Schedule # 14737

Debtor: Radiologic Associates of Middletown, P.C.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment) If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment

9a. ORGANIZATION'S NAME
SIEMENS FINANCIAL SERVICES, INC.

OR 9b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

10. OPTIONAL FILER REFERENCE DATA SW 01/28/08 SW

CT-Secretary Of State

FILING OFFICE COPY — UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV 05/22/02)

Top Image Service Corp.
701 Waterville Rd. Ste. 1
Vernon, CT 17066

[redacted]

FILING #0002684062 PG 01 OF 01 VOL U-00398
FILED 03/17/2009 08:30 AM PAGE 00557
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
CSC Diligenz, Inc. 1-800-858-5294

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
40806797 - 3/16/2009
CSC Diligenz, Inc.
6500 Harbour Heights Pkwy, Suite 400
Mukilteo, WA 98275

Filed in: Connecticut (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: Radiologic Associates of Middletown, P.C.

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
330 S. Main St.	Middletown	CT	06457	USA

1d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		Corp.	CT	0038511 NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: Siemens Financial Services, Inc.

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
170 Wood Ave South	Iselin	NJ	08830	USA

4. This FINANCING STATEMENT covers the following collateral:
The property covered under Leasing Schedule # 17510 between Debtor and Secured Party, including the Equipment described below (or on Schedule A attached hereto), together with all accessions, attachments, replacements, substitutions, modifications and additions thereto (including all Debtor's rights in all licenses of all software related to any of the foregoing), now or hereafter acquired, and all Proceeds (as defined in the applicable Uniform Commercial Code) thereof (including insurance proceeds).

Equipment Description:
Description Qty
MAGNETOM Symphony - syngo Options 1
Powerware 9390 100KVA UPS 1
Isolation Transformer 90KVA 1

5. ALTERNATIVE DESIGNATION (if applicable): ☑ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) | 7. ☐ Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) | ☐ All Debtors | ☐ Debtor 1 | ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA
17510 40806797

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
CSC Diligenz, Inc. 1-800-858-5294

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
44162847 - 8/7/2009
CSC Diligenz, Inc.
6500 Harbour Heights Pkwy, Suite 400
Mukilteo, WA 98275

Filed In: Connecticut (S.C.S.)

FILING #0002708289 PG 01 OF 01 VOL U-00485
FILED 08/10/2009 08:30 AM PAGE 01228
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: Radiologic Associates of Middletown, P.C.					
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX		
1c. MAILING ADDRESS: 330 S. Main St.	CITY: Middletown	STATE: CT	POSTAL CODE: 06457	COUNTRY: USA	
1d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION: Corp.	1f. JURISDICTION OF ORGANIZATION: CT	1g. ORGANIZATIONAL ID #, if any: 0038511	☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX		
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY	
2d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: Siemens Financial Services, Inc.					
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX		
3c. MAILING ADDRESS: 170 Wood Ave South	CITY: Iselin	STATE: NJ	POSTAL CODE: 08830	COUNTRY: USA	

4. This FINANCING STATEMENT covers the following collateral:

The property covered under Leasing Schedule # 17510 between Debtor and Secured Party, including the Equipment described below (or on Schedule A attached hereto), together with all accessions, attachments, replacements, substitutions, modifications and additions thereto (including all Debtor's rights in all licenses of all software related to any of the foregoing), now or hereafter acquired, and all Proceeds (as defined in the applicable Uniform Commercial Code) thereof (including insurance proceeds).

Equipment description:
(1) Magnetom Symphony Syngo Options Powerware UPS 9390-160KVA

5. ALTERNATIVE DESIGNATION (if applicable): ☒ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA
17510 44162847

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
CSC Diligenz, Inc. 1-800-858-5294

B. SEND ACKNOWLEDGMENT TO (Name and Address)
42507799 - 5/18/2009
CSC Diligenz, Inc.
6500 Harbour Heights Pkwy, Suite 400
Mukilteo, WA 98275

Filed In: Connecticut (S.O.S.)

FILING #0002695687 PG 01 OF 01 VOL U-00401
FILED 05/19/2009 08:30 AM PAGE 02126
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: RADIOLOGIC ASSOCIATES OF MIDDLETOWN, P.C.					
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX		
1c. MAILING ADDRESS: 330 South Main St., P.O. Box 931	CITY: Middletown	STATE: CT	POSTAL CODE: 06457	COUNTRY: USA	
1d. SEE INSTRUCTIONS: ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION: Professional Corp	1f. JURISDICTION OF ORGANIZATION: CT	1g. ORGANIZATIONAL ID #, if any: 0038511	NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX		
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY	
2d. SEE INSTRUCTIONS: ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	NONE	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: Toshiba America Medical Credit, a program of Toshiba America Medical Systems, Inc.					
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX		
3c. MAILING ADDRESS: 733 Marquette Avenue, Suite 700	CITY: Minneapolis	STATE: MN	POSTAL CODE: 55402	COUNTRY: USA	

4. This FINANCING STATEMENT covers the following collateral:
One (1) Toshiba Aquilion 16 CT Scanner as more fully described in quote #83177 dated 2/26/09 Lease Schedule Number 258464-100 dated March 12, 2009

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR | CONSIGNEE/CONSIGNOR | BAILEE/BAILOR | SELLER/BUYER | AG. LIEN | NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional): All Debtors | Debtor 1 | Debtor 2

8. OPTIONAL FILER REFERENCE DATA
Minneapolis - 258464-100 42507799

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

Attachment C: Curriculum Vitae

VINCENT G. CAPECE, JR., CPA
154 Smith Pond Road
Watertown, Connecticut 06795
Cell: 860-918-4914 E-mail: vin.capece@midhosp.org

EMPLOYMENT HISTORY

MIDDLESEX HEALTH SYSTEM, INC., Middletown, Connecticut
President/Chief Executive Officer September 2010 - Present

Middlesex Health System serves as the holding company for a 275-bed hospital with an extensive outpatient facility network including two 24-hour satellite emergency departments.

- Developed and implemented strategic initiatives to improve operations (both quality & cost) and position System brand;
- Led efforts which have positioned Middlesex Hospital as a nationally recognized, high-performing organization, i.e., Thomson Reuters 100 Top Hospitals®, HealthGrades® Top Hospitals, *Hospitals and Health Networks* Most Wired Hospitals;
- Achieved consistently strong financial performance.

Senior Vice President & Chief Financial Officer 2008 – August 2010
Senior Vice President, Finance & Operations 2007
Vice President, Finance & Treasurer 1998 - 2006

- Reported directly to President & CEO of Middlesex Health System, Inc.
- Responsible for all financial and operating activities for the Health System, which includes: a 275-bed acute care hospital with annual revenues of over $300 million, a physician group practice with ten office sites, an assisted living facility, a physician-hospital contracting entity and a real estate holding company.
- Involved in all aspects of business and strategic planning for the Hospital and Health System, which has required significant interaction with the medical staff.
- Responsible for developing Board of Director meeting agendas with significant involvement in all committees of the Board of Directors.

BRIDGEPORT HOSPITAL, Bridgeport, Connecticut
Director of Accounting 1990 - 1998

- Prepared for and participated in monthly Finance Committee meetings of the Board of Directors;
- Internal and external financial reporting for a 425-bed teaching hospital and affiliated entities, including a physician group practice and physician hospital organization (PHO);
- Financial analysis and negotiations associated with all managed care contracts;

- Coordinate and managed all financing arrangements including CHEFA bond financing;
- Provided financial data and testimony at all CoN and finance related regulatory hearings;
- Significant daily interaction with senior management and operating department heads on financial related issues.

ARTHUR ANDERSEN LLP, Hartford, Connecticut
Audit Manager 1985 - 1990

- Planned, supervised and coordinated audit and financial consulting engagements;
- Maintained an in-depth understanding of accounting and business issues within a number of industries (including health care);
- Practice development of audit and financial consulting services;
- Maintained existing client relationships -- training and evaluation staff.

EDUCATION

UNIVERSITY OF CONNECTICUT, Storrs, Connecticut

Masters in Business Administration 2006

BS in Accounting, Magna cum laude 1985

PROFESSIONAL & CIVIC ORGANIZATIONS

Community Foundation of Middlesex County – Board Member; Executive Committee Member; Chair, Finance & Investment Committee
Middlesex County Chamber of Commerce - Board Member; Executive Committee Member
VHA New England – Board Member
Healthcare Financial Management Association - Advanced Member
American College of Healthcare Executives
Connecticut Society of Certified Public Accountants
Middlesex United Way – Former Board Member
Junior Achievement of Southern Connecticut – Former Board Member

HARRY EVERT
84 Old Ponsett Road
Haddam, CT 06438
(203) 345-2614

BUSINESS EXPERIENCE:

MIDDLESEX HEALTH SYSTEM
Middlesex Hospital
Middletown, Connecticut (1980-present)

Radiology Administrator (1980-1984)

Vice President, Operations & Administration (1984-2011)

Senior Vice President
Strategic Planning & Operations (2012-present)

Corporate Responsibilities and Major Accomplishments:

- Responsibility for all ancillary departments of the Hospital, including Radiology, Laboratory, Radiation Oncology, Physical Medicine, Cancer Center, and Neurology.
- Successfully managed all support services, including Engineering, Environmental Services, Food and Nutrition, and Security.
- Responsible for the Family Medicine Residency Program. Supervised the expansion of the program from 6 Residents per year to 8; and from 2 to 3 model offices.
- Responsible for the CoN approval, and installation of major capital equipment, including CT/PET, Linac, 64 slice CT, CT/Simulator, and fixed MRI.
- Responsible for the planning, CoN approval ,and direction of all major capital construction projects including:
    - Maternity Center, Critical Care Unit and Outpatient Center-$32 M
    - Laboratory and Renovations to Outpatient Surgery- $18M
    - Assisted Living complex -$8M
    - Cancer Center facility- $10M
    - Freestanding Emergency and Outpatient Facility in Marlborough- $8M
    - Construction of a new Hospital Emergency Department- $30M
    - Relocation of Shoreline Freestanding Emergency and Ancillary Facility- $25M
- Created a Hospital-based, primary care medical group (MHS-PC) by acquiring and expanding existing practices and starting new practices. Successfully changed the governance structure of MHS-PC to create a Board of Directors, which included MHS-PC physicians, management and Hospital trustees.
- Worked with medical staff leaders and created successful Hospitalist program. Expanded service so that majority of non-surgical admissions are now cared for by Hospitalist service.
- Administrative liaison to multiple medical staff departments, including Radiology, Pathology, OB/GYN, Medicine, Family Medicine, and Pediatrics.
- Developed Physician Manpower plan with the medical staff leadership. Successfully recruited Primary Care, OB/GYN, GI, and Neurology physicians.
- Developed recruitment support alternatives for physician groups interested in recruiting new associates. The services varied from recruitment fee support to new physician income guarantees.
- Responsible for acquisition of Middlesex VNA and directed its transition into the Hospital.

- Responsible for acquisition of Middlesex Young Parents Assistance Program and directed its integration into the Hospital. This is now the Family Advocacy Program.
- Responsible for establishing affiliation between the MH Cancer Center and the Dana Farber Cancer Institute.
- Chaired the Capital Budget Committee and the Facilities Planning Committee.
- Administratively responsible for the successful implementation of the Radiology, Laboratory and Pharmacy information systems, as well as the Radiology PACs system.
- With senior management, review and approve annual operating and capital budgets, and all new employee request

NEW MILFORD HOSPITAL (1976-1980)
New Milford, Connecticut
Radiology Administrator

DANBURY HOSPITAL (1974-1976)
Danbury, Connecticut
Assistant Radiology Administrator

EDUCATION:

QUINNIPIAC COLLEGE, Hamden, Connecticut
Graduated - June 1982
Masters Degree, Health Services Administration

UNIVERSITY OF WISCONSIN, Madison, Wisconsin
Graduated - June 1970
Bachelors Degree, History

AFFILIATIONS:

Civic:

Co-chairman, United Way Campaign, Key Firms North Division
Past Vice President, Pomperaug Valley Jaycees
Board of Directors, Past President, Haddam Lions Club
Governing Member, past Board of Directors, Northern Middlesex YMCA
Previous Board of Deacons, Higganum Congregational Church
CIAC Certified Baseball Umpire

Professional:

Fellow, American College of Healthcare Executives
Member, Connecticut Hospital Association (CHA)
VHA Member Advisory Steering Committee

08/12

CURRICULUM VITAE

Arthur V. McDowell, M.D., F.A.C.C., F.A.C.P

Date of Birth:
April 14, 1952

Place of Birth:
Albany, New York

Academic Degree:
College of Holy Cross, B.A., 1974
Albany Medical College of Union University, M.D., 1978

Medical Internship:
Hartford Hospital, July 1978 – June 1979

Medical Residency:
Hartford Hospital, July 1979 – 1981

Fellowship:
Clinical Fellow in Cardiology, July 1981 – June 1983
Harvard Medical School
Beth Israel Hospital, Boston, Massachusetts

Honors/Awards:
Alpha Omega Alpha – 1978
Alumni Association Medical – 1978
Maxwell O. Phelps Award for Excellence in Internal Medicine
Hartford Hospital – 1981
Middlesex Hospital, Professional Staff Award – 1985
St. Francis Xavier Award – 1991

Board Certification:
American Board of Internal Medicine Diplomate – 1981
American Board of Internal Medicine Diplomate, Cardiovascular Disease – 1983
American Board of Internal Medicine, Critical Care – 1991, Recertified 2000-2011
American College of Cardiology, ECG Exam Certification – 1996
National Board of Echocardiology Diplomate – Adult Transthoracic Echocardiography – 1998, Recertified 2006

Private Practice:

Cardiology, Middletown, Connecticut, July 1983 – 2008

Appointments:

State of Connecticut Medical Advisory Board to the Commissioner of Motor Vehicles, July 1988 - present
Governor's Advisory Board, American College of Cardiology, 1990 – present
Advisory Committee to Commissioner of Cost Commission on Health, State of Connecticut
Board of Directors, Middlesex Hospital, March 1997 – 2007; Chair, Quality Committee – 1998 – 2000, Chair, Board of Directors – November 2000 - 2007
Corporator, Liberty Bank, Middletown, Connecticut, 1997 – present
Advisory Committee to Commissioner, State Department of Health Care Access, 1999 - 2009

Staff Appointments:

Middlesex Hospital, Middletown, Connecticut, Vice President, Clinical Affairs, 2008 – present
Middlesex Hospital, Middletown, Connecticut, Assistant Attending, Department of Medicine Cardiology, 1983 – 1988
Middlesex Hospital, Middletown, Connecticut, Senior Attending, Department of Medicine Cardiology, 1988 – present
Middlesex Hospital, President, Medical Staff – 1991 - 1992 and 1993.-1994
Hartford Hospital, Hartford, Connecticut, Courtesy Staff, 1984 – 2004
UCONN Medical Center, Farmington, Connecticut, Assistant Clinical Professor of Medicine March 1, 1996 – present
Middlesex Hospital Chief, Cardiology, 1995 to 2008
Middlesex Hospital, Director, Echo Lab, 1995 - 2008
AAFP, Active Teacher in Family Medicine, 2003

Societies:

Fellow, American College of Cardiology
Fellow, American College of Physicians
Fellow, American College of Echocardiography
Middlesex County Medical Society
Connecticut Medical Society
American Medical Association
American Heart Association, Council on Clinical Cardiology
Fellow, American College of Chest Physicians
American Heart Association, President, Middletown area branch, 1986 – 1989
AHA Board of Directors, 1986 to present
Society of Critical Care Medicine

Papers:

Evaluation of a New Bipyridine Inotropic Agent – Milrinone – in Patients with Severe Congestive Heart Failure
D.S. Baim, A.V.McDowell, J. Cheniles, E.S.Monrad,
J.A. Parker, J. Edelson, E.Braunwald and W. Grossman
New England Journal of Medicine 309: 748 – 56, 9/29/83

Nutrition Knowledge and Attitudes of Cardiac Patient
S. Plous, PhD; Robert B. Chesne, M.D.; Arthur V. McDowell, III, M.D.
Journal of The American Dietetic Association, Vol. 95, No. 4, 4/95

Abstracts:

Does Milrinone Improve Diastolic Ventricular Function in Congestive Heart Failure
E.S. Monrad, R.G. McKay, D.S. Baim, A.V. McDowell, G.Heller, W. Grossman
Circulation 68, Supplement III, Abstract 405

Chronic Oral Milrinone Therapy in Patients with Refractory Congestive Heart Failure
A.V. McDowell, D.S. Baim, E.S. Monrad, J. Cheniles, E.Braunwald, W. Grossman
Circulation 68, Supplement II, Abstract 1495

Book Chapters:

Milrinone Therapy in Patients With Severe Congestive Heart Failure: Initial Hemodynamic and Clinical Observations
D.S. Baim, E.S. Monrad, A.V. McDowell, H. Smith, A. Lanove, E. Braunwald, W. Grossman

M-Mode Echocardiography: Recording Techniques and Normal Findings
P.C.Come, M.F. Riley, A.V. McDowell
In Diagnostic Cardiology – P.C. Cane, Editor, J.B. Lipincott – 1985

91 High Street
Deep River, CT 06417
Home: (860)526-9629
Email: jackie.calamari@midhosp.org

JACQUELYN G. CALAMARI, MS, MSN, NEA-BC, CEN

EDUCATION

MASTER OF SCIENCE IN NURSING, 2009
Saint Joseph College, Hartford, CT

MASTER OF SCIENCE IN MANAGEMENT, 2000
Rensselaer at Hartford, Hartford, CT

BACHELOR OF SCIENCE IN NURSING, 1992
Saint Joseph College, Hartford, CT

DIPLOMA IN NURSING, 1977
Saint Francis School of Nursing, Hartford, CT

EXPERIENCE

1978 – Present

MIDDLESEX HOSPITAL, Middletown, CT

Vice President, Patient Care Services/Chief Nursing Officer (August 2011 – Present)

Middlesex Health System is a non-profit healthcare organization serving a population of 250,000 residents. Its service area encompasses the largest geography of any hospital in CT, covering Middletown, Connecticut south to the Shoreline and East of the Connecticut River. The system includes a 275 bed acute care hospital, Homecare and Hospice Agency, a network of primary care offices, three full service Emergency sites, a diagnostic outpatient center, Ambulatory Surgical Center, and Cancer Center. Middlesex Health System is a three time Magnet designated hospital, four time winner of the Thompson-Reuters Top 100 Hospitals Award and attained Center of Excellence Certifications in Stroke, CHF, Disease Management, and Bariatric Surgery.

Reporting to the President and CEO, responsible for all Nursing, Emergency, Behavioral Health, Surgical Services, Home Health & Hospice, Case Management, and Pharmacy. Key member of the senior management team responsible for all strategic planning, governance, quality and safety, workforce development and engagement. Responsible for 1,071 FTEs .Manage an operating budget of $650M in revenues and $105M in expenses.

Director, Emergency and Inpatient Services (2008 – Present)

Administrative responsibility for three Emergency Departments and Inpatient Services including: 5 Medical/Surgical Units, Psychiatric Unit and Pregnancy and Birth Center. Total of 400 FTEs; 33 million dollar operating budgets. Collaboration with Nursing Administrative Team in development of Nursing Department strategic plan and goals.

Selected Accomplishments:

- Successfully managed the implementation of a new program for service excellence that resulted in improved patient satisfaction since 2008 from a mean score of 85.6 to most recent score of 88.1
- Developed a forum for mentoring inpatient nurse managers and medical directors to improve collaboration and communication on new initiatives including multidisciplinary rounding.

Director, Emergency Department (1996 – 2008)

Administrative responsibility for three Emergency Departments; 90,000 visits per year; 116 FTEs. Annual budget of approximately $10 million.

Selected Accomplishments:

- Collaborated in the successful design and build of a new Emergency Department moving from 8500 sf facility to a 25,000 sf facility
- Improved patient satisfaction since 2002 from a mean score of 79.4 to most recent score of 88.

Nurse Manager, Emergency Department (1994 – 1996)

Managed daily operations of the Emergency Department with 30,000 visits per year.

Staff Nurse, Emergency Department (1982 – 1994)

Provided nursing care for all patients requiring emergency treatment.

Staff Nurse/Charge Nurse, Surgical Unit (1978 – 1982)

Provided nursing care for all patients requiring surgery.

1977 – 1978

HARTFORD HOSPITAL, Hartford, CT

Staff Nurse, Cardiothoracic Unit

Hartford Hospital is a 819-bed acute care, medical surgical facility. Provided nursing care for all patients requiring cardiac surgery.

CERTIFICATIONS

- Certified Emergency Nursing/Emergency Nurses Association (CEN/ENA), September 1978 – Present.
- Certified Nurse Executive, Advanced (NEA-CC/ANCC) August 2011

PROFESSIONAL MEMBERSHIPS

- American Nurses Association (ANA)

- Board Member, Organization of Nurse Executives (ONE-CT) 2010 – Present.
- Connecticut Hospital Association (CHA) – Nurse Executives Group
- Connecticut Nurses Association
- Member, Sigma Theta Tau International
- Member, Emergency Nurses Association (ENA)
- VHA CNO Network – Northeast Region

PRESENTATIONS

- *Patient and Family Centered Care*, Boden Symposium (2012)
- *Medication Errors in the Context of an Acute Care Environment- Study at Middlesex Hospital.* Presented at the Connecticut Research Alliance, October 2009
- *The Professional Tier Advancement Program-* A Presentation at the Seventh Annual Magnet Conference, Houston Texas (2003)

PUBLICATIONS

- Medication Errors in the Context of an Acute Care Environment- Study at Middlesex Hospital.
  - Presented at St. Joseph College, Research Day, 2010
  - Presented at the Connecticut Research Alliance, October 2009

AWARDS

- Nightingale Award, 2009
- Sigma Theta Tau Leadership Award, 2008
- Awarded highest honor in Nursing Leadership from CT Emergency Nurses Association, 2002

11/27/07

CURRICULUM VITAE

Michael Crain, M.D.

ADDRESS:

Home: 100 North Main Street
Essex, CT 06426
860-767-1919

Business: Middlesex Hospital
28 Crescent Street
Middletown, CT 06457
860-344-6293

DATE OF BIRTH: February 29, 1956
New York, NY

SOCIAL SECURITY #: 156-52-3559

CURRENT POSITIONS: Diagnostic Radiologist
MRI Section Chief
Senior Attending
1988 – present

EDUCATION:

College: Bachelor of Arts
Summa Cum Laude
Oberlin College
Oberlin, OH 1974-1978

Research: Research Assistant
Neuroscience Department
Children's Hospital Medical Center
Harvard University
Boston, MA 1978-1979

Medical School: Doctor of Medicine
Albert Einstein College of Medicine
Bronx, NY 1979-1983

EDUCATION (CONTINUED):

Internship:

Transitional Internship
Jersey Shore Medical Center
Neptune, NJ 1983-1984

Residency:

Diagnostic Radiology
The George Washington University Medical Center
Washington, D.C. 1984-1987

Fellowship:

Cross-sectional Imaging (CT, Ultrasound, MRI)
The George Washington University Medical Center
Washington, D.C. 1987-1988

BOARDS:

National Boards, Part I, II, III, 1984
Board Certified – Diagnostic Radiology, 1987

PROFESSIONAL SOCIETIES:

American College of Radiology
Radiological Society of North America
American Roentgen Ray Society

Attachment E: Proof of Non-Profit Status

Internal Revenue Service

Department of the Treasury

District Director

10 MetroTech Center
625 Fulton St., Brooklyn, NY 11201

Date: NOV 02 1995

Middlesex Hospital
28 Crescent Street
Middletown, CT
06457-3654

Person to Contact:
Patricia Holub
Contact Telephone Number:
(718) 488-2338
EIN: 06-0646718

Dear Sir or Madam:

Reference is made to your request for verification of the tax exempt status of Middlesex Hospital.

A determination or ruling letter issued to an organization granting exemption under the Internal Revenue Code remains in effect until the tax exempt status has been terminated, revoked or modified.

Our records indicate that exemption was granted as shown below.

Sincerely yours,

Patricia Holub

Patricia Holub
Manager, Customer
Service Unit

Name of Organization: Middlesex Hospital

Date of Exemption Letter: December 1939

Exemption granted pursuant to section 501(c)(3) of the Internal Revenue Code.

Foundation Classification (if applicable): Not a private foundation as you are an organization described in sections 509(a)(1) and 170(b)(1)(A)(iii) of the Internal Revenue Code.

Attachment F: Copy of Operating License for Middlesex Hospital

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0069

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Middlesex Hospital of Middletown, CT d/b/a Middlesex Hospital is hereby licensed to maintain and operate a General Hospital.

Middlesex Hospital is located at 28 Crescent Street, Middletown, CT 06457.

The maximum number of beds shall not exceed at any time:
22 Bassinets
275 General Hospital Beds

This license expires **December 31, 2012** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, January 1, 2011.

Satellites:
Middlesex Hospital Shoreline Medical Center, 266 Westbrook Road, Rt. 153, Essex, CT
Middlesex Hospital Marlborough Medical Center, 12 Jones Hollow Road, Marlborough, CT
Middlesex Hospital Outpatient Center, 534 Saybrook Road, Middletown, CT
Middlesex Hospital Center for Behavioral Health Family Advocacy Program, 51 Broad Street, Middletown, CT
Middlesex Hospital Center for Behavioral Health Adult Outpatient Services, 103 South Main Street, Middletown, CT
Middlesex Hospital Center for Behavioral Health Psychiatric Day Treatment, 33 Pleasant Street, Middletown, CT
Middlesex Hospital Cancer Center, 536 Saybrook Road, Middletown, CT
Middlesex Hospital Surgical Center, 530 Saybrook Road, Middletown, CT
*Middlesex Hospital Center for Behavioral Health Outpatient, 154 Main Street, Old Saybrook, CT

License Changed to Reflect:
Change of Satellite Address effective 4/8/11

Jewel Mullen, MD, MPH, MPA
Commissioner

Attachment G: Articles in Support of the Proposal

Changing Relationships between Radiologists and Hospitals

Part I. Background and Major Issues[1]

James H. Thrall, MD

As a specialty, radiology has prospered from its close relationship with hospitals, which have typically underwritten substantial capital costs for equipment and facilities and have supplied a steady stream of patients requiring diagnostic imaging and interventional procedures. Likewise, hospitals have benefited from having close associations with radiologists who have generally taken comprehensive responsibility for providing imaging services in exchange for some level of exclusivity or "franchise." Under the historic, often informal, franchise concept, radiologists have taken the good and the challenging alike as their responsibility—covering the emergency department, providing venous access services, and dealing with time-consuming complex cases, among other issues—in exchange for benefits to the overall practice.

Radiology groups are now losing substantial components of their favored status as franchise holders owing to a variety of factors, including the loss of turf to other providers and the shift in the protocol for care delivery from a predominantly hospital-based inpatient focus to an increasingly outpatient focus. At the same time, the needs and expectations of hospitals for better quality and more timely delivery of imaging services are steadily increasing, so radiologists are being asked to do more—for example, provide real-time 24-hours-per-day, 7-days-per-week (ie, 24-7) coverage—with less exclusivity and less practice security. The progressive erosion of the franchise model is threatening the historic symbiotic relationship between hospitals and radiologists and is reshaping the way imaging services will be provided in the future.

Major Issues Facing Radiologists and Hospitals

The five most important issues that are causing the reshaping of relationships between radiologists and hospitals are *(a)* the granting of privileges to nonradiologists to perform imaging services, *(b)* the substantial shift from an inpatient to an outpatient location as the dominant site of care delivery, *(c)* the expectation of hospitals that radiologists will meet increasingly stringent service and quality standards, *(d)* the requirements of hospitals for more coverage—especially 24-7 emergency coverage, and *(e)* the perceived need for more specialization among radiologists.

Radiology Practice Models and Venues

How important is the hospital as a location for radiology practice? According to the findings of a 1999 survey of radiology practices conducted by Cypel and Sunshine (1), more than 90% of multiradiologist practices, as well as just over 50% of solo practitioners, served hospitals. Multiradiologist practices substantially outnumber solo practices, and the data indicate that a majority of radiologists practice at least part time in hospitals. Moreover, 36% of multiradiologist practices reported serving hospitals only (1). The survey data establish that radiology is a strongly hospital-based discipline, and, therefore, relationships between radiologists and their affiliated hospitals are highly important to the specialty. Of the 532 multiradiologist practices responding to the Cypel and Sunshine survey (1), 83.0% characterized themselves as private radiology groups, 6.5% characterized themselves as academic groups, and 7.0% characterized themselves as part of a private multispecialty practice. The fact that the academic groups responding to the survey tended to be substantially larger than the other multiradiologist groups is related to the generally larger average size of teaching hospitals versus all hospitals.

The majority of private groups re-

Published online
10.1148/radiol.2453071461

Radiology 2007; 245:633–637

***** From the Department of Radiology, Massachusetts General Hospital, Harvard Medical School, 14 Fruit St, MZ-FND 216, Box 9657, Boston, MA 02114. Received August 16, 2007; final version accepted August 28. **Address correspondence to** the author (e-mail: *jthrall@partners.org*).

Author stated no financial relationship to disclose.

port owning their practices in entirety (1), while academic and multispecialty groups are often owned by entities that are not controlled directly by the radiologists, such as professional corporations, university faculty practice programs, or hospitals. Radiologists in private groups are typically partners in the group, while academic radiologists and those who work in federal institutions are typically salaried employees. The differences in practice models are important when considering the issues that are now arising between radiologists and hospitals and the kinds of risks facing radiologists. However, the number of permutations in both the types of hospital governance and business structures and the types of radiology practice models makes it impossible to consider them all in detail.

Privileges Granted to Nonradiologists for Imaging Services

Hospitals of every stripe are under intense pressure from nonradiologist physicians to grant them privileges to perform imaging services. The pressure comes in multiple forms. Specialists in vascular surgery and neurosurgery, among others, have recognized that their practices have changed because of imaging methods. The treatment of intracranial and peripheral aneurysms was once entirely surgical. These aneurysms are now frequently treated with image-guided percutaneous interventions. Vascular surgeons and neurosurgeons have obtained training to perform image-guided intravascular interventions to recapture business and reassert control of these areas of practice. The boundaries between specialties have always been fluid and ill defined, and some might argue that nonradiologists are simply trying to recapture ground lost to radiology during the past 2 decades.

Although many physicians in other specialties who are seeking privileges from hospitals to perform imaging-based examinations and treatments are undertrained according to radiology standards, hospital administrators often feel compelled to grant them privileges for competitive reasons, especially in cases where the physician may have staff appointments at multiple institutions. A cardiologist or surgeon may "shop" between institutions and take his or her patients to the hospital that is most amenable to granting privileges for the desired procedures.

The use of interventional catheter-based diagnostic and therapeutic procedures such as peripheral angioplasty and stent placement has sharply increased as physicians outside of radiology have adopted them. With regard to Medicare patients, Levin et al (2) presented data showing that the rate of growth in the performance of peripheral vascular interventions by cardiologists (181%) and vascular surgeons (398%) from 1997 to 2002 greatly exceeded the rate of increase in the performance of these procedures by radiologists (29%).

The triple-digit percentage growth in the volume of stent placements and angioplasties performed by nonradiologists is eye catching and raises the troubling question of whether the control of both patient treatment and referral for procedures by the same physician promotes unwarranted use. The net effect of increased use, whether appropriate or not, has been greater scrutiny of imaging by payers. The passage of the Deficit Reduction Act of 2005, which savagely reduced reimbursements for outpatient high-technology imaging, may well have been influenced by the perception of runaway growth in imaging costs. Thus, changes in turf may expose all providers to adverse downstream effects if they result in overuse.

Radiologists simply have not been able to meet the demand for some imaging procedures, and other physicians have used this shortage as a convenient rationale for obtaining privileges. The ubiquitous use of bedside ultrasonography (US) in the delivery suite, examination room, emergency department, and operating room has made it virtually impossible for radiology groups to reasonably provide coverage under all of these circumstances. Thus, this imaging modality is now widely practiced by nonradiologists in hospital as well as outpatient settings. Other examples of lost turf abound for diagnostic studies and therapeutic interventions and are influencing every part of the radiology practice.

In academic settings, the need for trainee education in imaging methods is a commonly used lever to obtain privileges. A department or service declares to the institutional leadership that it will no longer be competitive in recruiting residents or fellows unless the faculty can receive privileges and train the house staff in imaging-based methods. While this may be true, these forays for new privileges—couched as educational needs—often precede changes in the formal training requirements defined by the Accreditation Council on Graduate Medical Education (3), making the consideration for changes in privileges less objective and more political than desirable.

For academic radiology departments that lose turf, the flip side of the training gambit is greater difficulty in providing enough case material for their residents and fellows to meet the usually long-standing and clear-cut Accreditation Council on Graduate Medical Education program requirements. Even if the newly privileged specialty agrees to provide training to the radiology house staff, the increased total number of trainees can exceed the amount of case material available in a given institution.

When Massachusetts General Hospital established a vascular center 3 years ago and granted privileges to cardiologists and vascular surgeons to perform peripheral vascular interventions, internal referrals to the radiology department for these procedures decreased dramatically while the total number of fellows from the different departments requiring training each year more than doubled. Fortunately, we were able to establish an affiliation with a very busy nearby hospital, where our fellows have been able to access a more than sufficient amount of case material to meet their needs as we rebuilt our practice through new referral sources and new marketing strategies.

Whatever the reason or justification for the surge in interest in performing imaging procedures among nonradiolo-

gists and the granting of privileges to them by hospitals, the net effect has been a substantial loss of turf and a loss of exclusivity on the part of radiologists. The turf losses are asymmetric in that they invariably involve attractive well-paying work without other similarly characterized new work to offset it. Lost turf never seems to result in fewer responsibilities to oversee technical operations, technologist training and management, protocol preparation, or participation in technical compliance issues or in a cease of having to provide emergency or off-hours coverage—even for the involved procedures.

Radiology groups looking to their affiliated hospitals for support in turf battles or for relief in making up for financial losses generally have not found it, and the long-term consequences of losing turf are not yet completely understood. These consequences involve practice economics, scope of practice, teaching, quality of care, and quality of work life—all important determinants of the health of radiology practices.

Shift to Outpatient Care

The increase in outpatient services, including high-technology imaging, has accelerated during the past 2 decades and has required hospitals and radiologists to reorient their thinking. When I joined the Massachusetts General Hospital radiology department in 1988, approximately 60% of the 360 000 examinations performed each year were for inpatients, and 40% were for outpatients. Today, the percentages have largely reversed, with 64% of the 600 000 annual examinations performed in outpatients and 36% performed in inpatients.

Hospitals have been slow to respond to the outpatient trend, and a number of factors need to be better addressed. The use of shared facilities for inpatient and outpatient services remains common but has become progressively less satisfactory and less competitive. Relatively well outpatients do not want to experience the inconvenience of having to travel long distances to crowded hospital campuses with limited parking and then probably wait beyond their appointment times while emergencies are accommodated. Moreover, while many hospitals have built or expanded dedicated outpatient facilities, these centers are often right next to the hospital and thus are only a partial aspect of what patients want—good service and quality close to home in a convenient setting.

A related problem that weighs heavily on radiologists is the impossibility of simultaneously optimizing service and economic return for inpatients and outpatients in a single shared facility. The key service issue for inpatients is the turnaround time from study request to study completion. Fast turnaround shortens lengths of stay and improves stakeholder (patients, nurses, and referring physicians) satisfaction. Given the unpredictable demand for inpatient services, some slack in the schedule is needed to guarantee a timely response. Rapid turnaround supports a good return on the investment for inpatient imaging facilities; individual procedures are not reimbursed for most inpatients within the prospective payment system, and the financial return comes from facilitating the overall care process rather than maximizing procedure volume.

For outpatient services paid for with fee-for-service reimbursement, the return on investment hinges directly on the total procedure volume. Slack in the schedule hurts productivity and is less necessary than it is for inpatients because studies are scheduled electively and there is less variation in the duration of examinations for outpatients compared with that for variably sick inpatients. Schedules simply cannot be optimized for both types of patients. Radiologists bear the brunt of trying to juggle between competing goals on behalf of their institutions when a hospital imaging unit is shared for inpatients and outpatients. They run the risk of being criticized for leaning too far in one direction or the other.

In many instances, contracts or organizational governance structures restrict radiology practices—both private and academic—from establishing their own outpatient centers and competing for outpatient business. In these situations, the radiology practice is subordinate and in some sense held "hostage" by the interests and prerogatives of the host institution and the visions and insights of institutional leaders and administrators.

The slow response of hospitals to fully adjust to the shift to outpatient care, including restrictions placed on radiologists (discussed earlier), has left a vacuum for outpatient imaging services that is being energetically filled by physician and nonphysician entrepreneurs. Many radiologists are being locked out of sharing ownership of outpatient facilities because of the terms of their hospital relationships. Ironically, many of the physicians providing imaging services in nonhospital outpatient settings have appointments at the same hospitals as radiologists, but they are not hospital based and thus not constrained by contract provisions or the other limitations that radiologists face.

Radiologists risk losing out several fold—first by not being able to independently pursue outpatient work apart from whatever services the hospital may or may not offer and also when their attending physician colleagues bring them difficult or perplexing cases to review. These encounters often start with an "are you busy" as the nonradiologist staff colleague presents the radiologist with a series of studies obtained in his or her office for consultation, with no reimbursement. Radiologists may also lose out by not being able to blend relatively simpler outpatient work with more complex and time-consuming inpatient work.

Radiologists also risk losing out in situations where someone else controls the professional reimbursement and seeks to "arbitrage" the radiology professional fee by offering the radiologist a discounted amount to interpret examination results. Periodically, legislation is introduced in Congress to prevent such arbitrage for Medicare patient care by prohibiting anyone from billing the Centers for Medicare and Medicaid Services for more than what it cost them to deliver the professional service.

For reasons that are difficult to fathom, a large segment of the hospital industry has not awakened to the needs

or interests of hospital-based radiologists to expand outpatient services; rather, it has expected these radiologists to wait for the institution to take such an initiative. The old axiom of "lead, follow, or get out of the way" is being honored in the breach.

Quality and Service

As acute care medicine has become more dependent on information from imaging studies to make prompt accurate diagnoses and to guide therapy, the expectations of stakeholders who consume and oversee imaging services—referring physicians, patients, and hospital leaders—have increased with respect to service and quality. Turnaround time, from study completion to availability of the final report, is a key metric that speaks to both quality and service and is an exemplar for these increasing expectations. Hospitals are pushing for better performance to facilitate overall patient throughput and to meet the expectations of referring physicians and patients for prompt service.

The Massachusetts General Physicians Organization recently instituted an internal pay for performance program aimed at improving quality and service. Report turnaround time was the metric chosen first for radiology on the basis of discussions between physician leaders within and outside of the department. Modern radiology information systems allow each step in the reporting process to be measured on a radiologist-by-radiologist basis and overall for the department.

A closely related issue is how radiologists communicate their findings. In the past, radiologists had great latitude in the form of report they could generate—structured versus unstructured—and in determining whether special direct communication was required. Today, the Joint Commission and other organizations are stipulating the circumstances for different levels of communication, and radiologists will be audited to establish whether they have complied. The trends in turnaround time reduction and the tightening of reporting structures and communications are clearly beneficial in achieving better outcomes of care, but they place a greater burden on radiologists, with no additional compensation.

Radiologists are not alone in facing a new level of scrutiny or in needing to comply with increasingly specific practice standards. However, the new imperatives from the Joint Commission and other groups bear disproportionately on inpatient care, where compliance is a condition of accreditation, and hospital-based physicians, including radiologists, likewise bear a disproportionate burden as de facto partners of their host institutions. These challenges highlight the desirability of a balanced practice where less intensive outpatient work is balanced with intensive inpatient work that is further encumbered with new layers of oversight.

Coverage

Hospital-based radiologists are facing the consequences of their remarkable success in applying advanced imaging methods to the care of patients seen in emergency departments. Computed tomography (CT), magnetic resonance imaging, and US are heavily used in the emergency setting, with transformational effects. Exploratory surgery is a thing of the past, and patients can have definitive therapy initiated promptly for many conditions, without extended periods of observation to allow clinical signs and symptoms to become more apparent.

In the pre-CT and pre-US era, during night hours, radiologists could often count on their colleagues in the emergency department to review conventional radiographic studies aimed largely at detecting pneumonias and fractures. The radiologist would perform a final interpretation the next morning. Life was good. Most emergency physicians are not trained to interpret cross-sectional studies, and radiologists are now faced with the need to provide 24-7 coverage. Hospital administrators expect such coverage, and it is hard to argue otherwise from a quality-of-care point of view. However, providing night coverage is expensive and is especially challenging for smaller groups. Imaging coverage demands for nonemergent care are also increasing, with the need for access to these procedures on evenings and weekends for the convenience of patients and to facilitate same-day surgery.

Commercial and private teleradiology services have been established (4) to meet the needs for 24-7 coverage. With this approach, a hospital or radiology group contracts with an outside provider entity that performs a preliminary or final interpretation of overnight examination results. Financial arrangements are variable, but in most cases, the radiology practice either foots the entire expense or shares it with the host institution.

While radiologists recognize the need for 24-7 coverage, it can be hard to swallow in situations where a hospital has just granted privileges to nonradiologists to perform imaging examinations or image-guided interventions. Somehow the zeal to deliver services attenuates as the short hand of the clock circles around from day to night. Moreover, with the loss of the franchise concept for radiology practice, there may be fewer financial offsets to make up for the added expense associated with night coverage.

Subspecialty Practice

The trend in medical practice toward more specialization is especially acute in radiology. The number of imaging methods applicable for use in each organ system has increased, and the overall complexity and sophistication of radiology practice have skyrocketed. These factors have prompted an increase in the number of radiologists undergoing fellowship training. Academic and larger private practice groups are now highly subspecialized.

Problems arise in practice settings where specialists from other disciplines expect specialty-level expertise from radiologists and it is not available. Smaller groups are coming under pressure from their colleagues—and, in turn, from their affiliated hospitals—to provide specialty-level expertise through either recruitment or teleradiology. In smaller practice settings, there simply may not

be enough work in the various subspecialty areas to justify recruiting a different person for each one. Yet the pressure remains since the need for access to expertise is driven by the needs of individual patients and not the nature or size of the radiology practice.

Some observers believe that the general practice of radiology is no longer tenable in the era of specialized medical practice. General-practice radiology groups may be able to meet the challenge of subspecialization by accessing subspecialty interpretations in selected cases through teleradiology providers. However, they risk creating a threat to their practices if the referring physicians perceive that a greater value is available from the outside sources than from the onsite group.

Conclusion

Radiologists and hospitals are closely linked by their mutual interests and still need each other despite the tensions facing them. To maintain the goodwill and synergy that have characterized the relationships between radiologists and hospitals for many years, both groups need to step back and review the directions they are taking to determine whether there are practice models that can meet their respective needs while acknowledging that the parameters of these models will likely be substantially different from those in the past.

Can hospitals provide radiologists with what they want—reasonable practice security, equitable opportunities to provide service, and flexibility to grow their practices—while achieving their own objectives of delivering better service to patients and other stakeholders, achieving reasonable financial returns, and accommodating nonradiologists who request privileges to perform imaging? Can radiologists meet heightened expectations for quality and service while sustaining setbacks in job security, scope of practice, and reimbursement per unit effort? It is worth the time and effort of both sides—radiologists and hospitals—to explore and resolve these questions.

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2. Levin DC, Rao VM, Parker L, Bonn J, Maitino AJ, Sunshine JH. The changing roles of radiologists, cardiologists, and vascular surgeons in percutaneous peripheral arterial interventions during a recent five-year period. J Am Coll Radiol 2005;2:39–42.

3. Accreditation Council on Graduate Medical Education. Policies and procedures. ACGME Web site. http://www.acgme.org/acWebsite/home/home.asp. Accessed August 15, 2007.

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RBJ IMAGING MARKET FILE

Hospital-based Versus Freestanding Outpatient Imaging Services

During the first half of the first decade of the 21st century, freestanding outpatient imaging grew at an accelerated rate, capturing market share from hospital outpatient imaging departments. After years of losses to what were typically more nimble freestanding outpatient providers, hospitals have taken a renewed interest in this service line.

Introduction: The first installment in the Imaging Market File is based on data from the National Imaging Network (NIN), an outgrowth of the hospital and radiology-practice consulting work of Regents Health Resources, a medical-imaging consultancy based in Franklin, Tennessee. In 2009, Regents Health Resources began developing the Web-based tools that would constitute the back end of the network and enable members to access their own disparate data easily while comparing their results to national and regional performance benchmarks, as well as to those from similar settings. Fed by blinded data from 96 of Regents Health Resources' 500 clients, the initial database represents 6.9 million exams acquired in diverse settings from 2008 to the present, including hospital-based outpatient imaging centers and freestanding outpatient imaging centers in 72 communities (in 21 states). Access to the NIN is available through a subscription service to hospitals, imaging-center owners, and physician practices and is designed to provide ongoing active business support and intelligence, including access to referring physician, financial, and clinical data.

The trend toward hospital-based imaging: Deep cuts to imaging reimbursement rates in the MPFS have led many imaging centers to exit the business, while others struggle to survive. Meanwhile, hospitals have been acquiring centers in their markets. Eight of last year's top 20 diagnostic imaging center chains were hospital owned, up from five in 2006.[1]

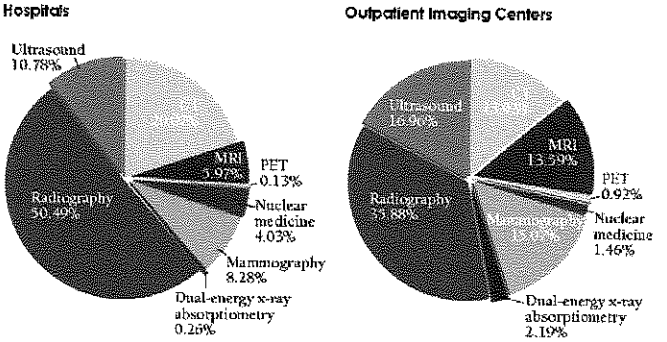
The drivers: The migration of outpatient imaging from freestanding to hospital based is being driven by deep cuts to reimbursement for the 7000 CPT® codes paid under the MPFS, by health systems' interest in recouping ground lost to service-oriented outpatient imaging operators over the past decade, and by more favorable reimbursement under the Hospital Outpatient Prospective Payment System (HOPPS).

Average Revenue (Blended) per Procedure, Comparing Hospital and Outpatient Imaging Center Technical-component Reimbursement

Modality	Hospital Reimbursement	Outpatient Imaging Center Reimbursement	Average Revenue Differential
MRI	$832.46	$460.95	1.8
CT	$626.66	$245.83	2.54
Ultrasound	$241.23	$87.01	2.77
Radiography	$106.45	$44.55	2.39
Mammography	$121.44	$78.07	1.55
Nuclear medicine	$634.71	$181.72	3.49
PET/CT	$2,898.95	$1,243.64	2.33
Overall average			2.41

Note: Rates are blended and include all commercial and government payers for each provider, excluding professional revenues. Outpatient imaging center global revenue was reduced by estimated professional percentages using the following reductions: MRI, 18%; CT, 19%; ultrasound, 20%; radiography, 30%; mammography, 30%; nuclear medicine, 19%; and PET/CT, 18%.

Exam mix: According to the NIN database, 63 CPT codes represent 80% of all hospital exam volume, and 56 CPT codes represent 80% of all outpatient imaging company exam volume. MRI exams account for more than 2.5 times the percentage of total volume in the outpatient setting than they do in the hospital setting. Conversely, CT exams represent one-fifth of the volume in the hospital setting, but slightly less than 14% of the volume in the outpatient setting. Mammography represents twice the percentage of total volume in the outpatient setting that it represents in the hospital setting. Advanced imaging (MRI, CT, PET, and nuclear medicine) accounts for roughly the same percentage of total exams in both settings: 29.9% in the outpatient setting and 30.2 in the hospital setting.



Exam mix, by modality and percentage of total, in hospitals and outpatient imaging centers.

1. Kyes K. The top 20 imaging-center chains. *Radiology Business Journal* 2010;4:30-35.

IMAGING MARKET FILE RBJ

Comparison: The top 10 CPT codes by volume for hospitals and outpatient imaging centers were compared, representing 1.9 million exams out of the 6.9 million in the NIN database, collected from 2008 through 2010. To illustrate the differences, MPFS and HOPPS reimbursement rates for the state of Maryland were used from 2010 and 2011. HOPPS rates show a 1.7% to 177% premium over the MPFS. In the cases in which the rates are higher for the MPFS (mainly MRI), the procedure is reimbursed at the lower HOPPS rate. The two codes for the exams performed most frequently in the hospital setting are associated with radiography. Significantly, those codes display the greatest variance between HOPPS and MPFS reimbursement.

Top 10 CPT Codes by Volume, Hospital Outpatient

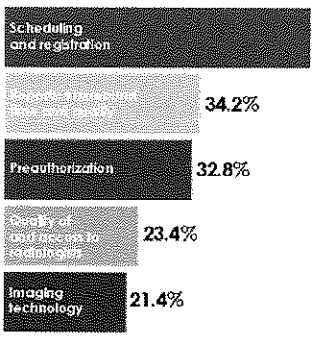
CPT	Description	Percentage of total	2010 MPFS ($)	2011 MPFS ($)	2010 HOPPS ($)	2011 HOPPS ($)	2011 HOPPS/ MPFS variance
71020	Chest x-ray	8.9%	20.23	22.12	44.79	45.04	103.6%
71010	Chest x-ray	8%	14.89	16.23	44.79	45.04	177.5%
70450	CT head/brain w/o contrast	3.1%	158.3	168.34	194.6	193.85	15.2%
G0202	Screening mammography, digital	2.4%	99.56	114.2	99.56	114.2	0%
72193	CT pelvis w/contrast	2.1%	241.06	257.47	296.3	299.81	16.4%
74160	CT abdomen w/contrast	2.1%	274.25	294.66	296.3	299.81	1.7%
74000	X-ray exam of abdomen	1.4%	16.41	17.7	44.79	45.04	154.5%
76700	US exam, abdomen, complete	1.2%	97.27	109.78	97.05	96.28	-12.3%
72192	CT pelvis w/o contrast	1.1%	194.15	205.9	194.6	193.85	-5.9%
74150	CT abdomen w/o contrast	1%	192.67	204.43	194.6	193.85	-5.2%

Top 10 CPT Codes by Volume, Outpatient Imaging Center

CPT	Description	Percentage of total	2010 MPFS ($)	2011 MPFS ($)	2010 HOPPS ($)	2011 HOPPS ($)	2011 HOPPS/ MPFS variance
71020	Chest x-ray	2.5%	20.23	22.12	44.79	45.04	103.6%
71010	Chest x-ray	2%	14.89	16.23	44.79	45.04	177.5%
G0202	Screening mammography, digital	1.7%	99.56	114.2	99.56	114.2	0%
77057	Mammogram, screening	0.9%	45.4	50.11	45.4	50.11	10%
76700*	US exam, abdomen, complete	0.8%	97.27	109.78	97.05	96.28	-12.3%
70450	CT head/brain w/o contrast	0.7%	158.3	168.34	194.6	193.85	15.2%
74160	CT abdomen w/contrast	0.7%	274.25	294.66	296.3	299.81	1.7%
72148*	MRI lumbar spine w/o contrast	0.7%	369.6	427.62	348.68	342.93	-19.8%
72193	CT pelvis w/contrast	0.6%	241.06	257.47	296.3	299.81	16.4%
73562	X-ray exam of knee, 3	0.6%	25.16	29.12	44.79	45.04	54.7%

*Because of the nature of rule governing MPFS reimbursement, the CPT code is associated with the lower HOPPS rate.

The prize: Referring-physician relationships that ensure a steady stream of business are the lifeblood of both hospital radiology departments and radiology practices. The following figures and tables are based on customer-service surveys of more than 1,200 referring physicians conducted by Regents Health Resources for multiple clients. They identify the top customer-service issues and preferences for imaging provider location.



Top reasons for referring physicians' dissatisfaction.

Top 10 Reasons to Refer Patients to Specific Imaging Locations

1. Patient preference 49.8%
2. Location 49.8%
3. Insurance carrier 47.6%
4. Cost to patient 21.3%
5. Technology 19.7%
6. Customer service 19.3%
7. Radiologists 14.4%
8. Patient customer service 8.4%
9. No preauthorization needed 4.6%
10. No insurance verification needed .. 2.2%

REGENTS Health Resources
The Standard in Medical Imaging Intelligence

About the sponsor: Regents Health Resources (www.regentshealth.com) was formed in 1996 to assist hospitals and physicians in the development and management of their medical-imaging and oncology services. The consultancy has served more than 300 clients nationwide with a diverse range of services, from strategic planning and operational assessments to joint-venture planning, valuations, and imaging-center sales and acquisitions.

National Imaging Network

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

November 15, 2012

FACSIMILE TRANSMISSION ONLY

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457

RE: Certificate of Need Application; Docket Number: 12-31795-CON
Proposal to Transfer Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. which includes a CT Scanner and a MRI Scanner Located at RAM's Outpatient Imaging Facility in Guilford to Middlesex Hospital
Certificate of Need Completeness Letter

Dear Mr. Evert:

On October 18, 2012, the Office of Health Care Access ("OHCA") received your initial Certificate of Need ("CON") application filing on behalf of the Middlesex Hospital ("Hospital"), proposing to transfer ownership of certain of the assets of Radiologic Associates of Middletown, P.C. ("RAM"), which includes a CT scanner and a MRI scanner located at RAM's outpatient imaging facility in Guilford, to Middlesex Hospital at a proposed capital expenditure of $1,428,000.

OHCA has reviewed the CON application and requests the following additional information pursuant to Connecticut General Statutes §19a-639a(c):

Project Description and Need

1. With respect to your response to Question 1.a. on page 9 of the CON application, please provide a draft version of the proposed asset purchase agreement with an estimated date by which the final agreement will be available.

2. With respect to your response to Question 1.c. on page 9 of the CON application, provide the following information for each scanner the Hospital proposes to acquire:

    a. The year the scanner was manufactured;
    b. The date the scanner was acquired by RAM;
    c. Is the scanner leased or owned by RAM?

d. Describe the general condition of the scanner, indicating when the unit was refurbished and/or updated; and
e. Describe how the Hospital plans to incorporate each proposed scanner into its imaging equipment usage.

3. With respect to the CT and MRI scanners identified in your response to Question 2.c. on page 11 of the CON application, please provide actual, current and projected scanning volumes in the same format that is provided in your response to Question 3.a. on page 15 of the CON application - "Table 2a: Historical, Current and Projected Volume by Equipment Unit" for the proposed Guilford imaging facility scanners. Provide separate tables for the CT and MRI scanners and include in each table the proposed scanner's volumes after presenting the volumes of the existing scanners operated by the Hospital.

   Following the creation of the requested utilization tables, please address these elements as they relate to the CT and MRI utilization tables:

   a. Explain any increases and/or decreases in volume between fiscal years in the tables; and
   b. Provide a detailed explanation of all assumptions used in the derivation/calculation of the projected volume by scanner and scan type.

4. With respect to your response to Question 2.d. on pages 11 and 12 of the CON application, please provide the following:

   a. Identify the primary service area towns for each of the four Hospital CT imaging sites (i.e. the Hospital campus in Middletown, the Outpatient Center in Middletown, the Shoreline Medical Center in Essex and the Marlborough Medical Center in Marlborough); and
   b. Identify the primary service area towns for each of the four Hospital MRI imaging sites.

5. With respect to your response to Question 3.b. on pages 16 and 17 of the CON application, please address the following:

   a. Please explain the statement "The data below is the aggregate of Middlesex and Guilford volumes" that precedes the CT and MRI Scan Tables for 2011.
   b. Going from page 16 to 17 the CT Scan Table contains a duplicate listing of the following towns: Guilford, Branford, Madison, North Branford, Clinton, East Haven and Killingworth. Please explain the duplication.
   c. Please provide revised tables expanding the tables to include FY 2012 CT and MRI scan volumes.

6. With respect to your response to Question 3.c. on page 17 of the CON application, please provide greater detail as to the existing referral patterns in the area served by the Guilford imaging facility. In your response also describe how the existing referral patterns for the Guilford imaging faculty will be incorporated into and will augment the Hospital's existing CT and MRI imaging referral systems.

7. With respect to your response to Question 3.f. on page 18 of the CON application, please explain why the projected volumes for the proposed CT and MRI scanners in Table 2a show no growth in scans between FYs 2013 through 2016, when your response indicates that you used the previous fiscal year volume and assumed a 1% growth in volume. Additionally, please explain how "The most recent year's data and historical volumes were used to project to FY13, FY 14 and FY 15."

Patient Population Mix

8. With respect to your response to Question 6.a. on pages 21 and 22 of the CON application, please provide the actual patient population mix for the most recently completed fiscal year for the Guilford imaging facility.

Financial Information

9. The Memorandum of Understanding presented in Attachment C, page 39 of the CON application, reveals that the Hospital will enter into an agreement with RAM whereby the rental space currently leased by RAM and utilized for the operation of the Guilford imaging facility, shall be subleased to the Hospital. Please provide the fair market value of the space to be subleased to the Hospital.

10. The Hospital presents the proposal's revenue, expense and volume projections for fiscal years ("FYs") 2013 (9 months projected), 2014 and 2015 in Financial Attachment I on page 24 of the CON application. Provide a revised Financial Attachment 1 which incorporates the following elements:

    a. Expand the schedule to include Hospital activity without the project, incremental to the project and with the project for FY 2016. Inclusion of the FY 2016 activity will allow for the review of the first three full fiscal years of the project as requested.
    b. Include the full-time equivalent ("FTE") statistics by FY as requested in the attachment.
    c. The projected incremental CT and MRI volumes in Financial Attachment I need to reconcile with the projected utilization of the proposed CT and MRI scanners as shown in Table 2a, page 15 of the CON application. At this juncture the two utilization presentations do not reconcile.

11. Provide two individual revenue and expense statements (Financial Attachment 1) with the first statement addressing the acquisition of the CT scanner and the second statement addressing the acquisition of the MRI scanner.

12. Explain the lack of an increase in operating expenses for "Supplies and Drugs" and "Bad Debts" with CON approval.

13. Provide an itemization of the costs included in each of the following expense categories:

    a. Salaries & Fringe Benefits;
    b. Other Operating Expenses;
    c. Depreciation; and
    d. Lease Expense.

14. Provide an audited financial statement for RAM's most recently completed fiscal year.

15. The Hospital presents the proposal's incremental revenue, expense and volume statistics attributable to the proposal by payer for fiscal years ("FYs") 2013 (9 months projected), 2014 and 2015 in Financial Attachment II on page 25 of the CON application. Provide a revised Financial Attachment II which incorporates the following elements:

    a. Expand the schedule to include Hospital activity for FY 2016. Inclusion of the FY 2016 activity will allow for the review of the first three full fiscal years of the project as requested.
    b. The amounts attributable to "Gain/(Loss) from Operations" found in Column 10 are truncated. When submitting the revised Financial Attachment II please make sure that the amounts in column 10 are legible.
    c. Explain why there are no amounts attributable to the uninsured, charity care and bad debt categories.

In responding to the questions contained in this letter, please repeat each question before providing your response. **Paginate and date** your response (e.g., each page in its entirety). Information filed after the initial CON application submission (e.g., completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Hospital's document preceding it. Please reference "Docket Number: 12-31795-CON." Submit one (1) original and four (4) hard copies of your response. In addition, please submit a scanned copy of your response including all attachments on CD in an Adobe format (.pdf) and in an MS Word format. If you have any questions concerning this letter, please feel free to contact me at (860) 418-7069.

Sincerely,

Jack A. Huber

Jack A. Huber
Health Care Analyst

****
*** TX REPORT ***
****

TRANSMISSION OK

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STATE OF CONNECTICUT
DEPARTMENT OF HEALTH SERVICES
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: (860) 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: JACK HUBER

DATE: 11/15/2012 **Time:** ~ 12:45 pm

NUMBER OF PAGES: 5
(including transmittal sheet)

Comments: Transmitted:
Completeness Letter Pertaining to the
Proposal to Transfer Ownership of Certain Assets of Radiologic
Associates of Middletown, PC to Middlesex Hospital
Docket Number: 12-31795-CON

PLEASE PHONE Jack A. Huber at (860) 418-7069
IF THERE ARE ANY TRANSMISSION PROBLEMS.

MIDDLESEX
HOSPITAL

ADMINISTRATION

December 27, 2012

Ms. Kimberly Martone
Director of Operations
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134

Re: Certificate of Need Application; Docket Number: 12-31795-CON, Proposal to Transfer Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C., which includes a CT Scanner and MRI Scanner Located at RAM's Outpatient Imaging Facility in Guilford to Middlesex Hospital.

Dear Ms. Martone:

In response to the letter from OHCA dated November 15, 2012, I am pleased to provide Middlesex Hospital's responses to the completeness questions issued by OHCA in the above Certificate of Need application. The original and four copies of the responses to the completeness questions are enclosed for Docket Number: 12-31795-CON, Transfer Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C., which includes a CT Scanner and MRI Scanner Located at RAM's Outpatient Imaging Facility in Guilford to Middlesex Hospital. As requested, also enclosed on a CD is a scanned copy of the application response questions and documents in MS format.

Thank you very much for your consideration of the Certificate of Need application.

Please call me if you have any questions or concerns.

Very truly yours,

Harry Evert
Senior Vice President, Strategic Planning and Operations

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485

Project Description and Need

1. With respect to your response to Question 1.a. on page 9 of the CON application, please provide a draft version of the proposed asset purchase agreement with an estimated date by which the final agreement will be available. **Please see Attachment 1 on Page 93 for a draft version of the proposed asset purchase agreement. The asset purchase agreement final draft is estimated to be complete February 1, 2013.**
2. With respect to your response to Question 1.c. on page 9 of the CON application, provide the following information for each scanner the Hospital proposes to acquire:
   a. The year the scanner was manufactured; **See below.**
   b. The date the scanner was acquired by RAM; **See below.**
   c. Is the scanner leased or owned by RAM? **See below.**
   d. Describe the general condition of the scanner, indicating when the unit was refurbished and/or updated; and **See below.**

	CT	MRI
Question 2.a.	The CT scanner was manufactured in 2009.	The MRI scanner was manufactured in 2008.
Question 2.b.	RAM acquired the CT in March 2009.	RAM acquired the MRI in February 2008.
Question 2.c.	The CT scanner is leased by RAM.	The MRI scanner is leased by RAM.
Question 2.d.	The general condition of the scanner is excellent.	The general condition of the scanner is excellent.
Question 2.c.	The CT scanner lease goes through June 2014. The Hospital intends to keep the scanner and take over the lease payments.	The MRI scanner's lease goes through 02/04/2013. The Hospital intends to keep the scanner and negotiate lower lease payments based on the fair market value of the scanner.
CON Approval Docket #	**CON for replacement of 1-slice to 4-slice CT Scanner#:** 02-557 **Replacement Waiver # of 4-slice to 16-slice CT:** 09-31341-WVR	**Original CON Docket#:** 01-1002 **Replacement Waivers#:** 04-30349-WVR, 08-31110-WVR

   e. Describe how the Hospital plans to incorporate each proposed scanner into its imaging equipment usage.

The scanners will continue to be located in the same location as they are presently, but the Hospital will coordinate scheduling for the Guilford location along with its other locations, and provide IT connectivity with the Hospital records system for the Guilford location. RAM's Guilford location is part of Middlesex Hospital's service area, and a number of physicians and patients in Guilford and adjacent towns utilize Middlesex Hospital and its wide variety of services. Therefore, Middlesex intends to keep the practice intact, and continue providing high quality diagnostic imaging services in a community-based provider setting. We believe that the integration of RAM and Middlesex will improve patient service, increase efficiencies and also allow greater connectivity between our two services.

With this integration, the electronic patient medical record and images from Guilford will be available at all Hospital locations. In addition, Middlesex intends to incorporate the RAM office into our Total Lung Care low-dose CT screening program that is currently run at Middlesex Hospital. This program is made up of an

interdisciplinary team of Pulmonologists, Nurse Navigators, Surgeons, Physicists and a Cancer Center and is fully described in Question 6 of this document.

As part of the integration of services with RAM, Middlesex Hospital will also make imaging studies available through a "cloud" service if the patient needs services offered only by another hospital. This greater connectivity will prevent unnecessary duplication of testing and allow for greater care coordination for patients.

As part of this acquisition, patients of the Guilford location will be benefited in that Middlesex Hospital will meet the needs of uninsured or under-insured by providing financial assistance, when needed.

3. With respect to the CT and MRI scanners identified in your response to Question 2.c. on page 11 of the CON application, please provide actual, current and projected scanning volumes in the same format that is provided in your response to Question 3.a. on page 15 of the CON application – "Table 2a: Historical, Current and Projected Volume by Equipment Unit" for the proposed Guilford imaging facility scanners. Provide separate tables for the CT and MRI scanners and include in each table the proposed scanner's volumes after presenting the volumes of the existing scanners operated by the Hospital.
Please see below for Table 2a: Historical, Current and Projected Volume by Equipment Unit for Middlesex Hospital.

Table 2a: Historical, Current, and Projected Volume, by Equipment Unit

	Actual Volume (Last 3 Completed FYs)			**CFY Volume***	**Projected Volume (First 3 Full Operational FYs)****		
	FY 2010	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
CT - 28 Crescent Street, Middletown, CT	16,045	14,284	13,933	13,687	13,824	13,962	14,101
CT - 534 Saybrook Rd, Middletown, CT	5,431	4,463	3,890	3,800	3,838	3,876	3,915
CT - 260 Westbrook Rd, Essex, CT	7,436	6,374	5,989	6,206	6,268	6,331	6,394
CT - 12 Jones Hollow RD, Marlborough, CT	4,950	4,148	4,215	4,103	4,144	4,185	4,227
CT SCAN TOTAL	**33,862**	**29,269***	**28,027***	**27,796***	**28,074**	**28,354**	**28,637**
PET/CT - 534 Saybrook Rd, Middletown, CT	475	494	509	500	505	510	515
PET TOTAL	**475**	**494**	**509**	**500**	**505**	**510**	**515**
MRI - 28 Crescent Street, Middletown, CT	1,031	1,100	1,332	2,645	2,671	2,698	2,725

MRI - 534 Saybrook Rd, Middletown, CT	5,370	5,316	5,213	5,361	5,415	5,469	5,523
MRI - 260 Westbrook Rd, Essex, CT	3,118	2,924	3,039	3,300	3,333	3,366	3,400
MRI - 12 Jones Hollow RD, Marlborough, CT	1,306	1,243	1,332	1,360	1,374	1,388	1,402
MRI	10,825	10,583	10,916	12,666	12,793	12,921	13,050

****** Middlesex Hospital's Fiscal Year runs October 1 – September 30.**

***See Question 2.a. for an explanation of the decrease in CT volume. FY 2013 reflects the conservatively budgeted volume number.**

Following creation of the requested utilization tables, please address these elements as they relate to the CT and MRI utilization tables:

a. Explain any increases and/or decreases in volume between fiscal years in the tables; and

The decreases in CT volume are explained as follows:
January 2011, CMS changed the procedure coding with regards to CT abdomen and pelvis scans. Prior to January 2011, a CT of the abdomen and pelvis were counted as 2 procedures; after January 2011, a CT of the abdomen and pelvis is now coded and counted as one procedure. Middlesex's fiscal year ("FY") runs October 1 – September 30, so the coding change affected FY 2011 Q2-Q4 and 2012 Q1-Q4 CT volumes. The 2012 volumes appear to drop from FY 2011, but it is because 2012 was the first year that all FY quarters followed the coding change. FY 2013 reflects conservatively budgeted volumes for CT and MRI scans based upon an average of historical volumes.

Middlesex's MRI has operated at maximum capacity for several years as demonstrated in the chart below. Inpatient and ED MRI volume has increased steadily over time at a pace of 16% per year over the past two years. In addition, the acuity of the inpatients has steadily increased making transfers of the inpatients requiring MRI for diagnosis to a Middlesex off-site outpatient facility an increasingly unsafe practice.

The increase in MRI volumes at the 28 Crescent Street and 260 Westbrook Road locations in 2013 reflect increases in days of MRI availability.

Capacity Tables for CT and MRI:

<u>MRI Capacity Need Analysis</u>
4,000 scans/year X 3.4 MRI units (by hours of operation) = 13,600
<u>MRI Percent Utilization of Current Capacity</u>
13,600 X 0.85= 11,560
<u>CT Capacity Need Analysis</u>
Hospital Based= 12,000 X 2 CT Units = 24,000

Outpatient Based = 3,700 X 3 CT Units = 11,100
CT Percent Utilization of Current Capacity
Hospital Based: 24,000 X 0.85 = 20,400
Outpatient Based: 11,100 X 0.85 = 9,435

	Projected Volume (First 3 Full Operational FYs)			
85% of Current Capacity Need Analysis	**FY 2014**	**FY 2015**	**FY 2016**	
	13,824	13,962	14,101	**Hospital Based CT Scanners:** 28 Crescent Street, Middletown, CT****
20,400	**13,824**	**13,962**	**14,101**	**Hospital CT Total**
	3,838	3,876	3,915	Outpatient CT - 534 Saybrook Rd, Middletown, CT
	6,268	6,331	6,394	Outpatient CT - 260 Westbrook Rd, Essex, CT
	4,144	4,185	4,227	OutpatientCT - 12 Jones Hollow RD, Marlborough, CT
9,435	**14,250**	**14,392**	**14,536**	**Outpatient CT SCAN TOTAL**
	2,671	2,698	2,725	MRI - 28 Crescent Street, Middletown, CT
	5,415	5,469	5,523	MRI - 534 Saybrook Rd, Middletown, CT
	3,333	3,366	3,400	MRI - 260 Westbrook Rd, Essex, CT
	1,374	1,388	1,402	MRI - 12 Jones Hollow RD, Marlborough, CT
11,560	**12,793**	**12,921**	**13,050**	**MRI TOTAL**

******Hospital Based CT Scanners are reserved for Hospital Emergency and Inpatients only.**

Based upon the projections for FYs 2014 – 2016; Middlesex exceeds 85% capacity with our current CT and MRI Scanners.

b. Provide a detailed explanation of all assumptions used in the derivation/calculation of the projected volume by scanner and scan type.

The assumption used in the derivation of the projected volume by scanner and scan type was to use the previous fiscal year and assume 1% growth in volume. The most recent year's data and historical volumes were used to project to FY13, FY14, FY15 and FY 2016.

4. With respect to your response to Question 2.d. on pages 11 and 12 of the CON application, please provide the following:
   a. Identify the primary service area towns for each of the four Hospital CT imaging sites (ie: the Hospital campus in Middletown, the Outpatient Center in Middletown, the Shoreline Medical Center in Essex and the Marlborough Medical Center in Marlborough) and;
   b. Identify the primary service area towns for each of the four Hospital MRI imaging sites.

The primary service area towns for each of the Hospital CT and MRI imaging Scanners are:

Middlesex Service Area Towns:	
Chester	Marlborough
Clinton	Middlefield
Colchester	Middletown
Cromwell	Old Saybrook
Deep River	Portland
Durham	Westbrook
East Haddam (includes Moodus)	**Secondary Service Area:**
East Hampton	Guilford
Essex (includes Centerbrook & Ivoryton)	Lyme
Haddam (includes Higganum)	Old Lyme
Killingworth	Rocky Hill
Madison	

Patients from the Middlesex Primary and Secondary Service area towns are all seen at all three CT and MRI Outpatient locations; however the top 10 towns (listed from highest volume to lowest) by a volume zip code analysis for each site are as follows:

CT Marlborough	**CT Middletown Outpatient Center**	**CT Shoreline Medical Center**
East Hampton**	Middletown**	Old Saybrook**
Colchester**	Cromwell**	Clinton**
Marlborough**	Portland**	Westbrook**
Glastonbury	Durham**	Old Lyme**
Hebron	Higganum**	Deep River**
Amston	Middlefield**	Essex **
Moodus**	Haddam**	Chester **
East Haddam**	Rocky Hill**	Ivoryton **
Portland**	East Hampton**	Madison**
South Glastonbury	East Haddam**	Killingworth**
***These 10 towns account for over 90% of the CT Volume at this site**	***These 10 towns account for over 80% of the CT Volume at this site**	***These 10 towns account for over 80% of the CT Volume at this site**

****Middlesex Service area town**

MRI Marlborough	**MRI Middletown Outpatient Center**	**MRI Shoreline Medical Center**
East Hampton**	Middletown**	Old Saybrook**
Colchester	Portland**	Clinton**
Marlborough**	Cromwell**	Westbrook**
Moodus**	Higganum**	Old Lyme**
Hebron	Durham**	Deep River **
Amston	East Hampton**	Chester **
East Haddam **	Meriden	Essex **
Portland**	Middlefield**	Ivoryton**

Middletown **	Haddam**	Killingworth**
Glastonbury	East Haddam **	Madison**
***These 10 towns account for over 90% of the MRI Volume at this site**	***These 10 towns account for over 70% of the MRI Volume at this site**	***These 10 towns account for over 80% of the MRI Volume at this site**

****Middlesex Service area town**

5. With respect to your response to Question 3.b. on pages 16 and 17 of the CON application, please address the following:
   a. Please explain the statement "The data below is the aggregate of Middlesex and Guilford volumes" that precedes the CT and MRI Scan Tables for 2011.
   The above statement was mistakenly left in the application; we initially filled out the Question 3.b. table to include the Hospital's CT and MRI volumes with Guilford's volumes. During our finalization review for the CON application, it was recognized that the question asked only for Guilford's volumes so the Hospital's volumes were removed from the table, but the descriptive statement was not. The volumes in Question 3.b. of the CON application reflect Guilford volumes only.
   b. Going from page 16 to 17 the CT Scan Table contains a duplicate listing of the following towns: Guilford, Branford, Madison, North Branford, Clinton, East Haven and Killingworth. Please explain the duplication.
   The duplicate listing of the towns note above was the result of a formatting and pasting error. The correct table is below:

	FY 2011
CT SCAN	
Town	**Tests**
GUILFORD	427
BRANFORD	201
MADISON	158
NORTH BRANFORD	102
CLINTON	93
EAST HAVEN	91
KILLINGWORTH	39
NORTHFORD	39
WESTBROOK	19
OLD SAYBROOK	17
WALLINGFORD	17
EAST HADDAM	12
OLD LYME	10
Other	80
TOTAL CT Scans	**1,305**
MRI	**FY2011**
Town	**Tests**
GUILFORD	277
BRANFORD	122

MADISON	115
CLINTON	66
EAST HAVEN	56
NORTH BRANFORD	55
KILLINGWORTH	23
NORTHFORD	21
WESTBROOK	21
WEST HAVEN	20
OLD SAYBROOK	16
EAST HAVEN	15
NORTH HAVEN	12
Other	119
Total MRI	**938**

c. Please provide revised tables expanding the tables to include FY 2012 CT and MRI scan volumes.

A revised table for Question 3.b. including FY 2012 CT and MRI scan volumes is listed below: Rows in blue represent Middlesex's Service Area towns

CT Scans	**FY 2012**
Town	**Tests**
GUILFORD	368
BRANFORD	155
MADISON	152
CLINTON	79
NORTH BRANFORD	72
EAST HAVEN	53
NORTHFORD	33
KILLINGWORTH	27
WESTBROOK	13
WALLINGFORD	8
OLD SAYBROOK	9
DEEP RIVER	5
HIGGANUM	5
OLD LYME	5
EAST HAVEN	4
NEW HAVEN	4
WEST HAVEN	4
DURHAM	3
EAST HADDAM	3
MIDDLETOWN	3
NEW HAVEN	11
HAMDEN	3
COVENTRY	2
MYSTIC	2
ESSEX	2
NORTH HAVEN	2

WOODBRIDGE	2
FAIRFIELD	2
Rocky Hill	1
Other**	15
TOTAL CT Scans	**1047**
% of Tests originating from Middlesex's Service Area	**64.5%**
MRI Scans	**FY 2012**
Town	**Tests**
GUILFORD	258
BRANFORD	103
MADISON	96
CLINTON	67
EAST HAVEN	43
NORTH BRANFORD	38
WESTBROOK	22
OLD SAYBROOK	18
KILLINGWORTH	20
WEST HAVEN	12
WALLINGFORD	12
NORTHFORD	13
NORTH HAVEN	11
EAST HAVEN	8
OLD LYME	8
CHESTER	6
IVORYTON	6
MIDDLETOWN	6
NEW HAVEN	27
CROMWELL	4
DURHAM	4
MERIDEN	4
EAST LYME	3
WATERFORD	3
HAMDEN	3
MOOSUP	2
NIANTIC	2
CHESHIRE	2
DEEP RIVER	2
ESSEX	2
ORANGE	2
CENTERBROOK	1
MIDDLEFIELD	1
MOODUS	1
Other**	11
TOTAL MRI	**821**
% of Tests originating from Middlesex's Service Area	**63.6%**

****Other includes towns with 1 test out of service area and/or out of state volume**

6. With respect to your response to Question 3.c. on page 17 of the CON application, please provide greater detail as to the existing referral patterns in the area served by the Guilford imaging facility. In your response also describe how the existing referral patterns for the Guilford imaging facility will be incorporated into and will augment the Hospital's existing CT and MRI imaging referral systems.

The existing referral patterns in the area served by Guilford include primary care and family practice physicians, specialists, and nurse practitioners. A large number of Middlesex Medical Staff members refer patients to RAM for diagnostic imaging studies and over 63% of patients originate from the Middlesex service area. This demonstrates the potential for greater coordination of care, alignment and connectivity for patients and physicians within the health system.

To that end, incorporating the Guilford facility into Middlesex's diagnostic imaging locations will allow the surrounding communities greater access to Middlesex Hospital's services. Considering RAM's long standing collaborative relationship with Middlesex as its exclusive provider of radiology professional services, the fact that the a large number of patients are referred by Middlesex Medical Staff members and that the majority of patients provided with CT and MRI service at RAM are from Middlesex's service area; the acquisition will allow greater connectivity to Middlesex's interdisciplinary team and IT systems and alignment of incentives for more efficient delivery of care. Please see Attachment 2 on Page 136 for an excerpt from an article highlighting the benefits of connectivity that include efficiency and reduction in unnecessary duplication of testing.

An example would be the Total Lung Care low-dose CT screening program at Middlesex Hospital. This program requires an interdisciplinary team of Pulmonologists, Nurse Navigators, Surgeons, Physicists and a Cancer Center; all of which Middlesex has. Middlesex Hospital's Low Dose CT Screening program was started after a November of 2010 National Cancer Institute release that proved that screening people at high risk for lung cancer can save lives for people at high risk (smokers and ex-smokers who are 50 years old and older and/or have a family history of lung cancer). For example, a patient who has a lung nodule identified on the low dose CT program at Guilford can be referred for a sophisticated CT biopsy at Middlesex. The low dose CT is offered for a low fee ($125) to patients that fit the screening criteria and are referred by a physician. The addition of this program to the RAM offerings will be a great community benefit to the shoreline service area. Since inception of this program at Middlesex in June 2012, 55 patients have been screened, 50% of the 55 have findings requiring follow up, 3 of which have been very early stage lung cancer. In November 2012, Middlesex Hospital was given a Leadership Award for developing the low-dose CT program by the National Lung Cancer Program.

The low-dose CT program for lung cancer screening is one example of how patient care and community based care will be positively impacted by the acquisition of RAM.

Another example of how the existing referral patterns for the Guilford imaging facility will be incorporated into and will augment the Hospital's existing CT and MRI imaging

referral systems: Patients having imaging studies at Guilford will be able to take advantage of the entire Middlesex Hospital and Middlesex Health System array of services. For example: A patient who is diagnosed with a calcification on a mammogram and has a high risk factor for cancer based on family history can be integrated into our high risk assessment program, biopsied in an American College of Radiology Breast Imaging Center of Excellence and treated by an American College of Surgeons Commission on Cancer accredited NAPBC Breast Center (National Accreditation Program for Breast Centers).

A patient identified with a torn medial meniscus in the knee on MRI can see a Middlesex Hospital Orthopedic Surgeon and have their images available within the medical record not only for the office visit, but also during any surgical procedure and have physical therapy by a Middlesex Hospital therapist.

7. With respect to your response to Question 3.f. on page 18 of the CON application, please explain why the projected volumes for the proposed CT and MRI scanners in Table 2.a. show no growth in scans between FYs 2013 and 2016, when your response indicates that you used the previous fiscal year volumes and assumed a 1% growth in volume. Additionally, please explain how "The most recent year's data and historical volumes were used to project to FY 13, FY 14 and FY 15."
   The response was based on the fact that we had originally included Middlesex Hospital volume in Table 2A. As noted above, Middlesex Hospital estimates a 1% increase in volume at its current locations, but expects the Guilford location to remain flat with a very conservatively projected decrease in volume of 2.6% after the conversion from a physician practice to a hospital outpatient facility.

Patient Population Mix

8. With respect to your response to Question 6.a. on pages 21 and 22 of the CON application, please provide the actual patient population mix for the most recently completed fiscal year for the Guilford imaging facility.
   Please see the chart below for the FY 12 patient population mix for Guilford:

Guilford Radiology:

	FY 2012
Medicare*	28.50%
Medicaid*	3.40%
CHAMPUS & TriCare	0
Total Government	**31.90%**
Commercial Insurers*	57.80%
Uninsured	
Workers Compensation	10.30%
Total Non-Government	**68.10%**
Total Payer Mix	**100.00%**

Financial Information

9. The Memorandum of Understanding presented in Attachment C, page 39 of the CON application, reveals that the Hospital will enter into an agreement with RAM whereby the rental space currently leased by RAM and utilized for the operation of the Guilford imaging facility, shall be subleased to the Hospital. Please provide the fair market value of the space to be subleased to the Hospital.
   The Hospital will assume RAM's lease and pay the exact amount due to the landlord per RAM's original lease agreement.
10. The Hospital presents the proposal's revenue, expense and volume projections for fiscal years ("FYs") 2013 (9 months projected), 2014, and 2015 in Financial Attachment I on page 24 of the CON application. Provide a revised Financial Attachment I which incorporates the following elements:
    a. Expand the schedule to include Hospital activity without the project, incremental to the project and with the project for FY 2016. Inclusion of the FY 2016 activity will allow for the review of the first three full fiscal years of the project as requested.
       Please see Attachment 4: Financial Attachment I and II on Pages 143-144
    b. Include the full-time equivalent ("FTE") statistics by FY as requested in the attachment
       Please see Attachment 4:Financial Attachment I on Page 143
    c. The projected incremental CT and MRI volumes in Financial Attachment I need to reconcile with the projected utilization of the proposed CT and MRI scanners as shown in Table 2a, page 15 of the CON application. At this juncture the two utilization presentations do not reconcile.
       Please see Attachment 4: Financial Attachment I on Page 143 and the revised Table 2A below
       Revised Table 2a. for RAM:

	Actual Volume (Last 3 Completed FYs)			CFY Volume	Projected Volume (First 3 Full Operational FYs)**		
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
CT – 1591 Boston Post Rd - RAM	1,797	1,305	1,047	1,019	1,019	1,019	1,019
MRI – 1591 Boston Post Rd - RAM	950	938	821	800	800	800	800

****Reflects a conservatively budget with a 2.6% decrease in volume**

11. Provide two individual revenue and expense statements (Financial Attachment I) with the first statement addressing the acquisition of the CT scanner and the second statement addressing the acquisition of the MRI scanner.
    a. **See Attachment 5 - Financial Attachment I – NO CT Scan on Page 146**
       The following assumptions were used in creating the Financial Attachment 1 – NO CT:
       Assumptions
       1. **ALL CT Scans removed**
       2. **ALL CT Scan Net Revenue removed 12.13% of total Net Rev**

3. **CT Scan allocated expenses removed. The Allocation was based on Test volume. Expenses were removed at a rate of 7.6% for FY2013 and 7.4% for FY2014-2016**
4. **All other expenses left alone**
5. **Purchased price not reduced hence the depreciation not removed.**

b. **See Attachment 5 - Financial Attachment I – NO MRI on Page 147**
The following assumptions were used in creating Financial Attachment 1 – NO MRI:

Assumptions

1. **ALL MRI's Scans removed**
2. **ALL MRI Net Revenue removed 21.58% of total Net Rev**
3. **MRI allocated expenses removed. The Allocation was based on Test volume. Expenses were removed at a rate of 6.0% for FY2013 and 8.5% for FY2014-2016**
4. **All other expenses left alone**
5. **Purchased price not reduced hence the depreciation not removed.**

12. Explain the lack of an increase in operating expenses for "Supplies and Drugs" and "Bad Debts" with CON approval.

Bad Debt was included as a reduction to Net Revenue in the projected incremental. Please see the revised Financial Attachment I on Page 143 that breaks out Supplies and Bad Debts.

13. Provide an itemization of the costs included in each of the following expense categories: .
    a. Salaries & Fringe Benefits;
    b. Other Operating Expenses:
    c. Depreciation; and
    d. Lease Expense:

Itemization of Costs RAM TOTAL

		FY2013
Salaries & Fringe Benefits		
	Salaries	503,765
	Fringe Benefits	133,498
		637,263
Other Operating Expenses		
	Office Supplies/Dues	19,556
	Rent	134,126
	Phone	30,584
	Utilities	48,761
	Overhead Costs	134,288
	Start-up Costs	150,000
	PACS Conversion	385,000
	Other	
		902,314
Depreciation		
	Purchase of RAM Assets	204,000
		204,000
Lease Expense		
	Leased Equipment	314,510
	Repairs	311,571
		626,081
Supplies and Drugs		36,144
Bad Debt		23,627
Total Expenses		**2,429,429**

14. Provide an audited financial statement for RAM's most recently completed fiscal year.
    RAM does not have audited financial statements; however, please see Attachment 3 on Page 139 for a statement of revenue and expenses prepared for the Guilford location by their accountant for their own internal use.
15. The Hospital presents the proposal's incremental revenue, expense and volume statistics attributable to the proposal by payer for fiscal years ("FYs") 2013 (9 months projected), 2014 and 2015 in Financial Attachment II on page 25 of the CON application. Provide a revised Financial Attachment II which incorporates the following elements:
    a. Expand the schedule to include Hospital activity for FY 2016. Inclusion of the FY 2016 activity will allow for the review of the first three full fiscal years of the project as requested.
    See Financial Attachment II on Page 144

b. The amounts attributable to "Gain/(Loss) from Operations" found in Column10 are truncated. When submitting the revised Financial Attachment II please make sure that the amounts in column 10 are legible.
This was a printing issue, the revised Financial Attachment II in this application is clear.

c. Explain why there are no amounts attributable to the uninsured, charity care and bad debt categories.
RAM has very little Self Pay patients and hence little charity care. As a department and a location of the hospital there may be charity care at that location in the future. In the financial analysis it was not added to the CON incremental column as it would just be a shift from the hospital to that location.

Attachment 1: Draft Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

by and among

MIDDLESEX HEALTH SYSTEM, INC.,

RADIOLOGIC ASSOCIATES OF MIDDLETOWN, P.C.

AND

[THE OWNERS OF RAM, SOLELY WITH RESPECT TO ARTICLE VIII]

dated as of

[October] ___, 2012

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**"), dated as of **[October __]**, 2012, is entered into by and among Radiologic Associates of Middletown, P.C., a Connecticut professional corporation ("**Seller**"), Middlesex Health System, Inc., a Connecticut nonstock corporation ("**Buyer**"), and **[the owners of Buyer, solely with respect to Article VIII (collectively, the "Owners")]**.

RECITALS

WHEREAS, Seller, among other business, operates a licensed outpatient radiology facility located at 1591 Boston Post Road, Guilford, Connecticut (the "**Center**");

WHEREAS, Seller's ownership and operation of the Center shall be referred to herein as the "**Business**";

WHEREAS, the Owners are the sole and complete Owners of Seller;

WHEREAS, Seller wishes to sell and assign to Buyer, and Buyer wishes to purchase and assume from Seller, substantially all the assets and certain specified liabilities of the Business, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

The following terms have the meanings specified or referred to in this **Article I**:

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under

common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Hartford, Connecticut, are authorized or required by Law to be closed for business.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"**Disclosure Schedules**" means the Disclosure Schedules delivered by Seller and Buyer concurrently with the execution and delivery of this Agreement.

"**Dollars or $**" means the lawful currency of the United States.

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**Environmental Claim**" means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

"**Environmental Law**" means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse,

treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

"**Environmental Notice**" means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

"**Environmental Permit**" means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

"**Escrow Agent**" means the entity designated to serve as escrow agent under the Escrow Agreement.

"**Escrow Agreement**" means the Escrow Agreement among Buyer, Seller and the Escrow Agent, to be executed and delivered at the Closing in the form attached hereto as **Exhibit A**.

"**Escrow Amount**" means the sum of **[$214,200] [Subject to Purchase Price Adjustment]** to be deposited with the Escrow Agent and held in escrow pursuant to the Escrow Agreement.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"**Hazardous Materials**" means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

"**Intellectual Property**" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world: (a) trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by Law, and all registrations and applications for registration of such trademarks, including intent-to-use applications, and all issuances, extensions and renewals of such registrations and applications; (b) internet domain names, whether or not trademarks, registered in any generic top level domain by any authorized private registrar or Governmental Authority; (c) original works of authorship in any medium of expression, whether or not published, all copyrights (whether registered, unregistered or arising by Law), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications; (d) confidential information, formulas, designs, devices, technology, know-how, research and development, inventions, methods, processes, compositions and other trade secrets, whether or not patentable; and (e) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

"**Intellectual Property Assets**" means all Intellectual Property that is owned by Seller and used in or necessary for the conduct of the Business as currently conducted.

"**Intellectual Property Licenses**" means all licenses, sublicenses and other agreements by or through which other Persons, including Seller's Affiliates, grant Seller exclusive or non-exclusive rights or interests in or to any Intellectual Property that is used in or necessary for the conduct of the Business as currently conducted.

"**Intellectual Property Registrations**" means all Intellectual Property Assets that are subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

"**Knowledge of Seller or Seller's Knowledge**" or any other similar knowledge qualification, means the actual or constructive knowledge of any director or officer of Seller, after due inquiry.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"**Liabilities**" means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"**Losses**" means losses, damages, liabilities, deficiencies, Actions, judgments, diminution-in-value, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however*, that "Losses" shall not include punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

"**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, prospects, condition (financial or otherwise) or assets of the Business, (b) the value of the Purchased Assets, or (c) the ability of Seller to consummate the transactions contemplated hereby on a timely basis; *provided, however*, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition, or change, directly or indirectly, arising out of or attributable to: (i) any changes, conditions or effects in the United States economy or securities or financial markets in general; (ii) changes, conditions or effects that generally affect the industries in which the Business operates; (iii) any change, effect or circumstance resulting from an action required or permitted by this Agreement, except pursuant to **Section 6.10**; or (iv) conditions caused by acts of terrorism or war (whether or not declared); *provided further, however*, that any event, occurrence, fact, condition, or change referred to in clauses (i), (ii) or (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition, or change has a disproportionate effect on the Business compared to other participants in the industries in which the Business operates].

"**Permits**" means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Post-Closing Tax Period**" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"**Release**" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"**Tax Return**" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Transaction Documents**" means this Agreement, the Escrow Agreement, the Bill of Sale, the Assignment and Assumption Agreement, Intellectual Property Assignments, the Sublease, the Noncompetition Agreements and the other agreements, instruments and documents required to be delivered at the Closing.

"**WARN Act**" means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

ARTICLE II
PURCHASE AND SALE

Section 2.01 Purchase and Sale of Assets. Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, free and clear of any Encumbrances other than Permitted Encumbrances, all of Seller's right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible, wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Business (collectively, the "**Purchased Assets**"), including, without limitation, the following:

(a) all inventory and miscellaneous supplies and materials set forth on **Section 2.01(a)** of the Disclosure Schedules ("**Inventory**");

(b) all Contracts, including Intellectual Property Licenses, set forth on **Section 2.01(b)** of the Disclosure Schedules (the "**Assigned Contracts**");

(c) all Intellectual Property Assets;

(d) all furniture, fixtures, equipment (including without limitation medical equipment and devices), office equipment, computers, telephones and other tangible personal property (the "**Tangible Personal Property**");

(e) all Permits, including Environmental Permits, which are held by Seller and required for the conduct of the Business as currently conducted or for the ownership and use of the Purchased Assets, including, without limitation, those listed on **Section 4.15(b)** and **Section 4.16(b)** of the Disclosure Schedules;

(f) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the Business, the Purchased Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;

(g) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any such item relating to the payment of Taxes);

(h) all of Seller's rights under warranties, indemnities and all similar rights against third parties to the extent related to any Purchased Assets;

(i) all insurance benefits, including rights and proceeds, arising from or relating to the Business, the Purchased Assets or the Assumed Liabilities; and

(j) originals, or where not available, copies, of all books and records, including, but not limited to, books of account, ledgers and general, financial and accounting records, equipment maintenance files, patient lists, pricing information, supplier lists, quality control records and procedures, patient complaints and inquiry files, records and data (including all correspondence with any Governmental Authority),

internal financial statements, material and files relating to the Intellectual Property Assets and the Intellectual Property Licenses ("**Books and Records**").

Section 2.02 Excluded Assets. Notwithstanding the foregoing, the Purchased Assets shall not include the following assets (collectively, the "**Excluded Assets**"):

(a) Contracts, including Intellectual Property Licenses, that are not Assigned Contracts (the "**Excluded Contracts**");

(b) the corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account or other records having to do with the corporate organization of Seller;

(c) all of Seller's cash and accounts receivable;

(d) all Benefit Plans and assets attributable thereto;

(e) the assets, properties and rights specifically set forth on **Section 2.02(e)** of the Disclosure Schedules;

(f) any personal effects of Seller's employees and owners located at the Center, each of which shall be removed from the Center prior to the Closing Date; and

(g) the rights that accrue or will accrue to Seller under the Transaction Documents.

Section 2.03 Assumed Liabilities. Subject to the terms and conditions set forth herein, Buyer shall assume and agree to pay, perform and discharge only the following Liabilities of Seller (collectively, the "**Assumed Liabilities**"), and no other Liabilities:

(a) all Liabilities in respect of the Assigned Contracts but only to the extent that such Liabilities thereunder are required to be performed after the Closing Date, were incurred in the ordinary course of business and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Seller on or prior to the Closing; and

(b) all Liabilities set forth on **Section 2.03(b)** of the Disclosure Schedules.

Section 2.04 Excluded Liabilities. Notwithstanding the provisions of **Section 2.03** or any other provision in this Agreement to the contrary, Buyer shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of Seller or any of its Affiliates of any kind or nature whatsoever other than the Assumed Liabilities (the "**Excluded Liabilities**"). Seller shall, and shall cause each of its Affiliates to, pay and satisfy in due course all Excluded Liabilities that they are obligated to pay and satisfy. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any Liabilities of Seller arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;

(b) any Liability for (i) Taxes of Seller (or any member or Affiliate of Seller); (ii) Taxes relating to the Business, the Purchased Assets or the Assumed Liabilities for any Pre-Closing Tax Period; (iii) Taxes that arise out of the consummation of the transactions contemplated hereby or that are the responsibility of Seller pursuant to Section 6.14; or (iv) other Taxes of Seller (or any member or Affiliate of Seller) of any kind or description (including any Liability for Taxes of Seller (or any member or Affiliate of Seller) that becomes a Liability of Buyer under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or Law);

(c) any Liabilities relating to or arising out of the Excluded Assets;

(d) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the operation of the Business or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date;

(e) any malpractice Liability or similar claim for injury to a Person that arises out of or is based upon any action of Seller (or any member or Affiliate of Seller);

(f) any Liabilities of Seller arising under or in connection with any Benefit Plan providing benefits to any present or former employee of Seller;

(g) any Liabilities of Seller for any present or former employees, officers, directors, retirees, independent contractors or consultants of Seller, including, without limitation, any Liabilities associated with any claims for wages or other benefits, bonuses, accrued vacation, workers' compensation, severance, retention, termination or other payments except as otherwise set forth herein;

(h) any Environmental Claims, or Liabilities under Environmental Laws, to the extent arising out of or relating to facts, circumstances or conditions existing on or prior to the Closing or otherwise to the extent arising out of any actions or omissions of Seller;

(i) any trade accounts payable of Seller;

(j) any Liabilities to indemnify, reimburse or advance amounts to any present or former member, manager, employee or agent of Seller (including with respect to any breach of fiduciary obligations by same), except for indemnification of same pursuant to **Section 8.03** as Seller Indemnitees;

(k) any Liabilities under the Excluded Contracts or any other Contracts, including Intellectual Property Licenses, (i) which are not validly and effectively assigned to Buyer pursuant to this Agreement; (ii) which do not conform to the

representations and warranties with respect thereto contained in this Agreement; or (iii) to the extent such Liabilities arise out of or relate to a breach by Seller of such Contracts prior to Closing;

(l) any Liabilities associated with debt, loans or credit facilities of Seller and/or the Business owing to financial institutions; and

(m) any Liabilities arising out of, in respect of or in connection with the failure by Seller or any of its Affiliates to comply with any Law or Governmental Order.

Section 2.05 Purchase Price. The aggregate purchase price for the Purchased Assets and the Noncompetition Agreements (as defined below) shall be $1,428,000 (the "**Purchase Price**"), plus (i) the Inventory at Seller's cost, and (ii) the assumption of the Assumed Liabilities. The Purchase Price shall be paid as follows:

(a) The Purchase Price less the Escrow Amount shall be paid by wire transfer of immediately available funds on the Closing Date to an account designated in writing by Seller to Buyer no later than two (2) Business Days prior to the Closing Date; and

(b) The Escrow Amount shall be deposited by wire transfer of immediately available funds into an account designated by the Escrow Agent and shall be held and distributed in accordance with the terms of the Escrow Agreement to satisfy any and all claims made by Buyer or any other Buyer Indemnitee against Seller pursuant to **Article VIII**. None of the funds in the Escrow Account shall be released, in whole or in part, prior to the final resolution of any pending or outstanding indemnification claims by the Buyer Indemnitees pursuant to Article VIII hereof, provided such claims are made prior to the date that is eighteen (18) months from the Closing Date. Notwithstanding anything contained in this Agreement to the contrary, all expenses associated with the Escrow Account shall be borne equally between Purchaser and Seller.

Section 2.06 Allocation of Purchase Price. Seller and Buyer agree that the Purchase Price and the Assumed Liabilities (plus other relevant items) shall be allocated among the Purchased Assets and the Noncompetition Agreements for all purposes (including Tax and financial accounting) as shown on the allocation schedule (the "**Allocation Schedule**"). A draft of the Allocation Schedule shall be prepared by Buyer and delivered to Seller within ten (10) days following the Closing Date. If Seller notifies Buyer in writing that Seller objects to one or more items reflected in the Allocation Schedule, Seller and Buyer shall negotiate in good faith to resolve such dispute. Seller shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule.

Section 2.07 Withholding Tax. Buyer shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer may be required to deduct and withhold

under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Seller hereunder.

Section 2.08 Third Party Consents. To the extent that Seller's rights under any Contract or Permit constituting a Purchased Asset, or any other Purchased Asset, may not be assigned to Buyer without the consent of another Person that has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use its reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer's rights under the Purchased Asset in question so that Buyer would not in effect acquire the benefit of all such rights, Seller, to the maximum extent permitted by law and the Purchased Asset, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Purchased Asset, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer. Notwithstanding any provision in this **Section 2.08** to the contrary, Buyer shall not be deemed to have waived its rights under **Section 7.01(d)** hereof unless and until Buyer either provides written waivers thereof or elects to proceed to consummate the transactions contemplated by this Agreement at Closing.

ARTICLE III
CLOSING

Section 3.01 Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place at the offices of Murtha Cullina LLP, 185 Asylum Street, Hartford, Connecticut, at 10:00 a.m., on the second Business Day after all of the conditions to Closing set forth in **Article VII** are either satisfied or waived (other than conditions that, by their nature, are to be satisfied on the Closing Date), or at such other time, date or place as Seller and Buyer may mutually agree upon in writing, including use of electronic means. The date on which the Closing is to occur is herein referred to as the "**Closing Date**".

Section 3.02 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Buyer the following:

(i) the Escrow Agreement duly executed by Seller;

(ii) a bill of sale (the "**Bill of Sale**") and duly executed by Seller, transferring the tangible personal property included in the Purchased Assets to Buyer;

(iii) an assignment and assumption agreement (the "**Assignment and Assumption Agreement**") and duly executed by Seller, effecting the assignment to and assumption by Buyer of the Purchased Assets and the Assumed Liabilities;

(iv) assignments (the "**Intellectual Property Assignments**") duly executed by Seller, transferring all of Seller's right, title and interest in and to the Intellectual Property Assets and the Intellectual Property Licenses to Buyer;

(v) a sublease for the Leased Real Property duly executed by Seller (the "**Sublease**") and consented to by Seller's landlord;

(vi) a noncompetition agreement in the form attached hereto as **Exhibit B**, executed by the Seller (collectively, the "**Noncompetition Agreements**");

(vii) the Seller Closing Certificate;

(viii) the FIRPTA Certificate;

(ix) the certificate of the Secretary or Assistant Secretary of Seller required by **Section 7.01(j)**;

(x) an amendment to that certain Radiology Services Agreement by and between Buyer and Seller adding the Center to the list of Buyer-controlled facilities (the "**Services Agreement Amendment**"); and

(xi) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.

(b) At the Closing, Buyer shall deliver to Seller the following:

(i) the Purchase Price less the Escrow Amount;

(ii) the Escrow Agreement duly executed by Buyer;

(iii) the Assignment and Assumption Agreement duly executed by Buyer;

(iv) the Sublease duly executed by Buyer;

(v) the Noncompetition Agreements duly executed by Buyer;

(vi) the Buyer Closing Certificate;

(vii) the Services Agreement Amendment; and

(viii) the certificate of the Secretary or Assistant Secretary of Buyer required by **Section 7.02(g)**.

(c) At the Closing, Buyer shall deliver the Escrow Amount to the Escrow Agent pursuant to the Escrow Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Seller represents and warrants to Buyer that the statements contained in this **Article IV** are true and correct as of the date hereof.

Section 4.01 Organization and Qualification of Seller. Seller is a professional corporation duly organized and validly existing under the Laws of the State of Connecticut, has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted. **Section 4.01** of the Disclosure Schedules sets forth each jurisdiction in which Seller is licensed or qualified to do business, and Seller is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the ownership of the Purchased Assets or the operation of the Business as currently conducted makes such licensing or qualification necessary.

Section 4.02 Authority of Seller. Seller has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and any other Transaction Document to which Seller is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms. When each other Transaction Document to which Seller is or will be a party has been duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Seller enforceable against it in accordance with its terms.

Section 4.03 No Conflicts; Consents. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation or other organizational documents of Seller; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Seller, the Business or the Purchased Assets; (c) except as set forth in **Section 4.03** of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach

of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract or Permit to which Seller is a party or by which Seller or the Business is bound or to which any of the Purchased Assets are subject (including any Assigned Contract); or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on the Purchased Assets. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.04 Financial Statements. Complete copies of the **[audited/reviewed]** financial statements consisting of the balance sheet of the Business as at December 31 in each of the years 2011, 2010 and 2009 and the related statements of income and retained earnings, members' equity and cash flow for the years then ended (the "**Annual Financial Statements**"), and unaudited financial statements consisting of the balance sheet of the Business as at **[September 30]**, 2012 and the related statements of income and retained earnings, members' equity and cash flow for the twelve month period then ended (the "**Interim Financial Statements**" and together with the Annual Financial Statements, the "**Financial Statements**") have been delivered to Buyer. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes (that, if presented, would not differ materially from those presented in the Annual Financial Statements). The Financial Statements are based on the books and records of the Business, and fairly present the financial condition of the Business as of the respective dates they were prepared and the results of the operations of the Business for the periods indicated. The balance sheet of the Business as of **[September 30]**, 2012 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**". Seller maintains a standard system of accounting for the Business established and administered in accordance with GAAP.

Section 4.05 Undisclosed Liabilities. Seller has no Liabilities with respect to the Business, except (a) those that are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those that have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and that are not, individually or in the aggregate, material in amount.

Section 4.06 Absence of Certain Changes, Events and Conditions. Since the Balance Sheet Date, (i) there has not occurred any damage to, or destruction or loss of, any material asset or property included in the Purchased Assets and in the Balance Sheet, whether or not covered by insurance, (ii) Seller has not settled, compromised, waived,

released or assigned any material right under any Contract, (iii) there has not occurred any event or circumstance that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (iv) there has not occurred any sale, transfer or other disposition of, or the creation of any Encumbrance (other than Permitted Encumbrances) upon, any part of the Purchased Assets, tangible or intangible, (v) Seller has operated the Business in the ordinary course consistent with past practice, (vi) Seller has not altered any billing, accounting, collection or payment policies or practices related to the Business, (vii) Seller has not paid to any Person damages, fines, penalties or other amounts in respect of actual or alleged violations of any Law or contract, and (viii) Seller has not committed to doing any of the foregoing.

Section 4.07 Material Contracts.

(a) **Section 4.07(a)** of the Disclosure Schedules lists each of the following Contracts (x) by which any of the Purchased Assets are bound or affected or (y) to which Seller is a party or by which it is bound in connection with the Business or the Purchased Assets (such Contracts, together with all Contracts relating to Intellectual Property set forth in **Section 4.11(c)** of the Disclosure Schedules, being "**Material Contracts**"):

(i) all Contracts (including groups of related Contracts) involving aggregate consideration in excess of $10,000 or that, in each case, cannot be cancelled without penalty or without more than ninety (90) days' notice;

(ii) all Contracts that provide for the indemnification of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iii) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(iv) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) and that are not cancellable without material penalty or without more than ninety (90) days' notice;

(v) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees);

(vi) any nondisclosure, confidentiality or standstill Contracts with any Person;

(vii) all Contracts regarding any special pricing arrangement;

(viii) all Contracts with any Governmental Authority;

(ix) all Contracts that limit or purport to limit the ability of Seller to compete in any line of business or with any Person or in any geographic area or during any period of time;

(x) all joint venture, partnership or similar Contracts;

(xi) all Contracts for the sale of any of the Purchased Assets or for the grant to any Person of any option, right of first refusal or preferential or similar right to purchase any of the Purchased Assets;

(xii) all provider Contracts; and

(xiii) all other Contracts that are material to the Purchased Assets or the operation of the Business and not previously disclosed pursuant to this **Section 4.07**.

(b) Each Material Contract is valid and binding on Seller in accordance with its terms and is in full force and effect. Neither Seller nor, to Seller's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer. There are no material disputes pending or threatened under any Contract included in the Purchased Assets.

Section 4.08 Title to Purchased Assets. Seller has good and valid title to, or a valid leasehold interest in, all of the Purchased Assets. All such Purchased Assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**"):

(a) those items set forth in **Section 4.08** of the Disclosure Schedules;

(b) liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures and for which there are adequate accruals or reserves on the Balance Sheet;

(c) mechanics', carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and that are not, individually or in the aggregate, material to the Business or the Purchased Assets;

(d) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice that are not, individually or in the aggregate, material to the Business or the Purchased Assets.

Section 4.09 Condition and Sufficiency of Assets. The Purchased Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property

and assets necessary to conduct the Business as currently conducted. None of the Excluded Assets are material to the Business.

Section 4.10 Real Property

(a) The Seller does not own any real property used in connection with the Business.

(b) **Section 4.10(b)** of the Disclosure Schedules sets forth each parcel of real property leased by Seller and used in or necessary for the conduct of the Business as currently conducted (together with all rights, title and interest of Seller in and to leasehold improvements relating thereto, including, but not limited to, security deposits, reserves or prepaid rents paid in connection therewith, collectively, the "**Leased Real Property**"), and a true and complete list of all leases, subleases, licenses, concessions and other agreements (whether written or oral), including all amendments, extensions renewals, guaranties and other agreements with respect thereto, pursuant to which Seller holds any Leased Real Property (collectively, the "**Leases**"). Seller has delivered to Buyer a true and complete copy of each Lease. With respect to each Lease:

(i) such Lease is valid, binding, enforceable and in full force and effect, and Seller enjoys peaceful and undisturbed possession of the Leased Real Property;

(ii) Seller is not in breach or default under such Lease, and no event has occurred or circumstance exists that, with the delivery of notice, passage of time or both, would constitute such a breach or default, and Seller has paid all rent due and payable under such Lease;

(iii) Seller has not received nor given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by Seller under any of the Leases and, to the Knowledge of Seller, no other party is in default thereof, and no party to any Lease has exercised any termination rights with respect thereto;

(iv) Seller has not subleased, assigned or otherwise granted to any Person the right to use or occupy such Leased Real Property or any portion thereof; and

(v) Seller has not pledged, mortgaged or otherwise granted an Encumbrance on its leasehold interest in any Leased Real Property.

(c) The Leased Real Property is sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitutes all of the real property necessary to conduct the Business as currently conducted.

Section 4.11 Intellectual Property.

(a) **Section 4.11(a)** of the Disclosure Schedules lists all (i) Intellectual Property Registrations and (ii) Intellectual Property Assets that are not registered but that are material to the operation of the Business. All required filings and fees related to the Intellectual Property Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Intellectual Property Registrations are otherwise in good standing. Seller has provided Buyer with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Intellectual Property Registrations.

(b) Seller owns, exclusively or jointly with other Persons, all right, title and interest in and to the Intellectual Property Assets, free and clear of Encumbrances. Seller is in full compliance with all legal requirements applicable to the Intellectual Property Assets and Seller's ownership and use thereof.

(c) **Section 4.11(c)** of the Disclosure Schedules lists all Intellectual Property Licenses. Seller has provided Buyer with true and complete copies of all such Intellectual Property Licenses. All such Intellectual Property Licenses are valid, binding and enforceable between Seller and the other parties thereto, and Seller and such other parties are in full compliance with the terms and conditions of such Intellectual Property Licenses.

(d) The Intellectual Property Assets and Intellectual Property Licenses as currently or formerly owned, licensed or used by Seller or proposed to be used by Buyer, and the conduct of the Business as currently and formerly conducted by Seller and proposed to be conducted by Buyer have not, do not and will not infringe, violate or misappropriate the Intellectual Property of any Person. Seller has not received any communication, and no Action has been instituted, settled or, to Seller's Knowledge, threatened that alleges any such infringement, violation or misappropriation, and none of the Intellectual Property are subject to any outstanding Governmental Order.

Section 4.12 Inventory. All Inventory, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice and is not otherwise obsolete, damaged or defective. All Inventory is owned by Seller free and clear of all Encumbrances, and no Inventory is held on a consignment basis.

Section 4.13 Insurance. Section 4.13 of the Disclosure Schedules sets forth a list of all insurance policies held and maintained by Seller covering the Purchased Assets in effect on the date hereof, including the types and amounts of coverage and the expiration dates thereof. All premiums due to the date hereof have been paid in full. True and complete copies of the Insurance Policies have been made available to Buyer.

Section 4.14 Legal Proceedings. Except as set forth in **Section 4.14** of the Disclosure Schedules, there are no Actions pending or, to Seller's Knowledge, threatened against or by Seller (a) relating to or affecting the Business, the Purchased Assets or the

Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

Section 4.15 Compliance With Laws; Permits.

(a) Seller has materially complied, and is in material compliance, with all Laws applicable to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets.

(b) Seller has timely filed all reports, data and other information required to be filed with Governmental Authorities.

(c) To the Knowledge of Seller, neither Seller nor any of its employees have committed a material violation of federal or state laws regulating health care fraud, including but not limited to the federal Anti-Kickback Law, 42 U.S. C. § 1320a-7b, the Stark I and II Laws, 42 U.S.C. § 1395nn, as amended, and the False Claims Act, 31 U.S.C. § 3729, et. seq. Seller is in material compliance with the administrative simplification provisions required under the Health Insurance Portability and Accountability Act of 1996, including the electronic data interchange regulations and the health care privacy regulations, as of the effective dates for such requirements.

(d) All Permits required for Seller to conduct the Business as currently conducted or for the ownership and use of the Purchased Assets have been obtained by Seller and are valid and in full force and effect. **Section 4.15(b)** of the Disclosure Schedules lists all current Permits issued to Seller that are related to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in **Section 4.15(b)** of the Disclosure Schedules.

Section 4.16 Environmental Matters.

(a) The operations of Seller with respect to the Business and the Purchased Assets are currently and have been in compliance with all Environmental Laws. Seller has not received from any Person, with respect to the Business or the Purchased Assets, any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Seller has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in **Section 4.16(b)** of the Disclosure Schedules) necessary for the conduct of the Business as currently conducted or the ownership, lease, operation or use of the Purchased Assets and all such Environmental Permits are in full

force and effect and shall be maintained in full force and effect by Seller through the Closing Date in accordance with Environmental Law, and Seller is not aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the conduct of the Business as currently conducted or the ownership, lease, operation or use of the Purchased Assets. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and Seller is not aware of any condition, event or circumstance that might prevent or impede the transferability of the same, and has not received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(c) None of the Business or the Purchased Assets or any real property currently or formerly owned, leased or operated by Seller in connection with the Business is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) There has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the Business or the Purchased Assets or any real property currently or formerly owned, leased or operated by Seller in connection with the Business, and Seller has not received an Environmental Notice that any of the Business or the Purchased Assets or real property currently or formerly owned, leased or operated by Seller in connection with the Business has been contaminated with any Hazardous Material that could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, Seller.

(e) The Seller has not owned or operated any aboveground or underground storage tanks and does not use any off-site Hazardous Materials treatment, storage or disposal facilities or locations.

(f) Seller has not retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

(g) Seller has provided or otherwise made available to Buyer, and listed in **Section 4.16(g)** of the Disclosure Schedules, any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the Business or the Purchased Assets that are in the possession or control of Seller related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials.

Section 4.17 Employee Benefit Matters.

(a) **Section 4.17(a)** of the Disclosure Schedules sets forth all employee benefit plans, policies, arrangements and agreements (including without limitation any savings, retirement, fringe benefit, bonus, incentive compensation, deferred compensation, excess or supplemental executive compensation, vacation, sickness, disability, severance or

separation policy or arrangement) and all employment or consulting contracts or agreements (including any "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), whether or not subject to ERISA, whether written or oral ("**Benefit Plans**") in which any Business employee participates or to which any Business employee is a party, as the case may be.

(b) Seller and all Persons that are or have been under common control with Seller (as determined under Section 414(b), (c), (m) or (o) of the Code), have never maintained, contributed to or incurred any obligation or liability with respect to any "multiemployer plan", as defined in Section 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code (either as an employer or a joint employer) and there is no basis for any such liability as the result of or after the consummation of the transactions contemplated by this Agreement.

(c) None of the Benefit Plans provides for the payment of separation, severance, termination or similar-type benefits to any Person or the acceleration of any rights to benefits under any Benefit Plan or obligates Seller or any of its Affiliates to pay separation, severance, termination or similar-type benefits solely as a result of any transaction contemplated by this Agreement or any agreement related thereto or as a result of a "change in control" (within the meaning of such term under Section 280G of the Code).

(d) Each Benefit Plan has been established and administered in all material respects in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code and all other applicable Laws.

(e) With respect to each Benefit Plan, all reports, returns, notices and other documentation that are required to have been filed with or furnished to the IRS, the United States Department of Labor ("**DOL**"), the Pension Benefit Guaranty Corporation, the Securities and Exchange Commission or any other governmental authority, or to the participants or beneficiaries of such Employee Benefit Plan have been filed or furnished on a timely basis.

(f) With respect to any Benefit Plan, other than routine claims for benefits, no liens, lawsuits or complaints to or by any person or governmental authority have been filed or made against such Employee Benefit Plan or Seller or, to Seller's knowledge, against any other person or party and, to Seller's knowledge, no such liens, lawsuits or complaints are contemplated or threatened.

(g) No individual who has performed services for Seller has been improperly excluded from participation in any Benefit Plan.

(h) There are no audits or proceedings pending with the IRS or DOL with respect to any Benefit Plan.

Section 4.18 Employment Matters. Section 4.18 of the Disclosure Schedules contains a true and complete listing of the names of all employees of the Business as of

the date hereof, together with the following information with respect to each such employee: (i) job title, (ii) date of hire, (iii) next review date, (iv) base compensation rate, and (v) additional compensation (or the terms thereof, if determined pursuant to a scale or formula), if any. Since the Balance Sheet Date, except in the ordinary course of business and consistent with past practice, Seller has not: (x) increased the compensation payable or to become payable to or for the benefit of any of the Business employees; and (y) increased, augmented or improved benefits granted to or for the benefit of any of the Business employees under any bonus, stock option, profit sharing, pension, retirement, deferred compensation, insurance or other direct or indirect benefit plan or arrangement.

Section 4.19 Taxes. Except as set forth in **Section 4.19** of the Disclosure Schedules:

(a) All Tax Returns required to be filed by Seller for any Pre-Closing Tax Period have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by Seller (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) Seller has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any Employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Seller.

(d) All deficiencies asserted, or assessments made, against Seller as a result of any examinations by any taxing authority have been fully paid.

(e) Seller is not a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(f) There are no Encumbrances for Taxes upon any of the Purchased Assets nor, to Seller's Knowledge, is any taxing authority in the process of imposing any Encumbrances for Taxes on any of the Purchased Assets (other than for current Taxes not yet due and payable).

(g) Seller is not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2.

(h) Seller is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011 4(b).

Section 4.20 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions

contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

Section 4.21 Medicare-Medicaid, Other Participation and Standing. Seller is qualified for participation in the Medicaid Program in the State of Connecticut (the "**Medicaid Program**"), the Medicare Program and has current and valid provider contracts and is in material compliance with the conditions of participation for each. With respect to the Medicaid Program, all billing practices to all third party payors, including the Medicaid Program and other government and private insurance payors, have been in material compliance with applicable Laws, regulations and the policies of such third party payors. Seller has not billed or received any payment or reimbursement in excess of amounts allowed by Law or contract, except as corrected in the normal course of business. Seller has not been excluded from participation in the Medicare Program, the Medicaid Program or any other program, nor to Seller's Knowledge is any such exclusion threatened. Seller has not received written notice from any third party payor program of any pending or threatened investigations or surveys.

Section 4.22 Procedure Volume. Section 4.22 of the Disclosure Schedules sets forth the number of procedures performed at the Business for each of the fiscal years and **[audited and]** unaudited periods set forth in the Financial Statements. **Section 4.22** of the Disclosure Schedules also sets forth the method by which the number of procedures was determined.

Section 4.23 Full Disclosure. No representation or warranty by Seller in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this **Article V** are true and correct as of the date hereof.

Section 5.01 Organization of Buyer. Buyer is a nonstock corporation duly organized and validly existing under the Laws of the State of Connecticut.

Section 5.02 Authority of Buyer. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a

party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each other Transaction Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

Section 5.03 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of organization, operating agreement or other organizational documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) require the consent, notice or other action by any Person under any Contract to which Buyer is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 5.04 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

Section 5.05 Sufficiency of Funds. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 5.06 Legal Proceedings. there are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

ARTICLE VI
COVENANTS

Section 6.01 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld or delayed), Seller shall (x) conduct the Business in the ordinary course of business consistent with past practice; and (y) use reasonable best efforts to maintain and preserve intact its current Business organization and operations, and to preserve the rights, goodwill and relationships of its employees, patients, lenders, suppliers, regulators and others having relationships with the Business. Without limiting the foregoing, from the date hereof until the Closing Date, Seller shall:

(a) preserve and maintain all Permits required for the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets;

(b) pay the debts, Taxes and other obligations of the Business when due;

(c) maintain the properties and assets included in the Purchased Assets in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;

(d) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;

(e) defend and protect the properties and assets included in the Purchased Assets from infringement or usurpation;

(f) perform all of its obligations under all Assigned Contracts;

(g) maintain the Books and Records in accordance with past practice;

(h) comply in all material respects with all Laws applicable to the conduct of the Business or the ownership and use of the Purchased Assets; and

(i) not take or permit any action that would cause any of the changes, events or conditions described in **Section 4.05** to occur.

Section 6.02 Notice of Certain Events.

(a) From the date hereof until the Closing, Seller shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in **Section 7.01** to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to Seller's Knowledge, threatened against, relating to or involving or otherwise affecting the Business, the Purchased Assets or the Assumed Liabilities that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to **Section 4.14** or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this **Section 6.02** shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement (including **Section 8.02** and **Section 9.01(b)**) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 6.03 Access to Information. From the date hereof until the Closing, Seller shall (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, Books and Records, Contracts and other documents and data related to the Business; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Business as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of Seller to cooperate with Buyer in its investigation of the Business. Any investigation pursuant to this **Section 6.03** shall be conducted in such manner as not to interfere unreasonably with the conduct of the Business or any other businesses of Seller. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement.

Section 6.04 Employees and Employee Benefits. The parties agree that Buyer is not intending to hire any of Seller's employees on a full-time basis and that Seller shall remain responsible for all of its employees, and all obligations, matters, claims, benefits and Actions related thereto.

Section 6.05 Confidentiality. From and after the Closing, Seller shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Business, except to the extent that Seller can show that such information (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates or their respective Representatives; or (b) is lawfully acquired by Seller, any of its Affiliates or their respective Representatives from and after the Closing from sources that are not prohibited from disclosing such information by a legal,

contractual or fiduciary obligation. If Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information that Seller is advised by its counsel in writing is legally required to be disclosed, *provided that* Seller shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 6.06 Tax Clearance Certificates. If requested by Buyer, Seller shall notify all of the taxing authorities in the jurisdictions that impose Taxes on Seller or where Seller has a duty to file Tax Returns of the transactions contemplated by this Agreement in the form and manner required by such taxing authorities, if the failure to make such notifications or receive any available tax clearance certificate (a "**Tax Clearance Certificate**") could subject the Buyer to any Taxes of Seller. If any taxing authority asserts that Seller is liable for any Tax, Seller shall promptly pay any and all such amounts and shall provide evidence to the Buyer that such liabilities have been paid in full or otherwise satisfied.

Section 6.07 CON Application. Within thirty (30) days of the date of this Agreement, the Buyer, with the Seller's cooperation and assistance, shall file with the Connecticut Department of Health an application for Certificate of Need (the "**CON**") to be issued to the Buyer with respect to the Business, along with any other approvals deemed necessary by the parties to effectuate the Transaction.

Section 6.08 Tail Insurance. As of the Closing, and to remain in effect for a period of ten (10) years immediately following the Closing, Seller shall have "tail" insurance coverage with respect to any government or other third party payor claims, including without limitation claims related to Medicare or Medicaid filings, reimbursements, billings and any violation of applicable laws, regulations and rules related thereto. Such tail insurance policy shall be for an amount mutually agreed-upon by Buyer and Seller and shall name Buyer as an additional insured.

Section 6.09 Inventory Adjustment. Buyer shall perform a new inventory and update **Section 2.01(a)** to the Disclosure Schedules no later than one (1) day before the Closing Date. Seller shall provide its cost for each item listed in the Inventory and the aggregate cost of all such Inventory shall be added to the Purchase Price pursuant to **Section 2.05**.

Section 6.10 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further

actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Seller contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Closing Date.

(b) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No Action shall have been commenced against Buyer or Seller that would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on **Section 4.03** of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing.

(e) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(f) Seller shall have delivered to Buyer duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in **Section 3.02(a)**.

(g) Buyer shall have received all Permits that are necessary for it to conduct the Business as conducted by Seller as of the Closing Date, included the issuance of a CON as approved by the Connecticut Department of Health pursuant to **Section 6.07**.

(h) All Encumbrances relating to the Purchased Assets shall have been released in full, other than Permitted Encumbrances, and Seller shall have delivered to

Buyer written evidence, in form satisfactory to Buyer in its sole discretion, of the release of such Encumbrances.

(i) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Seller, that each of the conditions set forth in **Section 7.01(a)** and **Section 7.01(b)** have been satisfied (the "**Seller Closing Certificate**").

(j) Buyer shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Seller certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Seller authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, (ii) that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, and (iii) to the incumbency of the names and signatures of the officers of Seller authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.

(k) Buyer shall have received a certificate pursuant to Treasury Regulations Section 1.1445-2(b) (the "**FIRPTA Certificate**") that Seller is not a foreign person within the meaning of Section 1445 of the Code duly executed by Seller.

(l) Seller shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 7.02 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer contained in this Agreement, the other Transaction Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Closing Date.

(b) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Buyer shall have delivered to Seller duly executed counterparts to the Transaction Documents (other than this Agreement) and such other documents and deliveries set forth in **Section 3.02(b)**.

(e) Buyer shall have delivered the Escrow Amount to the Escrow Agent pursuant to **Section 3.02(c)**.

(f) Seller shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in **Section 7.02(a)** and **Section 7.02(b)** have been satisfied (the "**Buyer Closing Certificate**").

(g) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Buyer certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, (ii) that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, and (iii) to the incumbency of the names and signatures of the officers of Buyer authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.

(h) Buyer shall have delivered to Seller such other documents or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE VIII
INDEMNIFICATION

Section 8.01 Survival. All representations, warranties, covenants and agreements contained herein and all related rights to indemnification shall survive the Closing indefinitely.

Section 8.02 Indemnification By Seller Parties. Subject to the other terms and conditions of this **Article VIII**, Seller and the Owners (collectively, "**Seller Parties**") shall jointly and severally indemnify and defend each of Buyer and its Affiliates and their respective Representatives (collectively, the "**Buyer Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, the other Transaction Documents or in any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement, as of the Closing Date;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement, the other Transaction Documents or any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement;

(c) any Excluded Asset or any Excluded Liability;

(d) any third party claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller or any of its Affiliates (other than the Assumed Liabilities) conducted, existing or arising on or prior to the Closing Date; or

(e) any third party claim based upon, resulting from or arising out of Seller Parties' Medicare and Medicaid filings, reimbursements, billings and any violation by Seller Parties of applicable laws, regulations and rules related thereto.

Section 8.03 Indemnification By Buyer. Subject to the other terms and conditions of this **Article VIII**, Buyer shall indemnify and defend each of the Seller Parties and their respective Representatives (collectively, the "**Seller Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the Closing Date;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement, the other Transaction Documents or any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement; or

(c) any Assumed Liability.

Section 8.04 Certain Limitations. The indemnification provided for in **Section 8.02** and **Section 8.03** shall be subject to the following limitations:

(a) No claim for indemnification under **Section 8.02** and **Section 8.03** may be made after the date that is eighteen (18) months from the Closing Date, provided that (i) any existing claim for indemnification made prior to such date may continue beyond such date; and (ii) a Buyer Indemnitee may make a claim for indemnification under Section 8.02(e) at any time during the ten (10) year period immediately following the Closing Date.

(b) The maximum liability of Seller Parties to Buyer Indemnitees for Losses pursuant to indemnification under **Section 8.02** shall be equal to the Purchase Price.

(c) The maximum liability of Buyer to Seller Indemnitees for Losses pursuant to indemnification under **Section 8.03** shall be equal to the Purchase Price.

Section 8.05 Indemnification Procedures. Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the "**Indemnified Party**") shall promptly provide written notice of such claim to the other party (the "**Indemnifying Party**"). In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a person or entity who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed).]

Section 8.06 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.07 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in **Section 7.01** or **Section 7.02**, as the case may be.

Section 8.08 Cumulative Remedies. The rights and remedies provided in this **Article VIII** are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

ARTICLE IX
TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Seller and Buyer;

(b) by Buyer by written notice to Seller if:

(i) Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **Article VII** and such breach, inaccuracy or failure has not been cured by Seller within twenty (20) days of Seller's receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in **Section 7.01** or **Section 7.02** shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by July 1, 2013, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Seller by written notice to Buyer if:

(i) Seller is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in **Article VII** and such breach, inaccuracy or failure has not been cured by Buyer within twenty (20) days of Buyer's receipt of written notice of such breach from Seller; or

(ii) any of the conditions set forth in **Section 7.01** or **Section 7.02** shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by July 1, 2013, unless such failure shall be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by Buyer or Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as otherwise set forth in this Agreement; and

(b) that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

ARTICLE X
MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 10.02**):

If to Seller Parties	Radiologic Associates of Middletown, PC **[Address]** Facsimile: Attention:
with a copy to:	Updike, Kelly & Spellacy, P.C. 100 Pearl Street, 17th FloorNew Haven, CT 06509-1950 Facsimile: (860) 548-6045 Attention: John F. (Jef) Wolter, Esq.
If to Buyer:	Middlesex Health System, Inc. 28 Crescent Street Middletown, CT 06457 Facsimile: Attention:

with a copy to:

Murtha Cullina LLP
177 Broad Street
Stamford, CT 06901
Facsimile: (203) 653-5444
Attention: Paul Knag

Section 10.03 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 10.06 Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.07 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and

permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.08 No Third-party Beneficiaries. Except as provided in **Article VIII**, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.10 Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Connecticut without giving effect to any choice or conflict of law provision or rule (whether of the State of Connecticut or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Connecticut. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States or the courts of the State of Connecticut in each case located in the County of Middlesex, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 10.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall comprise one and the same instrument. Delivery of a copy of this Agreement or such other document bearing an original signature by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Middlesex Health System, Inc.

By: _____
Name:
Title:

Radiologic Associates of Middletown, PC

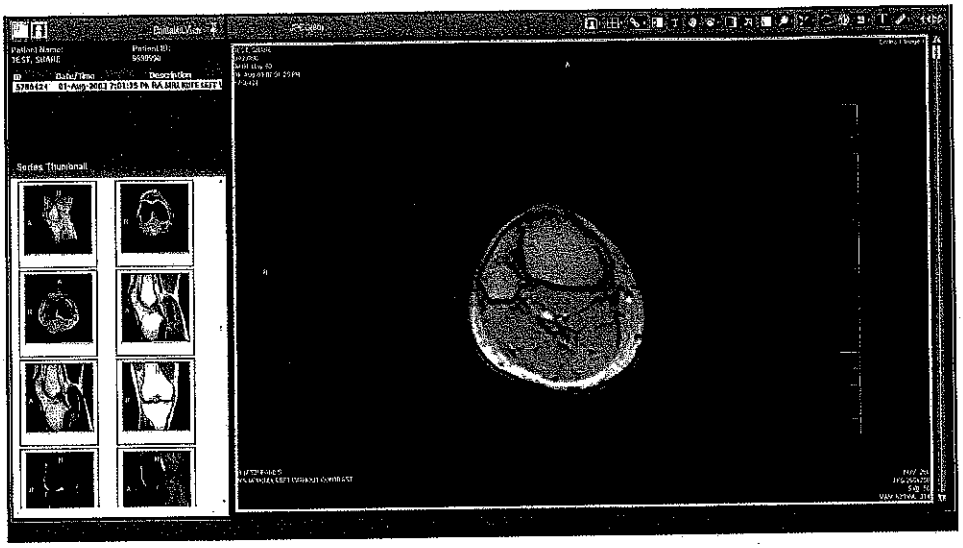
By: _____
Name:
Title:

[Owners]

_____
[Name]

Attachment 2: Article of Support

Special Report » *Jaimy Lee*



Patients who participate in the Radiological Society of North America's medical image-sharing exchange use a password or PIN to access their accounts and can then allow physicians access to their medical images.

Share ware

Fledgling medical image-sharing networks designed to deliver savings by reducing need for redundant scans

Dr. Bruce Thompson, an attending physician at Unity Hospital in Rochester, N.Y., had no trouble using a CD to view medical images of a patient's broken leg earlier this month.

While Thompson couldn't immediately share the images from the CD with the on-call surgeon waiting at home, plans are under way to allow physicians to immediately share images for patients they are treating.

The 340-bed hospital is a participant in the Rochester Regional Health Information Organization, which formed an image exchange in 2009 and recently updated it to allow physicians to see a medical image before a lab report is issued.

"With the RHIO, he could have logged in, and I could have had him look at those images," Thompson says.

A wide range of local healthcare facilities in upstate New York, including 19 hospitals and imaging providers, submit about 130,000 medical images to the RHIO's image exchange each month.

"We can get that report immediately, and now we can actually look at the films and compare them," Thompson says. "It's so important in medicine to be able to look at the patient today and say: 'While I see this, was that abnormality there before?' Now you can have a comparison."

How quickly medical images can be shared is an issue facing physicians across the country even as federal funding has been made available to establish medical image networks that would allow providers to share images across hospital systems, geographic regions and competing picture archiving communication systems, or PACS.

While more hospitals have moved toward digital imaging, the most common method of exchanging medical images is still to provide patients with a CD of their images, according to a spokeswoman for the Radiological Society of North America.

The practice of sharing images on CDs can lead to duplicate scans, which means higher costs and more patient exposure to radiation. More scans are often necessary when a CD is lost, can't be accessed or providers have difficulty sharing images between PACS.

A study conducted by Chilmark Research in the fourth quarter of 2011 and funded by LifeImage, a provider of medical image-sharing technology, found that only 43% of healthcare providers are using the technology (See chart, p. 33).

"What we're going to need to have in the next few years is really comprehensive access to information," says Dr. Harry Greenspun, senior adviser for healthcare transformation and technology at the Deloitte Center for Health Solutions. "You don't want to be going from one system to another system to get a view of the patient. We're ultimately going to have to fold all these things in together or at least have them work together in a way that's seamless to both providers and to consumers."

Several types of medical image-sharing models have emerged, some of which are patient-centric and others that focus on provider-to-provider exchanges.

Three years ago, the RSNA received $4.7 million from the National Institute of Biomedical Imaging and Bioengineering, or NIBIB, which is part of the National Institutes of Health, to establish the RSNA Image Share, a patient-focused network that allows radiolo-

gists to share medical images with patients.

At the state level, Maine and Indiana have announced plans to incorporate image sharing into their health information exchanges. In addition, a number of geographically based image-sharing networks have also been established, such as the Rochester RHIO, which has been awarded $22.3 million in grants from the Health Care Efficiency and Affordability Law for New Yorkers. The 2004 law aims to implement health information technology infrastructure in an effort to improve the quality of care.

"The real goal here is to get all the vendors off their proprietary solution and using some basic standards so that everybody can play nicely together, at a reasonable cost," says Dr. David Mendelson, chief of clinical informatics at the 1,029-bed Mount Sinai Medical Center in New York.

Mendelson also serves on the RSNA's radiology informatics committee and is the principal investigator for the RSNA Image Share network.

Five academic medical centers—Mount Sinai; Mayo Clinic in Rochester, Minn.; UCSF Medical Center in San Francisco; the University of Maryland Medical Center in Baltimore; and the University of Chicago Medical Center—are participating in the network, which began enrolling patients in 2011. About 2,100 patients are currently enrolled in Image Share.

"The goal is to reduce redundant imaging," Mendelson says. "A lot of times patients are in a sub-acute setting and they are going doctor to doctor. We think payers will be interested in the long run if we can develop preliminary data."

Patients who participate in Image Share use a password or PIN to access their account and can then choose which images to share with their physicians.

Some studies have suggested the benefits of patient-focused image-sharing networks. In a study presented at the Society for Imaging Informatics in Medicine's annual meeting in June, the authors concluded that making the patient an active participant in image sharing is good for the radiologist as well as the imaging enterprise.

"If widely implemented, such programs could reduce the number of lost and unnecessarily duplicated studies, allow patients to keep a more consistent and coherent record of their imaging experience, and provide studies more reliably to referring physicians," the authors wrote.

Another study, published in August in the Journal of American Medical Informatics Association, found that a patient-controlled access-key registry allows unaffiliated healthcare facilities to share information and protect patient privacy with "minimal burden on patients, providers and infrastructure."

The Image Share network received its second round of funding from NIBIB in September. The two-year, $5.3 million contract has two additional option years that can provide an additional $5.5 million to the network, with a goal to move Image Share from a demonstration project to a nationally adopted set of standards.

At this time, providers need to be invited to participate. However, Image Share is beginning to work on ways to enroll providers that have inquired about participation, Mendelson says.

He says Image Share has committed to expand to 100 provider sites, including an initiative to target 22 sites in Philadelphia in an effort to "saturate one geographic community."

Future funding will likely need to come from the network's users, Mendelson says. Vendors may charge radiology departments a small fee, such as $5 or less per image, or patients may pay between $10 to $25 annually to access their images.

"Our long-term goal is to make the whole nation use this network as a place to be if you want to share images," Mendelson says. "The same infrastructure can be used for traditional health information exchange."

When HealthInfoNet, Maine's health information exchange, announced plans in May to pilot the first statewide medical image archive in the nation, it said providers could save up to $6 million over a seven-year period through reduced storage and transport costs.

"This would reduce duplicate image studies, supporting accountable care organizations and their efforts to keep costs lower while improving healthcare outcomes," says Todd Rogow, HealthInfoNet's director of information technology.

Healthcare providers participating in the image archive—at the most recent count, there are 29 hospitals and about 300 primary-care providers—generate about 1.4 million medical images each year, according to HealthInfoNet.

The goal is to allow the archive to integrate with existing PACS and the health information exchange.

David Silsbee, chief information officer for Cary Medical Center in Caribou, Maine, says that many of the 40-bed hospital's patients travel to tertiary centers in Bangor or Portland for care, and almost all of those patients have medical images that are relevant to those referrals.

"Radiologists place a very high value on being able to see prior studies that have been done on patients," he says. "Up until recently, we've really been, as all hospitals have been, restricted to viewing on our own archive of relevant studies. The prospect of being able to see relevant studies from other facilities that these patients have visited is enormously attractive to our radiologists."

It's a sentiment echoed by Dr. Irene Djuanda, a hospitalist at Cary Medical Center. She said the archive will likely improve the time it takes to track down and secure an image from another facility.

However, one challenge is that some patients choose not to participate in HealthInfoNet, which requires patient consent for participation.

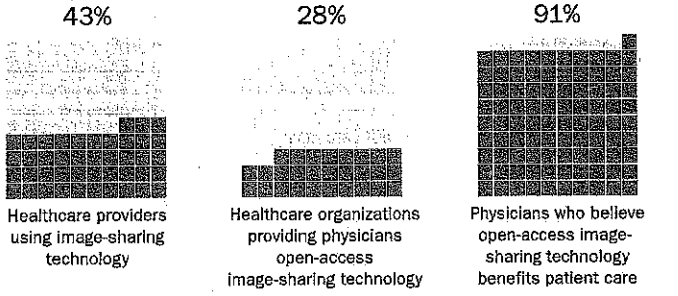
"It's only helpful if they use it," she says.

Certain challenges remain, including other

See **SHARE** *on p. 34*

PICTURE-IMPERFECT

Majority of healthcare providers surveyed still lacks image-sharing technology



Source: Chilmark Research, 2011

MODERN HEALTHCARE GRAPHIC

Attachment 3: RAM Statement of Revenue and Expenses for Guilford location

RADIOLOGIC ASSOC OF MIDDLETOWN

Year-to-Date Only, July 2012 - 4 months back, July 2011 - 16 months back, Consolidated by account, Department 500

STATEMENT OF REVENUE & EXPENSES-INCOME TAX BASIS

	12 Months Ended July 31, 2012	*12 Months Ended July 31, 2011*	*Variance Fav/<Unf>*	*% Var*
REVENUE				
Fees	2,565,520	2,808,219	(242,699)	-8.6 %
TOTAL REVENUE	2,565,520	2,808,219	(242,700)	-8.6 %
OTHER INCOME				
Sale of Business Equipment	0	(306)	306	100.0 %
TOTAL OTHER INCOME	0	(306)	306	100.0 %
****** TOTAL INCOME	2,565,520	2,807,913	(242,393)	-8.6 %
****** GROSS PROFIT	2,565,520	2,807,913	(242,393)	-8.6 %
OPERATING EXPENSES				
Depreciation	129,887	159,957	30,070	18.8 %
Amortization Expense	7,767	7,767	0	
Payroll Tax FICA	42,191	49,695	7,504	15.1 %
FUTA Expense	485	701	216	30.8 %
UC-2 Expense	8,806	5,301	(3,505)	-66.1 %
Property Taxes	10,262	10,688	426	4.0 %
Rent	181,041	178,835	(2,206)	-1.2 %
Repairs & Maintenance	334,891	399,477	64,586	16.2 %
Salary	569,399	672,525	103,126	15.3 %
Interest Expense	47,313	66,784	19,471	29.2 %
Auto Expense	402	972	570	58.6 %
Dues & Subsciptions	2,455	6,615	4,160	62.9 %
Office Supplies & Expense	12,292	19,459	7,167	36.8 %
Telephone	36,699	40,778	4,079	10.0 %
Utilities	54,042	65,015	10,973	16.9 %
Drugs & Supplies	45,891	48,192	2,301	4.8 %
Employee Benefits	0	28,203	28,203	100.0 %
Promotion	25	1,865	1,840	98.7 %
Computer Maintenance	7,182	15,951	8,769	55.0 %
Meetings & Conventions	18	2,756	2,738	99.3 %
Licensed Software	0	554	554	100.0 %
Books & Publications	157	397	240	60.5 %
X-Ray Expense	7,207	8,480	1,273	15.0 %
Outside Services	27,087	37,766	10,679	28.3 %
Outside Coverage	9,041	28,121	19,080	67.8 %
Marketing	6,753	43,984	37,231	84.6 %
Travel	140	1,972	1,832	92.9 %

STATEMENT OF REVENUE & EXPENSES-INCOME TAX BASIS

	12 Months Ended July 31, 2012	*12 Months Ended July 31, 2011*	*Variance Fav/<Unf>*	*% Var*
Postage	8,018	10,184	2,166	21.3 %
Equipment Leasing	413,668	408,659	(5,009)	-1.2 %
Health Insurance	70,256	93,222	22,966	24.6 %
Sales Tax Expense	6,418	6,065	(353)	-5.8 %
Defined BP Contribution	17,886	28,962	11,076	38.2 %
P/S Contribution	26,923	31,448	4,525	14.4 %
TOTAL OPERATING EXPENSES	2,084,600	2,481,348	396,748	16.0 %
****** ERNGS FROM OPERATIONS	480,920	326,565	154,355	47.3 %
****** EARNINGS BEFORE TAXES	480,920	326,565	154,355	47.3 %
****** NET EARNINGS (LOSS)	480,920	326,565	154,355	47.3 %

Attachment 4: Revised Financial Attachments I and II

Middlesex Hospital

12. C (i). Please provide one year of actual results and three years of projections of **Total Facility** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Total Facility:	FY 11	FY 12	FY 12	FY 12	FY 13	FY 13	FY 13	FY 14	FY 14	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Description	Results	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
NET PATIENT REVENUE																
Non-Government	$187,081,758	$192,989,299		$192,989,299	$195,884,138	$2,020,905	$197,905,043	$200,170,578	$2,600,673	$202,771,251	$204,970,709	$2,600,673	$207,571,382	$209,842,842.61	$2,600,673	$212,443,516
Medicare	$116,601,012	$120,282,960		$120,282,960	$122,087,204	$357,623	$122,444,827	$124,758,781	$476,830	$125,235,611	127,750,522	$476,830	$128,227,352	130,787,139	$476,830	$131,263,969
Medicaid and Other Medical	$32,430,440	$33,454,506		$33,454,506	$33,956,324	$7,829	$33,964,153	$34,699,374	$104,309	$34,803,683	35,531,472	$104,309	$35,635,781	36,376,052	$104,309	$36,480,361
Other Govt.				$0			$0			$0			$0			$0
Total Net Patient Revenue	$336,113,210	$346,726,765	$0	$346,726,765	$351,927,666	$2,386,356	$354,314,023	$359,628,733	$3,181,812	$362,810,545	$368,252,703	$3,181,812	$371,434,515	$377,006,033	$3,181,812	$380,187,845
Other Operating Revenue	$9,543,630	$11,468,410		$11,468,410	$8,928,462	$0	$8,928,462	$8,578,316		$8,578,316	$8,835,666		$8,835,666	$9,100,736		$9,100,736
Revenue from Operations	$345,656,840	$358,195,175	$0	$358,195,175	$360,856,129	$2,386,356	$363,242,485	$368,207,049	$3,181,812	$371,388,861	$377,088,369	$3,181,812	$380,270,181	$386,106,769	$3,181,812	$389,288,581
OPERATING																
Salaries and Fringe Benefits	$198,095,489	$197,587,603		$197,587,603	$203,515,231	$637,263	$204,152,494	$210,277,069	$870,926	$211,147,995	$217,482,435	$892,699	$218,375,134	$224,926,388	$915,016	$225,841,404
Professional / Contracted Services	$29,240,342	$32,510,797		$32,510,797	$33,323,567	$0	$33,323,567	$34,156,656	$0	$34,156,656	$35,010,573	$0	$35,010,573	$35,885,837	$0	$35,885,837
Supplies and Drugs	$33,144,537	$34,297,207		$34,297,207	$35,455,855	$36,144	$35,491,999	$36,575,418	$49,156	$36,624,574	$37,306,926	$50,139	$37,357,065	$38,053,065	$51,142	$38,104,207
Bad Debts	$13,570,742	$11,270,701		$11,270,701	$11,439,762	$23,627	$11,463,389	$11,635,340	$31,506	$11,666,846	$11,841,848	$31,506	$11,873,354	$12,051,455	$31,506	$12,082,961
Other Operating Expense	$29,485,401	$32,057,554		$32,057,554	$33,019,281	$902,314	$33,921,595	$34,939,242	$642,112	$35,581,355	$36,648,795	$668,087	$37,316,882	$38,436,389	$695,178	$39,131,567
Subtotal	$303,536,511	$307,723,862	$0	$307,723,862	$316,753,695	$1,599,348	$318,353,043	$327,583,725	$1,593,700	$329,177,425	$338,290,577	$1,642,431	$339,933,008	$349,353,133	$1,692,842	$351,045,975
Depreciation/Amortization	$21,736,910	$21,695,542		$21,695,542	$24,000,000	$204,000	$24,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000
Interest Expense	$3,242,228	$3,106,798		$3,106,798	$3,137,866	$0	$3,137,866	$3,169,245	$0	$3,169,245	$3,200,937	$0	$3,200,937	$3,232,946	$0	$3,232,946
Lease Expense				$0		$626,081	$626,081		$859,818	$859,818		$885,613	$885,613		$912,181	$912,181
Total Operating Expense	$328,515,649	$332,526,202	$0	$332,526,202	$343,891,561	$2,429,430	$346,320,990	$356,752,970	$2,657,518	$359,410,488	$367,491,514	$2,732,044	$370,223,558	$378,586,079	$2,809,023	$381,395,102
Gain/(Loss) from Operations	$17,141,191	$25,668,973	$0	$25,668,973	$16,964,568	($43,073)	$16,921,495	$11,454,079	$524,294	$11,978,373	$9,596,854	$449,768	$10,046,622	$7,520,689	$372,789	$7,893,478
Plus: Non-Operating Revenue	$5,495,123	$3,814,931		$3,814,931	$3,929,379		$3,929,379	$4,047,260		$4,047,260	$4,168,678		$4,168,678	$4,293,738		$4,293,738
Revenue Over/(Under) Expense	$22,636,314	$29,483,904	$0	$29,483,904	$20,893,947	($43,073)	$20,850,874	$15,501,340	$524,294	$16,025,634	$13,765,533	$449,768	$14,215,301	$11,814,428	$372,789	$12,187,217
FTEs	2,057.00	2,080.00		2,080.00	2,141.00	8.03	2,149.03	2,141.00	10.70	2,151.70	2,141.00	10.70	2,151.70	2,141.00	10.70	2,151.70
*Volume																
PET	494	509		509	500	-	500	505		505	510		510	515		515
Diagnostic	94,617	93,369		93,369	93,262	6,676	99,938	94,195	8,901	103,096	95,137	8,901	104,038	96,088	8,901	104,989
CT Scan	29,269	28,027		28,027	27,796	764	28,560	28,074	1,019	29,093	28,354	1,019	29,373	28,638	1,019	29,657
MRI	10,583	10,916		10,916	12,666	600	13,266	12,793	800	13,593	12,921	800	13,721	13,050	800	13,850
Ultrasound	22,372	25,098		25,098	24,118	1,976	26,094	24,359	2,634	26,993	24,603	2,634	27,237	24,849	2,634	27,483
Breakeven Vol.						**10,196**			**11,154**			**11,466**			**11,789**	

12.C(ii). Please provide three years of projections of incremental revenue, expense and volume statistics **attributable to the proposal** in the following reporting format:

Type of Service Description	Radiology									
Type of Unit Description:	Imaging									
# of Months in Operation	9									
FY2013	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental		Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Incremental Expenses:	**$2,429,430**									
Total Facility by Payer Category:										
Medicare		$1,003	2,854	$2,862,494	$2,188,377			$357,623	$692,388	($334,765)
Medicaid		$1,003	341	$341,491	$261,070			$7,829	$82,601	($74,772)
CHAMPUS/TriCare		$1,003	0	$0	$0			$0	$0	$0
Total Governmental			3,195	$3,203,985	$2,449,446	$0	$0	$365,452	$774,988	($409,536)
Commericial Insurers		$1,003	6,821	$6,839,855	$4,795,323		$23,627	$2,020,905	$1,654,442	$366,463
Uninsured		$1,003	0	$0				$0	$0	$0
Total NonGovernment		$1,003	6,821	$6,839,855	$4,795,323	$0	$23,627	$2,020,905	$1,654,442	$366,463
Total All Payers		$1,003	10,016	$10,043,840	$7,244,769	$0	$23,627	$2,386,357	$2,429,430	($43,073)

Type of Service Description	Radiology									
Type of Unit Description:	Imaging									
# of Months in Operation	12									
FY2014	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental		Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Incremental Expenses:	**$2,657,518**									
Total Facility by Payer Category:										
Medicare		$1,053	3,806	$ 4,007,492	$3,530,662			$476,830	$757,393	($280,563)
Medicaid		$1,053	454	$ 478,087	$373,778			$104,309	$90,356	$13,953
CHAMPUS/TriCare		$1,053	0	$ -	$0			$0	$0	$0
Total Governmental			4,260	$4,485,579	$3,904,440	$0	$0	$581,139	$847,748	($266,609)
Commericial Insurers		$1,053	9,094	$ 9,575,796	$6,943,617		$31,506	$2,600,673	$1,809,770	$790,903
Uninsured		$1,053	0	$ -				$0	$0	$0
Total NonGovernment		$1,053	9,094	$ 9,575,796	$6,943,617	$0	$31,506	$2,600,673	$1,809,770	$790,903
Total All Payers		$1,053	13,354	$ 14,061,375	$10,848,057	$0	$31,506	$3,181,812	$2,657,518	$524,294

Type of Service Description	Radiology									
Type of Unit Description:	Imaging									
# of Months in Operation	12									
FY2015	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental		Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Incremental Expenses:	**$2,732,044**									
Total Facility by Payer Category:										
Medicare		$1,106	3,806	$ 4,007,492	$3,530,662			$476,830	$757,393	($280,563)
Medicaid		$1,106	454	$ 478,087	$373,778			$104,309	$90,356	$13,953
CHAMPUS/TriCare		$1,106	0	$ -	$0			$0	$0	$0
Total Governmental			4,260	$4,485,579	$3,904,440	$0	$0	$581,139	$847,748	($266,609)
Commericial Insurers		$1,106	9,094	$ 9,575,796	$6,943,617		$31,506	$2,600,673	$1,809,770	$790,903
Uninsured		$1,106	0	$ -				$0	$0	$0
Total NonGovernment		$1,106	9,094	$ 9,575,796	$6,943,617	$0	$31,506	$2,600,673	$1,809,770	$790,903
Total All Payers		$1,106	13,354	$ 14,061,375	$10,848,057	$0	$31,506	$3,181,812	$2,657,518	$524,294

Type of Service Description	Radiology									
Type of Unit Description:	Imaging									
# of Months in Operation	12									
FY2016	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental		Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Incremental Expenses:	**$2,809,023**									
Total Facility by Payer Category:										
Medicare		$1,161	3,806	$ 4,007,492	$3,530,662			$476,830	$757,393	($280,563)
Medicaid		$1,161	454	$ 478,087	$373,778			$104,309	$90,356	$13,953
CHAMPUS/TriCare		$1,161	0	$ -	$0			$0	$0	$0
Total Governmental			4,260	$4,485,579	$3,904,440	$0	$0	$581,139	$847,748	($266,609)
Commericial Insurers		$1,161	9,094	$ 9,575,796	$6,943,617		$31,506	$2,600,673	$1,809,770	$790,903
Uninsured		$1,161	0	$ -				$0	$0	$0
Total NonGovernment		$1,161	9,094	$ 9,575,796	$6,943,617	$0	$31,506	$2,600,673	$1,809,770	$790,903
Total All Payers		$1,161	13,354	$ 14,061,375	$10,848,057	$0	$31,506	$3,181,812	$2,657,518	$524,294

Attachment 5: Revised Financial Attachment I for NO CT & NO MRI

Middlesex Hospital Financial Attachment I - CTScan

12. C (i). Please provide one year of actual results and three years of projections of **Total Facility** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Total Facility:	FY 11	FY 12	FY 12	FY 12	FY 13	FY 13	FY 13	FY 14	FY 14	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Description	Results	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
NET PATIENT																
Non-Government	$187,081,758	$192,989,299		$192,989,299	$195,884,138	$1,779,093	$197,663,231	$200,008,678	$2,334,712	$202,343,390	$204,622,408	$2,334,712	$206,957,120	$209,305,343.55	$2,334,712	$211,640,056
Medicare	$116,601,012	$120,282,960		$120,282,960	$122,087,204	$316,914	$122,404,118	$124,657,874	$422,552	$125,080,426	127,533,438	$422,552	$127,955,990	130,452,136	$422,552	$130,874,688
Medicaid and Other Medical Assistance	$32,430,440	$33,454,506		$33,454,506	$33,956,324	$3,776	$33,960,100	$34,671,309	$98,905	$34,770,214	35,471,094	$98,905	$35,569,999	36,282,877	$98,905	$36,381,782
Other Government				$0			$0			$0			$0			$0
Total Net Patient Patient Revenue	$336,113,210	$346,726,765	$0	$346,726,765	$351,927,666	$2,099,783	$354,027,449	$359,337,861	$2,856,169	$362,194,030	$367,626,940	$2,856,169	$370,483,109	$376,040,356	$2,856,169	$378,896,525
Other Operating Revenue	$9,543,630	$11,468,410		$11,468,410	$8,928,462	$0	$8,928,462	$8,578,316	$0	$8,578,316	$8,835,666	$0	$8,835,666	$9,100,736	$0	$9,100,736
Revenue from Operations	$345,656,840	$358,195,175	$0	$358,195,175	$360,856,129	$2,099,783	$362,955,912	$367,916,177	$2,856,169	$370,772,346	$376,462,606	$2,856,169	$379,318,775	$385,141,092	$2,856,169	$387,997,261
OPERATING																
Salaries and Fringe Benefits	$198,095,489	$197,587,603		$197,587,603	$203,515,231	$588,831	$204,104,062	$210,227,184	$806,477	$211,033,661	$217,364,671	$826,639	$218,191,311	$224,737,050	$847,305	$225,584,355
Professional / Contracted	$29,240,342	$32,510,797		$32,510,797	$33,323,567	$0	$33,323,567	$34,156,656	$0	$34,156,656	$35,010,573	$0	$35,010,573	$35,885,837	$0	$35,885,837
Supplies and Drugs	$33,144,537	$34,297,207		$34,297,207	$35,455,855	$33,386	$35,489,241	$36,575,418	$45,518	$36,620,936	$37,306,926	$46,429	$37,353,355	$38,053,065	$47,357	$38,100,422
Bad Debts	$13,570,742	$11,270,701		$11,270,701	$11,439,762	$20,998	$11,460,760	$11,632,671	$28,279	$11,660,950	$11,835,864	$28,279	$11,864,143	$12,042,105	$28,279	$12,070,384
Other Operating Expense	$29,485,401	$32,057,554		$32,057,554	$33,019,281	$865,181	$33,884,461	$34,900,995	$594,596	$35,495,591	$36,560,459	$639,548	$37,200,007	$38,316,007	$643,735	$38,959,742
Subtotal	$303,536,511	$307,723,862	$0	$307,723,862	$316,753,695	$1,508,396	$318,262,091	$327,492,924	$1,474,871	$328,967,795	$338,078,493	$1,540,895	$339,619,388	$349,034,064	$1,566,676	$350,600,740
Depreciation/Amortization	$21,736,910	$21,695,542		$21,695,542	$24,000,000	$204,000	$24,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000
Interest Expense	$3,242,228	$3,106,798		$3,106,798	$3,137,866	$0	$3,137,866	$3,169,245	$0	$3,169,245	$3,200,937	$0	$3,200,937	$3,232,946	$0	$3,232,946
Lease Expense				$0		$578,499	$578,499		$796,191	$796,191		$820,078	$820,078		$844,680	$844,680
Total Operating Expense	$328,515,649	$332,526,202	$0	$332,526,202	$343,891,561	$2,290,895	$346,182,456	$356,662,169	$2,475,062	$359,137,231	$367,279,430	$2,564,972	$369,844,403	$378,267,010	$2,615,356	$380,882,366
Gain/(Loss) from Operations	$17,141,191	$25,668,973	$0	$25,668,973	$16,964,568	($191,112)	$16,773,456	$11,254,008	$381,107	$11,635,115	$9,183,176	$291,197	$9,474,372	$6,874,081	$240,813	$7,114,895
Plus: Non-Operating Revenue	$5,495,123	$3,814,931		$3,814,931	$3,929,379		$3,929,379	$4,047,260		$4,047,260	$4,168,678		$4,168,678	$4,293,738		$4,293,738
Revenue Over/(Under) Expense	$22,636,314	$29,483,904	$0	$29,483,904	$20,893,947	($191,112)	$20,702,835	$15,301,268	$381,107	$15,682,375	$13,351,854	$291,197	$13,643,050	$11,167,820	$240,813	$11,408,633
FTEs	2,057.00	2,080.00		2,080.00	2,141.00	7.42	2,148.42	2,141.00	9.91	2,150.91	2,141.00	9.91	2,150.91	2,141.00	9.91	2,150.91
***Volume Statistics:**																
PET	494	509		509	500	-	500	505		505	510		510	515		515
Diagnostic Rad.	94,617	93,369		93,369	93,262	6,676	99,938	94,195	8,901	103,096	95,137	8,901	104,038	96,088	8,901	104,989
CT Scan	29,269	28,027		28,027	27,796	0	27,796	28,074	0	28,074	28,355	0	28,355	28,638	0	28,638
MRI	10,583	10,916		10,916	12,666	600	13,266	12,793	800	13,593	12,921	800	13,721	13,050	800	13,850
Ultrasound	22,372	25,098		25,098	24,118	1,976	26,094	24,359	2,634	26,993	24,603	2,634	27,237	24,849	2,634	27,483
Breakeven Volume						10,093			10,689			11,077			11,295	

Middlesex Hospital - Financial Attachment I - MRI

12. C (i). Please provide one year of actual results and three years of projections of **Total Facility** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Total Facility:	FY 11	FY 12	FY 12	FY 12	FY 13	FY 13	FY 13	FY 14	FY 14	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Description	Results	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
NET PATIENT																
Non-Government	$187,081,758	$192,989,299		$192,989,299	$195,884,138	$1,578,538	$197,462,676	$199,879,615	$2,108,690	$201,988,305	$204,342,706	$2,108,690	$206,451,396	$208,872,742	$2,108,690	$210,981,432
Medicare	$116,601,012	$120,282,960		$120,282,960	$122,087,204	$288,150	$122,375,354	$124,577,434	$384,200	$124,961,634	127,359,110	$384,200	$127,743,310	130,182,512	$384,200	$130,566,712
Medicaid and Other Medical	$32,430,440	$33,454,506		$33,454,506	$33,956,324	$4,646	$33,960,970	$34,648,936	$100,065	$34,749,001	35,422,608	$100,065	$35,522,673	36,207,886	$100,065	$36,307,951
Other Government				$0			$0			$0			$0			$0
Total Net Patient Patient Revenue	$336,113,210	$346,726,765	$0	$346,726,765	$351,927,666	$1,871,334	$353,799,000	$359,105,985	$2,592,955	$361,698,940	$367,124,424	$2,592,955	$369,717,379	$375,263,140	$2,592,955	$377,856,095
Other Operating Revenue	$9,543,630	$11,468,410		$11,468,410	$8,928,462	$0	$8,928,462	$8,578,316	$0	$8,578,316	$8,835,666	$0	$8,835,666	$9,100,736	$0	$9,100,736
Revenue from Operations	$345,656,840	$358,195,175	$0	$358,195,175	$360,856,129	$1,871,334	$362,727,463	$367,684,301	$2,592,955	$370,277,256	$375,960,090	$2,592,955	$378,553,045	$384,363,876	$2,592,955	$386,956,831
OPERATING EXPENSES																
Salaries and Fringe Benefits	$198,095,489	$197,587,603		$197,587,603	$203,515,231	$599,027	$204,114,258	$210,237,686	$796,897	$211,034,583	$217,365,621	$816,820	$218,182,440	$224,727,914	$837,240	$225,565,153
Professional / Contracted	$29,240,342	$32,510,797		$32,510,797	$33,323,567	$0	$33,323,567	$34,156,656	$0	$34,156,656	$35,010,573	$0	$35,010,573	$35,885,837	$0	$35,885,837
Supplies and Drugs	$33,144,537	$34,297,207		$34,297,207	$35,455,855	$33,975	$35,489,830	$36,575,418	$44,978	$36,620,396	$37,306,926	$45,877	$37,352,804	$38,053,065	$46,795	$38,099,860
Bad Debts	$13,570,742	$11,270,701		$11,270,701	$11,439,762	$16,528	$11,456,290	$11,630,164	$25,673	$11,655,837	$11,830,674	$25,673	$11,856,347	$12,034,193	$25,673	$12,059,866
Other Operating Expense	$29,485,401	$32,057,554		$32,057,554	$33,019,281	$872,206	$33,891,487	$34,908,231	$591,711	$35,499,942	$36,564,940	$615,199	$37,180,140	$38,295,544	$640,066	$38,935,609
Subtotal	$303,536,511	$307,723,862	$0	$307,723,862	$316,753,695	$1,523,737	$318,277,431	$327,508,155	$1,459,259	$328,967,414	$338,078,735	$1,503,569	$339,582,304	$348,996,552	$1,549,773	$350,546,325
Depreciation/Amortization	$21,736,910	$21,695,542		$21,695,542	$24,000,000	$204,000	$24,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000	$26,000,000	$204,000	$26,204,000
Interest Expense	$3,242,228	$3,106,798		$3,106,798	$3,137,866	$0	$3,137,866	$3,169,245	$0	$3,169,245	$3,200,937	$0	$3,200,937	$3,232,946	$0	$3,232,946
Lease Expense				$0		$588,516	$588,516		$786,733	$786,733		$810,336	$810,336		$834,646	$834,646
Total Operating Expense	$328,515,649	$332,526,202	$0	$332,526,202	$343,891,561	$2,316,253	$346,207,814	$356,677,400	$2,449,992	$359,127,392	$367,279,672	$2,517,905	$369,797,577	$378,229,498	$2,588,419	$380,817,917
Gain/(Loss) from Operations	$17,141,191	$25,668,973	$0	$25,668,973	$16,964,568	($444,919)	$16,519,649	$11,006,901	$142,963	$11,149,864	$8,680,418	$75,050	$8,755,468	$6,134,377	$4,536	$6,138,914
Plus: Non-Operating Revenue	$5,495,123	$3,814,931		$3,814,931	$3,929,379		$3,929,379	$4,047,260		$4,047,260	$4,168,678		$4,168,678	$4,293,738		$4,293,738
Revenue	$22,636,314	$29,483,904	$0	$29,483,904	$20,893,947	($444,919)	$20,449,028	$15,054,162	$142,963	$15,197,124	$12,849,096	$75,050	$12,924,147	$10,428,116	$4,536	$10,432,652
FTEs	2,057.00	2,080.00		2,080.00	2,141.00	7.54	2,148.54	2,141.00	9.79	2,150.79	2,141.00	9.79	2,150.79	2,141.00	9.79	2,150.79
*Volume Statistics:																
PET	494	509		509	500	-	500	505		505	510		510	515		515
Diagnostic	94,617	93,369		93,369	93,262	6,676	99,938	94,195	8,901	103,096	95,137	8,901	104,038	96,088	8,901	104,989
CT Scan	29,269	28,027		28,027	27,796	764	28,560	28,074	1,019	29,093	28,355	1,019	29,374	28,638	1,019	29,657
MRI	10,583	10,916		10,916	12,666	0	12,666	12,793	0	12,793	12,921	0	12,921	13,050	0	13,050
Ultrasound	22,372	25,098		25,098	24,118	1,976	26,094	24,359	2,634	26,993	24,603	2,634	27,237	24,849	2,634	27,483
Breakeven Volume						11,654			11,862			12,191			12,532	

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

January 22, 2013

FACSIMILE TRANSMISSION ONLY

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457

RE: Certificate of Need Application; Docket Number: 12-31795-CON
Proposal to Acquire a CT Scanner and a MRI Scanner by Middlesex Hospital from Radiologic Associates of Middletown, P.C. ("RAM") at its Outpatient Imaging Facility Located in Guilford
Notification Deeming the CON Application Complete

Dear Mr. Evert:

Pursuant to Section 19a-639a(d) of the Connecticut General Statutes, the Office of Health Care Access ("OHCA") has determined that the above-referenced application has been deemed complete as of January 22, 2013.

If you have any questions regarding this matter, please feel free to contact me at (860) 418-7069.

Sincerely,

Jack A. Huber

Jack A. Huber
OHCA Health Care Analyst

****
*** TX REPORT ***
****

TRANSMISSION OK

TX/RX NO	3255
RECIPIENT ADDRESS	98603465485
DESTINATION ID	
ST. TIME	01/22 14:19
TIME USE	00'23
PAGES SENT	2
RESULT	OK

STATE OF CONNECTICUT
DEPARTMENT OF HEALTH SERVICES
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: (860) 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: JACK HUBER

DATE: 1/22/2013 **Time:** ~ 1:15 p.m.

NUMBER OF PAGES: 2
(including transmittal sheet)

Comments: Transmitted:
Letter Deeming CON Application Complete
Proposal of Middlesex Hospital to Acquire a CT Scanner and MRI Scanner Located in Guilford from Radiologic Associates of Middletown, PC.
Docket Number: 12-31795-CON

PLEASE PHONE Jack A. Huber at (860) 418-7069

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Jewel Mullen, M.D., M.P.H., M.P.A.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

TO: Kevin Hansted, Hearing Officer

FROM: Jewel Mullen, M.D., M.P.H., M.P.A., Commissioner

DATE: February 1, 2013

RE: Certificate of Need Application; Docket Number: 12-31795-CON
Middlesex Hospital
Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla Strength MRI Scanner by Middlesex Hospital

---

I hereby designate you to sit as a hearing officer in the above-captioned matter to rule on all motions and recommend findings of fact and conclusions of law upon completion of the hearing.

Connecticut Department of Public Health

Phone: (860) 509-8000 • Fax: (860) 509-7184 • VP: (860) 899-1611
410 Capitol Avenue, P.O. Box 34038
Hartford, Connecticut 06134-0308
www.ct.gov/dph

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

February 7, 2013

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457

RE: Certificate of Need Application, Docket Number 12-31795-CON
Middlesex Hospital
Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital

Dear Mr. Evert:

With the receipt of the completed Certificate of Need ("CON") application information submitted by Middlesex Hospital ("Applicant") on January 22, 2013, the Office of Health Care Access ("OHCA") has initiated its review of the CON application identified above.

Pursuant to General Statutes § 19a-639a (f), OHCA may hold a hearing with respect to any Certificate of Need application.

This hearing notice is being issued pursuant to General Statutes § 19a-639a (f)

Applicant:	Middlesex Hospital
Docket Number:	12-31795-CON
Proposal:	Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital with a capital expenditure of $1,428,000

Notice is hereby given of a public hearing to be held in this matter to commence on:

Date: February 27, 2013

Time: 10:00 a.m.

Place: Department of Public Health, Office of Health Care Access
410 Capitol Avenue, Third Floor Hearing Room
Hartford, CT 06134

The Applicant is designated as party in this proceeding. Enclosed for your information is a copy of each hearing notice for the public hearing that will be published in *The New Haven Register and The Hartford Courant* pursuant to General Statutes § 19a-639a (f).

Sincerely,

Kimberly R. Martone
Director of Operations

Enclosure

cc: Henry Salton, Esq., Office of the Attorney General
Marianne Horn, Department of Public Health
Kevin Hansted, Department of Public Health
Wendy Furniss, Department of Public Health
Marielle Daniels, Connecticut Hospital Association

KRM: JAH:lmg

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

February 7, 2013 Requisition # 41107

The New Haven Register
40 Sargent Street
New Haven, CT 06531-0715

Gentlemen/Ladies:

Please make an insertion of the attached copy, in a single column space, set solid under legal notices, in the issue of your newspaper by no later than **Saturday, February 9, 2013.** Please provide the following **within 30 days** of publication:

- Proof of publication (copy of legal ad. acceptable) showing published date along with the invoice.

If there are any questions regarding this legal notice, please contact Kaila Riggott at (860) 418-7001.

KINDLY RENDER BILL IN DUPLICATE ATTACHED TO THE TEAR SHEET.

Sincerely,

Kimberly R. Martone
Director of Operations

Attachment

cc: Danielle Pare, DPH
Marielle Daniels, Connecticut Hospital Association

KRM:JAH:lmg

The New Haven Register **February 7, 2013**
Notice of Public Hearing, Docket Number 12-31795-CON

PLEASE INSERT THE FOLLOWING:

Office of Health Care Access Public Hearing

Statute Reference:	19a-638
Applicant:	Middlesex Hospital
Town:	Middletown
Docket Number:	12-31795-CON
Proposal:	Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital with a capital expenditure of $1,428,000
Date:	February 27, 2013
Time:	10:00 a.m.
Place:	Department of Public Health, Office of Health Care Access 410 Capitol Avenue, Third Floor Hearing Room Hartford, CT 06134

Any person who wishes to request status in the above listed public hearing may file a written petition no later than February 22, 2013 (5 calendar days before the date of the hearing) pursuant to the Regulations of Connecticut State Agencies §§ 19a-9-26 and 19a-9-27. If the request for status is granted, such person shall be designated as a Party, an Intervenor or an Informal Participant in the above proceeding. Please check OHCA's website at **www.ct.gov/ohca** for more information or call OHCA directly at (860) 418-7001. If you require aid or accommodation to participate fully and fairly in this hearing, please phone (860) 418-7001.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

February 7, 2013 Requisition # 41107

The Hartford Courant
285 Broad Street
Hartford, CT 06115

Gentlemen/Ladies:

Please make an insertion of the attached copy, in a single column space, set solid under legal notices, in the issue of your newspaper by no later than **Saturday, February 8, 2013.** Please provide the following **within 30 days** of publication:

- Proof of publication (copy of legal ad. acceptable) showing published date along with the invoice.

If there are any questions regarding this legal notice, please contact Kaila Riggott at (860) 418-7001.

KINDLY RENDER BILL IN DUPLICATE ATTACHED TO THE TEAR SHEET.

Sincerely,

Kimberly R. Martone
Director of Operations

Attachment

cc: Danielle Pare, DPH
Marielle Daniels, Connecticut Hospital Association

KRM:JAH:lmg

The Hartford Courant **February 7, 2013**
Notice of Public Hearing, Docket Number 12-31795-CON

PLEASE INSERT THE FOLLOWING:

Office of Health Care Access Public Hearing

Statute Reference:	19a-638
Applicant:	Middlesex Hospital
Town:	Middletown
Docket Number:	12-31795-CON
Proposal:	Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital with a capital expenditure of $1,428,000
Date:	February 27, 2013
Time:	10:00 a.m.
Place:	Department of Public Health, Office of Health Care Access 410 Capitol Avenue, Third Floor Hearing Room Hartford, CT 06134

Any person who wishes to request status in the above listed public hearing may file a written petition no later than February 22, 2013 (5 calendar days before the date of the hearing) pursuant to the Regulations of Connecticut State Agencies §§ 19a-9-26 and 19a-9-27. If the request for status is granted, such person shall be designated as a Party, an Intervenor or an Informal Participant in the above proceeding. Please check OHCA's website at **www.ct.gov/ohca** for more information or call OHCA directly at (860) 418-7001. If you require aid or accommodation to participate fully and fairly in this hearing, please phone (860) 418-7001.

****
*** TX REPORT ***
****

TRANSMISSION OK

TX/RX NO	3281
RECIPIENT ADDRESS	98603465485
DESTINATION ID	
ST. TIME	02/07 17:20
TIME USE	01'00
PAGES SENT	7
RESULT	OK

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: (860) 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: JACK HUBER

DATE: 2/7/13 **TIME:**

NUMBER OF PAGES: 5
(including transmittal sheet

Comments: DN: 12-31795-CON Public Hearing Notice

PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.

Greer, Leslie

From: ADS <ADS@graystoneadv.com>
Sent: Thursday, February 07, 2013 3:21 PM
To: Greer, Leslie
Subject: Re: Hearing Notice DN: 12-31795-CON

Good day!

Thanks so much for your ad submission.
We will be in touch shortly and look forward to serving you.

If you have any questions or concerns, please don't hesitate to contact us at the number below.

We sincerely appreciate your business.

PLEASE NOTE: New Department of Labor guidelines allow web base advertising when hiring foreign nationals. To provide required documentation Graystone will retrieve & archive verification for the 1st and 30th days of posting for $115.00/web site. If required, notify Graystone when ad placement is approved.

Thank you,
Graystone Group Advertising

2710 North Avenue
Bridgeport, CT 06604
Phone: 800-544-0005
Fax: 203-549-0061

E-mail new ad requests to: ads@graystoneadv.com
http://www.graystoneadv.com/

From: <Greer>, Leslie <Leslie.Greer@ct.gov>
Date: Thursday, February 7, 2013 3:07 PM
To: ads <ads@graystoneadv.com>
Subject: Hearing Notice DN: 12-31795-CON

Please run the attached public hearing notice In The Hartford Courant and The New Haven Register by 2/9/13. For billing, refer to requisition 41107. In addition, please submit to me a "proof of publication" when available.

Thanks,

Leslie M. Greer
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134
Phone: (860) 418-7013
Fax: (860) 418-7053
Website: www.ct.gov/ohca

Greer, Leslie

From: Laurie <Laurie@graystoneadv.com>
Sent: Friday, February 08, 2013 10:43 AM
To: Greer, Leslie
Subject: FW: Hearing Notice DN: 12-31795-CON
Attachments: 12-31795np Courant.doc; 12-31795np NH Register.doc

Your legal notice is all set to run as follows:

Hartford Courant, 2/9 issue - $233.92
New Haven Register, 2/9 issue - $486.20

Thanks,
Laurie Miller

Graystone Group Advertising
2710 North Ave., Ste 200, Bridgeport, CT 06604
Ph: 203-549-0060, ext 319, Fax: 203-549-0061,Toll free: 800-544-0005
email: laurie@graystoneadv.com
www.graystoneadv.com

From: <Greer>, Leslie <Leslie.Greer@ct.gov>
Date: Thursday, February 7, 2013 3:07 PM
To: ads <ads@graystoneadv.com>
Subject: Hearing Notice DN: 12-31795-CON

Please run the attached public hearing notice In The Hartford Courant and The New Haven Register by 2/9/13. For billing, refer to requisition 41107. In addition, please submit to me a “proof of publication” when available.

Thanks,

Leslie M. Greer
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134
Phone: (860) 418-7013
Fax: (860) 418-7053
Website: www.ct.gov/ohca

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

February 15, 2013

VIA FAX ONLY

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457

RE: Certificate of Need Application; Docket Number: 12-31795-CON
Proposal to Acquire a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital
Request for Prefile Testimony

Dear Mr. Evert:

The Office of Health Care Access ("OHCA") will hold a public hearing on Thursday, February 27, 2013, at 10:00 a.m. at the Department of Public Health, Office of Health Care Access, Third Floor Hearing Room, 410 Capitol Avenue, Hartford, regarding the Certificate of Need ("CON") application identified above. Pursuant to the Regulations of Connecticut State Agencies § 19a-9-29 (e), any party or other participant is required to prefile in written form all substantive, technical, or expert testimony that it proposes to offer at the hearing. The Applicant's prefile testimony must be submitted to OHCA no later than **2:30 pm, on Friday, February 22, 2013.**

All persons providing prefile testimony must be present at the public hearing to adopt their written testimony under oath and must be available for cross-examination for the entire duration of the hearing. If you are unable to meet the specified time for filing the prefile testimony you must request a time extension in writing, detailing the reasons for not being able to meet the specified deadline.

Additionally, please find OHCA's attachment outlining the suggested discussion points to prepare for the hearing.

If you have any questions concerning this letter, please feel free to contact Jack Huber at (860) 418-7069.

Sincerely,

Kevin T. Hansted, Esq.
Hearing Officer

Issues

Certificate of Need Application, Docket Number: 12-31795-CON

Middlesex Hospital
Proposal to Acquire a 16-Slice CT Scanner and
a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital

Please be fully prepared to discuss the topics as described below:

1. Clear public need including but not limited to service area demographics and historical and current utilization.

2. How the competition with any established CT or MRI imaging program in or nearby the service area is in the best interest of the community.

****
*** TX REPORT ***
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STATE OF CONNECTICUT
DEPARTMENT OF HEALTH SERVICES
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: (860) 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: JACK HUBER

DATE: 2/15/2013 **Time:** ~ 1:20 pm

NUMBER OF PAGES: 3
(including transmittal sheet)

Comments: Transmitted:
Letter Requesting Prefile Testimony
Middlesex Hospital's Proposal to Acquire a 16-Slice CT Scanner and 1.5 tesla-Strength MRI Scanner
Docket Number: 12-31795-CON

PLEASE PHONE Jack A. Huber at (860) 418-7069
IF THERE ARE ANY TRANSMISSION PROBLEMS.

****
*** TX REPORT ***
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DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: PAUL KNAG

FAX: 860-240-5711

AGENCY: MURTHA CULLINA

FROM: JACK HUBER

DATE: 2/15/2013 **Time:** ~2:00 pm

NUMBER OF PAGES: 3
(including transmittal sheet)

Comments:	Transmitted: Letter Requesting Prefile Testimony Middlesex Hospital's Proposal to Acquire a 16-Slice CT Scanner and 1.5 tesla-Strength MRI Scanner Docket Number: 12-31795-CON

PLEASE PHONE Jack A. Huber at (860) 418-7069
IF THERE ARE ANY TRANSMISSION PROBLEMS.

MIDDLESEX
HOSPITAL

ADMINISTRATION

February 22, 2013

Ms. Kimberly Martone
Director of Operations
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134

Re: Prefile Testimony for Certificate of Need Application; Docket Number: 12-31795-CON, Proposal to Transfer Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C., which includes a CT Scanner and MRI Scanner Located at RAM's Outpatient Imaging Facility in Guilford to Middlesex Hospital.

Dear Ms. Martone:

In response to the letter from OHCA dated February 15, 2013, I am pleased to provide Middlesex Hospital's prefile testimony for the Thursday, February 27, 2013 10:00 a.m. public hearing. Prefile testimony is provided for:

- Vincent G. Capece, Jr. - President and Chief Executive Officer of Middlesex Hospital
- Harry Evert – Senior Vice President of Strategic Planning and Operations, Middlesex Hospital
- Dr. Michael Crain – President, Radiologic Associates of Middletown & Chairman of the Department of Radiology, Middlesex Hospital

All persons providing prefile testimony will be present at the public hearing to adopt their written testimony under oath.

Very truly yours,

Harry Evert
Senior Vice President, Strategic Planning and Operations

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485

State of Connecticut

Department of Public Health

Office for Health Care Access

RE: Docket Number: 12-21795-CON
Transfer of ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

Prefile Testimony of Vincent G. Capece, Jr.
President and Chief Executive Officer, Middlesex Hospital

I. Introduction

Good Morning Hearing Officer Hansted and members of the Office of Health Care Access staff, my name is Vincent Capece. Thank you for the opportunity to discuss Middlesex Hospital's application for a Certificate of Need to acquire certain assets, including a 16 slice CT and 1.5 Tesla MRI, from Radiologic Associates of Middletown, P.C.

I appreciate you taking the time to let us speak about why this proposal is important to us. I have been the President and Chief Executive Officer of the Middlesex Health System since 2010. Prior to becoming the President, I served Middlesex Hospital in various executive positions since 1998. I have worked in the field of health care administration for over 25 years.

Prefile testimony in support of this Certificate of Need will be provided today by me and:

- Harry Evert – Senior Vice President of Strategic Planning and Operations
- Dr. Michael Crain – President, Radiologic Associates of Middletown & Chairman of the Department of Radiology, Middlesex Hospital

II. Key points in support of the CoN application

Our responses to the questions in the Certificate of Need application were carefully considered and thoughtfully answered. I will take this opportunity to state why the acquisition is important to Middlesex Hospital.

- The proposed acquisition will enable Middlesex to integrate these valuable community-based clinical assets into the Middlesex Health System's network of service sites to continue meeting the needs of area communities into the future. As the delivery of health care has been changing nationwide, hospitals have been challenged to improve the efficiency and coordination of care. To be successful in this effort, hospitals must improve their connectivity to physicians practicing within the community.

- This proposal does not add new imaging capacity to the State; rather it allows Middlesex to bring an existing practice into our network of outpatient services spread throughout our service area.

- Strategically this acquisition is important to us as well. Our Hospital continues to see increasing numbers of under and un-insured patients; additionally we are facing significant reimbursement cuts from the State and Federal Governments that are forcing us to look for

ways to not only protect our market share but also to increase it within our service area in order to grow revenue to help mitigate funding cuts.

- Converting Guilford Radiology ("RAM") into a Middlesex Hospital outpatient department would allow patients to have a choice of what Health System they'd like to receive their care. This would introduce healthy competition into the market and allow patients to look for best pricing when choosing a radiology center.

- Middlesex Hospital has a demonstrated track record of delivering high quality health care. Some examples of this include the fact that we have been rated as a Top 100 Hospital ® by Thomson Reuters, designated as one of the safest Hospitals in America, achieved Magnet designation for patient care excellence, received a "Most Wired" award for the advanced clinical use of information technology and were recently designated by Health Grades a top performing hospital in the country. The American College of Radiology has accredited the Hospital for its breast imaging, MRI and CT services.

- Our high level of quality and safety would be brought to the Guilford Radiology practice as well as the offering of new clinical services such as the low-dose CT scan for lung cancer screening. The access to our high quality interdisciplinary teams would allow patients to have further assessment and treatment in an outpatient setting in the shoreline community.

III. Conclusion

My colleagues will provide further detail on this proposed acquisition. Our Certificate of Need application and responses to completeness questions demonstrate a clear public need and benefits of this proposed acquisition. This acquisition will create efficiencies through coordinated care and a reduction in the duplication of services as well as ensure the long-term survival of Guilford Radiology's services in a community-based setting.

Thank you for listening to this testimony and we urge you to approve this application.

State of Connecticut

Department of Public Health

Office for Health Care Access

RE: Docket Number: 12-21795-CON
Transfer of ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

Prefile Testimony of Harry Evert
Senior Vice President, Strategic Planning and Operations, Middlesex Hospital

I. Introduction

Good morning Hearing Officer Hansted and members of the Office of Health Care Access staff, my name is Harry Evert. Thank you for the opportunity to discuss Middlesex Hospital's application for a Certificate of Need to acquire certain assets, including a 16 slice CT and 1.5 Tesla MRI, from Radiologic Associates of Middletown, P.C.

I appreciate you taking the time to let us speak about why this proposal is important to us. I'll start by giving you a brief history on myself; Harry Evert, Senior Vice President, Strategic Planning and Operations. I joined the Hospital in 1980 as Radiology Administrator and was Vice President from 1984 until 2011, prior to my promotion to Senior Vice President.

II. Key points in support of the CoN application

- The acquisition of these assets will allow Middlesex to integrate these existing and valuable community-based clinical services into the Middlesex Health System's network of service sites to continue meeting the needs of area communities into the future. This will result in better access to results because of Middlesex's IT capacity, will result in better care coordination and the expansion of existing Middlesex MRI and CT initiatives to this location.

  It will also result in alignment of incentives for the radiology group, and provide for better access by the uninsured and underinsured.

- The facility is located within the Middlesex service area. Middlesex believes it is in the best interests of the patients in our community for Middlesex to ensure continued access at the current location. Integrating the outpatient diagnostic radiology services into the existing Middlesex Health System's network of community-based resources will ensure not only the continuation of service access, it will help to ensure effective and efficient care coordination for these patients' care within the Middlesex Health System. We believe that the integration of Guilford Radiology and Middlesex will improve patient service, increase efficiencies and also allow greater connectivity between our two services. Existing MRI and CT capacity at Middlesex is fully utilized.

- This proposal does not add new imaging capacity to the State; rather it allows Middlesex to bring an existing practice into our network of outpatient services, which are spread throughout our service area. In fact, over 63% of patients seen in 2012 at Guilford Radiology originated from Middlesex Hospital's service area. This demonstrates the potential for

greater care coordination, reduction of duplication and greater connectivity for patients and physicians throughout the health system. This proposed acquisition is in line with the recently published *Statewide Health Care Facilities and Services Plan* that seeks to "increase accessibility, continuity and quality of healthcare services; prevent unnecessary duplication of health resources; and provide financial stability and cost containment of health care services."[1]

- The proposal will not result in unnecessary duplication of testing and will positively impact the financial strength and future of Middlesex Hospital.

- Incorporating Guilford Radiology into Middlesex's diagnostic imaging locations will allow the surrounding communities greater access to Middlesex Hospital's services. A large number of patients seen at Guilford Radiology are referred by Middlesex Medical Staff members and the majority of patients provided with CT and MRI service there are from Middlesex's service area. As such, the acquisition will allow greater connectivity between Guilford Radiology and Middlesex's interdisciplinary team, IT systems and alignment of incentives for more efficient delivery of care.

- RAM has a long standing collaborative relationship with Middlesex as its exclusive provider of radiology professional services and as a Radiology clinical site for the Hospital's program.

III. Clear Public Need

Middlesex Health System's current CT and MRI scanners exceed the 85% current capacity need analysis as described in the recently released *Statewide Health Care Facilities and Services Plan*. (Application pp. 81-82) Certificate of Need application Docket 13-31815-CON reveals the utilization of the 111 Goose Lane CT scanner to be 9,096 scans. Calculating the percent utilization of current capacity calculation described in the *Statewide Health Care Facilities and Services Plan*, the percent utilization of the two CT scanners in Guilford exceeds the 85% utilization. Additionally, an FOI request made by our attorney revealed that the 111 Goose Lane location's MRI was nearly the 85% utilization in 2010. This demonstrates a clear public need for the continuation of both CT and MRI service at Guilford Radiology.

Additionally, per Docket Number: 12-31766-CON, Bridgeport Hospital intends to purchase the MRI in Guilford operated by Dr. Russo and relocate it to their new cancer center in Bridgeport. This is another indicator of a clear public need for MRI services in the community as those patients formerly referred to Dr. Russo's MRI will be looking for a new outpatient radiology provider.

The imaging services provided at Guilford Radiology have been serving a public need for many years and our proposal will only enhance those services offered to the community. As mentioned in our application, we have a new Total Lung low-dose CT program that has received national recognition. This is something the community of and around Guilford do not currently have available to them other than at our main campus. This proposal will assure that availability in their community.

[1] Statewide Health Care Facilities and Services Plan, page ix

As demonstrated in the CON application (Application pp. 83-86), except for Clinton, the top five primary service towns of the Guilford office do not overlap with our Shoreline Medical Center in Essex. As such, this proposal will allow different communities to have access to Middlesex Hospital outpatient services. In addition, Middlesex Hospital will meet the needs of uninsured or under-insured members of those communities by providing financial assistance, when needed

One of the articles submitted in support of the proposal (Application pp. 73-76) states very well that *"Relatively well outpatients do not want to experience the inconvenience of having to travel long distances to crowded hospital campuses with limited parking and then probably wait beyond their appointment times while emergencies are accommodated. Moreover, while many hospitals have built or expanded dedicated outpatient facilities, these centers are often right next to the hospital and thus are only a partial aspect of what patients want—good service and quality close to home in a convenient setting."* [2] This proposal would fulfill the community and public need as described above by offering access to Middlesex Hospital's high quality services in an outpatient community setting.

IV. Explanation of why competition with any established CT or MRI imaging program in our nearby the service area is in the best interest in the community.

We believe the introduction of another health system for outpatient diagnostic imaging services in the community will encourage healthy competition with increasingly informed consumers of health care looking for the best pricing and highest quality health care services.

Additionally, competition encourages a higher level of innovation. This proposal will bring new services to the Guilford area. An example would be the Total Lung Care low-dose CT screening program at Middlesex Hospital. This program requires an interdisciplinary team of Pulmonologists, Nurse Navigators, Surgeons, Physicists and a Cancer Center; all of which is integral to the Middlesex Health System. Middlesex Hospital's Low Dose CT Screening program was started after a November of 2010 National Cancer Institute release that proved that screening people at high risk for lung cancer can save lives for people at high risk (smokers and ex-smokers who are 50 years old and older and/or have a family history of lung cancer). For example, a patient who has a lung nodule identified on the low dose CT program at Guilford can be referred for a sophisticated CT biopsy at Middlesex. The low dose CT is offered for a low fee ($125) to patients that fit the screening criteria and are referred by a physician. The addition of this program to the Guilford Radiology offerings will be a great community benefit to the shoreline service area. Since inception of this program at Middlesex in June 2012, 55 patients have been screened, 50% of the 55 have findings requiring follow up, 3 of which have been very early stage lung cancer. In November 2012, Middlesex Hospital was given a Leadership Award for developing the low-dose CT program by the National Lung Cancer Program.

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[2] Thrall JH. Changing relationships between radiologists and hospitals. Part I. Background and major issues. Radiology 2007;245 : 633–637

The low-dose CT program for lung cancer screening is one example of how patient care and community based care will be positively impacted by the acquisition of Guilford Radiology and how the introduction of a new service could positively impact the community.

V. Conclusion

In conclusion, we believe we have demonstrated that the acquisition of Guilford Radiology by Middlesex Hospital will be of benefit to the Guilford and surrounding communities and to Middlesex Hospital for the following reasons:

- It is an existing service that will become better connected to the Hospital's Imaging network;
- New and important services will be added that will positively affect the health of the community;
- It will provide access for MRI, once the Guilford MRI service is relocated;
- It will enhance competition.

Thank you for listening to this testimony and we urge you to approve this application.

State of Connecticut
Department of Public Health
Office for Health Care Access

RE: Docket Number: 12-21795-CON
Transfer of ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C. to Middlesex Hospital

Prefile Testimony of Michael Crain, MD
President of Radiologic Associates of Middletown
Dept. of Radiology Chairman, Middlesex Hospital

I. Introduction

Good Morning Hearing Officer Hansted and members of the Office of Health Care Access staff. My name is Dr. Michael Crain and I am President and CEO of Radiologic Associates of Middletown, also known as RAM. In addition, I am the Chairman of the Radiology Department at Middlesex Hospital.

II. Key points in support of the CoN application

RAM has provided Radiology Services to Middlesex Hospital for over 40 years. About 20 years ago, RAM sold their privately owned radiology offices in Middletown & Marlborough to Middlesex Hospital, and they have turned these offices into very important centers for patient care. Guilford Radiology is currently RAM's only private office, started about 30 years ago, providing needed imaging services to the Guilford area. As the community grew, Guilford Radiology grew. As the imaging technology grew, our office continued to grow. At Guilford Radiology, the radiologists at RAM offer top-quality exams in a comfortable setting. We have a standard office-based PACs system to view & store images.

However, in the past few years, our procedure volume has not grown. After a thorough evaluation of this issue, the reason became clear. In our health care system where medical information is rapidly communicated from place to place, the Guilford Radiology PACs system was rather isolated. There is no direct connection to the hospital, where the patient may go to get emergency medical care, or to get a consultation from a specialist. If the patient was transferred to the Emergency Room, the physicians & surgeons couldn't see the images until the patient arrived, and hopefully the CD disc with the images worked properly upon arrival. The specialists didn't want to look at CDs, or have another password to log into our Guilford PACs system. I realized that the solution to this problem was to merge Guilford Radiology with the hospital.

Guilford Radiology is here to stay. We are a viable Imaging Center, providing important patient care in the community. The RAM radiologists are dedicated to remain at Guilford Radiology. However, a direct association with Middlesex Hospital would be in the best interest of our patients and referring physicians, and Guilford Radiology would continue to maintain the excellent quality of service that it has been known for during the past 30 years. This association would provide improved patient care. Many of the RAM radiologists are now specialized in certain areas—Neuro-Radiology, Musculo-Skeletal Imaging, Abdominal Imaging, Breast

Imaging, Interventional Radiology to name a few. The radiologist working at Guilford Radiology currently doesn't have direct access to these specialized radiologists for consultation. If Guilford Radiology merged with the hospital, these kinds of specialty interpretations & consultation would be utilized on a daily basis.

Middlesex Hospital ownership will enhance our community-based Imaging Center by bringing management and quality expertise such as meeting Joint Commission standards to the outpatient Radiology practice in Guilford. Middlesex Hospital's designation as the "Most Wired" Hospital will provide needed connectivity for emergency care and treatment by specialists. Middlesex Hospital is also participating in the Connecticut Hospital Association's "High Reliability" safety program which will be incorporated into Guilford Radiology. These are a few examples of how Middlesex Hospital can enhance an already safe and quality driven outpatient radiology practice.

III. Clinical Benefits

Patients who have imaging studies at Guilford Radiology will be able to take advantage of the entire Middlesex Hospital and Middlesex Health System array of services, including consultation by many specialists.

- Guilford Radiology imaging procedures would be integrated into Middlesex Hospital's electronic medical record and RIS/PACS systems to provide easy access to results and images, to community based physicians and specialists.
- All of the imaging exams previously done at Guilford Radiology would be downloaded onto the Middlesex RIS/PACs system, and would be available to referring physicians 24 hours a day, every day, which will decrease the need to repeat exams and improve patient care.
- A patient who is diagnosed with a calcification on a mammogram and has a high risk factor for cancer based on family history can be integrated into Middlesex Hospital's high risk assessment program; be biopsied in an American College of Radiology Breast Imaging Center of Excellence, and treated by an American College of Surgeons Commission on Cancer accredited NAPBC Breast Center (National Accreditation Program for Breast Centers).
- By being aligned with Middlesex Hospital, patients having a low dose CT lung screening, cannot only be diagnosed with early stage asymptomatic lung cancer, but can be assigned to a Middlesex Hospital lung cancer navigator and a multi-disciplinary medical team to offer treatment as well as support for a cure.
- A Guilford Radiology patient with a new diagnosis of a brain tumor could have immediate consultation with a NeuroRadiologist & Neurosurgeon.
- A patient identified with a torn medial meniscus in the knee on MRI can see a Middlesex Hospital Orthopedic Surgeon, have their images available within the medical record not only for the office visit, but also during any surgical procedure and have physical therapy by a Middlesex Hospital therapist.
- A Guilford Radiology patient with a new spinal compression fracture can have the MRI images reviewed by the orthopedic surgeon to determine if a kyphoplasty can be performed.
- Hospital ownership will also ensure community based radiology services are available for poor, uninsured, or underinsured individuals.

IV. Conclusion

In conclusion, the integration of Guilford Radiology with Middlesex Hospital will allow for improved continuity of patient care, improved patient outcomes, and improved quality of care for the patients in Guilford and surrounding communities.

The acquisition of Guilford Radiology by Middlesex Hospital will be of benefit for the following reasons:

- It is an existing service that will be enhanced by being connected to the Hospital's electronic medical record and imaging network;
- Patients will have access to consultation among many specialists, positively affecting the health of the community;
- Bring Middlesex expertise in quality, management and safety to a community based outpatient practice.

Thank you for listening to this testimony and I urge you to approve this application.

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PUBLIC NOTICES

Connecticut

Invitation to Bid

Project Title: RENOVATIONS and ADDITIONS to J.M. WRIGHT TECHNICAL HIGH SCHOOL 120 BRIDGE STREET, STAMFORD, CT

Project Number: State Project No. BI-RT-842

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[illegible]

PUBLIC NOTICE
Office of Health Care Access Public Hearing

[illegible]

PUBLIC NOTICE
Office of Health Care Access Public Hearing

Statute Reference: 19a-638
Applicant: Middlesex Hospital
Town: Middletown
Docket Number: 12-31795-CON
Proposal: Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner by Middlesex Hospital with a capital expenditure of $1,428,000
Date: February 27, 2013
Time: 10:00 a.m.
Place: Department of Public Health, Office of Health Care Access 410 Capitol Avenue, Third Floor Hearing Room Hartford, CT 06134

Any person who wishes to request status in the above listed public hearing may file a written petition no later than February 22, 2013 (5 calendar days before the date of the hearing) pursuant to the Regulations of Connecticut State Agencies §§ 19a-9-26 and 19a-9-27. If the request for status is granted, such person shall be designated as a Party, an Intervenor or an Informal Participant in the above proceeding. Please check OHCA's website at www.ct.gov/ohca for more information or call OHCA directly at (860) 418-7001. If you require aid oraccommodation to participate fully and fairly in this hearing, please phone(860) 418-7001.
2532834

REQUEST FOR PROPOSAL
Flooring and Wall Covering Services 2013-02

The Milford Redevelopment & Housing Partnership (MRHP) is soliciting proposals Flooring and Wall Covering Services. Work includes but not limited to replacement, repair and removal of various flooring surfaces as well as wall tiles by licensed, qualified and experienced contractors. This procurement and contract are subject to all applicable federal, state and local laws/regulations. The Request for Proposal (RFP) will be available beginning February 15, 2013 at the MRHP office, located at 75 DeMaio Drive, Milford, CT or by sending an email request to MDempsey@mrhp.org. All questions pertaining to this request must be directed to: Armand Giorgio at (203) 877-3223 Ext. 21 or by email AGiorgio@mrhp.org. **A pre-bid meeting will be on Tuesday, February 19, 2013 at 1:00 p.m. meeting at the Main Office, 75 DeMaio Drive, Milford, CT.** The closing date for responses will be March 7, 2013 at 2:00 p.m. Interested parties must send responses to the RFP in a sealed envelope with six (6) complete sets (one original clearly marked or stamped "original", and five (5) copies) marked 'Response to RFP for Flooring and Wall Covering Services, Attention: Anthony J. Vasilou, Executive Director, Milford Redevelopment & Housing Partnership, PO Box 291, 75 DeMaio Drive, Milford, CT 06460-0291. No faxed copies will be accepted.
Participation by Minority and/or Woman Owned firms is encouraged. The MRHP is an Equal Employment Opportunity Employer & Housing Provider.

EQUAL HOUSING OPPORTUNITY

2532899

REQUEST FOR PROPOSAL
On Call Electrical Services 2013-01

The Milford Redevelopment & Housing Partnership (MRHP) is soliciting proposals for On Call Electrical Services. Work includes but not limited to on-call high and/or low voltage electrical services by licensed, qualified and experienced contractors. This procurement and contract are subject to all applicable federal, state and local laws\regulations. The Request for Proposal (RFP) will be available beginning February 15, 2013 at the MRHP office, located at 75 DeMaio Drive, Milford, CT or by sending an email request to MDempsey@mrhp.org. All questions pertaining to this request must be directed to: Armand Giorgio at (203) 877-3223 Ext. 21 or by email AGiorgio@mrhp.org. **A pre-bid meeting will be on Tuesday, February 19, 2013 at 9:00 a.m. meeting at the Main Office, 75 DeMaio Drive, Milford, CT.** The closing date for responses will be March 7, 2013 at 2:00 p.m. Interested parties must send responses to the RFP in a sealed envelope with six (6) complete sets (one original clearly marked or stamped "original", and five (5) copies) marked 'Response to RFP for On Call Electrical Services', Attention: Anthony J. Vasilou, Executive Director, Milford Redevelopment & Housing Partnership, PO Box 291, 75 DeMaio Drive, Milford, CT 06460-0291. No faxed copies will be accepted.
Participation by Minority and/or Woman Owned firms is encouraged. The MRHP is an Equal Employment Opportunity Employer & Housing Provider.

EQUAL HOUSING OPPORTUNITY

2532898

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Medium-49

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YESTERDAY'S ANSWER
EASY-49

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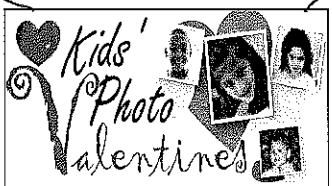

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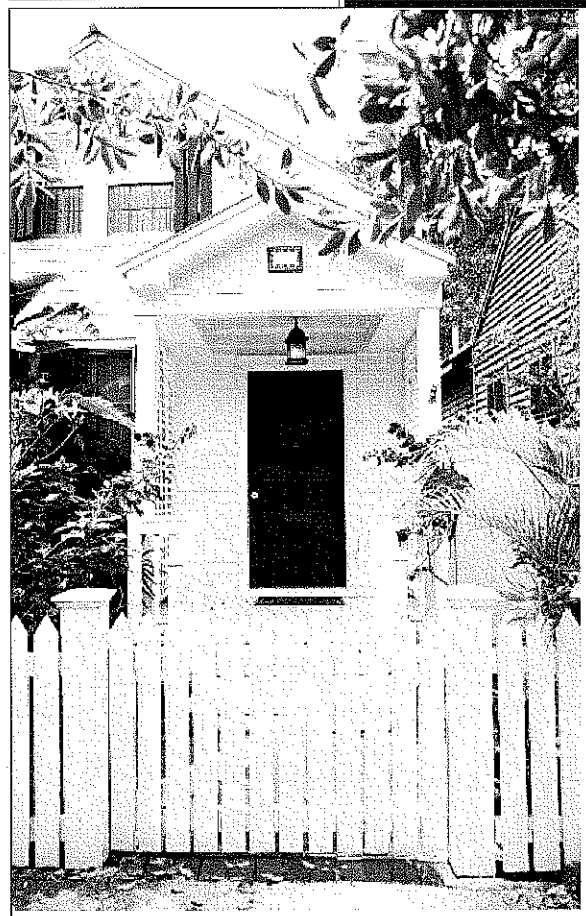

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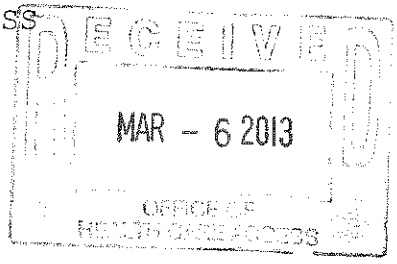
OFFICE OF HEALTH CARE ACCESS



MIDDLESEX HOSPITAL

ACQUISITION OF A 16-SLICE CT SCANNER
AND A 1.5 TESLA-STRENGTH MRI SCANNER

DOCKET NO. 12-31795-CON

FEBRUARY 27, 2013

10:00 A.M.

410 CAPITOL AVENUE
HARTFORD, CONNECTICUT

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: ACQ. OF 16-SLICE CT SCANNER & 1.5 TESLA-STRENGTH MRI
FEBRUARY 27, 2013

. . .Verbatim proceedings of a hearing before the State of Connecticut, Department of Public Health, Office of Health Care Access, in the matter of Acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner, held at the Department of Public Health, 410 Capitol Avenue, Hartford, Connecticut, on February 27, 2013 at 10:00 a.m. . . .

HEARING OFFICER KEVIN HANSTED: If you're a doctor, feel free to leave it on for emergency purposes.

This public hearing before the Office of Health Care Access, identified by Docket No. 12-31795-CON, is being held on February 27, 2013 to consider Middlesex Hospital's application for the acquisition of a 16-slice CT scanner and a 1.5 Tesla-Strength MRI scanner.

This public hearing is being held pursuant to Connecticut General Statutes, Section 19a-639a, and will be conducted as a contested case, in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, the Uniform Administrative Procedure Act.

My name is Kevin Hansted, and I've been

designated by Commissioner Jewel Mullen of the Department of Public Health to serve as the Hearing Officer in this matter.

The staff members assigned to assist me in this case are Kaila Riggott to my left and Jack Huber to my right. The hearing is being recorded by Post Reporting Services.

Following the hearing, I will issue a proposed final decision, in accordance with Connecticut General Statutes, Section 4-179.

In making its decision, OHCA will consider and make written findings concerning the principles and guidelines set forth in Section 19a-639 of the Connecticut General Statutes.

The Applicant, Middlesex Hospital, has been designated as a party in this proceeding.

At this time, I will ask staff to read into the record those documents already appearing in OHCA's Table of the Record in this case. All documents have been identified in the Table of the Record for reference purposes. Mr. Huber?

MR. JACK HUBER: Thank you. Jack Huber, OHCA Analyst. Prior to today's hearing, a copy of the proposed Table of the Record was conveyed to the

Applicant. The Table of the Record identifies Exhibits A through H. If you and the Applicant have no objection, in the interest of time, I would like to suggest that we forego the formal reading of each individual exhibit into the record and offer the said Table of the Record in its entirety for inclusion into this proceeding.

MR. PAUL KNAG: We have no objection.

MR. HUBER: Thank you.

HEARING OFFICER HANSTED: At this time, I would like all the individuals, who are going to testify on behalf of the Applicant, to stand, raise your right hand, and be sworn in.

(Whereupon, the parties were sworn.)

HEARING OFFICER HANSTED: To all those individuals, who just took the oath, please state your full name the first time you speak and adopt any written testimony you have submitted on the record.

For all those individuals testifying on behalf of the Applicant, please make sure you've signed in on the sign-up sheet provided for you today. At this time, Middlesex Hospital may proceed.

MR. KNAG: Thank you. I'm Paul Knag, attorney for Middlesex Hospital, and our first speaker will be our President and Chief Executive Officer, Mr.

Vincent Capece.

CHAIRMAN HANSTED: Thank you.

MR. VINCENT CAPECE: Good morning, Hearing Officer Hansted and members of the OHCA staff. My name is Vincent Capece, and I'm the CEO of Middlesex Hospital, and I adopt my pre-filed testimony that was submitted.

CHAIRMAN HANSTED: Thank you.

MR. CAPECE: We are here this morning to -- thank you for the opportunity to be here this morning to discuss our application for the Certificate of Need to acquire certain radiological assets.

We believe that the proposed acquisition that has been outlined in our application supports that this acquisition will enable Middlesex Hospital to integrate these valuable community assets into Middlesex Health System's network of service sites to continue to meet the needs of our community.

My colleagues here today, Harry Evert, who is our Senior Vice-President of Strategic Planning and Operations, and Dr. Michael Crain are here to assist in presenting testimony that we believe will further support the application that we've submitted.

We believe that this proposal does not add any new imaging capacity to the state, but will allow

Middlesex to continue to serve the patients that are currently being served, Middlesex Health System patients that are currently being served by these assets currently in our health system.

That's pretty much all I have to say. I will turn it over now to my colleague, Mr. Harry Evert.

MR. HARRY EVERT: Good morning.

CHAIRMAN HANSTED: Good morning.

MR. EVERT: My name is Harry Evert. I'm the Senior Vice-President for Strategy and Operations, and, again, I have submitted pre-filed testimony that was accepted into the record.

CHAIRMAN HANSTED: Would you adopt that, please?

MR. EVERT: Would I what?

CHAIRMAN HANSTED: Just adopt that. Just say you adopt it.

MR. EVERT: I adopt it.

CHAIRMAN HANSTED: Thank you.

MR. EVERT: Sorry.

CHAIRMAN HANSTED: That's okay.

MR. EVERT: As Vinnie said, we believe that this acquisition is in the best interest of our community, our patients, our physicians and the hospital,

and I'm going to just give a couple of bullet points, as to why we believe that, just summarizing what's in the pre-filed testimony.

First of all, the facility is located in the Middlesex service area, and, if you look at the patient origin information, about two-thirds of the patients that have received services at Guilford Radiology reside in our primary service area, so it's consistent with the service area for Middlesex Hospital, and this we believe will insure continued access at the current location.

Secondly, the acquisition provides an enhanced access for the patients going to Guilford Radiology of various Middlesex Health System management resources and initiatives, and I'll give you a couple of examples.

First, and Dr. Crain is going to go into this a little bit further, is our low-dose CT initiative, which is an initiative to identify early stage lung cancer with low-dose CT scanning that we have implemented at the hospital and will allow us to implement for those patients at Guilford, that use Guilford Radiology.

Secondly, we have a very robust patient satisfaction and high-reliability initiatives going on

that we can bring to this site. We have a very strong quality control system that we will bring to the site, and we will be able to extend the physicist coverage at the site, so those are some examples of some of the management resources and initiatives that we intend to implement.

Next, we believe that there will be a reduction in duplication of testing by doing this, making this acquisition, and, again, Dr. Crain is going to talk a little bit more about this, but, basically, when patients are sent to specialists, because the Guilford Radiology right now is not integrated into our PAC system, which is an image archiving system, the referring physicians do not -- cannot go online and see the images, so, many times, they will image the patient again.

When we acquire this, we will extend our PAC system to Guilford Radiology, which will allow the referring physicians to just see the image online and not have to do a duplicate image.

We believe that this proposal does not add capacity to the state, because Guilford Radiology is already a full service imaging center that's already filling a public need in the community.

And, then, finally, if you look at the

statewide facility's plan, our scanners are essentially at full capacity, or the 85 percent requirement. If you look at, and we've seen information from CON testimony, that the other, one of the other MRI sites in Guilford, the Goose Lane site, is at or above capacity, and that the other MRI imaging site of Dr. Russo's is right now undergoing a CON to move that facility to Bridgeport.

We believe that we are at capacity and that this is consistent with the statewide facility's plan. That concludes my testimony, and I will turn it over to Dr. Crain.

CHAIRMAN HANSTED: Thank you. Dr. Crain?

DR. MICHAEL CRAIN: Good morning. My name is Dr. Michael Crain. I've given the pre-filed testimony, and I would like to adopt that.

CHAIRMAN HANSTED: Thank you.

DR. CRAIN: I'd like to give you some of my thoughts about this application. I'm the President of Radiologic Associates of Middletown, it's called RAM, and, also, the Chairman of the Radiology Department at Middlesex Hospital.

I've been in that position since 2010. My whole career has been in Middlesex, working to improve the health care in our community. My career began in

1988, when I started the MRI service at Middlesex Hospital.

The radiologists at RAM started Guilford Radiology about 30 years ago in a small little house across the street from the high school, just offering x-ray and mammography.

Over the years, it's grown to be a full-service state-of-the-art imaging center, with x-ray, bone density, ultrasound, mammography, CT ultrasound and MRI.

We're very proud of our office and our service to the community. Our referring physicians and patients appreciate us. Guilford Radiology is a busy imaging center, yet we always provide the excellent care to our patients and immediate consultation to our referring physicians.

Prior to my leadership, the President of RAM and the Chairman of the Radiology Department were two different radiologists. Holding both positions, I see the high standards that Middlesex Hospital imposes upon itself, especially with the safety and quality initiatives.

As Chairman, I'm taught these principles and help educate my department. I see the Middlesex Hospital Information Technology Department working to

integrate the Radiology Department imaging with the referring health care providers, as well as integrating our Radiology Department at Middlesex with other Radiology Departments, for instance, at Yale, and transmitting images over the internet.

I see Dr. Wagner, the Vice-President of Quality and Patient Safety, pushing Middlesex Hospital to be a high reliability organization.

At the same time, as President of RAM, I directly supervise Guilford Radiology, and I find myself struggling to keep Guilford Radiology up to these high standards.

The proposal to integrate Middlesex Hospital system with Guilford Radiology will improve patient care. These improvements include, and I'll just give you some examples, as Harry had suggested, the integration of the hospital PAC system to the Guilford Radiology system will allow those patient exams be available 24 hours a day, seven days a week. Right now, they're not.

On the weekends or in the evenings, there's very little access to that PAC system. The hospital right now transmits images over the internet from Middlesex Hospital to Yale for patient care. At

Guilford Radiology, we cannot do that.

The direct consultation with specialists, an orthopedic surgeon for a broken bone, or emergency room physicians is somewhat limited at Guilford Radiology. This would open it up, and all the specialists could see the images that were obtained at Guilford Radiology.

And, then, very important is the specialty interpretation that we have at Middlesex Hospital, where we have -- my radiologists, some of them are neuro-radiologists, some of them are musculoskeletal radiologists, some are breast radiologists, and we can have those people read these specialty cases from Guilford. Right now, we can't do that. There's only one radiologist there, with little communication with, you know, the outside facilities.

The improved quality, for instance, Harry had mentioned the lung cancer screening program, that really needs a multi-disciplinary group of people. I can't do that at Guilford Radiology. We need to have pulmonologists and surgeons all helping to make decisions on these lung cancer screening exams.

It's not just a single interpretation by the radiologist, so that, too, you know, it would be nice

to open up Guilford Radiology and that area to the lung cancer screening program.

Their assistance to protect patients at Middlesex Hospital. For instance, if we find a little pulmonary nodule. Right now, many of them can get lost, because the doctors don't follow-up on them.

We found that we have a folder, and, so, we have a nurse navigator at Middlesex Hospital, who makes sure that those patients get their needed follow-up, and we've saved many people from getting lung cancer by determining that these nodules increase over time. Again, we don't have that facility at Guilford.

There's improved safety at the hospital. We have timeout procedures to be sure that the right procedure is being done in the right place. There's critical results, documentation, very important, we have that at the hospital, and even the read back communication, so that we are sure that the dosages for medications is correct, so that 15 milligrams is not misinterpreted as 50 milligrams.

These kind of safety initiatives at the hospital, you know, I try my best to institute them at Guilford, but it's not as strong as it is under the hospital supervision.

And if I can add just a few more things, you know, there's breast nurse navigators at the hospital to help our breast patients. Right now, they're a little bit isolated. Once we tell them we think you may have breast cancer, at the hospital there's nurse navigators to help support them and help them through the very complicated maze of health care that exists for our breast cancer patients now.

The patients, who come in for mammography, routinely get assessed for what risk are they for having breast cancer? That's routinely done at Middlesex. Again, in Guilford, we don't have that service.

And it will also provide better care for the indigent. At Guilford Radiology, we accept all insurance policies, but it's hard to take care of everybody, who don't have insurance.

And, in fact, at Middlesex Hospital, I was pleased to see that we are now offering -- we have a grant to give free mammograms to indigent people in our community, so I was pleased to see that started at Middlesex, as well.

And, then, also, just the mandatory requirements for tech and staff education at the hospital is very thorough, and, again, we have some of that at

Guilford Radiology, but not to the extent of the hospital association.

So, in summary, your approval for this application will directly improve health care for the people in our community, and thank you for your time and consideration.

CHAIRMAN HANSTED: Thank you, Doctor. At this time, OHCA has some questions.

MR. HUBER: Jack Huber, OHCA panelist. The first area I'd like to address is the scanning utilization at the Guilford imaging facility. If we could turn to Exhibit C, page 89, of the docket?

On this page is a revised Table 2A from the hospital's completeness letter response that was dated December 27, 2012.

The table presents the actual current and projected CT and MRI scanning volumes for the Guilford imaging facility, beginning with fiscal year 2010 and concluding with fiscal year 2016.

Looking, first, at the Guilford facility's computed tomography service, actual volumes attained by the facility have been decreasing from 2010 through 2013, approximately 27 percent decrease between 2010 and 2011, a 20 percent decrease between 2011 and 2012, and a three

percent decrease between 2012 and 2013.

What has caused the facility's decrease in volume in CT scans during this period?

CHAIRMAN HANSTED: You can testify, if you'd like. I'd just need to have you sworn in. If you're qualified to testify, that's fine.

(Whereupon, Laurel Patt was sworn.)

MS. LAUREL PATT: My name is Laurel Patt. I'm the Radiology Director for Middlesex Hospital.

One thing that happened, and a lot of hospitals are showing a decline in CT exams, is because the CPT coding changed. CMS used to count CT of the abdomen and pelvis as two procedures, and, in 2011, I believe, they switched to counting it as one procedure, so that's part of the explanation.

I think, as Dr. Crain was alluding, is some physicians really want to send their patients to facilities where there is extended care, so there has been a decline, I think nationally, in all outpatient imaging centers.

DR. CRAIN: Being the supervising radiologist at Guilford Radiology, I, too, questioned, you know, why, and, in talking to the doctors, talking to the primary care physicians, that when they refer a

patient for, let's say, a CAT scan, that they want to be able to utilize that information, whether it be, let's say, a patient with right lower quadrant pain, and it turns out to be appendicitis, they want to be able to transmit that study to the surgeon, and, right now, it's limited.

If it was integrated, and that's what I think is so important for us all, to be integrated, that the surgeon could look at that image and make a decision whether the patient needs surgery and how quickly, so I think that that has really played a role, both on the primary care ordering the CTs, as well as the specialists, because they want to order a knee, or, let's say, you know, a study, a CAT scan or MRI, and they want to be able to look at it in the OR, and, right now, they can't.

So I think that that interconnectivity is really absolutely the only reason for the decline. They love us, and they would love to refer, you know, but those kind of cases are difficult to refer to us, because we are somewhat isolated.

MR. EVERT: Just a clarification. This picture archiving system, the PAC system, I don't know what your familiarity is, but it is a digital, digitally-

acquired imaging system, that each of the or many of the doctors of Middlesex Hospital have access to in their office, so if a patient gets a CT at Middlesex Hospital, the physicians in their office can just go on their computer, call it up, and they can see the image, and, so, when the patient comes into the office and if the patient is there, they can go through the image with the patient in the room at the time.

Before this, when we were doing this on x-ray film, we would have to make a copy of it, and the patient would have to pick it up, and then they'd have to transmit it over to the physician's office.

This is all done digitally, electronically, with virtually all of the physicians that are at Middlesex Hospital.

What Mike was talking about is, rather than, you know, if he sees a patient that has a positive finding that needs surgery, sends the patient to the surgeon's office, a surgeon can just, you know, go on his computer and see the image there and determine what type of surgery, or, you know, what approach he's going to take.

Right now, with Guilford, they can't do that, because they're not part of our PAC system.

MS. PATT: I'd like to add one more comment.

CHAIRMAN HANSTED: Sure.

MS. PATT: During that time frame, 2010 through 2012, there was a lot of discussion in the press about radiation from CAT scans, and a lot of hospitals, as well as outpatient images, also saw a decline in ordering of CT scans, but it's since come back up.

CHAIRMAN HANSTED: Okay. Jack?

MR. HUBER: In terms of the decreases that the Guilford facility has seen, is there any way to quantify in general terms what the percentage is related to the changes in CPT coding versus just do referrals from area physicians?

MR. EVERT: What they show is, for example, a CT of the abdomen in 2010, 564, dropping to 467 in 2011, dropping to 409 in 2012. I'm not sure what percentage that would be.

CHAIRMAN HANSTED: Just to give you some time, Attorney Knag, why don't you submit that as a late file by March 8th?

MR. KNAG: Okay.

CHAIRMAN HANSTED: Thank you.

MR. KNAG: Will do.

MR. HUBER: Can the hospital or Radiologic Associates of Middletown provide OHCA with the total CT scanning volumes for fiscal years 2007, 2008 and 2009?

CHAIRMAN HANSTED: And, again, you can submit that as a late file, Attorney Knag. It will be Late File No. 2.

MR. EVERT: 2007, 2008 and 2009?

MR. KNAG: Could you just reiterate what that Late File 2 is?

MR. HUBER: Yes. It's the total CT scanning volumes for fiscal years 2007, 2008 and 2009.

MR. EVERT: For both the hospital and Guilford Radiology?

MR. HUBER: This is just Guilford Radiology.

MR. EVERT: Oh, just Guilford.

MR. KNAG: Just CT.

CHAIRMAN HANSTED: Attorney Knag, you can do that for both CT and MRI under Late File No. 2. I'll make that all Late File No. 2.

MR. HUBER: Yes. With respect to the facility's, Guilford facility's projected CT scanning volume between fiscal year 2013 and 2016, the hospital expects that CT volumes will remain flat at 1,000/1,900

CT scans annually.

Please explain why you have projected no growth in the volume of CT scans over that period?

MR. EVERT: I mean I'll start off by saying that we believe that we -- that a certain percentage of that decrease, and you'll get the percentages in the late file, but a certain percentage of that decrease is because of what Laurel talked about, that physicians are interested in sending their patients to part of our system that is interconnected with the PAC system.

So if we weren't going to make this acquisition, we believe that that percentage would continue to decrease from Guilford's volume. By making this acquisition and publicizing it to the physicians, we believe it will stop that decrease, and, you know, with better information, we think that that will, taking a conservative approach, that that will level off at what we projected for the three years.

MR. HUBER: So you don't believe that, in bringing the Guilford facility into, integrating it with the hospital system, that this would help in generating more scans for that particular office?

MR. EVERT: It could. Again, we take a

conservative approach at projecting volume. We believe we can stop the decrease, and, then, again, being conservative, we just kept it flat for the three years, but, yes, there is a potential that we could grow volume, and perhaps, you know, where the volume could come from is those physicians that refer to Yale facility in Guilford.

Again, when they recognize that we're connected, that Guilford and the hospital are connected, for all the reasons that we said we could pull in some additional referrals from there, but, being conservative, we just felt like we would just sort of stem the tide of the decrease.

MR. CAPECE: And that's not the purpose of doing this, is not to try to steal business from other hospitals or other competitors. We believe that this is going to allow us to serve the patients that are already being served by the health system, and we want to continue to provide access to Middlesex health system through this acquisition.

CHAIRMAN HANSTED: Does Middlesex Hospital currently refer to RAM?

MR. EVERT: Well Middlesex Hospital doesn't refer to anybody.

CHAIRMAN HANSTED: Okay, well, the doctors.

MR. EVERT: The doctors of Middlesex Hospital refer to, yes, to RAM, and, as I mentioned in my testimony, two-thirds of -- well that was the patients, but, yes, physicians in the Middlesex system refer to RAM. You can probably talk about that.

DR. CRAIN: Yeah. We have a very loyal referral base. The families in Guilford come to RAM, and they come to RAM knowing that we're Middlesex Hospital radiologists, and they don't have a problem with that, and they also refer to Middlesex Hospital for other services, and there was no problem when it was only disks that people handed out.

Everybody handed out disks of their exams. Now that everything is interconnected, they have no choice, but not to send them to us, because the surgeons and such they don't want disks to look at. They want to look at it on the PAC system, so, as I say, if there's a CAT scan of the abdomen, they will have no choice, but to send it to a local place, where that service is available to be integrated with the OR and the specialists.

I think that there is a desire for it. There are referring physicians, who refer mammograms and

ultrasounds and everything else, to refer those CAT scans and MRIs back to us, because we provide all the rest of their health care, as far as imaging.

I think that it will provide a better service to the community to let us do what we've always been doing.

CHAIRMAN HANSTED: So would there be an increase, if this proposal were to be approved, would you expect an increase in the Middlesex Hospital physicians' referrals to RAM?

MR. EVERT: To RAM, meaning to Guilford?

CHAIRMAN HANSTED: Well to Guilford, yes. I apologize. To Guilford.

MR. EVERT: Yeah. I think that's potentially. We did a study of the physician referrals to Guilford, and, of the top 10 physician refers, five. At least five of them were, so half of them were from Middlesex Hospital, were Middlesex Hospital physicians.

Half of them, then, obviously, were not Middlesex Hospital physicians, and we believe that being connected with Middlesex Hospital might get some of those physicians to refer back to us.

CHAIRMAN HANSTED: Okay. Anything further on that, Jack?

MR. HUBER: We're asking to just open up some general discussion. With decreasing utilization of the CT scanning service and no growth anticipated in that service in the immediate future, why is there a need for the hospital to acquire an existing Guilford facility CT scanner?

MR. EVERT: Well I would say that volume is not what's driving this acquisition. I think patient care and quality is high on the list of what's driving this acquisition.

We believe, as we've said, that there is a significant number of scans that are already being done at this facility, but what we can bring to the facility is a level of integration with a highly-reliable, high-quality, high-patient satisfaction health system, which will, as we've described in our testimony, will improve care, improve patient care.

MR. CAPECE: We also believe that RAM is a private entity, and they're seeking to sell these assets, so if Middlesex Hospital doesn't buy these assets, someone else will, and we want to continue to provide access to our patients, who are currently accessing those community assets right now, to be able to provide continued access to our services in that area.

If these assets were sold to someone else, that would limit the ability of patients, who want to access Middlesex health system, Middlesex Hospital and, therefore, limit our ability to serve those patients.

MR. EVERT: I just want to reiterate that this is different than acquiring a new facility, a new CT or a new MRI. This is already an existing facility. The physicians, who run this, are on our medical staff, and they have an exclusive contract with Middlesex Hospital to provide their services for all of our imaging services.

What we want to do is to integrate that for a higher level of patient care, and we're not doing this to try and get in to raise the number of scans. We want to maintain it. If it goes up, fine, but what we want to do is we want to integrate those patients into the Middlesex system, because we believe that they'll get a better level of patient care.

MR. CAPECE: We also believe that this is consistent with what health care reform is providing incentives for hospitals and doctors to do, is to be more integrated and to provide better care, to improve quality, and we think that, while these assets being owned by RAM historically have allowed RAM to provide

high-quality care historically, we think that these assets being under the ownership of the hospital will allow us to provide an even higher level of care and a higher level of integration than what currently exists, so we can better serve the patients that are already being served in those communities.

DR. CRAIN: If I can just give you an example or two, just so you understand, you know, for instance, a woman brought in the seven-year-old daughter for headaches, and we did a CAT scan, and there was a brain tumor.

It would have been nice if we had immediate access to our neuro-radiologist to interpret that and to give that definitive statement that the tumor is benign. Your daughter is going to be okay.

Instead, it took taking the disk and taking it to the neuro-surgeon and just a delay in getting that definitive diagnosis.

This integrated services is really the future of medicine, you know, and to be able to communicate is so important.

There was a fellow, who went to Yale with a disk, and the disk didn't work. They had to re-scan him. I mean it's not -- particularly in our situation,

where we're so integrated with Middlesex already, that this just makes sense to be able to communicate with everybody else and not to be isolated, as we are now.

The technology that they have to communicate is very expensive. I would love to have the PAC system that they have. We can't afford it. We do have a little PAC system, but it's very expensive to have what they have.

It's not expensive for them to just integrate with us, though.

CHAIRMAN HANSTED: Okay. Thank you, Doctor.

DR. CRAIN: I'm not sure whether this is clear. I think it's clear that, you know, Guilford Radiology is there, you know, for many, many years to come. We have a great practice. We all love it. The radiologists love it.

We built it, and it's a great place to have patients come and get their care, so, you know, the radiologists want to stay there very much so.

CHAIRMAN HANSTED: Thank you.

MR. HUBER: I just have a general question. In your pre-filed testimony, Dr. Crain, you gave some of the chronology of RAM with the hospital, and

you indicate that I guess the Guilford office has been in existence for about 30 years, and, about 20 years ago, RAM sold its privately-owned radiology offices in Middleton from Marlborough to the hospital. Is there a reason why that didn't take place with the Guilford facility at the time?

DR. CRAIN: To be honest, Guilford was our premier office and still is. It's a premier office. Many of the radiologists live in Guilford. It's almost like a, you know, it's a family-owned Guilford radiology, so it really wasn't up for sale to anybody.

Until I sort of suggested, with all my ideas about in the past few years about integrating, you know, our patients, you know, with the health care system, it is when we started to talk about, you know, doing this project and coming to this point.

MR. EVERT: I would say, in a nutshell, a lot has changed in 20 years, so the time is right to sell it.

MR. HUBER: And I just want to ask this question, just so that we're totally clear. At Middlesex Hospital's other outpatient imaging facilities, it's the RAM radiologists that do the readings at those locations?

MR. EVERT: That's correct.

DR. CRAIN: We have 11 full-time partners that service all the facilities at the hospital, and, then, our only private site is Guilford.

MR. HUBER: Thank you. I have, basically, some of the same questions with respect to MRI as you had for the CT scanning service.

If you refer back to Table 2A on page 89 in the docket, the actual MRI volumes obtained by the facility have also been from 2010 to 2013. A 12 percent reduction in 2010 to 2011, another 12 percent reduction in 2011 to 2012, and a three percent reduction 2012 to 2013.

You've explained to us why area physicians may be referring to your -- a few of their patients to Guilford. Were there any other factors? Were there coding changes?

MS. PATT: No coding, but the one thing that did happen was Yale built their facility, their outpatient facility in Guilford.

MR. HUBER: And do you happen to know when they introduced CT and MRI scanning at their shoreline clinic?

MR. EVERT: No.

MR. HUBER: And when did you see the

reduction in the volume of MRI scans at the Guilford facility? I guess what we're asking for will be presented in the late file with respect to the earlier years that weren't identified. So that was the principal factor, then?

MS. PATT: I believe so.

DR. CRAIN: Well I think it was that they now had a place, where they could send it to, and that the transmission of the images could be obtained to the specialists.

It's interesting. It's less of a drop there than CT. It seems that MR dropped less than CT, and I wonder if that's partly due to the fact that many, many people go for CAT scans as more of an emergent need. It's an emergent need, so that they may need to transfer them out, whether it's a chest CT scan for a pulmonary embolism, you know, that chest pain doesn't come to Guilford radiology anymore, because they can't transmit the images anywhere, whereas this would allow, you know, the family, who gets their care at Guilford radiology, doc says, well, you might have chest pain, you might have a pulmonary embolism, I can't send you to Guilford radiology, because I can't transmit those images anywhere, so I think that we've lost a lot of CT, because

of that, and I think that the patients would rather stay with the health care provider that they have.

MR. EVERT: So most of the reduction was in lower extremities and head and neck. Is there any other -- would you be doing other scans, instead of that? This is your volume. This is MR of the lower extremity. Would they have been doing something else, instead of MR? Is there a change in patterns?

MS. PATT: No. Orthopedic preference.

MR. KNAG: So, in each case, the CT and MRI, the fact that they didn't have the PAC system and then the interconnectivity, they didn't have the access to specialists to look at the PAC system, those are key factors of the change, is that right?

DR. CRAIN: Oh, yeah. Absolutely.

MR. HUBER: Thank you.

COURT REPORTER: One moment, please.

CHAIRMAN HANSTED: Okay, we don't have any further questions. Attorney Knag, did you want to give a closing statement?

MR. KNAG: Yes. So I think we've articulated pretty clearly that the purpose of this transaction that we're proposing would benefit the patients of Middlesex Hospital and most other patients

that are being served by the RAM site.

The RAM site is there. It's been there for many years. It's not going to go away, but the goal is to improve the patient care, improve the quality, to improve the access to the images by the specialists, and the doctor has, you know, detailed that I thought in spades.

There's a reason that Middlesex Hospital is, you know, one of the top 100 hospitals according to Reuters and one of the two safest hospitals in Connecticut and is a magnet hospital and is a top-rated hospital under Healthgrades.

What does all that mean? What it means is what the doctor was talking about today, that they have systems in place now that improve safety, improve quality of care, coordinate care.

A person has breast cancer. I'm terribly sorry, ma'am, you have breast cancer. And she says, well, what do I do now? Well we have this person that is in charge of being the breast cancer navigator. That's the way medicine is going, and that's what the doctor says.

Well we've had this premier office that we've had for many years, but now the time has come,

where we have to become -- we want to access these extra services, these extra benefits that will benefit the patients and will cut the cost of health care, because we're not -- we're coordinating. We're looking for ways to catch the lung cancer before it becomes lung cancer, the nodules, and that's what this agency is in charge of insuring, that the health system will move in a direction that will not only be more cost-effective, which this will be, but also be better for patient care.

To turn this down would be a blow to cost effectiveness, it would be a blow to patient care, and it would also be a blow to competition.

Yale has come in and got a state-of-the-art system in their site in Guilford, but the Middlesex doctors and others are looking for an alternative, and they're entitled to have the same type of state-of-the-art quality services available to them at the Guilford RAM site, so that's what this is all about.

And I would also point out, although the numbers, the volume numbers that are currently in use, currently being experienced at this site, are low in comparison to the capacity of the machine, the fact is that the other sites, as Harry pointed out, the other sites, the Middlesex sites and the Yale sites, are all

heavily utilized, all above the 85 percent that the health care plan uses as the benchmark for full utilization.

To the extent there is any growth in utilization, this would be a site that would have some capacity to grow.

It's not a situation, where there's all sorts of underutilization in the area. To the contrary. With the closing, with the announced closing of the Russo site, the other sites are well-utilized, and, although the hospital took a very conservative approach in projecting its future volume, you know, I certainly believe that when the state-of-the-art IT and other services of Middlesex are available at that site, that the volume will go up, especially as the demand goes up, because the existing sites for the MRIs and CTs in that area are fully utilized.

That's why I had asked Jack, under the Freedom of Information Act, to give us the Yale information, so that we could, you know, confirm that, and, indeed, it was confirmed by the data that we found, and that's included in Harry's pre-filed testimony.

And, of course, we're not adding, we're not proposing to add a machine. It's a machine that's

already there.

For all those reasons, it makes eminent sense to allow the hospital to proceed, and it would be a disservice to the patients and to the system to insist that the status quo must continue, and that RAM must continue, without moving to the 21st Century and the accoutrements that we've described.

CHAIRMAN HANSTED: Okay, thank you, Attorney Knag. Are there any members of the public here today that would like to comment on this proposal? Hearing none, let's just make that a note on the record, that there were no public comments today, and, with that, I will adjourn this meeting. Thank you.

(Whereupon, the meeting adjourned at 10:54 a.m.)

RE: ACQ. OF 16-SLICE CT SCANNER & 1.5 TESLA-STRENGTH MRI
FEBRUARY 27, 2013

AGENDA

CERTIFICATE

I, Paul Landman, a Notary Public in and for the State of Connecticut, and President of Post Reporting Service, Inc., do hereby certify that, to the best of my knowledge, the foregoing record is a correct and verbatim transcription of the audio recording made of the proceeding hereinbefore set forth.

I further certify that neither the audio operator nor I are attorney or counsel for, nor directly related to or employed by any of the parties to the action and/or proceeding in which this action is taken; and further, that neither the audio operator nor I are a relative or employee of any attorney or counsel employed by the parties, thereto, or financially interested in any way in the outcome of this action or proceeding.

In witness whereof I have hereunto set my hand and do so attest to the above, this 5th day of March, 2013.

Paul Landman
President

Post Reporting Service
1-800-262-4102

MIDDLESEX
HOSPITAL

ADMINISTRATION

March 7, 2013

Ms. Kimberly Martone
Director of Operations
State of Connecticut
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134

Re: Late File Submissions for Certificate of Need Application; Docket Number: 12-31795-CON, Proposal to Transfer Ownership of Certain of the Assets of Radiologic Associates of Middletown, P.C., which includes a CT Scanner and MRI Scanner Located at RAM's Outpatient Imaging Facility in Guilford to Middlesex Hospital.

Dear Ms. Martone:

I am pleased to provide you with the late file submissions as requested by OHCA at the February 27, 2013 hearing for our Certificate of Need application; Docket Number: 12-31795-CON.

If you have any questions regarding the late file submissions, please feel free to contact me at (860) 358-6150.

Very truly yours,

Harry Evert
Senior Vice President, Strategic Planning and Operations

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485

Late File request from OHCA: Certificate of Need application, Docket #: 12-31795-CON

1. **OHCA Question: Calculate the percent decrease in volumes for CT and MRI**

	Actual Volume (Last 3 Completed FYs)			CFY Volume
	FY 2010	FY 2011	FY 2012	FY 2013
CT – 1591 Boston Post Rd - RAM	1,797	1,305	1,047	1,019
Percent decrease		27%	19.7%	2.6%
MRI – 1591 Boston Post Rd - RAM	950	938	821	800
Percent decrease		1.3%	12.5%	2.6%

What percentage of the decrease in CT volume was attributable to the Abdomen/Pelvis coding change?

Please note that RAM Guilford Radiology operates on an August 1 – July 31 fiscal year, therefore the coding change which was implemented in January 2011 impacted two fiscal years. In 2011, the decrease in volume attributable to the coding change was approximately 37%. In 2012, the decrease in volume attributable to the coding change was approximately 37%. The combined decrease over the two fiscal years was 59%.

What factors have caused the decrease in MRI volume?

The decrease in MRI (and CT) volumes is thought to be attributed to the following factors.

- Referring physicians stopped sending patients to Guilford Radiology, if it was likely that those patients would require hospitalization, because Guilford Radiology does not have the information technology structure to directly send images to any hospital.
- Referring specialist physicians wanting specialty trained radiologist interpretations of images.
- Lack of access and connectivity to a multi-disciplinary team of care for patients as follow-up, such as the Middlesex Cancer Center Nurse Navigators

- Guilford Radiology saw a decrease in referred volume from the Guilford Shoreline Medical Center once their hours were increased to 24 hours 7 days a week in July 2009.

2. **OHCA Question: Provide Guilford Radiology's volume for 2007, 2008, 2009.**

	Volume		
	FY 2007	**FY 2008**	**FY 2009**
CT – 1591 Boston Post Rd - RAM	2,333	2,001	1,768
MRI – 1591 Boston Post Rd - RAM	1,351	1,185	1,099

3. **Middlesex Hospital's Late File Inclusion: Table 2a Revised volume projections**

	Volume			
	FY 2013*	**FY 2014****	**FY 2015****	**FY 2016****
CT – 1591 Boston Post Rd - RAM	1,019	1,222	1,345	1,479
MRI – 1591 Boston Post Rd - RAM	800	960	1,056	1,162
MRI – 1591 Boston Post Rd – RAM*** – (Middlesex Projected volume + volume from Dr. Russo's MRI if it is transferred to Bridgeport Hospital)	1050 (800+250)	1,460 (960+500)	1,556 (1056+500)	1,663 (1162+500)

Assumptions:

* Assumed start date remains unchanged at January 1, 2013. Therefore FY 2013 projections are also unchanged.

** 20% increase for both CT and MRI the first full operating fiscal year (FY 2014) and 10% increase thereafter related to:

****For MRI: If Dr. Russo's MRI sale to Bridgeport Hospital is approved, that would potentially add 250 scans to annual volume projections in the first year (last 6 months of the fiscal year) and 500 each year

thereafter. The physicians currently referring to Dr. Russo's MRI will want to continue referring to a smaller center.

- A number of Middlesex Health System physicians currently referring somewhere else will now refer to Guilford Radiology because of new connectivity and loyalty.
- Specialty interpretation of exams via the Middlesex Hospital PACs system—Neuroradiology, Musculoskeletal, Breast Imaging, etc.
- Direct & immediate consultation with specialists & emergency physicians.
- Multi-disciplinary care within the Middlesex Health System network will become available to patients at Guilford Radiology.
- Case images can be directly sent to operating room, emergency room and can be visualized by our physician offices through the PACS system.

Conclusion

In conclusion, there is no new capacity being proposed by this CON. What is being proposed is a change in ownership which will increase quality and safety.

However, based on the high utilization at both Yale and Middlesex, it is clear that the MRI and CT at this location are needed to meet current and future demand.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

AGENDA

PUBLIC HEARING

Docket Number: 12-31795-CON

Middlesex Hospital

Acquisiton of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner

February 27, 2013, at 10:00 a.m.

I. **Convening of the Public Hearing**

II. **Applicant's Direct Testimony (10 minutes)**

III. **OHCA's Questions**

IV. **Closing Remarks**

V. **Public Hearing Adjourned**

An Equal Opportunity Provider
(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Fax: (860) 418-7053 Email: OHCA@ct.gov

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

TABLE OF THE RECORD

APPLICANT: **Middlesex Hospital**

DOCKET NUMBER: **12-31795-CON**

PUBLIC HEARING: **February 27, 2013, at 10:00 am**

PLACE: **410 Capitol Avenue, Third Floor Hearing Room**
Hartford, Connecticut

EXHIBIT	DESCRIPTION
A	Letter from Middlesex Hospital ("Applicant") dated October 17, 2012, enclosing the CON application for the acquisition of a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner under Docket Number: 12-31795, received by Office of Health Care Access ("OHCA") on October 18, 2012. (79 pages)
B	OHCA's letter to the Applicant dated November 15, 2012, requesting additional information and/or clarification in the matter of the CON application under Docket Number: 12-31795. (4 pages)
C	Applicant's responses to OHCA's letter of November 15, 2012, dated December 27, 2012, in the matter of the CON application under Docket Number: 12-31795, received by OHCA on December 28, 2012. (68 pages)
D	OHCA's letter to the Applicant dated January 22, 2013, deeming the application complete as of Jaunuary 22, 2013, in the matter of the CON application under Docket Number: 12-31795. (1 page)
E	Designation of hearing officer dated February 1, 2013, in the matter of the CON application under Docket Number: 12-31795. (1 pages)
F	OHCA's request for legal notification in the *New Haven Register* and the *Hartford Courant*, each notification dated February 7, 2013, and OHCA's Notice to the Applicant of the public hearing scheduled for February 27, 2013, in the matter of the CON application under Docket Number: 12-31795, dated February 7, 2013. (6 pages)

G	OHCA's letter to the Applicant dated February 15, 2013, requesting prefile testimony in the matter of the CON application under Docket Number: 12-31795. (2 page)
H	Letter from the Applicant enclosing Prefile Testimony, dated February 22, 2013, in the matter of the CON application under Docket Number: 12-31795 received by OHCA on February 22, 2013. (10 pages)

OHCA HEARINGS - EXHIBIT AND LATE FILE FORM

Applicants: Middlesex Hospital

DN: 12-31795-CON

Hearing Date: February 27, 2013

Time: 10:00 a.m.

Proposal: Acquisiton of a 16-slice CT Scanner and a 1.5 Tesla strength MRI Scanner

OHCA Exhibit #	Description
1	Identify the factors and associated percentage reduction in the number of CT & MRI scans performed between Fiscal Year 2010 through 2012 by Radiologic Associates of Middletown's Guilford imaging facility
2	Provide the total number of CT & MRI Scans performed by Radiologic Associates of Middletown's Guilford imaging facility for Fiscal Years 2007 2008 and 2009.
4	
5	

PUBLIC HEARING
APPLICANT
SIGN UP SHEET

February 27, 2013
10:00 a.m.

Docket Number: 12-31795-CON
Middlesex Hospital
Acquisition of a 16-slice CT Scanner and a 1.5 Tesla Strength MRI Scanner

PRINT NAME	Phone	Fax	Representing Organization
PAUL KNAG	2035616988		Middlesex Hospital
✓ Laurel Pott	860 358 6983		Middlesex Hospital
HARRY EVERT	860 358-6150		Middlesex Hosp
Michael Crain	860-767-1919		Middlesex Hosp
Vin Capece	860-358-6395		"

Hospital for Special Surgery

PRINT NAME	Phone	Fax	Representing Organization
Wheatley Wentzell	860-358-4622		Middlesex Hospital
Shannon St. Hilaire	860-358-6890		Middlesex Hosp.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

March 26, 2012 VIA FACSIMILE ONLY

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457

RE: Certificate of Need Application; Docket Number: 12-31795-CON
Proposal to Acquire a CT Scanner and a MRI Scanner Located in Guilford by Middlesex Hospital
Closure of the Public Hearing

Dear Mr. Evert:

On March 8, 2013, the Office of Health Care Access ("OHCA") received the information requested by OHCA as a late file submission from the public hearing held in this matter on February 27, 2013. With the receipt of the late file submission, the hearing on the above application is hereby closed.

If you have any questions regarding this matter, please feel free to contact Jack A. Huber at (860) 418-7069.

Sincerely,

Kevin Hansted, Esq.
Hearing Officer

KH:jah

****
*** TX REPORT ***
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TRANSMISSION OK

TX/RX NO	3373
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STATE OF CONNECTICUT
DEPARTMENT OF HEALTH SERVICES
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: (860) 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: JACK HUBER

DATE: 3/26/2013 **Time:** 2 9:00 A.M.

NUMBER OF PAGES: 2
(including transmittal sheet)

Comments:	Transmitted: Letter Closing the Public Hearing on Middlesex Hospital's Proposal to Acquire a 16-Slice CT Scanner and 1.5 Tesla-Strength MRI Scanner Docket Number: 12-31795-CON

PLEASE PHONE Jack A. Huber at (860) 418-7069
IF THERE ARE ANY TRANSMISSION PROBLEMS.

****
*** TX REPORT ***
****

TRANSMISSION OK

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RECIPIENT ADDRESS	98603465485
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RESULT	OK

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: 860 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: OHCA

DATE: 6/28/13 **Time:**

NUMBER OF PAGES: 16
(including transmittal sheet

Comments:

Attached is Proposed Final Decision for DN: 12-31795. If you have any questions please call Kaila Riggott or Jack Huber at 860-418-7001.

PLEASE PHONE Barbara K. Olejarz IF THERE ARE ANY TRANSMISSION

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: 860 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: OHCA

DATE: 6/28/13 **Time:**

NUMBER OF PAGES: 16
(including transmittal sheet

Comments:

Attached is Proposed Final Decision for DN: 12-31795. If you have any questions please call Kaila Riggott or Jack Huber at 860-418-7001.

PLEASE PHONE Barbara K. Olejarz IF THERE ARE ANY TRANSMISSION PROBLEMS.

Phone: (860) 418-7001 ***Fax: (860) 418-7053***

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

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

June 28, 2013

IN THE MATTER OF:

An Application for a Certificate of Need filed Pursuant to Section 19a-638, C.G.S. by:	Notice of Final Decision Office of Health Care Access Docket Number: 12-31795-CON
Middlesex Hospital	Acquisition of a CT Scanner and a MRI Scanner Located in Guilford

To:

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457-3650

Dear Mr. Evert:

Enclosed please find a copy of the Proposed Final Decision rendered by Hearing Officer Kevin T. Hansted, Esq. in the above-referenced case.

Pursuant to Connecticut General Statutes § 4-179, Middlesex Hospital, the party in this matter, may request the opportunity to file exceptions or a brief or a request to present an oral argument, in writing, with the Deputy Commissioner, OHCA of the Department within twenty-one (21) days from the mailing of the decision, or by July 20, 2013. If no such request is received by this date, the Deputy Commissioner will take those rights to be waived and will render a Final Decision in this matter.

If you wish to expedite the process and avoid the necessity that the Deputy Commissioner await the expiration of the aforementioned twenty-one days, you may submit a written statement to the Deputy Commissioner affirmatively waiving those rights.

Kimberly Martone KM

Kimberly R. Martone
Director of Operations

Enclosure
KRM:jah

Department of Public Health
Office of Health Care Access
Certificate of Need Application

Proposed Final Decision

Applicant:	**Middlesex Hospital** **28 Crescent Street, Middletown, CT 06457**
Docket Number:	**12-31795-CON**
Project Title:	**Middlesex Hospital's Acquisition of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner located in Guilford, Connecticut**

Project Description: Middlesex Hospital is seeking Certificate of Need authorization for the acquisition of a computed tomography scanner and a magnetic resonance imaging scanner, located at 1591 Boston Post Road in Guilford, Connecticut, with an associated total capital expenditure of $1,429,000.

Procedural History: Middlesex Hospital ("Middlesex Hospital" or "Applicant") published notice of its intent to file a Certificate of Need application in the *New Haven Register* and the *Hartford Courant* on August 15, 16 and 17, 2012. On October 18, 2012, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application from the Applicant for the above-referenced project. On January 22, 2013, OHCA deemed the Certificate of Need application complete.

On February 7, 2013, the Applicant was notified of the date, time, and place of the hearing. On February 9, 2013, a notice to the public announcing the hearing was published in the *New Haven Register* and the *Hartford Courant.* Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a, a public hearing regarding the Certificate of Need application was held on February 27, 2013.

Commissioner Jewel Mullen designated Attorney Kevin T. Hansted as the hearing officer in this matter. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedures Act (Chapter 54 of the General Statutes) and Conn. Gen. Stat. § 19a-639a. The public record was closed on March 26, 2013.

FINDINGS OF FACT

1. Middlesex Hospital, a wholly owned subsidiary of Middlesex Health System, Inc., is a not-for-profit, acute care hospital located at 28 Crescent Street in Middletown, Connecticut. Middlesex Hospital is a health care facility or institution as defined by Conn. Gen. Stat. §19a-630. Exhibit A, pp. 8 & 70.

2. Radiologic Associates of Middletown, PC, ("Radiologic Associates" or "RAM") is a for-profit radiology group whose members are a part of Middlesex Hospital's medical staff. The radiologists provide imaging services to Middlesex Hospital and its three outpatient imaging facilities. Exhibit A, p. 8; Transcript of February 27, 2013 Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President for Strategy and Operations, Middlesex Hospital.

3. Radiologic Associates currently owns and operates an outpatient imaging facility (the "Guilford imaging facility") located at 1591 Boston Post Road in Guilford, Connecticut. Exhibit A, p. 35.

4. The Guilford imaging facility provides computed tomography ("CT") imaging, magnetic resonance imaging ("MRI"), ultrasound, mammography, general radiography and bone density imaging services to residents of the shoreline area. Exhibit A, p. 8.

5. Middlesex Hospital is proposing the acquisition of the assets of Radiologic Associates' Guilford imaging facility. The assets include a Toshiba Aquillion, 16-slice CT scanner, a Siemens Symphony, 1.5 tesla-strength MRI scanner and other diagnostic imaging equipment. Exhibit A, pp. 8, 9, 35.

6. After the transfer of ownership of the assets, the Guilford imaging facility will operate as an outpatient department of Middlesex Hospital. Exhibit A, p. 8.

7. Radiologic Associates' radiologists would continue to provide professional radiology services to patients receiving imaging studies at Middlesex Hospital's Guilford imaging facility. Exhibit A, p. 8.

8. Middlesex Hospital claims that the acquisition of the Guilford imaging facility assets will:

    a. Enable Radiologic Associates' radiologists to focus on the professional services they provide to their patients;
    b. Ensure effective and efficient patient care coordination for Guilford imaging patients receiving imaging services locally at the Guilford imaging facility;
    c. Integrate outpatient imaging services available through the Guilford imaging facility into Middlesex Health System's existing network of community-based outpatient services sites; and
    d. Provide long term sustainability of outpatient services provided at the Guilford imaging facility.

    Exhibit A, pp. 8 & 9; Exhibit C, pp. 79 & 80.

9. Middlesex Hospital considers the following towns as comprising its primary service area ("PSA") and secondary service area ("SSA"):

    a. PSA Towns: Chester, Clinton, Colchester, Cromwell, Deep River, Durham, East Haddam, East Hampton, Essex, Haddam, Higganum, Killingworth, Madison, Marborough, Middlefield, Middletown, Old Saybrook, Portland, and Westbrook: and

    b. SSA Towns: Guilford, Lyme, Old Lyme and Rocky Hill.
    Exhibit A, pp. 8, 12.

10. In the original CON authorization under Docket Number: 01-1002, the proposed service area for the Guilford imaging facility's MRI service included the following towns: Guilford, Branford, Madison, North Branford, Clinton, Killingworth and Westbrook. OHCA's Final Decision, rendered on December 6, 2001, under Docket Number: 01-1002, for the Establishment of Magnetic Resonance Imaging Services at Guilford Radiology.

11. The imaging equipment acquired under this proposal will remain at its current Guilford location. There are no planned changes to the imaging services currently being offered at the Guilford imaging facility. Exhibit A, p. 9.

12. Middlesex Hospital will coordinate scheduling for the Guilford imaging facility along with its other imaging locations and provide information technology connectivity with the Hospital records system for the Guilford location. Exhibit C, p.79.

13. Middlesex Hospital currently operates five CT scanners and four MRI scanners as shown in Table 1.

Table 1: Middlesex Hospital's Existing CT and MRI Scanners

Scanning Locations	Equipment
Middlesex Hospital 28 Crescent Street Middletown, CT 06457	General Electric VCT 64-slice CT scanner* General Electric BrightSpeed 16-slice CT scanner* Siemens Symphony 1.5T MRI scanner
Middlesex Hospital Outpatient Center 534 Saybrook Road Middletown, CT 06457	General Electric Discovery 16-slice CT-PET scanner Siemens Avanto 1.5T MRI scanner
Middlesex Hospital Shoreline Med. Ctr. 260 Westbrook Road Essex, CT 06426	General Electric VCT 64 slice CT scanner Siemens Symphony 1.5T MRI scanner

Middlesex Hospital Marlborough Med. Ctr. 12 Jones Hollow Rd Marlborough, CT 06447	General Electric BrightSpeed 16-slice CT scanner Siemens Symphony 1.5T MRI scanner

Note: * Both on-campus CT scanners are used interchangeably.
Exhibit A, p. 11.

14. Table 2 shows the current and projected scan volumes for all CT scanners operated by Middlesex Hospital.

Table 2: Middlesex Hospital's Actual and Projected CT Scan Volumes by Scanner

	Actual Volume (Last 3 Completed FYs) *			CFY** Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2010	**FY 2011**	**FY 2012**	**CFY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
2 CT Scanners*** **Middlesex Hospital** 28 Crescent Street, Middletown, CT	16,045	14,284	13,933	13,687	13,824	13,962	14,101
1 CT Scanner **Outpatient Center** 534 Saybrook Rd, Middletown, CT	5,431	4,463	3,890	3,800	3,838	3,876	3,915
1 CT Scanner **Shoreline Med. Ctr.** 260 Westbrook Rd, Essex, CT	7,436	6,374	5,989	6,206	6,268	6,331	6,394
1 CT Scanner **Marlborough Med. Ctr.** 12 Jones Hollow RD, Marlborough, CT	4,950	4,148	4,215	4,103	4,144	4,185	4,227
CT Scan Totals	**33,862**	**29,269**	**28,027**	**27,796**	**28,074**	**28,354**	**28,637**

Notes: *Middlesex Hospital's fiscal year ("FY") runs from October 1st to September 30th. RAM fiscal year runs from August 1st to July 31st.

**Current fiscal year ("CFY") volumes are based upon three months of actual data and nine months of projected data.

***Middlesex Hospital's annual CT utilization represents the combined volume of the two on-campus CT scanners, which are reserved for Hospital Emergency and inpatient use only. The Hospital was unable to report volumes by individual CT scanning unit.

Prior to January 2011, a CT scan of the abdomen and pelvis was coded as two procedures; thereafter, it was coded as one procedure.

Exhibit C, pp. 80, 81 & 88. Transcript of February 27, 2013 Public Hearing, Testimony of Ms. Laurel Patt, Radiology Director, Middlesex Hospital.

15. Table 3 shows the current and projected scan volumes for all MRI scanners operated by Middlesex Hospital.

Table 3: Middlesex Hospital's Actual and Projected MRI Scan Volumes by Scanner

	Actual Volume* (Last 3 Completed FYs)			CFY** Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2010	FY 2011	FY 2012	CFY 2013	FY 2014	FY 2015	FY 2016
1 MRI Scanner **Middlesex Hospital** 28 Crescent Street, Middletown, CT	1,031	1,100	1,332	***2,645	2,671	2,698	2,725
1 MRI Scanner **Outpatient Center** 534 Saybrook Rd, Middletown, CT	5,370	5,316	5,213	5,361	5,415	5,469	5,523
1 MRI Scanner **Shoreline Med. Ctr.** 260 Westbrook Rd, Essex, CT	3,118	2,924	3,039	***3,300	3,333	3,366	3,400
1 MRI Scanner **Marlborough Med. Ctr.** 12 Jones Hollow RD, Marlborough, CT	1,306	1,243	1,332	1,360	1,374	1,388	1,402
MRI Scan Totals	**10,825**	**10,583**	**10,916**	**12,666**	**12,793**	**12,921**	**13,050**

Notes: *Middlesex Hospital's fiscal year ("FY") runs October 1 to September 30.
**Current fiscal year volumes are based upon three months of actual data and nine months of projected data.
***The increase in MRI volume at Middlesex Hospital and Shoreline Medical Center locations in FY 2013 reflect increases in days of MRI availability.
Exhibit C, pp. 80, 81 & 88.

16. Middlesex Hospital expects a 1% increase in both CT and MRI volume per fiscal year from 2014 through 2016 at each of its current scanner locations. Exhibit C, p.88.

17. As shown in Table 4, the actual and current CT and MRI scan volumes for the Guilford imaging facility have been trending downward since 2007. CT scanning has decreased by 56% and MRI scanning has decreased by 41%.

Table 4: Guilford Imaging Facility's Actual Scan Volumes

	Actual and Current Volumes						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	CFY 2013**
CT Scanner* - Total Scans	**2,333**	**2,001**	**1,768**	**1,797**	**1,305**	**1,047**	**1,019**
MRI Scanner* - Total Scans	**1,351**	**1,185**	**1,099**	**950**	**938**	**821**	**800**

Notes:*The CT and MRI scanners earmarked for acquisition by Middlesex Hospital received CON authorization under Docket Numbers: 09-31341-WVR and 08-31110-WVR, respectively.
**Guilford imaging facility's utilization statistics are based on an August 1 - July 31 fiscal year.
***Current fiscal year volumes are based upon three months of actual data and nine months of projected data.
Exhibit C, p. 89; Late File 2, p. 3.

18. Middlesex Hospital stated the decline in CT utilization at the Guilford imaging facility in 2011 was attributable to the change in CPT codes that combined abdominal and pelvic scans under one code. Also offered by Middlesex Hospital as a reason was publicity between 2010-2012 regarding the amount of radiation exposure attributable to CT scans caused a decline in volumes. Transcript of February 27, 2013 Public Hearing, Testimony of Ms. Laurel Patt, Radiology Director, Middlesex Hospital, pp. 16 and 19.

19. Middlesex Hospital stated that approximately 37% of the annual decrease in CT scan volume at the Guilford imaging facility for FY 2011 and FY 2012 was attributable to the change in CPT coding. Middlesex Hospital's Late File 1, p. 1.

20. Middlesex Hospital stated that the MRI volume decrease in 2011 and 2012 was attributable to a loss of volume to the Yale-New Haven Hospital's Guilford Shoreline Medical Center. Exhibit A, p. 18.

21. Middlesex Hospital reported the following additional factors also contributed to the decline in MRI scan utilization at the Guilford imaging facility:

    a. Referring physicians stopped sending patients to the Guilford imaging facility if it was likely that those patients would require hospitalization, as the facility did not have the capability to send images to hospital sites and affiliated physicians;
    b. Referring specialists wanted specialty trained radiologists' interpretations of the images;
    c. Lack of access and connectivity to a multi-discipline team of care for patients as follow-up, such as the Middlesex Cancer Center nurse navigators;
    d. Decrease in referred volume when the Guilford Shoreline Medical Center increased its operating hours in July 2009;

    Transcript of February 27, 2013 Public Hearing, Testimony of Dr. Michael Crain, pp. 16 & 19. Middlesex Hospital's Late File 1, pp. 1 & 2.

22. With respect to the declines in both CT and MRI imaging at the Guilford imaging facility, Middlesex Hospital also asserted, "Interconnectivity is really absolutely the only reason for the decline." Transcript of February 27, 2013 Public Hearing, Testimony of Michael Crain, M.D., President of Radiologic Associates of Middletown and Chairman of the Radiology Department at Middlesex Hospital, p. 17.

23. Middlesex Hospital projects that the CT and MRI scan volumes for the Guilford imaging facility will remain flat between FYs 2014 through 2016, as presented in Table 5:

Table 5: Guilford Imaging Facility's Projected CT and MRI Scan Volumes

	Projected Volume (First 3 Full Operational FYs)*		
	FY 2014	**FY 2015**	**FY 2016**
CT Scan Total	**1,019**	**1,019**	**1,019**
MRI Scan Total	**800**	**800**	**800**

Notes: *Guilford imaging facility's utilization statistics are based on an August 1 – July 31 fiscal year.

Exhibit C, pp. 89 & 90.

24. The Applicant testified that if Middlesex Hospital was not willing to acquire the Guilford imaging facility, the Hospital would expect that the CT and MRI scanning volumes would continue to decline in the future. Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations.

25. Middlesex Hospital did not indicate that integrating the Guilford imaging facility with the Middlesex Hospital System would lead to an increased number of CT and MRI scans. Middlesex Hospital claimed it has taken a conservative approach with its projection of no CT and MRI scan growth between FY 2014 and FY 2016 and that the acquisition would "just stem the tide of the decrease." Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations, pp. 21-22.

26. "Volume is not what's driving this acquisition," but rather, "...patient care and quality..." Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations, p. 25.

27. There are seven CT imaging providers located within or near Middlesex Hospital's service area towns. While Branford is not within Middlesex Hospital's primary service area, the town is adjacent to Guilford.

Table 6: CT Providers

Service Area Town	Existing Providers
Guilford	1. YNNH-Temple Radiology, 111 Goose Lane
Branford	**2. Radiology Group, PC, 6 Business Park Drive** **3. Branford Open MRI, LLC 1208 Main Street***
Madison	4. Madison Radiology, P.C., 2A Samson Rock Dr. 5. Madison Radiology Imaging, LLC, 705 Boston Post Rd #9A
Westbrook	6. Madison Radiology of Westbrook, 5 Pequot Park Road
Colchester	7. Colchester Health Center (Backus Satellite), 163 Broadway

Note: Town and provider names in **bold print** were not identified in Middlesex Hospital's CON Application's listing of other CT scanning providers.
*Branford Open MRI operates a fixed single-slice CT scanner.
Exhibit A, pp. 13 & 14.

28. There are six MRI imaging providers located within or near Middlesex Hospital's service area towns.

Table 7: MRI Providers

Service Area Town	Existing MRI Providers
Guilford	1. Madison Radiology Imaging LLC, 705 Boston Post Road 2. YNNH-Temple Radiology, 111 Goose Lane
Branford	**3. Branford Open MRI, LLC, 1208 Main Street**
Colchester	4. Colchester Health Center (Backus Satellite), 163 Broadway
Middletown	5. Open MRI of Connecticut, 140 Main Street **6. Middlesex Orthopedic Surgeons, 410 Saybrook Road**

Note:* Town and provider names in **bold print** were not identified in Middlesex Hospital's CON application listing of other MRI scanning providers.
Exhibit A, pp. 13 & 14.

29. Middlesex Hospital claims that the proposal will not result in an unnecessary duplication of existing health care services and will have no impact on existing CT and MRI providers because it will not be introducing any new imaging equipment capacity into the market. Exhibit A, pp. 11 & 14.

30. The total capital expenditure associated with the proposal is $1,429,000 and is itemized as follows:

a.	Imaging Equipment Purchases	$979,700
b.	Non-Medical Equipment Purchases	$121,300
c.	Intangible Assets	$328,000*
d.	Total Capital Expenditure	$1,429,000

Note:* Intangible assets are the long-term resources of an entity, but have no physical existence. They derive their value from intellectual or legal rights, and from the value they add to the other assets.
Exhibit A, pp. 20, 21.

31. Middlesex Hospital intends to use its equity to fund the asset purchase. Exhibit A, p. 22.

32. As provided in Table 8, Middlesex Hospital projects that after a partial first year incremental loss of approximately $43,100, the project will realize incremental gains in operations ranging from approximately $524,300 in FY 2014 to $372,800 in FY 2016. Ex. C, p. 143.

Table 8: Middlesex Hospital's Financial Projections Incremental to the Project*

Description:	FY 2013	FY 2014	FY 2015	FY 2016
Incremental Revenue from Operations	**$2,386,356**	**$3,181,812**	**$3,181,812**	**$3,181,812**
Incremental Total Operating Expense	**$2,429,430**	**$2,657,518**	**$2,732,044**	**$2,809,023**
Incremental Gain or (Loss) from Operations	**($43,073)**	**$524,294**	**$449,768**	**$372,789**

Note: *Incremental figures reflect the entire range of imaging modalities that will be offered at the Guilford imaging facility: general radiology, ultrasound, mammography, bone density imaging, CT scanning and MRI scanning.

33. Middlesex Hospital projects an overall gain from operations with the project for fiscal years 2013 through 2016. Ex. C, p. 143

Table 9: Middlesex Hospital's Projected Overall Revenue/Expense with the Project

Description:	FY 2013	FY 2014	FY 2015	FY 2016
Revenue from Operations	$363,242,485	$371,388,861	$380,270,181	$389,288,581
Total Operating Expense	$346,320,990	$359,410,488	$370,223,558	$381,395,102
Overall Gain/(Loss) from Operations	**$16,921,495**	**$11,978,373**	**$10,046,622**	**$7,893,478**

34. Middlesex Hospital's overall payer mix for FY 2012 consists of approximately 61% government payers and 39% non-government payers, and is not projected to change significantly through FY 2015. The full payer mix is presented in Table 10.

Table 10: Middlesex Hospital's Current and Projected Payer Mix

Payers	FY 2012	FY 2013	FY 2014	FY 2015
Medicare	46.40%	46.14%	46.14%	46.14%
Medicaid	13.88%	13.73%	13.73%	13.73%
CHAMPUS & TriCare	0.36%	0.35%	0.35%	0.35%
Subtotal Government	**60.64%**	**60.22%**	**60.22%**	**60.22%**
Commercial Insurers	36.41%	36.72%	36.72%	36.72%
Uninsured	1.70%	1.68%	1.68%	1.68%
Workers Compensation	1.25%	1.38%	1.38%	1.38%
Subtotal Non-Government	**39.36%**	**39.78%**	**39.78%**	**39.78%**
Total Payer Mix	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Exhibit A, pp. 21 & 22.

35. There will be no change in how the current and proposed patient population will be served. Exhibit A, p. 13.

36. Middlesex Hospital reports that the Guilford imaging facility's actual payer mix for FY 2012 consists of approximately 32% government payers and 68% non-government payers. The full payer mix is presented in Table 11.

Table 11: Guilford Imaging Facility Current Payer Mix

Payers	FY 2012
Medicare	28.50%
Medicaid	3.40%
Subtotal Government	**31.90%**
Commercial Insurers	57.80%
Uninsured	0.00%
Workers Compensation	10.30%
Subtotal Non-Government	**68.10%**
Total Payer Mix	**100.00%**

Exhibit C, p. 88.

37. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any policies and standards not yet adopted as regulation by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1)).

38. OHCA recently published a statewide facilities and services plan. Since the plan was not in circulation more than ninety days at the time the CON application was deemed complete, OHCA has not made any findings as to this proposal's relationship to the plan. (Conn. Gen. Stat. § 19a-639(a)(2)).

39. Middlesex Hospital has not established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).

40. Middlesex Hospital has satisfactorily proven that its proposal would be financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).

41. Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would improve the accessibility, quality and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)).

42. Middlesex Hospital has shown that there would be a negligible change to the payer mix and to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6)).

43. Middlesex Hospital has satisfactorily identified the population to be served by its proposal, but has failed to satisfactorily demonstrate that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7)).

44. The historical CT and MRI utilization at the Guilford imaging facility does not support this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).

45. Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would not result in an unnecessary duplication of existing imaging services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, the Office of Health Care Access considers the factors set forth in Conn. Gen. Stat. § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services*, 288 Conn. 790 (2008).

Middlesex Hospital is seeking Certificate of Need authorization to acquire a 16-slice CT scanner and a 1.5 tesla-strength MRI scanner from Radiologic Associates. *FF 5.* Radiologic Associates is a for-profit radiology group whose members are a part of Middlesex Hospital's medical staff. The radiologists provide imaging services to Middlesex Hospital and its three outpatient imaging facilities. *FF 2.* Middlesex Hospital is proposing to continue the operation of each scanner, as well as the facility's other pieces of diagnostic imaging equipment at the current facility, located at 1591 Boston Post Road in Guilford. *FF 3 & 11.* Under the proposal, the Guilford imaging facility would operate as an outpatient department of Middlesex Hospital. Radiologic Associates' radiologists would continue to provide professional radiology services at the Guilford imaging facility, Middlesex Hospital and the hospital's three outpatient imaging facilities. *FF 2, 6 & 7.*

The Applicant asserts that the proposed acquisition of the Guilford imaging facility scanners will enable the Radiologic Associates' radiologists to focus on the professional services they provide to patients of the Guilford imaging facility, while at the same time allowing the facility's patients to continue to receive imaging services locally under the auspices of Middlesex Hospital. Middlesex Hospital also claims its proposal will ensure effective and efficient care coordination for the patients receiving care within the Middlesex Health System; and provide sustainability of the outpatient imaging services at the Guilford imaging facility. *FF 8.* Middlesex Hospital will coordinate scheduling for the Guilford imaging facility along with its other imaging locations and provide information technology connectivity with the Hospital records system for the Guilford location. *FF 12.* Given that the radiologists at Radiologic Associates are part of Middlesex Hospital's medical staff, it is unclear why the claimed effective and efficient care coordination and purported increase in patient care and quality cannot be accomplished absent the purchase proposed.

Aside from the integration of the Guilford imaging facility's services into the Middlesex Health System's existing network of community-based outpatient service sites, both CT and MRI scan volumes for the Guilford imaging facility have been trending downward over the last several fiscal years. CT scanning has decreased at that facility by 56% from FY 2007 to CFY 2013 and MRI scanning has decreased by 41% during that same time period. *FF 17.* While Middlesex Hospital gave several explanations for the decline, it did not provide any evidence that the proposed integration will grow, or even sustain current volume at the Guilford imaging facility or that the Guilford imaging facility CT and MRI scanners were necessary to alleviate any possible capacity issues at Middlesex Hospital's other facilities. *FF 18-22, 25.*

Declining utilization for CT and MRI services, coupled with projections that Middlesex Hospital's existing CT and MRI scanning services will likely experience no more than a one percent increase in utilization over the next three fiscal years, clearly indicate a lack of need for Middlesex Hospital to acquire the scanners located at the Guilford imaging facility. *FF 16 & 25.*

Based upon the foregoing, OHCA concludes that Middlesex Hospital has not demonstrated a clear public need to purchase the assets of Radiologic Associates.

Order

Based upon the foregoing Findings and Discussion, I respectfully recommend that the Certificate of Need application of Middlesex Hospital for the acquisition of one computed tomography scanner and one magnetic resonance imaging scanner from Radiologic Associates of Middletown, PC, in Guilford, Connecticut be **DENIED**.

Respectfully submitted,

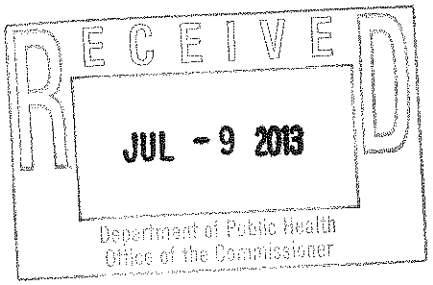
6/28/13
Date

Kevin T. Hansted
Hearing Officer

MIDDLESEX
HOSPITAL

ADMINISTRATION

July 8, 2013



Lisa A. Davis, MBA, BSN, RN
Deputy Commissioner
State of Connecticut Department of Public Health
Office of Health Care Access Division
410 Capitol Avenue
MS#13HCA
P.O. Box 340308
Hartford, Connecticut 06134-0308

Re: Docket No. 12-31795-CON
Middlesex Hospital; Acquisition of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner located in Guilford, Connecticut

Dear Deputy Commissioner Davis:

Pursuant to Section 4-179(a) of the Connecticut General Statutes, Middlesex Hospital ("Middlesex") requests the opportunity to file exceptions and briefs and to present oral argument to the Department of Public Health regarding the Proposed Final Decision in the above-referenced matter dated June 28, 2013. Middlesex is adversely affected by the Proposed Final Decision, which denies Middlesex the ability to acquire an MRI scanner and a CT scanner located in Guilford, Connecticut. We understand that, upon receipt of this letter, the Office of Health Care Access will assign a date by which Middlesex' exceptions and briefs must be filed and will schedule a date for oral argument.

Thank you for your consideration of this request.

Sincerely,

Harry Evert
Senior Vice President, Strategic Planning and Operations

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Jewel Mullen, M.D., M.P.H., M.P.A.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

July 12, 2013

Certified Mail: 7005 0390 0001 3507 0033

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457-3650

In RE: Certificate of Need Application, Docket Number 12-31795-CON
Middlesex Hospital
Middlesex Hospital's Acquisition of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner located in Guilford, Connecticut

NOTICE OF ORAL ARGUMENT

Middlesex Hospital has requested oral argument regarding the recommendation of Hearing Officer Kevin Hansted, Esq. Pursuant to Section 4-179 C.G.S., Oral Argument for the above cited case has been scheduled as follows:

August 13, 2013 at 2:00 p.m.
Department of Public Health
3rd Floor, DPH Hearing Room
410 Capitol Avenue, Hartford, Connecticut

On August 13, 2013, you will have fifteen minutes to make your argument. If you wish to file briefs, you must do so by August 8, 2013. Please call Barbara Olejarz at (860) 418-7005 if you have any questions.

Lisa Davis

Lisa Davis, MBA, BSN, RN
Deputy Commissioner

7/12/13
Date

C: Jewel Mullen, M.D., M.P.H., M.P.A., Commissioner

Connecticut Department of Public Health

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: HARRY EVERT

FAX: 860 346-5485

AGENCY: MIDDLESEX HOSPITAL

FROM: OHCA

DATE: 7/12/13 **Time:**

NUMBER OF PAGES: 2
(including transmittal sheet

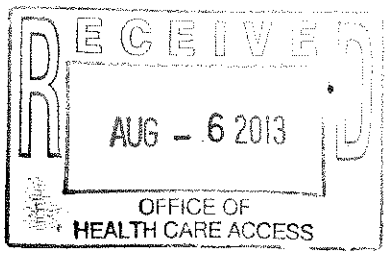
Comments:

Attached is the notice for oral argument for DN: 12-31795

PLEASE PHONE Barbara K. Olejarz IF THERE ARE ANY TRANSMISSION PROBLEMS.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS



MIDDLESEX HOSPITAL ACQUISITION OF A COMPUTED TOMOGRAPHY SCANNER AND A MAGNETIC RESONANCE IMAGING SCANNER LOCATED IN GUILFORD, CONNECTICUT	)	DOCKET NO. 12-31795-CON
	)	August 6, 2013

EXCEPTIONS TO PROPOSED FINAL DECISION

Applicant Middlesex Hospital ("Hospital" or "Applicant") submits the following Exceptions to the Proposed Final Decision rendered by the Department of Public Health's Office of Health Care Access Division ("OHCA") through Hearing Officer Kevin T. Hansted on June 28, 2013 (the "Proposed Decision"). Applicant intends to appear before Deputy Commissioner Lisa Davis on August 13, 2013 and present oral argument on these Exceptions.

I. Introduction & Summary of Argument

By this Certificate of Need application, Applicant seeks permission to acquire a MRI and CT scanner as part of its proposed acquisition of assets of Radiologic Associates of Middletown, PC's outpatient imaging facility in Guilford ("Center"). Because this proposal will provide access to this Center for the uninsured and underinsured population, because it will result in improved care for the patients of the Center, and because it will not result in duplication of existing services, the application should be approved.

The Center is currently operated by its owners on a for-profit basis. As indicated by the payor mix submitted as part of this Application, the Center does accept Medicaid. However, it does not provide charitable care. An Agreed Settlement has just been entered into between OHCA and the Applicant concerning its Shoreline Colonoscopy Center acquisition wherein the physicians agreed to provide evidence of their agreement to provide a reasonable amount of charitable care. The Applicant proposes that this same approach be used here. Otherwise, indigent patients will continue to be denied access to the Center.

Second, key goals of the Affordable Care Act are to provide more cost effective care and higher quality care. A fundamental strategy for achieving these goals is to better coordinate patient care. Applicant's proposal does this. As the Applicant demonstrated in its Application and its Late File Submissions dated March 7, 2013 (the "Late File"), it will make its resources, including information technology integration between the Hospital and the Center and improved care coordination, available to the Center. If the application is denied, the implementation of these goals will be thwarted.

The Applicant also notes that the utilization of the Center will be higher than reported in the Proposed Decision. The data used in the Proposed Decision does not take into account the updated information included in the Applicant's Late File, including the announced intent of Madison Radiology to close its Guilford facility, which has now occurred.

II. Exceptions to Findings of Fact

Middlesex takes exception to the following findings of fact:

A. *Finding of Fact # 17 – "As shown in table 4, the actual and current CT and MRI scan volumes for the Guilford imaging facility have been trending downward since 2007. CT scanning has decreased 56% and MRI scanning has decreased by 41%".*

- **MH response:** The CT volume decline percentage calculated by OHCA does not take into account the fact that a CPT code change occurred which combined pelvic and abdominal scans into one CPT code. In the Late File, the Hospital demonstrated that the combined decrease in volume attributed to the coding change over FY 2011 and FY 2012 was 59%. It is important to look at the combined drop because Guilford's fiscal year runs August 1 – July 31; therefore the impact of the coding change was realized equally over the two fiscal years. Accordingly, this was not a drop in actual scan volume as stated in the Proposed Decision.

B. *Finding of Fact # 23 – "Middlesex Hospital projects that the CT and MRI scan volumes for the Guilford facility will remain flat between the Hospital's FYs 2014 through 2016, as presented in Table 5."*

- **MH Response:** Finding of Fact #23 and Table 5 overlook the Applicant's updated volume projections submitted in the Late File. In the Late File, the Hospital took into account the closure of Dr. Russo's MRI which the Hospital believes will have a material effect on the Center's MRI volume projections. Since the Late File was submitted, Dr. Russo's MRI has closed. The table and assumptions below are a copy of what was submitted. (Late File, p. 2) The revised volume projections in the table take into account that a number of Middlesex Health System physicians currently referring elsewhere will now refer to the Center because of the new connectivity. Additionally, the Center will be able to offer specialty radiologist (Neuroradiology, Musculoskeletal, Breast Imaging, etc.) interpretations of exams via the Hospital PACs system and provide immediate direct consultation with other specialists and emergency physicians. The Center will be able to send images directly to the operating room and emergency room, and physician offices will also be able to view the images through the PACs system. Middlesex Health System's entire network of multi-disciplinary care will become available to patients at the Center. As stated in the Application, this represents a major improvement in the quality of patient care.

	III. Volume			
	FY 2013*	**FY 2014****	**FY 2015****	**FY 2016****
CT – 1591 Boston Post Rd - RAM	1,019	1,222	1,345	1,479
MRI – 1591 Boston Post Rd - RAM	800	960	1,056	1,162
MRI – 1591 Boston Post Rd – RAM** – (Middlesex Projected volume + volume from Dr. Russo's MRI if it is transferred to Bridgeport Hospital)	1050 (800+250)	1,460 (960+500)	1,556 (1056+500)	1,663 (1162+500)

Assumptions:

* Assumed start date remains unchanged at January 1, 2013. Therefore FY 2013 projections are also unchanged.

** 20% increase for both CT and MRI the first full operating fiscal year (FY 2014) and 10% increase thereafter related to:

**** For MRI: If Dr. Russo's MRI sale to Bridgeport Hospital is approved, that would potentially add 250 scans to annual volume projections in the first year (last 6 months of the fiscal year) and 500 each year thereafter. The physicians currently referring to Dr. Russo's MRI will want to continue referring to a smaller center.

C. *Finding of Fact # 25 – "Middlesex Hospital did not indicate that integrating the Guilford imaging facility with the Middlesex Health System would lead to an increased number of CT and MRI scans. Middlesex Hospital claimed it has taken a conservative approach with its projection of no CT and MRI scan growth between the Hospital's FY 2014 and FY 2016 and that the acquisition would just "stem the tide of the decrease"."*

- **MH Response**: Again, this proposed Finding of Fact does not take into account the revised projections set out in the Late File which do project increases based on the projected closure of the Madison Radiology facility and the improvements which will be recognized by the acquisition as indicated in the response to Finding of Fact #23 above. (Late File 1, p. 2).

D. *Finding of Fact # 27 – "There are seven CT imaging providers located within or near Middlesex Hospital's service area towns. While Branford is not within Middlesex Hospital's primary service area, the town is adjacent to Guilford."*

- **MH Response:** The Hospital objects to OHCA introducing new evidence [Branford CT providers] after the public hearing closed without allowing the Hospital to respond. Connecticut General Statutes § 4-178(6) specifically requires that OHCA notify the Hospital in a timely manner of information to be noticed by OHCA.

E. *Finding of Fact # 28 – "There are six MRI scanners located within Middlesex Hospital's service area towns."*

- **MH Response**: The Hospital objects to OHCA introducing new evidence [Branford MRI providers] after the public hearing closed without allowing the Hospital to respond. Connecticut General Statutes § 4-178 (6) specifically requires that OHCA notify the Hospital in a timely manner of information to be noticed by OHCA. Additionally, MRI provider 1, listed in Table 7 (Proposed Decision, p.8) is no longer in operation.

F. *Finding of Fact # 35 – "There will be no change in how the current and proposed patient population will be served."*

- **MH Response:** The Hospital answered the relevant question in the CON application from an operational and fundamental services perspective in that the Center will still offer the same range of diagnostic radiology services and coverage to the community. However, the Hospital has also explained the numerous beneficial changes which will occur at the Center (*e.g.* Completeness Questions, p. 79-80). These changes include the following:

  - As part of this acquisition, patients of the Center will benefit because Middlesex Hospital will meet the needs of the uninsured and under-insured by providing financial assistance when needed. (Completeness Questions, p. 80).

  - There will be greater coordination of care and less duplication due to access to:

    - Specialty radiologists
    - Other specialists
    - Direct transmittal of images through Hospital's PACs system.

  - There will be access to the Hospital's quality control, care coordination and clinical programs, such as the nationally recognized Total Lung Care low-dose CT screening program at the Hospital. This program requires an interdisciplinary team of Pulmonologists, Nurse Navigators, Surgeons, Physicists and a Cancer Center; all of which the Hospital has. (Completeness Questions, p. 87)

G. *Finding of Fact # 39 – "Middlesex Hospital has not established that there is a clear public need for its proposal."*

- **MH Response**: The Applicant has demonstrated numerous benefits which fulfill a clear public need.

  First, the uninsured and underinsured are currently turned away from the Center if they are unable to pay out of pocket. If this application is approved, this will change, as the Center will provide charitable care under the Hospital's Charitable Care policy and will require the physicians to do the same.

  Secondly, there is a need for connectivity and coordination of care which will be met by this proposal. The Center, its physicians and its patients will have access to specialist physicians for consults, access to specialty radiologists who can read the scans and access to data at the emergency room as well as throughout the Hospital and its physician offices.

  Thirdly, the acquisition of the Center will provide immediate access to Hospital programs for care, enhancing quality and coordination of care. As is mentioned briefly above, the Hospital has a new Total Lung low-dose CT program that has received national recognition. Currently, the community of Guilford and its surrounding towns do not have access to this program other than at the Hospital's main campus. This proposal will assure availability in the local community.

  Finally, this proposal does not contemplate the creation of any new MRI or CT capacity. Furthermore, as has been noted, the Madison Radiology facility in Guilford has closed, and the benefits which will be made available, including the provision of charitable care, will increase utilization.

  The Hospital notes that clear public need for the CT and MRI was established when OHCA approved the CONs and Waivers. For reference: **CT**: CON-02-557 & 09-31341-WVR. **MRI**: 01-1002-CON, 04-30349-WVR, 08-31110-WVR. The imaging services provided at the Center have been serving a public need for many years, and the proposal will only enhance those services offered to the community.

H. *Finding of Fact # 41 – "Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would improve the accessibility, quality and cost effectiveness of health care delivery in the region."*

- **MH Response:** As is discussed above, the integration of the Center with the Hospital will allow for (i) access by the poor who do not have insurance or who are underinsured, (ii) improved continuity of patient care, (iii) improved patient outcomes and (iv) improved quality of care for the patients in Guilford and the surrounding communities. It will also improve cost effectiveness.

  Currently, persons who are uninsured and otherwise unable to pay are not seen at the Center. These people will gain access to the Center by virtue of the Hospital's policy for providing charitable care, which will extend to the physician's professional fees as well as the facility fees. Accommodating the poor in this way is a major factor which will make the Center more accessible.

  There are a variety of ways in which quality of care will be improved. Connectivity will make patient results accessible throughout the Hospital and to its medical staff and will mean that specialty radiologists will be available to read images quickly. Connectivity will also facilitate consultation with other specialty physicians. The Hospital's quality department will facilitate quality control and care coordination and introduce access to Hospital programs such as the Total Lung CT program described above.

  Cost effectiveness will also be enhanced because connectivity will make images available in the emergency room and other settings where the scan might otherwise have to be repeated. Specialty radiologists reading the scans will avoid possible repeat scans to facilitate specialty radiologist reads. Connectivity will also facilitate care management and care coordination.

I. *Finding of Fact # 42 – "Middlesex has shown that there would be a negligible change to the payer mix and to the provision of health care services to the relevant populations and payer mix."*

- **MH Response:** Middlesex Hospital's Charitable Care Policy will result in the addition to the payor mix of uninsured and underinsured patients. Based on the Hospital's estimate of the charitable care provided to uninsured outpatients for diagnostic imaging, the Hospital estimates that the Hospital would see that same proportion (over 100 patients) applied to this proposal.

  Because the Center does not accept underinsured and uninsured, the Hospital could only base its payer mix projections on what the

Center historically has seen for patients. The Hospital is a not-for-profit institution that treats and cares for patients regardless of their ability to pay. The Hospital has every intention of offering the same charity care benefits to the patients visiting the Center, and the physicians have agreed to do the same. As Dr. Crain stated in his Pre-file Testimony: **"Hospital ownership will also ensure community based radiology services are available for poor, uninsured, or underinsured individuals."** The above evidence further demonstrates the Hospital's intent to increase the access and provision of health care services to all members of the community. (Exhibit H)

J. *Finding of Fact # 43 – "Middlesex has satisfactorily identified the population to be served by its proposal, but has failed to satisfactorily demonstrate that this population has a need as proposed."*

- **MH Response:** The Hospital has clearly demonstrated a need for the transfer of assets. No new capacity is being added by this proposal, and in fact the other independent MRI site in Guilford (Madison Radiology) has closed. If the application is denied, the current owners will continue the existing service. A key unmet need that the transfer of ownership will meet is access to persons without insurance or who are underinsured. The Hospital will through its Charitable Care policy, which the physicians have agreed to follow, ensure that all patients are accepted at this site without regard to their ability to pay. Other unmet needs which will be met by the transfer include connectivity with the Hospital PACs system which will enable immediate access by the Hospital (including the ER and all other locations) and doctors to the results, reading by specialty radiologists who will be able to read remotely due to the connectivity, direct and immediate consultation with specialists and emergency physicians, participation in hospital programs and coordination of care by Hospital care coordination personnel.

K. *Finding of Fact # 44 – "The historical CT and MRI utilization at the Guilford imaging facility does not support this proposal."*

- **MH Response:** As the Hospital has noted, this proposal creates no new capacity. It will, however, improve access, quality and cost effectiveness.

  The historical utilization and public need was evaluated for the CT and MRI when OHCA approved the CONs and Waivers. For reference: **CT**: CON-02-557 & 09-31341-WVR. **MRI**: 01-1002-CON, 04-30349-WVR, 08-31110-WVR. The historical precedent was set

for the CT & MRI when they were evaluated and approved by OHCA in the above CONs and Waivers.

From Dr. Crain's Prefile Testimony: "Guilford Radiology is currently RAM's only private office, started about 30 years ago, providing needed imaging services to the Guilford area. As the community grew, Guilford Radiology grew. As the imaging technology grew, our office continued to grow. At Guilford Radiology, the radiologists at RAM offer top-quality exams in a comfortable setting. We have a standard office-based PACs system to view & store images. However, in the past few years, our procedure volume has not grown. After a thorough evaluation of this issue, the reason became clear. In our health care system where medical information is rapidly communicated from place to place, the Guilford Radiology PACs system was rather isolated. There is no direct connection to the hospital, where the patient may go to get emergency medical care, or to get a consultation from a specialist. If the patient was transferred to the Emergency Room, the physicians & surgeons couldn't see the images until the patient arrived, and hopefully the CD disc with the images worked properly upon arrival. The specialists didn't want to look at CDs, or have another password to log into our Guilford PACs system. I realized that the solution to this problem was to merge Guilford Radiology with the hospital." (Exhibit H)

L. *Finding of Fact # 45 – "Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would not result in unnecessary duplication of existing imaging services in the area."*

- **MH Response:** The CT and MRI the Hospital are requesting approval for in this proposal already exists in the service area, so there is no duplication of existing capacity.

  Furthermore, by offering improvements in access, quality and cost effectiveness, this Proposal will provide a product which is currently unavailable but much needed in the location of this Center.

III. Conclusion

There is every reason to grant this proposal. No new capacity will be created by the transfer of the MRI and CT scanner in this proposal. In fact, one of the other two locations providing services in Guilford recently closed. On the other hand, the transfer

of ownership will open up this site to the uninsured and the underinsured based on the Hospital's Charitable Care policy.

This proposal will also greatly improve the services available at the site--specialty radiologists will be able to read images remotely, the Center will be interconnected with the Hospital and its physicians, and patients and physicians will have access to specialty physician consultations and important Hospital programs. If the application is denied, the losers will be the uninsured, the underinsured and the patients whose needs would have been met by the extra services being offered.

Therefore, it is respectfully requested that the Proposed Decision be amended so as to grant the application.

Respectfully Submitted,
Middlesex Hospital

By: _____
Paul E. Knag
Murtha Cullina LLP
177 Broad Street
Stamford, CT 06901
Tel: (203) 653-5407

Greer, Leslie

From: Huber, Jack
Sent: Monday, August 12, 2013 2:18 PM
To: Paul E. Knag; Evert, Harry (Harry_Evert@midhosp.org)
Cc: Olejarz, Barbara; Greer, Leslie
Subject: RE: CON Application; DN: 12-31795-CON; New Date with Times for the Hospital to File Exceptions and Briefs and to Present Oral Argument

Dear Attorney Knag – This communication is to confirm that Middlesex Hospital's time to present oral argument for the above referenced docket has been rescheduled to Thursday, August 22, 2013 at 3:00 pm. Regards, Jack

Jack Huber
DPH – OHCA Health Care Analyst

From: Paul E. Knag [mailto:PKNAG@murthalaw.com]
Sent: Monday, August 12, 2013 2:05 PM
To: Huber, Jack; Evert, Harry (Harry_Evert@midhosp.org)
Cc: Olejarz, Barbara; Greer, Leslie; 'Wentzell, Wheatley'
Subject: RE: CON Application; DN: 12-31795-CON; New Date with Times for the Hospital to File Exceptions and Briefs and to Present Oral Argument

Confirming our telcon, we understand you will reschedule the oral argument for Thursday August 22 at 3:00.

Paul E. Knag

Partner
PKNAG@murthalaw.com

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From: Huber, Jack [mailto:Jack.Huber@ct.gov]
Sent: Monday, August 12, 2013 1:49 PM
To: Evert, Harry (Harry_Evert@midhosp.org); Paul E. Knag
Cc: Olejarz, Barbara; Greer, Leslie
Subject: CON Application; DN: 12-31795-CON; New Date with Times for the Hospital to File Exceptions and Briefs and to Present Oral Argument

Dear Mr. Evert and Attorney Knag: Deputy Commissioner Lisa Davis of the Connecticut Department Public Health wishes to move the scheduled time for Middlesex Hospital to file exceptions and briefs and to present oral argument ("oral argument") concerning the above referenced CON application from Tuesday, August 13, 2013 at 2:00 pm (see the attached notification) to one of the following times:

1. Thursday – August 22, 2013 at 2:00 pm;
2. Thursday – August 22, 2013 at 2:30 pm, or
3. Thursday – August 22, 2013 at 2:30 pm

After you have had time to confer with each other regarding an acceptable time on August 22, 2013, to present oral argument , please contact Barbara Olejarz with your selected time and Barbara will re-notice the new date, time and place for Middlesex Hospital's oral argument presentation. Thank you for your attention this matter. Should you have a question today, Monday August 12, 2013, you may contact Jack Huber at (860) 418-7069 or jack.huber@ct.gov. Barbara Olejarz returns to the office tomorrow and may be reached at (860) 418-7005 or Barbara.olejarz@ct.gov. Regards, Jack Huber

Jack Huber
DPH – OHCA Health Care Analyst

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

August 30 , 2013

IN THE MATTER OF:

An Application for a Certificate of Need filed Pursuant to General Statutes § 19a-638 (a) (1) by:	Notice of Final Decision Office of Health Care Access Docket Number: 12-31795-CON
Middlesex Hospital	Acquisition of a CT Scanner and a MRI Scanner Located in Guilford

To:

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457-3650

Dear Mr. Evert:

In accordance with the Connecticut General Statutes Section 4-179, the Proposed Final Decision dated June 28, 2013, by Hearing Officer Kevin T. Hansted, Esq., has been adopted by Deputy Commissioner Davis as the final decision in this matter. A copy of the Final Decision is attached hereto and incorporated herein.

Sincerely,

Kimberly R. Martone,
Director of Operations

KRM: jah

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Jewel Mullen, M.D., M.P.H., M.P.A.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

In Re: **Middlesex Hospital**
Docket Number: 12-31795-CON

FINAL DECISION

On June 28, 2013, a Proposed Final Decision was issued in the above matter pursuant to Section 4-179 of the Connecticut General Statutes.

In accordance with Connecticut General Statutes Section 4-179, the attached Proposed Final Decision dated June 28, 2013 by Hearing Officer Kevin T. Hansted, Esq., is hereby adopted as the final decision of the Deputy Commissioner of the Department of Public Health in this matter. A copy of the Proposed Final Decision is attached hereto and incorporated herein.

WHEREFORE, it is the final decision of the Deputy Commissioner that the application of Middlesex Hospital of Middletown, to acquire a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner in Guilford, is hereby denied.

8/30/13
Date

Lisa A. Davis, MBA, BSN, RN
Deputy Commissioner

Connecticut Department of Public Health

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Department of Public Health
Office of Health Care Access
Certificate of Need Application

Proposed Final Decision

Applicant:	**Middlesex Hospital** **28 Crescent Street, Middletown, CT 06457**
Docket Number:	**12-31795-CON**
Project Title:	**Middlesex Hospital's Acquisition of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner located in Guilford, Connecticut**

Project Description: Middlesex Hospital is seeking Certificate of Need authorization for the acquisition of a computed tomography scanner and a magnetic resonance imaging scanner, located at 1591 Boston Post Road in Guilford, Connecticut, with an associated total capital expenditure of $1,429,000.

Procedural History: Middlesex Hospital ("Middlesex Hospital" or "Applicant") published notice of its intent to file a Certificate of Need application in the *New Haven Register* and the *Hartford Courant* on August 15, 16 and 17, 2012. On October 18, 2012, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application from the Applicant for the above-referenced project. On January 22, 2013, OHCA deemed the Certificate of Need application complete.

On February 7, 2013, the Applicant was notified of the date, time, and place of the hearing. On February 9, 2013, a notice to the public announcing the hearing was published in the *New Haven Register* and the *Hartford Courant.* Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a, a public hearing regarding the Certificate of Need application was held on February 27, 2013.

Commissioner Jewel Mullen designated Attorney Kevin T. Hansted as the hearing officer in this matter. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedures Act (Chapter 54 of the General Statutes) and Conn. Gen. Stat. § 19a-639a. The public record was closed on March 26, 2013.

FINDINGS OF FACT

1. Middlesex Hospital, a wholly owned subsidiary of Middlesex Health System, Inc., is a not-for-profit, acute care hospital located at 28 Crescent Street in Middletown, Connecticut. Middlesex Hospital is a health care facility or institution as defined by Conn. Gen. Stat. §19a-630. Exhibit A, pp. 8 & 70.

2. Radiologic Associates of Middletown, PC, ("Radiologic Associates" or "RAM") is a for-profit radiology group whose members are a part of Middlesex Hospital's medical staff. The radiologists provide imaging services to Middlesex Hospital and its three outpatient imaging facilities. Exhibit A, p. 8; Transcript of February 27, 2013 Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President for Strategy and Operations, Middlesex Hospital.

3. Radiologic Associates currently owns and operates an outpatient imaging facility (the "Guilford imaging facility") located at 1591 Boston Post Road in Guilford, Connecticut. Exhibit A, p. 35.

4. The Guilford imaging facility provides computed tomography ("CT") imaging, magnetic resonance imaging ("MRI"), ultrasound, mammography, general radiography and bone density imaging services to residents of the shoreline area. Exhibit A, p. 8.

5. Middlesex Hospital is proposing the acquisition of the assets of Radiologic Associates' Guilford imaging facility. The assets include a Toshiba Aquillion, 16-slice CT scanner, a Siemens Symphony, 1.5 tesla-strength MRI scanner and other diagnostic imaging equipment. Exhibit A, pp. 8, 9, 35.

6. After the transfer of ownership of the assets, the Guilford imaging facility will operate as an outpatient department of Middlesex Hospital. Exhibit A, p. 8.

7. Radiologic Associates' radiologists would continue to provide professional radiology services to patients receiving imaging studies at Middlesex Hospital's Guilford imaging facility. Exhibit A, p. 8.

8. Middlesex Hospital claims that the acquisition of the Guilford imaging facility assets will:

    a. Enable Radiologic Associates' radiologists to focus on the professional services they provide to their patients;
    b. Ensure effective and efficient patient care coordination for Guilford imaging patients receiving imaging services locally at the Guilford imaging facility;
    c. Integrate outpatient imaging services available through the Guilford imaging facility into Middlesex Health System's existing network of community-based outpatient services sites; and
    d. Provide long term sustainability of outpatient services provided at the Guilford imaging facility.

    Exhibit A, pp. 8 & 9; Exhibit C, pp. 79 & 80.

9. Middlesex Hospital considers the following towns as comprising its primary service area ("PSA") and secondary service area ("SSA"):

    a. PSA Towns: Chester, Clinton, Colchester, Cromwell, Deep River, Durham, East Haddam, East Hampton, Essex, Haddam, Higganum, Killingworth, Madison, Marborough, Middlefield, Middletown, Old Saybrook, Portland, and Westbrook: and

    b. SSA Towns: Guilford, Lyme, Old Lyme and Rocky Hill.
    Exhibit A, pp. 8, 12.

10. In the original CON authorization under Docket Number: 01-1002, the proposed service area for the Guilford imaging facility's MRI service included the following towns: Guilford, Branford, Madison, North Branford, Clinton, Killingworth and Westbrook. OHCA's Final Decision, rendered on December 6, 2001, under Docket Number: 01-1002, for the Establishment of Magnetic Resonance Imaging Services at Guilford Radiology.

11. The imaging equipment acquired under this proposal will remain at its current Guilford location. There are no planned changes to the imaging services currently being offered at the Guilford imaging facility. Exhibit A, p. 9.

12. Middlesex Hospital will coordinate scheduling for the Guilford imaging facility along with its other imaging locations and provide information technology connectivity with the Hospital records system for the Guilford location. Exhibit C, p.79.

13. Middlesex Hospital currently operates five CT scanners and four MRI scanners as shown in Table 1.

Table 1: Middlesex Hospital's Existing CT and MRI Scanners

Scanning Locations	Equipment
Middlesex Hospital 28 Crescent Street Middletown, CT 06457	General Electric VCT 64-slice CT scanner* General Electric BrightSpeed 16-slice CT scanner* Siemens Symphony 1.5T MRI scanner
Middlesex Hospital Outpatient Center 534 Saybrook Road Middletown, CT 06457	General Electric Discovery 16-slice CT-PET scanner Siemens Avanto 1.5T MRI scanner
Middlesex Hospital Shoreline Med. Ctr. 260 Westbrook Road Essex, CT 06426	General Electric VCT 64 slice CT scanner Siemens Symphony 1.5T MRI scanner

Middlesex Hospital Marlborough Med. Ctr. 12 Jones Hollow Rd Marlborough, CT 06447	General Electric BrightSpeed 16-slice CT scanner Siemens Symphony 1.5T MRI scanner

Note: * Both on-campus CT scanners are used interchangeably.
Exhibit A, p. 11.

14. Table 2 shows the current and projected scan volumes for all CT scanners operated by Middlesex Hospital.

Table 2: Middlesex Hospital's Actual and Projected CT Scan Volumes by Scanner

	Actual Volume (Last 3 Completed FYs)*			CFY** Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2010	**FY 2011**	**FY 2012**	**CFY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
2 CT Scanners*** **Middlesex Hospital** 28 Crescent Street, Middletown, CT	16,045	14,284	13,933	13,687	13,824	13,962	14,101
1 CT Scanner **Outpatient Center** 534 Saybrook Rd, Middletown, CT	5,431	4,463	3,890	3,800	3,838	3,876	3,915
1 CT Scanner **Shoreline Med. Ctr.** 260 Westbrook Rd, Essex, CT	7,436	6,374	5,989	6,206	6,268	6,331	6,394
1 CT Scanner **Marlborough Med. Ctr.** 12 Jones Hollow RD, Marlborough, CT	4,950	4,148	4,215	4,103	4,144	4,185	4,227
CT Scan Totals	33,862	29,269	28,027	27,796	28,074	28,354	28,637

Notes: *Middlesex Hospital's fiscal year ("FY") runs from October 1st to September 30th. RAM fiscal year runs from August 1st to July 31st.

**Current fiscal year ("CFY") volumes are based upon three months of actual data and nine months of projected data.

***Middlesex Hospital's annual CT utilization represents the combined volume of the two on-campus CT scanners, which are reserved for Hospital Emergency and inpatient use only. The Hospital was unable to report volumes by individual CT scanning unit.

Prior to January 2011, a CT scan of the abdomen and pelvis was coded as two procedures; thereafter, it was coded as one procedure.

Exhibit C, pp. 80, 81 & 88. Transcript of February 27, 2013 Public Hearing, Testimony of Ms. Laurel Patt, Radiology Director, Middlesex Hospital.

15. Table 3 shows the current and projected scan volumes for all MRI scanners operated by Middlesex Hospital.

Table 3: Middlesex Hospital's Actual and Projected MRI Scan Volumes by Scanner

	Actual Volume* (Last 3 Completed FYs)			CFY** Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2010	**FY 2011**	**FY 2012**	**CFY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
1 MRI Scanner **Middlesex Hospital** 28 Crescent Street, Middletown, CT	1,031	1,100	1,332	***2,645	2,671	2,698	2,725
1 MRI Scanner **Outpatient Center** 534 Saybrook Rd, Middletown, CT	5,370	5,316	5,213	5,361	5,415	5,469	5,523
1 MRI Scanner **Shoreline Med. Ctr.** 260 Westbrook Rd, Essex, CT	3,118	2,924	3,039	***3,300	3,333	3,366	3,400
1 MRI Scanner **Marlborough Med. Ctr.** 12 Jones Hollow RD, Marlborough, CT	1,306	1,243	1,332	1,360	1,374	1,388	1,402
MRI Scan Totals	**10,825**	**10,583**	**10,916**	**12,666**	**12,793**	**12,921**	**13,050**

Notes: *Middlesex Hospital's fiscal year ("FY") runs October 1 to September 30.
**Current fiscal year volumes are based upon three months of actual data and nine months of projected data.
***The increase in MRI volume at Middlesex Hospital and Shoreline Medical Center locations in FY 2013 reflect increases in days of MRI availability.
Exhibit C, pp. 80, 81 & 88.

16. Middlesex Hospital expects a 1% increase in both CT and MRI volume per fiscal year from 2014 through 2016 at each of its current scanner locations. Exhibit C, p.88.

17. As shown in Table 4, the actual and current CT and MRI scan volumes for the Guilford imaging facility have been trending downward since 2007. CT scanning has decreased by 56% and MRI scanning has decreased by 41%.

Table 4: Guilford Imaging Facility's Actual Scan Volumes

	Actual and Current Volumes						
	FY 2007	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**CFY 2013****
CT Scanner* - Total Scans	**2,333**	**2,001**	**1,768**	**1,797**	**1,305**	**1,047**	**1,019**
MRI Scanner* - Total Scans	**1,351**	**1,185**	**1,099**	**950**	**938**	**821**	**800**

Notes:*The CT and MRI scanners earmarked for acquisition by Middlesex Hospital received CON authorization under Docket Numbers: 09-31341-WVR and 08-31110-WVR, respectively.
**Guilford imaging facility's utilization statistics are based on an August 1 - July 31 fiscal year.
***Current fiscal year volumes are based upon three months of actual data and nine months of projected data.
Exhibit C, p. 89; Late File 2, p. 3.

18. Middlesex Hospital stated the decline in CT utilization at the Guilford imaging facility in 2011 was attributable to the change in CPT codes that combined abdominal and pelvic scans under one code. Also offered by Middlesex Hospital as a reason was publicity between 2010-2012 regarding the amount of radiation exposure attributable to CT scans caused a decline in volumes. Transcript of February 27, 2013 Public Hearing, Testimony of Ms. Laurel Patt, Radiology Director, Middlesex Hospital, pp. 16 and 19.

19. Middlesex Hospital stated that approximately 37% of the annual decrease in CT scan volume at the Guilford imaging facility for FY 2011 and FY 2012 was attributable to the change in CPT coding. Middlesex Hospital's Late File 1, p. 1.

20. Middlesex Hospital stated that the MRI volume decrease in 2011 and 2012 was attributable to a loss of volume to the Yale-New Haven Hospital's Guilford Shoreline Medical Center. Exhibit A, p. 18.

21. Middlesex Hospital reported the following additional factors also contributed to the decline in MRI scan utilization at the Guilford imaging facility:

    a. Referring physicians stopped sending patients to the Guilford imaging facility if it was likely that those patients would require hospitalization, as the facility did not have the capability to send images to hospital sites and affiliated physicians;
    b. Referring specialists wanted specialty trained radiologists' interpretations of the images;
    c. Lack of access and connectivity to a multi-discipline team of care for patients as follow-up, such as the Middlesex Cancer Center nurse navigators;
    d. Decrease in referred volume when the Guilford Shoreline Medical Center increased its operating hours in July 2009;

    Transcript of February 27, 2013 Public Hearing, Testimony of Dr. Michael Crain, pp. 16 & 19. Middlesex Hospital's Late File 1, pp. 1 & 2.

22. With respect to the declines in both CT and MRI imaging at the Guilford imaging facility, Middlesex Hospital also asserted, "Interconnectivity is really absolutely the only reason for the decline." Transcript of February 27, 2013 Public Hearing, Testimony of Michael Crain, M.D., President of Radiologic Associates of Middletown and Chairman of the Radiology Department at Middlesex Hospital, p. 17.

23. Middlesex Hospital projects that the CT and MRI scan volumes for the Guilford imaging facility will remain flat between FYs 2014 through 2016, as presented in Table 5:

Table 5: Guilford Imaging Facility's Projected CT and MRI Scan Volumes

	Projected Volume (First 3 Full Operational FYs)*		
	FY 2014	**FY 2015**	**FY 2016**
CT Scan Total	**1,019**	**1,019**	**1,019**
MRI Scan Total	**800**	**800**	**800**

Notes: *Guilford imaging facility's utilization statistics are based on an August 1 – July 31 fiscal year.

Exhibit C, pp. 89 & 90.

24. The Applicant testified that if Middlesex Hospital was not willing to acquire the Guilford imaging facility, the Hospital would expect that the CT and MRI scanning volumes would continue to decline in the future. Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations.

25. Middlesex Hospital did not indicate that integrating the Guilford imaging facility with the Middlesex Hospital System would lead to an increased number of CT and MRI scans. Middlesex Hospital claimed it has taken a conservative approach with its projection of no CT and MRI scan growth between FY 2014 and FY 2016 and that the acquisition would "just stem the tide of the decrease." Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations, pp. 21-22.

26. "Volume is not what's driving this acquisition," but rather, "...patient care and quality..." Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations, p. 25.

27. There are seven CT imaging providers located within or near Middlesex Hospital's service area towns. While Branford is not within Middlesex Hospital's primary service area, the town is adjacent to Guilford.

Table 6: CT Providers

Service Area Town	Existing Providers
Guilford	1. YNNH-Temple Radiology, 111 Goose Lane
Branford	**2. Radiology Group, PC, 6 Business Park Drive** **3. Branford Open MRI, LLC 1208 Main Street***
Madison	4. Madison Radiology, P.C., 2A Samson Rock Dr. 5. Madison Radiology Imaging, LLC, 705 Boston Post Rd #9A
Westbrook	6. Madison Radiology of Westbrook, 5 Pequot Park Road
Colchester	7. Colchester Health Center (Backus Satellite), 163 Broadway

Note: Town and provider names in **bold print** were not identified in Middlesex Hospital's CON Application's listing of other CT scanning providers.
*Branford Open MRI operates a fixed single-slice CT scanner.
Exhibit A, pp. 13 & 14.

28. There are six MRI imaging providers located within or near Middlesex Hospital's service area towns.

Table 7: MRI Providers

Service Area Town	Existing MRI Providers
Guilford	1. Madison Radiology Imaging LLC, 705 Boston Post Road 2. YNNH-Temple Radiology, 111 Goose Lane
Branford	**3. Branford Open MRI, LLC, 1208 Main Street**
Colchester	4. Colchester Health Center (Backus Satellite), 163 Broadway
Middletown	5. Open MRI of Connecticut, 140 Main Street **6. Middlesex Orthopedic Surgeons, 410 Saybrook Road**

Note:* Town and provider names in **bold print** were not identified in Middlesex Hospital's CON application listing of other MRI scanning providers.
Exhibit A, pp. 13 & 14.

29. Middlesex Hospital claims that the proposal will not result in an unnecessary duplication of existing health care services and will have no impact on existing CT and MRI providers because it will not be introducing any new imaging equipment capacity into the market. Exhibit A, pp. 11 & 14.

30. The total capital expenditure associated with the proposal is $1,429,000 and is itemized as follows:

a.	Imaging Equipment Purchases	$979,700
b.	Non-Medical Equipment Purchases	$121,300
c.	Intangible Assets	$328,000*
d.	Total Capital Expenditure	$1,429,000

Note:* Intangible assets are the long-term resources of an entity, but have no physical existence. They derive their value from intellectual or legal rights, and from the value they add to the other assets.
Exhibit A, pp. 20, 21.

31. Middlesex Hospital intends to use its equity to fund the asset purchase. Exhibit A, p. 22.

32. As provided in Table 8, Middlesex Hospital projects that after a partial first year incremental loss of approximately $43,100, the project will realize incremental gains in operations ranging from approximately $524,300 in FY 2014 to $372,800 in FY 2016. Ex. C, p. 143.

Table 8: Middlesex Hospital's Financial Projections Incremental to the Project*

Description:	FY 2013	FY 2014	FY 2015	FY 2016
Incremental Revenue from Operations	**$2,386,356**	**$3,181,812**	**$3,181,812**	**$3,181,812**
Incremental Total Operating Expense	**$2,429,430**	**$2,657,518**	**$2,732,044**	**$2,809,023**
Incremental Gain or (Loss) from Operations	**($43,073)**	**$524,294**	**$449,768**	**$372,789**

Note: *Incremental figures reflect the entire range of imaging modalities that will be offered at the Guilford imaging facility: general radiology, ultrasound, mammography, bone density imaging, CT scanning and MRI scanning.

33. Middlesex Hospital projects an overall gain from operations with the project for fiscal years 2013 through 2016. Ex. C, p. 143

Table 9: Middlesex Hospital's Projected Overall Revenue/Expense with the Project

Description:	FY 2013	FY 2014	FY 2015	FY 2016
Revenue from Operations	$363,242,485	$371,388,861	$380,270,181	$389,288,581
Total Operating Expense	$346,320,990	$359,410,488	$370,223,558	$381,395,102
Overall Gain/(Loss) from Operations	**$16,921,495**	**$11,978,373**	**$10,046,622**	**$7,893,478**

34. Middlesex Hospital's overall payer mix for FY 2012 consists of approximately 61% government payers and 39% non-government payers, and is not projected to change significantly through FY 2015. The full payer mix is presented in Table 10.

Table 10: Middlesex Hospital's Current and Projected Payer Mix

Payers	FY 2012	FY 2013	FY 2014	FY 2015
Medicare	46.40%	46.14%	46.14%	46.14%
Medicaid	13.88%	13.73%	13.73%	13.73%
CHAMPUS & TriCare	0.36%	0.35%	0.35%	0.35%
Subtotal Government	**60.64%**	**60.22%**	**60.22%**	**60.22%**
Commercial Insurers	36.41%	36.72%	36.72%	36.72%
Uninsured	1.70%	1.68%	1.68%	1.68%
Workers Compensation	1.25%	1.38%	1.38%	1.38%
Subtotal Non-Government	**39.36%**	**39.78%**	**39.78%**	**39.78%**
Total Payer Mix	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Exhibit A, pp. 21 & 22.

35. There will be no change in how the current and proposed patient population will be served. Exhibit A, p. 13.

36. Middlesex Hospital reports that the Guilford imaging facility's actual payer mix for FY 2012 consists of approximately 32% government payers and 68% non-government payers. The full payer mix is presented in Table 11.

Table 11: Guilford Imaging Facility Current Payer Mix

Payers	FY 2012
Medicare	28.50%
Medicaid	3.40%
Subtotal Government	**31.90%**
Commercial Insurers	57.80%
Uninsured	0.00%
Workers Compensation	10.30%
Subtotal Non-Government	**68.10%**
Total Payer Mix	**100.00%**

Exhibit C, p. 88.

37. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any policies and standards not yet adopted as regulation by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1)).

38. OHCA recently published a statewide facilities and services plan. Since the plan was not in circulation more than ninety days at the time the CON application was deemed complete, OHCA has not made any findings as to this proposal's relationship to the plan. (Conn. Gen. Stat. § 19a-639(a)(2)).

39. Middlesex Hospital has not established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).

40. Middlesex Hospital has satisfactorily proven that its proposal would be financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).

41. Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would improve the accessibility, quality and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)).

42. Middlesex Hospital has shown that there would be a negligible change to the payer mix and to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6)).

43. Middlesex Hospital has satisfactorily identified the population to be served by its proposal, but has failed to satisfactorily demonstrate that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7)).

44. The historical CT and MRI utilization at the Guilford imaging facility does not support this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).

45. Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would not result in an unnecessary duplication of existing imaging services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, the Office of Health Care Access considers the factors set forth in Conn. Gen. Stat. § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services*, 288 Conn. 790 (2008).

Middlesex Hospital is seeking Certificate of Need authorization to acquire a 16-slice CT scanner and a 1.5 tesla-strength MRI scanner from Radiologic Associates. *FF 5.* Radiologic Associates is a for-profit radiology group whose members are a part of Middlesex Hospital's medical staff. The radiologists provide imaging services to Middlesex Hospital and its three outpatient imaging facilities. *FF 2.* Middlesex Hospital is proposing to continue the operation of each scanner, as well as the facility's other pieces of diagnostic imaging equipment at the current facility, located at 1591 Boston Post Road in Guilford. *FF 3 & 11.* Under the proposal, the Guilford imaging facility would operate as an outpatient department of Middlesex Hospital. Radiologic Associates' radiologists would continue to provide professional radiology services at the Guilford imaging facility, Middlesex Hospital and the hospital's three outpatient imaging facilities. *FF 2, 6 & 7.*

The Applicant asserts that the proposed acquisition of the Guilford imaging facility scanners will enable the Radiologic Associates' radiologists to focus on the professional services they provide to patients of the Guilford imaging facility, while at the same time allowing the facility's patients to continue to receive imaging services locally under the auspices of Middlesex Hospital. Middlesex Hospital also claims its proposal will ensure effective and efficient care coordination for the patients receiving care within the Middlesex Health System; and provide sustainability of the outpatient imaging services at the Guilford imaging facility. *FF 8.* Middlesex Hospital will coordinate scheduling for the Guilford imaging facility along with its other imaging locations and provide information technology connectivity with the Hospital records system for the Guilford location. *FF 12.* Given that the radiologists at Radiologic Associates are part of Middlesex Hospital's medical staff, it is unclear why the claimed effective and efficient care coordination and purported increase in patient care and quality cannot be accomplished absent the purchase proposed.

Aside from the integration of the Guilford imaging facility's services into the Middlesex Health System's existing network of community-based outpatient service sites, both CT and MRI scan volumes for the Guilford imaging facility have been trending downward over the last several fiscal years. CT scanning has decreased at that facility by 56% from FY 2007 to CFY 2013 and MRI scanning has decreased by 41% during that same time period. *FF 17.* While Middlesex Hospital gave several explanations for the decline, it did not provide any evidence that the proposed integration will grow, or even sustain current volume at the Guilford imaging facility or that the Guilford imaging facility CT and MRI scanners were necessary to alleviate any possible capacity issues at Middlesex Hospital's other facilities. *FF 18-22, 25.*

Declining utilization for CT and MRI services, coupled with projections that Middlesex Hospital's existing CT and MRI scanning services will likely experience no more than a one percent increase in utilization over the next three fiscal years, clearly indicate a lack of need for Middlesex Hospital to acquire the scanners located at the Guilford imaging facility. *FF 16 & 25.*

Based upon the foregoing, OHCA concludes that Middlesex Hospital has not demonstrated a clear public need to purchase the assets of Radiologic Associates.

Order

Based upon the foregoing Findings and Discussion, I respectfully recommend that the Certificate of Need application of Middlesex Hospital for the acquisition of one computed tomography scanner and one magnetic resonance imaging scanner from Radiologic Associates of Middletown, PC, in Guilford, Connecticut be **DENIED**.

Respectfully submitted,

6/28/13
Date

Kevin T. Hansted
Hearing Officer

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*** TX REPORT ***
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AGENCY: MIDDLESEX J OSPITAL

FROM: JACK HUBER

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Comments: Transmitted:
Proposed Final Decision Regarding Middlesex Hospital's Request to Acquire a 16-S ce CT Scanner and a 1.5 Tesla-Strength MRI Scanner located in Guil rd from Radiologic Associates of Middletown, P.C.
Docket Numbe : 12-31795-CON

PLEASE PHONE Jack A. Huber at (860) 418-7069
IF THERE ARE ANY TRANSMISSION PROBLEMS.