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Saint Mary's
HOSPITAL

Michael Novak, FACHE
Vice President of Operations & Ancillary Services



March 31, 2014

Kimberly Martone, Director
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: CON Determination Letter for Relocation

Dear Ms. Martone,

Enclosed please find the CON application from Saint Mary's Hospital d/b/a Saint Mary's Medical Imaging Center to relocate the MRI it operates as a department of Saint Mary's Hospital at 475 Chase Parkway in Waterbury back to the Hospital at 56 Franklin Street in Waterbury. As part of this relocation process, the Hospital will terminate Saint Mary's Medical Imaging Center.

We hope that OHCA will approve this application so that Saint Mary's Hospital will continue to have MRI scanning available at the Hospital after NVMRI moves the existing scanner now located at the Hospital to its new location at 1329 West Main Street in Waterbury, where outpatient scanning will be conducted.

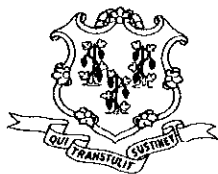
Please do not hesitate to contact me at (203) 709-3508 if you have any questions. Thank you for your assistance.

Respectfully submitted,

Michael A. Novak, FACHE

MAN:jmy

56 Franklin Street
Waterbury, CT 06706
203-709-3508



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

Docket Number:

Applicant: Saint Mary's Health System, Inc. d/b/a Saint Mary's Medical Imaging Center (formerly Saint Mary's Partners, Inc.)

Contact Person: Michael A. Novak, MBA, MSM, FACHE

Contact Person's Title: Vice President of Operations and Ancillary Care

Contact Person's Address: 56 Franklin Street, Waterbury, CT 06706

Contact Person's Phone Number: (860) 709-3508

Contact Person's Fax Number: (860) 709-3238

Contact Person's Email Address: MNovak@Stmh.org

Project Town: Waterbury

Project Name: Relocation of MRI services from Saint Mary's Medical Imaging Center to Saint Mary's Hospital

Statute Reference: Section 19a-638, C.G.S.

Estimated Total Capital Expenditure: \$0

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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.: 14-31906-COP Check No.: 371464
OHCA Verified by: SC Date: 9/1/14

- 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) 418-7053, 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 the following email addresses:
steven.lazarus@ct.gov and leslie.greer@ct.gov.

Important: For CON applications (less than 50 pages) filed electronically through email, the signed 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.

 **Saint Mary's**
HOSPITAL

WEBSTER BANK - STMH - A/P
WATERBURY, CT 06706

№ 371464

51-7010/2111

DATE

03/18/2014

CHECK AMOUNT

500.00

Five Hundred And 00/100 Dollars*****

PAY TO THE ORDER OF: TREASURER STATE OF CONNECTICUT

TREASURER STATE OF CONNECTICUT
410 CAPITOL AVE
HARTFORD CT 06134



TWO SIGNATURES REQUIRED IF OVER \$50,000.00

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RepublicanAmerican

389 Meadow Street • Waterbury, CT 06702 • 1-800-992-3232

Classified Advertising Proof

Account Number: 75401

Order Number: RA0612699

Title: Republican-American | **Class:** L-Legal -Public Notice 019

Start date: 2/17/2014 | **Stop date:** 2/19/2014 |

Insertions: 3

Title: Rep-Am.com | **Class:** L-Legal -Public Notice 019

Start date: 2/17/2014 | **Stop date:** 2/19/2014 |

Insertions: 3

LEGAL NOTICE

Saint Mary's Health System d/b/a Saint Mary's Medical Imaging Center ("Center") is applying for a Certificate of Need pursuant to Section 19a-638 of the Connecticut General Statutes to discontinue its magnetic resonance imaging ("MRI") and computerized axial tomography ("CT") services at the Center. The Center is located at 475 Chase Parkway, Waterbury, CT 06708. These imaging services will be relocated to Saint Mary's Hospital at 56 Franklin Street, Waterbury, CT 06706. There is no capital expenditure associated with this application.
R-A February 17, 18, 19, 2014

Total Order Price: \$160.08

**Please call or send an email by 3pm to approve or to make changes.
(No call back will result in your ad running as it appears on this proof.)**

Salesperson: Regina | **Printed on:** 2/13/2014

Telephone: 203-574-3636 ext 1124 | **Fax:** 203-754-0644

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AFFIDAVIT

Applicant: Saint Mary's Health System d/b/a Saint Mary's Medical Imaging Center

Project Title: Relocation of MRI Services from Saint Mary's Medical Imaging Center to Saint Mary's Hospital

Michael A. Novak, Vice President of Operations and Ancillary Care of Saint Mary's Hospital, being duly sworn, depose and state that

Saint Mary's Health System, Inc., d/b/a Saint Mary's Partners, Inc.'s information submitted in this Certificate of Need Application is accurate and correct to the best of my knowledge.



Signature

3/18/14

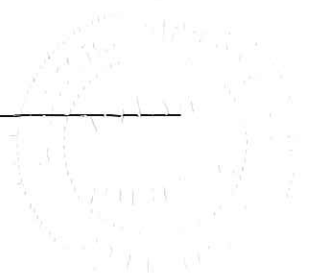
Date

Subscribed and sworn to before me on March 18, 2014

Victoria Cipriano

Notary Public/Commissioner of Superior Court

My commission expires: VICTORIA CIPRIANO
NOTARY PUBLIC
MY COMMISSION EXPIRES FEB. 28, 2017



1. Project Description: Service Relocation

- a. For each of the Applicant's programs, identify the location, population served, hours of operation, and whether the program is proposed for termination.

Response: Saint Mary's Medical Imaging Center ("the Center") is located at 475 Chase Parkway in Waterbury, CT. It was originally developed to accommodate the excess number of MRI scans that could not be handled in the space available at Saint Mary's Hospital and has operated as a Department of Saint Mary's Hospital for the last seven years. It is open Monday through Friday between the hours of 8:00 A.M. and 5:00 P.M. The Center serves residents of the following towns: Waterbury, Naugatuck, Wolcott, Prospect, Watertown, Cheshire and Middlebury. The Applicant is proposing to relocate the MRI to Saint Mary's Hospital located at 56 Franklin St. in Waterbury, which is approximately 1.9 miles away (4 minutes of driving time).¹ The patients now utilizing the MRI at the Saint Mary's location on Chase Parkway will be able to access the MRI at the Hospital 7 days a week, 24 hours a day on an emergency basis, and during the week on a scheduled basis, as is done currently. Since all of the towns which were in the service area for the Chase Parkway location are included in the service area for the hospital, the relocation of the MRI service should have minimal (if any) impact on patients.

On January 30, 2014, OHCA issued a Determination Letter (Report No. 14-31890-DTR) allowing NVMR to move the MRI being utilized by the Naugatuck Valley Radiology Associates, P.C. ("NVRA") and Saint Mary's Hospital ("SMH") from its current location in the Hospital to a location in Waterbury at 1389 West Main Street.² This will allow outpatient scanning at a location other than the Hospital, which will be run jointly by the Hospital and its partner, Naugatuck Valley Radiology Associates ("NVRA"). This effectively leaves the Hospital without the MRI scanner it needs for its patients. By relocating the Chase Parkway MRI service (which is already a department of the Hospital), the Hospital will once again have MRI services on site for its inpatients, emergency patients and those patients who need to be in a hospital for imaging services due to their medical status. Saint Mary's Hospital will no longer offer MRI services at its Center on Chase Parkway. This application seeks to terminate the Chase Parkway facility as an imaging center for MRI scanning, while relocating the MRI back to the Hospital where there will be room when the existing Hospital scanner moves down the street to an outpatient location.

- b. Describe the history of the services proposed for termination, including when they were begun and whether CON authorization was received.

Response: The Center's MRI service was approved by OHCA and a CON was granted on June 22, 2006 in OHCA Docket No. 05-30580. The CON was later modified so that

¹ See Exhibit A, Yahoo Driving Map and Directions.

² NVMRI is a partnership between Naugatuck Valley Radiology Associates, P.C. and Saint Mary's Hospital. The Determination Letter from OHCA is attached as Exhibit B.

the service could be operated as a department of Saint Mary's Hospital in OHCA Docket No. 07-30580-MDF. See Exhibit C for both OHCA decisions.

- c. Explain in detail the Applicant's rationale for this termination of services, and the process undertaken by the Applicant in making the decision to terminate.

Response: The rationale is in response to the conclusion of a partnership agreement which Saint Mary's Hospital has had with its radiologists for the last 25 years. The Hospital and NVRA combined resources to create NVMRI approximately 25 years ago. As the partnership is winding down and a new partnership agreement is being negotiated, both parties are anxious to upgrade the equipment that is now in use. The existing MRI at the Hospital at 56 Franklin Street will be moved by NVMRI to 1389 West Main Street in Waterbury. This location is in close proximity to the Hospital (the distance is approximately 1.9 miles). It has been determined by OHCA that this is allowed without a CON application, and will take place in approximately six months, once the new site is prepared for the MRI.

Both the Hospital and NVMRI currently have CON authorization to own and operate two (2) MRI scanners associated with the Hospital. With the existing MRI at the Hospital moving out of the Hospital to 1389 West Main Street in approximately six (6) months³, the Hospital needs to move its existing MRI from Chase Parkway to the Hospital for MRI scanning that will be required for inpatients as well as for emergency department patients, and those patients who require a hospital setting for scanning due to health issues. This will terminate the provision of MRI services at the Imaging Center on Chase Parkway, but will relocate the service back to the Hospital. The reason Saint Mary's Hospital opened the Chase Parkway MRI to perform MRI scanning was because the Hospital did not have enough room for the volume of scans being performed. In 2005, when the Chase Parkway facility was approved, there were 8,812 MRI scans being performed on one MRI scanner.⁴ Now that NVRA has been allowed to move the Hospital's MRI to a location outside of the Hospital, the Saint Mary's Hospital needs the existing MRI at Chase Parkway back on the Hospital campus.

- d. Did the proposed termination require the vote of the Board of Directors of the Applicant? If so, provide copy of the minutes (excerpted for other unrelated material) for the meeting(s) the proposed termination was discussed and voted.

Response: The termination and relocation of the service did not require a vote of the Board of Directors of the Hospital.

³ See OHCA Determination Letter to NVRA in Report No. 14-31890-DTR, attached as Exhibit B.

⁴ See OHCA Docket No. 05-30580-CON, the Final Decision cites to volumes provided by the Applicant on page 3, No. 8, including the volume of MRIs in 2005 as 8,812. The decision is included in Exhibit C.

- e. Explain why there is a clear public need for the proposal. Provide evidence that demonstrates this need.

Response: Once the MRI which has been at the Hospital for the past 25 years is moved to 1389 West Main Street in Waterbury, the Hospital will be without an MRI. Saint Mary's Hospital is an acute care, not-for-profit, community teaching hospital. In FY2013, there were 91,580 patient discharges.⁵ Saint Mary's Hospital runs the fifth largest emergency department in the State of Connecticut. The MRI service has always been available 24 hours a day 7 days a week for emergencies – either for inpatients needing MRI imaging, or emergency patients brought in on any day, at any time. While NVMRI will handle the routine MRI outpatient scanning, it would be dangerous for a hospital the size of Saint Mary's to be left without MRI scanning capability. As with NVMRI, after relocation is approved, the Hospital plans to upgrade the equipment now used at the Center. If this CON is approved, the Hospital will complete a CON notification form and file it with OHCA when it does replace the previously authorized MRI scanner.

2. Termination's Impact on Patients and Provider Community

- a. List all existing providers (name, address, services provided, hours and days of operation, and current utilization) of the services proposed for termination in the towns served by the Applicant, and in nearby towns.

Response: The following facilities provide MRI service in the greater Waterbury area:

Name	Address	Hours & Days of Operation	Scans Per Year
Saint Mary's Hospital	56 Franklin St.	6:30 AM – 10:30 PM Mon.-Fri. 7:30 AM – 4 PM Sat.	
Greater Waterbury Imaging Center, L.P.	68 Robbins St.	6:30 AM – 10:30 PM Mon.-Fri. 6:30 AM-8:30 PM Sat. On-call Sunday	
Diagnostic Imaging of Southbury	385 Main St., South, Southbury	7:00 AM – 9:00 PM Mon. – Fri. 8:30 AM – 12:30 PM Sat.	
Diagnostic Radiology Associates	1579 Straits Tnpk., Southbury	8:00 AM.-9:00 PM Mon.-Thurs. 8:30 - 5:00 Friday 8:30 - 2:00 Saturday	
Housatonic Valley Radiological Assoc.	67 Sand Pit Rd. Southbury	8:00 - 6:00 Mon.-Thurs. 8:00 - 12:00 Saturday	

- b. Discuss what steps the Applicant has undertaken to ensure continued access to the services proposed for termination for the Applicant's patients.

⁵ See Exhibit D, Chime Data, 11months for FY2013, p.2).

Response: Saint Mary's Hospital is entering into a new partnership agreement with Naugatuck Valley Radiology Associates, P.C. to operate an outpatient MRI service at West Main Street in Waterbury, which is in close proximity to the Hospital. This location will take the place of the existing facility on Chase Parkway for MRI scanning. The MRI scans conducted at the Hospital and at Saint Mary's Imaging Center on Chase Parkway have always been read by the radiologists in NVRA for the twenty five years, and that will remain the same. The new location for MRI outpatient services will be at 1389 West Main Street, Waterbury.

When NVMRI moves the MRI now existing at the Hospital to the new NVMRI location, the Hospital will have no MRI. By relocating the Chase Parkway MRI to the Hospital, the Hospital will again have MRI services at the Hospital. The end result is that there will continue to be two MRIs operating MRI scanning services in the Saint Mary's Hospital system, as authorized by OHCA.

Patients who have been utilizing the Chase parkway location for MRI scanning will have the same type of access they have had in the past if this application is approved. Outpatients will have equally good access to outpatient MRI scanning with NVMRI services located close to the Hospital, as is the existing facility on Chase Parkway. If a patient could not get to 1389 West Main Street in Waterbury, that patient could be seen as an outpatient at the Hospital, which is less than 2 miles away from the existing location on Chase Parkway. Since both the Hospital and 1389 West Main Street are in downtown Waterbury, access and parking will not be a problem, and bus service is available within the city of Waterbury.

- c. For each provider to whom the Applicant proposes to transfer or refer clients, provide the current available capacity, as well as the total capacity and actual utilization for the current year and last completed year.

Response: The Applicant proposes to transfer its current outpatient volume of MRIs to the NVMRI facility at 1389 West Main Street, which has just received approval from OHCA to relocate the MRI currently located at the Hospital to this outpatient location.

- d. Identify any special populations that utilize the services and explain how these clients will continue to access this service after the service location closes.

Response: When the MRI service closes at the Chase Parkway location, outpatients will have access to the same service at 1389 West Main Street in Waterbury. Scans will be read by the same radiologists who are reading the scans now.

- e. Provide evidence (e.g. written agreements or memorandum of understanding) that other providers in the area are willing and able to absorb the displaced patients.

Response: There will not be any displaced patients because when a doctor recommends that a patient requires scanning by MRI, and the patient calls Saint Mary's Medical Imaging Center on Chase Parkway to set up an appointment, the patients will be

informed that they can go to Saint Mary’s Hospital or to the new NVMRI location at West Main Street in Waterbury. The two relocations involved will maintain the status quo in terms of the existing services.

- f. Describe how clients will be notified about the termination and transferred to other providers.

Response: Patients need an order from a physician in order to be scanned by the MRI. Once outpatients have an order, they call a facility for scheduling. At that time, Saint Mary’s Medical Imaging Center will inform the patients now using Chase Parkway about the new outpatient facility on West Main Street to be operated by NVMRI, and MRI scanning at Saint Mary’s Hospital if that level of care is required.

3. Actual and Projected Volume

- a. Provide volumes for the most recently completed FY by town.

Response: See Exhibit E.

- b. Complete the following table for the past three fiscal years (“FY”) and current fiscal year (“CFY”), for both number of visits and number of admissions, by service.

Response: Table I, below, sets forth the volumes for Saint Mary’s Medical Imaging Center on Chase parkway.

Table 1: Historical and Current Visits & Admissions

	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 2011	FY 2012	FY 2013	FY 2014
Service**				
MRI Scanning	1,592	1,891	1,501	481 thru 2/28/14
Total	1,592	1,891	1,501	481 thru 2/28/14

* 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.

** Identify each service type and add lines as necessary. Provide both number of visits and number of admissions for each service listed.

*** Fill in years. In a footnote, identify the period covered by the Applicant’s FY (e.g. July 1-June 30, calendar year, etc.).

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

Response: The volume has remained static over the last 3 years.

- d. For DMHAS-funded programs only, provide a report that provides the following information for the last three full FYs and the current FY to-date:

- i. Average daily census;
- ii. Number of clients on the last day of the month;
- iii. Number of clients admitted during the month; and
- iv. Number of clients discharged during the month.

Response: N/A

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.

Michael A. Novak, Vice President of Operations & Ancillary Services: Saint Mary's Hospital

Robert C. Gumbardo, M.D., Chief of Staff, Saint Mary's Hospital, and President of NVRA, P.C.

Bipin Jagjivan, M.D., F.R.C.R., Attending Radiologist and Chairman, Department of Radiology; Saint Mary's Hospital

Mary Carpenter, Clinical Manager/Interim Director; Diagnostic Imaging

Response: See Exhibit F for the Curriculum Vitae for the above-named individuals.

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

Response: The proposal will close down the Hospital's outpatient MRI facility on Chase Parkway, which will no longer be needed. It will also relocate the MRI now at Chase Parkway back to the Hospital, which will be necessary for inpatients, emergency patients and those patients who need to have scanning in a hospital setting. Therefore, the quality will be better than if the Hospital were left without MRI scanning in the Hospital. Patients at the Hospital need to have MRI scanning available at the Hospital. With outpatient scanning being done by NVMRI at 1389 Main Street in Waterbury, the radiologists will be in the same facility as where the scanning is being done. It will be a better experience for the patients who can utilize the outpatient setting since the radiologists will be on site if there are any questions.

- c. Identify when the Applicants' funding and/or licensing agencies (e.g. DPH, DMHAS) were notified of the proposed termination, and when the Applicants' licenses will be returned.

Response: DPH does not license imaging services.

5. Organizational and Financial Information

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

Response: Saint Mary's Hospital is a corporation.

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

Response: See Exhibit H: KPMG Consolidated Financial Statements and Consolidating Information September 30, 2013 and 2013, p. 7 for proof of non-profit status.

c. 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.

Response: The Applicant is a Connecticut hospital and filed its audited financial statements on February 26, 2014.

- 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.)

d. Submit a final version of all capital expenditures/costs.

Response: There is no capital expenditure associated with the relocation of the MRI service from Chase Parkway to 56 Franklin St. in Waterbury.

- e. 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.

Response: Not applicable

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

Response: Moving the Chase Parkway MRI services back to the Hospital and allowing NVMRI to operate in a new location near the Hospital is expected to create efficiencies because it will locate all of the scanning in the immediate vicinity of the hospital and the radiologists who practice in NVRA. Allowing NVMRI to relocate to 1389 Main Street

(which has already been determined by OHCA in Report No. 14-31890-DTR) will save time for the radiologists, which should translate into cost savings for patients and the state's health care system.

6. 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.

Response: Attached as Exhibit H.

- 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.

Response: Attached as Exhibit J.

- 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.).

Response: Assumptions are listed on the bottom of Financial Attachment I.

- 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).

Response: The rate schedule is attached as Exhibit I.

- e. Was the Applicant being reimbursed by payers for these services? Did reimbursement levels enter into the determination to terminate?

Response: The Applicant is reimbursed by payers for MRI services. Reimbursement levels did not enter into the determination to relocate. If this were a termination of the service, rather than a relocation, reimbursement would have been a factor.

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

Response: N/A

- g. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

Response: The approval of this application will result in restoration of MRI services at Saint Mary's Hospital. There are no projected incremental losses associated with the implementation and operation of this CON proposal.

- h. Describe how this proposal is cost effective.

Response: This proposal, by itself, is neutral in terms of cost-effectiveness. Simply moving the outpatient MRI services within Waterbury would not affect the cost of the service. The outpatient MRI services offered by the Hospital and NVRA in the future at a new outpatient location will function similarly to the MRI services now in existence at Saint Mary's Imaging Center on Chase Parkway. The Chase Parkway MRI service has already been approved by OHCA as a department of the Hospital in OHCA Docket No. 07-30580-MDF. Costs for the Hospital will be lower when the expense of rental for the Center for Imaging on Chase Parkway is closed down, and the expenses associated with operating that facility are eliminated. The money from those expenses will be appropriated to new MRI equipment in the future.

Exhibit A

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krisros22

Mail

[Find Nearby](#)

Start at Chase Pky.
134 ft

Turn right and take ramp onto I-84 E toward CT-8/Hartford.
1.1 mi

Take exit #22/Baldwin St/Downtown Waterbury onto Market Sq.
0.3 mi

Turn right onto S Main St.
439 ft

Bear left onto E Clay St.
85 ft

Turn left onto S Elm St.
0.3 mi

Turn right onto Scovill St.
446 ft

Bear right onto Franklin St.
216 ft

Your destination on Franklin St is on the right.
The trip takes 1.9 mi and 4 mins.

B 56 Franklin St, Waterbury, CT 06706-1221

[Find Nearby](#)

[Traffic](#)

250m 1056ft

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Coco Keys Waterbury Ct [TripAdvisor.com](#) CoCo Key Water Hotel Compare Prices, Reviews, Book Now! Ad

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Exhibit B

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

January 30, 2014

VIA FACSIMILE ONLY

Dr. Geoffrey Manton
Managing General Partner
Naugatuck Valley MRI Limited Partnership
Union Square Building #1
385 Main Street South
Southbury, CT 06488

RE: Certificate of Need Determination Report Number 14-31890-DTR
Relocation of Magnetic Resonance Imaging Scanner

Dear Dr. Manton:

On January 23, 2014, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination request on behalf of Naugatuck Valley MRI Limited Partnership ("Petitioner") with respect to the replacement and relocation of a Magnetic Resonance Imaging ("MRI") scanner.

The Petitioner asserts that its MRI scanner was approved under Docket No. 88-512 and Docket No. 07-31056-WVR. The Petitioner plans to replace and relocate the MRI scanner from its present location, 56 Franklin Street, Waterbury, Connecticut, to a location approximately 1.9 miles away, 1389 West Main Street, Waterbury, Connecticut.

Connecticut General Statutes § 19a-638(a) does not require a CON for the relocation or replacement of existing imaging equipment. Therefore, a CON *is not required* for the Petitioner's proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly R. Martone".

Kimberly R. Martone
Director of Operations

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR
Michael Novak, Saint Mary's Hospital
Stephen Klaffky, Esq.
Jeffrey Tinley, Esq.

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

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Exhibit C

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Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Saint Mary's Health System, Inc. d/b/a
Saint Mary's Partner's Inc.

Docket Number: 05-30580-CON

Project Title: Establishment of a Freestanding MRI Imaging Center in
Waterbury, Connecticut

Statutory Reference: Sections 19a-638 and 19a-639,
Connecticut General Statutes

Filing Date: April 12, 2006

Hearing Date: May 10, 2006

Presiding Officer: Cristine A. Vogel
Commissioner

Decision Date: June 22, 2006

Staff Assigned: Steven W. Lazarus

Default Date: July 11, 2006

Project Description: Saint Mary's Health System, Inc. d/b/a Saint Mary's Partners Inc. ("Applicant") proposes to establish a freestanding MRI imaging center in Waterbury, Connecticut, at a total capital expenditure of \$2,195,550.

Nature of Proceedings: On April 12, 2006, the Office of Health Care Access ("OHCA") received the Applicant's proposal to establish a freestanding MRI imaging center, at a total capital expenditure of \$2,195,550. The Applicant is a health care facility

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or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

On September 12, 2005, a notice to the public regarding OHCA's receipt of the Hospital's Letter of Intent to file its CON application was published in *The Waterbury Republican* pursuant to Sections 19a-638 and 19a-639, C.G.S. On February 10, 2006, OHCA received a letter from Greater Waterbury Imaging Center ("GWIC") requesting that a hearing be held on the Applicant's CON application.

Pursuant to Sections 19a-638 and 19a-639, C.G.S., a public hearing regarding the CON application was held on May 10, 2006. On April 19, 2006, the Hospital was notified of the date, time and place of the hearing. On April 21, 2006, a notice to the public was published in *The Waterbury Republican*. Commissioner Cristine A. Vogel served as Presiding Officer. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Sections 19a-638 and 19a-639, C.G.S.

By petition dated May 5, 2006, GWIC requested Intervenor status regarding the Applicant's CON application. The Presiding Officer granted GWIC Intervenor status with full-rights of cross-examination.

The Presiding Officer heard testimony from the Applicant's and the Intervenor's witnesses, in rendering this decision and considered the entire record of the proceeding. OHCA's authority to review and approve, modify or deny the CON application is established by Sections 19a-638 and 19a-639, C.G.S. The provisions of these sections, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Impact of the Proposal on the Hospital's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Saint Mary's Health System is the parent corporation of Saint Mary's Hospital ("SMHS") and Saint Mary's Partner's Inc., located at 56 Franklin Street, Waterbury, Connecticut. (*September 6, 2005, Letter of Intent*)
2. Saint Mary's Hospital ("SMH" or "Hospital") is a non-profit acute care hospital located at 56 Franklin Street, Waterbury, Connecticut. (*September 6, 2005, Letter of Intent*)
3. Saint Mary's Partner's Inc. ("SMP") is a wholly owned affiliate company of SMHS and will be the sole member of the proposed freestanding imaging center.

(April 12, 2006, CON Application, page 4)

4. SMHS d/b/a SMP ("Applicant") proposes the establishment of a freestanding Magnetic Resonance Imaging ("MRI") imaging center at 1320 West Main Street in Waterbury including the acquisition of a GE 1.5 Tesla Open MRI scanner. *(September 6, 2005, Letter of Intent and April 12, 2006 CON Application, page 20)*
5. SMH's existing MRI scanner is located in its Emergency Department and is known as Naugatuck Valley MRI ("NVMRI"). According to the Applicant, there is no space available to place a second MRI scanner on the SMH campus. *(September 6, 2006, Letter of Intent and March 22, 2006, Completeness Response page 12)*
6. The Applicant's service area for the proposed MRI imaging center includes the following towns:

Table 1: Primary and Secondary Service Area

Naugatuck	Middlebury
Prospect	Oxford
Waterbury	Thomaston
Wolcott	Watertown

(April 12, 2006, CON Application, page 5)

7. The Applicant based the need for the proposed freestanding MRI imaging center on the current utilization of SMH's existing MRI unit located on the SMH campus and on lack of space to accommodate a second MRI scanner at SMH campus. The Applicant stated that the current MRI is operating seven (7) days per week and is at capacity. *(September 6, 2005, Letter of Intent and May 16, 2006, Applicant's Late File)*
8. The total MRI volume for the past three fiscal years (FYs) at NVMRI is as follows:

Table 2: SMH Existing Total MRI Volume

	FY 2003	FY 2004	FY 2005
NVMRI (SMH MRI)	8,533	8,977	8,812

Note: OHCA can not verify this data.

(May 16, 2006, Applicant's Late File)

9. Due to the location of the existing MRI scanner in the Emergency Department, emergency and inpatient cases take priority. According to the Applicant, the proposed MRI scanner would increase access for SMH's outpatient imaging patients by providing them an option for outpatient imaging services. *(May 5, 2006, Prefile Testimony of Robert P. Ritz)*

10. The Applicant stated that the proposed MRI imaging center will provide for the following:
- Increased outpatient imaging access for SMH patients;
 - Improved access to SMH physicians located at the proposed location complex;
 - Decreased volume at the existing MRI scanner at NVMRI; and
 - State-of-the-art MRI technology.
- (April 12, 2006, CON Application, pages 3-7 and May 5, 2006, Prefile Testimony of Chad Wable)*
11. The Applicant stated that the proposed location of the freestanding MRI imaging center will improve access due to its proximity to SMH and its existing patient population and physician presence. *(May 16, 2006, Applicant's Late File)*
12. SMHS has a contract with Naugatuck Valley Radiology Associates ("NVRA") to provide radiology services for SMH and all of its affiliated entities. NVRA will be the exclusive provider of professional radiology services at the proposed MRI imaging center. *(March 22, 2006, Completeness Response page 12)*
13. SMH provides sleep services and physical therapy services adjacent to the proposed MRI imaging center at 1312 West Main Street in Waterbury. Currently, there are several SMH affiliated physicians located at the proposed location, as follows.

Table 3: Physicians Currently Located at the Proposed Site and their Affiliation

Provider	Specialty	Affiliation
Franco Galasso, M.D.	Internal Medicine	Scovill Medical Group
Al Germain, M.D.	Optometry Service	No Affiliation
Giuseppe Gutaitoli, M.D.	Internal Medicine	Scovill Medical Group
Fauto Lanao, M.D.	Internal Medicine	Scovill Medical Group
Arlen Lichter, M.D.	Physical Medicine and Rehab	Member of SMH Medical Staff
Andrew Nelson, M.D.	Orthopedic Surgery	Member of SMH Medical Staff
Michelle Nisenbaum, M.D.	Physical Medicine & Rehab	Member of SMH Medical Staff
Saint Mary's Hospital	Occupational Medicine Services including Laboratory Services and Basic X-Ray	Saint Mary's Hospital

(May 16, 2006, Applicant's Late File)

14. According to the Applicant, the proposed MRI will enable SMH to meet the growing demand for MRI procedures and improve access to the current MRI facility at SMH. *(May 5, 2006, Prefile Testimony of Chad Wable)*

15. According to the Applicant, the existing NMVRI MRI scanner is not capable of any future technology advancements with its current hardware and software. The proposed MRI scanner is a state-of-the-art piece of equipment which will enable SMHS to provide the highest quality diagnostic MRI service available to SMH patients. *(May 5, 2006, Prefile Testimony of Amy R. Bullen)*
16. The Applicant is projecting the following total MRI volume for the first three FYs of operation at the proposed MRI imaging center as follows:

Table 4: MRI Volume for the Proposed MRI Imaging Center

	FY 2006	FY 2007	FY 2008
MRI Procedures	1,465	2,301	3,020

*The Applicant based the projected utilization on a 10%-15% growth in the total MRI market based on data by Clariata. OHCA is unable to verify this data..
 (April 12, 2006, CON Application, page 9)*

Financial Feasibility of the Proposal and its Impact on the Hospital's Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

17. The proposal has a proposed capital expenditure \$2,195,550, which consists of:

Table 5: Total Capital Expenditure for the Proposal

Project Component	Cost
Medical Equipment (Purchase)	\$1,600,000
Non-Medical Equipment (Purchase)	\$10,000
Construction/Renovation	457,000
Architect Fees & Contingency Costs	128,550
Total Capital Expenditure	\$2,195,550
Capitalized Financing Costs	63,948
Total Capital Cost including Capitalized Financing Costs	\$2,259,498

(April 12, 2006, CON Application, page 18)

18. The Applicant plans to fund the proposal through a conventional loan. GE Healthcare Financial Services provided the Applicant with a letter of interest outlining the proposed financing terms. *(April 12, 2006, CON Application, page 20 and May 5, 2006, Prefiel Testimony of Daniel J. DeBarba, Jr.)*
19. The Applicant projects incremental losses from operations of the proposed imaging center of \$(187,575) and \$(110,344) for FYs 2006 and 2007. The losses are due to initial start-up costs. The Applicant projects a gain from operations of \$96,369 for FY 2008. *(April 12, 2006, CON Application, pages 23&242)*

20. The projected Payer Mix for the proposed imaging center is as follows:

Table 6: Proposed Imaging Center Payer Mix

	Year 1	Year 2	Year 3
Medicare	30.9%	30.9%	30.9%
Medicaid	4.3%	4.3%	4.3%
CHAMPUS and TriCare	0.0%	0.0%	0.0%
Total Government	35.2	35.2	35.2
Commercial Insurers	56.2%	56.2%	56.2%
Uninsured	4.4%	4.4%	4.4%
Worker's Compensation	4.3%	4.3%	4.3%
Total Non-Government Payers	64.9%	64.9%	64.9%
Total Payer Mix	100.0%	100.0%	100.0%

(March 22, 2006, Response to OHCA's Completeness Letter, page 14)

21. The Applicant's rates are sufficient to cover the proposed capital expenditure and operating costs. *(April 12, 2006, CON Application, page 242 and Response to OHCA's Completeness Letter, Financial Attachment)*

22. There is no State Health Plan in existence at this time. *(April 12, 2006, CON Application, page 4)*

23. The Applicant has adduced evidence that this proposal is consistent with its long-range plan. *(April 12, 2006, CON Application, page 4)*

24. There are no distinguishing or unique characteristics of SMH patient/physician mix related to the proposal. *(April 12, 2006, CON Application, page 148)*

25. SMH has undertaken energy conservation, group purchasing, the application of technology programs, product standardization, pharmacy standardization, utilization and inventory control activities in an effort to improve productivity and contain costs. *(April 12, 2006, CON Application, page 13)*

26. The proposal will not result in changes to SMH's teaching and research responsibilities because the proposal does not affect patient care directly. *(April 12, 2006, CON Application, page 14)*

27. There are no distinguishing characteristics of SMH's patient/physician mix. *(April 12, 2006, CON Application, page 14)*

28. The Applicant has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(April 12, 2006, CON Application, page 12 and Appendix 5D)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for Certificate of Need ("CON") proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of an existing service, the specific type of service proposed to be offered, the current utilization of the service and the financial feasibility of the proposal.

Saint Mary's Health System ("SMHS") d/b/a Saint Mary's Partner's ("SMP") (also known collectively as "Applicant") is proposing the establishment of a freestanding MRI imaging center at 1320 West Main Street in Waterbury, Connecticut and the acquisition of a GE 1.5 Tesla Open Short-Bore MRI unit. Saint Mary's Hospital ("SMH") currently operates one (1) MRI unit at SMH, seven (7) day per week, which is currently at capacity performing approximately 9,000 MRI scans annually.

The Applicant based the need for the proposed freestanding MRI center on current utilization of the existing MRI scanner at NVRMRI. There is no additional physical space on SMH campus to locate the proposed MRI unit. The Applicant reported the existing MRI unit's volume as 8,533, 8,977 and 8,812 for FYs 2003, 2004 and 2005. The proposed freestanding MRI imaging center will alleviate capacity constraints at the existing MRI located at SMH. The proposed imaging center will offer an alternative to SMH's outpatients requiring MRI imaging services within close proximity to affiliated SMH physicians and other outpatient services offered by SMH. The Applicant's proposal for the establishment of a freestanding imaging center and an additional MRI unit to be located at 1320 West Main Street in Waterbury will improve the access and quality of imaging services for the patients of SMH.

The total capital expenditure associated with the proposed project is \$2,195,550. The proposed project will be funded through a conventional loan. The Applicant projects an incremental loss from operations for the first two years of operation as a result of implementation of the proposal of \$(187,575) and \$(110,334). The Applicant projects an incremental gain from operations of \$96,369 for the third year of operation. Although OHCA can not draw any conclusions, the volumes and financial projections appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is financially feasible and cost effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Saint Mary's Health System d/b/a Saint Mary's Partners for the establishment of a freestanding imaging center and the acquisition of an MRI unit, at a total capital expenditure of \$2,195,550, is hereby GRANTED.

Order

Saint Mary's Health System d/b/a Saint Mary's Partners ("Applicant") is hereby authorized to establish a freestanding imaging center at 1320 West Main Street in Waterbury and for the acquisition of an MRI unit at capital expenditure of \$2,195,550, is subject to the following conditions:

1. This authorization shall expire on December 31, 2007. Should the Applicant's imaging center not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant will notify OHCA in writing of the commencement of the proposed freestanding MRI imaging center no later than December 31, 2007.
3. The Applicant shall not exceed the approved total capital expenditure of \$2,195,550. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised CON budget.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

June 22, 2006

Signed by Cristine A. Vogel
Commissioner

CAV:swl

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Office of Health Care Access
Modification of Previously
Authorized Certificate of Need
Final Decision

Applicants: Saint Mary's Partners, Inc. and Saint Mary's Hospital

Modification Docket Number: 07-30580-MDF

Modification Project Title: A request to modify a previous Certificate of Need authorization to change the designated applicancy from Saint Mary's Partners, Inc. to Saint Mary's Hospital, Inc., to change the project funding from conventional loan to lease financing and to change the location of the authorized MRI services from 1320 West Main Street to 475 Chase Parkway, both in Waterbury, Connecticut

Original Project Docket Number and Title: Docket Number 05-30580-CON:
The establishment of a freestanding imaging center at 1320 West Main Street in Waterbury and for the acquisition of an MRI unit at a capital expenditure of \$2,195,550

Statutory Reference: Sections 4-181a(b), Connecticut General Statutes

Filing Date: May 21, 2007

Decision Date: July 3, 2007

Staff: Karen Roberts

Project Description: Saint Mary's Partners, Inc. and Saint Mary's Hospital, Inc., request a modification of the Certificate of Need ("CON") authorization issued under Docket Number 05-30580-CON in order to change the designated applicancy for the project from Saint Mary's Partners, Inc. to Saint Mary's Hospital, Inc., to change the project funding from conventional loan to lease financing and to change the location of the authorized MRI services from 1320 West Main Street to 475 Chase Parkway, both in Waterbury, Connecticut.

Findings of Fact

1. On June 22, 2006, under Docket Number 05-30580-CON, the Office of Health Care Access ("OHCA") granted a Certificate of Need ("CON") to Saint Mary's Health System d/b/a Saint Mary's Partners for the establishment of a freestanding imaging center at 1320 West Main Street in Waterbury and for the acquisition of a Magnetic Resonance Imaging (MRI) unit at a capital expenditure of \$2,195,550. The CON was granted pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes. *(CON authorization issued under DN 05-30580-CON)*
2. On April 13, 2007, OHCA received a modification request from Saint Mary's Partners, Inc. and Saint Mary's Hospital, Inc. (together "Applicants") to modify the CON to change the designated applicancy for the project from Saint Mary's Partners, Inc. to Saint Mary's Hospital, Inc., to change the type of financing for the project from conventional loan to lease financing and to change the location of the authorized MRI services from 1320 West Main Street to 475 Chase Parkway, both in Waterbury, Connecticut. Further information was received on May 21, 2007 and the modification request was deemed complete under Docket Number 07-30580-MDF. *(April 13, 2007 and May 21, 2007 submissions under DN 07-30580-MDF)*
3. Saint Mary's Partners, Inc. is an existing Connecticut non-stock corporation and is wholly owned by Saint Mary's Health System, Inc., the same parent corporation as Saint Mary's Hospital ("Hospital"). *(CON application under Docket Number 05-30580-CON)*
4. The Applicants provided the following information and rationale specific to the change in designated CON applicancy:
 - a. According to the Applicants, the federal Deficit Reduction Act of 2005 (DRA) signed into law on February 8, 2006 greatly reduces payments for MRI services structured under entities such as was originally proposed and approved under Docket Number 05-30580-CON for Saint Mary's Partners.
 - b. At the time of the original CON filing, the Applicants were aware of the recommended reductions in reimbursement for MRI services as outlined in the DRA, which were incorporated into the planning of the original proposal. The Applicants indicate, however, that the magnitude of the impact of the DRA on payment reductions for MRI centers was not effective nor was publicly understood at that time.

- c. The Applicants indicate that, post-DRA, financing companies will not provide financing to Saint Mary's Partners without credit support or additional collateral from Saint Mary's Hospital.
 - d. Additionally, the Applicant indicates that many private payors are increasingly becoming reluctant to reimburse private, freestanding imaging centers with a single modality.
 - e. In consideration of the above, the Applicants decided that organizing the MRI Center as a division of the Saint Mary's Hospital Radiology Department is a more feasible, financially stable and prudent structure. The Applicants have determined that Saint Mary's Hospital is the best organizational entity within the Saint Mary's Health System to hold the proposed MRI service primarily as a result of the reimbursement changes associated with the Deficit Reduction Act.
(Pages 5 and 8 of the April 13, 2007 modification request)
5. The Applicants provide the following information and rationale specific to the change in the project location:
- a. In December of 2006, Toshiba America Medical Systems was chosen as the equipment vendor. In April of 2007, Toshiba reviewed and performed Magnetometer testing of the 1320 West Main Street location and recommended that a more suitable location be found for safe siting and operation of a 1.5 Tesla MRI unit. It was determined that the site did not meet the necessary site specifications for the placement of the MRI unit. Two different locations at 1389 West Main Street (Suite IC and Suite IJ) were subsequently tested and did not meet site specifications
 - b. Recently, approximately 2,000 square feet of space at 475 Chase Parkway, a medical office building located less than one half mile from 1320 West Main Street, became available for the MRI Center. This location was thoroughly evaluated as another site option and was determined to be a viable site.
 - c. The 475 Chase Parkway location provides added space and meets all site specifications necessary for this project. The added space allows for potential expansion of MRI services and the option to provide multi-modality imaging services in the future. In addition, primary care, orthopedic and neurosurgical physician practices are located adjacent to and across the street from the site. According to the Applicants, patients of these physician practices could conveniently access the MRI Center.
 - d. The 475 Chase Parkway building owner, 500 Chase Parkway Condominium Association, Inc., has entered into a letter of intent with Saint Mary's Hospital to lease approximately 2,400 square feet of space for the purpose of establishing an outpatient MRI center.
(Pages 5, 9, 10 and 18 of the April 13, 2007 modification request)

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6. The Applicants provide the following information and rationale specific to the change in project funding:
- a. The Applicants have reconsidered the financing of the project and determined that funding the proposal via lease financing is more feasible and fiscally responsible for this project. The Applicants indicate that:
 - Acquisition of high technology equipment through lease financing is a more cost effective alternative than an outright purchase or conventional loan.
 - Funds used to purchase equipment outright are deducted from a hospital's working capital whether bought for cash or financed by a conventional capital loan.
 - Funding through a conventional loan would reduce the available loan financing for other hospital projects and needs.
 - The Applicant indicates that the conventional loan rate, even if applied directly to the equipment is only available within limits and requires subordinated equity at all times.
 - b. Based on the above, the Hospital calculated its average cost of capital, the yield on its working capital, the cost of conventional debt and the impact on its bond debt covenants and determined that lease financing for this project is most appropriate.
 - c. An operating lease agreement has been developed between the Hospital and CIT Healthcare. CIT Healthcare has provided Toshiba, the equipment vendor, with a signed Purchase Order. The Applicants submitted the executed operating lease proposal between CIT Equipment Leasing and the Hospital for a term of 48 months.
 - d. Saint Mary's Partners was not specifically denied financing; however, according to the Applicants, financial lending institutions made it clear that financing could not be achieved without the support or collateral of Saint Mary's Hospital. Because of the Hospital's current debt covenant violation situation, the Applicants indicate that the Hospital could not realistically provide this support or collateral.
 - e. The Hospital violated its debt to equity ratio covenant in fiscal years 2005 and 2006 and as a result, the Hospital was required by its bondholders to hire a consultant and develop a performance improvement plan. The plan, which was presented to bondholders and approved in 2006, does not allow for the issuance of additional debt. Until the Hospital is able to achieve compliance with its bondholder covenants, the Hospital will not be able to issue additional debt. A capital lease is considered additional debt for financial statement purposes whereas an operating lease is not. Therefore, the lease which the Hospital has entered into with CIT Healthcare is considered by the Hospital to be an operating lease for the equipment.

- f. The Saint Mary's Hospital Board of Directors has approved the MRI project business plan and all related changes to the project.
(Pages 5 and 9 of the April 13, 2007 modification request and pages 2 and 5 of the May 21, 2007 responses)
7. The Applicants indicate that the modification proposal will not result in a change to the payor mix for this project. *(Page 3 of the May 21, 2007 responses)*
8. The modification proposal results in the following Gain/(Loss) from Operations for Saint Mary's Hospital: \$(120,000) for FY 2008, \$193,000 for FY 2009 and \$485,000 for FY 2010.
(Page 16 of April 13, 2007 modification request and page 15 of May 21, 2007 responses)
9. The Applicants have updated the utilization projections for this project as follows: FY 2008 - 2000 MRI studies, FY 2009 - 3000 MRI studies and FY 2010 - 3,500 MRI studies. The changes are updated projections only and are not related to the proposed modification request. The Hospital updated the projections as part of a business plan which was revised, resubmitted to and approved by the Saint Mary's Health System Finance Committee on April 4, 2007. *(Page 16 of April 13, 2007 modification request and pages 1- 3 of May 21, 2007 responses)*
10. On June 21, 2007, after a public comment period, OHCA granted a waiver of public hearing related to this modification request, as the CON authorization issued under Docket Number 05-30580-CON, was a contested case. *(June 21, 2007 OHCA waiver of public hearing)*

Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 05-30580-CON to Section 19a-637, C.G.S., is not significantly altered by this request for a modification under Docket Number 07-30580-MDF. It appears to be the Applicants' intent for Saint Mary's Hospital to implement the project in a timely manner and in the overall scope reviewed and authorized by OHCA in the original CON application. The requested change in applicancy, project funding and location within Waterbury will not result in a change in the services provided and the request appears to be for circumstances which were substantially unanticipated by the Applicants at the time of the CON filing in 2006. The requested changes to this CON Order appear to be reasonable and the result of a change in conditions.

Order

Based on the above discussion and the reasons provided in the Applicants' modification request, OHCA hereby grants the request and modifies the CON authorized under Docket Number 05-30580-CON. The CON Order for this project is hereby modified as follows:

Saint Mary's Hospital, Inc. is hereby authorized to establish a freestanding imaging center at 475 Chase Parkway, in Waterbury, Connecticut and for the lease of an MRI unit and other associated costs, at a total project capital cost of \$2,195,550, subject to the following conditions:

1. This authorization shall expire on December 31, 2007. Should the Applicant's imaging center not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant will notify OHCA in writing of the commencement of the proposed freestanding MRI imaging center no later than December 31, 2007.
3. The Applicant shall not exceed the approved total capital cost of \$2,195,550. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised CON budget.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on July 3, 2007

Date

Cristine A. Vogel
Commissioner

CAV/kr

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Exhibit D

000034


 Saint Mary's
 2013

Discharges	INPATIENT	NEWBORN	OUTPATIENT SURGERY	ED NON-ADMISSION	OUTPATIENT OBSERVATION	URGENT CARE	UNASSIGNED
MEDICAID	2,424	416	1,614	29,015	778	3,308	4
MEDICARE	4,801	0	4,447	8,106	203	1,431	0
OTHER	166	6	536	923	11	247	0
PRIVATE	2,187	342	6,327	9,369	320	6,481	0
UNINSURED	394	106	240	6,876	80	422	0
UNKNOWN	0	0	0	0	0	0	0
Primary Payor	9,972	870	13,164	54,289	1,392	11,889	4

Source: CHIME Decision Support Tool. Includes discharges from Saint Mary's Hospital by primary payor and patient type.
 Includes Fiscal Year 2013 (11 months).

Total	37,559
	18,988
	1,889
	25,026
	8,118
	0
	91,580

Exhibit E

000037

From: wjske <wjske@aol.com>

To: KLG1 <KLG1@aol.com>

Subject: Patient origin data

Date: Mon, Mar 10, 2014 2:36 pm

Attachments: Patients_by_ZipCode_-_CHS_-_FY_2013.xls (56K)

Hi Pat,
I have attached the zip code data that Silvia sent. The second worksheet is my analysis by town. I suggest we use the following for the CON:

Town	#Scans
Waterbury	845
Watertown	134
Naugatuck	131
Wolcott	101
Prospect	38
Cheshire	27
Other towns	225
TOTAL	1501

Susan

000038

Zipcode							
Exam Date :							
Acquiring Site ID : IsLike							
Zip Code	Exam Count	Waterbury	Naugatuck	Wolcott	Watertown	Prospect	Cheshire
06704	210	210	131	101	96	38	27
06708	196	196			38		
06705	191	191					
06706	131	131					
06770	131	73					
06716	101	44					
06795	96						
06710	73						
06702	44						
06712	38						
06779	38						
06410	27						
06010	21						
06762	21						
06790	15						
06798	14						
06782	12						
06403	10						
06489	10						
06787	10						
06786	9						
06483	6						
06488	5						
06751	5						
06759	5						
06451	4						
06721	4						
06037	3						
06450	3						
06479	3						
06515	3						
06524	3						
06776	3						
06791	3						
06793	3						
067084825	3						
06062	2						
06098	2						
06401	2						
06457	2						
06492	2						
06750	2						
04090	1						
06013	1						
06032	1						
06057	1						
06066	1						
06085	1						
06105	1						

000039

06114	1							
06335	1							
06385	1							
06416	1							
06444	1							
06478	1							
06484	1							
06512	1							
06518	1							
06525	1							
06720	1							
06722	1							
06723	1							
06724	1							
06756	1							
06763	1							
06778	1							
06811	1							
06830	1							
06901	1							
07102	1							
10588	1							
33477	1							
064781401	1							
067042510	1							
067052467	1							
067053541	1							
067082812	1							
		1501	845	131	101	134	38	27
ST MARYS Database								

000040

Patients : By Zipcode

ate : GreaterThanOrEqual 2012-10-01 00:00 , LessThanOrEqual 2013-09-30 00:00
Acquiring Site ID : IsLike 5784 (Chase MRI)

Exam Count

210
196
191
131
131
101
96
73
44
38
38
27
21
21
15
14
12
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06756
06763
06778
06811
06830
06901
07102
10588
33477
064781401
067042510
067052467
067053541
067082812

Exam D

Zip Code

06704
06708
06705
06706
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06716
06795
06710
06702
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Exhibit F

000046

Michael A. Novak, MSM, MBA, FACHE

126 Transylvania Road
Woodbury, CT 06798

(203)-263-0671
novak126@sbcglobal.net

Summary of Qualifications

Dedicated senior management executive with proven expertise in operations, leadership, physician relationship management, quality and service excellence, with strong interpersonal and communication skills. Broad competencies in the following organizational responsibilities:

Hospital Operations

Strategic Planning

High Reliability Development

Physician Practice Operations

Managed Care Contracting

Information Technology

Service and Quality Excellence

Patient Satisfaction

Six Sigma Green Belt

- Over twenty years of progressive, senior-level healthcare management experience with skills in reengineering and restructuring hospital operations to improve reliability and reduce variation.
- Strong strategic and business planning skills that include the successful implementation of numerous new ambulatory and physician-led services and programs within a highly competitive market.
- Extensive physician relationship building background combined with the proven ability to manage a hospital with senior level experience in all major hospital departments
- Broad knowledge in contract administration with in-depth experience in contract language review, real estate leasing, revenue modeling, organization development, cost control, team building and project implementation. Harvard Law School training course in negotiation skills and tactics
- Nominated by staff in 2013 for the Saint Mary's Value Awards for Integrity and Accountability.
- Astute problem solver with strong IT skills who applies financial and analytical expertise in profit and loss management and hospital business planning analysis to achieve performance objectives.
- Extensive experience in deploying and maintaining new academic teaching programs, developing relationships with physicians, hospital executives, as well as State and managed care officials

Work Experience

Saint Mary's Hospital – Waterbury, Connecticut

SMH employs 1238 FTEs with 179 staffed beds, licensed for 341 beds. SMH is a teaching facility with residency programs in internal medicine, surgery and dentistry. In FY11 SMH reported 12,534 discharges a total operating revenue of \$213 Million and expenses of \$206 Million resulting in a margin of \$6,894,597 or 3.26%.

2008-Present - Vice President of Operations and Ancillary Services- Saint Mary's Health System (SMHS)

Accountable for the direct control of net revenues in excess of \$100M, responsible for approximately 346 FTES, and reporting directly to the Saint Mary's Hospital COO, the VP for Operations and Ancillary Care is accountable for the performance of the cardiac service line, including the associated critical care nursing units, radiology, pharmacy, laboratory, facility

operations, environmental services, food services, communications, biomedical engineering, security, emergency preparedness, and other ancillary services for all SMHS entities.

- Ranking senior leader for two consecutive years with a direct report overall employee satisfaction mean score of 3.56 and a national rank of 97%, 99%tile in trust
- Lead an average of 8.3% outpatient net revenue growth over the past three years, (7.2% in FY10, 6.5% in 2011, 11.3% 2012) through the development of detailed growth campaigns in each major area of responsibility.
- Achieved staff productivity of 100% of target for FY13.
- IT liaison to develop the outsourcing of Saint Mary's IT to Anthelio, St. Louis, MO. Developed contractual arrangements, service level criteria and guide the transition of leadership to the new firm
- Created a refined 7 year Master Facility Planning process to outline the future growth and infrastructure needs for the Health System including a \$73M infrastructure replacement and new construction schedule to help balance capital needs (2013)
- Lead the \$1.7M major redesign and renovation to the patient access, registration and one stop testing area creating a totally new patient reception area with enhanced patient flows, reduced wait times and greatly improved patient and staff satisfaction. (2012)
- Constructed and implemented a new and second Cardiac Catheterization Lab utilizing state-of-the-art *Siemens Artis Zee* equipment including the creation of a new vascular service line. (2012)
- Developed Connecticut's only new inpatient hospice unit in the last ten years. Working with VITAS, designed and renovated old hospital office space into an impressive twelve bed inpatient hospice unit. Developed contracting and operating agreements to govern the new affiliation (2011)
- Upgraded all cardiac echocardiography, radiological systems and departmental PACs systems resulting in a totally digital imaging department (2011)
- Successfully upgraded the Hospital's CT capacity installing two new Phillips CT systems, a 64 slice and 16 slice units. Restructured the departmental configuration for the new units to improve workflow, increase reliability and reduce variation in the speed of patient testing (2011)
- Developed a radiology outpatient imaging strategy to acquire the facilities of the local radiological group as well as outlined the business strategy for the onsite MRI dissolution (2011)
- Revised the Hospital's capital purchasing budgeting process to provide a more streamlined and comprehensive approach to strategizing capital allocations (2011)
- Serve a project leader for the successful implementation of a joint-hospital inpatient pediatric program in conjunction with Connecticut Children's Medical Center (2011)
- Implemented a contract oversight system that tracks all hospital contracts for compliance to terms as well as providing on line access to approved individuals (2009)

2004-2008 - Vice President of Professional Clinic Operations, and Graduate Medical Education

Functioned in dual-roles as Vice President for Professional Operations for Saint Mary's Hospital and Executive Director of the Health System's Faculty Practice – Franklin Medical Group, PC

Reporting directly to the Saint Mary's Hospital CEO, was responsible for all aspects of operations for the health system's professional medical practices, numerous hospital departments, and graduate

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medical education programs including affiliation with the Yale School of Medicine. Responsibilities included the strategic development of the health system's multi-million dollar faculty practice including affiliate management, medical staff development, payer contracting, new program development, revenue enhancement and community physician relations. Physician strategies included the development of physician programs and practices to ensure future hospital coverage in areas of demonstrated community need.

- Successful administration and accreditation of the Medical, Surgical, Dental and Institutional Graduate Medical Education Programs at Saint Mary's Hospital and a Medicine/Pediatrics program in affiliation with Yale School of Medicine (2008)
- Refinement of ambulatory care programs and clinics to minimize loss, dramatically improve productivity, yet preserve the commitment to the hospital's charitable mission (2008)
- Implementation of a contract management recovery program yielding in excess of \$600,000 in contractual recoveries for each of the last three years (2008)
- Recruitment of three new surgeons to expand hospital teaching capabilities and improve surgical volumes. (2007)
- Restructured the Health System's Utilization Management Department achieving a first year reduction in average Length of Stay of (.8 days) (2008)
- Actively directed three for-profit affiliate organizations employing over 205 FTE's with highly detailed business-unit budgets demonstrating associated productivity targets, physician incentives, revenue projections and strategic initiative progress reporting (2005)

2004-2008 - Executive Director - Franklin Medical Group, PC (FMG)

Reporting in a dyad management structure with the faculty practice President to the faculty practice Chairman of the Board. Focused on enhancing all provider operations and promoting business development for Saint Mary's largest wholly owned affiliate, Franklin Medical Group, PC.

- Developed internal and external business initiatives for physician business lines, productivity and performance enhancement tracking, long-term relationship initiatives, long-range planning, cost efficiency, compensation incentives, balanced scorecard reporting, and quality initiatives
- Implemented the complete transition of all providers from a hospital-employed model into a faculty practice model with unified incentive plans allowing for improved reimbursement and revenue enhancement, boosting FMG revenue by 235%
- Developed a detailed budget system separating physician operations by cost center including the capability for individual physician productivity monitoring

2001-2004 - Division Director - Ambulatory and Professional Clinic Operations

Reporting directly to the Saint Mary's Hospital Senior Vice President, was responsible for all aspects of the health system's Cardiology, Pulmonary, Physical Therapy and Neurology departments, as well as Managed Care negotiations, the Health System's PHO, offsite ambulatory/walk-in centers and strategic joint ventures.

- Implemented the complete digitization of the Echocardiography Laboratory reducing the delay for cardiac ultrasound results from four days to same day on average
- Implemented the conversion of the neurology EEG laboratory from a pen-based analog system to digitized images including the ability to store images on CD for offsite neurologist review

2001-2001 - (Special assignment) Interim Executive Director

Assumed as the interim Executive Director of Harold Leever Regional Cancer Center. The joint-

hospital cancer center development project became entangled in a number of operational and managerial issues. Was asked to assume control as see the project to completion. Led the revitalization of middle management and re-established the on-time and on-budget development of the \$17 million regional cancer center initiative. Successfully reintegrated physician and community partners. Negotiated contracts for the provision of equipment in excess of \$4.6 million.

1998-2001 – PHO Director – Physician Networks

Reporting directly to the Saint Mary's Hospital Executive Vice President, was responsible for continued development of the health system's Managed Services Organization (MSO) including the development of a primary care network, managed care contracting, Physician-Hospital Organization (PHO), off site property management, and strategic joint ventures. Developed the MSO to provide service for 19 physician groups including 39 employed physician providers as well as managed risk plan data for over 300 PHO community participants. Led the deployment and development of a 17 MD, nine site, primary care network (Scovill Medical Group) that provides in excess of 15% of the hospital's PCP admissions through today.

1996-1998 - Director of Information Technology and Operations

A subsidiary of Saint Mary's Hospital, the Central Connecticut Physician Practice Management Organization, LLC (CCPPMO) was a startup MSO. Reporting directly to the Health Systems Executive Vice President and employed since startup, was responsible for the management and direction of all operations aspects of the health system's Managed Services Organization (CCPPMO).

Waterbury Hospital, Waterbury, CT

Waterbury Hospital employs 1512 FTEs with 190 staffed beds, licensed for 284 beds. Waterbury Hospital is a teaching facility with residency programs in primary care and surgery. In FY11 Waterbury Hospital reported 12,758 discharges, a total operating revenue of \$236 Million and expenses of \$236 Million resulting in a margin of \$674,487 or 0.29%.

1989-1996 - Director of the Information Center, Computer Operations and Technical Support

Responsible for the complete administration, budgeting, personnel and development of the Information Center. Directly managed a 7 X 24 hour computer operation including areas of hospital-wide technical support, disaster recovery and computer operations.

Saint Mary's Hospital - Waterbury, CT

1986-1989- Programmer Analyst II

Responsible for the implementation of new IT systems and physician office system technology. Reported to the Director of Information Services and was primarily responsible for the installation, support and development of physician office billing systems and physician network development eventually deployed to 47 sites and 101 physicians

1985-1986 - Pulmonary Technologist/Computer Programmer

Assigned to the pulmonary division, provided pulmonary testing to both inpatients and outpatients. This position was additionally responsible for new computerization development and research within the pulmonary/respiratory area.

Education

Albertus Magnus College – New Haven, Connecticut

- *Master of Business Administration with Honors*
- *Master of Science in Management with Honors*

Boston University – Boston, Massachusetts

- *Bachelor of Science, Biology*

Juran Institute, Southbury, Connecticut

- Six Sigma Green Belt

Memberships and Positions Held

Board of Directors – Connecticut Hospital Association, Diversified Network Services

Board of Directors – City of Waterbury Development Corporation

Board of Directors – Harold Leever Cancer Center

Board of Directors – Heart Center of Greater Waterbury

Board of Directors – Diagnostic Imaging of Southbury

Board of Directors – Connecticut Chapter of ACHE

Fellow – American College of Healthcare

Chairman, Town of Woodbury Zoning Board Executives of Appeals

Co-Chairman, CTACHE Membership Committee

Member – Medical Group Management Association

Member – Hospital Financial Management Association

Member - Kappa Gamma Pi, National Catholic Graduate Honor Society

Monthly Volunteer – local Waterbury soup kitchen

Personal Information

Married with two boys ages 16 and 11

Hobbies: Skiing, golfing, woodworking

References

Provided Upon Request

CURRICULUM VITAE
Robert C. Gumbardo, M.D.

HOME ADDRESS:

224 Tepi Drive
Southbury, CT 06488
(203) 262-1124

BUSINESS ADDRESS:

Naugatuck Valley Radiology Associates, P.C.
385 Main Street South
Union Square; Bldg. 1
Southbury, CT 06488

PERSONAL DATA:

BIRTH DATE:

December 23, 1953

BIRTH PLACE:

Brooklyn, NY

EDUCATION:

Undergraduate College
Fairfield University, Fairfield, CT
Years Attended: 1972-1976
Major: Biology
Degree and Date: B.S. - May 1976
Graduation Honors: Magna cum Laude

Graduate/Professional/Medical College
Loyola-Stritch School of Medicine
Chicago, IL
Years Attended: 1976-1979
Degree and Date: M.D. June 1979
Graduate Honors: Cum Laude
Mosby Scholarship Award

Post Graduate
Internship: St. Vincent's Medical Center
of New York- 1979-1980
Residency: Hospital of St. Raphael
New Haven, CT - 1980-1983
Chief Resident 1982-1983
Fellowship: Hospital of St. Raphael
New Haven, CT 1983-1984
CT/Ultrasound

Special Training:

Six week course in Radiology/Pathology
Correlation-Armed Forces Institute of Pathology
Washington, D.C.

Orthopedic Pediatric Radiology
Newington Children's Hospital
Newington, CT

Pediatric Radiology
Yale University School of Medicine
New Haven, CT

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LICENSURE:

Connecticut State Medical License

EMPLOYMENT:

2014-Present – Chief of Staff; St. Mary’s Hospital;
Waterbury, CT 06706
1988-Present – President, NVRA, P.C.
1990-Present – Section Chief, CT Scanning, St. Mary’s
Hospital, Waterbury, CT
1996-Present – Chairman, Naugatuck Valley MRI,
Waterbury, CT
1998-Present – Chairman, Diagnostic Imaging of Southbury,
Southbury, CT
1998-Present – President, Diagnostic Imaging Associates,
Waterbury, CT
2002- Present- President, Prospect Diagnostic Imaging,
Prospect, CT
Attending Radiologist
Department of Radiology
Goddard Memorial Hospital
Stoughton, MA

PRACTICE HISTORY:

Completed Fellowship at Hospital of St. Raphael 1983-1984
Goddard Memorial Hospital Stoughton, MA-Radiologist
1984-June 1985
Naugatuck Valley Radiology Associates, PC, Radiologist –
1985 - Present
St. Mary’s Hospital, Waterbury, CT; Radiologist – 1985-
Present

**ACADEMIC AND HONOR
SOCIETIES:**

Alpha Omega Alpha- 1978-1979
Alpha Sigma Nu- 1979
Alpha Epsilon Delta - 1974-1976
President- 1975-1976

PROFESSIONAL ORGANIZATIONS:

American College of Radiology
Radiological Society of North America
Radiological Society of Connecticut

Anthony Costino

7 Paulette Lane
Wappingers Falls, NY 12590
(845) 226-4158

Work Experience:

Saint Mary's Hospital
Director of Imaging Services

August 2009 - Present

Responsibilities:

- Directing daily operational activities for all imaging modalities, including X-ray, CAT Scan, Interventional Radiology, MRI (offsite), Nuclear Medicine, and Ultrasound, including but not limited to personnel issues, policies and procedures, budgetary and purchasing needs
- Key member in negotiations for purchasing of imaging equipment
- Develop and monitor quality initiatives for MQSA and other regulatory and accrediting agency requirements, such as ACR, CT DPH, NRC and the Joint Commission
- Monitor billing activities and the Chargemaster for optimizing financial reimbursement

Achievements:

- Researched, purchased and installed the following:
 - New 64 slice CAT Scan unit
 - New Dual Head Nuclear Medicine camera
 - Three new Ultrasound units
 - Converted multiple X-ray to Digital X-ray units
 - Two new Digital Portable X-ray Units
- Obtained ACR accreditation for two CAT Scan units
- Obtained ACR re-accreditation for the following departments:
 - Nuclear Medicine
 - Ultrasound
 - Mammography
 - Stereotactic Breast Biopsy
- Certified trainer for the Baptist Leadership Group patient satisfaction program
- Successful team building within the departments as evidenced by decrease in turnover rates, improved morale, and improved patient satisfaction scores

**Danbury Hospital
Ridgefield Diagnostic Imaging
Manager of Operations**

March 2008 – April 2009

Responsibilities:

- Managing day to day operational issues for all imaging services, RIS, PACS, including but not limited to personnel, policies and procedures, budgetary and purchasing needs
- assisted with negotiating insurance contracts
- establish and monitor quality initiatives such as patient satisfaction surveys, physician satisfaction surveys, telephone management systems, MQSA and other regulatory initiatives as well as all regulatory and accrediting agencies requirements, such as ACR, CT DOPH, and CT DOPH Radiation services
- monitor billing activities for financial reimbursement, meet on a regular basis with the billing service account manager and appropriate staff, develop and implement new charge codes as required
- maintain all bookkeeping functions for the Imaging Center such as making and recording deposits, credit card information, and cutting checks for refunds as required
- develop and implement marketing plan

Achievements:

- Increased average number of procedures from 700 per to 1,000 per month
- obtained ACR MRI accreditation, successfully completed annual FDA Mammography inspection
- raised average gross monthly revenue by \$100,000
- established new marketing services with the development of a new ad for a new ad campaign
- just began offering Breast MRI services
- Participation in two new insurance companies not previously accepted

**Vassar Brothers Medical Center
Director of Imaging Services**

July 2006 – August 2007

Responsibilities:

- Directing daily operational activities for all on site imaging modalities including X-ray, Nuclear Medicine, CAT Scan, MRI, Interventional Radiology, Ultrasound, and Mammography as well as an outpatient Imaging Center off campus, including but not limited to personnel issues, policies and procedures and budgetary and purchasing needs
- Key member in negotiations for managed care contracts and for the purchasing of equipment
- Develop and monitor quality initiatives for MQSA and other regulatory and

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accrediting agency requirements, such as ACR, NYS DOH, NYS DOH Radiation Services

- Monitor billing activities and the chargemaster for optimizing financial reimbursement

Achievements:

- Researched, purchased and installed the following:
 - New Digital Mammography unit
 - New Dual Head Nuclear Medicine camera
 - Two new Vascular C-Arms for the Operating Room
 - Three new Ultrasound units
 - New Interventional Special Procedures Room
 - New CAT Scan unit for the Emergency Department
- Facilitated the coordination of vendor selection for PACS for the Health Quest Network (three hospital system)
- Obtained ACR re-accreditation for the following departments:
 - Nuclear Medicine
 - MRI
 - CAT Scan
 - Women's Imaging – Digital Mammography
- Re-established lines of communication with key departments such as Emergency Department to ensure optimal continuity of care in critical situations
- Successful team building within the department as evidenced by decrease in turnover rates, improved morale, and improved patient satisfaction scores

**Lawrence Hospital Center
Administrative Director of Radiology**

September 2005 – July 2006

Responsibilities:

- Day to day operational issues for all Imaging services, RIS, PACS, including but not limited to personnel, policies and procedures, budgetary and purchasing needs
- Key member in the negotiation of contracts for managed care companies and the purchasing of equipment
- Develop and monitor quality initiatives for MQSA, and other regulatory agencies as well as accrediting agency requirements, such as ACR, NYS DOH and NYS DOH Radiation Services
- Monitoring billing activities and the chargemaster for optimizing financial reimbursement

Achievements:

- Researched, purchased and installed the following:
 - Digital Mammography unit
 - Stereotactic Biopsy unit
 - Computer analysis software for the performance of Breast MRI exams

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- Upgraded 1.5T High Field MRI unit to include Breast MRI scanning
- Planned space for the new Digital Mammography and Stereotactic units unit
- Developed patient satisfaction survey for outpatients
- Developed referring physician survey

Westchester Medical Imaging Services November 2000 – September 2005
Director of Operations

Responsibilities:

- Day to day operational issues for all imaging services, RIS, PACS, including but not limited to personnel, policies and procedures, budgetary and purchasing needs
- Negotiate contracts for all services
- Establish and monitor quality initiatives such as patient satisfaction surveys, physician satisfaction surveys, telephone management systems, MQSA and other regulatory initiatives as well as all regulatory and accrediting agency requirements, such as ACR, NYS DOH and NYS DOH Radiation Services
- Monitor the billing activities for financial reimbursement, meet on a regular basis with the billing service director and appropriate staff, develop and implement new charge codes as required
- Maintain all bookkeeping functions for the Imaging Center including entering daily deposits into accounting software, cutting checks for vendors, signing checks and transferring monies from one account as needed
- Oversee construction of center as it was being built making necessary changes to meet the needs of patient services

Achievements:

- Marketing services for new imaging center with newspaper advertisements, consumer mailings, development of web site, radio advertising and the development of business CD's for distribution to referring physicians
- Increase number of procedures performed by 15% since opening
- Introduction of Breast MRI services increasing revenue \$50,000.00 over an 8 month period
- Set up new procedures for billing practices increasing net revenue by \$1 million in a 12 month period
- Negotiated contract with new billing service reducing budget by \$120,000 and reducing AR from 120 days to 68 days
- Coordinated with the Westchester Medical Center the implementation of voice recognition for radiologists
- Negotiated with new insurance company for business and professional liability insurance saving \$50,000.00
- Implementation of PACS in coordination with Westchester Medical Center
- Implementation of patient and physician satisfaction surveys
- Obtained ACR accreditation for High Field MRI, Open MRI, CAT Scan (19th in the country) and Mammography services

- Receiving and maintaining NYS DOH Article 28 status

**Stamford Health System
Project Consultant**

1999 – 2000

Responsibilities:

- To evaluate processes for optimization of efficiency, quality of services provided, opportunities for new services and cost savings in radiology and laboratory departments
- Site preparation plans for new offsite central scheduling department, purchase of office equipment, design of office space, purchase of computer equipment, coordination of software installation, purchase of telephone management system and hiring of all staff members including department manager

Achievements:

- Redesign of radiology master file system and radiology information system creating an integrated master filing system for approximately 250,000 film file folders and five different computer systems down to two
- Negotiated a three year corporate imaging film contract saving the Stamford Health System \$125,000.00 per year
- Redesign of the esoteric lab specimens process eliminating several different places where specimens were sent to one quality lab saving the Stamford Health System \$112,000.00

North Westchester Hospital Center

1985 – 1999

**Business Manager for Medical Imaging, Laboratory
Services and Scheduling Center (1997 – 1999)**

Responsibilities:

- Responsible for managing the medical imaging, laboratory services and patient scheduling center departments including budget, personnel, QI, equipment purchase, managed care contract negotiations and the development of new business opportunities
- Develop and implement departmental policies, developing, implementing and evaluating an effective performance improvement program in compliance with JCAHO recommendations and maintaining compliance with state regulatory guidelines

Achievements:

- Prepared business plan for the establishment of a satellite imaging center for the institution
- Collaborated with 3 other institutions in the formation of HealthStar in producing cost savings in the Radiology and Laboratory departments
- Part of implementation team for new HIS for HealthStar
- Purchase and installation of new Nuclear Cardiology equipment.

Radiology Manager (1985 – 1997)

Responsibilities:

- Responsible for managing the daily operations of the Radiology, CAT Scan, Ultrasound and MRI departments
- Develop and implement policies and procedures
- Develop and maintain budget as to the needs of the imaging services
- Negotiate supply contracts, film contracts, service contracts and any other contracts as required
- Maintaining all FDA, NYS DOH inspections as well as American College of Radiology (ACR) inspection for mammography services

Achievements:

- First hospital department to develop cost accounting program with the finance department which was used to negotiate managed care contracts
- Initiate, develop, plan and implement MRI services at the Northern Westchester Hospital, oversee construction of the new site, purchase of equipment, hire personnel, develop policies and procedures and work with inspecting agencies to assure full compliance
- Redesign and installation of new interventional special procedures room, and redesign and installation of new X-ray Room in the Emergency Department
- Purchase and installation of several new pieces of equipment including CAT Scan unit, radiographic and fluoroscopic equipment, film processors and ultrasound equipment

St. Agnes Hospital

1973 - 1985

Acting Vice President of Operations (1984 – 1985)

- Interim position while search for new VP of Operations was being conducted

Responsibilities:

- Included overseeing and monitoring of all the clinical departments for budgets, purchasing and hiring of personnel

Radiology Administrator (1977 – 1984)

Responsibilities:

- Managing of the Radiology Department day to day operations including film file room, registration area and patient flow
- Develop and maintain budget, purchasing and hiring of personnel
- Develop and implement policies and procedures

Achievements:

- Initiated, purchased, installed and implemented a word processing system for the transcription of Radiology reports

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- Redesign, purchase and installation of new cysto room in the OR
- Several equipment purchases including radiographic and fluoroscopic, portable x-ray units
- Redesign of the film library to a color coded terminal digit system

Assistant Chief Tech. (1976 – 1977)

Staff Technologist (1973 – 1976)

**Information Science Inc.
Computer Programmer**

1968 – 1969
New City, NY

Responsibilities:

- Develop and write computer programs.

Education and Military Service

- 1967 – 1968: International Institute of Computer Technology (60 college credits)
- 1969 – 1970: US Army – MOS Computer Programmer
- 1971 – 1973: Westchester Community College - AAS Degree in Radiologic Technology

Licenses and Certificates

- New York State License in Diagnostic Radiology – 1973 to present
- State of Connecticut License in Diagnostic Radiology 2008 to present
- American Registry of Radiologic Technologists – 1973 to present

Organizations

- American Hospital Radiology Administrators – 1985 to present
- American Society of Radiology Technologists – 1985 to present

Curriculum Vitae
Bipin Jagjivan, M.D., F.R.C.R.

- Education:** M.B., Ch. B., Leicester, U.K. July 1980
F.R.C.R., Royal College of Radiologists
London, United Kingdom, May 1986
Diplomat American Board of Radiology, November 1993
- Training:** 08/01/1980 - 07/31/1982: Rotating Internship
University of Leicester Teaching Hospitals
United Kingdom
- 09/02/1982 - 01/1985: Registrar in Radiology
Sheffield Hospitals, United Kingdom
- 02/1985 - 02/1988: Senior Registrar in Radiology,
Trent Regional Health Authority
Fulwood House, Old Fulwood Road
Sheffield, United Kingdom
- 02/1988 – 06/1989: Fellow in Body Imaging
Department of Radiology
University of Connecticut Health Center
Farmington, CT
- Positions Held:** 7/89 – 11/92 – Attending Radiologist, John Dempsey Hospital
Farmington, CT
- 07/1989 -11/1992: Attending Radiologist
Veterans Hospital
Newington, CT
- 11/1992 -10/2001: Attending Radiologist
St. Francis Hospital and Medical Center
- 6/10/01 – Present; Consulting Radiologist
St. Francis Hospital
- 06/1995 -10/2001: Attending Radiologist
Rehabilitation Hospital of Connecticut
- 11/2001-5/2006: Chairman and Attending Radiologist
Department of Radiology , University of Connecticut Health
Center, Farmington, CT
- 5/06 –Present; Attending Radiologist
Saint Mary's Hospital, Waterbury, CT

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7/08 – Present; Attending Radiologist and
Chairman Department of Radiology
Saint Mary's Hospital, Waterbury, CT

**Academic:
Appointments**

1985 -1988: Instructor, Department of Radiology
University of Sheffield, United Kingdom

1988-1989: Instructor, Department of Radiology
University of Connecticut Health Center, Farmington, CT

1989-1992: Assistant Professor, Department of
Radiology, University of Connecticut Health Center,
Farmington, CT

1992-2001: Assistant Clinical Professor, Department of
Radiology, University of Connecticut Health Center,
Farmington, CT

2001 – 05/06: Associate Professor, Department of
Diagnostic Imaging and Therapeutics, University of
Connecticut Health Center, Farmington, CT

Committees:

Chairman, Radiology Quality Assurance Committee
University of Connecticut Health Center, Farmington, CT
1989 - November 1992

Chairman, Education Committee of the Department of
Radiology, University of Connecticut Health Center,
Farmington, CT
September 1990 - November 1992

Ambulatory Records Committee, University of Connecticut,
Farmington, CT
July 1991 - November 1992

Chairman, Quality Assurance Committee, Department of
Radiology, Saint Francis Hospital and Medical Center
Hartford, CT
December 1992 - July 1997

Medical Staff Council
Saint Francis Hospital and Medical Center, Hartford, CT
July 1997- September 2001

Coordinator, Medical Student Radiology Electives
Saint Francis Hospital and Medical Center, Hartford, CT 1994 -
September 2001

Member, Joint Education Committee, Integrated Radiology
Residency program, University of Connecticut/Saint Francis
Hospital and Medical Center, Hartford, CT
1994 – May 2006

Medical Board, University of Connecticut Health Center
October 2001 – May 2006

Clinical Chairs Committee, University of Connecticut Health
Center
October 2001- May 2006

Compensation Subcommittee of the Clinical Oversight
Committee, University of Connecticut Health Care
September 2002- May 2006

Bibliography

Publications:

*Jagjivan, B., Spencer, P.A.S., Hosking G.: Atlanto-Axial Instability
in Down's Syndrome, Letter; BMJ, June 1987, 294:1549.

*Jagjivan, B., Moore, J.D., and Naik, d. R.: Relative Merits of
Intravenous Urography and Ultrasound of Kidneys.
British Journal of Surgery, March 1988.

*Jagjivan, B., Liddel, H., and Morcos, S.K.: Reaction to X-prep
Used for Bowel preparation prior to Barium Enema.
British Journal of Radiology, September 1988.

*Jagjivan, B., Spencer, P.A.S., Hoskings, G.: Mass Radiological
Screening for Atlanto-Axial Instability in Down's Syndrome.
Clinical Radiology, November 1988.

*Jagjivan, B., Nakielny, R.A.: Salmonella Aoritis and Aneurysm
Formation- The Role of CT in Management. Clinical Radiology;
August 1990, Vol. 42, pgs. 55-56

Merrick, P.A., Case, B., Jagjivan, B., and Spackman, T.J.: Care of
Pediatric Patients Sedated with Pentobarbital Sodium in MRI.
Pediatric Nursing, February 1991.

DiMario, F.J., Jr., Browers, P., Jagjivan, B., Burleson, J.,
Langshur, S., and Greenstein, R.M.: Analysis of Skull
Anthropometric Measurements in Patients with
Neurofibromatosis Type 1.
Investigative Radiology, February 1993, Vol. 28, No.2

**Papers
Presented:**

Jagjivan B., Moore, D.J., and Naik, D.R. : Early Results from Prospective Double Blind Study Comparing IVU and Ultrasound of Kidneys. British Institute of Radiology-North of England Meeting, September 1985

Jagjivan, B., Moore, D.J., and Naik, D.R. : Is IVU Unnecessary in Patients with Urinary Tract Infections? British Medical Ultrasound Society Annual Meeting. December 1985.

Jagjivan , B., Moore, D.J., and Naik, D.R. : Could We Be Doing Fewer IVU's- A Prospective Comparison of IVU and U/S in 350 patients.
Royal College of Radiologists Annual Meeting, September 1986.

Spencer, P.A.S., Jagjivan, B., and Hosking, G.: Screening of Cervical Spine for Atlanto-Axial Instability in Down's Syndrome. Royal College of Radiologists Annual Meeting, September 1987.

Schreiber, E.N., and Jagjivan B.: M.R.I. of Paraspinal Lesions. University of Connecticut Radiology Symposium, Ischia 1989.

Jagjivan B., Swerdlow, D.: 3 Dimensional CT Imaging in Craniofacial Dysmorphism. American Roentgen Ray Society Society Annual Meeting, June 1990-Exhibit.

3 Dimensional CT in Craniofacial Dysmorphism. Royal College of Radiologists Annual Meeting, Belfast, UK September 1992.

Schreiber, E.N., Powell, A.O., and Jagjivan, B.: MRI of Paraspinal Masses. American Roentgen Ray Society Annual Meeting, June 1991- Exhibit

Gabor, M. and Jagjivan, B.: MRI of Intracranial Neurofibromatosis American Roentgen Ray Society Annual Meeting, June 1991- Exhibit

Membership:

American College of Radiology, 1993- present
Radiological Society of North America, 1990- present
Connecticut State Medical Society, 1993- present
Hartford County Medical Society, 1993- 5/06
American Roentgen Ray Society, 2001- present

Society of Chairmen of Academic Radiology, September 2002-
5/06

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Mary Anne Carpenter

149 Oak Drive

Watertown, CT 06795

860-274-9906

SUMMARY

Experienced Radiology Manager with exceptional managerial skills and ability to attract, train, motivate and retain highly engaged staff. Leads award-winning teams that won annual Team Excellence Value Award and received individual Caring Value Award in 2013 out of all hospital staff members.

WORK EXPERIENCE

1970 – present **Saint Mary's Hospital, Waterbury, CT**

1985 - present Clinical Manager/Interim Director/Clinical Manager, Diagnostic Imaging

- Direct daily operations for all imaging modalities, including X-ray, CAT Scan, Interventional Radiology, MRI, Nuclear Medicine, Mammography, and Ultrasound
- Manage staffing, policies and procedures, budgetary and purchasing needs
- Key member in negotiations for purchasing of imaging equipment
- Develop and monitor quality initiatives for MQSA and other regulatory and accrediting agency requirements, such as SCR, CT DPH, NRC and the Joint Commission
- Conduct staff meetings with all staff to communicate organizational and departmental updates
- Successfully build teamwork within the departments as evidenced by decrease in turnover rates, improved morale and improved patient satisfaction scores
- Led the renovation of the Diagnostic Imaging areas to improve flow and enhance patient satisfaction
- Assisted in researching, purchasing and installing the following:
 - New 64 slice CAT Scan unit
 - New Dual Head Nuclear Medicine camera
- Obtained ACR re-accreditation for the following departments:
 - Nuclear Medicine
 - Ultrasound
 - Mammography
 - Stereotactic Breast Biopsy

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1979 - 1984 Saint Mary's Hospital (continued)

Supervisor, Diagnostic Imaging

- Supervised Diagnostic imaging staff including handling hiring, performance reviews, promotions and discipline
- Collaborated with other hospital departments to improve flow and productivity
- Responsible for regulatory compliance

1970 - 1978 Technician, Diagnostic Radiology, Operating Room, Ultrasound and Interventional Radiology

EDUCATION

- 2014 High Reliability Leadership, CT Hospital Association
- 2013 Goal Setting Education, Back to Basics Education, Saint Mary's Hospital
- 2012 Saint Mary's Manager Certification Series (four leadership development programs)
- 2011 Baptist Leadership Group Manager Education Sessions on Rounding, Vital Conversations, RELATE and Words that Work
- 1970 Graduate of Saint Mary's Hospital School of Radiology

Exhibit G

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SAINT MARY'S HEALTH SYSTEM, INC.

Consolidated Financial Statements and
Consolidating Information

September 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

000069

SAINT MARY'S HEALTH SYSTEM, INC.

**Consolidated Financial Statements and
Consolidating Information**

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KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Directors
Saint Mary's Health System, Inc.:

We have audited the accompanying consolidated financial statements of Saint Mary's Health System, Inc. (the System), as of September 30, 2013 and 2012, which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Mary's Health System, Inc. as of September 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Exhibits 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

February 25, 2014

SAINT MARY'S HEALTH SYSTEM, INC.

Consolidated Balance Sheets
September 30, 2013 and 2012
(In thousands)

Assets		
	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 29,939	23,689
Short-term investments	29	38
Current portion of assets whose use is limited	8,039	6,779
Accounts receivable, net of estimated uncollectibles of \$9,396 in 2013 and \$11,215 in 2012	30,768	34,085
Other current assets	4,834	4,813
Total current assets	<u>73,609</u>	<u>69,404</u>
Marketable securities	<u>22,365</u>	<u>19,467</u>
Assets whose use is limited:		
By donor and held in trust by others	15,258	14,299
For estimated self-insurance liability	31,394	30,069
By bond indenture	4,324	4,100
Other	6	6
Total assets whose use is limited	<u>50,982</u>	<u>48,474</u>
Less current portion of assets whose use is limited	<u>8,039</u>	<u>6,779</u>
Noncurrent assets whose use is limited	<u>42,943</u>	<u>41,695</u>
Property and equipment, net	<u>64,952</u>	<u>58,350</u>
Other assets:		
Investments in joint venture arrangements	10,697	10,396
Deferred financing costs, net	128	154
Other noncurrent assets	241	241
Total other assets	<u>11,066</u>	<u>10,791</u>
Total assets	<u>\$ 214,935</u>	<u>199,707</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term obligations	\$ 2,490	2,238
Accounts payable	20,985	17,828
Salaries, wages, and payroll withholdings	4,734	5,819
Due to third-party payors, net	6,035	7,007
Accrued expenses and other current liabilities	16,486	15,626
Total current liabilities	<u>50,730</u>	<u>48,518</u>
Long-term liabilities:		
Long-term obligations, net of current portion	20,374	22,302
Estimated self-insurance liability	21,908	19,062
Pension and deferred compensation	58,823	79,738
Other long-term liabilities	10,172	9,550
Total long-term liabilities	<u>111,277</u>	<u>130,652</u>
Net assets:		
Unrestricted	34,102	2,333
Noncontrolling interest in subsidiaries	302	352
Total unrestricted	<u>34,404</u>	<u>2,685</u>
Temporarily restricted	2,269	2,546
Permanently restricted	16,255	15,306
Total net assets	<u>52,928</u>	<u>20,537</u>
Total liabilities and net assets	<u>\$ 214,935</u>	<u>199,707</u>

See accompanying notes to consolidated financial statements.

SAINT MARY'S HEALTH SYSTEM, INC.

Consolidated Statements of Operations

Years ended September 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Revenues:		
Revenue from patient services, net of contractual allowances	\$ 268,899	259,820
Provision for uncollectible accounts, net of recoveries	<u>(12,878)</u>	<u>(12,750)</u>
Net revenue from patient services	256,021	247,070
Other operating revenues	<u>7,864</u>	<u>6,695</u>
Total revenues	<u>263,885</u>	<u>253,765</u>
Expenses:		
Salaries and wages	108,933	115,924
Employee benefits	31,305	31,634
Supplies and other expenses	103,308	90,283
Provision for uncollectible accounts, net of recoveries	8	96
Depreciation and amortization	10,052	9,549
Interest	<u>1,598</u>	<u>1,744</u>
Total expenses	<u>255,204</u>	<u>249,230</u>
Operating income	<u>8,681</u>	<u>4,535</u>
Nonoperating gains (losses):		
Investment income, net	2,390	2,112
Equity in earnings of joint ventures	1,170	1,537
Net loss on disposal of assets	(230)	(46)
Other	<u>(1,572)</u>	<u>(983)</u>
Total nonoperating gains, net	<u>1,758</u>	<u>2,620</u>
Excess of revenues over expenses from continuing operations	<u>10,439</u>	<u>7,155</u>
Discontinued operations (note 1)	<u>-</u>	<u>(508)</u>
Excess of revenue over expenses	<u>10,439</u>	<u>6,647</u>
Net assets released from restriction for capital expenditures	545	338
Capital transactions with affiliates	(485)	(344)
Change in unrealized gains on marketable securities and other assets whose use is limited	401	2,450
Change in accumulated pension charges to unrestricted net assets	<u>20,819</u>	<u>(4,748)</u>
Increase in unrestricted net assets	<u>\$ 31,719</u>	<u>4,343</u>

See accompanying notes to consolidated financial statements.

SAINT MARY'S HEALTH SYSTEM, INC.
Consolidated Statements of Changes in Net Assets
Years ended September 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Unrestricted net assets:		
Excess of revenues over expenses	\$ 10,439	6,647
Net assets released from restriction for capital expenditures	545	338
Capital transactions with affiliates	(485)	(344)
Change in unrealized gains on marketable securities and other assets whose use is limited	401	2,450
Change in accumulated pension charges to unrestricted net assets	<u>20,819</u>	<u>(4,748)</u>
Increase in unrestricted net assets	<u>31,719</u>	<u>4,343</u>
Temporarily restricted net assets:		
Net assets released from restriction	(265)	(490)
Restricted contributions	165	632
Change in net assets of Cancer Center, including releases for capital expenditures	<u>(177)</u>	<u>(150)</u>
Decrease in temporarily restricted net assets	<u>(277)</u>	<u>(8)</u>
Permanently restricted net assets:		
Net earnings on assets held in trust by others	1,653	2,273
Appropriation for expenditure	<u>(704)</u>	<u>(642)</u>
Increase in permanently restricted net assets	<u>949</u>	<u>1,631</u>
Increase in net assets	32,391	5,966
Net assets - beginning of year	<u>20,537</u>	<u>14,571</u>
Net assets - end of year	<u>\$ 52,928</u>	<u>20,537</u>

See accompanying notes to consolidated financial statements.

SAINT MARY'S HEALTH SYSTEM, INC.

Consolidated Statements of Cash Flows
 Years ended September 30, 2013 and 2012
 (In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 32,391	5,966
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,052	9,549
Net loss on disposal of assets	230	46
Change in unrealized gains on investments	(401)	(2,450)
Change in net assets of Cancer Center	177	150
Change in accumulated pension charges to unrestricted net assets	(20,819)	4,748
Investment income, net	(2,390)	(2,112)
Equity in earnings of joint ventures	(1,170)	(1,537)
(Increase) decrease in operating assets:		
Accounts receivable, net	3,317	(5,206)
Other current assets	5	1,330
Other non current assets	-	132
Increase (decrease) in operating liabilities:		
Due to third-party payors, net	(972)	(93)
Accounts payable and other current liabilities	2,932	1,759
Estimated self-insurance liability	2,846	(1,002)
Pension, accrued compensation, and other long term liabilities	526	229
Net cash provided by operating activities	<u>26,724</u>	<u>11,509</u>
Cash flows from investing activities:		
Purchases of property and equipment	(16,884)	(10,144)
Distributions from joint ventures	798	798
Investments in joint venture arrangements	(106)	60
Change in other assets whose use is limited	(2,284)	(4,582)
Net decrease in investments	(98)	1,717
Net cash used in investing activities	<u>(18,574)</u>	<u>(12,151)</u>
Cash flows from financing activities:		
(Increase) decrease in assets whose use is limited by bond indentures	(224)	1,043
Payments on long-term obligations	(1,676)	(2,280)
Net cash used in financing activities	<u>(1,900)</u>	<u>(1,237)</u>
Net increase (decrease) in cash and cash equivalents	6,250	(1,879)
Cash and cash equivalents - beginning of year	<u>23,689</u>	<u>25,568</u>
Cash and cash equivalents - end of year	\$ <u>29,939</u>	<u>23,689</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 1,562	2,080
Assets acquired under capital lease	600	345

See accompanying notes to consolidated financial statements.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

(1) Organization

Saint Mary's Health System, Inc. (SMHS or the System) is a not-for-profit, nonstock Connecticut holding company. It is the sole member of Saint Mary's Hospital, Inc. (the Hospital) and Saint Mary's Hospital Foundation, Inc. (the Foundation).

The Hospital is an acute care hospital located in Waterbury, Connecticut. The Hospital was founded in 1907 and is licensed for 347 beds and 32 newborn bassinets. The Hospital currently staffs 168 beds and 20 newborn bassinets. The Hospital provides a broad range of inpatient and outpatient services including a number of medical and surgical specialties, obstetrics, pediatrics, mental health, alcohol and substance abuse rehabilitation (outpatient) and off-site ambulatory services.

The Hospital has three consolidated subsidiaries: Franklin Medical Group, P.C. (Franklin), a for-profit Connecticut corporation; Saint Mary's Indemnity Company, LLC (the Indemnity Company) a Vermont limited liability company and Diagnostic Imaging of Southbury, LLC (the Diagnostic Center), a for-profit Connecticut corporation.

Franklin, consisting of certain Hospital based physicians, provides mainly outpatient services. On May 10, 2012, Partners (a former subsidiary) merged with Franklin Medical Group and Franklin became the surviving corporation. Each share of Partners stock was converted to Franklin stock on a one-to-one ratio.

The Indemnity Company was formed during June 2009 to provide professional and general liability insurance to the Hospital, Franklin, Scovill, Partners, and community physicians.

The Hospital has a 60% equity interest in the Diagnostic Center, which provides diagnostic imaging services. The remaining interest is accounted for as noncontrolling interest in the accompanying consolidated financial statements.

The Hospital sold Scovill Medical Group, P.C. (Scovill) to a group of community physicians as of February 29, 2012. The fiscal year 2012 results are recorded in discontinued operations in the consolidated statements of operations.

The Foundation was organized to raise funds to support the Hospital.

The assets, liabilities and operations of the Hospital's Auxiliary have not been reflected in the accompanying consolidated financial statements. Such amounts are not considered significant to the Hospital's consolidated financial position or results of its operations.

(2) Community Benefit (Unaudited)

The Hospital is a community teaching hospital that serves the healthcare needs of the Central Naugatuck Valley area. Like other healthcare providers across the nation, the Hospital is faced with the challenge of serving those in need with fewer resources. Although the Hospital cannot meet community needs alone, it is committed to seek out unmet community needs and to be a catalyst in efforts to ensure an adequate community-wide response from government and public organizations in fulfilling community needs.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

(a) *Charity and Uncompensated Care*

As part of fulfilling its mission, the Hospital provides care to all patients in need, regardless of their ability to pay. The Hospital has a formalized charity care policy that identifies which patients are deemed "charity care". During 2013 and 2012, the costs associated with the charges foregone, measured using a ratio of cost to charge, related to charity care were approximately \$94,000 and \$136,000, respectively.

Many patients without insurance do not complete the application for charity care. The Hospital, upon performing an asset verification, makes a determination whether the patient would have qualified for the charity care. During 2012, the costs associated with the charges foregone related to these patients were approximately \$1,340,000. During 2013, a system conversion limited the Hospital's ability to undertake an asset verification. As such, these costs are classified in the provision for uncollectible accounts. The Hospital believes that had it performed the asset verifications, costs associated with these patients would have been fairly consistent with the prior year.

In addition, the Hospital provides care to patients covered by governmental healthcare programs. During 2013 and 2012, the Hospital estimates that the cost of providing this care exceeded compensation by \$11,336,000 and \$7,044,000, respectively.

(b) *Education, Research and Training*

As a community teaching hospital affiliated with Yale School of Medicine, the Hospital has residency programs for general surgery, internal medicine and dental. These programs educate in excess of 50 residents and medical students per year. In addition to its residency programs, the Hospital furthers its educational mission by offering allied health programs affiliated with area educational facilities.

(c) *Wellness and Health Promotional Activities*

The Hospital provides many activities to promote the concept of healthy lifestyles, including the publishing and free distribution of *Discover*, which reaches more than 70,000 community households, health risk screenings, health fairs, support groups, speakers bureau and free telephone physician referral services through the Physician Referral program.

(d) *Leadership, Advocacy and Voluntarism*

The Hospital's employees are responsive to the community in the areas of planning, governance and service by annually providing thousands of hours of volunteer services, participating on boards of directors and advisory councils, testifying before public policy bodies and working with other healthcare organizations to develop healthcare policies for all persons. The Hospital also provides volunteer opportunities for community residents. The Hospital recognizes donated goods and services at their appraised or estimated value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The volunteer services the Hospital received do not meet this criteria for recognition in the accompanying consolidated financial statements, but the volunteers donate a significant amount of time to the

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Hospital. In fiscal years 2013 and 2012, approximately 168 and 140 volunteers spent more than 20,400 hours and 19,000 hours, respectively, of service in Hospital departments.

(e) *Dollar, Time and In-kind Donations*

The Hospital also provides services to neighborhood schools and organizations at no cost. Contributions are made to programs, organizations and foundations for efforts on behalf of the poor, the disadvantaged and the general population. The Hospital also provides a variety of in-kind services including education on parenting and child abuse prevention and use of Hospital space for community meetings.

(f) *Other Support Services*

The Hospital provides outreach and social support services to patients. Programs such as the Sleep Disorders Support Group and the Chronic Lung Disorders/Pulmonary Support Group are integral to the healing of patients, and represent the Hospital's overall commitment to the continuum of care.

(3) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. All intercompany transactions have been eliminated in consolidation.

(b) *Patient Service Revenue*

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(c) *Charity Care and Provision for Uncollectible Accounts*

The System provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. Because the System does not anticipate collection of amounts determined to qualify as charity care, they are not reported as revenue.

The System grants credit without collateral to patients, most of whom are local residents and are insured under third-party arrangements. Additions to the allowance for uncollectible accounts are made by means of the provision for uncollectible accounts. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added. The amount of the provision for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental health care coverage and other collection indicators.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

(d) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

The System invests its surplus operating funds in overnight repurchase agreement investments. These investments are collateralized with securities issued by the United States Government or its agencies and are not covered by FDIC insurance.

(e) Assets Whose Use is Limited

Assets whose use is limited primarily include assets held by others pursuant to donor restrictions, by trustees under indenture agreements, and by the Hospital's wholly owned captive insurance company for professional and general liability insurance.

(f) Marketable Securities

Investments in equity securities, mutual funds and all investments in debt securities are reported at fair value based on readily determinable fair market values or estimated fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities or are considered to be other than temporarily impaired.

In light of the market conditions over the past several years, the System has reviewed its investments in order to determine if any decrease from cost to fair value is other than temporary. The System has followed a policy of reviewing all investments that have been below cost by at least 25% for three quarters. Unless specific evidence exists to the contrary, the adjustments of these investments to fair value (i.e. new cost basis) is reflected as an other than temporary impairment. The System recorded \$49,000 and \$0 of other than temporary impairments on investments in 2013 and 2012, respectively, which is included in investment income, net in the accompanying consolidated statements of operations.

Investment securities, in general, are exposed to various risks. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short term liquidity of certain investments held by the System which could impact the value of investments after the date of these consolidated financial statements.

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Costs for repairs and maintenance are expensed as incurred.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Gifts of long-lived assets are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restriction that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The System reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value and may not be recoverable.

(h) Investments In Joint Venture Arrangements

Investments in joint venture arrangements, generally in the form of partnership interests, are accounted for using the equity method of accounting.

(i) Fair Value of Financial Instruments

FASB ASC 820 establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- *Level 1* – Inputs into the valuation methodology are the unadjusted quoted prices for identical assets or liabilities in active markets that the System has the ability to access.
- *Level 2* – Inputs into the valuation methodology include quoted prices for similar assets or liabilities in active and inactive markets, other than quoted prices that are observable for specific assets or liabilities, and values that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the value must be observable for substantially the full term of the asset or liability.
- *Level 3* – Inputs into the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets held in trust by others represents a donor established perpetual trust held and administered by an outside trustee. The Hospital owns an interest in the trust rather than in the securities underlying the trust, and therefore it is generally required to consider such investments as Level 3 for the purposes of applying ASC 820. Such classification is based on the inability to redeem the investment, even though the underlying securities may not be difficult to value or may be readily marketable. Accordingly, the inputs or methodology used for valuing or classifying investments for

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

financial reporting purposes are not necessarily an indication of the risk associated with investing in those investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying amount of patient accounts receivable, accounts payable, and accrued expenses approximate fair value because of the short maturity of these accounts.

(j) Net Asset Categories

To ensure observance of limitations and restrictions placed on the use of resources available to the System, the accounts of the System are maintained in the following net asset categories:

Unrestricted – Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are assets set aside by the board of directors for future capital improvements or for other purposes, as deemed appropriate.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

Permanently Restricted – Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that only the income earned that the trustee does not reinvest be available for operations. The net appreciation of the value of investments held in trust by others remains in permanently restricted net assets until cash is transferred to the System.

(k) Excess of Revenues over Expenses

Excess of revenues over expenses included in the consolidated statements of operations reflects the System's performance measure. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, except for losses that are deemed to be other than temporary, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets). Nonoperating gains and losses, and equity in earnings of joint ventures are considered in the performance measure.

(l) Income Taxes

The System, Hospital, and Foundation are tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and are generally exempt from income taxes. The accompanying consolidated financial statements have been prepared on the basis that this tax-exempt status will be maintained.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Franklin, including its predecessor Partners, are for-profit organizations subject to income taxes. Each organization has experienced operating losses. After the merger, only the accumulated net operating loss carryforwards of Franklin remain available to offset future taxable income. A valuation allowance has been recorded as management believes realization of such carryforwards is doubtful.

The Diagnostic Center is a pass-through entity. The Indemnity Company is a disregarded entity. The tax consequences of their operating results is assessed at the member level.

The System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount of benefit that is greater than fifty percent likely to be realized upon settlement. Changes in recognition in measurement are reflected in the period in which the change in judgment occurs. The System did not recognize the effect of any income tax positions in either 2013 or 2012.

(m) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of assumptions and estimates consist primarily of the allowance for uncollectible accounts, contractual allowances and related third-party accounts, the pension liability, and the estimated self-insurance liability.

(n) Professional and General Liability

The liability for unpaid losses and loss adjustment expenses includes estimates for reported losses, plus supplemental amounts calculated based upon loss projections utilizing the Indemnity Company's and insureds' historical data. In establishing this reserve, the Indemnity Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses at year-end represents its best estimate, based upon available data, of the amount necessary to cover the ultimate cost of losses.

The ultimate liability and receivable could be significantly in excess of or less than the amount indicated in the consolidated financial statements. As adjustments to these estimates become necessary, such adjustments will be reflected in current operations.

(o) Recently Issued Accounting Pronouncements

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-07, Health Care Entities (Topic 954): *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which requires certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and

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assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. ASU 2011-07 was effective for the System's fiscal year beginning October 1, 2012, and the change in presentation did not significantly impact the Hospital's financial position, results of operations or cash flows.

(p) Prior Year Reclassifications

Certain prior year balances have been reclassified in order to be consistent with the current year presentation.

(4) Net Revenue from Patient Services

A substantial portion of net revenue from patient services is derived from funds provided on behalf of patients under federal and state medical assistance programs. Revenue from some of these sources is determined by the application of reimbursement principles and is subject to audit by the applicable agencies. In the opinion of management, such principles have been properly applied in the determination of net patient service revenue. Settlement notices have been received from the Medicare program and the Medicaid program through 2006 and 2000, respectively. Retrospective adjustments for items under appeal by the System or under review by the intermediary, if any, are not expected to have a material adverse effect on the System's consolidated financial position or results of operations.

Net patient service revenues consist of inpatient revenues, principally from routine patient care and ancillary services and outpatient revenues from ancillary services, after considering allowances under agreements with various third-party payors and provisions for uncollectible accounts. A reconciliation of gross revenues to net revenues from patient services after allowance for the years ended September 30, 2013 and 2012, is as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Gross revenue from patient services	\$ 670,163	650,487
Contractual and other allowances	(401,170)	(390,531)
Charity care	(94)	(136)
Provision for uncollectible accounts, net of recoveries	(12,878)	(12,750)
Net revenue from patient services	<u>\$ 256,021</u>	<u>247,070</u>

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The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of discounted rates based on the self-pay discount policy. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

		Governmental and Other Third-Party Payors	Self-Pay	Total All Payors
		<u> </u>	<u> </u>	<u> </u>
Revenue from patient services, net of contractual allowances, as of September 30, 2013	\$	257,527	11,372	268,899
Revenue from patient services, net of contractual allowances, as of September 30, 2012	\$	249,085	10,735	259,820

The System grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of gross receivables from private pay patients and third-party payors at September 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Medicare (including Medicare managed care)	31.9%	29.5%
Medicaid	13.1	11.5
Other third-party payors	33.1	31.8
Private pay patients	21.9	27.2
	<u>100.0%</u>	<u>100.0%</u>

The System's exposure to risk of nonpayment from private pay patients is more significant than other payors. However, the System has recorded an estimate for uncollectible accounts, which, in management's opinion, is sufficient to provide for such risk. This estimate is based on a variety of factors including historical experience, the current economic environment and recent payment patterns.

(5) Regulatory and Legislative Matters

(a) State of Connecticut Regulatory Environment

Connecticut's acute care hospital regulatory system is currently administered by the State of Connecticut Office of Health Care Access (OHCA). The Hospital is subject to a regulatory system

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that includes the administration of a pool resulting in distribution of monies by the State to the Hospital.

The Hospital is subject to legislation enacted in 2011 imposing a tax on certain net patient service revenues of hospitals and changes to the disproportionate share hospital payments (DSH) pursuant to 2011 Conn. Pub. Acts 6 (145-149), as amended by 2011 Conn. Pub. Acts 44 (102-103) and Conn. Pub. Acts 61 (79). The tax is paid on a quarterly basis. The Hospital recorded a tax of \$8,789,076 which has been offset with \$8,748,914 of DSH payments and is recorded in net revenue from patients for the year ended September 30, 2013. The Hospital recorded a tax of \$8,789,072 which has been offset with \$11,096,942 of DSH payments and is recorded in net revenue from patients for the year ended September 30, 2012.

(b) Federal Regulatory Environment

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse and security and privacy of health information. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(6) Marketable Securities and Assets Whose Use is Limited

A comparison of cost and fair values of short-term investments, marketable securities, and assets whose use is limited, including the fair value of investments with unrealized losses that are not deemed other-than-temporarily impaired and the length of time the individual securities have been in a continuous unrealized loss position, at September 30, 2013 and 2012, is as follows (in thousands):

	2013					
	Total		Less than 12 months		12 months or more	
	Fair value	Cost	Fair value	Unrealized losses	Fair value	Unrealized losses
Cash and cash equivalents	\$ 2,809	2,809	—	—	—	—
Corporate bonds	15,837	16,628	928	(54)	734	(53)
U.S. government and agency obligations	13,930	13,135	3,731	(42)	304	(5)
Mutual funds	29,961	23,519	706	(16)	—	—
Equities	4,633	4,052	—	—	—	—
	<u>\$ 67,170</u>	<u>60,143</u>	<u>5,365</u>	<u>(112)</u>	<u>1,038</u>	<u>(58)</u>

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	2012					
	Total		Less than 12 months		12 months or more	
	Fair value	Cost	Fair value	Unrealized losses	Fair value	Unrealized losses
Cash and cash equivalents	\$ 5,005	5,005	—	—	—	—
Corporate bonds	15,366	14,521	1,447	(13)	201	(4)
U.S. government and agency obligations	13,978	13,833	2,221	(6)	253	(1)
Mutual funds	17,777	15,107	—	—	—	—
Equities	12,023	9,842	—	—	—	—
	<u>\$ 64,149</u>	<u>58,308</u>	<u>3,668</u>	<u>(19)</u>	<u>454</u>	<u>(5)</u>

The above tables include permanently restricted assets held by others whose fair value exceeded cost by \$2,807,000 at September 30, 2013 and \$1,943,000 at September 30, 2012.

Assets whose use is limited for estimated self insurance includes approximately \$6,200,000 and \$3,825,000 of other assets, substantially receivables, as of September 30, 2013 and 2012, respectively.

The following table sets forth by level, within the fair value hierarchy, the System's financial instruments at fair value as of September 30, 2013 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,445	—	—	2,445
Domestic corporate bonds	—	13,477	—	13,477
U.S. government and agency obligations	—	11,679	—	11,679
Equity mutual funds	19,508	—	—	19,508
Fixed income mutual funds	315	—	—	315
Equity funds	4,488	—	—	4,488
Total	<u>26,756</u>	<u>25,156</u>	<u>—</u>	<u>51,912</u>
Assets held in trust by others:				
Perpetual trust	—	—	15,258	15,258
Total	<u>\$ 26,756</u>	<u>25,156</u>	<u>15,258</u>	<u>67,170</u>

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The following table sets forth by level, within the fair value hierarchy, the System's financial instruments at fair value as of September 30, 2012 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 4,497	—	—	4,497
Domestic corporate bonds	—	11,286	—	11,286
U.S. government and agency obligations	—	12,943	—	12,943
Equity mutual funds	14,246	—	—	14,246
Fixed income mutual funds	2,990	—	—	2,990
Equity funds	3,651	—	—	3,651
Preferred equity securities	—	237	—	237
Total	25,384	24,466	—	49,850
Assets held in trust by others:				
Perpetual trust	—	—	14,299	14,299
Total	\$ 25,384	24,466	14,299	64,149

Mutual funds and equities are traded actively on exchanges and price quotes for these shares are readily available.

For domestic and foreign bonds and U.S. government obligations multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue for each security. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

The redemption period for the System's financial instruments ranges from daily to monthly and require notification of one to five days, except for assets held in perpetual trust by others.

The following table presents additional information about investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30 (in thousands):

<u>Perpetual Trust</u>	<u>2013</u>	<u>2012</u>
Fair value at beginning of the year	\$ 14,299	12,673
Net realized and change in unrealized gains and losses	1,653	2,268
Appropriation of endowment assets for expenditure	(694)	(642)
Fair value at end of the year	\$ <u>15,258</u>	<u>14,299</u>

Assets held in trust by others represents a donor established perpetual trust held and administered by an outside trustee. The System receives a specific portion of the return on the underlying assets of the

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perpetual trust. The investment income is recorded as unrestricted investment income in nonoperating gains (losses).

(7) Property and Equipment

A summary of property and equipment at September 30, 2013 and 2012 is as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Land and land improvements (5 - 25 yrs)	\$ 2,323	1,661
Buildings and building improvements (10 - 40 yrs)	74,658	69,688
Equipment (3 - 25 yrs)	114,008	104,743
Projects in process	1,357	692
	<u>192,346</u>	<u>176,784</u>
Less accumulated depreciation and amortization	<u>(127,394)</u>	<u>(118,434)</u>
Property and equipment, net	<u>\$ 64,952</u>	<u>58,350</u>

Property under capital leases had a net book value of \$1,476,000 and \$1,354,000 at September 30, 2013 and 2012, respectively.

(8) Long-Term Obligations

In May 1997, the Hospital issued \$36,150,000 of State of Connecticut Health and Educational Facilities Authority (CHEFA) Bonds, Series E, dated May 1, 1997, 5.00% – 6.00% Serial and Term Bonds payable annually in amounts ranging from \$985,000 to \$3,000,000 through July 1, 2022.

The Hospital is required to maintain a Debt Service Reserve fund for the Bonds issued through CHEFA, of the lesser of 10% of the principal amount of the Bonds, the amount required to fund the current portion of the principal and interest payable in any year, or 125% of the average annual debt service on the Bonds. The Hospital is also required to comply with certain financial covenants for the Bonds issued through CHEFA, including a Debt Service Coverage Ratio requirement of at least 1.25, a Debt Ratio requirement of no greater than 0.75 and a Current Ratio requirement of at least 1.40. The Bond agreements indicate that if the Current Ratio is below 1.40 but above 1.0 and the Debt Service Coverage Ratio is below 1.25 but above 1.0, a consultant is required.

Other long-term obligations consist of capital equipment financing notes and capital leases: Wells Fargo Equipment Finance, with interest of 5.75%, beginning August 2010 and maturing July 2015.

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Long-term obligations at September 30, 2013 and 2012 are as follows (in thousands):

	<u>2013</u>	<u>2012</u>
CHEFA Series E Bonds, principal payable annually and interest payable in semi-annual installments	\$ 21,475	23,225
Capital leases	<u>1,531</u>	<u>1,486</u>
	23,006	24,711
Less unamortized portion of bond discount	(142)	(171)
Less current portion	<u>(2,490)</u>	<u>(2,238)</u>
	<u>\$ 20,374</u>	<u>22,302</u>

Principal payments on the Hospital's long-term obligations and capital lease payments are as follows (in thousands):

	<u>Long-term obligations</u>	<u>Capital leases</u>
Year ending September 30:		
2014	\$ 1,850	640
2015	1,960	549
2016	2,090	248
2017	2,215	94
2018	2,360	—
Thereafter	<u>11,000</u>	<u>—</u>
	\$ <u>21,475</u>	1,531
Interest payments		<u>305</u>
		\$ <u>1,836</u>

The CHEFA Series E bonds and capital equipment financing notes are collateralized by substantially all of the Hospital's land, buildings and equipment.

Long-term debt is carried at cost. Fair values are estimated based on quoted market prices for the same or similar issues. The estimated fair value of the CHEFA Series E bonds approximates \$21,450,000 as of September 30, 2013 and is classified as Level 2 for fair value disclosure purposes.

(9) Line of Credit

The Hospital maintains a financing agreement with Webster Bank for a \$5,000,000 line of credit which has an August 13, 2014 maturity date. Interest on the line of credit is at the Hospital's choice of either the lending institution's prime rate or at the LIBOR rate plus 110 basis points. At September 30, 2013 and

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2012, there was no outstanding balance under this line of credit agreement. Additionally, \$450,000 of the unused line of credit secures a stand-by letter of credit.

(10) Unrestricted, Temporarily and Permanently Restricted Net Assets

The changes in consolidated unrestricted net assets attributable to the System and noncontrolling interest for the year ended September 30, 2013 were as follows (in thousands):

	<u>Total</u>	<u>Controlling interest</u>	<u>Noncontrolling interest</u>
Unrestricted net assets, beginning of year	\$ 2,685	2,333	352
Excess of revenues over expenses	10,439	10,084	355
Net assets released from restriction for capital expenditures	545	545	—
Transfers (to) from affiliates	(485)	(80)	(405)
Change in unrealized gains and losses on marketable securities and other assets whose use is limited	401	401	—
Change in accumulated pension charges to unrestricted net assets	20,819	20,819	—
Unrestricted net assets, end of year	\$ <u>34,404</u>	<u>34,102</u>	<u>302</u>

The changes in consolidated unrestricted net assets attributable to the System and noncontrolling interest for the year ended September 30, 2012 were as follows (in thousands):

	<u>Total</u>	<u>Controlling interest</u>	<u>Noncontrolling interest</u>
Unrestricted net assets, beginning of year	\$ (1,658)	(2,136)	478
Excess of revenues over expenses	6,647	6,159	488
Net assets released from restriction for capital expenditures	338	338	—
Transfers (to) from affiliates	(344)	270	(614)
Change in unrealized gains and losses on marketable securities and other assets whose use is limited	2,450	2,450	—
Change in accumulated pension charges to unrestricted net assets	(4,748)	(4,748)	—
Unrestricted net assets, end of year	\$ <u>2,685</u>	<u>2,333</u>	<u>352</u>

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Temporarily restricted net assets are available for the following purposes at September 30, 2013 and 2012 (in thousands):

	<u>2013</u>	<u>2012</u>
Cancer	\$ 196	374
Building and equipment	428	566
Community services	518	600
Education	153	160
Other	974	846
	<u>\$ 2,269</u>	<u>2,546</u>

Permanently restricted net assets at September 30, 2013 and 2012 are restricted to (in thousands):

	<u>2013</u>	<u>2012</u>
Investments held by trustee in perpetuity, the income from which is expendable to support Hospital operations	\$ 15,287	14,338
Investments held by Hospital Foundation in perpetuity, the income from which is expendable to support:		
Hospital operations	818	818
Medical education	50	150
	<u>\$ 16,155</u>	<u>15,306</u>

(11) Endowment

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of Connecticut (Act) provides standards to guide investing in a prudent manner and eliminated the restriction that endowment funds could not be spent below historical dollar value.

The System's endowment consists of funds established for a variety of purposes including donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. At September 30, 2013 and 2012, the System has no funds designated by the Board of Directors as endowment.

The System has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as

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temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by the Act.

The System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds; the duration and preservation of the fund, the purposes of the System and the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the System, and the investment policies of the System.

Endowment funds consist of the following at September 30, 2013 and 2012 (in thousands):

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds at September 30, 2013	\$ 375	16,255	16,630
Donor-restricted endowment funds at September 30, 2012	\$ 261	15,306	15,567

Changes in endowment funds for the year ended September 30, 2013 are as follows (in thousands):

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2012	\$ 261	15,306	15,567
Investment return:			
Investment income	96	789	885
Net appreciation	19	864	883
Total investment return	115	1,653	1,768
Appropriation of endowment assets for expenditure	(1)	(704)	(705)
Endowment net assets, September 30, 2013	\$ <u>375</u>	<u>16,255</u>	<u>16,630</u>

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Changes in endowment funds for the year ended September 30, 2012 are as follows (in thousands):

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2011	\$ 108	13,675	13,783
Investment return:			
Investment income	35	645	680
Net appreciation	118	1,628	1,746
Total investment return	153	2,273	2,426
Appropriation of endowment assets for expenditure	—	(642)	(642)
Endowment net assets, September 30, 2012	\$ <u>261</u>	<u>15,306</u>	<u>15,567</u>

The System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the System must hold in perpetuity or for a donor-specified period. Funds held in trust by others represents a donor established perpetual trust held and administered by an outside trustee and are not within the System's control as to spending and investment policies.

To satisfy its long term rate-of-return objectives, the System relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The System targets a diversified asset allocation that places emphasis on investments in equities and fixed income investments to achieve its long-term return objectives with prudent risk constraints.

The System follows a policy of spending an amount that approximates the investment income earned, in addition to specific purchases of capital equipment. Accordingly, the System expects its spending policy will allow its endowment funds to be maintained in perpetuity by growing at a rate at least equal to the planned payouts. Additional real endowment growth will be provided through new gifts and any excess investment return.

(12) Professional and General Liability

Prior to July 1, 2009, the Hospital purchased limits of professional and general liability from Partners Interinsurance Exchange (PIE) to cover risks up to specified limits. Within PIE the Hospital maintained retentions net to its own account by type of coverage. A claims made reinsurance contract was purchased each fiscal year that provided coverage above these retentions. Beginning January 1, 2002, the professional liability coverage provided for total limits, with respect to professional liability, of \$18 million per claim and \$27 million in the aggregate, with a retention inside that limit of \$3,000,000 per incident applying as net to the Hospital's account within PIE. The general liability coverage provided limits of \$16 million per claim and \$19 million in the aggregate with a retention of \$1,000,000 per incident and \$4,000,000 in the

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annual aggregate retained as net to the Hospital's account within PIE. The Hospital paid an actuarially determined premium to PIE for the purpose of setting aside assets to cover the reasonable value of ultimate expected loss retained as net within PIE.

During June 2009, the Hospital established the Indemnity Company as a successor to the Hospital's financial interest in PIE. On July 1, 2009 the Hospital's account in PIE was transferred to the Indemnity Company. The Hospital and certain affiliates continue to purchase limits of professional and general liability from the Indemnity Company at levels previously purchased from PIE.

Professional liability claims have been asserted against the Hospital by various claimants. The claims are in various stages of assessment and resolution. There are also known and unknown incidents that have occurred through September 30, 2013 that may result in the assertion of additional claims. Actuarially determined premiums are paid in order to set aside assets to cover the reasonable value of ultimate expected losses. Hospital management, along with its consulting actuaries, accrued its best estimate of professional and general liabilities. The resolution of these claims, including those unasserted, involves extended evaluation of the facts, including the involvement of independent specialists. As a result, the estimates made are reassessed periodically and subject to change. Hospital management believes that the ultimate settlement of these claims will not have a material impact on the Hospital's consolidated financial position or results of their operations, as adequate self-insurance reserves, Indemnity Company assets and reinsurance are in place.

The Indemnity Company entered into a loss portfolio transfer (LPT) on July 1, 2009 with PIE. The losses associated with this transaction did not transfer insurance risk to the Indemnity Company. As such, this LPT is accounted for using deposit accounting, which requires offsetting assets and liabilities.

Activity in the reserves for premiums held on deposit included in self-insurance liability is summarized as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Reserves for premiums held on deposit at beginning of year	\$ 6,657	10,041
Current period payments from loss escrow	2,450	(1,330)
Change in reserve for premiums held on deposit for loss portfolio transfer	6,673	(844)
Current period payments from reserves for premiums held on deposit	<u>5,236</u>	<u>1,210</u>
Reserves for premium held on deposit at end of year	<u>\$ 10,544</u>	<u>6,657</u>

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Activity in the self-insurance liability for unpaid losses and loss adjustment expenses for prospective losses is summarized as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Balance at beginning of period	\$ 14,750	11,222
Less reinsurance recoverable	<u>(2,300)</u>	<u>(1,545)</u>
Net balance at beginning of period	<u>12,450</u>	<u>9,677</u>
Incurred related to:		
Current year	4,493	4,717
Prior years	<u>(4,034)</u>	<u>173</u>
Total incurred	<u>459</u>	<u>4,890</u>
Paid related to:		
Current year	3	104
Prior years	<u>563</u>	<u>2,013</u>
Total paid	<u>566</u>	<u>2,117</u>
Net balance at end of period	12,343	12,450
Add reinsurance recoverable	<u>2,650</u>	<u>2,300</u>
Balance at end of period	\$ <u><u>14,993</u></u>	<u><u>14,750</u></u>

The provision for incurred losses related to prior years (relating to loss incurred subsequent to the loss portfolio transfer from Partner Interinsurance Exchange at July 1, 2009) totaled (\$4,034,000) and \$173,000 for 2013 and 2012, respectively, the result of development on outstanding claims.

(13) Retirement Plans

(a) Defined Benefit Plan

The Hospital has a noncontributory, defined benefit pension plan (the Plan) for most employees, which is funded with available cash flow. The Plan is qualified as a "Church Plan" and is therefore exempt from a majority of ERISA regulations. Plan benefits are not guaranteed by the Pension Benefit Guaranty Corporation. The Plan was frozen to new entrants in 1997. In 2004, the Plan's benefits were curtailed to eliminate participants' earnings of additional benefits for future services.

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The following table sets forth the Plan's funded status at September 30, 2013 and 2012, the Plan measurement date, (in thousands):

	<u>2013</u>	<u>2012</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 138,482	124,780
Interest cost	5,613	6,080
Actuarial loss	(13,726)	13,456
Benefits paid	<u>(6,173)</u>	<u>(5,834)</u>
Benefit obligation, end of year	<u>124,196</u>	<u>138,482</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	59,683	50,602
Actual return on plan assets	7,340	8,819
Contributions	5,365	6,096
Benefits paid	<u>(6,173)</u>	<u>(5,834)</u>
Fair value of plan assets, end of year	<u>66,215</u>	<u>59,683</u>
Funded status at year end	\$ <u>(57,981)</u>	<u>(78,799)</u>
Amounts recognized in consolidated balance sheets consist of:		
Noncurrent liabilities	\$ (57,981)	(78,799)
Accumulated charges to unrestricted net assets, consisting of net actuarial losses	<u>42,961</u>	<u>63,780</u>
Net amount recognized	\$ <u>(15,020)</u>	<u>(15,019)</u>

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The net actuarial loss that will be amortized from accumulated charges to unrestricted net assets into net periodic benefit cost over the next fiscal year is \$3,050,000.

The accumulated benefit obligation for the pension plan was \$124,196,000 and \$138,482,000 at September 30, 2013 and 2012, respectively. Net periodic benefit cost recognized in 2013 and 2012 was (in thousands):

	<u>2013</u>	<u>2012</u>
Components of net periodic benefit cost:		
Interest cost	\$ 5,613	6,080
Expected return on plan assets	(4,724)	(4,050)
Net amortization and deferral	<u>4,477</u>	<u>3,940</u>
Net periodic benefit cost	<u><u>5,366</u></u>	<u><u>5,970</u></u>
Other changes in plan assets and benefit obligation recognized as charges to unrestricted net assets in 2013 and 2012 are as follows (in thousands):		
Net gain(loss)	25,296	(808)
Net amortization and deferral	<u>(4,477)</u>	<u>(3,940)</u>
Increase (decrease) recognized in changes to unrestricted net assets	<u>20,819</u>	<u>(4,748)</u>
Increase (decrease) to unrestricted net assets associated with recognized net periodic benefit costs and charge to accumulated pension charge	\$ <u><u>15,453</u></u>	<u><u>(10,718)</u></u>

Weighted average assumptions used to determine benefit obligations and net periodic benefit cost as of and for the years end September 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Weighted average assumptions at September 30:		
Discount rate for benefit obligations	5.02%	4.15%
Discount rate for net periodic benefit cost	4.15	5.00
Expected return on plan assets	8.00	8.00

The discount rate is based on high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present values.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The following table sets forth by level, within the fair value hierarchy, the pension plan's financial instruments at fair value as of September 30, 2013 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,745	—	—	1,745
Domestic corporate bonds	—	14,443	—	14,443
U.S. government and agency obligations	—	291	—	291
Equity mutual funds	44,545	—	—	44,545
Fixed income mutual funds	4,747	—	—	4,747
Preferred equity securities	—	444	—	444
Total	\$ 51,037	15,178	—	66,215

The following table sets forth by level, within the fair value hierarchy, the pension plan's financial instruments at fair value as of September 30, 2012 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,134	—	—	3,134
Domestic corporate bonds	—	9,667	—	9,667
U.S. government and agency obligations	—	1,378	—	1,378
Equity mutual funds	35,648	—	—	35,648
Fixed income mutual funds	8,569	—	—	8,569
Preferred equity securities	—	1,287	—	1,287
Total	\$ 47,351	12,332	—	59,683

The redemption period for the Plan's financial instruments ranges from daily to monthly and require notification of one to five days.

The expected long-term rate of return for the plan's total assets is based on the expected return of each of the above categories, weighted based on the target allocation of each class. Equity securities are expected to return 9% to 10% over the long-term, while debt securities are expected to return between 4% and 7%. Money market funds are held to pursue market opportunities.

The investment policy, as established by the Investment Committee, is to earn a total return in any five-year period that will have exceeded the interest assumption in the actuarial plan valuation for that five-year period. For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis. The pension assets are to be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio. The asset allocation is reviewed on a quarterly basis.

In the aggregate, contributions to the pension plan are expected to be \$4,050,000 in 2014.

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The following benefit payments are expected to be paid (in thousands):

2014	\$	6,791
2015		6,892
2016		7,082
2017		7,421
2018		7,769
2019 through 2021		42,394
	\$	<u>78,349</u>

(b) Defined Contribution Plan

The Hospital established a defined contribution plan when it reduced the benefits of the Plan via amendment in 1997. The defined contribution plan provides for a Hospital match up to a certain percentage of employee contributions. Expenses related to the defined contribution plan amounted to \$5,005,000 and \$5,262,000 in 2013 and 2012, respectively, and are included in employee benefits in the accompanying consolidated statements of operations.

(c) Supplemental Pension Plan

In addition, the Hospital has an unfunded supplemental pension plan for a small group of long term employees, who are now retired. The Hospital's recorded liability was \$923,000 and \$1,019,000 at September 30, 2013 and 2012, respectively.

(14) Leases and Rental Expenses

Rental expense aggregated approximately \$5,982,000 and \$6,155,000 for the years ended September 30, 2013 and 2012, respectively. Minimum future rental commitments on all noncancelable operating leases with initial or remaining terms of more than one year are as follows (in thousands):

Fiscal year:		
2014	\$	2,943
2015		2,648
2016		2,103
2017		1,362
2018		1,237
2019 and thereafter		6,412
	\$	<u>16,705</u>

(15) Cancer Center

During 1997, the Hospital entered into an agreement with Waterbury Hospital to develop a joint Cancer Care Center, known as the Harold Leever Regional Cancer Center (HLRCC) that provides treatment services to cancer patients in the greater Waterbury area. The Hospital is entitled to distributions at the discretion of HLRCC's Board of Directors, which is selected by Waterbury Hospital and the Hospital on a 50/50 basis. The Hospital's investment in HLRCC is carried on the equity basis, and the carrying value is

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

approximately \$10,151,000 and \$9,783,000 at September 30, 2013 and 2012, respectively. Equity in earnings was approximately \$414,000 and \$623,000 in 2013 and 2012, respectively.

(16) Heart Center of Greater Waterbury

The Hospital and Waterbury Hospital operate an advanced cardiac care program known as the Heart Center of Greater Waterbury, Inc. (HCGW). Patients at the Hospital and Waterbury Hospital are provided access to services such as angioplasty and open heart surgery. Procedures are performed at both hospitals, each recording related revenues and expenses. The HCGW, a MSO that provides administrative support and management functions to the program, has a Board of Directors selected by Waterbury Hospital and the Hospital on a 50/50 basis. HCGW incurs costs, which are funded by the hospitals, to market the program and derives no net assets from its activities. The Hospital expensed \$131,000 and \$129,000 of funding, in 2013 and 2012, respectively.

(17) Investments in Joint Venture Arrangements

Naugatuck Valley MRI Limited Partnership

The Hospital is a 1% general partner and a 47% limited partner in the Naugatuck Valley MRI Limited Partnership, which provides diagnostic imaging services in Waterbury. The investment is carried on the equity basis, and the carrying value is approximately \$255,000 and \$273,000 at September 30, 2013 and 2012, respectively. Equity in earnings was approximately \$402,000 and \$532,000 in 2013 and 2012, respectively.

(18) Other Operating Revenues

Components of other operating revenues for the years ended September 30, 2013 and 2012 are as follows (in thousands):

	2013	2012
Investment income related to short-term investments and investments for self-insurance	\$ 543	267
Net assets released from restriction	68	323
Contributions	658	229
Cafeteria	1,173	1,174
Outside services	274	330
State grants	742	469
Parking fees	320	439
Day care	665	654
Rentals	1,263	1,381
Meaningful Use	1,149	—
Other	1,009	1,429
Total	\$ 7,864	6,695

SAINT MARY'S HEALTH SYSTEM, INC.

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

(19) Functional Expenses

The System provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2013 and 2012 are as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Health care services	\$ 215,207	216,737
General and administrative	39,406	31,734
Fundraising	591	759
	<u>\$ 255,204</u>	<u>249,230</u>

(20) Subsequent Events

The System has evaluated events through February 25, 2014, which represents the date the consolidated financial statements were available to be issued and noted no subsequent events that would have impacted the System's consolidated financial statements except as disclosed below.

SAINT MARY'S HEALTH SYSTEM, INC.

Exhibit 1

Consolidating Balance Sheet

September 30, 2013

(In thousands)

	Saint Mary's Hospital, Inc. Consolidated	Saint Mary's Hospital Foundation Inc.	Saint Mary's Health System Inc.	Eliminations	Saint Mary's Health System, Inc. Consolidated
Current assets:					
Cash and cash equivalents	\$ 28,902	1,036	1	-	29,939
Short-term investments	29	-	-	-	29
Current portion of assets whose use is limited	8,039	-	-	-	8,039
Accounts receivable, net	30,730	38	-	-	30,768
Other current assets	4,357	14	485	(22)	4,834
Total current assets	72,057	1,088	486	(22)	73,609
Marketable securities	18,506	3,859	-	-	22,365
Assets whose use is limited:					
By donor and held in trust by others	15,258	-	-	-	15,258
For estimated self-insurance liability	31,394	-	-	-	31,394
By bond indenture	4,324	-	-	-	4,324
Net interest in Foundation	4,874	-	-	(4,874)	-
Other	6	-	-	-	6
Total assets whose use is limited	55,856	-	-	(4,874)	50,982
Less current portion of assets whose use is limited	8,039	-	-	-	8,039
Noncurrent assets whose use is limited	47,817	-	-	(4,874)	42,943
Property and equipment, net	63,874	5	1,073	-	64,952
Other assets:					
Investments in joint venture arrangements	10,697	-	-	-	10,697
Deferred financing costs, net	128	-	-	-	128
Other noncurrent assets	-	-	241	-	241
Total other assets	10,825	-	241	-	11,066
Total assets	\$ 213,079	4,952	1,800	(4,896)	214,935

SAINT MARY'S HEALTH SYSTEM, INC.

Consolidating Balance Sheet
 September 30, 2013
 (In thousands)

	Saint Mary's Hospital, Inc. Consolidated	Saint Mary's Hospital Foundation, Inc.	Saint Mary's Health System Inc.	Eliminations	Saint Mary's Health System, Inc. Consolidated
Current liabilities:					
Current portion of long-term obligations	\$ 2,490	-	-	-	2,490
Accounts payable	20,899	56	30	-	20,985
Salaries, wages, and payroll withholdings	4,734	-	-	-	4,734
Due to third-party payors, net	6,035	-	-	-	6,035
Accrued expenses and other current liabilities	16,486	22	-	(22)	16,486
Total current liabilities	50,644	78	30	(22)	50,730
Long-term liabilities:					
Long-term obligations, net of current portion	20,374	-	-	-	20,374
Estimated self-insurance liability	21,908	-	-	-	21,908
Pension and deferred compensation	58,823	-	-	-	58,823
Other long-term liabilities	10,172	-	-	-	10,172
Total long-term liabilities	111,277	-	-	-	111,277
Net assets (deficit):					
Unrestricted	32,332	1,761	1,770	(1,761)	34,102
Noncontrolling interest in subsidiaries	302	-	-	-	302
Total unrestricted	32,634	1,761	1,770	(1,761)	34,404
Temporarily restricted	2,269	2,145	-	(2,145)	2,269
Permanently restricted	16,255	968	-	(968)	16,255
Total net assets	51,158	4,874	1,770	(4,874)	52,928
Total liabilities and net assets	\$ 213,079	4,952	1,800	(4,896)	214,935

See accompanying independent auditors' report.

SAINT MARY'S HEALTH SYSTEM, INC.

Exhibit 2

Consolidating Statement of Operations

Year ended September 30, 2013
(In thousands)

	Saint Mary's Hospital, Inc. Consolidated	Saint Mary's Hospital Foundation, Inc.	Saint Mary's Health System Inc.	Eliminations	Saint Mary's Health System, Inc. Consolidated
Revenues:					
Revenue from patient services, net of contractual allowances	\$ 268,899	-	-	-	268,899
Provision for uncollectible accounts, net of recoveries	(12,878)	-	-	-	(12,878)
Net revenue from patient services	256,021	-	-	-	256,021
Other operating revenues	6,871	993	156	(156)	7,864
Total revenues	262,892	993	156	(156)	263,885
Expenses:					
Salaries and wages	108,642	253	38	-	108,933
Employee benefits	31,294	-	11	-	31,305
Supplies and other expenses	103,072	324	68	(156)	103,308
Provision for uncollectible accounts	-	8	-	-	8
Depreciation and amortization	9,977	2	73	-	10,052
Interest	1,594	4	-	-	1,598
Total expenses	254,579	591	190	(156)	255,204
Operating income (loss)	8,313	402	(34)	-	8,681
Nonoperating gains (losses):					
Investment income, net	2,390	-	-	-	2,390
Equity in earnings of joint ventures	1,170	-	-	-	1,170
Change in net assets of Foundation	437	-	-	(437)	-
Net gain on disposal of assets	(230)	-	-	-	(230)
Other	(1,572)	-	-	-	(1,572)
Total nonoperating gains, net	2,195	-	-	(437)	1,758
Excess (deficiency) of revenues over (under) expenses	10,508	402	(34)	(437)	10,439
Net assets released from restriction for capital expenditures	545	-	-	-	545
Capital transactions with affiliates	(519)	-	-	34	(485)
Change in unrealized gains on marketable securities and other assets whose use is limited	401	77	-	(77)	401
Change in accumulated pension charges to unrestricted net assets	20,819	-	-	-	20,819
Increase (decrease) in net assets	31,754	479	(34)	(480)	31,719

See accompanying independent auditors' report.

Exhibit H

000106

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 2013 Actual Results	FY 2014		FY 2015		FY 2016		FY 2017	
		Projected Results	Projected W/out CON	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected W/out CON
NET PATIENT REVENUE									
Non-Government	\$110,040	\$109,480	\$111,670	\$61	\$111,731	\$113,903	\$63	\$113,966	\$116,181
Medicare	\$70,903	\$71,400	\$72,828	\$29	\$72,857	\$74,285	\$29	\$74,314	\$75,770
Medicaid and Other Medical Assistance	\$58,618	\$57,120	\$58,262	\$9	\$58,272	\$59,428	\$9	\$59,437	\$60,616
Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Patient Patient Revenue	\$239,561	\$238,000	\$242,760	\$100	\$242,860	\$247,615	\$102	\$247,717	\$252,568
Other Operating Revenue	\$5,913	\$7,930	\$8,089	\$0	\$8,089	\$8,251	\$0	\$8,251	\$8,416
Revenue from Operations	\$245,474	\$245,930	\$250,849	\$100	\$250,949	\$255,866	\$102	\$255,968	\$260,983
OPERATING EXPENSES									
Salaries and Fringe Benefits	\$111,345	\$109,975	\$112,175	\$550	\$112,725	\$114,419	\$561	\$114,980	\$116,707
Professional / Contracted Services	\$29,799	\$30,372	\$30,372	(\$700)	\$29,672	\$30,979	(\$700)	\$30,279	\$31,599
Supplies and Drugs	\$36,933	\$37,631	\$38,384	\$0	\$38,384	\$39,152	\$0	\$39,152	\$39,935
Bad Debts	\$12,069	\$10,112	\$9,606	\$0	\$9,606	\$9,798	\$0	\$9,798	\$9,994
Other Operating Expense	\$28,595	\$22,904	\$23,362	(\$20)	\$23,342	\$23,829	(\$20)	\$23,809	\$24,306
Subtotal	\$218,741	\$210,994	\$213,899	(\$170)	\$213,729	\$218,177	(\$159)	\$218,018	\$222,541
Depreciation/Amortization	\$9,190	\$9,655	\$9,655	\$0	\$9,655	\$9,800	\$0	\$9,800	\$10,100
Interest Expense	\$1,527	\$1,560	\$1,450	\$0	\$1,450	\$1,350	\$0	\$1,350	\$1,250
Lease Expense	\$4,527	\$4,618	\$4,710	(\$38)	\$4,673	\$4,804	(\$50)	\$4,754	\$4,900
Total Operating Expense	\$233,985	\$226,827	\$228,714	(\$208)	\$229,507	\$234,131	(\$209)	\$233,922	\$238,791
Gain/(Loss) from Operations	\$11,489	\$19,103	\$21,135	\$307	\$21,442	\$21,735	\$311	\$22,045	\$22,192
Plus: Non-Operating Revenue	\$6,948	\$2,548	\$2,624	\$0	\$2,624	\$2,703	\$0	\$2,703	\$2,784
Revenue Over/(Under) Expense	\$18,437	\$21,651	\$23,759	\$307	\$24,066	\$24,438	\$311	\$24,748	\$24,976
FTEs	1,345	1,304	1,304	9	1,313	1,304	9	1,313	1,304
OP MRI Scans*	1,501	1,501	1,501	253	1,754	1,501	253	1,754	1,501

*1501 scans is used as the base for the outpatient scans because this was the actual FY2013 volume at Chase Parkway. The incremental volume represents the anticipated increase in the number of OP scans that will be performed on the MRI scanner once it is relocated to the hospital. The projected number of OP scans with the CON is the number of OP scans that will be performed in a hospital setting. Routine OP MRI scans will be performed by the MRI scanner to be located at 1389 West Main Street, Waterbury.

Assumptions:
 FY14 is the budgeted amounts.
 The increase in the number of FTEs is due to the provision of 24/7 MRI scanning capability at the hospital. Currently the MRI scanner is staffed by non-hospital employees.
 Save \$50k on rent lease per year after closing Chase Parkway facility.
 Save \$20k per year on utilities and snow removal after closing Chase Parkway facility.
 Reductions in other operating and lease costs are from building and MRI fees that would end 12/31/14.
 Incremental volume and revenues associated with inpatient MRI scans and ED MRI scans is not included because the hospital already bills for these scans on a case rate or per diem basis.
 FY-15 contractual services is net of reduced fees to NVMRI, LP and transitional costs.

FY 2017 Projected Incremental	FY 2017 Projected With CON
\$66	\$116,247
\$29	\$75,799
\$9	\$60,626
\$0	\$0
<u>\$104</u>	<u>\$252,672</u>
\$0	\$8,416
<u>\$104</u>	<u>\$261,087</u>
\$572	\$117,279
(\$700)	\$30,899
\$0	\$39,935
\$0	\$9,984
(\$20)	\$24,286
<u>(\$148)</u>	<u>\$222,393</u>
\$0	\$10,100
\$0	\$1,250
(\$50)	\$4,850
<u>(\$188)</u>	<u>\$238,593</u>
<u>\$302</u>	<u>\$22,494</u>
\$0	\$2,784
<u>\$302</u>	<u>\$25,278</u>
9	1,313
253	1,754

000108

Exhibit I

000109

Dept No.	Dept Name	Proc Code	Description
4340	MRI Unit	334205510	MRI BRAIN WITHOUT CONTRAST
4340	MRI Unit	334205515	MRI BRAIN W/WO CONTRAST
4340	MRI Unit	334205516	MRI BRAIN W/WO+MRA BRAIN WO CON
4340	MRI Unit	334221485	MRI LUMBAR SPINE W/WO CONTRAST
4340	MRI Unit	334221490	MRI LUMBAR SPINE WITH CONTRAST
4340	MRI Unit	334264032	MRA NECK W/WO CONTRAST
4340	MRI Unit	334264040	MRI ANY JOINT UPR EXTRM LT W/WO
4340	MRI Unit	334264041	MRI ANY JOINT UPR EXTRM RT W/WO
4340	MRI Unit	334264058	MRI ANY JOINT UPR EXTREM LT W
4340	MRI Unit	334264059	MRI ANY JOINT UPR EXTREM RT W
4340	MRI Unit	334264093	MRI ELBOW LEFT WITH CONTRAST
4340	MRI Unit	334264098	MRI ELBOW RIGHT WITH CONTRAST
4340	MRI Unit	334264132	MRI SHOULDER LEFT W CONTRAST
4340	MRI Unit	334264137	MRI SHOULDER RIGHT W CONTRAST
4340	MRI Unit	334264142	MRI WRIST LEFT W CONTRAST
4340	MRI Unit	334264147	MRI WRIST RIGHT W CONTRAST
4340	MRI Unit	334264166	MRI SHOULDER LEFT W/WO CONTRAST
4340	MRI Unit	334264167	MRI SHOULDER RIGHT W/WO CONT
4340	MRI Unit	334264168	MRI WRIST LEFT W/WO CONTRAST
4340	MRI Unit	334264169	MRI WRIST RIGHT W/WO CONTRAST
4340	MRI Unit	334264172	MRI ELBOW LEFT W/WO CONTRAST
4340	MRI Unit	334264177	MRI ELBOW RIGHT W/WO CONTRAST
4340	MRI Unit	334264181	MRI GUIDED NEEDLE PLACEMENT
4340	MRI Unit	334295298	MRI BRAIN+ORBITS W/WO CONTRAST
4340	MRI Unit	334295299	MRI BRAIN+IAC W/WO CONTRAST
4340	MRI Unit	334295303	MRI BRAIN WO+MRA HEAD WO CONT
4340	MRI Unit	334295361	MRI THORACIC+LUMBAR SPINE W/WO
4340	MRI Unit	334295580	MRI BRAIN W/WO+PITUITARY W
4340	MRI Unit	334295582	MRI PITUITARY W/WO - DISTINCT
4340	MRI Unit	334264037	MRI ASC BIOPSY MUSCLE
4340	MRI Unit	334264038	MRI ASC BIOPSY BONE SUPERFICIAL
4340	MRI Unit	334264048	MRI ASC BIOPSY RENAL
4340	MRI Unit	334264050	MRI ASC BIOPSY PANCREAS
4340	MRI Unit	334264051	MRI ASC BX ABD/RETROPERITONEAL
4340	MRI Unit	334264052	MRI ASC BIOPSY LUNG MEDIASTINUM
4340	MRI Unit	334264053	MRI ASC BIOPSY LIVER
4340	MRI Unit	334264054	MRI ASC BIOPSY BONE DEEP
4340	MRI Unit	334295562	MRI ASC BX BREAST METAL LOC CLP
4340	MRI Unit	334205520	MRI BRAIN WITH CONTRAST
4340	MRI Unit	334221415	MRI CERVICAL SPINE W/WO CONT
4340	MRI Unit	334221960	MRI PELVIS WITH CONTRAST
4340	MRI Unit	334264011	MRI LWR EXTREMITY LEFT W/WO CON
4340	MRI Unit	334264012	MRI LWR EXTREMITY RIGHT W/WO
4340	MRI Unit	334264020	MRI PELVIS W/WO CONTRAST
4340	MRI Unit	334264029	MRA HEAD W/WO CONTRAST
4340	MRI Unit	334264030	MRA NECK WITHOUT CONTRAST
4340	MRI Unit	334264031	MRA NECK WITH CONTRAST
4340	MRI Unit	334264042	MRI ANY JOINT LWR EXTRM LT W/WO
4340	MRI Unit	334264043	MRI ANY JOINT LWR EXTRM RT W/WO
4340	MRI Unit	334264162	MRI HIP LEFT W/WO CONTRAST
4340	MRI Unit	334264163	MRI HIP RIGHT W/WO CONTRAST
4340	MRI Unit	334264164	MRI KNEE LEFT W/WO CONTRAST
4340	MRI Unit	334264165	MRI KNEE RIGHT W/WO CONTRAST
4340	MRI Unit	334264170	MRI ANKLE LEFT W/WO CONTRAST

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4340 MRI Unit	334264171 MRI ANKLE RIGHT W/WO CONTRAST
4340 MRI Unit	334264173 MRI FOOT RIGHT W/WO CONTRAST
4340 MRI Unit	334264174 MRI FOOT LEFT W/WO CONTRAST
4340 MRI Unit	334264184 MRI ORBIT,FACE +/-OR NECK W/WO
4340 MRI Unit	334295300 MRI TOTAL SPINE W/WO CONTRAST
4340 MRI Unit	334295455 MRA CHEST W/WO CONTRAST
4340 MRI Unit	334295456 MRA CHEST WITH CONTRAST
4340 MRI Unit	334295457 MRA CHEST WITHOUT CONTRAST
4340 MRI Unit	334295534 MRI BRAIN WITH CONT - BRAIN LAB
4340 MRI Unit	334295555 MRI AND MRA PELVIS W/WO CONT
4340 MRI Unit	334264188 MRI CARDIAC WO CONTRAST
4340 MRI Unit	334264189 MRI CARDIAC WO CONTRAST+STRESS
4340 MRI Unit	334264191 MRI CARDIAC W/WO CONT+STRESS
4340 MRI Unit	334295458 MRI BREAST UNILAT LT W/WO CONT
4340 MRI Unit	334295459 MRI BREAST UNILAT LT WITH CONT
4340 MRI Unit	334295460 MRI BREAST UNILAT LT WO CONT
4340 MRI Unit	334295461 MRI BREAST UNILAT RT W/WO CONT
4340 MRI Unit	334295462 MRI BREAST UNILAT RT WITH CONT
4340 MRI Unit	334295463 MRI BREAST UNILAT RT WO CONT
4340 MRI Unit	334295592 MRA SPINE WITH CONTRAST
4340 MRI Unit	334295593 MRA SPINE WITHOUT CONTRAST
4340 MRI Unit	334295594 MRA SPINE W/WO CONTRAST
4340 MRI Unit	334295601 MRA UPPER EXTREM LT WITH CONT
4340 MRI Unit	334295602 MRA UPPER EXTREM LT W/O CONT
4340 MRI Unit	334295603 MRA UPPER EXTREM LT W/WO CONT
4340 MRI Unit	334295604 MRA UPPER EXTREM RT WITH CONT
4340 MRI Unit	334295605 MRA UPPER EXTREM RT W/O CONT
4340 MRI Unit	334295606 MRA UPPER EXTREM RT W/WO CONT
4340 MRI Unit	334221410 MRI CERVICAL SPINE WO CONTRAST
4340 MRI Unit	334221460 MRI THORACIC SPINE WO CONTRAST
4340 MRI Unit	334221465 MRI THORACIC SPINE W/WO CONT
4340 MRI Unit	334221480 MRI LUMBAR SPINE WO CONTRAST
4340 MRI Unit	334264009 MRI ANY JOINT LWR EXTREM RT WO
4340 MRI Unit	334264010 MRI ANY JOINT LWR EXTREM LT WO
4340 MRI Unit	334264034 MRI ABDOMEN WITH CONTRAST
4340 MRI Unit	334264035 MRI ABDOMEN W/WO CONTRAST
4340 MRI Unit	334264036 MRI ASC BIOPSY THYROID
4340 MRI Unit	334264044 MRI LWR EXTREMITY LEFT WO CONT
4340 MRI Unit	334264045 MRI LWR EXTREMITY RIGHT WO CONT
4340 MRI Unit	334264078 MRI AND MRA ABDOMEN W/WO CONT
4340 MRI Unit	334264079 MRA RUNOFF LEFT W/WO CONTRAST
4340 MRI Unit	334264080 MRA RUNOFF RIGHT W/WO CONTRAST
4340 MRI Unit	334264084 MRI ANKLE LEFT WO CONTRAST
4340 MRI Unit	334264090 MRI ANKLE RIGHT WO CONTRAST
4340 MRI Unit	334264105 MRI FOOT LEFT WO CONTRAST
4340 MRI Unit	334264110 MRI FOOT RIGHT WO CONTRAST
4340 MRI Unit	334264125 MRI KNEE LEFT WO CONTRAST
4340 MRI Unit	334264130 MRI KNEE RIGHT WO CONTRAST
4340 MRI Unit	334264151 MRI HIP LEFT WO CONTRAST
4340 MRI Unit	334264156 MRI HIP RIGHT WO CONTRAST
4340 MRI Unit	334264185 MRI ABDOMEN W/WO CONTRAST+MRCP
4340 MRI Unit	334295279 MRI ANY JOINT LWR EXTREM LMTD
4340 MRI Unit	334295301 MRI TOTAL SPINE WO CONTRAST
4340 MRI Unit	334295360 MRI THORACIC+LUMBAR SPINE WO
4340 MRI Unit	334295443 MRA ABDOMEN W/WO CONTRAST
4340 MRI Unit	334295444 MRA ABDOMEN WITH CONTRAST

4340 MRI Unit	334295445 MRA ABDOMEN WITHOUT CONTRAST
4340 MRI Unit	334295464 MRI BREAST BILATERAL W/WO CONT
4340 MRI Unit	334295465 MRI BREAST BILATERAL WITH CONT
4340 MRI Unit	334295466 MRI BREAST BILATERAL WO CONT
4340 MRI Unit	334295563 MRI ASC BX BREAST VAC ASSIST
4340 MRI Unit	334203360 MRI TEMPOROMANDIBULAR JOINT(S)
4340 MRI Unit	334215500 MRI CHEST WITHOUT CONTRAST
4340 MRI Unit	334221420 MRI CERVICAL SPINE WITH CONT
4340 MRI Unit	334221470 MRI THORACIC SPINE WITH CONT
4340 MRI Unit	334241810 MRI ABDOMEN WITHOUT CONTRAST
4340 MRI Unit	334241826 MRI AND MRA CHEST W/WO CONTRAST
4340 MRI Unit	334264001 MRI UPPER EXTREMITY RIGHT W/WO
4340 MRI Unit	334264002 MRI UPPER EXTREMITY LEFT W/WO
4340 MRI Unit	334264007 MRI ANY JOINT UPR EXTREM RT WO
4340 MRI Unit	334264008 MRI ANY JOINT UPR EXTREM LT WO
4340 MRI Unit	334264013 MRA LWR EXTREM LMTD LT W/WO CON
4340 MRI Unit	334264014 MRA LWR EXTREM LMTD RT W/WO CON
4340 MRI Unit	334264018 MRI CHEST W/WO CONTRAST
4340 MRI Unit	334264019 MRI PELVIS WITHOUT CONTRAST
4340 MRI Unit	334264021 MRI UPPER EXTREMITY LEFT WO
4340 MRI Unit	334264022 MRI UPPER EXTREMITY RIGHT WO
4340 MRI Unit	334264023 MRI UPPER EXTREMITY LEFT WITH
4340 MRI Unit	334264024 MRI UPPER EXTREMITY RIGHT WITH
4340 MRI Unit	334264027 MRA HEAD WITHOUT CONTRAST
4340 MRI Unit	334264028 MRA HEAD WITH CONTRAST
4340 MRI Unit	334264033 MRI CHEST WITH CONTRAST
4340 MRI Unit	334264046 MRI LWR EXTREMITY LEFT WITH CON
4340 MRI Unit	334264047 MRI LWR EXTREMITY RIGHT W CONT
4340 MRI Unit	334264055 MRI ASC BIOPSY PLEURA
4340 MRI Unit	334264056 MRI ANY JOINT LWR EXTREM LT W
4340 MRI Unit	334264057 MRI ANY JOINT LWR EXTREM RT W
4340 MRI Unit	334264060 MAGNETIC RESONANCE SPECTROSCOPY
4340 MRI Unit	334264070 MRI ABDOMEN WITHOUT CONTRAST
4340 MRI Unit	334264083 MRI ANKLE LEFT WITH CONTRAST
4340 MRI Unit	334264088 MRI ANKLE RIGHT WITH CONTRAST
4340 MRI Unit	334264095 MRI ELBOW LEFT WO CONTRAST
4340 MRI Unit	334264100 MRI ELBOW RIGHT WO CONTRAST
4340 MRI Unit	334264103 MRI FOOT LEFT WITH CONTRAST
4340 MRI Unit	334264108 MRI FOOT RIGHT WITH CONTRAST
4340 MRI Unit	334264113 MRI HAND LEFT WITH CONTRAST
4340 MRI Unit	334264115 MRI HAND LEFT WO CONTRAST
4340 MRI Unit	334264117 MRI HAND RIGHT WITH CONTRAST
4340 MRI Unit	334264120 MRI HAND RIGHT WO CONTRAST
4340 MRI Unit	334264123 MRI HIP LEFT WITH CONTRAST
4340 MRI Unit	334264128 MRI KNEE RIGHT WITH CONTRAST
4340 MRI Unit	334264135 MRI SHOULDER LEFT WO CONTRAST
4340 MRI Unit	334264140 MRI SHOULDER RIGHT WO CONTRAST
4340 MRI Unit	334264145 MRI WRIST LEFT WO CONTRAST
4340 MRI Unit	334264150 MRI WRIST RIGHT WO CONTRAST
4340 MRI Unit	334264154 MRI HIP RIGHT WITH CONTRAST
4340 MRI Unit	334264159 MRI KNEE LEFT WITH CONTRAST
4340 MRI Unit	334264175 MRI HAND LEFT W/WO CONTRAST
4340 MRI Unit	334264176 MRI HAND RIGHT W/WO CONTRAST
4340 MRI Unit	334264182 MRI ORBIT,FACE +/-OR NECK WO CON
4340 MRI Unit	334264183 MRI ORBIT,FACE +/-OR NECK W CONT
4340 MRI Unit	334264186 MRI ABDOMEN WITHOUT CONT + MRCP

4340 MRI Unit	334264187 MRI AND MRA ABDOMEN WO CONTRAST
4340 MRI Unit	334295297 MRA HEAD WO, MRA NECK WITH CONT
4340 MRI Unit	334295322 MRI 3D REFORMAT-NOT RQR INP WKST
4340 MRI Unit	334295324 MRI 3D REFORMAT-REQUIRE INP WKST
4340 MRI Unit	334295446 MRA PELVIS W/WO CONTRAST
4340 MRI Unit	334295447 MRA PELVIS WITH CONTRAST
4340 MRI Unit	334295448 MRA PELVIS WITHOUT CONTRAST
4340 MRI Unit	334295449 MRA LWR EXTREM RT WO/W CONTRAST
4340 MRI Unit	334295450 MRA LWR EXTREM RT WITH CONTRAST
4340 MRI Unit	334295451 MRA LWR EXTREM RT WO CONTRAST
4340 MRI Unit	334295452 MRA LWR EXTREM LT WO/W CONTRAST
4340 MRI Unit	334295453 MRA LWR EXTREM LT WITH CONTRAST
4340 MRI Unit	334295454 MRA LWR EXTREM LT WO CONTRAST
4340 MRI Unit	334295564 MRI BREAST BIOPSY
4340 MRI Unit	334295571 MRA HEAD WITHOUT CONT-DISTINCT
4340 MRI Unit	334295638 MRA HEAD WO, MRA NECK WO CONT
4340 MRI Unit	334295655 MRA HEAD WO, MRA NECK W/WO CONT
4340 MRI Unit	334269000 MRI GADOLINIUM (CONTRAST)PER ML
4340 MRI Unit	334269001 MRI PULSE SYRINGE - SMH
4340 MRI Unit	334295586 MRI ABDOMEN/PELVIS W/O CONTRAST
4340 MRI Unit	334295587 MRI ABDOMEN/PELVIS W/WO CONTRAST
4340 MRI Unit	334295621 MRI SYRINGE, MED RAD SYRINGE
4340 MRI Unit	334295639 MRI MULTIHANCE INJ PER ML
4340 MRI Unit	334295659 MRI OUTSIDE FILM/SECOND READ
4341 MRI Unit #2 - CHASE MRI	346680414 CHS MRA NECK W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680416 CHS MRI BRAIN WITHOUT CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680419 CHS MRI BRAIN W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680430 CHS MRI LUMBAR SPINE WITH CONT
4341 MRI Unit #2 - CHASE MRI	346680434 CHS MRI LUMBAR SPINE W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680435 CHS MRI THORACIC+LMBR SPINE WWO
4341 MRI Unit #2 - CHASE MRI	346680473 CHS MRI ANY JT UPR EXTREM LT W
4341 MRI Unit #2 - CHASE MRI	346680474 CHS MRI ANY UPR EXTREM RT W
4341 MRI Unit #2 - CHASE MRI	346680476 CHS MRI ELBOW LT W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680478 CHS MRI ELBOW RT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680480 CHS MRI SHOULDER LT W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680482 CHS MRI SHOULDER RT W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680484 CHS MRI WRIST LT W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680486 CHS MRI WRIST RT W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680487 CHS MRI ANY JT UPR EXTR LT W/WO
4341 MRI Unit #2 - CHASE MRI	346680488 CHS MRI ANY JT UPR EXTR RT W/WO
4341 MRI Unit #2 - CHASE MRI	346680490 CHS MRI ELBOW LT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680492 CHS MRI ELBOW RT WO/W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680494 CHS MRI SHOULDER LT W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680496 CHS MRI SHOULDER RT W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680498 CHS MRI WRIST LT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680500 CHS MRI WRIST RT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680622 CHS MRI BRAIN+MRA HEAD WO CONT
4341 MRI Unit #2 - CHASE MRI	346680624 CHS MRI BRAIN W/WO+MRA BRAIN WO
4341 MRI Unit #2 - CHASE MRI	346680625 CHS MRI BRAIN+ORBITS BOTH W/WO
4341 MRI Unit #2 - CHASE MRI	346680632 CHS MRI BRAIN+PITUITARY W/WO
4341 MRI Unit #2 - CHASE MRI	346680634 CHS MRI BRAIN+IAC W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680635 CHS MRI PITUITARY WO/W - DISTINCT
4341 MRI Unit #2 - CHASE MRI	346680636 CHS MRI BRAIN+IAC WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680637 CHS MRI BRAIN+PITUITARY WO CONT
4341 MRI Unit #2 - CHASE MRI	346680658 CHS MRI BRAIN WO CONT-DISTIN
4341 MRI Unit #2 - CHASE MRI	346680660 CHS MRI BRAIN WO CONT - LIMITED

4341 MRI Unit #2 - CHASE MRI	346680563 CHS MRI ABDOMEN WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680627 CHS MRI AND MRA ABDOMEN WO CONT
4341 MRI Unit #2 - CHASE MRI	346680403 CHS MRI ORBIT,FACE +/-OR W/WO
4341 MRI Unit #2 - CHASE MRI	346680408 CHS MRA HEAD W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680410 CHS MRA NECK WITHOUT CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680412 CHS MRA NECK WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680418 CHS MRI BRAIN WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680431 CHS MRI CERVICAL SPINE W/WO CON
4341 MRI Unit #2 - CHASE MRI	346680432 CHS MRI TOTAL SPINE W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680439 CHS MRI PELVIS WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680440 CHS MRI PELVIS W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680516 CHS MRI FOOT LT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680518 CHS MRI FOOT RT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680519 CHS MRI LWR EXTREMITY LT W/WO
4341 MRI Unit #2 - CHASE MRI	346680520 CHS MRI LWR EXTREMITY RT W/WO
4341 MRI Unit #2 - CHASE MRI	346680550 CHS MRI ANKLE LT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680551 CHS MRI ANKLE RT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680553 CHS MRI ANY LWR EXTR LT W/WO
4341 MRI Unit #2 - CHASE MRI	346680554 CHS MRI ANY JT LWR EXTR RT W/WO
4341 MRI Unit #2 - CHASE MRI	346680556 CHS MRI HIP LEFT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680558 CHS MRI HIP RIGHT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680560 CHS MRI KNEE LT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680562 CHS MRI KNEE RT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680584 CHS MRA CHEST WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680586 CHS MRA CHEST WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680588 CHS MRA CHEST W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680575 CHS MRI BREAST UNILAT LT WITH
4341 MRI Unit #2 - CHASE MRI	346680576 CHS MRI BREAST UNILAT RT WITH
4341 MRI Unit #2 - CHASE MRI	346680577 CHS MRI BREAST UNILAT LT WO
4341 MRI Unit #2 - CHASE MRI	346680578 CHS MRI BREAST UNILAT RT WO
4341 MRI Unit #2 - CHASE MRI	346680579 CHS MRI BREAST UNILAT LT W/WO
4341 MRI Unit #2 - CHASE MRI	346680580 CHS MRI BREAST UNILAT RT W/WO
4341 MRI Unit #2 - CHASE MRI	346680611 CHS MRI CARDIAC WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680612 CHS MRI CARDIAC WO CONT+STRESS
4341 MRI Unit #2 - CHASE MRI	346680613 CHS MRI CARDIAC W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680614 CHS MRI CARDIAC W/WO CON+STRESS
4341 MRI Unit #2 - CHASE MRI	346680649 CHS MRA SPINE WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680650 CHS MRA SPINE WITHOUT CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680651 CHS MRA SPINE W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680652 CHS MRA UPPER EXTREM LT WITH
4341 MRI Unit #2 - CHASE MRI	346680653 CHS MRA UPPER EXTREM LT W/O
4341 MRI Unit #2 - CHASE MRI	346680654 CHS MRA UPPER EXTREM LT W/WO
4341 MRI Unit #2 - CHASE MRI	346680655 CHS MRA UPPER EXTREM RT WITH
4341 MRI Unit #2 - CHASE MRI	346680656 CHS MRA UPPER EXTREM RT W/O
4341 MRI Unit #2 - CHASE MRI	346680657 CHS MRA UPPER EXTREM RT W/WO
4341 MRI Unit #2 - CHASE MRI	346680423 CHS MRI CERVICAL SPINE WO CONT
4341 MRI Unit #2 - CHASE MRI	346680424 CHS MRI TOTAL SPINE WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680426 CHS MRI THORACIC SPINE WO CONT
4341 MRI Unit #2 - CHASE MRI	346680428 CHS MRI LUMBAR SPINE WO CONT
4341 MRI Unit #2 - CHASE MRI	346680429 CHS MRI THORACIC+LMBR SPINE WO
4341 MRI Unit #2 - CHASE MRI	346680433 CHS MRI THORACIC SPINE W/WO CON
4341 MRI Unit #2 - CHASE MRI	346680504 CHS MRI FOOT LT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680506 CHS MRI FOOT RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680507 CHS MRI LWR EXTREMITY LT WO
4341 MRI Unit #2 - CHASE MRI	346680508 CHS MRI LWR EXTREMITY RT WO
4341 MRI Unit #2 - CHASE MRI	346680522 CHS MRI ANKLE LT WO CONTRAST

4341 MRI Unit #2 - CHASE MRI	346680524 CHS MRI ANKLE RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680525 CHS MRI ANY JT LWR EXTREM LT WO
4341 MRI Unit #2 - CHASE MRI	346680526 CHS MRI ANY JT LWR EXTREM RT WO
4341 MRI Unit #2 - CHASE MRI	346680528 CHS MRI HIP LEFT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680530 CHS MRI HIP RIGHT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680532 CHS MRI KNEE LT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680534 CHS MRI KNEE RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680565 CHS MRI ABDOMEN WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680567 CHS MRI ABDOMEN W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680569 CHS MRA ABDOMEN WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680571 CHS MRA ABDOMEN WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680574 CHS MRA ABDOMEN WO/W CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680581 CHS MRI BREAST BILAT WITH CONT
4341 MRI Unit #2 - CHASE MRI	346680582 CHS MRI BREAST BILAT WO CONT
4341 MRI Unit #2 - CHASE MRI	346680583 CHS MRI BREAST BILAT W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680615 CHS MRA ABD RUNOFF LEFT WITH
4341 MRI Unit #2 - CHASE MRI	346680616 CHS MRA ABD RUNOFF RIGHT WITH
4341 MRI Unit #2 - CHASE MRI	346680618 CHS MRA ABD RUNOFF BILAT WITH
4341 MRI Unit #2 - CHASE MRI	346680626 CHS MRI AND MRA ABDOMEN W/WO
4341 MRI Unit #2 - CHASE MRI	346680629 CHS MRI ABDOMEN WITH CONT+MRCP
4341 MRI Unit #2 - CHASE MRI	346680630 CHS MRI ABDOMEN W/WO CONT+MRCP
4341 MRI Unit #2 - CHASE MRI	346680633 CHS MRI KNEE BILAT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680639 CHS MRA ABD RUNOFF LEFT WO-FBI
4341 MRI Unit #2 - CHASE MRI	346680640 CHS MRA ABD RUNOFF BILAT WO-FBI
4341 MRI Unit #2 - CHASE MRI	346680641 CHS MRA ABD RUNOFF RIGHT WO-FBI
4341 MRI Unit #2 - CHASE MRI	346680642 CHS MRA ABD RUNOFF BILAT WO/W
4341 MRI Unit #2 - CHASE MRI	346680643 CHS MRA ABD RUNOFF LEFT WO/W
4341 MRI Unit #2 - CHASE MRI	346680644 CHS MRA ABD RUNOFF RIGHT WO/W
4341 MRI Unit #2 - CHASE MRI	346680659 CHS MRI LUMBAR SPINE WO - LMTD
4341 MRI Unit #2 - CHASE MRI	346680662 CHS MRI KNEE RT WO CONT-LIMITED
4341 MRI Unit #2 - CHASE MRI	346680400 CHS MRI TEMPOROMANDIBULAR JOINT
4341 MRI Unit #2 - CHASE MRI	346680401 CHS MRI ORBIT,FACE +/-OR NECK WO
4341 MRI Unit #2 - CHASE MRI	346680402 CHS MRI ORBIT,FACE +/-OR NECK W
4341 MRI Unit #2 - CHASE MRI	346680404 CHS MRA HEAD WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680406 CHS MRA HEAD WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680420 CHS MRI CHEST WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680421 CHS MRI CHEST WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680422 CHS MRI CHEST W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680425 CHS MRI CERVICAL SPINE W CONT
4341 MRI Unit #2 - CHASE MRI	346680427 CHS MRI THORACIC SPINE W CONT
4341 MRI Unit #2 - CHASE MRI	346680438 CHS MRI PELVIS WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680442 CHS MRI HAND LT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680444 CHS MRI HAND RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680445 CHS MRI UPPER EXTREMITY LT WO
4341 MRI Unit #2 - CHASE MRI	346680446 CHS MRI UPPER EXTREMITY RT WO
4341 MRI Unit #2 - CHASE MRI	346680448 CHS MRI HAND LT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680450 CHS MRI HAND RT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680451 CHS MRI UPPER EXTREMITY LT WITH
4341 MRI Unit #2 - CHASE MRI	346680452 CHS MRI UPPER EXTREMITY RT WITH
4341 MRI Unit #2 - CHASE MRI	346680454 CHS MRI HAND LT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680456 CHS MRI HAND RT W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680457 CHS MRI UPPER EXTREMITY LT W/WO
4341 MRI Unit #2 - CHASE MRI	346680458 CHS MRI UPPER EXTREMITY RT W/WO
4341 MRI Unit #2 - CHASE MRI	346680459 CHS MRI ANY JT UPR EXTREM LT WO
4341 MRI Unit #2 - CHASE MRI	346680460 CHS MRI ANY JT UPR EXTREM RT WO
4341 MRI Unit #2 - CHASE MRI	346680462 CHS MRI ELBOW LT WO CONTRAST

4341 MRI Unit #2 - CHASE MRI	346680464 CHS MRI ELBOW RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680465 CHS MRI SHOULDER LT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680467 CHS MRI SHOULDER RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680470 CHS MRI WRIST LT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680472 CHS MRI WRIST RT WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680510 CHS MRI FOOT LT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680512 CHS MRI FOOT RT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680513 CHS MRI LWR EXTREMITY LT WITH
4341 MRI Unit #2 - CHASE MRI	346680514 CHS MRI LWR EXTREMITY RT WITH
4341 MRI Unit #2 - CHASE MRI	346680536 CHS MRI ANKLE LT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680538 CHS MRI ANKLE RT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680539 CHS MRI ANY JT LWR EXTREM LT W
4341 MRI Unit #2 - CHASE MRI	346680540 CHS MRI ANY JT LWR EXTREM RT W
4341 MRI Unit #2 - CHASE MRI	346680542 CHS MRI HIP LEFT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680544 CHS MRI HIP RIGHT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680546 CHS MRI KNEE LT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680548 CHS MRI KNEE RT WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680591 CHS MRA LWR EXTREM LT WITH CONT
4341 MRI Unit #2 - CHASE MRI	346680593 CHS MRA LWR EXTREM RT WITH CONT
4341 MRI Unit #2 - CHASE MRI	346680595 CHS MRA LWR EXTREM LT WO CONT
4341 MRI Unit #2 - CHASE MRI	346680597 CHS MRA LWR EXTREM RT WO CONT
4341 MRI Unit #2 - CHASE MRI	346680598 CHS MRA LWR EXTREM LT W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680600 CHS MRA LWR EXTREM RT W/WO CONT
4341 MRI Unit #2 - CHASE MRI	346680603 CHS MRA PELVIS WITH CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680605 CHS MRA PELVIS WITHOUT CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680607 CHS MRA PELVIS W/WO CONTRAST
4341 MRI Unit #2 - CHASE MRI	346680623 CHS MRI AND MRA CHEST WO/W CONT
4341 MRI Unit #2 - CHASE MRI	346680628 CHS MRI ABDOMEN WO CONT + MRCP
4341 MRI Unit #2 - CHASE MRI	346680638 CHS MRA LWR EXTREM BILAT WO CON
4341 MRI Unit #2 - CHASE MRI	346680645 CHS MRA LWR EXTREM BILAT W/WO
4341 MRI Unit #2 - CHASE MRI	346680646 CHS MRI 3D REFORMAT AT CONSOLE
4341 MRI Unit #2 - CHASE MRI	346680648 CHS MRA HEAD WO CONTRAST DISTINCT
4341 MRI Unit #2 - CHASE MRI	346680661 CHS MRI PELVIS WO CONT-LIMITED
4341 MRI Unit #2 - CHASE MRI	346680610 CHS MRI GADOLINIUM PER ML
4341 MRI Unit #2 - CHASE MRI	346680631 CHS MRI ADD'L VIEWS - NO CHARGE
4341 MRI Unit #2 - CHASE MRI	346680647 CHS MRI MULTIHANCE INJ PER ML

			3/1/14
CPT/HCPC	Rev Code	Modifier	Price
70551	611		2,465.00
70553	611		3,694.00
70553	611		3,694.00
72158	612		3,337.00
72149	612		3,112.00
70549	610		3,264.00
73223	610		3,561.00
73223	610		3,561.00
73222	610	LT	3,392.00
73222	610	RT	3,392.00
73222	610	LT	3,392.00
73222	610	RT	3,392.00
73222	610	LT	3,392.00
73222	610	RT	3,392.00
73222	610	LT	3,392.00
73222	610	RT	3,392.00
73223	610	LT	3,561.00
73223	610	RT	3,561.00
73223	610	LT	3,561.00
73223	610	RT	3,561.00
73223	610	LT	3,561.00
73223	610	RT	3,561.00
77021	610	0	1,887.00
70553	611		3,694.00
70553	611		3,694.00
70551	611		2,465.00
72158	612		3,337.00
70553	611		3,694.00
70553	611	59	3,694.00
20206	361		2,141.00
20220	361		2,235.00
50200	361		1,849.00
48102	361		2,035.00
49180	361		2,362.00
32405	361		2,440.00
47000	361		2,684.00
20225	361		4,760.00
19295	361		842.00
70552	611		2,489.00
72156	612		3,131.00
72196	610		3,416.00
73720	610		2,656.00
73720	610	RT	2,656.00
72197	610		3,518.00
70546	610		4,454.00
70547	610		3,055.00
70548	610		3,191.00
73723	610	LT	4,889.00
73723	610	RT	4,889.00
73723	610	LT	4,889.00
73723	610	RT	4,889.00
73723	610	LT	4,889.00
73723	610	RT	4,889.00
73723	610	LT	4,889.00

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73723	610 RT	4,889.00
73720	610 RT	2,656.00
73720	610 LT	2,656.00
70543	610	3,649.00
72156	612	3,131.00
C8911	610	5,510.00
C8909	610	5,456.00
C8910	610	4,960.00
70552	611	2,489.00
72197	610	3,518.00
75557	610	2,334.00
75559	610	2,866.00
75563	610	3,739.00
C8905	610 LT	3,521.00
C8903	610 LT	1,757.63
C8904	610 LT	1,628.18
C8905	610 RT	3,521.00
C8903	610 RT	1,757.63
C8904	610 RT	1,628.18
C8931	610	1,773.00
C8932	610	1,773.00
C8933	610	1,773.00
C8934	610	3,316.00
C8935	610	3,316.00
C8936	610	3,316.00
C8934	610	3,316.00
C8935	610	3,316.00
C8936	610	3,316.00
72141	612	2,568.00
72146	612	2,591.00
72157	612	3,402.00
72148	612	2,718.00
73721	610 RT	2,533.00
73721	610 LT	2,533.00
74182	610	3,599.00
74183	610	3,681.00
60100	361	778.00
73718	610	2,559.00
73718	610 RT	2,559.00
74183	610	3,681.00
C8902	610	4,420.00
C8902	610	4,420.00
73721	610 LT	2,533.00
73721	610 RT	2,533.00
73718	610 LT	2,559.00
73718	610 RT	2,559.00
73721	610 LT	2,533.00
73721	610 RT	2,533.00
73721	610 LT	2,533.00
73721	610 RT	2,533.00
74183	610	3,681.00
73721	610 52	1,267.00
72141	612	2,568.00
72148	612	2,718.00
C8902	610	4,420.00
C8900	610	4,333.00

000118

C8901	610	4,248.00
C8908	610	5,155.00
C8906	610	4,905.00
C8907	610	4,655.00
19103	361	3,666.00
70336	610	2,253.55
71550	610	2,568.96
72142	612	3,102.00
72147	612	3,388.00
74181	610	3,488.00
71552	610	4,508.91
73220	610 RT	4,943.00
73220	610 LT	4,943.00
73221	610 RT	2,511.00
73221	610 LT	2,511.00
73725	610 52	2,023.00
73725	610 52	2,023.00
71552	610	4,508.91
72195	610	3,316.88
73218	610 LT	3,392.00
73218	610 RT	3,392.66
73219	610 LT	4,494.44
73219	610 RT	4,494.44
70544	610	3,264.53
70545	610	4,324.70
71551	610	4,507.10
73719	610	2,601.00
73719	610 RT	2,601.00
32400	361	2,440.65
73722	610 LT	4,444.58
73722	610 RT	4,444.58
76390	610	2,499.25
74181	610	3,488.00
73722	610 LT	4,444.58
73722	610 RT	4,444.58
73221	610 LT	2,511.00
73221	610 RT	2,511.00
73719	610 LT	2,601.00
73719	610 RT	2,601.00
73219	610 LT	4,494.44
73218	610 LT	3,392.00
73219	610 RT	4,494.44
73218	610 RT	3,392.66
73722	610 LT	4,444.58
73722	610 RT	4,444.58
73221	610 LT	2,511.00
73221	610 RT	2,511.00
73221	610 LT	2,511.00
73221	610 RT	2,511.00
73722	610 RT	4,444.58
73722	610 LT	4,444.58
73220	610 LT	4,943.00
73220	610 RT	4,943.00
70540	610	2,465.00
70542	610	3,264.53
74181	610	3,488.00

000119

74181	610	3,488.00
70544	610	3,264.53
76376	610	400.80
76377	610	757.09
C8920	610	3,604.00
C8918	610	3,276.00
C8919	610	2,978.00
C8914	610 RT	2,666.00
C8912	610 RT	1,929.00
C8913	610 RT	1,605.59
C8914	610 LT	2,666.00
C8912	610 LT	1,929.00
C8913	610 LT	1,605.59
77031	320	2,253.35
70544	610 59	3,264.53
70544	610	3,264.53
70544	610	3,264.53
A9579	636	15.80
0	272	19.45
0	610	-
0	610	-
0	270	29.17
A9577	636	13.89
0	610	-
70549	610	3,264.00
70551	611	2,465.00
70553	611	3,694.00
72149	612	3,112.00
72158	612	3,337.00
72158	612	3,337.00
73222	610 LT	3,392.00
73222	610 RT	3,392.00
73222	610 LT	3,392.00
73222	610 RT	3,392.00
73222	610 LT	3,392.00
73222	610 RT	3,392.00
73222	610 LT	3,392.00
73222	610 RT	3,392.00
73223	610 LT	3,561.00
73223	610 RT	3,561.00
73223	610 LT	3,561.00
73223	610 RT	3,561.00
73223	610 LT	3,561.00
73223	610 RT	3,561.00
73223	610 LT	3,561.00
73223	610 RT	3,561.00
70551	610	2,465.00
70553	611	3,694.00
70553	611	3,694.00
70553	611	3,694.00
70553	611	3,694.00
70553	611 59	3,694.00
70551	610	2,465.00
70551	611	2,465.00
70551	611 59	2,465.00
70551	611 52	1,233.00

74181	610	3,488.00
74181	610	3,488.00
70543	610	3,649.00
70546	610	4,454.00
70547	610	3,055.00
70548	610	3,191.00
70552	611	2,489.00
72156	612	3,131.00
72156	612	3,131.00
72196	610	3,416.00
72197	610	3,518.00
73720	610 LT	2,656.00
73720	610 RT	2,656.00
73720	610 LT	2,656.00
73720	610 RT	2,656.00
73723	610 LT	4,889.00
73723	610 RT	4,889.00
73723	610 LT	4,889.00
73723	610 RT	4,889.00
73723	610 LT	4,889.00
73723	610 RT	4,889.00
73723	610 LT	4,889.00
73723	610 RT	4,889.00
C8909	610	5,456.00
C8910	610	4,960.00
C8911	610	5,510.00
C8903	610	1,757.63
C8903	610	1,757.63
C8904	610	1,628.18
C8904	610	1,628.18
C8905	610	3,521.00
C8905	610	3,521.00
75557	610	2,334.00
75559	610	2,866.00
75561	610	3,399.00
75563	610	3,739.00
C8931	610	1,773.50
C8932	610	1,773.50
C8933	610	1,773.50
C8934	610	3,316.88
C8935	610	3,316.88
C8936	610	3,316.88
C8934	610	3,316.88
C8935	610	3,316.88
C8936	610	3,316.88
72141	612	2,568.00
72141	612	2,568.00
72146	612	2,591.00
72148	612	2,718.00
72148	612	2,718.00
72157	612	3,402.00
73718	610 LT	2,559.00
73718	610 RT	2,559.00
73718	610 LT	2,559.00
73718	610 RT	2,559.00
73721	610 LT	2,533.00

000121

73721	610 RT	2,533.00
73721	610 LT	2,533.00
73721	610 RT	2,533.00
73721	610 LT	2,533.00
73721	610 RT	2,533.00
73721	610 LT	2,533.00
73721	610 RT	2,533.00
74182	610	3,599.00
74183	610	3,681.00
C8900	610	4,333.00
C8901	610	4,248.00
C8902	610	4,420.00
C8906	610	4,905.00
C8907	610	4,655.00
C8908	610	5,155.00
C8900	610	4,333.00
C8900	610	4,333.00
C8900	610	4,333.00
74183	610	3,681.00
74182	610	3,599.00
74183	610	3,681.00
73721	610 50	3,800.00
C8901	610	4,248.00
C8901	610	4,248.00
C8901	610	4,248.00
C8902	610	4,420.00
C8902	610	4,420.00
C8902	610	4,420.00
72148	612 52	1,359.00
73721	610 52	1,267.00
70336	610	2,253.55
70540	610	2,465.00
70542	610	3,264.53
70544	610	3,264.53
70545	610	4,324.70
71550	610	2,568.96
71551	610	4,507.10
71552	610	4,508.91
72142	612	3,102.00
72147	612	3,388.00
72195	610	3,316.88
73218	610 LT	3,392.00
73218	610 RT	3,392.00
73218	610 LT	3,392.00
73218	610 RT	3,392.00
73219	610 LT	4,494.44
73219	610 RT	4,494.44
73219	610 LT	4,494.44
73219	610 RT	4,494.44
73220	610 LT	4,943.00
73220	610 RT	4,943.00
73220	610 LT	4,943.00
73220	610 RT	4,943.00
73221	610 LT	2,511.00
73221	610 RT	2,511.00
73221	610 LT	2,511.00

000122

73221	610 RT	2,511.00
73221	610 LT	2,511.00
73221	610 RT	2,511.00
73221	610 LT	2,511.00
73221	610 RT	2,511.00
73719	610 LT	2,601.00
73719	610 RT	2,601.00
73719	610 LT	2,601.00
73719	610 RT	2,601.00
73722	610 LT	4,444.58
73722	610 RT	4,444.58
73722	610 LT	4,444.58
73722	610 RT	4,444.58
73722	610 LT	4,444.58
73722	610 RT	4,444.58
73722	610 LT	4,444.58
73722	610 RT	4,444.58
C8912	616 LT	1,929.00
C8912	616 RT	1,929.00
C8913	616 LT	1,605.59
C8913	616 RT	1,605.59
C8914	616 LT	2,666.00
C8914	616 RT	2,666.00
C8918	610	3,276.00
C8919	610	2,978.00
C8920	610	3,604.00
71552	610	4,508.91
74181	610	3,488.00
C8913	610 50	2,408.00
C8914	616 50	3,999.00
76376	610	400.80
70544	610 59	3,264.53
72195	610 52	1,658.00
A9579	636	15.80
0	610	-
A9577	636	13.89

Exhibit J

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	MRI	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Type of Unit Description:	scans		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
# of Months in Operation	12									
FY 2015										
FY Projected Incremental										
Total Incremental Expenses:		(\$183,000)								
Total Facility by Payer Category:										
Medicare			\$2,465	542	\$1,335,537	\$1,155,537			\$180,000	(\$82,350)
Medicaid			\$2,465		\$0				\$0	\$0
CHAMPUS/TriCare			\$2,465		\$0				\$0	\$0
Total Governmental				542	\$1,335,537	\$1,155,537	\$0	\$0	\$180,000	(\$82,350)
Commercial Insurers			\$2,465	600	\$1,479,493	\$1,289,493			\$190,000	(\$91,226)
Uninsured			\$2,465	62	\$152,830	\$61,132	\$61,698	\$25,000	\$5,000	(\$9,424)
Total NonGovernment				662	\$1,632,323	\$1,350,625	\$61,698	\$25,000	\$195,000	(\$100,650)
Total All Payers			\$2,465	1,204	\$2,967,860	\$2,506,162	\$61,698	\$25,000	\$375,000	(\$183,000)

(10)
Gain/(Loss)
from Operations
Col. 8 - Col. 9

\$262,350
\$0
\$0

\$262,350

\$281,226
\$14,424

\$295,650

\$558,000

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Type of Unit Description:	MRI scans	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
# of Months in Operation	12								
FY 2016									
FY Projected Incremental									
Total Incremental Expenses:	(\$184,000)								
Total Facility by Payer Category:									
Medicare		\$2,465	542	\$1,335,537	\$1,151,537			\$184,000	(\$82,800)
Medicaid		\$2,465	0	\$0				\$0	\$0
CHAMPUS/TriCare		\$2,465		\$0				\$0	\$0
Total Governmental			542	\$1,335,537	\$1,151,537	\$0	\$0	\$184,000	(\$82,800)
Commercial Insurers		\$2,465	600	\$1,479,493	\$1,285,493			\$194,000	(\$91,725)
Uninsured		\$2,465	62	\$152,830	\$61,132	\$61,698	\$25,000	\$5,000	(\$9,475)
Total NonGovernment		\$2,465	662	\$1,632,323	\$1,346,625	\$61,698	\$25,000	\$199,000	(\$101,200)
Total All Payers		\$2,465	1,204	\$2,967,860	\$2,498,162	\$61,698	\$25,000	\$383,000	(\$184,000)

(10)
Gain/(Loss)
from Operations
Col. 8 - Col. 9

\$266,800
\$0
\$0

\$266,800

\$285,725
\$14,475

\$300,200

\$667,000

000128

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 Type of Unit Description: # of Months in Operation	(1) MRI scans 12	(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
FY 2017									
FY Projected Incremental									
Total Incremental Expenses:	(\$173,000)								
Total Facility by Payer Category:									
Medicare		\$2,465	542	\$1,335,537	\$1,148,537			\$187,000	(\$77,850)
Medicaid		\$2,465	0	\$0				\$0	\$0
CHAMPUS/TriCare		\$2,465		\$0				\$0	\$0
Total Governmental			542	\$1,335,537	\$1,148,537	\$0	\$0	\$187,000	(\$77,850)
Commercial Insurers									
Uninsured		\$2,465	600	\$1,479,493	\$1,282,493			\$197,000	(\$86,241)
Total NonGovernment		\$2,465	62	\$152,830	\$61,132	\$61,698	\$25,000	\$5,000	(\$8,909)
Total All Payers		\$2,465	662	\$1,632,323	\$1,343,625	\$61,698	\$25,000	\$202,000	(\$95,150)
		\$2,465	1,204	\$2,967,860	\$2,492,162	\$61,698	\$25,000	\$389,000	(\$173,000)

(10)
Gain/(Loss)
from Operations
Col. 8 - Col. 9

\$264,850
\$0
\$0

\$264,850

\$283,241
\$13,909

\$297,150

\$562,000

000130

Greer, Leslie

From: Lazarus, Steven
Sent: Friday, April 04, 2014 3:25 PM
To: Greer, Leslie
Cc: Riggott, Kaila; Martone, Kim
Subject: FW: Saint Mary's Hospital CON Application to Relocate MRI
Attachments: SMH_CON_Application_to_Relocate_Chase_Parkway_MRI-3_3.11.14.docx;
Chris_Revised_Copy_of_\$100k_MRI_CON_financialworksheetsiii_3_28_14-5-2.xls

Leslie,

Please include the forwarded email into the original record.

Thank you!

Steve

Steven W. Lazarus

Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

From: klg1@aol.com [<mailto:klg1@aol.com>]
Sent: Friday, April 04, 2014 2:56 PM
To: Martone, Kim; Lazarus, Steven
Subject: Saint Mary's Hospital CON Application to Relocate MRI

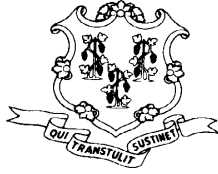
Kim and Steven,

Attached you should find the core application and financial attachments for Saint Mary's Hospital's CON application to relocate the MRI from Chase Parkway to the hospital, which will have the effect of terminating MRI services at Saint Mary's Medical Center. The Center on Chase Parkway will close (creating some savings) because they are only providing MRI services now at that location.

The application had a pdf-format CD included. If you need the Word version on a CD, please let me know and I will get that to you ASAP.

Thank you,
Pat Gerner

The Law Office of Patricia A. Gerner, LLC
240 Ramstein Road
P.O. Box 209
New Hartford, CT 06057
Phone: (860) 794-1907
Fax: (860) 489-9380
Email: klg1@aol.com



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

Docket Number:

Applicant: Saint Mary's Health System, Inc. d/b/a Saint Mary's Medical Imaging Center (formerly Saint Mary's Partners, Inc.)

Contact Person: Michael A. Novak, MBA, MSM, FACHE

Contact Person's Title: Vice President of Operations and Ancillary Care

Contact Person's Address: 56 Franklin Street, Waterbury, CT 06706

Contact Person's Phone Number: (860) 709-3508

Contact Person's Fax Number: (860) 709-3238

Contact Person's Email Address: MNovak@Stmh.org

Project Town: Waterbury

Project Name: Relocation of MRI services from Saint Mary's Medical Imaging Center to Saint Mary's Hospital

Statute Reference: Section 19a-638, C.G.S.

Estimated Total Capital Expenditure: \$0

1. Project Description: Service Relocation

- a. For each of the Applicant's programs, identify the location, population served, hours of operation, and whether the program is proposed for termination.

Response: Saint Mary's Medical Imaging Center ("the Center") is located at 475 Chase Parkway in Waterbury, CT. It was originally developed to accommodate the excess number of MRI scans that could not be handled in the space available at Saint Mary's Hospital and has operated as a Department of Saint Mary's Hospital for the last seven years. It is open Monday through Friday between the hours of 8:00 A.M. and 5:00 P.M. The Center serves residents of the following towns: Waterbury, Naugatuck, Wolcott, Prospect, Watertown, Cheshire and Middlebury. The Applicant is proposing to relocate the MRI to Saint Mary's Hospital located at 56 Franklin St. in Waterbury, which is approximately 1.9 miles away (4 minutes of driving time).¹ The patients now utilizing the MRI at the Saint Mary's location on Chase Parkway will be able to access the MRI at the Hospital 7 days a week, 24 hours a day on an emergency basis, and during the week on a scheduled basis, as is done currently. Since all of the towns which were in the service area for the Chase Parkway location are included in the service area for the hospital, the relocation of the MRI service should have minimal (if any) impact on patients.

On January 30, 2014, OHCA issued a Determination Letter (Report No. 14-31890-DTR) allowing NVMR to move the MRI being utilized by the Naugatuck Valley Radiology Associates, P.C. ("NVRA") and Saint Mary's Hospital ("SMH") from its current location in the Hospital to a location in Waterbury at 1389 West Main Street.² This will allow outpatient scanning at a location other than the Hospital, which will be run jointly by the Hospital and its partner, Naugatuck Valley Radiology Associates ("NVRA"). This effectively leaves the Hospital without the MRI scanner it needs for its patients. By relocating the Chase Parkway MRI service (which is already a department of the Hospital), the Hospital will once again have MRI services on site for its inpatients, emergency patients and those patients who need to be in a hospital for imaging services due to their medical status. Saint Mary's Hospital will no longer offer MRI services at its Center on Chase Parkway. This application seeks to terminate the Chase Parkway facility as an imaging center for MRI scanning, while relocating the MRI back to the Hospital where there will be room when the existing Hospital scanner moves down the street to an outpatient location.

- b. Describe the history of the services proposed for termination, including when they were begun and whether CON authorization was received.

Response: The Center's MRI service was approved by OHCA and a CON was granted on June 22, 2006 in OHCA Docket No. 05-30580. The CON was later modified so that

¹ See Exhibit A, Yahoo Driving Map and Directions.

² NVMRI is a partnership between Naugatuck Valley Radiology Associates, P.C. and Saint Mary's Hospital. The Determination Letter from OHCA is attached as Exhibit B.

the service could be operated as a department of Saint Mary's Hospital in OHCA Docket No. 07-30580-MDF. See Exhibit C for both OHCA decisions.

- c. Explain in detail the Applicant's rationale for this termination of services, and the process undertaken by the Applicant in making the decision to terminate.

Response: The rationale is in response to the conclusion of a partnership agreement which Saint Mary's Hospital has had with its radiologists for the last 25 years. The Hospital and NVRA combined resources to create NVMRI approximately 25 years ago. As the partnership is winding down and a new partnership agreement is being negotiated, both parties are anxious to upgrade the equipment that is now in use. The existing MRI at the Hospital at 56 Franklin Street will be moved by NVMRI to 1389 West Main Street in Waterbury. This location is in close proximity to the Hospital (the distance is approximately 1.9 miles). It has been determined by OHCA that this is allowed without a CON application, and will take place in approximately six months, once the new site is prepared for the MRI.

Both the Hospital and NVMRI currently have CON authorization to own and operate two (2) MRI scanners associated with the Hospital. With the existing MRI at the Hospital moving out of the Hospital to 1389 West Main Street in approximately six (6) months³, the Hospital needs to move its existing MRI from Chase Parkway to the Hospital for MRI scanning that will be required for inpatients as well as for emergency department patients, and those patients who require a hospital setting for scanning due to health issues. This will terminate the provision of MRI services at the Imaging Center on Chase Parkway, but will relocate the service back to the Hospital. The reason Saint Mary's Hospital opened the Chase Parkway MRI to perform MRI scanning was because the Hospital did not have enough room for the volume of scans being performed. In 2005, when the Chase Parkway facility was approved, there were 8,812 MRI scans being performed on one MRI scanner.⁴ Now that NVRA has been allowed to move the Hospital's MRI to a location outside of the Hospital, the Saint Mary's Hospital needs the existing MRI at Chase Parkway back on the Hospital campus.

- d. Did the proposed termination require the vote of the Board of Directors of the Applicant? If so, provide copy of the minutes (excerpted for other unrelated material) for the meeting(s) the proposed termination was discussed and voted.

Response: The termination and relocation of the service did not require a vote of the Board of Directors of the Hospital.

³ See OHCA Determination Letter to NVRA in Report No. 14-31890-DTR, attached as Exhibit B.

⁴ See OHCA Docket No. 05-30580-CON, the Final Decision cites to volumes provided by the Applicant on page 3, No. 8, including the volume of MRIs in 2005 as 8,812. The decision is included in Exhibit C.

- e. Explain why there is a clear public need for the proposal. Provide evidence that demonstrates this need.

Response: Once the MRI which has been at the Hospital for the past 25 years is moved to 1389 West Main Street in Waterbury, the Hospital will be without an MRI. Saint Mary’s Hospital is an acute care, not-for-profit, community teaching hospital. In FY2013, there were 91,580 patient discharges.⁵ Saint Mary’s Hospital runs the fifth largest emergency department in the State of Connecticut. The MRI service has always been available 24 hours a day 7 days a week for emergencies – either for inpatients needing MRI imaging, or emergency patients brought in on any day, at any time. While NVMRI will handle the routine MRI outpatient scanning, it would be dangerous for a hospital the size of Saint Mary’s to be left without MRI scanning capability. As with NVMRI, after relocation is approved, the Hospital plans to upgrade the equipment now used at the Center. If this CON is approved, the Hospital will complete a CON notification form and file it with OHCA when it does replace the previously authorized MRI scanner.

2. Termination’s Impact on Patients and Provider Community

- a. List all existing providers (name, address, services provided, hours and days of operation, and current utilization) of the services proposed for termination in the towns served by the Applicant, and in nearby towns.

Response: The following facilities provide MRI service in the greater Waterbury area:

Name	Address	Hours & Days of Operation	Scans Per Year
Saint Mary’s Hospital	56 Franklin St.	6:30 AM – 10:30 PM Mon.-Fri. 7:30 AM – 4 PM Sat.	6,063 FY2013
Greater Waterbury Imaging Center, L.P.	68 Robbins St.	6:30 AM – 10:30 PM Mon.-Fri. 6:30 AM-8:30 PM Sat. On-call Sunday	Unknown
Diagnostic Imaging of Southbury	385 Main St., South, Southbury	7:00 AM – 9:00 PM Mon. – Fri. 8:30 AM – 12:30 PM Sat.	Unknown
Diagnostic Radiology Associates	1579 Straits Tnpk., Southbury	8:00 AM.-9:00 PM Mon.-Thurs. 8:30 - 5:00 Friday 8:30 - 2:00 Saturday	Unknown
Housatonic Valley Radiological Assoc.	67 Sand Pit Rd. Southbury	8:00 - 6:00 Mon.-Thurs. 8:00 - 12:00 Saturday	Unknown

- b. Discuss what steps the Applicant has undertaken to ensure continued access to the services proposed for termination for the Applicant’s patients.

⁵ See Exhibit D, Chime Data, 11 months for FY2013, p.2).

Response: Saint Mary's Hospital is entering into a new partnership agreement with Naugatuck Valley Radiology Associates, P.C. to operate an outpatient MRI service at West Main Street in Waterbury, which is in close proximity to the Hospital. This location will take the place of the existing facility on Chase Parkway for MRI scanning. The MRI scans conducted at the Hospital and at Saint Mary's Imaging Center on Chase Parkway have always been read by the radiologists in NVRA for the twenty five years, and that will remain the same. The new location for MRI outpatient services will be at 1389 West Main Street, Waterbury.

When NVMRI moves the MRI now existing at the Hospital to the new NVMRI location, the Hospital will have no MRI. By relocating the Chase Parkway MRI to the Hospital, the Hospital will again have MRI services at the Hospital. The end result is that there will continue to be two MRIs operating MRI scanning services in the Saint Mary's Hospital system, as authorized by OHCA.

Patients who have been utilizing the Chase parkway location for MRI scanning will have the same type of access they have had in the past if this application is approved. Outpatients will have equally good access to outpatient MRI scanning with NVMRI services located close to the Hospital, as is the existing facility on Chase Parkway. If a patient could not get to 1389 West Main Street in Waterbury, that patient could be seen as an outpatient at the Hospital, which is less than 2 miles away from the existing location on Chase Parkway. Since both the Hospital and 1389 West Main Street are in downtown Waterbury, access and parking will not be a problem, and bus service is available within the city of Waterbury.

- c. For each provider to whom the Applicant proposes to transfer or refer clients, provide the current available capacity, as well as the total capacity and actual utilization for the current year and last completed year.

Response: The Applicant proposes to transfer its current outpatient volume of MRIs to the NVMRI facility at 1389 West Main Street, which has just received approval from OHCA to relocate the MRI currently located at the Hospital to this outpatient location.

- d. Identify any special populations that utilize the services and explain how these clients will continue to access this service after the service location closes.

Response: When the MRI service closes at the Chase Parkway location, outpatients will have access to the same service at 1389 West Main Street in Waterbury. Scans will be read by the same radiologists who are reading the scans now.

- e. Provide evidence (e.g. written agreements or memorandum of understanding) that other providers in the area are willing and able to absorb the displaced patients.

Response: There will not be any displaced patients because when a doctor recommends that a patient requires scanning by MRI, and the patient calls Saint Mary's Medical Imaging Center on Chase Parkway to set up an appointment, the patients will be

informed that they can go to Saint Mary’s Hospital or to the new NVMRI location at West Main Street in Waterbury. The two relocations involved will maintain the status quo in terms of the existing services.

- f. Describe how clients will be notified about the termination and transferred to other providers.

Response: Patients need an order from a physician in order to be scanned by the MRI. Once outpatients have an order, they call a facility for scheduling. At that time, Saint Mary’s Medical Imaging Center will inform the patients now using Chase Parkway about the new outpatient facility on West Main Street to be operated by NVMRI, and MRI scanning at Saint Mary’s Hospital if that level of care is required.

3. Actual and Projected Volume

- a. Provide volumes for the most recently completed FY by town.

Response: See Exhibit E.

- b. Complete the following table for the past three fiscal years (“FY”) and current fiscal year (“CFY”), for both number of visits and number of admissions, by service.

Response: Table I, below, sets forth the volumes for Saint Mary’s Medical Imaging Center on Chase Parkway.

Table 1: Historical and Current Visits & Admissions

	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 2011	FY 2012	FY 2013	FY 2014
Service**				
MRI Scanning	1,592	1,891	1,501	481 thru 2/28/14
Total	1,592	1,891	1,501	481 thru 2/28/14

* 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.

** Identify each service type and add lines as necessary. Provide both number of visits and number of admissions for each service listed.

*** Fill in years. In a footnote, identify the period covered by the Applicant’s FY (e.g. July 1-June 30, calendar year, etc.).

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

Response: The volume has remained static over the last 3 years.

- d. For DMHAS-funded programs only, provide a report that provides the following information for the last three full FYs and the current FY to-date:

- i. Average daily census;
- ii. Number of clients on the last day of the month;
- iii. Number of clients admitted during the month; and
- iv. Number of clients discharged during the month.

Response: N/A

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.

Michael A. Novak, Vice President of Operations & Ancillary Services: Saint Mary's Hospital

Robert C. Gumbardo, M.D., Chief of Staff, Saint Mary's Hospital, and President of NVRA, P.C.

Bipin Jagjivan, M.D., F.R.C.R., Attending Radiologist and Chairman, Department of Radiology; Saint Mary's Hospital

Mary Carpenter, Clinical Manager/Interim Director; Diagnostic Imaging

Response: See Exhibit F for the Curriculum Vitae for the above-named individuals.

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

Response: The proposal will close down the Hospital's outpatient MRI facility on Chase Parkway, which will no longer be needed. It will also relocate the MRI now at Chase Parkway back to the Hospital, which will be necessary for inpatients, emergency patients and those patients who need to have scanning in a hospital setting. Therefore, the quality will be better than if the Hospital were left without MRI scanning in the Hospital. Patients at the Hospital need to have MRI scanning available at the Hospital. With outpatient scanning being done by NVMRI at 1389 Main Street in Waterbury, the radiologists will be in the same facility as where the scanning is being done. It will be a better experience for the patients who can utilize the outpatient setting since the radiologists will be on site if there are any questions.

- c. Identify when the Applicants' funding and/or licensing agencies (e.g. DPH, DMHAS) were notified of the proposed termination, and when the Applicants' licenses will be returned.

Response: DPH does not license imaging services.

5. Organizational and Financial Information

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

Response: Saint Mary's Hospital is a corporation.

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

Response: *See Exhibit H: KPMG Consolidated Financial Statements and Consolidating Information September 30, 2012 and 2013, p. 7 for proof of non-profit status.*

c. 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.

Response: The Applicant is a Connecticut hospital and filed its audited financial statements on February 26, 2014.

- 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.)

d. Submit a final version of all capital expenditures/costs.

Response: There is no capital expenditure associated with the relocation of the MRI service from Chase Parkway to 56 Franklin St. in Waterbury.

- e. 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.

Response: Not applicable

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

Response: Moving the Chase Parkway MRI services back to the Hospital and allowing NVMRI to operate in a new location near the Hospital is expected to create efficiencies because it will locate all of the scanning in the immediate vicinity of the hospital and the radiologists who practice in NVRA. Allowing NVMRI to relocate to 1389 Main Street

(which has already been determined by OHCA in Report No. 14-31890-DTR) will save time for the radiologists, which should translate into cost savings for patients and the state's health care system.

6. 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.

Response: Attached as Exhibit H.

- 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.

Response: Attached as Exhibit J.

- 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.).

Response: Assumptions are listed on the bottom of Financial Attachment I.

- 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).

Response: The rate schedule is attached as Exhibit I.

- e. Was the Applicant being reimbursed by payers for these services? Did reimbursement levels enter into the determination to terminate?

Response: The Applicant is reimbursed by payers for MRI services. Reimbursement levels did not enter into the determination to relocate. If this were a termination of the service, rather than a relocation, reimbursement would have been a factor.

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

Response: N/A

- g. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

Response: The approval of this application will result in restoration of MRI services at Saint Mary's Hospital. There are no projected incremental losses associated with the implementation and operation of this CON proposal.

- h. Describe how this proposal is cost effective.

Response: This proposal, by itself, is neutral in terms of cost-effectiveness. Simply moving the outpatient MRI services within Waterbury would not affect the cost of the service. The outpatient MRI services offered by the Hospital and NVRA in the future at a new outpatient location will function similarly to the MRI services now in existence at Saint Mary's Imaging Center on Chase Parkway. The Chase Parkway MRI service has already been approved by OHCA as a department of the Hospital in OHCA Docket No. 07-30580-MDF. Costs for the Hospital will be lower when the expense of rental for the Center for Imaging on Chase Parkway is closed down, and the expenses associated with operating that facility are eliminated. The money from those expenses will be appropriated to new MRI equipment in the future.

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 2013		FY 2014		FY 2015		FY 2015		FY 2016		FY 2016		FY 2017		FY 2017	
	Actual Results	Projected Results	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental
NET PATIENT REVENUE																
Non-Government	\$110,040	\$109,480	\$111,670	\$61	\$111,731	\$63	\$113,966	\$63	\$113,966	\$63	\$113,966	\$63	\$116,181	\$66	\$116,247	\$66
Medicare	\$70,903	\$71,400	\$72,828	\$29	\$74,857	\$29	\$74,314	\$29	\$75,770	\$29	\$75,799	\$29	\$80,616	\$29	\$80,626	\$29
Medicaid and Other Medical Assistance	\$58,618	\$57,120	\$58,262	\$9	\$58,272	\$9	\$59,437	\$9	\$59,437	\$9	\$59,437	\$9	\$60,616	\$0	\$60,626	\$0
Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Patient Revenue	\$239,561	\$238,000	\$242,760	\$100	\$242,960	\$102	\$247,717	\$102	\$247,717	\$102	\$247,717	\$102	\$252,568	\$104	\$252,672	\$104
Other Operating Revenue	\$5,913	\$7,930	\$8,089	\$0	\$8,089	\$0	\$8,251	\$0	\$8,251	\$0	\$8,251	\$0	\$8,416	\$0	\$8,416	\$0
Revenue from Operations	\$245,474	\$245,930	\$250,849	\$100	\$250,949	\$102	\$255,968	\$102	\$255,968	\$102	\$255,968	\$102	\$260,983	\$104	\$261,087	\$104
OPERATING EXPENSES																
Salaries and Fringe Benefits	\$111,345	\$109,975	\$112,175	\$550	\$112,725	\$561	\$114,980	\$561	\$114,980	\$561	\$114,980	\$561	\$116,707	\$572	\$117,279	\$572
Professional / Contracted Services	\$29,799	\$30,372	\$30,372	(\$700)	\$29,672	(\$700)	\$30,279	(\$700)	\$30,279	(\$700)	\$30,279	(\$700)	\$31,599	(\$700)	\$30,899	(\$700)
Supplies and Drugs	\$36,933	\$37,631	\$38,384	\$0	\$38,384	\$0	\$39,152	\$0	\$39,152	\$0	\$39,152	\$0	\$39,935	\$0	\$39,935	\$0
Bad Debts	\$12,069	\$10,112	\$9,606	\$0	\$9,606	\$0	\$9,798	\$0	\$9,798	\$0	\$9,798	\$0	\$9,994	\$0	\$9,994	\$0
Other Operating Expense	\$28,595	\$22,904	\$23,362	(\$20)	\$23,342	(\$20)	\$23,809	(\$20)	\$23,809	(\$20)	\$23,809	(\$20)	\$24,306	(\$20)	\$24,286	(\$20)
Subtotal	\$218,741	\$210,994	\$213,699	(\$170)	\$213,729	(\$159)	\$218,018	(\$159)	\$218,018	(\$159)	\$218,018	(\$159)	\$222,541	(\$148)	\$222,393	(\$148)
Depreciation/Amortization	\$9,190	\$9,655	\$9,655	\$0	\$9,655	\$0	\$9,800	\$0	\$9,800	\$0	\$9,800	\$0	\$10,100	\$0	\$10,100	\$0
Interest Expense	\$1,527	\$1,560	\$1,450	\$0	\$1,450	\$0	\$1,350	\$0	\$1,350	\$0	\$1,350	\$0	\$1,250	\$0	\$1,250	\$0
Lease Expense	\$4,527	\$4,618	\$4,710	(\$38)	\$4,673	(\$50)	\$4,754	(\$50)	\$4,754	(\$50)	\$4,754	(\$50)	\$4,900	(\$50)	\$4,850	(\$50)
Total Operating Expense	\$233,985	\$226,827	\$229,714	(\$208)	\$229,507	(\$209)	\$233,922	(\$209)	\$233,922	(\$209)	\$233,922	(\$209)	\$238,791	(\$196)	\$238,593	(\$196)
Gain/(Loss) from Operations	\$11,489	\$19,103	\$21,135	\$307	\$21,442	\$311	\$22,045	\$311	\$22,045	\$311	\$22,045	\$311	\$22,192	\$302	\$22,494	\$302
Plus: Non-Operating Revenue	\$5,948	\$2,548	\$2,624	\$0	\$2,624	\$0	\$2,703	\$0	\$2,703	\$0	\$2,703	\$0	\$2,784	\$0	\$2,784	\$0
Revenue Over/(Under) Expense	\$18,437	\$21,651	\$23,759	\$307	\$24,066	\$311	\$24,748	\$311	\$24,748	\$311	\$24,748	\$311	\$24,976	\$302	\$25,278	\$302
FTEs	1,345	1,304	1,304	9	1,313	9	1,313	9	1,313	9	1,313	9	1,304	9	1,313	9
OP MRI Scans*	1,501	1,501	1,501	253	1,754	253	1,754	253	1,754	253	1,754	253	1,501	253	1,754	253

*1501 scans is used as the base for the outpatient scans because this was the actual FY2013 volume at Chase Parkway. The incremental volume represents the anticipated increase in the number of OP scans that will be performed on the MRI scanner once it is relocated to the hospital. The projected number of OP scans with the CON is the number of OP scans that will be performed in a hospital setting. Routine OP MRI scans will be performed by the NVMRI scanner.

Assumptions:

FY14 is the budgeted amounts.
 The increase in the number of FTEs is due to the provision of 24/7 MRI scanning capability at the hospital. Currently the MRI scanner is staffed by non-hospital employees.
 Save \$50K on rent lease per year after closing Chase Parkway facility.
 Save \$20K per year on utilities and snow removal after closing Chase Parkway facility.
 Reductions in other operating and lease costs are from building and MRI fees that would end 12/31/14.
 Incremental volume and revenues associated with inpatient MRI scans and ED MRI scans is not included because the hospital already bills for these scans on a case rate or per diem basis.
 FY15 contractual services is net of reduced fees to NVMRI, LP and transitional costs.

12.C(iii). 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 MRI
 Type of Unit Description: scans
 # of Months in Operation 12

FY 2015
 FY Projected Incremental
 Total Incremental Expenses: (\$208,000)

Total Facility by
 Payer Category:

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		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
Medicare		\$3,651	73	\$267,874	\$238,893			\$28,981	(\$60,320)	\$89,301
Medical		\$3,651	57	\$207,833	\$198,441			\$9,393	(\$46,800)	\$56,193
CHAMPUS/TriCare		\$3,651		\$0				\$0	\$0	\$0
Total Governmental			130	\$475,707	\$437,333	\$0	\$0	\$38,374	(\$107,120)	\$145,494
Commercial Insurers		\$3,651	123	\$447,996	\$386,643			\$61,353	(\$100,880)	\$162,233
Uninsured		\$3,651	0	\$0	\$0			\$0	\$0	\$0
Total NonGovernment			123	\$447,996	\$386,643	\$0	\$0	\$61,353	(\$100,880)	\$162,233
Total All Payers		\$3,651	253	\$923,703	\$823,977	\$0	\$0	\$99,726	(\$208,000)	\$307,726

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: MRI
 Type of Unit Description: scans
 # of Months in Operation: 12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		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
FY 2016										
FY Projected Incremental										
Total Incremental Expenses:										
Total Facility by										
Payer Category:										
Medicare		\$3,651	73	\$267,874	\$288,893			\$28,981	(\$60,610)	\$89,591
Medicaid		\$3,651	57	\$207,833	\$198,441			\$9,393	(\$47,025)	\$56,418
CHAMPUS/Tricare		\$3,651		\$0				\$0	\$0	\$0
Total Governmental			130	\$475,707	\$437,333	\$0	\$0	\$38,374	(\$107,635)	\$146,009
Commercial Insurers		\$3,651	123	\$447,996	\$384,803			\$63,193	(\$101,365)	\$164,558
Uninsured		\$3,651	0	\$0	\$0		\$0	\$0	\$0	\$0
Total NonGovernment			123	\$447,996	\$384,803	\$0	\$0	\$63,193	(\$101,365)	\$164,558
Total All Payers		\$3,651	253	\$923,703	\$822,136	\$0	\$0	\$101,567	(\$209,000)	\$310,567

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	MRI	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Type of Unit Description:	scans		Rate	Units	Gross Revenue	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue	Operating Expenses	Gain/(Loss) from Operations
# of Months in Operation					Col. 2 * Col. 3				Col. 4 - Col. 5	Col. 4 / Col. 4 Total *	Col. 8 - Col. 9
FY 2017											
FY Projected Incremental											
Total Incremental Expenses:											
Total Facility by Payer Category:											
Medicare			\$3,651	73	\$267,874	\$238,893			\$28,981	(\$57,420)	\$86,401
Medicaid			\$3,651	57	\$207,833	\$198,441			\$9,393	(\$44,550)	\$53,943
CHAMPUS/Tricare			\$3,651		\$0				\$0	\$0	\$0
Total Governmental				130	\$475,707	\$437,333	\$0	\$0	\$38,374	(\$101,970)	\$140,344
Commercial Insurers			\$3,651	123	\$447,996	\$382,349			\$65,647	(\$96,030)	\$161,677
Uninsured			\$3,651	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total NonGovernment				123	\$447,996	\$382,349	\$0	\$0	\$65,647	(\$96,030)	\$161,677
Total All Payers			\$3,651	253	\$923,703	\$819,682	\$0	\$0	\$104,021	(\$198,000)	\$302,021



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

April 30, 2014

VIA FAX ONLY

Michael A. Novak, MBA, MSM, FACHE
Vice President of Operations and Ancillary Care
Saint Mary's Hospital
56 Franklin Street
Waterbury, CT 06706

RE: Certificate of Need Application, Docket Number 14-31906-CON
Saint Mary's Health System d/b/a Saint Mary's Medical Imaging Center (formerly Saint Mary's Partners, Inc.)
Termination of a Magnetic Resonance Imaging (MRI) services at 475 Chase Parkway, Waterbury and the relocation of these services to Saint Mary's Hospital main campus

Dear Mr. Novak:

On April 1, 2014, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") application filing on behalf of Saint Mary's Health System, d/b/a Saint Mary's Medical Imaging Center ("Applicant") proposing to terminate and relocate Magnetic Resonance Imaging ("MRI") scanner services, with no associated capital expenditure.

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

1. Please provide the facility ID¹ for Saint Mary's Medical Imaging Center and for Saint Mary's Hospital.
2. Please verify the address of the Housatonic Valley Radiological Associates MRI provider listed in the table on page 8 of the application. It appears that the address provided corresponds to a Danbury, Connecticut location.
3. Please update the number of MRI scans reported for the Chase Parkway location to include volumes through the most recently completed month in FY 2014 (page 10 of the application).

¹Provide the Medicare, Connecticut Department of Social Services (DSS), or National Provider Identifier (NPI) facility identifier.

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

Workers Compensation								
Total Non- Government								
Total Payer Mix								

*Includes managed care activity.

**Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided.

Note: The patient population mix should be based on patient volumes, not patient revenues.

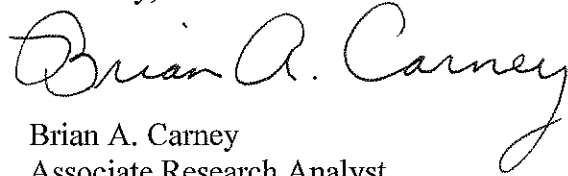
6. Provide the basis for/assumptions used to project the patient population mix.
7. For the Medicaid population only, provide the assumptions and actual calculation used to determine the projected patient volume.
8. If the proposal fails to provide or reduces access to services by Medicaid recipients or indigent persons, provide explanation for good cause for doing so. *Note: good cause shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers.*
9. What impact will the proposal have upon the cost effectiveness of providing access to services provided under the Medicaid program? If not applicable to the proposal, explain why it is not applicable.
10. Explain how the proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including but not limited to, (a) provision of or any change in the access to services for Medicaid recipients and indigent persons, and (b) the impact upon the cost effectiveness of providing access to services provided under the Medicaid program.
11. Please reconcile Financial Attachment I and Financial Attachment II (pages 107-108, 127-130 of the application) or explain the variance between amounts (incremental revenue and expense) listed in the forms. In addition, please complete Financial Attachment II for FY 2015, as it was omitted from the application.

In responding to the questions contained in this letter, please repeat each question before providing your response. Paginate and date your response, i.e., 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 Applicant's document preceding it. Please begin your submission using **Page 131** and reference "Docket Number: 14-31906-CON." Submit one (1) original and three (3) hard copies of your response. In addition, please submit a scanned copy of your response, in an Adobe format (.pdf) including all attachments on CD. If available, a copy of the response in MS Word should also be copied to the CD.

Pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request for additional information no later than sixty days after the date that this request was transmitted. Therefore, please provide your written responses to OHCA no later than **June 29, 2014**, otherwise your application will be automatically considered withdrawn.

If you have any questions concerning this letter, please feel free to contact me by email or at (860) 418-7014.

Sincerely,

A handwritten signature in cursive script that reads "Brian A. Carney". The signature is written in black ink and is positioned above the typed name and title.

Brian A. Carney
Associate Research Analyst

FAX HEADER:

TRANSMITTED/STORED : APR. 30. 2014 3:09PM	FILE MODE	OPTION	ADDRESS	RESULT	PAGE
266	MEMORY TX		92037093238	OK	5/5

REASON FOR ERROR
 E-1) HANG UP OR LINE FAIL
 E-3) NO ANSWER

E-2) BUSY
 E-4) NO FACSIMILE CONNECTION



**STATE OF CONNECTICUT
 DEPARTMENT OF PUBLIC HEALTH
 OFFICE OF HEALTH CARE ACCESS**

FAX SHEET

TO: MICHAEL A. NOVAK, VP OF OPERATIONS AND ANCILLARY CARE, SAINT MARY'S HOSPITAL

FAX: (203) 709-3238

AGENCY: _____

FROM: BRIAN A. CARNEY / DPH OHCA

DATE: 4/30/2013 **Time:** _____

NUMBER OF PAGES: 5
(including transmittal sheet)

Comments:
 Docket 14-31906-CON
 Please see attached Completeness Letter

PLEASE PHONE 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**

⊕

Saint Mary's
HOSPITAL



Michael Novak, FACHE
Vice President of Operations & CIO

May 29, 2014

Kimberly Martone, Director
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: OHCA Docket No. 14-31906-CON
Completeness Answers

Dear Ms. Martone,

Enclosed please find the Completeness Answers to questions posed by OHCA in a letter dated April 30, 2014. Saint Mary's Hospital d/b/a Saint Mary's Medical Imaging Center has submitted the CON application in order to relocate the MRI it operates as a department of Saint Mary's Hospital at 475 Chase Parkway in Waterbury back to the Hospital at 56 Franklin Street in Waterbury. As part of this relocation process, the Hospital will terminate Saint Mary's Medical Imaging Center.

If I can be of any assistance to you with regard to these answers or the application in general, please feel free to contact me at (860) 709-3508. Thank you, and your staff, for the time spent considering our application.

Respectfully submitted,

Michael A. Novak, FACHE

MAN:jmy

enclosure

56 Franklin Street
Waterbury, CT 06706
203-709-3508

**STATE OF CONNECTICUT
Department of Public Health
Office of Health Care Access**

DOCKET NO. 14-31906-CON :
SAINT MARY'S HEALTH SYSTEM d/b/a :
SAINT MARY'S MEDICAL IMAGING CENTER : MAY 23, 2014

ANSWERS TO COMPLETENESS QUESTIONS

The following answers are submitted in response to Completeness Questions issued by the Office of Health Care Access by letter dated April 30, 2014.

1. Please provide the facility ID for Saint Mary's Medical Imaging Center and for Saint Mary's Hospital.¹

RESPONSE: The facility I.D. for Saint Mary's Medical Imaging Center is NPI # 1760426969. This is the same number as the one for Saint Mary's Hospital ("Hospital" or "SMH") - NPI # 1760426969.

2. Please verify the address of the Housatonic Valley Radiological Associates MRI provider listed in the table on page 8 of the application. It appears that the address provided corresponds to a Danbury, Connecticut location.

RESPONSE: 800 Main Street, South, Suite 116, Southbury, CT 06488.

3. Please update the number of MRI scans reported for the Chase Parkway location to include volumes through the most recently completed month in FY2014 (page 10 of the application).

RESPONSE: The number of MRI scans performed at Chase Parkway in FY14 YTD through the month of April is 698 scans.

¹ Provide the Medicare, Connecticut Department of Social Services (DSS), or National Provider Identifier (NPI) facility identifier.

4. Complete the following table for the past three fiscal years (“FY”), current fiscal year (“CFY”), and the 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 Saint Mary’s Hospital main campus). In Table 1, report the units of service by piece of equipment.

TABLE 1
HISTORICAL, CURRENT, AND PROJECTED VOLUME, BY EQUIPMENT UNIT

* October 1, 2013 to April 30, 2014, annualized.

Equipment***	Actual Volume (Last 3 Completed FYs)			CFY Projected Volume*	Projected Volume (First 3 Full Operational FYs)**		
	FY2011	FY 2012	FY2013	FY2014			
Toshiba MRI at 475 Chase Parkway	1,592	1,891	1,501	1,197			
Toshiba MRI at 56 Franklin St					FY2015	FY2016	FY2017
Outpatient					1,754	1,754	1,754
ED					355	355	355
Inpatient					1,400	1,400	1,400
TOTAL	1,592	1,891	1,501	1,197	3,509	3,509	3,509

** The applicant’s fiscal year is October 1 through September 30

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

RESPONSE:

The following assumptions were used in the derivation of the projected volume.

1. The Chase Parkway MRI (a Toshiba Vantage Unit 1.5 Tesla) will move to the Hospital’s campus at 56 Franklin Street on September 30, 2014. If the MRI is upgraded, the Hospital will report that upgrade to OHCA.

2. NVMRI will relocate the MRI scanner that is currently located on the Hospital campus to a new outpatient facility. The outpatient MRI scans now being performed at Saint Mary’s Imaging Center on Chase Parkway are expected to be performed at the new

NVMRI² facility at 1389 Main Street in Waterbury once that facility is open and the MRI in the Hospital is moved out. It is anticipated that the NVMRI facility will be opened in September 2014.

3. Outpatient scans currently performed at the Hospital on the NVMRI MRI scanner also will move to 1389 Main Street, except for those patients who need a hospital setting for MRI scanning for medical reasons. It is anticipated that 1,754 outpatient MRI scans will continue to be performed at the Hospital. This is approximately 40% of the current volume of outpatient MRI scans now being performed at the Hospital. The outpatient scanning volume at the Hospital in FY2013 was 4,308.

4. Inpatient and ED patients requiring MRI scans will use the MRI now at Chase Parkway, which will move to the Hospital when Chase Parkway terminates its MRI scanning service.

5. The inpatient and ED MRI scanning projections for FY 2015 through FY2017 are based on the volume done in FY2013 as reported by NVMRI to the Hospital.

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

RESPONSE:

1. There has been a temporary decrease in scanning volume because of the anticipated closing of the Chase Parkway MRI facility (Saint Mary's Medical Center).

2. There is a projected increase in the number of scans that will be done once the MRI is relocated to the Hospital based on the projected volume of inpatients, ED patients and those outpatients who need to have MRI scanning done in a hospital setting for medical reasons.

5. Provide the current and projected volume (and corresponding percentages) by patient population mix in the table below; including, but not limited to, access to services by Medicaid recipients and indigent persons for the proposed program at Saint

² NVMRI is the acronym for Naugatuck Valley MRI, a partnership between Naugatuck Valley Radiology Associates, P.C and Saint Mary's Hospital, which currently operates the only MRI in Saint Mary's Hospital. That MRI will be removed from the Hospital on or about September 30, 2014 to be relocated to 1389 Main Street in Waterbury, CT.

Mary's Hospital main campus. Also, complete the most recently completed year column in the table below for the Chase Parkway location.

**TABLE 2
 APPLICANT'S CURRENT & PROJECTED PAYER MIX
 For Saint Mary's Medical Center (Chase Parkway) MRI
 and Relocated to the Hospital (56 Franklin St.) in FY2015**

Payer	Most Recently Completed FY2013 Actual		Projected					
			FY2014		FY2015		FY2016	
	Volume	%	Volume	%	Volume	%	Volume	%
Medicare*	368	25%	300	25%	1,372	39.1%	1,372	39.1%
Medicaid	441	29%	297	25%	968	27.6%	968	27.6%
CHAMPUS & TriCare	17	1%	12	1%	7	0.2%	7	0.2%
Total Government	826	55%	609	51%	2,348	66.9%	2,348	66.9%
Commercial Insurers	495	33%	446	37%	1,000	28.5%	1,000	28.5%
Uninsured	3	0%	0	0%	63	1.8%	63	1.8%
Workers Compensation	177	12%	142	12%	98	2.8%	98	2.8%
Total Non- Government	675	45%	588	49%	1,161	33.1%	1,161	33.1%
Total Payer Mix	1,501		1,197		3,509		3,509	

6. Provide the basis for assumptions used to project the patient population mix.

RESPONSE:

1. Payer mix percentages for FY2014 YTD are based on 7 months (October 1 – April 30) at the Chase Parkway location.
 2. Payer mix percentages for FY2015 and FY2016 are based on Saint Mary's overall payer mix for FY2014 Year to Date (7 months).
-
7. For the Medicaid population only, provide the assumptions and actual calculation used to determine the projected patient volume.

RESPONSE:

The projected patient volume for the Medicaid population is based on the Hospital's overall payer mix for FY 2014, year to date. The Hospital's payer mix was used because it is reflective of the proposed population to be served by the relocated MRI scanner. The current facility only offers MRI scanning services to an outpatient population. Once the scanner is relocated to the Hospital campus it will also provide MRI scanning services to inpatients and ED patients in addition to those outpatients who need to be scanned in a hospital setting for medical reasons.

8. If the proposal fails to provide or reduces access to services by Medicaid recipients or indigent persons, provide explanation for good cause for doing so. Note: good cause shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers.

RESPONSE:

The proposal does not fail to provide or reduce access to services for Medicaid or indigent persons. The relocation of MRI services to the SMH campus will allow the Hospital to provide MRI studies for inpatients, emergency department patients and those patients who need to be in a hospital for imaging services due to their medical status. The relocation of the scanner will maintain access to these critical services for all patients treated at the Hospital, including Medicaid recipients and the indigent. As a result of OHCA's CON Determination Letter issued on January 30, 2014 (Report No.: 14-31890-DTR attached as Exhibit K), NVMR was allowed to relocate the MRI scanner that was located at SMH to 1389 West Main Street, Waterbury, which, without this proposal, would leave the Hospital without MRI services on campus. Implementation of this proposal will enable the Hospital to continue to provide these critical MRI services. Without this relocated MRI, there will be no access to inpatient and emergency MRI scans, and the overall quality of care and patient safety will be severely reduced.

SMH provides MRI services to all, including Medicaid recipients and the indigent. Additionally, since the MRI currently at Chase Parkway is operated as a department of the Hospital, there are no changes in reimbursement anticipated. The purpose of this

proposal is to provide the Hospital with the ability to provide critical MRI services to its patient population.

9. What impact will the proposal have upon the cost effectiveness of providing access to services provided under the Medicaid program? If not applicable to the proposal, explain why it is not applicable.

RESPONSE:

The proposal will have no direct impact on the cost effectiveness of providing services specifically under the Medicaid program. Since the MRI services currently being provided at Saint Mary's Medical Center on Chase Parkway are offered by a department of the Hospital (*Please See Applicant's CON Application, 4/1/14, Exhibit B, submitted with these Answers as Exhibit L*), the cost for services for a Medicaid patient will remain the same. However, the Hospital will save money by closing a facility which is located in rented space, plus all of the expenses associated with that rental agreement. Those expenses include heat, light, snow removal etc.

10. Explain how the proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including but not limited to, (a) provision of or any change in the access to services for Medicaid recipients and indigent persons, and (b) the impact upon the cost effectiveness of providing access to services provided under the Medicaid program.

RESPONSE:

(a) Access to services will not change as a result of this proposal. The MRI service at Saint Mary's Medical Center on Chase Parkway has been operated as a department of Saint Mary's Hospital (See Exhibit L), and will continue to be operated as a department of the Hospital once it is relocated back to the Hospital's main campus at 56 Franklin Street. Medicaid patients will be able to access MRI scanning at either the Hospital or at 1389 Main Street in Waterbury at the new NVMRI location.

In the notes to the KPMG Independent Auditor's Report: Consolidated Financial Statements and Consolidating Information" submitted in the CON Application dated 4/1/14, Exhibit B, pp. 68-102, the report states that, . . . "As part of fulfilling its mission, the Hospital provides care to all patients in need, regardless of their ability to pay." (CON Application, p. 78). The Report also states that, " . . . the Hospital provides care to patients covered by governmental healthcare programs. During 2013 and 2012, the Hospital estimates that the cost of providing this care exceeded compensation by \$ 11,336,000 and \$ 7,044,000 respectively." (Id.). The Hospital has no plans to change its policies as to Medicaid patients.

(b) Cost effectiveness will be achieved by shutting down the leased space on Chase Parkway which is currently being used to provide MRI services on an outpatient basis. The savings will include rent and maintenance of the space. The Hospital has adequate space to provide the services in existing space, especially when NVMRI moves the existing MRI out of the Hospital to its new location at 1389 Main Street, Waterbury. These savings will benefit Medicaid patients since the savings will offset a part of the charity care that is absorbed by Saint Mary's Hospital every year.

11. Please reconcile Financial Attachment I and Financial Attachment II (pages 107-108, 127-130 of the application) or explain the variance between amounts (incremental revenue and expense) listed in the forms. In addition, please complete Financial Attachment II for FY2015, as it was omitted from the application.

RESPONSE:

Attached please find Financial Attachment I FY2013 – FY 2017, and Financial Attachment II for FY2015 to FY2017 as Exhibit M.

Exhibit K

000138



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

January 30, 2014

VIA FACSIMILE ONLY

Dr. Geoffrey Manton
Managing General Partner
Naugatuck Valley MRI Limited Partnership
Union Square Building #1
385 Main Street South
Southbury, CT 06488

RE: Certificate of Need Determination Report Number 14-31890-DTR
Relocation of Magnetic Resonance Imaging Scanner

Dear Dr. Manton:

On January 23, 2014, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination request on behalf of Naugatuck Valley MRI Limited Partnership ("Petitioner") with respect to the replacement and relocation of a Magnetic Resonance Imaging ("MRI") scanner.

The Petitioner asserts that its MRI scanner was approved under Docket No. 88-512 and Docket No. 07-31056-WVR. The Petitioner plans to replace and relocate the MRI scanner from its present location, 56 Franklin Street, Waterbury, Connecticut, to a location approximately 1.9 miles away, 1389 West Main Street, Waterbury, Connecticut.

Connecticut General Statutes § 19a-638(a) does not require a CON for the relocation or replacement of existing imaging equipment. Therefore, a CON *is not required* for the Petitioner's proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly R. Martone".

Kimberly R. Martone
Director of Operations

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR
Michael Novak, Saint Mary's Hospital
Stephen Klaffky, Esq.
Jeffrey Tinley, Esq.

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

000139

Exhibit L

000140



Office of Health Care Access
Modification of Previously
Authorized Certificate of Need
Final Decision

Applicants: Saint Mary's Partners, Inc. and Saint Mary's Hospital

Modification Docket Number: 07-30580-MDF

Modification Project Title: A request to modify a previous Certificate of Need authorization to change the designated applicancy from Saint Mary's Partners, Inc. to Saint Mary's Hospital, Inc., to change the project funding from conventional loan to lease financing and to change the location of the authorized MRI services from 1320 West Main Street to 475 Chase Parkway, both in Waterbury, Connecticut

Original Project Docket Number and Title: Docket Number 05-30580-CON:
The establishment of a freestanding imaging center at 1320 West Main Street in Waterbury and for the acquisition of an MRI unit at a capital expenditure of \$2,195,550

Statutory Reference: Sections 4-181a(b), Connecticut General Statutes

Filing Date: May 21, 2007

Decision Date: July 3, 2007

Staff: Karen Roberts

Project Description: Saint Mary's Partners, Inc. and Saint Mary's Hospital, Inc., request a modification of the Certificate of Need ("CON") authorization issued under Docket Number 05-30580-CON in order to change the designated applicancy for the project from Saint Mary's Partners, Inc. to Saint Mary's Hospital, Inc., to change the project funding from conventional loan to lease financing and to change the location of the authorized MRI services from 1320 West Main Street to 475 Chase Parkway, both in Waterbury, Connecticut.

Findings of Fact

1. On June 22, 2006, under Docket Number 05-30580-CON, the Office of Health Care Access ("OHCA") granted a Certificate of Need ("CON") to Saint Mary's Health System d/b/a Saint Mary's Partners for the establishment of a freestanding imaging center at 1320 West Main Street in Waterbury and for the acquisition of a Magnetic Resonance Imaging (MRI) unit at a capital expenditure of \$2,195,550. The CON was granted pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes. *(CON authorization issued under DN 05-30580-CON)*
2. On April 13, 2007, OHCA received a modification request from Saint Mary's Partners, Inc. and Saint Mary's Hospital, Inc. (together "Applicants") to modify the CON to change the designated applicancy for the project from Saint Mary's Partners, Inc. to Saint Mary's Hospital, Inc., to change the type of financing for the project from conventional loan to lease financing and to change the location of the authorized MRI services from 1320 West Main Street to 475 Chase Parkway, both in Waterbury, Connecticut. Further information was received on May 21, 2007 and the modification request was deemed complete under Docket Number 07-30580-MDF. *(April 13, 2007 and May 21, 2007 submissions under DN 07-30580-MDF)*
3. Saint Mary's Partners, Inc. is an existing Connecticut non-stock corporation and is wholly owned by Saint Mary's Health System, Inc., the same parent corporation as Saint Mary's Hospital ("Hospital"). *(CON application under Docket Number 05-30580-CON)*
4. The Applicants provided the following information and rationale specific to the change in designated CON applicancy:
 - a. According to the Applicants, the federal Deficit Reduction Act of 2005 (DRA) signed into law on February 8, 2006 greatly reduces payments for MRI services structured under entities such as was originally proposed and approved under Docket Number 05-30580-CON for Saint Mary's Partners.
 - b. At the time of the original CON filing, the Applicants were aware of the recommended reductions in reimbursement for MRI services as outlined in the DRA, which were incorporated into the planning of the original proposal. The Applicants indicate, however, that the magnitude of the impact of the DRA on payment reductions for MRI centers was not effective nor was publicly understood at that time.

- c. The Applicants indicate that, post-DRA, financing companies will not provide financing to Saint Mary's Partners without credit support or additional collateral from Saint Mary's Hospital.
 - d. Additionally, the Applicant indicates that many private payors are increasingly becoming reluctant to reimburse private, freestanding imaging centers with a single modality.
 - e. In consideration of the above, the Applicants decided that organizing the MRI Center as a division of the Saint Mary's Hospital Radiology Department is a more feasible, financially stable and prudent structure. The Applicants have determined that Saint Mary's Hospital is the best organizational entity within the Saint Mary's Health System to hold the proposed MRI service primarily as a result of the reimbursement changes associated with the Deficit Reduction Act.
(Pages 5 and 8 of the April 13, 2007 modification request)
5. The Applicants provide the following information and rationale specific to the change in the project location:
- a. In December of 2006, Toshiba America Medical Systems was chosen as the equipment vendor. In April of 2007, Toshiba reviewed and performed Magnetometer testing of the 1320 West Main Street location and recommended that a more suitable location be found for safe siting and operation of a 1.5 Tesla MRI unit. It was determined that the site did not meet the necessary site specifications for the placement of the MRI unit. Two different locations at 1389 West Main Street (Suite IC and Suite IJ) were subsequently tested and did not meet site specifications
 - b. Recently, approximately 2,000 square feet of space at 475 Chase Parkway, a medical office building located less than one half mile from 1320 West Main Street, became available for the MRI Center. This location was thoroughly evaluated as another site option and was determined to be a viable site.
 - c. The 475 Chase Parkway location provides added space and meets all site specifications necessary for this project. The added space allows for potential expansion of MRI services and the option to provide multi-modality imaging services in the future. In addition, primary care, orthopedic and neurosurgical physician practices are located adjacent to and across the street from the site. According to the Applicants, patients of these physician practices could conveniently access the MRI Center.
 - d. The 475 Chase Parkway building owner, 500 Chase Parkway Condominium Association, Inc., has entered into a letter of intent with Saint Mary's Hospital to lease approximately 2,400 square feet of space for the purpose of establishing an outpatient MRI center.
(Pages 5, 9, 10 and 18 of the April 13, 2007 modification request)

6. The Applicants provide the following information and rationale specific to the change in project funding:
- a. The Applicants have reconsidered the financing of the project and determined that funding the proposal via lease financing is more feasible and fiscally responsible for this project. The Applicants indicate that:
 - Acquisition of high technology equipment through lease financing is a more cost effective alternative than an outright purchase or conventional loan.
 - Funds used to purchase equipment outright are deducted from a hospital's working capital whether bought for cash or financed by a conventional capital loan.
 - Funding through a conventional loan would reduce the available loan financing for other hospital projects and needs.
 - The Applicant indicates that the conventional loan rate, even if applied directly to the equipment is only available within limits and requires subordinated equity at all times.
 - b. Based on the above, the Hospital calculated its average cost of capital, the yield on its working capital, the cost of conventional debt and the impact on its bond debt covenants and determined that lease financing for this project is most appropriate.
 - c. An operating lease agreement has been developed between the Hospital and CIT Healthcare. CIT Healthcare has provided Toshiba, the equipment vendor, with a signed Purchase Order. The Applicants submitted the executed operating lease proposal between CIT Equipment Leasing and the Hospital for a term of 48 months.
 - d. Saint Mary's Partners was not specifically denied financing; however, according to the Applicants, financial lending institutions made it clear that financing could not be achieved without the support or collateral of Saint Mary's Hospital. Because of the Hospital's current debt covenant violation situation, the Applicants indicate that the Hospital could not realistically provide this support or collateral.
 - e. The Hospital violated its debt to equity ratio covenant in fiscal years 2005 and 2006 and as a result, the Hospital was required by its bondholders to hire a consultant and develop a performance improvement plan. The plan, which was presented to bondholders and approved in 2006, does not allow for the issuance of additional debt. Until the Hospital is able to achieve compliance with its bondholder covenants, the Hospital will not be able to issue additional debt. A capital lease is considered additional debt for financial statement purposes whereas an operating lease is not. Therefore, the lease which the Hospital has entered into with CIT Healthcare is considered by the Hospital to be an operating lease for the equipment.

- f. The Saint Mary's Hospital Board of Directors has approved the MRI project business plan and all related changes to the project.
(Pages 5 and 9 of the April 13, 2007 modification request and pages 2 and 5 of the May 21, 2007 responses)
7. The Applicants indicate that the modification proposal will not result in a change to the payor mix for this project. *(Page 3 of the May 21, 2007 responses)*
8. The modification proposal results in the following Gain/(Loss) from Operations for Saint Mary's Hospital: \$(120,000) for FY 2008, \$193,000 for FY 2009 and \$485,000 for FY 2010.
(Page 16 of April 13, 2007 modification request and page 15 of May 21, 2007 responses)
9. The Applicants have updated the utilization projections for this project as follows: FY 2008 - 2000 MRI studies, FY 2009 - 3000 MRI studies and FY 2010 - 3,500 MRI studies. The changes are updated projections only and are not related to the proposed modification request. The Hospital updated the projections as part of a business plan which was revised, resubmitted to and approved by the Saint Mary's Health System Finance Committee on April 4, 2007. *(Page 16 of April 13, 2007 modification request and pages 1- 3 of May 21, 2007 responses)*
10. On June 21, 2007, after a public comment period, OHCA granted a waiver of public hearing related to this modification request, as the CON authorization issued under Docket Number 05-30580-CON, was a contested case. *(June 21, 2007 OHCA waiver of public hearing)*

Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 05-30580-CON to Section 19a-637, C.G.S., is not significantly altered by this request for a modification under Docket Number 07-30580-MDF. It appears to be the Applicants' intent for Saint Mary's Hospital to implement the project in a timely manner and in the overall scope reviewed and authorized by OHCA in the original CON application. The requested change in applicancy, project funding and location within Waterbury will not result in a change in the services provided and the request appears to be for circumstances which were substantially unanticipated by the Applicants at the time of the CON filing in 2006. The requested changes to this CON Order appear to be reasonable and the result of a change in conditions.

Order

Based on the above discussion and the reasons provided in the Applicants' modification request, OHCA hereby grants the request and modifies the CON authorized under Docket Number 05-30580-CON. The CON Order for this project is hereby modified as follows:

Saint Mary's Hospital, Inc. is hereby authorized to establish a freestanding imaging center at 475 Chase Parkway, in Waterbury, Connecticut and for the lease of an MRI unit and other associated costs, at a total project capital cost of \$2,195,550, subject to the following conditions:

1. This authorization shall expire on December 31, 2007. Should the Applicant's imaging center not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant will notify OHCA in writing of the commencement of the proposed freestanding MRI imaging center no later than December 31, 2007.
3. The Applicant shall not exceed the approved total capital cost of \$2,195,550. In the event that the Applicant learns of potential cost increases or expects that the final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised CON budget.

By Order of the
Office of Health Care Access

Signed by Commissioner Vogel on July 3, 2007

Date

Cristine A. Vogel
Commissioner

CAV/kr

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Exhibit M

12. C (f). 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 2013 Actual Results	FY 2014		FY 2015		FY 2016		FY 2017		FY 2017 Projected With CON
		Projected Results	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental	Projected W/out CON	Projected Incremental		
NET PATIENT REVENUE										
Non-Government	\$110,040	\$109,480	\$111,670	\$91	\$111,731	\$113,903	\$116,181	\$66	\$116,247	
Medicare	\$70,903	\$71,400	\$72,828	\$29	\$72,857	\$74,285	\$75,770	\$29	\$75,799	
Medicaid and Other Medical Assistance	\$58,618	\$57,120	\$58,262	\$9	\$58,272	\$59,428	\$60,616	\$9	\$60,626	
Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Net Patient Revenue	\$239,561	\$238,000	\$242,760	\$100	\$242,860	\$247,615	\$252,555	\$104	\$252,672	
Other Operating Revenue	\$5,913	\$7,930	\$8,089	\$0	\$8,089	\$8,251	\$8,416	\$0	\$8,416	
Revenue from Operations	\$245,474	\$245,930	\$250,849	\$100	\$250,949	\$255,866	\$260,971	\$104	\$261,087	
OPERATING EXPENSES										
Salaries and Fringe Benefits	\$111,345	\$109,975	\$112,175	\$550	\$112,725	\$114,419	\$116,707	\$572	\$117,279	
Professional / Contracted Services	\$29,799	\$30,372	\$30,372	(\$700)	\$30,672	\$30,979	\$31,599	(\$700)	\$30,899	
Supplies and Drugs	\$36,933	\$37,631	\$38,384	\$0	\$38,384	\$39,152	\$39,935	\$0	\$39,935	
Bad Debts	\$12,069	\$10,112	\$9,606	\$0	\$9,606	\$9,798	\$9,994	\$0	\$9,994	
Other Operating Expense	\$28,595	\$22,904	\$23,362	(\$20)	\$23,342	\$23,829	\$24,306	(\$20)	\$24,286	
Subtotal	\$218,741	\$210,984	\$213,899	(\$170)	\$213,728	\$218,177	\$222,541	(\$148)	\$222,393	
Depreciation/Amortization	\$9,190	\$9,655	\$9,655	\$0	\$9,655	\$9,800	\$10,100	\$0	\$10,100	
Interest Expense	\$1,527	\$1,560	\$1,450	\$0	\$1,450	\$1,350	\$1,250	\$0	\$1,250	
Lease Expense	\$4,527	\$4,618	\$4,710	(\$38)	\$4,673	\$4,804	\$4,900	(\$50)	\$4,850	
Total Operating Expense	\$233,965	\$226,827	\$229,714	(\$208)	\$229,507	\$234,131	\$238,791	(\$198)	\$238,593	
Gain/(Loss) from Operations	\$11,489	\$19,103	\$21,135	\$307	\$21,442	\$21,735	\$22,192	\$302	\$22,494	
Plus: Non-Operating Revenue	\$5,948	\$2,548	\$2,624	\$0	\$2,624	\$2,703	\$2,784	\$0	\$2,784	
Revenue Over/(Under) Expense	\$18,437	\$21,651	\$23,759	\$307	\$24,066	\$24,438	\$24,976	\$302	\$25,278	
FTEs	1,345	1,304	1,304	9	1,313	1,304	1,304	9	1,313	
OP MRI Scans*	1,501	1,501	1,501	253	1,754	1,501	1,501	253	1,754	

*1501 scans is used as the base for the outpatient scans because this was the actual FY2013 volume at Chase Parkway. The incremental volume represents the anticipated increase in the number of OP scans that will be performed on the MRI scanner once it is relocated to the Hospital. The projected number of OP scans with the CON is the number of OP scans that will be performed in a hospital setting. Routine OP MRI scans, including those currently performed at the Chase Parkway location will be performed by the MRI scanner to be located at 1389 West Main Street, Watatbury.

Assumptions:
 FY14 is the budgeted amounts.
 The increase in the number of FTEs is due to the provision of 247 MRI scanning capability at the hospital. Currently the MRI scanner is staffed by non-hospital employees.
 Save \$50k on rent lease per year after closing Chase Parkway facility.
 Save \$20k per year on utilities and snow removal after closing Chase Parkway facility.
 Reductions in other operating and lease costs are from building and MRI fees that would end 12/31/14.
 Incremental volume and revenues associated with inpatient MRI scans and ED MRI scans is not included because the hospital already bills for these scans on a case rate or per diem basis.
 Actual FY 2013 MRI volume as reported by NVMRI to the Hospital is 355 ED scans and 1400 inpatient scans. There is no incremental volume for IP and ED scans associated with this proposal.
 FY15 contractual services is net of reduced fees to NVMRI, LP and transitional costs.

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 Type of Unit Description: # of Months in Operation	(1) MRI scans 12	(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
FY 2015									
FY Projected Incremental									
Total Incremental Expenses:	(\$208,000)								
Total Facility by Payer Category:									
Medicare		\$3,651	99	\$361,168	\$332,187			\$28,981	(\$81,409)
Medicaid		\$3,651	70	\$254,942	\$245,549			\$9,393	(\$57,465)
CHAMPUS/Tricare		\$3,651		\$0				\$0	\$0
Total Governmental			169	\$616,110	\$577,736	\$0	\$0	\$38,374	(\$138,875)
Commercial Insurers		\$3,651	84	\$306,669	\$245,316			\$61,353	(\$69,125)
Uninsured		\$3,651	0	\$0	\$0			\$0	\$0
Total NonGovernment			84	\$306,669	\$245,316	\$0	\$0	\$61,353	(\$69,125)
Total All Payers		\$3,651	253	\$922,779	\$823,052	\$0	\$0	\$99,727	(\$208,000)

(10)
Gain/(Loss)
from Operations
Col. 8 - Col. 9

\$110,390
\$66,858
\$0
\$177,249

\$130,479
\$0
\$130,479

\$307,727

000150

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 Type of Unit Description: # of Months in Operation	(1) MIRI scans 12	(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
FY 2016									
FY Projected Incremental									
Total Incremental Expenses:	(\$209,000)								
Total Facility by Payer Category:									
Medicare		\$3,651	99	\$361,168	\$332,187			\$28,981	(\$81,801)
Medicaid		\$3,651	70	\$254,942	\$245,549			\$9,393	(\$57,742)
CHAMPUS/TriCare		\$3,651		\$0				\$0	\$0
Total Governmental			169	\$616,110	\$577,736	\$0	\$0	\$38,374	(\$139,543)
Commercial Insurers		\$3,651	84	\$306,669	\$243,316			\$63,353	(\$69,457)
Uninsured		\$3,651	0	\$0	\$0	\$0	\$0	\$0	\$0
Total NonGovernment			84	\$306,669	\$243,316	\$0	\$0	\$63,353	(\$69,457)
Total All Payers		\$3,651	253	\$922,779	\$821,052	\$0	\$0	\$101,727	(\$209,000)

(10)
Gain/(Loss)
from Operations
Col. 8 - Col. 9

\$110,782
\$67,135
\$0
\$177,916

\$132,811
\$0
\$132,811

\$310,727

12.C(iii). 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 Type of Unit Description: # of Months in Operation	(1) MRI Scans 12	(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
FY 2017									
FY Projected Incremental									
Total Incremental Expenses:	(\$198,000)								
Total Facility by Payer Category:									
Medicare		\$3,651	99	\$361,168	\$332,150			\$29,018	(\$77,495)
Medicaid		\$3,651	70	\$254,942	\$245,453			\$9,489	(\$54,703)
CHAMPUS/TriCare		\$3,651		\$0				\$0	\$0
Total Governmental			169	\$616,110	\$577,603	\$0	\$0	\$38,507	(\$132,198)
Commercial Insurers		\$3,651	84	\$306,669	\$241,116			\$65,553	(\$65,802)
Uninsured		\$3,651	0	\$0	\$0			\$0	\$0
Total NonGovernment			84	\$306,669	\$241,116	\$0	\$0	\$65,553	(\$65,802)
Total All Payers		<u>\$3,651</u>	253	\$922,779	\$818,719	\$0	\$0	\$104,060	(\$198,000)

(10)
Gain/(Loss)
from Operations
Col. 8 - Col. 9

\$106,513
\$64,192
\$0
\$170,705

\$131,355
\$0
\$131,355

\$302,060

000154



Michael Novak, FACHE
Vice President of Operations & Chief Information Officer

June 27, 2014

Alla Vaybarman
 Office of Health Care Access
 Department of Public Health
 410 Capitol Avenue, MS#13HCA
 P.O. Box 340308
 Hartford, CT 06134-0308



Re: OHCA Docket No.: 14-31906-CON
 Saint Mary's Hospital d/b/a Saint Mary's Medical Imaging Center
 MRI Relocation from Chase Pkwy to Saint Mary's Hospital

Dear Ms.Vaybarman,

You have requested additional information regarding the historic utilization of MRI scanning at Saint Mary's Hospital ("Hospital") at the Hospital's main campus. That information, which is the total volume of all MRI scans performed at the Hospital, including inpatient, outpatient and ED scans is as follows:

FY2011	6,983
FY2012	6,478
FY2013	6,063
FY2014 (Annualized)	6,636

Projected MRI volumes beginning in FY2015 listed in response to Question #4 of the Completeness Answers (Record, p. 132), show a reduced volume of MRI scanning at the Hospital as NVMRI has permission from OHCA pursuant to Docket No. 14-31890-DTR to move the existing MRI at the Hospital to its offices in Waterbury, where outpatient MRI scanning will be done. It is anticipated that approximately 60% of the Hospital's existing outpatient MRI scanning will be done in the NVRA offices d/b/a NVMRI. Also, outpatient scans now being performed at Saint Mary's Imaging Center on Chase Parkway are anticipated to be performed at the NVRA location on West Main Street in Waterbury. The Hospital will continue to perform MRI scans for inpatients, Emergency Department patients and approximately 40% of the existing outpatient scanning for patients who require a hospital setting for their scanning.

Respectfully submitted,

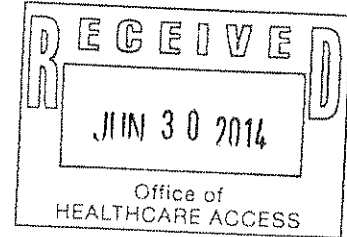
Michael A. Novak, FACHE

MAN:jmy

56 Franklin Street
 Waterbury, CT 06706
 203-709-3508



Michael Novak, FACHE
Vice President of Operations & Chief Information Officer



June 27, 2014

Alla Vaybarman
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: OHCA Docket No.: 14-31906-CON
Saint Mary's Hospital d/b/a Saint Mary's Medical Imaging Center
MRI Relocation from Chase Pkwy to Saint Mary's Hospital

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Respectfully submitted,

Michael A. Novak, FACHE

MAN:jmy

56 Franklin Street
Waterbury, CT 06706
203-709-3508

Greer, Leslie

From: Veyberman, Alla
Sent: Tuesday, July 08, 2014 2:24 PM
To: Greer, Leslie
Subject: FW: reg 14-31906-CON

Leslie,
Can you please add this email to the record (14-31906).

Thanks,

Alla

From: Silvia Hutcheson [<mailto:silvia.hutcheson@stmh.org>]
Sent: Tuesday, July 08, 2014 2:22 PM
To: Veyberman, Alla
Cc: Michael Novak
Subject: reg 14-31906-CON

Dear Ms. Veyberman,

It was nice speaking to you on the telephone.

The number of MRI scans performed on the Saint Mary's Hospital main campus between October 1, 2013 and May 31, 2014 was 4,424. Based on these first 8 months, the FY 2014 annualized number of scans is 6,636.

Please let me know if you have questions.

Thank you,
Silvia

Silvia Hutcheson
Director of Strategic Planning and Business Development
Saint Mary's Hospital
56 Franklin Street
Waterbury, CT 06706

P: (203) 709-3312
F: (203) 709-3172
E: Silvia.Hutcheson@stmh.org

From: Veyberman, Alla [<mailto:Alla.Veyberman@ct.gov>]
Sent: Tuesday, July 01, 2014 11:25 AM
To: Michael Novak
Subject: reg 14-31906-CON

Good morning Mr. Novak,

Thank you for providing the information. You reported the current year annualized utilization in the amount of 6,636 scans. Please provide the actual amount of scans for current year and identify the number of actual months covered.

Please call me if any questions

Thanks,

Alla Veyberman

CT Department of Public Health

Office of Health Care Access (OHCA)

Phone: 860.418.7007

Fax: 860.418.7053

Email: Alla.Veyberman@ct.gov

Saint Mary's Health System Disclaimer:

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

July 14, 2014

VIA FACISIMILE ONLY

Michael A. Novak, MBA, MSM, FACHE
Vice President of Operations and Ancillary Care
Saint Mary's Hospital
56 Franklin Street
Waterbury, CT 06706

RE: Certificate of Need Application, Docket Number 14-31906-CON
Saint Mary's Health System Inc.
Termination of a Magnetic Resonance Imaging services at 475 Chase Parkway,
Waterbury and the relocation of these services to Saint Mary's Hospital main campus

Dear Mr. Novak,

This letter is to inform you that, pursuant to Section 19a-639a (d) of the Connecticut General Statutes, the Office of Health Care Access has deemed the above-referenced application complete as of July 14, 2014.

If you have any questions regarding this matter, please feel free to contact me at (860) 418-7007.

Sincerely,

A handwritten signature in cursive script that reads "A. Veyberman".

Alla Veyberman
Health Care Analyst

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

* * * COMMUNICATION RESULT REPORT (JUL. 14. 2014 1:58PM) * * *

FAX HEADER:

TRANSMITTED/STORED : JUL. 14. 2014 1:58PM

FILE MODE	OPTION	ADDRESS	RESULT	PAGE
461	MEMORY TX	912037093238	OK	2/2

REASON FOR ERROR
 E-1) HANG UP OR LINE FAIL
 E-3) NO ANSWER

E-2) BUSY
 E-4) NO FACSIMILE CONNECTION



**STATE OF CONNECTICUT
 OFFICE OF HEALTH CARE ACCESS**

FAX SHEET

TO: MICHAEL NOVAK

FAX: 203.709.3238

AGENCY: SAINT MARY'S HEALTH SYSTEM

FROM: OHCA

DATE: 7/14/14 **Time:** _____

NUMBER OF PAGES: 2
(including transmittal sheet)

Comments: Docket Number: 14-31906

**PLEASE PHONE
 TRANSMISSION PROBLEMS**

IF THERE ARE ANY

Phone: (860) 418-7001

Fax: (860) 418-7053

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