



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Milford Hospital

Docket Number: 01-518

Project Title: Replacement of Radiographic/Fluoroscopic Room

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

Filing Date: July 18, 2001

Hearing: Waived

Decision Date: August 21, 2001

Default Date: October 16, 2001

Staff Assigned: Harold M. Oberg

Project Description: Milford Hospital (“Hospital”) proposes to acquire replacement fluoroscopy/special procedures equipment and perform associated renovations to unoccupied space for a new radiographic/fluoroscopic room, at a total capital expenditure of \$1,400,000.

Nature of Proceedings: On July 18, 2001, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) Application from Milford Hospital to acquire replacement fluoroscopy/special procedures equipment and perform associated renovations to unoccupied space for a new radiographic/fluoroscopic room, at a total capital expenditure of \$1,400,000. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

The Hospital requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA's Regulations, and claimed that the CON application is non-substantive as defined in Section 19a-643-95(3) of OHCA's Regulations. On July 25, 2001, the Hospital was informed that the CON application was eligible for consideration of waiver of public hearing, and a notice to the public was published in the *New Haven Register*. OHCA received no comments concerning the Hospital's request for waiver of public hearing during the public comment period, and therefore on August 16, 2001, OHCA granted the Hospital's request for waiver of public hearing.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-639, C.G.S. The provisions of this section as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

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

1. Milford Hospital ("Hospital") is an acute care hospital located at 300 Seaside Avenue in Milford, Connecticut. *(July 18, 2001 CON Application Cover Letter, page 1)*
2. The Hospital is proposing the purchase of new multifunctional radiographic/fluoroscopic equipment and the renovation of associated space for its location, at a total capital expenditure of \$1,400,000, which would enable the Hospital to better perform routine fluoroscopic exams and vascular and non-vascular interventional procedures. *(July 18, 2001 CON Application, page 9)*
3. Fluoroscopy and other special procedures have been available at Milford Hospital since the inception of a Siemens radiographic and fluoroscopic room in 1988. *(July 18, 2001 CON Application, page 9)*
4. The Hospital's existing fluoroscopy/special procedures equipment is 13 years old and at the end of its useful life. *(July 18, 2001 CON Application Cover Letter, page 1)*
5. The radiological exams performed on this antiquated equipment have become more extensive and the present room is not adequate. *(July 18, 2001 CON Application, page 9)*
6. The existing fluoroscopy equipment has several deficiencies, which include increasing downtime, the inability to acquire additional replacement parts, the high potential for unnecessary radiation exposure due to the design of the existing

equipment, poor image quality and the need to physically turn the patient for various views. (July 18, CON Application Cover Letter, page 1)

7. The proposed new fluoroscopy equipment has many advantages, which include improved image quality, faster processing time, real time image capacity, low dose radiation exposure due to improved equipment design, digital C-Arm technology and information storage allowing physicians the ability to manipulate and enhance images. (July 18, 2001 CON Application Cover Letter, page 2)
8. The existing room is physically too small to accommodate the replacement equipment as well as technologists, radiologists and RNs. (July 18, 2001 CON Application, page 9)
9. The space to be renovated is currently unoccupied and is approximately 2,392 square feet. The new radiographic/fluoroscopic suite will house the new equipment and will conform to all hospital building codes. (July 18, 2001 CON Application Cover Letter, page 2)
10. The Hospital is projecting the following radiological procedure volume related to the CON proposal: (July 18, 2001 CON Application, page 49)

Fiscal Year	Radiological Procedures
2001	635
2002	699
2003	699

Financial Feasibility of the Proposal and its Impact on the Hospital's Rates and Financial Condition

11. The proposal consists of the following capital expenditure components: (July 18, 2001 CON Application, page 5)

Description	Amount
Fixed Equipment (Purchase)	\$700,000
Movable Equipment (Purchase)	100,000
Building Renovations	450,000
Architectural/Engineering Costs	80,000
Contingency Costs	70,000
Total Capital Expenditure	\$1,400,000

12. The total capital expenditure will be funded through an equity contribution from the Hospital's funded depreciation of \$1,400,000. (July 18, 2001 CON Application, page 6)
13. The Hospital's financial projections, which assume that the CON proposal will be completed in January 2002, report an excess of revenue over expense as follows: (July 18, 2001 CON Application, page 49)

Fiscal Year	Revenue Over Expense
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2001	\$2,209,507
2002	\$2,102,999
2003	\$1,944,072

14. The Hospital's projected payer mix for the first three years of operation of the new replacement equipment, is as follows: *(July 18, 2001 CON Application, page 7)*

Payer	Payer Mix
Medicare	42.2%
Medicaid	3.6%
TriCare	0.1%
Commercial Insurers	46.5%
Self-Pay	1.4%
Workers Compensation	0.4%
Uncompensated Care	<u>5.8%</u>
Total Payer Mix	100.0%

Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

The following findings are made pursuant to the principles and guidelines set forth in Section 19a-637, C.G.S.:

15. There is no State Health Plan in existence at this time. *(July 18, 2001 CON Application, page 1)*
16. The Hospital's proposal is consistent with the Hospital's long-range plan. *(July 18, 2001 CON Application, page 1)*
17. The proposal will not result in a change to the Hospital's teaching or research responsibilities. *(July 18, 2001 CON Application, page 3)*
18. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(July 18, 2001 CON Application, page 3)*
19. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(July 18, 2001 CON Application, pages 16 through 28)*

Rationale

Milford Hospital ("Hospital") contends that the purchase of new fluoroscopy/special procedures equipment and the renovation of currently unoccupied space for its location, will better enable the Hospital to perform routine fluoroscopic exams and vascular and non-vascular interventional procedures, thereby enhancing the quality of care for the Applicant's inpatients and outpatients in need of these radiological services.

The Hospital's existing fluoroscopy/special procedures equipment is 13 years old and at the end of its useful life, and the exams performed on this antiquated equipment have become more extensive. The Hospital's present radiographic/fluoroscopic room is inadequate because it is physically too small to accommodate the replacement equipment as well as the technologists, radiologists and RNs necessary to provide the Hospital's radiological services to patients.

The Hospital's proposed new fluoroscopy equipment has many advantages, which include improved image quality, faster processing time, real time image capacity, low dose radiation exposure due to improved equipment design, digital C-Arm technology and information storage allowing physicians the ability to manipulate and enhance images. The Hospital's new radiographic/fluoroscopic room will be housed in renovated space that is currently unoccupied and that will upon completion of renovations conform to all hospital building codes.

The proposal is financially feasible. The project has a total capital expenditure of \$1,200,000 which will be funded entirely through the Hospital equity. The Hospital is projecting a fluoroscopy/special procedures volume of 699 for FY 2002 and FY 2003 with the proposal. The Hospital is also projecting an excess of revenue over expense with the proposal of \$2,102,999 for FY 2002 and \$1,944,072 for FY 2003. These projections appear to be both reasonable and achievable.

Based upon the foregoing Findings and Rationale, the Certificate of Need Application of Milford Hospital to acquire replacement fluoroscopy/special procedures equipment and perform associated renovations to unoccupied space for a new radiographic/fluoroscopic room, at a total capital expenditure of \$1,400,000, is hereby GRANTED.

Order

Milford Hospital ("Hospital") is hereby authorized to acquire replacement fluoroscopy/special procedures equipment and perform associated renovations to unoccupied space for a new radiographic/fluoroscopic room, at a total capital expenditure of \$1,400,000, subject to the following conditions:

1. This authorization shall expire on August 23, 2002. Should the Hospital's project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved capital expenditure of \$1,400,000. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised project 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

Signed by the Comr. on 8/21/01

Date

Raymond J. Gorman
Commissioner

RJG/ho