



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Hartford Hospital

**Docket Number:** 01-556

**Project Title:** PET-CT Scanning Equipment Acquisition and Associated Renovations

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

**Filing Date:** March 21, 2002

**Hearing Date:** May 2, 2002

**Presiding Officer:** Raymond J. Gorman, Commissioner

**Decision Date:** May 16, 2002

**Default Date:** June 19, 2002

**Staff Assigned:** Maryann Lewis  
Laurie Greci

**Project Description:** Hartford Hospital (“Applicant”) proposes to acquire PET-CT Scanning Equipment with Associated Renovations at a total capital expenditure of \$2,940,582.

**Nature of Proceedings:** On March 21, 2002, the Office of Health Care Access (“OHCA”) received Hartford Hospital’s (“Hospital”) Certificate of Need (“CON”) application seeking authorization to acquire PET-CT Scanning Equipment and perform associated renovations at Hartford Hospital, 80 Seymour Street, Hartford, Connecticut. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

On February 11, 2002, 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 proposal was non-substantive as defined in Section 19a-643-95(3) of OHCA's Regulations. On April 8, 2002, the Hospital was notified that pursuant to Sections 19a-638 and 19a-639, C.G.S., OHCA is required to hold a hearing whenever any health care facility or institution proposes to acquire imaging equipment having a cost exceeding four hundred thousand dollars. OHCA determined that the CON application was not eligible for consideration of a waiver of hearing as provided by Section 19a-643-45 of OHCA's Regulations; the CON application did not qualify as non-substantive, as defined in Section 19a-643-95(3) of OHCA's Regulations.

A public hearing regarding the CON application was held on May 2, 2002. The Hospital was notified of the date, time, and place of the hearing, and a notice to the public was published prior to the hearing in *Northeast Minority News, Inc.* and *The Hartford Courant* on April 18, 2002.

OHCA's authority to review and approve, modify or deny this 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**

#### **Proposal's Contribution to Accessibility of Health Care Delivery in the Region Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services**

1. Hartford Hospital ("Hospital") is a not-for-profit acute care hospital located at 80 Seymour Street, Hartford, Connecticut. (*February 11, 2002, CON Application, pages 1 and 7*)
2. The Hospital is proposing to acquire PET-CT scanning equipment, a new imaging modality, and make the associated renovations. (*February 11, 2002, CON Application, page 1*)
3. The Hospital proposes leasing a General Electric Discovery LS-CT PET state-of-the-art, fully integrated scanner system under a 72 month agreement. The agreement includes a full maintenance service contract and all software and hardware upgrades. (*February 11, 2002, CON Application, pages 206 and 212*)
4. The introduction of the PET-CT technology is being made available as an outgrowth of the Hospital's developing relationship with General Electric, the

- equipment and software provider. The Hospital will be a beta site for the PET-CT equipment. *(February 11, 2002, CON Application, page 201)*
5. The Hospital states that it will be one of ten demonstration sites for the PET-CT scanners in the country and the only site in New England. *(February 11, 2002, CON Application, page 202)*
  6. There are no current providers of PET-CT scanning in Connecticut. The closest provider is Johns Hopkins University Hospital in Baltimore, Maryland. *(February 11, 2002, CON Application, page 4).*
  7. The Hospital's proposed acquisition will augment its current services; no services will be replaced. *(February 11, 2002, CON Application, page 2)*
  8. In addition to leasing the PET-CT scanner, the Hospital proposes to:
    - a. Locate the scanner on the second floor, west wing of the High Building;
    - b. Relocate two existing gamma cameras in space adjacent to the west wing; and
    - c. Demolish and renovate areas for the scanner and support space, including abatement of hazardous materials. *(February 11, 2002, CON Application, page 9).*
  9. The Hospital states that a phased relocation of the existing gamma cameras will ensure uninterrupted and timely access for patients. The space for the PET-CT scanner will be unoccupied during renovation. *(February 11, 2002, CON Application, page 9)*
  10. The PET-CT scanner combines metabolic information with morphological information enhancing the sensitivity and specificity for the diagnosis of malignant disease. *(February 11, 2002, CON Application, page 23).*
  11. According to the Hospital, the new scanner will permit the detection and localization of malignant lesions that are not well categorized by other imaging modalities. *(February 11, 2002, CON Application, page 2).*
  12. The Hospital has identified the benefits of the combination PET-CT scanner, as follows:
    - a. It offers extensive possibilities for improving the diagnosis and staging of tumors, identification and localization of disseminated disease, radiotherapy treatment planning, and monitoring the effects of chemotherapy and radiation therapy. *(February 11, 2002, CON Application, page 2)*
    - b. It will spare unnecessary biopsies and surgery for cancer patients. *(April 29, 2002, J. Bryan Simmons' Prefiled Testimony, page 2)*

- c. It will better localize dead or diseased tissue and refine the clinical course of treatment for both cardiac and neurology patients. *(April 29, 2002, J. Bryan Simmons' Prefiled Testimony, page 2)*
- d. The combination of two imaging instruments is more accurate than two examinations being performed separately, allowing patients to undergo a single, rapidly acquired evaluation. *(April 29, 2002, Dr. Stuart Markowitz, Pre-Filed Testimony, page 4)*
13. The Hospital currently has inpatient coincidence detection PET. Outpatient whole body PET exams are performed off-campus at sites in Wethersfield and Avon. The number of procedures at each site for the first four months of operations is identified in the following table:

|                | Hartford Hospital |            | Wethersfield | Avon | Total |
|----------------|-------------------|------------|--------------|------|-------|
|                | Inpatient         | Outpatient |              |      |       |
| September 2001 | 2                 | 13         | 5            | 5    | 25    |
| October 2001   | 1                 | 4          | 14           | 8    | 27    |
| November 2001  | 2                 | 2          | 14           | 9    | 27    |
| December 2001  | 2                 | 2          | 16           | 11   | 31    |
| Total          | 7                 | 21         | 49           | 33   | 110   |

*(February 11, 2002, CON Application, page 3)*

14. There are no scheduling backlogs for PET scans currently offered by the Hospital. All requested exams are performed within one week of request. *(February 11, 2002, CON Application, page 3)*
15. Requests for PET scans originate from Oncology, Pulmonology, Internal Medicine, General Surgery, Radiation Oncology, Thoracic/Vascular Surgery and Cardiovascular/Thoracic Surgery. *(February 11, 2002, CON Application, page 3)*
16. The Hospital states that it will continue to provide mobile PET scanning in Wethersfield and Avon and inpatient coincidence detection PET at the Hospital campus. *(February 11, 2002, CON Application, page 202)*
17. The Hospital states that it adheres to the following American College of Radiology Standards:
- Standard for Communication: Diagnostic Radiology
  - Standard for the Performance of Computed Tomography of the Abdomen And Pelvis

- Standards for Diagnostic Procedures Using Radiopharmaceuticals
- Standard for Communication: Radiation Oncology.  
*(February 11, 2002, CON Application, page 6)*

18. Jefferson X-Ray, Inc. provides the professional radiology services at Hartford Hospital for all exam types. Connecticut Surgical Group, P.C. also has three radiologists providing interventional radiologist services. *(February 11, 2002, CON Application, page 199)*

19. Using the same ratio from its current patient mix, the Applicant estimates that there will be 1,795 oncology, 211 neurology, and 106 cardiac scans. *(March 21, 2002, Completeness Responses, page 1)*

20. The Applicant applied the following numbers of PET and PET-CT scans to determine the financial feasibility of the proposal:

| <b>Volume Statistics</b> |                                   |   |                           |
|--------------------------|-----------------------------------|---|---------------------------|
| Fiscal Year              | PET-CT Scans At Hartford Hospital | PET Scans at Hartford Hospital and Mobile Sites | Number of Scans, Combined |
| 2003                     | 1,730                             | 720   | 2,450                     |
| 2004                     | 1,993                             | 792   | 2,785                     |
| 2005                     | 2,105                             | 792   | 2,897                     |

*(March 21, 2002 Completeness Responses, page 2 and Form 13-D)*

**Financial Feasibility of the Proposal and its Impact on the Applicants' Rates and Financial Condition**  
**Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services**

21. The total capital expenditure for this proposal is \$2,940,582 which includes:

| Type of Capital Expenditure       | Amount             |
|-----------------------------------|--------------------|
| Fixed Equipment (Lease (FMV))     | \$2,300,000        |
| Movable Equipment (Purchase)      | 11,827             |
| Construction/Renovation           | 607,242            |
| Other (Non-Construction)          | 21,513             |
| <b>Total Capital Expenditures</b> | <b>\$2,940,582</b> |

*(February 11, 2002, CON Application, page 201)*

22. The construction and renovation costs consist of the following components:

| <b>Category</b>              | <b>Cost of Construction</b> |
|------------------------------|-----------------------------|
| Total Building Work          | \$507,007                   |
| Architecture and Engineering | 42,000                      |
| Contingency                  | 46,588                      |
| Inflation Adjustment         | 11,647                      |
| <b>Total</b>                 | <b>\$607,242</b>            |

*(February 11, 2002, CON Application, page 201)*

23. The Hospital proposes to fund the total capital expenditure of \$2,940,582 through an equity contribution from funded depreciation of \$640,582 and an operating lease of \$2,300,000. The monthly lease payments will be \$64,366.56 for a term of 72 months. *(February 11, 2002, CON Application, page 201)*

24. The Hospital is projecting the following incremental revenue related to the proposal:

| <b>Fiscal Year</b> | <b>Revenue Dollars</b> |
|--------------------|------------------------|
| 2003               | \$1,166,340            |
| 2004               | 1,452,654              |
| 2005               | 1,569,404              |

*(February 11, 2002, Completeness Responses, Form 13 D)*

25. The projected payer mix associated with the CON proposal is as follows:

| <b>Type of Payer</b> | <b>Payer Mix</b> |               |               |               |
|----------------------|------------------|---------------|---------------|---------------|
|                      | <b>Current</b>   | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
| Medicare             | 44.4             | 44.4          | 44.4          | 44.4          |
| Medicaid             | 9.6              | 9.6           | 9.6           | 9.6           |
| TriCare              | 0.04             | 0.04          | 0.04          | 0.04          |
| Commercial Insurers  | 35.8             | 35.8          | 35.8          | 35.8          |
| Self-Pay             | 6.7              | 6.7           | 6.7           | 6.7           |
| Workers Compensation | 0                | 0             | 0             | 0             |
| Uncompensated Care   | 3.5              | 3.5           | 3.5           | 3.5           |
| <b>Total</b>         | <b>100%</b>      | <b>100%</b>   | <b>100%</b>   | <b>100%</b>   |

*(February 11, 2002, CON Application, page 11)*

26. The anticipated schedule of the proposal is as follows:

| Activity     | Date             |
|--------------|------------------|
| Commencement | May 9, 2002      |
| Completion   | October 15, 2002 |
| Licensure    | October 30, 2002 |
| Occupancy    | October 31, 2002 |

*(February 11, 2002, Completeness Responses, page 3)*

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

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

27. There is no State Health Plan in existence at this time. *(February 11, 2002, CON Application, page 2)*
28. The Hospital has adduced evidence that this proposal is consistent with their long-range plans. *(February 11, 2002, CON Application, page 2)*
29. The Hospital has improved productivity and contained costs through energy conservation, group purchasing, reengineering, and the application of technology. *(February 11, 2002, CON Application, page 7)*
30. The proposal will not result in changes to the Hospital's current teaching and research responsibilities. *(February 11, 2002, CON Application, page 4)*
31. There are no distinguishing characteristics of the patient/physician mix of the Hospital. *(February 11, 2002, CON Application, page 2)*
32. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(February 11, 2002, CON Application, page 6)*

## Rationale

Hartford Hospital (“Hospital”) proposes to acquire Positron Emission Tomography and Computerized Tomography (“PET-CT”) scanning equipment and perform the associated renovations at a total proposed capital expenditure of \$2,940,582. PET-CT scanning is a new imaging modality that combines metabolic information with morphological information. The combination of these two imaging instruments is more accurate than having two examinations performed separately, thereby allowing patients to undergo a single, rapidly acquired evaluation.

The PET-CT scanner will greatly enhance the Hospital’s current cancer staging and discovery capabilities by permitting the detection and localization of malignant lesions that are not well categorized by other imaging modalities. It also offers extensive possibilities for improving the diagnosis and staging of tumors, identification and localization of disseminated disease, radiotherapy treatment planning, and monitoring the effects of chemotherapy and radiation therapy. This modality will spare unnecessary biopsies and surgery for cancer patients, thereby providing a higher quality of care for patient and health care cost savings. It will also offer similar benefits to both cardiac and neurology patients by better localizing dead or diseased tissue and refining the clinical course of treatment.

The introduction of the PET-CT technology is being made available through the Hospital’s developing relationship with General Electric, the equipment and software provider. The Hospital will be a beta site for the PET-CT equipment and has developed procedures and protocols related to the use of the PET-CT scanner. Implementation of the proposal will provide the residents of Connecticut and surrounding states access to the state-of-the-art imaging service.

The financial projections relating to the operational aspects of this project appear reasonable and achievable. The Hospital projects incremental increases in operating revenues relating to this project for the first three years of operation.

Based on the foregoing Findings and Rationale, the Certification of Need application of Hartford Hospital to establish a mobile Positron Emission Tomography – Computer Tomography scanning service at 80 Seymour Street, Hartford, is hereby **APPROVED**.

## Order

The request of Hartford Hospital to acquire Positron Emission Tomography-Computerized Tomography scanning equipment and perform associated renovations is approved subject to the following conditions:

1. The authorization shall expire May 16, 2003. Should the Hospital's project not be completed by that date, Hartford Hospital must seek further approval from OHCA to complete the project beyond that date.
2. Hartford Hospital shall not exceed the approved capital cost of \$2,940,582. In the event that Hartford Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, Hartford Hospital shall file with OHCA a request for approval of the revised project budget.
3. Hartford Hospital shall file with OHCA copies of all interim and final reports related to its status as a PET-CT beta site for General Electric for the length of the study.
4. Hartford Hospital shall file utilization statistics for the PET-CT scanning service on a quarterly calendar basis for two full years of operations. Each quarterly filing shall be submitted to OHCA by no later than one month following the end of each reporting period (e.g., January, April, July, and October). The initial report shall list the date on which the PET-CT scanning service commenced operation. The quarterly reports shall include the following:
  - Total number of scans scheduled for the PET-CT scanning service;
  - Total number of scans performed by the PET-CT scanning service;
  - Average patient waiting time from the scheduling of the scan to the performance of the scan;
  - Number of scans by patient zip code;
  - Hours and days of operation for each week and in total; and
  - Number of scans by Medicare diagnostic code.

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

May 16, 2002  
Date

Signed by:  
Raymond J. Gorman  
Commissioner