



Office Of Health Care Access Certificate of Need Application

Final Decision

Hospital: Greenwich Hospital

Docket Number: 02-537

Project Title: Acquisition of a Multi-Slice CT Scanner

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

Filing Date: November 8, 2002

Hearing Date: December 17, 2002

Decision Date: December 27, 2002

Default Date: February 6, 2002

Staff Assigned: Kimberly Martone and Steven Lazarus

Project Description: Greenwich Hospital. ("Hospital") proposes to acquire a multi-slice CT scanner at a total capital expenditure of \$3,600,000.

Nature of Proceedings: On November 8, 2002 the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Greenwich Hospital to acquire a multi-slice CT Scanner at a total capital expenditure of \$3,600,000. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

A public hearing regarding the CON application was held on December 17, 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 *The Greenwich Times*. Commissioner Mary M. Heffernan served as presiding officer for this case. The public 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 Section 19a-639, C.G.S.

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

Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings or from external sources of information. A source reference is included with each finding of fact. All CON Applicants must attest to the accuracy and correctness of the information submitted to OHCA as part of the CON application process.

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. Greenwich Hospital. ("Hospital") is an acute care hospital located at 5 Perryridge Road in Greenwich, Connecticut. *(June 13, 2002, Letter of Intent)*
2. The Hospital proposes to acquire a GE Lightspeed multi-slice CT Scanner and to renovate the Radiology Department to accommodate the new scanner, at a total capital expenditure of \$3,600,000. Upon implementation of this proposal, the Hospital will operate two CT scanners. *(June 13, 2002 Letter of Intent1)*
3. The Hospital currently offers a full service diagnostic imaging department. Diagnostic imaging studies are provided in the areas of plain film radiography, mammography, ultrasound, nuclear medicine, MRI scanning, Stereotactic breast biopsy as well as therapeutic services in Nuclear Medicine and Radiation Therapy. *(November 8, 2002 CON Application, Attachment 1)*
4. The Hospital's service area for CT services is the same as its overall hospital service area. There is not a different and distinct service area for CT services. *(Response to Interrogatories, December 10, 2002)*
5. The Hospital currently operates one single-slice CT scanner. This scanner is functioning at full capacity, seven days a week, with scans scheduled from early morning into the evening and urgent scans are performed after hours. The Hospital provides CT imaging Monday through Friday from 7:30 am to 6:00 pm as well as Saturdays and Sundays from 8:00 am to 5:00 pm. *(November 8, 2002 Response to Completeness, page 3 and Attachment 2)*

6. The proposed multi-slice CT scanner provides numerous advantages for the imaging of critically ill patients in an acute care facility: non-invasive vascular imaging, three dimensional imaging and ultra fast imaging of traumatized and unstable patients. *(November 8, 2002 CON Application, Attachment 1)*
7. The proposed multi-slice CT scanner will provide the following advantages:
 - Increase in speed of image data acquisition;
 - Reduction in imaging artifacts associated with patient movement; and
 - Reduction in contrast volumes.*(November 8, 2002 Response to Completeness, page 1)*
8. The Hospital based the need for the multi-slice CT scanner on the following:
 - Increased inpatient and emergency room volume;
 - Increased exam capacity; and
 - Provision of backup CT services for critically ill patients.*(November 8, 2002 CON Application, Attachment 1 and Response to Completeness, page 1)*
9. Since 1999, inpatient admissions at the Hospital have increased 30%. In the past three years emergency volume has increased by 35.6%. *(November 8, 2002 CON Application, Attachments 1&2)*
10. The Hospital has experienced 18% growth in the number of CT scans from Fiscal Year (“FY”) 1999 to FY 2000 and 34% growth from FY 2000 to FY 2001. The Hospital has experienced 10% growth to date (FY 2002) in the number of CT scans. *(November 8, 2002, CON Application, Attachment II)*
11. The Hospital performed 6,646, 7,864 and 10,262 CT scans in FYs 1999, 2000 and 2001, respectively. In FY 2002, the Hospital projects 11,378 total scans. *(November 8, 2002 CON Application, Attachment 2)*
12. Two vendors (GE Medical Systems and Philips Medical Systems) have indicated that the number of exams per hour on average is 2 with a single slice system. The Hospital performs an average of 2.15 scans per hour for the 5,100 scheduled hours. *(November 8, 2002 Response to Completeness, page 3)*
13. The Hospital is projecting a 6% growth rate per year over the next three fiscal years as follows: *(November 8, 2002 CON Application, Question 12C)*

Table 1: Projected CT Scan Volume

CT Scans	2003	2004	2005
Inpatient	2,856	2,943	3,021
Outpatient	9,205	9,842	10,531
Total	12,061	12,785	13,552

14. The Stamford Hospital commenced operation of a multi-slice CT scanner in June 2002. Because of differences in physician referral patterns the Hospital does not

anticipate an impact on Stamford Hospital. (*Response to Interrogatories, December 10, 2002*)

15. The Hospital proposes to renovate the Radiology Department to accommodate the new scanner and create other efficiencies. The proposed multi-slice CT scanner will be housed adjacent to the existing CT scanner, allowing for efficiencies in sharing staff, support services and resources. (*Prefile Testimony, Quinton Friesen, COO, Greenwich Hospital, December 10, 2002 and November 8, 2002 CON Application, Attachment 8*)
16. The Hospital will house the previously approved second MRI unit in the same building, which will allow for improved staff efficiency and patient access. (*November 8, 2002 CON Application, Attachment 8*)
17. Since 1999 the number of radiologists increased from four to seven due to the increase in volume experienced by the Hospital. The Hospital is projecting an incremental increase of 3 staff members (two technicians and one clerical). (*November 8, 2002 CON Application, Attachment 8*)
18. The proposal includes the construction of a second MRI vault within the same building. The remote MRI unit is currently located in the South Building. The South Building is scheduled to be demolished in 2005, upon completion of the Phase II Watson Building. (*November 8, 2002 CON Application, Attachment 8*)

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

19. The Hospital proposes to acquire the multi-slice CT scanner through the Hospital from funded depreciation. (*November 8, 2002 CON Application, Question 11 A*)
20. The CON proposal consists of the following capital cost components:

Table 2: Capital Cost Components

Description	Amount
CT Scanner (purchase)	\$1,400,000
Construction/Renovations	2,200,000
Total Capital Cost	\$3,600,000

(*November 8, 2002 CON Application, Question 9*)

21. The Hospital projects an excess of revenues incremental to the proposed service of \$84,438 and \$222,163 for FYs 2004 and 2005, respectively. (*Financial Pro-forma, November 8, 2002*)

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.:

22. There is no State Health Plan in existence at this time. *(November 8, 2002 CON Application, Question 2)*
23. The proposal is consistent with Hospital's long-range plan. *(November 8, 2002 CON Application, Question 3)*
24. The Hospital's proposal will not change the Hospital's teaching or research responsibilities. *(November 8, 2002 CON Application, Question 7A)*
25. There are no distinguishing characteristics of the patient/physician mix with regard to its diagnostic imaging center. *(November 8, 2002 CON Application, Question 7B)*
26. The Hospital has improved productivity and contained costs through energy conservation and reengineering. *(November 8, 2002 CON Application, Question 6)*
27. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(November 8, 2002 CON Application, Attachment 3)*
28. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. *(Financial Pro-forma, Question 12C)*

Rationale

Greenwich Hospital (“Hospital”) proposes to acquire a multi-slice CT scanner. The Hospital based its need on enhanced quality of images; increased inpatient and emergency room volume, increased exam capacity; and the provision of backup CT services for critically ill patients. The multi-slice CT scanner provides numerous advantages for the imaging of critically ill patients in an acute care facility including non-invasive vascular imaging, three dimensional imaging and ultra fast imaging of traumatized and unstable patients. The multi-slice CT scanner will increase speed of image data acquisition, reduce imaging artifacts associated with patient movement, and reduce contrast volumes. The Hospital currently operates a single slice CT scanner, which is operating at full capacity. Upon implementation of this proposal, the Hospital will operate two CT scanners.

The Hospital will renovate the Radiology Department to accommodate the new scanner and create other efficiencies. The multi-slice CT scanner will be housed adjacent to the existing CT scanner, allowing for efficiencies in sharing staff, support services and resources. The Hospital also will house the previously approved second MRI unit in the same building, which will allow for improved staff efficiency and patient access. OHCA finds that this proposal will improve the quality and accessibility of CT scanning and services provided by the Hospital by creating efficiencies and expanding the Hospital’s diagnostic imaging capability.

The CON proposal’s total capital expenditure of \$3,600,000 will be funded by the Hospital’s funded depreciation. The Hospital is projecting incremental earnings from operations of \$84,438 and \$222,163 for FYs 2004 and 2005 respectively for the first two years of operation of the new CT scanner. These projections appear to be both reasonable and achievable. Therefore, OHCA concludes that the CON proposal is financially feasible and cost effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital to acquire a multi-slice CT scanner, at a total capital expenditure of \$3,600,000, is hereby GRANTED.

Order

Greenwich Hospital is hereby authorized to acquire a multi-slice CT scanner, at a total capital expenditure of \$3,600,000, subject to the following conditions:

1. This authorization shall expire on January 23, 2004. Should the Hospital's new scanner not commence operation 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 \$3,600,000. 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

Date signed:
December 27, 2002

Signed by:
Mary M. Heffernan
Commissioner

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