



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: St. Vincent's Medical Center

Docket Number: 02-548

Project Title: Replacement Linear Accelerator

Statutory Reference: Section 19a-639, Connecticut General Statutes

Filing Date: October 31, 2002

Hearing: Waived

Decision Date: December 12, 2002

Default Date: January 29, 2003

Staff: Steven Lazarus and Laura Jaworski

Project Description: St. Vincent's Medical Center ("SVMC" or "Applicant") proposes to replace its existing linear accelerator with a unit that has Intensity Modulated Radiation Therapy ("IMRT") capability. The project's total proposed capital expenditure is \$3,009,362.

Nature of Proceedings: On October 31, 2002, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of St. Vincent's Medical Center, seeking authorization to replace its existing linear accelerator with a new unit that has IMRT capability. The total proposed capital expenditure is \$3,009,362. The Applicant is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

The Applicant 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(3) of OHCA's Regulations. On November 12,

2002, the Applicant was informed that the CON application was eligible for consideration of waiver of public hearing. A notice to the public was published in the *Connecticut Post* of Bridgeport. OHCA received no comments concerning the Applicant's request for waiver of public hearing during the public comment period, and therefore, on December 9, 2002, OHCA granted the Applicant'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

Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings or from other 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 on the Hospital's Current Utilization Statistics Contribution of the Proposal to the 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. St. Vincent's Medical Center ("SVMC") is an acute care hospital located at 2800 Main Street in Bridgeport, Connecticut. SVMC's parent corporation is St. Vincent's Health Services. *(August 1, 2002, Letter of Intent)*
2. The municipalities in SVMC's primary and secondary service areas include Bridgeport, Easton, Fairfield, Monroe, Shelton, Stratford, and Trumbull. *(August 1, 2002, Letter of Intent)*
3. SVMC currently operates a fully depreciated eleven-year-old G.E. Saturne linear accelerator. *(August 1, 2002, Letter of Intent and October 31, 2002, CON Application, page 2)*
4. SVMC's existing linear accelerator is no longer manufactured by G.E. Due to the unit's age, replacement repair parts are limited. *(August 1, 2002, Letter of Intent)*
5. Since January 2002, SVMC's existing linear accelerator has been inoperable for approximately twenty-four days. As a result, SVMC has experienced declining

- patient volumes as patients are referred to other units in the community for treatment. *(August 1, 2002, Letter of Intent and October 31, 2002, CON Application, pages 2-3)*
6. SVMC proposes to replace its G.E. Saturne linear accelerator with a Varian Clinac C series model equipped with IMRT capability. *(August 1, 2002, Letter of Intent)*
 7. The IMRT technology allows for the administration of more direct radiation to the tumor site, thereby protecting the normal tissue and reducing the harmful side effects. *(October 31, 2002, CON Application, page 2)*
 8. SVMC's linear accelerator treatments were 7,380, 7,244, and 6,597 for Fiscal Years ("FY") 2000, 2001, and 2002 (annualized), respectively. *(October 31, 2002, CON Application, page 4)*
 9. As the proposal involves the replacement of equipment, SVMC does not anticipate volume increases during the first three years of the project. Therefore, SVMC projects the annual volume to be the equivalent of FY 2002's volume, approximately 6,600 treatments. *(December 9, 2002, Supplemental Response)*
 10. Once the project commences and the room is renovated to accommodate the new unit, the existing linear accelerator will be taken out of service. *(August 1, 2002, Letter of Intent)*
 11. Renovations will not impact patient care. SVMC will make arrangements for its patients to use other linear accelerators in the Greater Bridgeport-area for the duration of the project. If necessary, transportation arrangements will be made as well. *(August 1, 2002, Letter of Intent and October 31, 2002, CON Application, page 7)*
 12. Within SVMC's service area, entities with linear accelerator capabilities include Bridgeport Hospital; Robert Russo, MD & Associates; and Trumbull Oncology. SVMC states that these providers will not be affected by the project. *(August 1, 2002, Letter of Intent and October 31, 2002, CON Application, page 3)*
 13. Radiation oncologists and therapists on staff at SVMC will provide the service. *(August 1, 2002, Letter of Intent)*
 14. The target date for project completion is August 2003. *(October 31, 2002, CON Application, page 7)*

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

15. The proposal has a total capital expenditure of \$3,009,362. The breakdown of capital costs is as follows: \$1,978,813 for the purchase of fixed equipment; \$600,000 for construction/renovations; and \$430,549 for the treatment planning and record and verifying systems. *(October 31, 2002, CON Application, page 6)*

16. The proposal's total construction/renovations cost of \$600,000 includes mechanical, electrical, radiation protection, and structural renovations. *(October 31, 2002, CON Application, page 7)*
17. Project financing will be entirely via funded depreciation. *(October 31, 2002, CON Application, page 8)*
18. SVMC projects losses incremental to the project of (\$187,000), (\$374,000), and (\$374,000) for Fiscal Years 2003, 2004 and 2005, respectively. The projected incremental losses are due to depreciation. *(October 31, 2002, CON Application, pages 9 and 76)*
19. SVMC's existing payer mix is not expected to change as a result of this project. *(August 1, 2002, Letter of Intent)*
20. SVMC's rates are sufficient to cover the proposed capital expenditure and operating costs. *(October 31, 2002, CON Application, page 76)*

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

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

21. There is no State Health Plan in existence at this time. *(October 31, 2002, CON Application, page 2)*
22. SVMC has adduced evidence that this proposal is consistent with its long-range plan. *(October 31, 2002, CON Application, page 2)*
23. SVMC participates in energy conservation, reengineering, group purchasing, and the application of technology programs to improve productivity and contain costs. *(October 31, 2002, CON Application, page 5)*
24. This proposal will not result in changes to SVMC's teaching and research responsibilities. *(October 31, 2002, CON Application, page 5)*
25. There are no distinguishing characteristics of SVMC's patient/physician mix. *(October 31, 2002, CON Application, page 5)*
26. SVMC has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(October 31, 2002, CON Application, pages 40-60, 76)*

Rationale

St. Vincent's Medical Center ("SVMC") proposes to replace its existing G.E. Saturne linear accelerator with a new unit equipped with Intensity Modulated Radiation Therapy ("IMRT") capability. The proposal does not involve the expansion or introduction of new services, but rather the replacement of existing equipment used in the treatment of patients with cancer. The total capital expenditure associated with this project is \$3,009,362.

SVMC's existing linear accelerator is eleven years old. Due to the equipment's age and limited replacement repair parts, SVMC's existing linear accelerator was inoperable for twenty-four days during calendar year 2002. The unit's downtime resulted in patient volume decreases because SVMC had to refer its patients to other linear accelerators in the area. As such, treatment volumes for Fiscal Years 2000, 2001, and 2002 (annualized) were 7,380, 7,244, and 6,597, respectively. SVMC proposes to replace its existing linear accelerator with a Varian Clinac C series model with IMRT capability. As the proposal involves the replacement of equipment, SVMC does not anticipate volume increases during the first three years of the project. SVMC projects the annual volume to be the equivalent of FY 2002, approximately 6,600 treatments. IMRT technology allows for the administration of more direct radiation to the tumor site, limiting the exposure of radiation to normal tissue. OHCA finds that this initiative will improve the overall quality of care to cancer patients in this region.

The capital expenditure associated with the project is \$3,009,362. Project financing will be via funded depreciation. Although SVMC projects losses incremental to the project of (\$187,000), (\$374,000), and (\$374,000) for FYs 2003, 2004, and 2005, respectively, these losses are due to depreciation. Therefore, OHCA finds that the proposal will not only improve the quality of health care services in the region, but that the proposal is also financially feasible.

Based on the foregoing Findings and Rationale, the Certificate of Need application of St. Vincent's Medical Center to replace its existing G.E. Saturne linear accelerator with a new unit with Intensity Modulated Radiation Therapy capability, at a total capital expenditure of \$3,009,362, is hereby GRANTED.

ORDER

St. Vincent's Medical Center is hereby authorized to replace its existing linear accelerator with a new unit with Intensity Modulated Radiation Therapy capability at a total capital expenditure of \$3,009,362, subject to the following conditions:

1. This authorization shall expire March 11, 2004. Should SVMC's project not be completed by that date, SVMC must seek further approval from OHCA to complete the project beyond that date.
2. SVMC shall not exceed the approved capital expenditure of \$3,009,362. In the event that SVMC learns of potential cost increases or expects that the final project costs will exceed those approved, SVMC shall file with OHCA a request for approval of the revised 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 12, 2002

Signed by:
Mary M. Heffernan
Commissioner

MMH:lj/sl