



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Norwalk Hospital

**Docket Number:** 02-565

**Project Title:** Establish Lithotripsy Service under Norwalk Hospital's License

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

**Filing Date:** February 11, 2003

**Hearing:** Waived

**Decision Date:** April 2, 2003

**Default Date:** May 12, 2003

**Staff Assigned:** Steven Lazarus

**Project Description:** Norwalk Hospital ("Hospital") proposes to establish a lithotripsy service to be operated under the Hospital's license. The total capital cost of the proposal is \$425,000, which represents the fair market value of the lithotripsy equipment.

**Nature of Proceedings:** On February 11, 2003 the Office of Health Care Access ("OHCA") received Norwalk Hospital's Certificate of Need ("CON") application seeking authorization to establish a lithotripsy service to be operated under the Hospital's license. 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 proposal was non-substantive as

defined in Section 19a-643-95(3) of OHCA's Regulations. On March 3, 2003, 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 Hour* (Norwalk). OHCA received no comments from the public concerning the Hospital's request for waiver of hearing during the public comment period, and therefore on March 21, 2003, OHCA granted the Hospital's request for waiver of hearing.

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

*Each finding of fact included in this Final Decision has been taken from the CON application and related CON filings. 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

#### **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. Norwalk Hospital ("Hospital") is a nonprofit acute care hospital located at Maple Street, Norwalk, Connecticut. *(February 5, 2003, CON Application, page1)*
2. The Hospital proposes to establish a lithotripsy service to be operated under the Hospital's license. *(February 5, 2003, CON Application, page 1)*
3. Lithotripsy services are currently provided at the Hospital by Yale-New Haven Hospital. This service was authorized on January 14, 2000 under Docket Number 99-544. As part of this arrangement, a Site Agreement between Yale-New Haven Hospital and the Hospital was negotiated for the provision of services on the Norwalk Hospital campus. *(October 21, 2002, CON Determination, 02-L3)*
4. The Hospital proposes to enter into an agreement with UMS United Medical Systems, Inc. ("Vendor") for the provision of the lithotripsy service. UMS United Medical Systems, Inc. currently provides the lithotripsy service that is operated by Yale-New Haven Hospital on the Hospital campus. *(February 11, 2003, CON Application Supplemental Information, page 14)*
5. The Hospital states the proposal will result in administrative simplification, increased patient satisfaction and financial improvement as follows:

- a. Under the current arrangement, the registration, scheduling and billing functions are under the control of Yale-New Haven Hospital. Registration and patient scheduling procedures are performed by Hospital personnel and submitted to Yale-New Haven Hospital.
  - b. The financial operations of program will improve because duplicative processes will be eliminated.
  - c. Even though the service is provided at the Hospital by Hospital urologists, the scheduling and prescreening calls and billing are managed by Yale-New Haven Hospital. This arrangement can lead to confusion for Norwalk Hospital patients. *(February 5, 2003, CON Application, page 5)*
6. The service area for this CON application is consistent with the Hospital's primary and secondary area. 85% of the urology service volume originates from the towns of Norwalk, New Canaan, Westport, Wilton and Weston. *(February 5, 2003, CON Application, page 6).*
  7. In FY 2002, ninety-six patients received lithotripsy treatments at the Hospital campus under the current operating arrangement. *(February 5, 2003, CON Application, pages 6,7 & 141)*
  8. The Hospital expects an annual growth of 6.7% for its lithotripsy service. The Hospital is projecting 102, 109 and 116 lithotripsy service patients per year for the first three years of operation. *(February 5, 2003, CON Application, pages 6,7 & 141)*
  9. Lithotripsy service is currently offered one day per week (Tuesday). There is no scheduled backlog. The Hospital anticipates no changes in hours of operation. *(February 5, 2003, CON Application, page 6)*

**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**

10. The total capital cost for this proposal is \$425,000 which represents the fair market value of the lithotripsy equipment: *(February 5, 2003, CON Application, page 6)*
11. The Hospital proposes to pay a per case rental fee to the Vendor for the use of the lithotripsy machine. A rental cost is incurred only upon usage of the lithotripsy machine. *(February 11, 2003, CON Application Supplemental Information, page 15)*
12. The Hospital is projecting the following incremental gain from operations related to the proposal:

**Table 1: Financial Projections by Fiscal Year**

| Fiscal Year | Revenue Dollars |
|-------------|-----------------|
|-------------|-----------------|

|      |          |
|------|----------|
| 2003 | \$12,291 |
| 2004 | 19,545   |
| 2005 | 27,553   |

*(February 5, 2003, CON Application, page 141)*

## **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.:

13. There is no State Health Plan in existence at this time. *(February 5, 2003, CON Application, page 2)*
14. The Hospital has adduced evidence that this proposal is consistent with their long-range plans. *(February 5, 2003, CON Application, page 2)*
15. The Hospital has improved productivity and contained costs through energy conservation, reengineering, and the application of technology. *(February 5, 2003, CON Application, page 11)*
16. The proposal will not result in changes to the Hospital's current teaching and research responsibilities. *(February 5, 2003, CON Application, page 12)*
17. There are no distinguishing characteristics of the patient/physician mix of the Hospital. *(February 5, 2003, CON Application, page 12)*
18. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(February 5, 2003, CON Application, page 11)*

## Rationale

Norwalk Hospital (“Hospital”) proposes to establish lithotripsy service under its own license. The total capital cost of the proposal is \$425,000, which represents the fair market value of the lithotripsy equipment.

Lithotripsy service is currently provided on the Hospital’s campus by Yale-New Haven Hospital. This service was authorized under Docket Number 99-544. Under the lithotripsy service arrangement with Yale-New Haven Hospital, a Site Agreement was negotiated for the provision of services on the Hospital campus. The Hospital is proposing to provide the same service to the same patient population. The implementation of the proposal will result in administrative simplification, increased patient satisfaction, and financial improvement.

The Hospital proposes to use the existing vendor, UMS United Medical Systems, Inc. (“Vendor”). The Hospital proposes to pay a per case rental fee for the use of the lithotripsy machine. A rental cost is incurred only upon usage of the lithotripsy machine. The fair market value of the lithotripsy equipment is \$425,000.

The Hospital’s volume projections are 102, 109 and 116 patients for the first three years of operation, respectively. The Hospital projects incremental gains from operation related to this project of \$12,291, \$19,545 and \$27,553 for the same time period. Based on the projected utilization for the proposal, these financial projections appear reasonable and achievable.

Based on the foregoing Findings and Rationale, the Certification of Need application of Norwalk Hospital to offer lithotripsy service under the Hospital’s license, is hereby **GRANTED**.

## Order

The request of Norwalk Hospital to establish lithotripsy service under Norwalk Hospital license, is approved subject to the following conditions:

1. The authorization shall expire April 2, 2004. Should the Hospital's project not be implemented by that date, Norwalk Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The approved capital cost is \$425,000, which represents the fair market of the equipment.

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:  
April 2, 2003

Signed by:  
Mary M. Heffernan  
Commissioner