



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Bristol Radiation Oncology Center, P.C.

Docket Number: 02-578

Project Title: Replacement of Radiation Oncology Equipment

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

Filing Date: January 31, 2003

Hearing: Waived

Decision Date: February 27, 2003

Default Date: May 1, 2003

Staff Assigned: Steven Lazarus

Project Description: Bristol Radiation Oncology Center, P.C. ("Applicant") proposes to replace the existing radiation oncology equipment located 25 Newell Road, Bristol, Connecticut, at a total capital cost of \$530,000.

Nature of Proceedings: On January 31, 2003, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Bristol Radiation Oncology Center, P.C. to replace existing radiation oncology equipment located 25 Newell Road, Bristol, Connecticut, at a total capital cost of \$530,000. 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 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 February 6, 2003, the Applicant 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 *Bristol Press*.

OHCA received no comments from the public concerning the Applicant's request for waiver of hearing during the public comment period, and therefore on February 21, 2003, OHCA granted the Applicant's request for waiver of hearing.

OHCA's authority to review and approve, modify or deny the CON application 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 of the Proposal on the Applicant'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. Bristol Radiation Oncology Center, P.C. ("Applicant") is a private physician's office that provides radiation oncology services at 25 Newell Road, Suite #C-11, Bristol. Bernard Percarpio, M. D. is the president of the PC and Jeffery Bitterman, M.D. is the Secretary/Treasurer of the PC. *(November 25, 2002, Letter of Intent, Page 93)*
2. The Applicant proposes to replace its existing radiation oncology equipment at a total capital cost of \$530,000. *(November 25, 2002 Letter of Intent, Page 8)*
3. In 1988 Bristol Hospital asked Bernard Percarpio, M.D. and Jeffery Bitterman, M.D. to open a radiation oncology facility in the medical office building at 25 Newell Road. In January 1989, Bristol Radiation Oncology Center, PC began to provide consultation and radiation oncology treatments. *(January 31, 2003, CON Application, page 4)*
4. Drs. Percarpio and Bitterman have consulting privileges at Bristol Hospital and admitting privileges at Waterbury Hospital and St. Mary's Hospital. *(January 31, 2003, CON Application, page 17)*
5. The Applicant's primary service area consists of Bristol, Terryville and Plainville. The secondary service area includes Southington and Burlington. *(January 31, 2003, CON Application, page 4)*
6. There are no other existing providers of radiation oncology treatment in the service area. The closest facilities offering radiation oncology treatment are located 12 to 24 miles from the Applicant in New Britain, Farmington, Waterbury or Hartford. *January 31, 2002, CON Application, page 5)*

7. The Applicant's existing radiation oncology equipment consists of a refurbished Varian Clinac 4 linear accelerator. The equipment was originally manufactured in 1979 and was refurbished at the time of installation in 1989. Parts replacement and maintenance are difficult due to the age of the equipment. Additionally, the existing equipment cannot perform some of the sophisticated treatment modalities. *(January 31, 2003, CON Application, page 5)*
8. The proposed replacement equipment consists of a Varian 600C Linear Accelerator and Millennium 80 Multileaf Collimator. *(January 31, 2003, CON Application, page 5)*
9. The proposed Varian 600C linear accelerator with Millennium 80 Multileaf Collimator has the potential to safely deliver 3-dimensional conformal radiation therapy (3D Conformal) and intensity modulated radiation therapy (IMRT). The Applicant states that the enhanced technology provides the following improvements to the delivery of care.
 - The newer computer driven treatment modalities can increase the probability of curing localized cancers while dramatically decreasing the potential side effects on adjacent normal tissues.
 - Both of these treatments are expected to become the standard-of-care for certain selected malignancies in the near future.*(January 31, 2003, CON Application, page 5)*

10. The utilization (patient treatments per year) of the existing unit is as follows:

Table 1: Utilization Statistics

Year	1998	1999	2000	2001	2002
Total	1802	2425	2794	2017	*1849

**During December 2002, no patients were treated
(January 31, 2003, CON Application, page 4)*

11. The Applicant's expect the utilization to remain constant.
(January 31, 2003, CON Application, page 35)
12. The Applicant's hours of operation are 8:00AM until noon, Monday through Friday with 24 hour emergency service available by the covering physicians. *(January 31, 2003, CON Application, Page 5)*

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

13. The Applicant's proposal includes the following capital cost components: *(January 31, 2003, CON Application, Page 30)*

Table 2: Applicant's Total Proposed Capital Cost

Description	Amount
Medical Equipment	\$465,000
Construction/Renovation	65,000
Total Capital Expenditure	\$530,000

14. The capital cost of \$530,000 will be financed with an equity contribution of \$130,000 from the Applicant's operating funds and a \$400,000 conventional loan. The loan has a three-year term and an interest rate of 5%. *(January 31, 2003, CON Application, Page 31)*
15. The Applicant projects total facility revenue from operations, total operating expense and revenue under expense associated with the CON proposal as follows: *(January 31, 2003, CON Application, Pages 33 & 35)*

Table 3: Applicant's Total Facility Financial Projections for FY 2003, FY 2004 and FY 2005

Description	FY 2003	FY 2004	FY 2005
Revenue from Operations with the Proposal	\$725,000	\$725,000	\$725,000
Total Operating Expense with the Proposal	804,500	813,200	813,300
Revenue Over/(Under) Expense with the Proposal	\$ (79,500)	\$(88,200)	\$ (88,300)

16. In the absence of other changes, the Applicant proposes to reduce the physicians' income to offset any incremental losses. *(January 31, 2003, CON Application, page 35)*
17. The Applicant anticipates that the replacement radiation oncology equipment will be installed by April 1, 2003. *(November 25, 2002, Letter of Intent, Page 3)*

18. The Applicant's projected payer mix during the first three years of operation of the replacement radiation oncology equipment is as follows: *(January 31, 2003, CON Application, Page 32)*

Table 4: Applicant's Three-Year Projected Payer Mix

Payer Mix	Year 1	Year 2	Year 3
Medicare	54.5%	54.5%	54.5%
Medicaid	5.5%	5.5%	5.5%
TriCare			
Total Government	60%	60%	60%
Commercial Insurers	40%	40%	40%
Self-Pay			
Workers Compensation			
Total Non-Government	40%	40%	40%
Uncompensated Care			
Total Payer Mix	100%	100%	100%

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.:

19. There is no State Health Plan in existence at this time. *(January 31, 2003, CON Application, Page 4)*
20. The Applicant has adduced evidence that the proposal is consistent with the Applicant's long-range plan. *(January 31, 2003, CON Application, Page 4)*
21. The Applicant indicates that the proposal will not affect its teaching responsibilities. *(January 31, 2003, CON Application, Page 20)*
22. There are no distinguishing or unique characteristics of the Applicant's patient/physician mix related to the proposal. *(January 31, 2003, CON Application, Page 20)*
23. The Applicant has not undertaken any activities in the past year to improve productivity and contain costs that involve energy conservation, reengineering, group purchasing and the application of technology. *(January 31, 2003, CON Application, Page 17)*
24. The Applicant has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(January 31, 2003, CON Application, Pages 17 and 19)*

Rationale

Bristol Radiation Oncology Center, P.C. ("Applicant") proposes to replace the existing radiation oncology equipment located in Bristol at a total capital cost of \$530,000.

The Applicant is currently using a Varian Clinac 4 linear accelerator which was manufactured in 1979 and refurbished at the time of installation in 1989. Maintenance and parts replacement are increasingly difficult for the aging piece of equipment. More importantly, the existing Varian Clinac 4 cannot perform sophisticated treatments. The proposed Varian 600C linear accelerator with Millennium 80 Multileaf Collimator has potential to safely deliver 3 dimensional conformal radiation therapy (3D Conformal) and intensity modulated radiation therapy (IMRT). The newer computer driven treatment modalities can increase the probability of curing localized cancers while dramatically decreasing the potential side effects on adjacent normal tissues. Both treatments are expected to become the standards-of-care for certain selected malignancies in the near future.

The hours of operation for the facility are Monday through Friday, 8:00 a.m. through 12 noon with 24-hour emergency service available by the covering physicians. There are no scheduled backlogs. There are no other existing providers in the service area and patients desiring radiation treatment elsewhere must travel 12 to 24 miles. OHCA concludes that the CON proposal will improve both the quality and accessibility of radiation therapy services in the service area.

For the years 1998 through the year 2002, the Applicant provided 1802, 2425, 2794, 2017 and 1849 patient treatments respectively. The Applicant expects the utilization to stay constant and not increase due to the proposed replacement. The Applicant projects total facility revenue losses of \$79,500, \$88,200 and \$88,300 for FY's 2003, 2004 and 2005. In the absence of other changes, the Applicant proposes to reduce the physicians' income to offset any incremental losses. The utilization and the financial projections relating to the operational aspects of this project appear to be reasonable and achievable.

Based on the foregoing Findings and Rationale, the Certificate of Need application of the Bristol Radiation Oncology Center, P.C. for the replacement of its radiation oncology equipment located at 25 Newell Road, Bristol, is hereby **GRANTED**.

Order

Bristol Radiation Oncology Center, P.C. ("Applicant") is hereby authorized to replace its existing radiation oncology equipment at its office located at 25 Newell Road, Bristol, at a total capital cost of \$530,000, subject to the following conditions:

1. This authorization shall expire on February 27, 2004. Should the Applicant's radiation oncology equipment replacement project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved capital cost of \$530,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised CON project budget.
3. This authorization requires the removal of the Applicant's existing radiation oncology equipment for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant's Bristol office or any other affiliated office practice location. Furthermore, the Applicant will provide evidence to OHCA of the disposition of the existing Varian Clinac 4 linear accelerator by no later than six months after the new replacement linear accelerator has become operational.

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:
February 27, 2003

Signed by:
Mary M. Heffernan
Commissioner