



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Hospital:** Saint Francis Hospital and Medical Center

**Docket Number:** 03-30051

**Project Title:** Acquisition of a second 1.5 Tesla Magnetic Resonance Imaging Unit

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

**Filing Date:** July 11, 2003

**Decision Date:** August 18, 2003

**Default Date:** October 10, 2003

**Staff Assigned:** Paolo Fiducia

**Project Description:** Saint Francis Hospital and Medical Center (“Hospital”) proposes to acquire a second fixed 1.5 Tesla Magnetic Resonance Imaging Unit at a total capital expenditure of \$2,946,809.

**Nature of Proceedings:** On July 11, 2003 the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Saint Francis Hospital and Medical Center (“Hospital”) for the acquisition of a second fixed 1.5 Tesla Magnetic Resonance Imaging Unit at a total capital expenditure of \$2,946,809. 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. A notice to the

public was published on July 28, 2003 in *The Hartford Courant* (Hartford). OHCA received no comments concerning the Hospital's request for waiver of public hearing during the public comment period and therefore, on August 13, 2003, OHCA granted the Hospital's request for waiver of public hearing.

OHCA's authority to review, 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

### 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. Saint Francis Hospital and Medical Center ("Hospital") is an acute care hospital located at 114 Woodland Street in Hartford, Connecticut. *(April 11, 2003, Letter of Intent)*
2. The Hospital proposes to acquire a Siemens Sonata 1.5 Tesla Magnetic Resonance Imaging Unit, at a total capital expenditure of \$2,946,809. Upon implementation of this proposal, the Hospital will operate two fixed and one mobile MRI machines. *(April 11, 2003 Letter of Intent)*
3. The Hospital has been offering MRI services for over 10 years. The Hospital currently operates one fixed MRI machine. The existing and proposed hours of operation for its fixed MRI operation is 6:00am - 11:00 pm Monday-Sunday. *(July 11, 2003 CON Application, page 004)*
4. In addition, the Hospital provides seven days a week of mobile MRI services at various sites in its health service area including the Health Enhancement Center at 95 Woodland Street, the Mount Sinai campus on 500 Blue Hills Avenue in Hartford, and office locations in Enfield and Avon. *(July 11, 2003 CON Application, page 004)*
5. The Hospital seeks permission to add a second fixed MRI machine to meet its increasing demand for MRI services. *(July 11, 2003 CON Application, page 004)*
6. The Hospital plans to install this second machine adjacent to its existing MRI on the first floor of Saint Francis Hospital and Medical Center, at 114 Woodland Street in Hartford, Connecticut. *(July 11, 2003 CON Application, page 004)*

7. According to the Hospital, this project will not affect other area providers as the Hospital will use this equipment to serve its existing patient base. *(April 11, 2003 Letter of Intent, page 7)*
8. The addition of a second fixed MRI will allow Saint Francis Hospital and Medical Center to eliminate MRI backlogs, particularly to inpatients, thus assisting the hospital in managing its length of stay and reducing its back log of MRI requests. *(July 11, 2003 CON Application, page 004)*
9. The proposed MRI technology is state of the art equipment that supports patient diagnoses in the areas of cardiology, neurology, obstetrics and many other specialties. *(July 11, 2003 CON Application, page 005)*
10. This new scanner will allow for faster image acquisition times and a higher resolution. It has advanced coil gradients which provide increased quality for breast, cardiac and MR Angiography imaging. *(July 11, 2003 CON Application, page 004)*
11. This new scanner has the combination of high performance gradient systems with advanced reconstruction software which allows the assessment of vessels as an alternative to conventional contrast angiography. This technology advancement is beneficial to patients with a history of renal insufficiency, allergy to iodinated contrast media, or those who are at risk for embolic complications from catheter manipulations or for follow up studies. *(July 11, 2003 CON Application, page 004)*
12. The Hospital based the need for a second fixed MRI unit on the following:
  - Increased inpatient volume;
  - Increased exam time; and
  - Existing backlog of MRI patients.*(July 11, 2003 CON Application, page 007)*
13. Since 1998, Saint Francis Hospital and Medical Center's MRI volume has increased and it now serves over 10,000 patients each year. In FY 1999 there were 9,046 total MRI visits while in FY 2002 Saint Francis Hospital and Medical Center experienced 10,559 total MRI visits. This is an increase of 1,514 visits or a 16.7%. *(April 11, 2003 Letter of Intent, page 7)*
14. The Hospital projects the fixed MRI volume will increase 11% by FY 2003 and by 16% in year FY 2005 based on increase in demand for MRI technology as well as additional applications of this technology, particularly for inpatients. *(July 11, 2003, CON Application, page 008)*

**Table 1: Projected MRI Volume**

| <b>MRI Scans</b> | <b>2003</b>   | <b>2004</b>   | <b>2005</b>   |
|------------------|---------------|---------------|---------------|
| Fixed MRIs       | 6,462         | 7,173         | 8,321         |
| Mobile MRIs      | 3,908         | 3,908         | 3,908         |
| <b>Total</b>     | <b>10,370</b> | <b>11,081</b> | <b>12,229</b> |

15. The project will contain four phases:
- Phase I       Rearrangement of offices to clear space
  - Phase II       Relocation of the CAT scan unit and its control room
  - Phase III      Installation of the new MRI in the area vacated by the CAT scan unit
  - Phase IV      Installation of support space for both MRI and CAT scans. *(July 11, 2003, CON Application, page 014)*

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

**Table 2: Project Schedule**

| <b>Activity</b>           | <b>Date</b>       |
|---------------------------|-------------------|
| Construction Commencement | November 30, 2003 |
| Construction Completion   | May 30, 2004      |
| DPH Licensure             | June 15, 2004     |
| Operations Date           | June 30, 2004     |

*(July 11, 2003 CON Application, page 015)*

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

17. The Hospital proposes to acquire the second fixed MRI unit via funded depreciation. *(July 11, 2003 CON Application, page 016)*
18. The CON proposal consists of the following capital cost components:

**Table 2: Capital Cost Components**

| <b>Description</b>            | <b>Amount</b>      |
|-------------------------------|--------------------|
| Imaging Equipment MRI Scanner | \$2,070,000        |
| Non-Medical Equipment         | \$51,448           |
| Construction/Renovations      | \$825,361          |
| <b>Total Capital Cost</b>     | <b>\$2,946,809</b> |

*(July 11, 2003 CON Application, page 014)*

## 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. *(July 11, 2003 CON Application, page 003)*
20. The proposal is consistent with Hospital's long-range plan. *(July 11, 2003 CON Application, page 003)*
21. The Hospital's proposal will not change the Hospital's teaching or research responsibilities. *(July 11, 2003 CON Application, page 012)*
22. There are no distinguishing characteristics of the patient/physician mix with regard to its diagnostic imaging center. *(July 11, 2003 CON Application, page 013)*
23. The Hospital has improved productivity and contained costs through energy conservation, reengineering, application of technology and group purchasing. *(July 11, 2003 CON Application, page 011)*
24. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(July 11, 2003 CON Application, page 010)*
25. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. *(Financial Pro-forma, Question 13B)*

## Rationale

Saint Francis Hospital and Medical Center (“Hospital”) proposes to acquire a second fixed MRI scanner. The Hospital based its need on its increasing demand for MRI services, increased inpatient volume, increased exam time, and existing backlog of MRI patients. The proposed 1.5 Tesla Magnetic Resonance Imaging Unit is state of the art equipment that supports patient diagnoses in the areas of cardiology, neurology, obstetrics and many other specialties. This new scanner has advanced technology which allows for faster image acquisition times and a higher image resolution. The MRI has advanced coil gradients which provides higher increased quality images for breast, cardiac and MR Angiography exams. The combination of the high performance gradient systems with advanced reconstruction software allows the assessment of vessels as an alternative to conventional contrast angiography. This technologic advancement is beneficial to patients with a history of renal insufficiency, allergy to iodinated contrast media, or those who are at risk for embolic complications from catheter manipulations or for follow up studies. It is fast, non-invasive, and may contribute to reduction of health care costs. This project will not affect other area providers as Saint Francis Hospital and Medical Center will use this equipment to serve its existing patient base. In addition, the health care delivery system in Connecticut will benefit from this proposal as patients will be able to be served on state of the art equipment without lengthy delays. The Hospital currently operates fixed and mobile MRI units, and is operating at full capacity. Upon implementation of this proposal, the Hospital will operate two fixed and one mobile MRI units.

The Hospital will renovate the existing imaging suite located on the first floor of Saint Francis Hospital and Medical Center to add a new magnet room and will relocate the existing CT scanner to create operational efficiencies. OHCA finds that this proposal will improve the quality and accessibility of MRI units and services provided by the Hospital by creating efficiencies and expanding the Hospital’s MRI capability.

The CON proposal’s total capital expenditure of \$2,946,809 will be funded by the Hospital’s funded depreciation. The fixed MRI volume is projected to grow 11% in year FY 2003 and 16% in year FY 2005, given the expected increase in demand for MRI technology as well as additional applications of this technology particularly to inpatients. 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 Saint Francis Hospital and Medical Center to acquire a second fixed 1.5 Tesla Magnetic Resonance Imaging Unit, at a total capital expenditure of \$2,946,809, is hereby GRANTED.

## Order

Saint Francis Hospital and Medical Center is hereby authorized to acquire a second fixed 1.5 Tesla Magnetic Resonance Imaging Unit, at a total capital expenditure of \$2,946,809, subject to the following conditions:

1. This authorization shall expire on December 31, 2004. Should the Hospital's new fixed MRI unit 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 \$2,946,809. 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:  
August 18, 2003

Signed by  
Mary M. Heffernan  
Commissioner

MMH:pf