



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Hospital:** Connecticut Children's Medical Center

**Docket Number:** 03-30090-CON

**Project Title:** MRI Unit Addition, CT Scanner Replacement,  
Radiology Department Renovation

**Statutory Reference:** Sections 19a-638 & 19a-639 of the Connecticut  
General Statutes

**Filing Date:** October 3, 2003

**Decision Date:** January 2, 2004

**Default Date:** January 2, 2004

**Staff Assigned:** Paolo Fiducia

**Project Description:** Connecticut Children's Medical Center ("Hospital") proposes to acquire a fixed 1.5 Tesla Magnetic Resonance Imaging Unit, replace a CT Scanner and renovate the Radiology Department at a total capital expenditure of \$4,117,071.

**Nature of Proceedings:** On October 3, 2003 the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Connecticut Children's Medical Center ("Hospital") to acquire a fixed 1.5 Tesla Magnetic Resonance Imaging Unit, replace a CT Scanner and renovate the Radiology Department at a total capital expenditure of \$4,117,071.

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 October 17, 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 November 5, 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. Connecticut Children's Medical Center ("Hospital") is a pediatric acute care hospital located at 282 Washington Street in Hartford, Connecticut. (*June 4, 2003, Letter of Intent, Attachment B*)
2. The Hospital proposes to acquire a fixed 1.5 Tesla Magnetic Resonance Imaging Unit, replace a CT Scanner and renovate the Radiology Department at a total capital expenditure of \$4,117,071. (*June 4, 2003 Letter of Intent, Attachment B*)

### **MRI Unit Addition**

3. Currently Hartford Hospital provides MRI services for Connecticut Children's Medical Center inpatients and is the primary source for outpatient pediatric referral. Inpatients requiring MRI service have to be fit into the schedule at Hartford Hospital and transported a relatively long distance to receive this service. (*October 3, 2003 CON Application, Tab 3*)
4. Children receiving MRI services require conscious sedation or anesthesia. The proposed service will be designed to address these needs. (*October 3, 2003 CON Application, Tab 3*)
5. There is a six to eight week wait for outpatient MRI procedures. Hartford Hospital performs approximately 1100-1300 pediatric exams annually. (*October 3, 2003 CON Application, Tab 3*)
6. The impact to the existing providers in the area will be negligible as many imaging areas do a small volume of pediatric cases. Hartford Hospital is supportive of this

- proposal because it will increase the availability of the MRI unit for its patients. *(October 3, 2003 CON Application, page 3)*
7. The existing and proposed hours of operation for its fixed MRI is 7:00am - 7:00 pm Monday-Friday for out patient and 24/7 Monday-Sunday for inpatient and emergencies. *(October 3, 2003 CON Application, page 3)*
  8. The Hospital proposes to acquire a fixed Siemens 1.5 Tesla Magnetic Resonance Imaging Unit at a capital cost of \$2,000,000. *(October 3, 2003 CON Application, page 4)*
  9. The Hospital states that MRI volumes are projected to increase at the rate of approximately 2.5% per year. *(October 3, 2003 CON Application, page 11)*

### **CT Scan Replacement**

10. Connecticut Children's Medical Center has an existing CT Scanner that is seven years old. *(October 3, 2003 CON Application, Tab 3)*
11. The proposed CT Scanner will be a Siemens Multi-slice at a capital cost of \$800,000. *(June 4, 2003 Letter of Intent, Attachment B)*
12. The upgrade to a multi-slice scanner will allow for quicker test times and better resolution on complex cases. *(June 4, 2003 Letter of Intent, Attachment B)*
13. Currently Connecticut Children's Medical Center performs approximately 3500 CT scans annually. The proposed CT Scanner will allow patients to be scanned using less sedation and anesthesia. *(October 3, 2003 CON Application, Tab 3)*
14. The existing and proposed hours of operation for its CT Scan is 7:00am - 7:00 pm Monday-Friday for out patient and 24/7 Monday-Sunday for inpatient and emergencies. *(October 3, 2003 CON Application, page 3)*
15. The Hospital expects that CT Scanner volumes will remain constant. *(October 3, 2003 CON Application, page 11)*

### **Radiology Renovations**

16. This project represents a renovation of approximately 2,500 s.f. on the first floor of the Connecticut Children's Medical Center. *(October 3, 2003 CON Application, Tab 9)*
17. The project scope will add an MRI unit to the facility and replace the existing CT Scanner. In addition, a larger prep/recovery area will be developed to support the required sedation of patients undergoing these scans. *(October 3, 2003 CON Application, Tab 9)*
18. The project will contain two phases:

- Phase I Renovation/construction of the existing radiology room to support the new CT Scanner
- Phase II Removal of the old CT Scanner and renovation/construction of the area to support the new MRI unit and prep/recovery area. *(October 3, 2003, CON Application, Tab 9)*

19. During construction, care delivery down-time will be minimal. Patients can be sent to Hartford Hospital as needed. Once renovations are completed, the introduction of MRI services will allow for quick access, especially for in-patients who no longer need to travel to Hartford Hospital for emergent MRI services. *(October 3, 2003, CON Application, page 8)*

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

**Table 1: Project Schedule**

<b>Activity</b>	<b>Date</b>
Construction Commencement	February, 2004
Construction Completion	July, 2004
DPH Licensure	July, 2004
Operations Date	August, 2004

*(October 3, 2003 CON Application, page 8)*

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

21. The Hospital proposes to fund this project via conventional loan with an interest rate of 3.63%. *(October 3, 2003 CON Application, page 10)*

22. The CON proposal consists of the following capital cost components:

**Table 2: Capital Cost Components**

<b>Description</b>	<b>Amount</b>
Imaging Equipment (Purchase)	\$2,751,130
Construction/Renovations	\$1,010,000
Capitalized Financing Cost	\$355,941
<b>Total Capital Exp. With Cap. Fin. Cost</b>	<b>\$4,117,071</b>

*(October 3, 2003 CON Application, page 7)*

## 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.:

23. There is no State Health Plan in existence at this time. *(October 3, 2003 CON Application, page 2)*
24. The proposal is consistent with Hospital's long-range plan. *(October 3, 2003 CON Application, page 2)*
25. The proposal will not change the Hospital's teaching or research responsibilities. *(October 3, 2003 CON Application, page 6)*
26. The distinguishing characteristic of the patient/physician mix is that the hospital only provides pediatric services. *(October 3, 2003 CON Application, page 6)*
27. The Hospital has improved productivity and contained costs through reengineering. *(October 3, 2003 CON Application, page 5)*
28. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(October 3, 2003 CON Application, page 4)*

## Rationale

Connecticut Children's Medical Center ("Hospital") proposes to acquire a fixed 1.5 Tesla Magnetic Resonance Imaging Unit, replace a CT Scanner and renovate the Radiology Department. Currently Hartford Hospital provides MRI services for Connecticut Children's Medical Center inpatients and is the primary source for outpatient pediatric referral. Connecticut Children's Medical Center inpatients have to be fit into the MRI schedule at Hartford Hospital and transported a relatively long distance to receive this service. Hartford Hospital performs approximately 1100-1300 pediatric exams annually. At the present time there is a six to eight week wait for outpatient pediatric MRI. This project will have a very small impact to the existing providers in the area as many imaging areas do a small volume of pediatric cases. Hartford Hospital is supportive of this proposal because it will increase the availability of the MRI unit for its patients. The addition of MRI services at the Hospital will improve quality and accessibility of care for pediatric patients.

With respect to the CT Scanner replacement and the Radiology Department renovations, Connecticut Children's Medical Center has an existing CT Scan that is seven years old. Connecticut Children's Medical Center performs approximately 3500 CT scans annually. The proposed CT Scanner will allow patients to be scanned using less sedation and anesthesia. The upgrade to a multi-slice scanner will allow for quicker test times and better resolution on complex cases. The Radiology renovation project represents a renovation of approximately 2,500 square feet on the first floor of the Connecticut Children's Medical Center. The renovations will be designed to address the needs of children. The project scope will add an MRI unit to the facility and replace the existing CT Scanner. In addition, a larger prep/recovery area will be developed to support the required sedation of patients undergoing these scans. Inpatient needs would be met without needing to transport patients to Hartford Hospital. This will allow for services to be rendered in a controlled and safe environment. The addition and upgrade of these services will improve the Hospital's ability to serve the children within the State of Connecticut.

The CON proposal's total capital expenditure of \$4,117,071 will be funded by conventional loan. The Hospital states that MRI volumes are projected to increase at the rate of approximately 2.5% per year. The CT scan volumes are expected to remain flat. 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 Connecticut Children's Medical Center ("Hospital") proposes to acquire a fixed 1.5 Tesla Magnetic Resonance Imaging Unit, replace a CT Scan and renovate the Radiology Department at a total capital expenditure of \$4,117,071, is hereby GRANTED.

## Order

Connecticut Children's Medical Center is hereby authorized to acquire a fixed 1.5 Tesla Magnetic Resonance Imaging Unit, replace a CT Scanner and renovate the Radiology Department at a total capital expenditure of \$4,117,071, subject to the following conditions:

1. This authorization shall expire on December 31, 2004. Should the Hospital's project 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 \$4,117,071. 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:  
January 2, 2004

Signed by  
Cristine A. Vogel  
Commissioner

CAV:pf