



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Bridgeport Hospital

Docket Number: 03-30138-CON

Project Title: Replacement Nuclear Camera System

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

Filing Date: October 15, 2003

Hearing: Waived

Decision Date: November 4, 2003

Default Date: January 13, 2004

Staff: Laura Jaworski and Steven Lazarus

Project Description: Bridgeport Hospital (“Hospital”) proposes to replace its existing nuclear camera system with a GE Medical Systems Millennium Series VG-3 dual-head camera. The project’s total proposed capital cost is \$435,588.

Nature of Proceedings: On October 15, 2003, the Office of Health Care Access (“OHCA”) received Bridgeport Hospital’s Certificate of Need (“CON”) application seeking authorization to replace its existing nuclear camera system with a GE Medical Systems Millennium Series VG-3 dual-head camera. The total proposed capital cost is \$435,588. 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 October 16, 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 *Connecticut Post* of Bridgeport. OHCA received no comments concerning the Hospital's request for waiver of public hearing during the public comment period, and therefore on November 4, 2003, OHCA granted the Hospital'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

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. Bridgeport Hospital ("Hospital") is an acute care hospital located at 267 Grant Street in Bridgeport, Connecticut. The Hospital's parent corporation is Bridgeport Hospital & Healthcare Services. (*July 1, 2003, Letter of Intent, pages 1 and 8*)
2. The municipalities in the Hospital's primary and secondary service areas include Ansonia, Bethel, Bridgeport, Derby, Easton, Fairfield, Milford, Monroe, Newtown, Orange, Redding, Seymour, Shelton, Stratford, Trumbull, Weston, Westport, and Wilton. (*October 10, 2003, CON Application, page 3*)
3. The Hospital proposes to replace its existing nuclear camera system with a GE Medical Systems Millennium Series VG-3 dual-head camera. (*October 10, 2003, CON Application, page 2*)
4. The Hospital's current nuclear camera equipment is thirteen years old. Due to the equipment's age, it is considered to be beyond the manufacturer's useful life, and replacement parts are difficult to obtain. (*July 1, 2003, Letter of Intent, pages 8 and 9 and October 10, 2003, CON Application, page 2*)
5. The new nuclear camera system will be used for general nuclear medicine and will allow for higher resolution as well as greater throughput for whole body, planar, and SPECT imaging. (*October 10, 2003, CON Application, page 2*)

6. The Hospital’s nuclear imaging procedures are as follows for Fiscal Years (“FY”) 2000, 2001, 2002, and 2003 (eleven months annualized):

Table 1: Nuclear Imaging Procedures

Fiscal Year	Inpatient	Outpatient	Total Procedures
2000	1,138	942	2,080
2001	1,128	783	1,911
2002	964	653	1,617
2003*	947	564	1,511

* Annualized
(October 10, 2003, CON Application, page 3)

7. The Hospital projects 1,511 nuclear imaging procedures for FYs 2004, 2005, and 2006. These projections are based upon FY 2003 annualized volume. *(October 10, 2003, CON Application, page 6)*
8. Within the Hospital’s service area, other providers of nuclear camera imaging services include hospitals with nuclear medicine departments, private radiology practices, and three cardiology groups. As the proposal is for replacement equipment, the project will have no impact upon the area’s existing providers. *(October 10, 2003, CON Application, page 6)*
9. The staff of the nuclear medicine department will continue to provide services. *(July 1, 2003, Letter of Intent, page 9)*
10. The proposed hours of operation are Monday through Friday 7:30 am to 4:30 pm, and 9 am to 1 pm on weekends and holidays. *(October 10, 2003, CON Application, page 5)*

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

11. The Hospital’s proposal consists of the following capital cost components:

Table 2: Total Cardiac Expenditure

Description	Amount
Construction/Renovation	\$63,555
Total Capital Expenditure	\$63,555
Imaging Equipment [Lease (FMV)]	\$372,033
Total Capital Cost	\$435,588

(October 10, 2003, CON Application, page 11)

12. The proposal's total construction/renovation cost of \$63,555 is to increase the floor loading capacity to accommodate the new, heavier equipment. *(July 1, 2003, Letter of Intent, page 8)*
13. The proposal's total capital cost of \$435,588 will be financed with an equity contribution of \$63,555 from the Hospital's operating funds, and through equipment lease financing of \$372,033, which represents the fair market value of the leased GE Medical Systems Millennium Series VG-3 dual-head nuclear camera. *(October 10, 2003, CON Application, pages 11 and 12)*
14. Regarding the Hospital's lease financing arrangement, the interest rate will be 2.68%, for a monthly payment of \$6,200.55, for a term of five years. *(October 10, 2003, CON Application, page 12 and Attachment 7)*
15. The Hospital projects losses incremental to the project of (\$90,792), (\$89,004), and (\$87,167) for FYs 2004, 2005, and 2006, respectively. The projected incremental losses are associated with interest expense and depreciation. *(October 10, 2003, CON Application, page 106 and October 15, 2003, Supplemental Response, Question 2)*
16. The Hospital's projected payer mix for the first three years of operation associated with the CON proposal is as follows:

Table 3: Payer Mix Percentages

Payer Source	Year One	Year Two	Year Three
Medicaid	51.4%	51.4%	51.4%
Medicare	14.9%	14.9%	14.9%
Commercial Insurers	31.9%	31.9%	31.9%
Self-Pay	1.8%	1.8%	1.8%
Total Payer Mix	100.0%	100.0%	100.0%

(October 10, 2003, CON Application, page 13)

17. The Hospital will bill for the proposed service. *(October 10, 2003, CON Application, page 10)*
18. The Hospital intends to sell the old nuclear camera equipment at fair market value through a used equipment dealer. *(October 15, 2003, Supplemental Response, Question 1)*
19. The Hospital has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(October 10, 2003, CON Application, page 106 and Attachment 2 and October 15, 2003, Supplemental Response, Question 2)*

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.:

20. There is no State Health Plan in existence at this time. *(October 10, 2003, CON Application, page 2)*
21. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(October 10, 2003, CON Application, page 2)*
22. The Hospital participates in energy conservation, reengineering, group purchasing, and the application of technology programs to improve productivity and contain costs. *(October 10, 2003, CON Application, page 9)*
23. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(October 10, 2003, CON Application, page 9)*
24. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(October 10, 2003, CON Application, page 9)*

Rationale

Bridgeport Hospital (“Hospital”) proposes to replace its existing nuclear camera system with a GE Medical Systems Millennium Series VG-3 dual-head camera. The proposal does not involve the expansion or introduction of new services, but rather the replacement of existing equipment. The total capital cost associated with this project is \$435,588.

The Hospital’s existing nuclear camera equipment is thirteen years old. Due to the equipment’s age, it is considered to be beyond the manufacturer’s useful life, and replacement parts are difficult to obtain. The Hospital proposes to replace its existing equipment with a GE Medical Systems Millennium Series VG-3 dual-head camera. Based upon Fiscal Year (“FY”) 2003 annualized volume, the Hospital projects 1,511 nuclear imaging procedures for FYs 2004, 2005, and 2006. As the replacement nuclear camera equipment will allow for higher resolution and greater throughput for whole body, planar, and SPECT imaging, OHCA finds that this initiative will improve the overall quality of care to patients in this region.

The capital cost associated with the project is \$435,588. Project financing will be via an equity contribution from the Hospital’s operating funds as well as equipment lease financing. Although the Hospital projects losses incremental to the project of (\$90,792), (\$89,004), and (\$87,167) for FYs 2004, 2005, and 2006, respectively, these losses are associated with interest expense and depreciation. Therefore, OHCA finds that the proposal is financially feasible.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Bridgeport Hospital to replace its existing nuclear camera system with a GE Medical Systems Millennium Series VG-3 dual-head camera at a total capital cost of \$435,588, is hereby GRANTED.

ORDER

Bridgeport Hospital is hereby authorized to replace its existing nuclear camera system with a GE Medical Systems Millennium Series VG-3 dual-head camera at a total capital cost of \$435,588, subject to the following conditions:

1. This authorization shall expire November 4, 2004. Should the Hospital's project not be completed 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 cost of \$435,588. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised budget.
3. This authorization requires the removal of the Hospital's existing nuclear camera system for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's service provider locations. Furthermore, the Hospital will provide evidence to OHCA of the disposition of the existing nuclear camera system by no later than six months after the new and replacement nuclear camera system 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:
November 4, 2003

Signed by:
Mary M. Heffernan
Commissioner

MMH:lj