



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Radiologic Associates of Middletown, P.C. d/b/a  
Guilford Radiology

**Docket Number:** 04-30349-WVR

**Project Title:** Request to Waive CON Requirements for the  
Replacement of the Existing MRI

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

**Filing Date:** July 30, 2004

**Decision Date:** August 10, 2004

**Staff Assigned:** Steven Lazarus

**Project Description:** Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology (“GR”) requests a waiver of Certificate of Need (“CON”) for the replacement of its existing Magnetic Resonance Imaging (“MRI”) unit located at 1591 Boston Post Road in Guilford, at a total capital Cost of \$1,743,114.

**Nature of Proceedings:** On July 30, 2004, the Office of Health Care Access (“OHCA”) received the completed waiver of CON requirements request for replacement equipment from GR to replace its existing MRI unit, at a total capital cost of \$1,743,114.

OHCA’s authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c, 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**

1. On October 9, 2001, Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology (“GR”) received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) under Docket Number 01-1002 for the replacement of its initial Magnetic Resonance Imaging (“MRI”) unit located at 1591 Boston Post Road in Guilford, at a total capital cost of \$1,907,618. *(October 9, 2001, OHCA Final Decision, Docket Number 01-1002)*
2. GR is requesting a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S.”) to replace its existing MRI unit, at a total capital expenditure of \$1,907,618, which was acquired under the CON authorization granted by OHCA under Docket Number 01-1002. *(July 30, 2004 Letter of Intent/ Waiver Form 2030,)*
3. GR proposed to terminate its lease of its mobile 1.5 Tesla high field MRI, a Siemens MAGETOM Symphony MRI system with Alliance Imaging. *(July 30, 2004 Letter of Intent/ Waiver Form 2030 and August 30, 2004, email)*
4. GR proposes to lease the same mobile 1.5 Tesla high field MAGETOM Symphony MRI directly through Siemens. *(July 30, 2004 Letter of Intent/ Waiver Form 2030 and August 30, 2004, email)*
5. The total capital cost for the replacement MRI unit proposal is \$1,743,114, which is comprised of \$1,644,447 for the cost of MRI unit and \$98,667 for the sales tax. *(July 30, 2004 Letter of Intent/ Waiver Form 2030)*
6. GR will fund the total capital cost of \$1,743,114 for the replacement equipment proposal entirely through a lease financing arrangement. *(July 30, 2004 Letter of Intent/ Waiver Form 2030)*
7. The total capital cost of \$1,743,114 for the replacement equipment proposal is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(July 30, 2004 Letter of Intent/ Waiver Form 2030,)*
8. The total capital cost of \$1,743,114 for the replacement equipment proposal is less than the original cost of the equipment to be replaced, plus an increase of ten percent for each twelve-month period that has elapsed since OHCA’s previous CON authorization date of October 9, 2004, under Docket Number 01-1002. *(July 30, 2004 Letter of Intent/ Waiver Form 2030)*

## **Rationale**

Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology (“GR”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S.”) to replace its existing Magnetic Resonance Imaging (“MRI”) unit, at a total capital cost of \$1,743,114. On October 9, 2004, GR received CON authorization from the Office of Health Care Access (“OHCA”) under Docket Number 01-1002 for the replacement of its initial MRI unit, at a total capital cost of \$1,907,618.

GR will terminate its lease with Alliance imaging for its existing mobile 1.5 Tesla MAGETOM Symphony MRI unit. After the termination of the lease, GR will initiate a new lease directly with Siemens for the same mobile 1.5 Tesla MAGETOM Symphony MRI unit.

The total capital cost of the proposed replacement unit including sales tax is \$1,743,114 which is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S.

The total capital cost of \$1,743,114 for the replacement equipment proposal is less than the original cost of the equipment to be replaced, plus an increase of ten percent for each twelve-month period that has elapsed since OHCA’s previous CON authorization date of October 9, 2001 under Docket Number 01-1002.

Based on the foregoing Findings and Rationale, OHCA has determined that request of Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology for a waiver of CON requirements for replacement equipment to replace its existing MRI unit, at a total capital cost of \$1,743,114, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

## **Order**

Radiologic Associates of Middletown, P.C. d/b/a Guilford Radiology ("GR") is hereby authorized to replace its existing mobile MRI unit located at 1591 Boston Post Road in Guildford, at a total capital cost of \$1,743,114, and is subject to the following conditions:

1. This authorization shall expire on August 10, 2004. Should GR's MRI replacement project not be completed by that date, GR must seek further approval from OHCA to complete the project beyond that date.
2. In the event that GR 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 CON project budget.
3. GR shall provide OHCA with a copy of the replacement MRI unit contract entered by GR with Siemens, within thirty days of the contract signing. The contract documentation shall include information relating to the actual capital cost to be incurred by GR for the approved MRI unit replacement project.

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

August 10, 2004

Signed by Cristine A. Vogel  
Commissioner

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