



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: New Milford Hospital

Docket Number: 04-30356-CON

Project Title: Establish Lithotripsy Service Under New Milford Hospital's License

Statutory Reference: Section 19a-638 and 19a-639, Connecticut General Statutes

Filing Date: October 13, 2004

Decision Date: November 5, 2004

Default Date: January 11, 2005

Staff Assigned: Laurie K. Greci

Project Description: New Milford Hospital ("Hospital") proposes to establish a portable lithotripsy service. The proposal has a capital cost of \$600,000, which represents the fair market value of the lithotripsy equipment.

Nature of Proceedings: On October 13, 2004, the Office of Health Care Access ("OHCA") received New Milford Hospital's Certificate of Need ("CON") application to establish a portable lithotripsy service at 21 Elm Street, New Milford, Connecticut. The proposal has no associated capital cost. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

A notice to the public regarding the Hospital's proposal was published in *The News Times* (Danbury) pursuant to Sections 19a-638 and 19a-636, C.G.S. as amended by Section 1 of Public Act 03-17. OHCA received no comments from the public concerning the Hospital's proposal.

OHCA's authority to review and approve, modify or deny this application is established by Sections 19a-638 and 19a-639, C.G.S. The provisions of these sections, 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

Proposal's Contribution to 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. New Milford Hospital ("Hospital") is a nonprofit hospital located at 21 Elm Street, New Milford, Connecticut. (*October 13, 2004, CON Application, page 179*)
2. The Hospital's primary service area includes the towns of Bridgewater, Brookfield, Kent, New Milford, Roxbury, Sherman, Warren, and Washington in Connecticut. The Hospital's secondary service area includes portions of Bethlehem, Goshen, Litchfield, Morris, Sharon, Southbury, and Woodbury in Connecticut. (*October 13, 2004, CON Application, page 4*)
3. The Hospital's service areas also include several towns in New York. However, Sections 19a-634 and 19a-637, C.G.S., specifically mandate that OHCA consider the availability, scope, and need for services for the residents of Connecticut. Therefore, OHCA does not consider out-of-state volume in its evaluation of need for the proposed service. (*October 13, 2004, CON Application, page 4*)
4. The Hospital proposes to establish a portable lithotripsy service. The Hospital does not currently offer extracorporeal shock wave lithotripsy ("lithotripsy") and sends its patients to another facility to receive the service. The ability to provide lithotripsy service to its patients will augment the comprehensive array of services already offered at the Hospital on an outpatient basis. (*October 13, 2004, CON Application, page 2*)
5. There are no existing providers of lithotripsy in the Hospital's primary or secondary service areas. (*October 13, 2004, CON Application, page 6*)
6. The Hospital proposes to enter into an agreement with United Medical Systems Connecticut Lithotripsy, LP ("UMS") for the provision of the lithotripsy service. UMS currently provides portable lithotripsy service to several other Connecticut Hospitals. UMS will provide the Hospital with a Dornier Compact S Lithotripter that has a fair market value of \$600,000. (*October 13, 2004, CON Application, page 8*)
7. The Hospital has requested that the service be provided by UMS approximately one day per month. Additional days may be added as needed to accommodate patient demand. (*October 13, 2004, CON Application, page 3*)

8. There are currently two physicians with privileges at the Hospital who will utilize the lithotripsy service. The two physicians estimate that approximately 36 procedures, i.e., three per month, will be performed during the first year. In addition, patients admitted through the Hospital's Emergency Department may be treated with the service. *(October 13, 2004, CON Application, page 3)*
9. The Hospital will be responsible for patient transport, diagnosis, treatment, and recovery, as well as direction and control of Hospital personnel during such activities. *(October 13, 2004, CON Application, page 19)*
10. The Hospital is projecting 48 procedures in the second year of service and 60 in the third. These numbers are based on the physicians' current experience and on their patient base. *(October 13, 2004, CON Application, page 6)*
11. The Hospital used two need methodologies in developing its projections.
 - a. "Maine Rate" - In 1993, the American Lithotripsy Society performed a study that demonstrated a national average of 72 procedures per 100,000 population per year in 1990. The Hospital's primary service area population, Connecticut towns only, has a population of 58,301. Based on the Maine Rate, there should be approximately 42 persons in need of lithotripsy services $(58,301/100,000 * 72)$.
 - b. "Stamford Hospital" - Stamford Hospital estimated that 3% of the population will experience kidney stones at some point in their lives. As some patients will pass their stones without intervention, use another type of treatment, the Stamford Hospital methodology applied a .0454 factor to the 3% portion of the population. Its methodology also used a 5 year probability that stone will need treatment. Application of this methodology results in 79 patients in the Hospital's primary service area $(58,301 * 0.03 * 0.0454 = 79)$. *(October 13, 2004, CON Application, pages 24 and 25)*
12. The procedure codes for the proposed service include:

Procedure Code	Procedure Description
50590	Fragmenting of Kidney Stone
43265	Endo cholangopancreatograph
52353	Cystouretero w/lithotripsy

(October 13, 2004, CON Application, page 6)

13. The Hospital proposes to follow the American Lithotripsy Society's Guidelines and the American Urological Association Guidelines. In addition, employees of UMS will follow the policies and procedures of UMS when they are working at New Milford Hospital. *(October 13, 2004, CON Application, page 8)*

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

14. There are no associated capital costs required by the Hospital. *(October 13, 2004, CON Application, page 6)*
15. The Hospital will only pay for the services that it utilizes under the fixed-fee arrangement with UMS. The agreement requires that a minimum of three procedures per visit by UMS to the Hospital. If more procedures are scheduled on a visit, the Hospital will pay on a case by case basis for each procedure. *(October 13, 2004, CON Application, page 3)*
16. The Hospital is projecting the following incremental gain from operations related to the proposal:

Table 1: Projected Incremental Gain by Fiscal Year

Fiscal Year	Revenue
2005	\$31,934
2006	\$42,578
2007	\$53,222

(October 13, 2004, CON Application, page 194)

17. The Hospital's rates are sufficient to cover the proposed capital cost and operating costs. *(Certificate of Need Application, October 13, 2004, page 194)*

**Consideration of Other Section 19a-637, C.G.S.
Principles and Guidelines**

The following other principles and guidelines set forth in Section 19a-637 were also fully considered and the following findings made.

18. There is no State Health Plan in existence at this time. *(October 13, 2004, CON Application, page 2)*
19. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(October 13, 2004, CON Application, page 2)*
20. The Hospital has improved productivity and contained costs through group purchasing and the application of technology. *(October 13, 2004, CON Application, page 10)*
21. The proposal will not result in changes to the Hospital's current teaching and research responsibilities. *(October 13, 2004, CON Application, page 10)*

22. There are no distinguishing characteristics of the patient/physician mix of the Hospital. *(October 13, 2004, CON Application, page 10)*
23. The Hospital has improved productivity and contained costs through group purchasing, re-engineering, application of technology and mercury removal. *(Certificate of Need Application, October 14, 2004, page 9)*
24. The Hospital has sufficient financial, managerial, and technical competence to provide efficient and adequate service to the public. *(October 13, 2004, CON Application, pages 168 to 178 and pages 191 to 193)*

Rationale

New Milford Hospital (“Hospital”) proposes to establish a portable lithotripsy service on its campus at 21 Elm Street, New Milford, Connecticut. There is no associated capital cost with this proposal. The Hospital will only pay for the services that it utilizes under the fixed-fee arrangement with UMS. The agreement requires a minimum of three procedures per visit by UMS to the Hospital. If more procedures are scheduled on a visit, the Hospital will pay on a case by case basis for each procedure. The Hospital will be responsible for patient transport, diagnosis, treatment, and recovery, as well as direction and control of Hospital personnel during such activities. As this proposal is for the establishment of a service currently unavailable at the Hospital, OHCA finds that this initiative will improve the overall quality and accessibility of care to patients in the region.

The Hospital’s volume projections are 36, 48, and 60 procedures patients for the first three years of operation, respectively. The Hospital projects incremental gains from operation related to this project of \$31,934, \$42,578, and \$53,222 for the same time period. Based on the projected utilization for the proposal, these financial projections appear reasonable and achievable.

Based on the foregoing Findings and Rationale, the Certification of Need application of New Milford Hospital to offer a portable lithotripsy service, is hereby **GRANTED**.

Order

The request of New Milford Hospital to establish portable lithotripsy service is approved subject to the following conditions:

1. The authorization shall expire November 8, 2005. Should New Milford Hospital not begin the portable lithotripsy service by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. There is no capital expenditure associated with the proposal. In the event that New Milford Hospital learns of potential cost increases or expects that the final project costs will alter, the Hospital shall file with OHCA a request for approval of the revised 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

November 8, 2004

Signed by Cristine A. Vogel
Commissioner