



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Saint Francis Hospital and Medical Center

Docket Number: 04-30368-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing Angiography Laboratory

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

Filing Date: September 3, 2004

Decision Date: September 8, 2004

Staff Assigned: Jack A. Huber

Project Description: Saint Francis Hospital and Medical Center (“Hospital”) requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment in order to replace an existing angiography laboratory, at a total capital expenditure of \$1,636,830. The replacement proposal is necessary due to the obsolescence of the existing laboratory equipment and the laboratory’s inability to handle current patient volume.

Nature of Proceedings: On September 3, 2004, the Office of Health Care Access (“OHCA”) received the completed waiver of CON requirements request for replacement equipment from Saint Francis Hospital and Medical Center to replace an existing angiography laboratory at a total capital expenditure of \$1,636,830. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

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 June 9, 1995, Saint Francis Hospital and Medical Center (“Hospital”) received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) under Docket Number 95-523. The authorization granted the replacement of the Hospital’s angiography laboratory equipment at a total capital expenditure of \$1,450,244. *(June 9, 1995, OHCA Agreed Settlement, Saint Francis Hospital and Medical Center, Docket Number 95-523, page 4)*
2. The Hospital 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 the older of its two existing angiography laboratories at a total capital expenditure of \$1,636,830. The laboratory equipment designated for replacement was acquired through the CON authorization granted by OHCA under Docket Number 95-523. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Pages 2 and 3 of 9)*
3. The Hospital plans to replace its existing single plane General Electric ADVANTIX AFM Laboratory with a new state-of-the-art Siemens Axiom Artis dTA Detector System Laboratory. The existing angiography equipment was manufactured by General Electric in the early 1990’s and has been in Hospital operation since 1996. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Pages 5 and 7 of 9)*
4. The Hospital is undertaking the proposed replacement project based on the following circumstances: the Hospital is incurring significant repair costs and downtime due to the relative age of the laboratory equipment; the laboratory equipment is no longer meeting the demands of the high volume of patients requiring services in this laboratory; and the Hospital received notification from the manufacturer that replacement parts will no longer be available for system users. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Page 7 of 9)*
5. The acquisition of the proposed state-of-the-art laboratory equipment will provide the following benefits: enhanced image quality through upgraded, digital imaging; image storage and transfer functionality that allows exams to be viewed electronically by referring physicians and consultants; image reconstruction capability that reduces the need for ancillary radiologic testing; and improved throughput and ease of operation.
6. The total capital expenditure for the replacement project is \$1,636,830, and includes fixed equipment costs of \$1,301,023 and renovation costs of \$335,807. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Page 2 of 9)*
7. The Hospital will fund the total capital expenditure for the replacement project entirely through Hospital equity. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Page 2 of 9)*

8. The total capital expenditure for the replacement project 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. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Pages 3 and 9 of 9)*
9. The total capital expenditure for the replacement project is less than the original cost of the laboratory 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 June 9, 1995, under Docket Number 95-523. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Page 3 and 9 of 9)*
10. The Hospital anticipates commencing operation of the replacement angiography laboratory in February, 2005. *(September 3, 2004, Letter of Intent/ Waiver Form 2030, Page 2 of 9)*

Rationale

The Saint Francis Hospital and Medical Center ("Hospital") 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 the older of its two existing angiography laboratories at a total capital expenditure of \$1,636,830. The laboratory equipment designated for replacement was acquired through the CON authorization granted by OHCA under Docket Number 95-523. On June 9, 1995, Saint Francis Hospital and Medical Center ("Hospital") received Certificate of Need ("CON") authorization from the Office of Health Care Access ("OHCA") under Docket Number 95-523. The authorization granted the replacement of the Hospital's angiography laboratory equipment at a total capital expenditure of \$1,450,244.

The Hospital plans to replace its existing single plane General Electric ADVANTIX AFM Laboratory with a new state-of-the-art Siemens Axiom Artis dTA Detector System Laboratory. The existing angiography equipment was manufactured by General Electric in the early 1990's and has been in Hospital operation since 1996. The total proposed capital expenditure for the replacement project is \$1,636,830, and includes fixed equipment costs of \$1,301,023 and renovation costs of \$335,807. The Hospital anticipates commencing operation of the replacement angiography laboratory in February, 2005.

The replacement project is based on the following factors: the Hospital incurring significant repair costs and downtime due to the relative age of the laboratory equipment; the laboratory equipment no longer meeting the demands of the high volume of patients requiring services in this laboratory; and the Hospital received notification from the manufacturer that replacement parts will no longer be available for system users. The

Hospital anticipates that the acquisition of the proposed laboratory equipment will provide the following benefits: enhanced image quality through upgraded, digital imaging; image storage and transfer functionality that allows exams to be viewed electronically by referring physicians and consultants; image reconstruction capability that reduces the need for ancillary radiologic testing; and improved throughput and ease of operation.

The total capital expenditure for the replacement 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 July 11, 1997, under Docket Number 95-523. Furthermore, the total capital expenditure for the replacement 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 July 11, 1997, under Docket Number 95-523.

Based on the foregoing Findings and Rationale, OHCA has determined that the Saint Francis Hospital and Medical Center's ("Hospital") proposal to replace one of its two existing angiography laboratories located in the Hospital at a total capital expenditure of \$1,636,830, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

Saint Francis Hospital and Medical Center (“Hospital”) is hereby authorized to replace one of its two existing angiography laboratories located in the Hospital at a total capital expenditure of \$1,636,830, subject to the following conditions:

1. This authorization shall expire on September 8, 2005. Should the Hospital’s angiography laboratory replacement project not become operational by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. 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 CON equipment replacement budget.
3. This authorization requires the removal of the angiography laboratory equipment 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 final disposition of the angiography laboratory equipment, by no later than three months after the replacement angiography laboratory equipment 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

September 8, 2004

Signed by Cristine A. Vogel
Commissioner

CAV: jah