



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: The Stamford Hospital

Docket Number: 04-30369-WVR

Project Title: Request to Waive CON Requirements for the Replacement of the Darien Imaging Center's Existing MRI Scanner

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

Filing Date: August 6, 2004

Decision Date: September 8, 2004

Staff Assigned: Jack A. Huber

Project Description: The Stamford Hospital ("Hospital") requests a waiver of Certificate of Need ("CON") requirements for replacement equipment in order to replace an existing magnetic resonance imaging ("MRI") scanner located at the Darien Imaging Center, at a total capital expenditure of \$970,149. The MRI scanner replacement is part of the Hospital's Darien Imaging Center relocation and expansion project, whereby the imaging center will be relocated from its present location at 1500 Post Road in Darien to 85 Old Kings Highway in Darien.

Nature of Proceedings: On August 6, 2004, the Office of Health Care Access ("OHCA") received the completed waiver of CON requirements request for replacement equipment from The Stamford Hospital to replace an existing MRI scanner located at the Darien Imaging Center, at a total capital expenditure of \$970,149. 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 July 11, 1997, Health Services of Stamford, Inc. (“HSS”), an affiliate of The Stamford Hospital (“Hospital”) providing outpatient care services to Stamford and the greater Stamford area, received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) under Docket Number 96-1001. The authorization granted the establishment and operation of the Darien Imaging Center, a free-standing diagnostic imaging center at 1500 Boston Post Road in Darien, at a total capital expenditure of \$1,450,244, plus \$193,600 for the fair market value of leased space, for a total capital cost of \$1,643,844. *(July 11, 1997, OHCA Agreed Settlement, Health Services of Stamford, Inc., Docket Number 96-1001, page 4)*
2. HSS acquired a 0.2 telsa Signa Profile magnetic resonance imaging (“MRI”) scanner for use in the approved imaging center. *(July 11, 1997, OHCA Agreed Settlement, Health Services of Stamford, Inc., Docket Number 96-1001, page 4)*
3. On January 12, 2001, OHCA received a compliance reporting letter dated January 10, 2001, from HSS, responding to requisite reporting as stipulated in the OHCA authorization granted under Docket Number 96-1001. HSS reported that the actual capital expenditure incurred for the establishment of the imaging center was \$1,490,059. *(January 12, 2001, CON Compliance Reporting Letter, Health Services of Stamford, Inc., Docket Number 96-101, pages 1 and 2)*
4. 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 existing 0.2 telsa Signa Profile MRI scanner located at the Darien Imaging Center (“imaging center”) at a total capital expenditure of \$970,149, which was acquired under the CON authorization granted by OHCA under Docket Number 96-1001. *(August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 4 of 7)*
5. The Hospital plans to replace the imaging center’s current MRI scanner with a new 1.5 telsa Signa MRI system manufacture by GE Medical Systems. The MRI scanner replacement is a component part of the Hospital’s imaging center relocation and expansion project. *(August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 4 of 7)*
6. The total capital expenditure for the replacement proposal is \$970,149, and the projected cost estimate is entirely attributable to the acquisition of the replacement MRI scanner. *(August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 4 of 7)*
7. The Hospital will fund the total capital expenditure of \$970,149 for the replacement proposal entirely through hospital equity and funded depreciation. *(August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 4 of 7)*

8. The total capital expenditure of \$970,149 for the replacement 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. (*August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 5 of 7*)
9. The total capital expenditure of \$970,149 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 96-1001. (*August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 5 of 7*)
10. The Hospital anticipates commencing operation of the replacement MRI scanner at the relocated imaging center in April, 2005. (*August 6, 2004, Letter of Intent/ Waiver Form 2030, Page 2 of 7*)

Rationale

The Stamford Hospital ("Hospital") 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 the existing 0.2 tessa Profile magnetic imaging ("MRI") scanner located at the Hospital's Darien Imaging Center ("imaging center") at a total capital expenditure of \$970,149. On July 11, 1997, Health Services of Stamford, Inc. ("HSS"), an affiliate of the Hospital providing outpatient care services received Certificate of Need ("CON") authorization from the Office of Health Care Access ("OHCA") under Docket Number 96-1001, for the establishment and operation of a free-standing diagnostic imaging center to be located at 1500 Boston Post Road in Darien, at a total capital expenditure \$1,450,244, plus \$193,600 for the fair market value of leased space, for a total capital cost of \$1,643,844.

The Hospital plans to replace its 0.2 tessa Signa Profile MRI scanner with a new 1.5 tessa Signa MRI system manufacture by GE Medical Systems. The MRI scanner replacement is part of the Hospital's Darien Imaging Center relocation and expansion project. The Hospital anticipates commencing operation of the replacement MRI scanner at the relocated imaging center in April, 2005.

The total capital expenditure of \$970,149 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 96-1001. Furthermore, the total capital expenditure of \$970,149 for the replacement 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.

Based on the foregoing Findings and Rationale, OHCA has determined that The Stamford Hospital's request for a waiver of CON requirements for replacement equipment to replace its existing MRI scanner, at a total capital expenditure of \$970,149, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

The Stamford Hospital ("Hospital") is hereby authorized to replace its Darien Imaging Center's existing magnetic resonance imaging ("MRI") scanner at a total capital expenditure of \$970,149, subject to the following conditions:

1. This authorization shall expire on September 8, 2005. Should the Hospital's MRI scanner 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 Darien Imaging Center's 0.2 tesla Signa MRI scanner 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 imaging center's existing MRI scanner, by no later than three months after the replacement MRI scanner 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