Office of Health Care Access
Certificate of Need Application

Final Decision

Hospital:	**Danbury Hospital**
Docket Number:	**04-30393-CON**
Project Title:	**Construct and Operate Outpatient Diagnostic Building, Construct Parking Garage and Expand Outpatient Dialysis Services**
Statutory Reference:	**Sections 19a-638 and 19a-639 of the Connecticut General Statutes**
Filing Date:	**June 28, 2005**
Hearing Dates:	**September 7, 2005 and October 12, 2005**
Presiding Officer:	**Commissioner Cristine A. Vogel**
Decision Date:	**February 10, 2006**
Default Date:	**Not Applicable**
Staff Assigned:	**Steven W. Lazarus and Tillman Foster**

Project Description: Danbury Hospital, Inc. ("Hospital") proposes to construct and operate an Outpatient Diagnostic Building ("ODB"), construct a parking garage and expand outpatient dialysis services at a total capital expenditure of $44,553,816, which does not include capitalized financing costs.

Nature of Proceedings: On June 28, 2005, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Danbury Hospital to construct and operate an ODB, construct a parking garage and expand outpatient dialysis services at a total capital expenditure of $44,553,816, which does not include capitalized financing costs. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

On November 5, 2004, a notice to the public regarding OHCA's receipt of the Hospital's Letter of Intent to file its CON application was published in the *Danbury News-Times* pursuant to Sections 19a-638 and 19a-639, C.G.S.

On August 10, 2005, OHCA issued an Order of Consolidation, pursuant to Sections 19a-638 and 19a-639 and Section 19a-643-21 of the Regulations of Connecticut State Agencies. The Order of Consolidation allows the Certificate of Need ("CON") applications contained in Docket Number: 04-30393-CON for Danbury Hospital and Docket Number: 05-30435-CON for the Danbury Health Care Affiliates, Inc., to be consolidated for the purposes of conducting a batched public hearing.

A public hearing regarding the CON application was held on September 7, 2005, and continued on October 12, 2005. The Applicant was notified of the date, time, and place of the proceeding and a notice to the public was published in *The News-Times* of Danbury. Commissioner Cristine A. Vogel served as Presiding Officer for this case. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and Sections 19a-638 and 19a-639, C.G.S.

Housatonic Valley Radiology Associates, P.C. and Northeast Radiology, P.C. petitioned for Intervenor status with full rights including right of cross-examination. Housatonic Valley Radiology Associates, P.C. and Northeast Radiology, P.C. were each granted Intervenor status with full rights including right of cross-examination by the Presiding Officer.

The Presiding Officer heard testimony from the Hospital's witnesses, and Intervenors, and in rendering this decision, considered the entire record of the proceeding. OHCA's authority to review and approve, modify or deny the CON 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
Impact of the Proposal on the Hospital's Current Utilization Statistics
Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Danbury Hospital, Inc. ("Hospital") is an acute care general hospital located at 24 Hospital Avenue in Danbury, Connecticut. The Hospital's total licensed bed capacity of 371 beds which includes 345 licensed beds and 26 licensed bassinets. *(Docket Number 04-024AR, Danbury Hospital Annual Reporting, Schedule 500)*

2. The Hospital proposes to construct and operate an 89,222 square foot Outpatient Diagnostic Building ("ODB"), build a parking garage and expand outpatient dialysis services. The ODB will consist of a 3-story patient-care building to be constructed on the Hospital's existing campus located at 95 Locust Avenue, Danbury, Connecticut.

3. The Hospital based the need for the proposal on the following:
   - Population growth in the Hospital's Service Area;
   - Improved access to outpatient services;
   - Increased access to parking; and
   - Improved continuity of care.

   (March 4, 2005, CON Application, pages 3 and 4)

4. The Hospital's proposal involves the following services:
   - Renal Dialysis;
   - Endoscopy;
   - Diagnostic Cardiology (including vascular testing, stress, stress echocardiography and nuclear cardiology);
   - Blood Drawing Laboratory Services;
   - Imaging (MRI, PET, CT, Nuclear Medicine, Ultrasound and General Radiography); and
   - Physician Private Practice Offices.

   (March 4, 2005, CON Application, pages 3 and 4)

5. There will be no new services added as a result of this proposal. *(March 4, 2005, CON Application, pages 3 and 4)*

6. The Hospital's primary and secondary service areas include 16 Connecticut towns, as follows: *(March 4, 2005, CON Application, pages 12 and 13)*

The Hospital's Primary Service Area for this Proposal

Bethel	New Fairfield	Ridgefield
Brookfield	Newtown	
Danbury	Redding	

The Hospital's Secondary Service Area for this Proposal

Bridgewater	Roxbury	Wilton
Kent	Sherman	Woodbury
Monroe	Southbury	
New Milford	Washington	

7. The Hospital stated that the population of the towns it serves is growing at a rate that is two times that of the State of Connecticut as a whole. This growth rate is expected to be 5.5% for 2006 and is expected to continue up until 2010. The Hospital based this assumption on Claritas Data. The projected growth of the population in the Hospital's service area can not be verified due to the proprietary nature of the data. *(October 12, 2005, Public Hearing Testimony of Keith Hovan)*

8. As part of this proposal, the Hospital proposes to construct a state-of-the-art, 61,435 square foot ("SF"), 3-story building with an adjacent parking structure. The proposal includes the following:

- A 3-story parking structure containing a total of 645 parking spaces;
- The parking structure will also contain within it an additional 27,787 SF of space to house physician office practices, which will focus on the Hospital's outpatient population seeking diagnostic care; and
- The Hospital will lease the space to physician members of Danbury Office of Physician Services, P.C. ("DOPS"). These physicians specialize in various specialties including, General Surgery, Cardiac Surgery, Vascular Surgery, Thoracic Surgery, Nephrology, Gastroenterology, Cardiology, Nuclear Cardiology, Radiology and Nuclear Medicine. *(March 4, CON Application, page 2)*

9. The Hospital provided the existing and proposed hours of operation for the services impacted by the proposal as follows:

Table 1: Current and Proposed Hours of Operation by Service

Service	Existing Hours of Operation	Proposed Hours of Operation
Renal Dialysis	6:30am - 11:30pm (M-Sat)	6:30am - 11:30pm (M-Sat)
Laboratory	7:00am - 6:00pm (M-F) 7:00am – 12 Noon (Sat)	7:00am - 6:00pm (M-F) 7:00am - 12noon (Sat)
Imaging	24 hours/7 days per week	8:00am - 7:00pm (M-F) 8:00am - 2:00pm (Sat)
Endoscopy	7:00am - 5:00pm	7:00pm - 5:00pm
Non-Invasive Cardiology	7:00am - 5:00pm	7:00am - 5:00pm

(March 4, 2005, CON Application, page 15)

10. The Hospital's proposal designates the following services to be offered in the ODB by floor: *(March 4, 2005, CON Application, page 8)*

Table 2: Layout of Services to be located in the new Outpatient Diagnostic Building by Floor

First Floor	Blood Draw (Laboratory)
	Imaging
	Nuclear Medicine
Second Floor	DOPS Gastroenterology Offices
	DOPS General Surgery Offices
	Endoscopy
Third Floor	DOPS Cardiology Offices
	Non-invasive Cardiology and Vascular testing including Nuclear Cardiology
	DOPS Surgery Offices (Cardiac, Vascular, Thoracic)
Parking Garage Ground Floor	DOPS Nephrology Offices
	Renal Dialysis
	Office Space
	Miscellaneous Storage

(March 4, 2005, CON Application, page 8)

11. The Hospital states that the relocation of these outpatient services will allow the Hospital to utilize the vacated space in the main hospital building for future improvements and upgrades such as the Maternity Department and the Neonatal Intensive Care Unit. *(March 4, 2005, CON Application, pages 3 and 4)*

12. The Hospital reported historical utilization of the services (other than imaging) proposed to be relocated to the ODB for Fiscal Years FY 2002 through 2004 as follows:

Table 3: Historical Utilization of O/P Services to be Relocated to the Proposed ODB

Outpatient Services	FY 2002	FY 2003	FY 2004
O/P Dialysis	12,385	13,020	12,262
O/P Laboratory	4,705	5,241	5,717
O/P Endoscopy	6,515	7,750	7,655
O/P Diagnostic (Non-Invasive) Cardiology	14,438	15,130	16,393

(March 4, 2005, CON Application, pages 31-40 and September 1, 2005 Pre-Filed Testimony of Lisa Schildwachter)

13. The Hospital's projected utilization for the relocated services (other than imaging) for the first three years of operation of the proposal were as follows:

Table 4: Projected Utilization of O/P Services to be Relocated to the Proposed ODB

Outpatient Services	FY 2007	FY 2008	FY 2009
O/P Dialysis	14,174	14,725	15,277
O/P Laboratory	4,457	4,546	4,637
O/P Endoscopy	5,140	5,775	6,330
O/P Diagnostic (Non-Invasive) Cardiology	33,269	35,682	38,281

Note: The projected utilizations is based on the historical utilization growth rates do not include NY Volume.
The Hospital also attributes the increase in O/P Diagnostic Cardiology to the establishment of full-service cardiac services at the Hospital.
OHCA can not verify any of the above data.
(March 4, 2005, CON Application, page 16, September 1, 2005, Pre-Filed Testimony of Lisa Schildwachter and Pre-Filed Testimony of Michael Daglio)

14. This proposal will create inpatient space at the Hospital to accommodate current and projected growth in inpatient admissions, as well as the establishment of space for future expansion of the emergency department. *(March 4, 2005, CON Application, pages 4 and 5)*

15. The Hospital also experienced growth in the following areas:

- The Average Daily Census (ADC) for FYs 2002, 2003 and 2004 was 209, 214 and 216, respectively. *(OHCA, Hospital Budget System, FY 2004 Filings)*
- The Hospital acute care discharges for FYs 2003, 2004 and 2005 (1st two quarters) were 18,976, 19,522 and 9,929, respectively. *(OHCA's Acute Care Hospital Inpatient Discharge Database)*

Outpatient Renal Dialysis Service

16. The outpatient Renal Dialysis service portion of this proposal was reviewed pursuant Section 19a-639, C.G.S.

17. The current Renal Dialysis Unit ("RDU") consists of 13 hemodialysis stations, an isolation station, a home training station and a portable dialysis machine and water treatment machine to dialyze in-hospital patients in the intensive care unit. It is located on 1 South in the main Hospital building adjacent to the Emergency Department and morgue. It operates six days a week for a total of ninety-seven hours, runs three patient shifts from 6:45 a.m. until 11:30 p.m., and serves thirty-nine patients per day *(March 4, 2005, CON Application, page 5 and October 12, 2005, Public Hearing Testimony of Lisa Schildwachter)*

18. The current RDU location has several inadequacies. These include:
    - A limited number (15) of stations due to space constraints;
    - A floor plan that separates treatment areas of the unit leading to inefficiency in staffing services;
    - Due to space limitations the isolation room must be located outside the RDU;
    - The peritoneal dialysis room has equipment only for training patients for home therapy;
    - The RDU is not able to provide flexibility in scheduling due to the limited number of stations; and
    - Only five parking spaces are currently available for patients of the unit when there needs to be fifteen parking spaces in order to comply with the Public Health Code.

    (October 12, 2005, Public Hearing Testimony of Lisa Schildwachter)

19. The proposed RDU will be relocated to the ODB and expanded to twenty (20) stations, consisting of eighteen (18) hemodialysis stations, one (1) isolation room, and one (1) home dialysis training room. It will improve access and flexibility in scheduling treatments for the Hospital's patients and provide sufficient parking to allow the Hospital to comply with the Public Health Code. *(March 4, 2005, CON Application, page 5 and October 12, 2005, Public Hearing Testimony of Lisa Schildwachter)*

Outpatient Laboratory Service

20. The Hospital's proposal includes establishing a specimen collection facility in the ODB, which is intended for those patients requiring laboratory testing on the same day of their physician office or ambulatory care visit. *(March 4, 2005, CON Application, page 6)*

21. The Hospital stated that access to a specimen collection area proximal to the point of the patient's laboratory order, enhances patient compliance with physicians' orders, contributes to more rapid specimen acquisition and decreases turn around time from physician order to test result. This results in more timely physician intervention and improved patient care. *(March 4, 2005, CON Application, page 6)*

Outpatient Endoscopy Service

22. The Hospital proposes the creation of additional four (4) endoscopy rooms to be located in the new ODB. Four of the Hospital's six endoscopy rooms currently in the main Hospital building will remain in the main building to take care of inpatients. *(October 12, 2005, Public Hearing, Testimony of Pierre Saldinger, M.D.)*

23. The Hospital based the expansion of the endoscopy service on historical utilization which includes an increase in volume of 17.5% between FY 2002 and FY 2004, as reported in Finding 12. Due to this growth in procedures, the current facility is unable to meet colorectal cancer screening rates for its community. *(March 4, 2005, CON Application, page 5 and October 12, 2005, Public Hearing, Testimony of Pierre Saldinger, M.D.)*

Outpatient Diagnostic Cardiology

24. Outpatient diagnostic (non-invasive) cardiovascular testing is currently being provided in four separate locations on four different floors within the Hospital. The Hospital stated that the inability to consolidate these services at the present location is inefficient in terms of patient convenience, patient throughput and costs. *(October 12, 2005, Public Hearing, Testimony of Michael Daglio)*

25. The Hospital stated that the proposed relocation and consolidation of the outpatient diagnostic cardiovascular services is based on four major issues:
    - Inefficient outpatient test settings with inability to expand;
    - Inconvenient access for outpatients
    - Insufficient parking;
    - Increased demand for inpatient beds from new programs, such as Open Heart Surgery and Angioplasty; and
    - The need for outpatient CT coronary angiography to be co-located with diagnostic cardiovascular services. *(October 12, 2005, Public Hearing, Testimony of Michael Daglio)*

26. By relocating these services to the ODB, the Hospital will be able to provide non-invasive cardiology, diagnostic cardiovascular testing, pacemaker and defibrillator services, nuclear testing and non-invasive vascular testing to patients in a cost-effective environment in one physical location with adequate parking. *(October 12, 2005, Public Hearing, Testimony of Michael Daglio and March 4, 2005, CON Application, page 12)*

Diagnostic Imaging

27. The Hospital currently provides diagnostic imaging modalities such as general X-ray, Magnetic Resonance Imaging ("MRI"), Computed Tomography ("CT"), Positron Emission Tomography ("PET") and ultrasound. *(March 4, 2005, CON Application, page 2)*

28. The following table summarizes the imaging equipment that the Hospital is currently operating and indicates the number of scanners being requested as part of the Hospital's proposal: *(March 4, 2005, CON application, pages 7 and 8, April 26, 2005, CON Completeness Responses, page 1)*

Table 5: Summary of Hospital's Existing Imaging Equipment

Modality	Current	Proposed	Total
CT	2	1	3
MRI	2	1	3
PET (Mobile)	1	0	0
PET-CT (Fixed)	0	1	1
Nuclear Med. Camera System	1	1	2
Nuclear Med. Cardiology Camera	1	1	2

Note: The Hospital proposes to replace its existing PET (Mobile) with a PET-CT (Fixed), The Hospital was authorized to offer PET-CT services under DN: 02-584, as part of a consortium.

29. The Hospital's historical imaging utilization by modality:

Table 6: Historical Imaging Utilization by Modality

Year	MRI	CT	PET	Nuclear Cardiology	Nuclear Medicine
2002	6,310	15,473	-	2,228	2,273
2003	5,803	15,565	377	2,549	2,366
2004	6,612	19,546	505	3,145	2,506

Note: Danbury Hospital only actual volumes. Does not include Danbury Diagnostic Imaging.
(April 26, 2005, Completeness Responses, page 2 and Public Hearing Testimony of Keith Hovan)

CT Scanner

30. The proposal involves purchase of an additional CT Scanning unit, a GE Lightspeed 64-Slice CT Scanner, to be located at the ODB. *(April 26, 2005, Completeness Responses, page 2)*

31. The Hospital based the need for the purchase of the CT scanner on growth in utilization primarily for inpatient and ED use due to new technology, the replacement of risky invasive procedures with noninvasive CT applications, inpatient studies which are more complex and require greater imaging time decreasing patient throughput, and the aging of the population. Also, the proposed CT scanner will provide continued support of imaging growth and demand for services on the Hospital campus. *(April 26, 2005, Completeness Responses, page 2)*

MRI Scanner

32. The Hospital currently offers MRI services with two on-campus MRI units: a permanent 3.0 Tesla Unit, in service since August 2005 (Docket Number: 03-30139), and one permanent 1.5 Tesla Unit. *(April 26, 2005, CON Completeness Responses, page 1)*

33. The proposed project involves the purchase of an additional MRI unit, Signa Infinity 1.5T fixed MRI unit to be located at the ODB. *(April 26, 2005, Completeness Responses, page 3)*

34. The Hospital based the need for the additional unit on its historical utilization. The Hospital experienced a 13.9% increase in MRI utilization from FY 2003 to FY 2004 at the Hospital and projected a 20.3% increase for FY 2005. Based on these historical volumes, the Hospital expects continued growth rate of 10% annually in MRI utilization for the next five years. *(April 26, 2005, Completeness Responses, page 3)*

PET-CT Scanner

35. The Fairfield County Mobile PET Collaborative (FCMPC) was approved by OHCA on June 11, 2001, Docket Number 00-509 to operate a mobile PET scanner, at the Hospital, one day a week. Other members of FCMPC are Bridgeport Hospital, Greenwich Hospital, Norwalk Hospital, St. Vincent's Medical Center and Stamford Hospital. FCMPC currently provides this service two days a week at the Hospital (Mondays and Tuesdays). *(April 26, 2005, Completeness Responses, page 4)*

36. On August 11, 2003, OHCA granted authorization to FCMPC to add a second PET scanner, (under Docket Number 02-584) and to upgrade both mobile units from PET to a combined PET-CT. The Hospital has decided not to participate in the FCMPC upgrade to the PET-CT and has informed the other FCMPC hospitals of its intention to obtain OHCA approval for a fixed site PET/CT at the ODB. *(April 26, 2005, Completeness Responses, page 4)*

37. This proposed project involves purchase of a GE Discovery, ST4 PET-CT Scanner. *(April 26, 2005, CON Completeness Responses, page 1 and October 12, 2005, Public Hearing, Testimony Thorsten Krebs, M.D.)*

38. The Hospital based the need for its PET-CT scanner on the following:

- Historical growth;
- Provision of additional studies;
- Schedule limitation; and
- No existing PET-CT provider's service available in the Hospital's service area.

(April 26, 2005, Completeness Responses, page 4)

39. The Hospital experienced a 34% growth in PET studies from FY 2003 to FY 2004. The Hospital also performed the highest number of PET studies in the FCMPC. The following table indicates total number scans performed by each Hospital in the FCMPC from quarter ending December 31, 2002 through quarter ending September 30 2005: *(April 26, 2005, Completeness Responses, page 4 and Data Filed with OHCA as follow up to DN: 00-509)*

Table 7: Total Scans Performed FY 2003 through FY 2005

FAIRFIELD COUNTY MOBILE PET COLLABORATIVE SCANS PERFORMED					
Bridgeport	Danbury	Greenwich	Norwalk	St. Vincent's	Stamford
658	**1491**	**1335**	**855**	**1037**	**632**

40. Currently, the majority of studies on the PET scanner are oncology related, however, with the proposal the Hospital expects to expand to cardiac and neurological studies, as well. *(April 26, 2005, Completeness Responses, page 4)*

41. The Hospital stated that expanding to twice a week on a mobile scanner is not adequate to meet clinical needs for timely access to this diagnostic modality, including cardiac scanning which requires dedicated scheduled time. Further, there no existing providers of PET-CT services in the Hospital's service area. *(April 26, 2005, Completeness Responses, page 4*

Nuclear Medicine Cardiology Camera

42. The proposal includes the purchase of a nuclear medicine cardiology camera to be located in the ODB. The proposed camera is a GE Millenium Myosight System Dual Head.

43. The Hospital further proposes to relocate its existing nuclear cardiology camera in the ODB. *(September 1, 2005, Pre-Filed Testimony of Michael Daglio)*

44. The Hospital based the need for the acquisition of the proposed nuclear cardiology camera on its observed historical growth in nuclear cardiology and expects growth to continue based on:
    - An aging of the population;
    - An enhanced recognition of coronary artery disease especially in women;
    - An increase in utilization of other cardiac testing;
    - Assessing myocardial perfusion, function, and viability using nuclear cardiology; and
    - Hospitals establishment of a full-service cardiac program.

    (March 4, 2005, Certificate of Need Application, Page 16 and April 26, 2005, Completeness Responses, page 5)

Nuclear Medicine Camera

45. The Hospital's proposal includes purchase of a nuclear medicine camera. The Hospital based the need for the additional nuclear camera on historical and future growth, in all nuclear medicine procedures and further, scheduling backlogs for some procedures such as gastric emptying studies, which can wait up to two weeks if not urgent due to time allotted to complete a study. Also, the Hospital provides comprehensive nuclear medicine services to the greater Danbury area and adjoining Litchfield County. The Hospital reported its nuclear medicine camera volume as follows: *(April 26, 2005, Completeness Responses, pages2 and 5)*

Table 9: Nuclear Medicine Scans Actual Volume by Fiscal Years 2002-2004

	FY 2002	FY 2003	FY 2004
Nuclear Medicine	2,273	2,366	2,506

46. The Hospital further proposes to relocate its existing nuclear medicine camera in the ODB. *(September 1, 2005, Pre-Filed Testimony of Michael Daglio, M.D.)*

47. The Hospital projects the total imaging volume for the Hospital including the proposed equipment:

Table 8: Imaging Scans Projected by Fiscal Year

Year	MRI	CT	PET-CT	Nuclear Cardiology	Nuclear Medicine
2005	7,680	22,076	628	3,302	2,506
2006	8,886	22,701	877	3,197	2,740
2007	12,293	28,375	1,301	3,836	2,740
2008	13,972	32,343	1,485	4,412	2,740
2009	15,494	35,956	1,578	5,073	2,740
2010	17,119	35,956	2,040	5,581	2,740

Note: The FY 2005 are Projected Volumes.
The Hospital based its **CT** and **MRI** projections on Hospital's historical utilization.
The Hospital based its **PET/CT** projection it's historical mobile PET Scanner volumes, also the Hospital is projecting 7-11% growth between FY 2006-2010 based on its existing patient base and the addition of cardiac and neurological studies.
The Hospital based its need **for Nuclear Cardiology** and **Nuclear Medicine** on historical utilization and on the growth due to the Hospital's full-service cardiac program.
OHCA can not verify any of the above data.
(April 26, 2005, Completeness Responses, page 2 and September 1, 2005, Pre-Filed Testimony of Michael Daglio)

48. The Hospital provided the following list of existing providers of imaging equipment in the Hospital's service area: *(April 26, 2005, Completeness Responses, page 11 and Pre-Filed Testimony of Northeast Radiology, Dr. Scott Nadel and Housatonic Valley Radiology Associates, P.C., Dr. Conrad P. Erlich)*

Table 10: Existing Providers of MRI & CT Equipment

Provider Name and Location	Type of Equipment
Housatonic Valley Radiological Associates *CT Locations: Danbury, New Milford and Southbury*	1.5 Tesla MRI (3 Scanners Total) CT Scanner
Northeast Radiology *CT Location: Danbury*	1.0 Tesla MRI
Danbury Diagnostic Imaging (Danbury Health Systems, Inc.) *CT Location: Danbury*	1.5 Tesla MRI
Diagnostic Imaging of Southbury *CT Location: Southbury*	1.5 Tesla MRI CT Scanner
Newtown Diagnostic Imaging *CT Location: Newtown*	1.5 Tesla MRI
New Milford Hospital *CT Location: New Milford*	1.5 Tesla MRI (Mobile) CT Scanner

49. Housatonic Valley Radiology Associates ("HVRA') testified to the following:

- There is no such need for additional MRI capacity in the Danbury area; and
- Implementation of additional services by the Hospital could have a significant negative impact on existing providers.
- Quality and efficient delivery of services for HVRA will be impacted adversely by the drawing away of patients.

(Housatonic Valley Radiology Associates, September7, 2005, Public Hearing, Prefile Testimony of Dr. Erlich and October 12, 2005 Public Hearing Testimony)

50. Northeast Radiology, P.C. ("NER") stated that this proposal would put existing providers such as NER at risk of closure. If volume drops too low because of over saturation of providers in the area, NER may have to close its doors. *(Northeast Radiology, P.C., September7, 2005, Public Hearing, Prefile Testimony of Dr. Nadel)*

51. Under cross-examination, the Intervenors, HVRA and NER were unable to provide OHCA with evidence of the specific financial impact of this proposal on HVRA or NER or of any specific impact this proposal would have on future utilization of HVRA or NER. *(Public Hearing Testimony of Housatonic Valley Radiology Associates and Northeast Radiology, P.C., September 7, 2005 and October 12, 2005)*

Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the Hospital's Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and the Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

52. The Hospital's proposed total capital expenditure of $44,553,816 for the proposal includes the following components:

Table 11: Proposed Total Capital Expenditure for the Proposal

Description	Total
Medical Equipment (Purchase)	$3,115,122
Imaging Equipment (Purchase)	7,050,000
Non-Medical Equipment (Purchase)	2,421,923
Construction/Renovation	31,966,771
Total Capital Expenditure	**$44,553,816**
Capitalized Financing Cost (For informational purpose only)	$3,581,811
Total Capital Expenditure including Capitalized Financing Cost	**$48,135,627**

(March 4, 2005*, CON Application, page 28)*

53. The proposed construction and renovation costs of $31,966,771 consists of the following components:

Table 12: Construction and Renovation Costs Associated with this Proposal

Item Designations	New Construction
Total Building Work Cost	$23,676,447
Total Site Cost	2,794,423
Total Site Work Cost	6,859,000
Total Arch. & Eng. Cost	1,294,500
Total Contingency Cost	3,245,198
Inflation Adjustment	204,973
Total Construction Cost	**$31,966,771**

(March 5, 2005, CON Application, page 26)

54. The Hospital's proposal includes purchasing of imaging equipment as follows:

Table 13: Summary of Imaging Equipment

Equipment Type	Name	Model	# of Units
CT Scanner	GE Lightspeed	Volume CT-64 Slice	1
PET CT Scanner	GE Discovery	ST4 PET/CT Scanner	1
MRI	Infinity	1.5 Signa	1
Nuclear Medicine Camera System	GE Infinia	Hawkeye Nuclear System-Dual Head	1
Nuclear Cardiology Camera	GE Millenium	Myosight System Dual Head	1
Total			**5**

(April 26, 2005, CON Completeness Responses, page 1)

55. The proposal's total capital cost of $48,135,627 will be financed by a lease through CHEFA. *(March 4, 2005, CON Application, page 28)*

56. The Hospital projects an incremental loss/gain from operations associated with the CON of $(1,158,993), $2,095,913 and $5,336,837, for FYs 2007, 2008 and 2009, respectively. *(April 22, 2005, CON Completeness Response, page 144)*

57. The Hospital's projected payer mix during the first four years of implementation and operation of the CON proposal is as follows:

Table 14: Hospital's Four-Year Projected Payer Mix

	Percentage of Payers (%)			
Total Facility Description	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**
Medicare*	31.6	31.6	31.6	31.6
Medicaid (including other Medical Assistance	5.7	5.7	5.7	5.7
CHAMPUS or TriCare	0.0	0.0	0.0	0.0
Total Government Payers	**37.3**	**37.3**	**37.3**	**37.3**
Commercial Insurers*	60.9	60.9	60.9	60.9
Uninsured	1.8	1.8	1.8	1.8
Worker's Compensation	0.0	0.0	0.0	0.0
Total Non-Govt Payers	**62.7**	**62.7**	**62.7**	**62.7**
Total Payer Mix	**100.0**	**100.0**	**100.0**	**100.0**

* Includes managed care activity.

(March 4, 2005*, CON Application, page 29)*

58. There is no State Health Plan in existence at this time. *(March 24, 2005, Initial CON Submission, page 9)*

59. The Hospital stated that the ODB is an integral part of its strategic planning process that will accomplish the following:

- Promote patient access by locating physician offices with other outpatient diagnostic services and by providing single-point registration and electronic lifetime clinical record system with PACS integration;
- Respond to the increasing need for outpatient services, especially dialysis; and
- Address the critical parking problem on the main hospital campus.

(March 4, 2005, CON Application, pages 2&8 and October 12, 2005, Public Hearing, Testimony of Keith Hovan)

60. The Hospital has improved productivity and contained costs by undertaking energy conservation, reengineering, application of new technology, and group purchasing activities. *(March 4, 2005, CON Application, page 21)*

61. The proposal will not result in any significant change to the Hospital's teaching and research responsibilities. *(March 4,* 2005*, CON Application, page 22)*

62. The Hospital's patient-physician mix is representative of its full array of services. *(March 24, 2005, Initial CON Submission, page 22)*

63. The Hospital has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(March 4,* 2005*, CON Application, page 19 & Attachment (5)(D))*

64. The Hospital's rates are sufficient to cover its operating costs. *(March 4, 2005, CON Application, Attachment 8(B)(i) Hospital's FY 2004 Audited Financial Statement)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for the proposed service on case by case basis. Certificate of Need ("CON") applications do not lend themselves to general applicability due to a variety of complexity of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposed services.

Danbury Hospital ("Hospital") proposes to build an 89,222 square foot, state-of-the-art outpatient diagnostic building ("ODB") with the full complement of diagnostic imaging modalities and a parking structure adjacent to the ODB. The proposed ODB will be located on the Hospital's campus and will be a 61,435 square foot, 3-story building with an adjacent parking structure. There will be an additional 27,787 square feet of office and medical space in the parking structure.

The Hospital based the need for the proposed ODB on improving access to outpatient services, including renal dialysis by consolidating outpatient services which are currently fragmented and decentralized. Even though these outpatient services are currently located on the Hospital's main campus, they are spread out through the two existing hospital buildings and on different floors. The Hospital's proposal will improve patient access by relocating outpatient services such as endoscopy, nephrology, diagnostic cardiology, blood drawing, laboratory services and imaging services from the Hospital to the proposed ODB. No new services will be added as a result of this proposal. The vacated space in the main hospital building will create inpatient hospital space to accommodate current and projected growth in inpatient admissions due to the recent establishment of the Hospital's full-service cardiac program. The Hospital's average daily census for FYs 2002, 2003 and 2004 was 209, 214 and 216, respectively. The Hospital's acute care discharges for FYs 2003, 2004 and 2005 (1st two quarters) were 18,976, 19,522 and 9,929. The Hospital has experienced an overall historical growth of total annual utilization for these outpatient services for FYs 2003-2005 of 41,041, 42,027 and 44,131, respectively. The proposal will improve access to parking for patients through construction of a parking structure which will contain an additional 645 parking spaces and to physicians by locating physician offices within the proposed parking structure.

OHCA reviewed the renal dialysis portion of this application under Section 19a-639 C.G.S. Due to space limitations at the existing location, the renal dialysis service will be relocated to the proposed ODB. The number of renal dialysis units will increase from an existing total of 15 stations to a proposed total of 20 stations, an increase of 5 stations. The Hospital's renal dialysis utilization for FYs 2002, 2003 and 2004 was 12,385, 13, 020 and 12,262, respectively.

The Hospital currently operates a total of 6 endoscopy rooms at the Hospital's main building. The Hospital will expand the endoscopy service by adding 2 additional endoscopy room for a total of 8. The Hospital will retain 4 of the 8 endoscopy rooms at the Hospital's main building and house the remaining 4 in the proposed ODB. The Hospital based the need for the additional 2 endoscopy rooms on lack of space in the existing location and historical utilization. The Hospital experienced a 17.5% increase in endoscopy utilization between FYs 2002 and 2004. The Hospital performed 6,515, 7,750, and 7,655 endoscopies during FYs 2002, 2003 and 2004,

respectively. Through relocation and expansion of the renal dialysis and endoscopy services, the Hospital will improve its access to these services.

The Hospital's proposal will also to improve access to outpatient imaging services such as CT scanning, MRI scanning, PET-CT Scanning and Nuclear Medicine, through acquisition of the following:

a. A 64-Slice CT scanner: the Hospital based the need for the proposed CT scanner on growth in historical utilization, which was primarily caused by inpatient and emergency department growth due to new technology. The Hospital's CT scanner utilization for FYs 2002 through 2004 was 15,473, 15,565 and 19,546, respectively. The proposed CT scanner will be located in the proposed ODB and will be dedicated to outpatient CT imaging.

b. A 1.5 Tesla MRI unit: the Hospital based the need for the proposed MRI unit on historical utilization. The Hospital experienced a 13.9% increase in MRI utilization between FYs 2003 and 2004. The Hospital's MRI utilization for FYs 2002 through 2004 was 6,310, 5,803, and 6,612, respectively.

c. A fixed PET-CT scanner: the Hospital based the need for the proposed PET-CT scanner on its historical growth in PET scanning and provision of additional studies such as cardiac and neurological studies. There is no provider of PET-CT services in the Hospital's proposed service area. The Hospital's PET utilization for FYs 2003 and 2004 was 377 and 505, respectively. The Hospital performed the highest number of PET scans in the FCMPC.

d. A Nuclear Medicine Cardiology Camera: the Hospital based the need for the proposed nuclear cardiology camera on historical growth and predicted growth. The predicted growth is due to an aging of the population, enhanced recognition of coronary disease especially in women, increased utilization of other cardiac testing and usage of the nuclear camera as a tool to assess myocardial perfusion, function and viability. The Hospital's full-service cardiac program is also expected to increase utilization.

e. A Nuclear Medicine Camera: the Hospital based the need for the nuclear camera on historical and projected growth in all nuclear medicine procedures and scheduling backlogs for procedures such as gastric emptying studies. The Hospital performed 2,273, 2,366 and 2,506 studies for FYs 2002, 2003 and 2004, respectively.

The proposal will ensure access to high quality outpatient services including imaging that will serve the Hospital's current and future needs. OHCA finds that there is a clear public need for the Hospital's proposal to consolidate the outpatient-based medical and imaging services in the proposed ODB in order to improve accessibility and quality of these outpatient services for the Hospital's patient population.

The total capital expenditure for the proposal is $44,553,816. The Hospital proposes to finance the project through lease financing through Connecticut Health and Educational Financing Authority. The Hospital projects incremental losses from operations for the first year of

operations, FY 2007 of $(1,158,933). However for FYs 2008 and 2009, the Hospital projects incremental gains from operations of $2,095,913 and $5,336,837, respectively. Although OHCA can not draw any conclusions, the Hospital's projected volumes and the financial projections appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Danbury Hospital to construct and operate an ODB, construct a parking garage and expand outpatient dialysis services at a total capital expenditure of $44,553,816, is, hereby GRANTED.

Order

Danbury Hospital ("Hospital") is hereby authorized to construct and operate an Outpatient Diagnostic Building ("ODB"), construct a parking garage and expand outpatient dialysis services at a total capital expenditure of $44,553,816, subject to the following conditions:

1. The Hospital shall not exceed the authorized capital expenditure of $44,533,816. In the event that the Hospital learns of potential additional costs, the Hospital shall file with OHCA a request for approval of the revised budget using the Certificate of Need modification process.

2. The authorization shall expire on December 31, 2009. Should the Hospital not complete the construction and begin operation of the proposal by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.

3. The Hospital is authorized to acquire the following equipment as part of this proposal:

Equipment Type	Name	Model	# of Units
CT Scanner	GE Lightspeed	Volume CT-64 Slice	1
PET-CT Scanner	GE Discovery	ST4 PET/CT Scanner	1
MRI	1.5 Signa	1.5 Signa Infinity	1
Nuclear Medicine Camera System	GE Infinia	Hawkeye Nuclear System-Dual Head	1
Nuclear Cardiology Camera System	GE Millenium	Myosight System Dual Head	1
Total			**5**

4. The Hospital's proposal will include four (4) new endoscopy rooms and physician office suites.

5. The Hospital shall request approval from OHCA through the Certificate of Need process for any further development of the vacated space in the Hospital's Main Tower and Stroock facilities.

6. The Hospital shall file with OHCA utilization statistics for the PET-CT scanner located on its campus in Danbury on a quarterly basis for two full years of operation. Each quarterly filing shall be submitted to OHCA by no later than one month following the end of each reporting period (e.g., January, April, July and October). The initial report shall list the date on which the fixed PET-CT scanner commenced operation. The quarterly reports shall include the following information:

   - Total number of scans scheduled for the fixed PET-CT scanner;
   - Total number of scans performed by the fixed PET-CT scanner;
   - Average patient waiting time from the scheduling of the scan to the performance of the scan;
   - Number of scans by patient zip code;
   - Hours and days of operation for each week and in total; and
   - Number of scans by Medicare diagnostic code.

7. The Hospital shall terminate the contract for the mobile PET scanner after the fixed PET-CT scanner has commenced operation. Furthermore, the Hospital shall provide evidence to OHCA of the termination of the contract for the mobile PET scanner by no later than two months after the fixed PET-CT scanner has commenced operation.

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

February 10, 2006

Signed by Cristine A. Vogel
Commissioner

CAV:swl;tf