



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Hospital:** Danbury Hospital

**Docket Number:** 04-30405-CON

**Project Title:** Flood Damage in Danbury Hospital's Interventional Radiology Room

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

**Filing Date:** December 21, 2005

**Hearing:** Waived

**Decision Date:** January 14, 2005

**Default Date:** March 21, 2005

**Staff Assigned** Paolo Fiducia

**Project Description:** Danbury Hospital ("Hospital") proposes to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$869,238.

**Nature of Proceedings:** On December 21, 2004, the Office of Health Care Access ("OHCA") received the Hospital's Certificate of Need ("CON") application seeking authorization to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$869,238. The Hospital is a health care facility or institution as defined by Section 19a-630, C.G.S.

On November 24, 2004, OHCA determined that the proposed repairs and replacement of equipment are of an emergency nature due to the water damage in the Interventional Radiology Rooms from a fire system sprinkler head. As the capital expenditure associated with the repair and replacement project is necessary for the Hospital to remain

in compliance with health, building and life safety codes, OHCA waived the letter of intent timing requirements and hearing requirements.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-639, C.G.S. In reviewing this proposal, 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.

## **Findings of Fact**

### **Clear Public Need**

#### **Contribution of the Proposal to the Quality, Accessibility and Cost Effectiveness of Health Care Delivery in the Region**

1. Danbury Hospital ("Hospital") is an acute care hospital located in Danbury, Connecticut.
2. The Hospital's Interventional Radiology Rooms were damaged as a result of water damage from a fire system sprinkler head. *(Letter from J. Michael Eisner, Esquire dated November 24, 2004)*
3. The Hospital's proposal to repair and replace damaged equipment and repair physical space is of an emergent nature due to the flooding of the Interventional Radiology Rooms. *(Letter from J. Michael Eisner, Esquire dated November 24, 2004)*
4. The water from this damage penetrated to lower floors and caused extensive water damage to radiology equipment in one of the Hospital's two Interventional Rooms. *(Letter from J. Michael Eisner, Esquire dated November 24, 2004)*
5. The Hospital has been able to operate one of the two rooms, which was only minimally affected. *(Letter from J. Michael Eisner, Esquire dated November 24, 2004)*
6. The Hospital stated that all of the equipment in the other room has been determined not to be salvageable, and has been removed by the insurance company. *(Letter from J. Michael Eisner, Esquire, dated November 24, 2004)*

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

7. The proposal has a total capital expenditure of \$869,238 as follows:

<b>Project Components</b>	<b>Cost</b>
Imaging Equipment	\$844,238
Construction/Renovation	25,000
<b>Total Capital Expenditure</b>	<b>869,238</b>

*(December 21, 2004 CON Application, page 2)*

8. The proposal will be financed through the Hospital's property and casualty insurer. *(December 21, 2004 CON Application, page 4)*
9. The Hospital projects gains from operations with the project of \$23,100, \$24,030 and \$25,007 in FY 2005, FY 2006 and FY 2007, respectively. *(December 21, 2004 CON Application, page 6)*
10. The Hospital's proposal includes the acquisition of a Siemens AXIOM Artis MP (a multi purpose equipment which includes fluoroscopy, angiography and angiograms). *(December 21, 2004 CON Application, page 10)*
11. Since the insurance company is financing the proposal, there will be no impact on the the Hospital's rates. *(December 21, 2004 CON Application, page 3)*

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

The following findings are made pursuant to principles and guidelines set forth in Section 19a-637, C.G.S.:

12. There is no State Health Plan in existence at this time. *(December 21, 2004 CON Application, page 1)*
13. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(December 21, 2004 CON Application, page 1)*
14. The Hospital has improved productivity and contained costs by participating in group purchasing programs, energy conservation, reengineering and application of technology. *(December 21, 2004 CON Application, page 2)*
15. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(December 21, 2004 CON Application, page 2)*

16. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(December 21, 2004 CON Application, page 2)*
17. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(December 21, 2004 CON Application, page 6)*

## **Rationale**

The Hospital's proposal to repair and replace damaged equipment and repair physical space is of an emergent nature due to the flooding of the Interventional Radiology rooms. The Hospital's Interventional Radiology Rooms were damaged as a result of water damage from a fire system sprinkler head. The water penetrated to lower floors and caused extensive water damage to radiology equipment in one of the Hospital's two Interventional Rooms. The Hospital has been able to operate one of the two rooms, which was only minimally affected. The Hospital stated that all of the equipment in the other room has been determined not to be salvageable, and has been removed by the insurance company.

The proposal is financially feasible. The proposal has a total capital expenditure of \$869,238. The proposal will be financed through the Hospital's property and casualty insurer. The Hospital's proposal includes the acquisition of a Siemens AXIOM Artis MP (a multi purpose equipment which includes fluoroscopy, angiography and angiograms). The Hospital projects gains from operations with the project of \$23,100, \$24,030 and \$25,007 in FY 2005, FY 2006 and FY 2007, respectively. The Hospital's proposal is in the best interests of consumers and payers of health care services.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Danbury Hospital to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$869,238, is hereby GRANTED.

## Order

Danbury Hospital is hereby authorized to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$869,238, subject to the following conditions:

1. This authorization shall expire on January 14, 2006, unless the Hospital presents evidence to OHCA that the replacement and repair has become completed by that date.
2. The Hospital shall not exceed the approved capital expenditure of \$869,238. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised project budget.
3. The Hospital shall report back to OHCA the final renovation, repair/replacement and contingency costs for the 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

January 14, 2005

Signed by Cristine A. Vogel  
Commissioner

CAV:pf