



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Yale University Health Services

Docket Number: 06-30745-CON

Project Title: Acquisition and Operation of a 64-Slice
Computed Tomography Scanner

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

Filing Date: October 4, 2006

Decision Date: November 3, 2006

Default Date: January 2, 2007

Staff Assigned: Jack A. Huber

Project Description: Yale University Health Services (“Applicant”) proposes to acquire and operate a 64-slice computed tomography scanner for its health center in New Haven, Connecticut, at an estimated total capital expenditure of \$1,300,000.

Nature of Proceedings: On October 4, 2006, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Yale University Health Services (“Applicant”) seeking authorization to acquire and operate a 64-slice computed tomography scanner for its health center in New Haven, at an estimated total capital expenditure of \$1,300,000.

Pursuant to Section 19a-639, of the Connecticut General Statutes (“C.G.S.”), a notice to the public concerning OHCA’s receipt of the Applicant’s Letter of Intent was published in *The New Haven Register* on May 20, 2006. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until October 25, 2006, the twenty-first calendar day following the filing of the Applicant’s CON application, to request that OHCA hold a public hearing on the Applicant’s proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 19a-639, 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

Clear Public Need

Impact of the Proposal on the Applicant's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Yale University Health Services ("Applicant" or "Health Plan") is a staff model health maintenance organization, located at 17 Hillhouse Avenue in New Haven. *(September 8, 2006, Initial CON Submission, page 10 and Exhibit 4, page 172)*
2. The Applicant is owned and self-insured by Yale University. The Health Plan is the principal health care benefit for Yale University employees and is the primary health care service for university students, faculty and staff (collectively identified as "health plan members"). *(September 8, 2006, Initial CON Submission, pages 2 and 10)*
3. The Applicant provides comprehensive health care services to approximately 33,100 health plan members, primarily residing in the greater New Haven area. *(September 8, 2006, Initial CON Submission, page 3)*
4. The Health Plan is licensed to provide the following services: *(September 8, 2006, Initial CON Submission, page 2 and Exhibit 4, page 172)*
 - Ambulatory care through an outpatient clinic license;
 - Ambulatory surgery through an outpatient surgical facility license;
 - A fourteen bed long-term care service through a chronic and convalescent nursing home license;
 - A nine bed infirmary service through an infirmary operated by an educational institution license; and
 - Pharmacy services.
5. The Health Plan operates twenty-four hours a day, seven days a week and exclusively serves the health care needs of the Yale University community. *(September 8, 2006, Initial CON Submission, page 2)*
6. The Applicant proposes to acquire and operate a 64-slice, computed tomography ("CT") scanner and renovate existing space to accommodate the scanner. *(September 8, 2006, Initial CON Submission, page 2)*
7. The proposed acquisition represents an additional imaging modality for the Health Plan's existing on-site radiology service. The Applicant currently offers general radiography, fluoroscopy and ultrasound. *(September 8, 2006, Initial CON Submission, pages 2 and 10)*

8. The Applicant intends to acquire a Toshiba, Aquilion, CFX Fast Whole Body CT scanner. The proposed scanner will possess 64-slice capability and features superior image quality, faster scanning time and reduced dosages of radiation per examination than scanners possessing earlier CT scanning technology. *(September 8, 2006, Initial CON Submission, page 9 and Exhibit G, pages 180 through 204)*
9. The proposed CT scanning services will be utilized for the following purposes: *(September 8, 2006, Initial CON Submission, pages 2 and 9)*
 - Diagnostic examination of health plan members; and
 - Clinical research and educational activities.
10. Approximately 1,850 Health Plan members are annually referred to other imaging centers for CT imaging studies. *(September 8, 2006, Initial CON Submission, page and October 4, 2006, Completeness Response, page 1)*
11. The proposal will enable the Applicant to provide the following: *(September 8, 2006, Initial CON Submission, pages 2 and 10)*
 - A seamless integration of this service within the Health Plan that will promote appropriate utilization of health care resources and continuity of care;
 - Dedicated hours of scanner use for clinical research and educational activities associated with the Yale School of Medicine; and
 - Direct transfer of imaging information to a member's electronic record that will:
 - Expedite reporting to clinicians;
 - Decrease the potential for error; and
 - Improve patient safety and quality of care.
12. CT scanning for research purposes will be conducted by well-trained research technologists, under the supervision of a radiologist. One of the primary goals of the project is to provide the Yale School of Medicine with timely CT services after the regular service hours of the Health Plan's radiology department have concluded. *(September 8, 2006, Initial CON Submission, page 9)*
13. At present, research studies are performed on Yale-New Haven Hospital's CT scanners, which must compete with the Hospital's patient cases for equipment usage, time and staff attention. *(September 8, 2006, Initial CON Submission, page 9)*
14. The use of the proposed 64-slice, CT scanner for clinical research purposes will be provided at a reasonable cost to the University researchers. *(September 8, 2006, Initial CON Submission, p. 9)*
15. The 64-slice CT scanner will enable research projects in arterial imaging, especially noninvasive coronary arteriography. *(September 8, 2006, Initial CON Submission, page 9)*
16. Medical students and residents on assignment at the Health Plan during their ambulatory care rotation will have the opportunity to consult with board certified radiologists and review CT examination findings. *(September 8, 2006, Initial CON Submission, page 9)*

17. The Applicant's projected CT volumes for fiscal years ("FYs") 2007 through 2009 with the proposed scanner is presented in the following table: (*September 8, 2006, Initial CON Submission, page 4 and Attachment D, page 17*)

Table 1: Projected CT Volume for FYs 2007 through 2009*

Description	FY 2007	FY 2008	FY 2009
Health Plan Scans	1,708**	1,827	1,953
Research Scans	600	600	600
Total Scans	2,308	2,427	2,553

Note: * The data presented by the Applicant could not be verified by OHCA.

** FY 2007 estimate represents an annualized volume for the fiscal year, based on six month results.

18. The Applicant based its CT patient volume projections on current utilization of the imaging modality by health plan members with an increase in utilization per year due to anticipated increases in the number of CT scanning requests by staff physicians and anticipated growth in the plan's annual membership. (*September 8, 2006, Initial CON Submission, page 6 and October 4, 2006, Completeness Response, page 3*)
19. The Applicant in collaboration with Yale Diagnostic Radiology will be responsible for providing the service. (*September 8, 2006, Initial CON Submission, page 7*)
20. The proposed 64-slice CT scanner will meet or exceed all ACR guidelines for CT angiography. (*September 8, 2006, Initial CON Submission, page 6 and 7*)

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 the Payers for Such Services

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

21. The estimated total capital expenditure of the CON proposal is \$1,300,000. The capital costs are itemized as follows: \$1,008,000 for the purchase of the CT scanner and \$292,000 for building work to accommodate the scanner. (*September 8, 2006, Initial CON Submission, page 11*)
22. The proposed CT scanner and associated equipment will be installed within existing radiology department space. (*September 8, 2006, Initial CON Submission, page 11*)
23. The project will be financed through an equity contribution of \$1,300,000 from Yale University. (*September 8, 2006, Initial CON Submission, page 2*)
24. The proposed building work is scheduled to begin in November 2006 with commencement of the CT service in January 2007. (*September 8, 2006, Initial CON Submission, page 12*)
24. The Applicant projects overall operating gains with the project of \$141,000, \$252,000 and \$272,000 for FYs 2007 through 2009, respectively. (*September 8, 2006, Initial CON Submission, page 15 and Attachment D, page 17*)

25. The Applicant indicates that the proposal will result in a cost savings of approximately \$140 per CT scan by offering this imaging modality to its health plan members on-site as opposed to sending them to other area CT providers. The Applicant will apply the anticipated annual cost savings as an offset to the health care premium paid by its members. *(September 8, 2006, Initial CON Submission, pages 2 &15 and October 4, 2006, Completeness Response, page 4)*
26. There is no State Health Plan in existence at this time. *(September 8, 2006, Initial CON Submission, page 2)*
27. The Applicant has adduced evidence that the proposal is consistent with its long-range plan. *(September 8, 2006, Initial CON Submission, page 2)*
28. The proposal is supportive of the following: *(September 8, 2006, Initial CON Submission, p. 9)*
- Health service delivery mission of Yale University Health Services; and
 - The educational and research missions of Yale University, School of Medicine. *(September 8, 2006, Initial CON Submission, page 9)*
28. The Applicant has improved productivity and contained costs by undertaking facility energy conservation measures, employing group purchasing practices in its procurement of supplies and equipment and by participating in activities involving the application of new technologies. *(September 8, 2006, Initial CON Submission, pages 8 and 9)*
29. The Applicant's projected payer mix during the first three years of operating the proposed CT scanner is presented and compared to the current payer mix in the following table : *(September 8, 2006, Initial CON Submission, page 14)*

Table 2: Three-Year Projected Payer Mix with the CON Proposal*

Payer Mix	Current Yr.	Year 1	Year 2	Year 3
Medicare	0.25%	0.33%	0.32%	0.29%
Medicaid	0.00%	0.00%	0.00%	0.00%
Total Government	0.25%	0.33%	0.32%	0.29%
Total Non-Government	0.00%	0.00%	0.00%	0.00%
Other*	99.75%	99.76%	99.68%	99.71%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

* Note: YUHS is owned and self-insured by Yale University as principal health care benefit for Yale employees and is the primary health care service for university students, faculty and staff.

30. The proposal will not result in any change to the Applicant's current patient/physician mix. *(September 8, 2006, Initial CON Submission, pages 9 and 10)*
31. The Applicant possesses sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(September 8, 2006, Initial CON Submission, page 7, and Exhibit 3, pages 93 through 128)*
32. The Applicant's rates are sufficient to cover the proposed capital expenditures and operating costs associated with the proposal. *(September 8, 2006, Initial CON Submission, page 15)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for Certificate of Need (“CON”) proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety 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 proposal.

Yale University Health Services (“Applicant” or “Health Plan”) is a staff model health maintenance organization, providing comprehensive health care services to approximately 33,100 Yale University faculty, staff, students and their dependents (collectively identified as “members” of the Health Plan). The Health Plan, located at 17 Hillhouse Avenue in New Haven, is owned and self-insured by Yale University. The Applicant is licensed to provide the following services: ambulatory care; ambulatory surgery; inpatient long-term care services; inpatient infirmary care services; and pharmacy services. The Health Plan operates twenty-four hours a day, seven days a week and exclusively serves the health care needs of the Yale University community.

The Applicant is proposing to acquire and operate a computed tomography (“CT”) scanner and renovate existing space to accommodate the scanner. The proposed acquisition represents an additional imaging modality for the Health Plan’s existing on-site radiology service. The Health Plan currently offers general radiography, fluoroscopy, and ultrasound. The Applicant intends to acquire a Toshiba, Aquilion, Whole Body CT Scanner. The proposed scanner will possess 64-slice capability and will feature superior image quality, fast scanning time and reduced dosages of radiation per examination. The CT service is being established to provide the following: diagnostic imaging of Health Plan members, scanning for clinical research projects and educational opportunities for medical students and residents.

Approximately 1,850 diagnostic examinations of Health Plan members are annually referred to off-site CT providers. The proposal will enable the Applicant to provide a seamless integration of CT services within the Health Plan that will promote appropriate utilization of health care resources and continuity of care. Additionally, direct transfer of imaging information to a member’s electronic record will expedite reporting to clinicians and decrease the potential for error, thereby improving patient safety and quality of care.

CT scanning for clinical research purposes will be conducted by well-trained research technologists, under the supervision of board certified radiologists. One of the primary project goals is to provide the Yale School of Medicine with timely CT services after the regular service hours of the Applicant’s radiology department have concluded. At present, research studies are performed on Yale-New Haven Hospital’s CT scanners, which must compete with Hospital patient cases for equipment usage, time and staff attention. Additionally, medical students and residents assigned to the Health Plan on ambulatory care rotation will have the opportunity to consult with board certified radiologists and review study findings. The proposed clinical research and educational uses of the proposed CT scanner

will be provided at a reasonable cost to the University. The 64-slice CT scanner will enable research projects in arterial imaging, especially noninvasive coronary arteriography.

The Applicant in collaboration with Yale Diagnostic Radiology will be responsible for providing the service. The proposed scanner will meet or exceed all American College of Radiology guidelines for CT services. The acquisition of the proposed scanner will allow for improvements in the quality of patient care and will provide Health Plan members with improved access to current CT scanning technology. The initiative to establish CT scanning services is also supportive of the educational and research missions of Yale University. Based on the foregoing reasons, OHCA finds that the CON proposal will improve both the quality and accessibility of imaging services for members of the Health Plan and will serve, in a positive manner, the research and educational objectives of Yale University.

The total capital cost for the CON proposal is \$1,300,000, which consists of \$1,008,000 for the CT scanner and \$292,000 for the building worked required to accommodate the scanner. The project will be financed entirely through an equity contribution of \$1,300,000 from Yale University. The Applicant projects incremental gains from operations with the proposal of \$141,000, \$252,000 and \$272,000 in fiscal years 2007, 2008 and 2009, respectively. The proposal will assist the Applicant in remaining productive and efficient overall. Although OHCA can not draw any conclusions, the Applicant's volume and financial projections upon which they are based appear to be reasonable. 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 Yale University Health Services to acquire a 64-slice computed tomography scanner at a total capital cost of \$1,300,000, is hereby GRANTED.

Order

Yale University Health Services (“Applicant”) is hereby authorized to acquire a 64-slice computed tomography (“CT”) scanner for its health center in New Haven, at a total capital expenditure of \$1,300,000, subject to the following conditions:

1. This authorization shall expire on January 1, 2008. Should the Applicant’s CT imaging project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved total capital cost of \$1,300,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised CON project budget.
3. The Applicant shall notify OHCA in writing of the following information by no later than one month after the new scanner becomes operational:
 - a) The name of the CT scanner manufacturer;
 - b) The model name and description of the scanning unit; and
 - c) The initial date of the operation of the CT scanner.

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 3, 2006

Signed by Cristine A. Vogel
Commissioner

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