



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Saint Vincent's Medical Center

Docket Number: 06-30773-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing Magnetic Resonance Imaging System

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

Filing Date: June 20, 2006

Hearing: Waived

Decision Date: June 22, 2006

Staff Assigned: Jack A. Huber

Project Description: Saint Vincent's Medical Center requests a waiver of Certificate of Need ("CON") requirements for replacement equipment in order to replace an existing magnetic resonance imaging system, at a total capital expenditure of \$2,147,082.

Nature of Proceedings: On June 20, 2006, the Office of Health Care Access ("OHCA") received a waiver of CON requirements request for replacement equipment from Saint Vincent's Medical Center ("Hospital"). The Hospital proposes to replace an existing magnetic resonance imaging system in its Radiology Department, located at 2800 Main Street in Bridgeport. The total capital expenditure of the equipment replacement proposal is \$2,147,082. 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 February 26, 1987, Saint Vincent's Medical Center ("Hospital") received Certificate of Need ("CON") authorization from the Commission on Hospital's and Health Care ("CHHC"), the predecessor agency to the current Office of Health Care Access ("OHCA"), under Docket Number: 86-533 to establish a magnetic resonance imaging service, at a total capital expenditure of \$2,454,000. *(February 26, 1987, OHCA Final Decision, Saint Vincent's Medical Center, Docket Number 87-533, pages 60 & 61.)*
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 existing MRI scanning system, at a total capital expenditure of \$2,147,082, which originally received CON authorization from CHHC under Docket Number: 86-533. *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 8)*
3. The Hospital plans to acquire and install a GE Healthcare, Signa Excite II MRI system as its replacement equipment in its radiology department, located at 2800 Main Street in Bridgeport. The fixed-site unit is a high definition, state-of-the-art, 1.5 tesla-strength MRI scanning system. *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 3)*
4. The Hospital provided the following information regarding the current MRI scanner: *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 8)*
 - The unit is fully depreciated and is well beyond its useful life;
 - The unit possesses limited functionality due to its age; and
 - The image quality of the unit is not adequate.
5. The Hospital stated that the benefits of the new system are as follows: *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 8)*
 - The unit will offer improved image quality for all patients, which will improve overall quality of patient care; and
 - The unit will provide current technology required to better scan neurology patients and patients requiring breast scanning; and
 - The unit will possess motion correction software, which will be useful for scanning pediatric patients or any patient having difficulty remaining still.
6. The total capital expenditure for the proposal is \$2,147,082, which includes \$1,047,082 for the purchase of the MRI scanning system and \$1,100,000 for building renovations necessary to accommodate the new system. *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 3)*
7. The Hospital will fund the entire replacement proposal through an equity contribution. *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 4)*

8. The capital expenditure of \$1,047,082 for the replacement system 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. *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 5)*
9. The capital expenditure of \$1,047,082 for the replacement system 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 CHHC's original CON authorization of February 26, 1987, under Docket Number 86-533. *(June 20, 2006, Letter of Intent/Waiver Form 2030, page 5)*

Rationale

Saint Vincent's Medical Center ("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 an existing magnetic resonance imaging ("MRI") system, at a total capital expenditure of \$2,147,082. On February 26, 1987, the Hospital originally received CON authorization from the Commission on Hospital's and Health Care ("CHHC"), the predecessor agency to the current Office of Health Care Access ("OHCA"), under Docket Number: 86-533 for the establishment of an MRI service, at a total project capital expenditure of \$2,454,000.

The Hospital plans to acquire and install a 1.5 tesla-strength General Electric Signa Excite II MRI system as its replacement for the current MRI system. The current MRI system is fully depreciated and is well beyond its useful life, possesses limited functionality due to its age and does not produce images of adequate quality. The benefit of this new scanning system will be improved image quality as well as the ability to provide motion correction software, which will be useful for scanning pediatric patients or any patient having difficulty remaining still.

The total capital expenditure for the replacement of the Hospital's MRI scanner is \$2,147,082, which includes \$1,047,082 for the purchase of the replacement scanning system and \$1,100,000 for building renovations. The Hospital will fund the entire replacement proposal through an equity contribution.

The capital expenditure of \$1,047,082 for the replacement system 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. Furthermore, the capital expenditure of \$1,047,082 for the replacement equipment 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 CHHC's original CON authorization on February 26, 1987, under Docket Number: 86-533.

Based on the foregoing Findings and Rationale, OHCA has determined that Saint Vincent's Medical Center's request for a waiver of CON requirements for replacement equipment to replace an existing magnetic resonance imaging scanner at 2800 Main

Street in Bridgeport, at a total capital expenditure of \$2,147,082, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

Saint Vincent's Medical Center ("Hospital") is hereby authorized to replace an existing magnetic resonance imaging ("MRI") system at 2800 Main Street in Bridgeport, at a total capital expenditure of \$2,147,082, subject to the following conditions:

1. This authorization shall expire on July 1, 2008. Should the Hospital's MRI system replacement project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved total capital expenditure of \$2,147,082. 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 CON project budget.
3. This authorization requires the removal of the Hospital's existing MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's various service provider locations. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the existing magnetic resonance imaging scanner to be replaced by no later than six 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

June 22, 2006

Signed by Cristine A. Vogel
Commissioner

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