



## Office of Health Care Access

### A Modification of a Previously Authorized Certificate of Need

**Applicant:** Griffin Hospital

**Modification Docket Number:** 09-31023-MDF

**Modification Project Title:** A request to modify a previous Certificate of Need authorization in order to increase the authorized capital cost, by \$640,952 from \$4,319,023 to \$4,959,975

**Original Project Docket Number and Title:** Docket Number 07-31023-CON; Establishment of an Outpatient Diagnostic Imaging Center in Shelton

**Statutory Reference:** Sections 4-181a(b), Connecticut General Statutes

**Filing Date:** March 27, 2009

**Decision Date:** April 27, 2009

**Staff:** Karen Roberts

**Project Description:** Griffin Hospital ("Hospital") proposes a modification of the Certificate of Need ("CON") authorization issued under Docket Number 07-31023-CON, in order to increase the authorized capital cost by \$640,952 from \$4,319,023 to \$4,959,975. The CON authorization was for the Hospital to establish an Outpatient Diagnostic Imaging Center in Shelton.

## Findings of Fact

1. On October 3, 2008, under Docket Number 07-31023-CON, the Office of Health Care Access (“OHCA”) granted a Certificate of Need (“CON”) to Griffin Hospital (“Hospital”) for the establishment of an outpatient diagnostic imaging center in Shelton at a total capital cost of \$4,319,023, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes.
2. Condition #6 of the CON authorization under Docket Number 07-31023-CON states the following:

*“6. The Hospital shall not exceed the approved total capital cost of \$4,319,023. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall notify OHCA immediately.”*

3. On March 27, 2009, OHCA received the Hospital’s request for an increase in the authorized total capital cost, by \$640,952, from \$4,319,023 to \$4,959,975. The Hospital indicates that the project cost needs to be increased for the following reasons:
  - a. A need to increase the leased square footage for this project from 4,489 to 5,350 square feet in order to meet the minimum room specifications of the major medical equipment manufacturers selected for this site. This need became apparent to the Hospital only after detailed engineering studies were conducted as part of design development.
  - b. A need to modify roof drains to accommodate a roof hydrant and to install a sound attenuation blanket in the MRI space.
  - c. A need for additional building modifications, including building demolition required to accommodate installation of the MRI unit and upgrades to the utilities and fire alarm services already present in the building.
  - d. An increase in major medical equipment costs related to the finalization of leasing arrangements.
4. The following capital cost breakdown is provided by the Hospital in its modification request:

Increase in Cost of New Construction/Renovations	\$594,067
Increase in Fair Market Value of Leased Equipment	\$ 75,932
Increase in “Soft Costs”	\$ 39,071
Decrease in Owner’s Contingency	\$-43,628
Decrease in Cost of Non-Medical Equipment	<u>\$-24,489</u>
Total Proposed Incremental Capital Cost	\$640,952

5. The Hospital is not requesting any change in the scope of the authorized project or an extension of the CON expiration date related to this modification request.

## Discussion

OHCA has reviewed this request for a modification to a previously authorized CON and finds that the relationship of the CON authorized under Docket Number 07-31023-CON, to Section 19a-637, C.G.S., is not significantly altered by this request for a modification under Docket Number 09-31023-MDF. The modification proposal does not alter the intended scope or the timeframe for implementation of the project. The cost increase appears to have been unanticipated at the time of the CON filing. The Hospital became aware of the need for additional project costs subsequent to the initial estimation of project costs and only after completion of detailed engineering studies as part of design development and after identification of requirements of selected vendors. Therefore, the request for additional project costs appears to be reasonable.

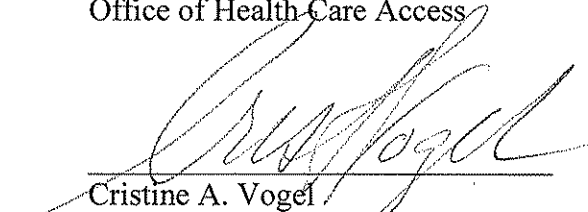
## Order

Based on the above discussion and the reasons provided in the Hospital's modification request, OHCA hereby grants the request and modifies the CON authorized under Docket Number 07-31023-CON. Condition #6 of the CON authorization under Docket Number 08-31023-CON is modified as follows:

6. The Hospital shall not exceed the approved total capital cost of \$4,959,975. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall notify OHCA immediately.

All other conditions set forth in the CON authorization issued under Docket Number 08-31023-CON not modified herein, will remain in full effect.

By Order of the  
Office of Health Care Access



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Cristine A. Vogel  
Commissioner

4-27-09  
Date