

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

July 21, 2009

IN THE MATTER OF:

A Request for Waiver of Certificate of Need Requirements for Replacement Equipment filed pursuant to Section 19a-639c, C.G.S., as amended by P.A. 09-232, Section 96, by

Notice of Final Decision
Office of Health Care Access
Docket Number: 09-31394-WVR

Connecticut Orthopaedic Specialists, P.C.

Request to Waive CON Requirements for the Replacement of an Existing 1.0 Tesla-Strength Extremity MRI Scanner with a 1.5 Tesla-Strength Full Body MRI Scanner in Hamden

To: Glenn Elia
Chief Executive Officer
Connecticut Orthopaedic Specialists, P.C.
2408 Whitney Avenue
Hamden, Connecticut 06518

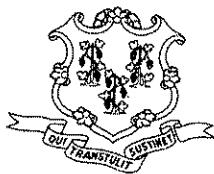
Dear Mr. Elia:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter as provided by Section 19a-639c, C.G.S., as amended by P.A. 09-232, Section 96. On July 21, 2009, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the
Office of Health Care Access

Cristine A. Vogel
Commissioner

CAV: jah



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Connecticut Orthopaedic Specialists, P.C.

Docket Number: 09-31394-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing 1.0 Tesla-Strength Extremity MRI Scanner with a 1.5 Tesla-Strength Full Body MRI Scanner in Hamden

Statutory Reference: Section 19a-639c of the Connecticut General Statutes, as amended by P.A. 09-232, Section 96

Filing Date: June 26, 2009

Decision Date: July 21, 2009

Staff: Jack A. Huber

Project Description: Connecticut Orthopaedic Specialists, P.C., requests a waiver of Certificate of Need requirements for replacement equipment for the purpose of replacing its existing 1.0 tesla-strength, extremity MRI scanner with a 1.5 tesla-strength full body MRI scanner, at its medical office located at 2416 Whitney Avenue in Hamden, Connecticut. The total capital cost of the replacement equipment project is \$765,000.

Nature of Proceedings: On June 26, 2009, the Office of Health Care Access ("OHCA") received the completed waiver of Certificate of Need ("CON") request for replacement equipment from Connecticut Orthopaedic Specialists, P.C., ("Applicant") in Hamden. The Applicant proposes to replace its existing 1.0 tesla-strength, extremity MRI scanner with a 1.5 tesla-strength full body MRI scanner, at its medical office located at 2416 Whitney Avenue in Hamden, Connecticut. The total capital cost of the replacement equipment project is \$765,000.

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, Connecticut General Statutes ("C.G.S."), as amended by Public Act: 09-232, Section 96. 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. Connecticut Orthopaedic Specialists, P.C., (“Applicant”) is a single specialty orthopedic group practice that operates a magnetic resonance imaging (“MRI”) service among other orthopedic services in Hamden, Connecticut. *(June 26, 2009, CON Waiver Form 2040, page 5)*
2. On May 12, 2004, the Office of Health Care Access (“OHCA”) rendered a Certificate of Need (“CON”) determination under Report Number: 04-30288-DTR. The Applicant was informed that CON approval was not required for Connecticut Orthopaedic Specialists, P.C., to acquire and operate a 1.0 tesla-strength extremity MRI scanner at a total capital cost of \$394,000 for its orthopedic imaging office located at 2416 Whitney Avenue in Hamden. *(June 26, 2009, CON Waiver Form 2040, page 3 and Exhibit A, May 12, 2004, CON Determination Letter, Report Number: 04-30288-DTR)*
3. The Applicant is requesting a waiver of CON requirements for the purpose of replacing its existing 1.0 tesla-strength extremity MRI scanner. The Applicant proposes to acquire and operate a GE Healthcare, GoldSeal 1.5 tesla-strength, EchoSpeed Plus, full body scanner as its replacement equipment. *(June 26, 2009, CON Waiver Form 2040, page 2 and Exhibit B)*
4. Pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S”), as amended by Public Act: 09-232, Section 96, a proposal may be eligible for a waiver of replacement equipment from the CON process when:
 - a. A provider previously received CON authorization or a determination that a CON was not required for the original acquisition of the equipment to be replaced; and
 - b. The expenditure or value of the replacement equipment is less than \$3 million.
(Section 19a-639c, C.G.S., as amended by Public Act: 09-232, Section 96)
5. The total capital cost for the proposal is \$765,000 and is itemized as follows:
 - a. \$565,000 which represents as the fair market value of \$867,925 for the leased replacement MRI, less a \$302,925 adjustment for the trade in value of the existing equipment; and
 - b. \$200,000 for renovation work associated with the installation of the new scanner.
(March 17, 2009, CON Waiver Form 2040, page 4 and Exhibit B)
6. The replacement equipment cost is below the \$3 million threshold used to determine whether a request is eligible to receive a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S., as amended by P.A. 09-232, Section 96. *(June 26, 2009, CON Waiver Form 2040, page 3)*

Rationale

Connecticut Orthopaedic Specialists, P.C., (“Applicant”) 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.”), as amended by Public Act: 09-232, Section 96. The Applicant is seeking to replace its existing 1.0 tesla-strength, extremity MRI scanner with a 1.5 tesla-strength full body MRI scanner.

On May 12, 2004, the Office of Health Care Access (“OHCA”) rendered a CON determination under Report Number: 04-30288-DTR, informing Connecticut Orthopaedic Specialists, P.C., that CON approval was not required for the Applicant to acquire and operate a 1.0 tesla-strength extremity MRI scanner at a total capital cost of \$394,000 for its orthopedic imaging office located at 2416 Whitney Avenue in Hamden

The proposed MRI replacement equipment will provide improved imaging technology. The replacement equipment cost for the proposed MRI scanner is \$565,000, which is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment, pursuant to Section 19a-639c, C.G.S., as amended by Public Act: 09-232, Section 96. The Applicant will finance the proposal through a capital lease with GE Healthcare.

Order

Based on the foregoing Findings and Rationale, the Office of Health Care Access (“OHCA”) has determined that the request of Connecticut Orthopaedic Specialists, P.C. (“Applicant”) for a waiver of Certificate of Need (“CON”) requirements for replacement equipment in order to replace its existing 1.0 tesla-strength, extremity MRI scanner with a 1.5 tesla-strength full body MRI scanner, at a replacement equipment cost of \$565,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., as amended by Public Act: 09-232, Section 96, and is hereby **approved**, subject to the following conditions.

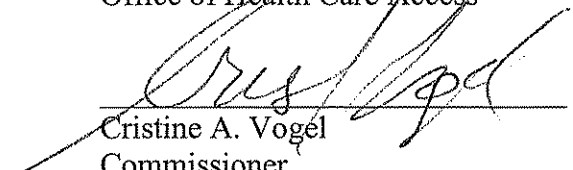
1. This authorization shall expire on September 1, 2010. Should the Applicant’s replacement equipment project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed \$3 million in replacement equipment costs for the 1.5 tesla-strength full body MRI scanner. In the event that the Applicant learns of potential cost increases or expects the replacement equipment costs or value will exceed \$3 million, the Applicant shall notify OHCA in writing.

3. With respect to the acquisition of the new MRI scanner, the Applicant shall notify OHCA regarding the following information in writing prior to the September 1, 2010, CON expiration date:
 - a) The name of the MRI scanner manufacturer;
 - b) The model name and description of the MRI scanner; and
 - c) The initial date of the operation of the MRI scanner.
4. This authorization requires the removal of the Applicant's existing 1.0 tesla-strength extremity MRI scanner for certain disposition, such as trade-in, sale or salvage, outside of and unrelated to the Applicant's Connecticut service locations. Furthermore, the Applicant shall provide evidence to OHCA of the disposition of the existing 1.0 tesla-strength extremity MRI scanner to be replaced by no later than six months after the replacement MRI scanner has become operational.
5. Should the Applicant propose any change in MRI scanning services, the Applicant shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law. All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

7-21-09
Date

By Order of the
Office of Health Care Access


Cristine A. Vogel
Commissioner

CAV:jah