



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

OFFICE OF COMMISSIONER

November 5, 2009

IN THE MATTER OF:

An Application for a Certificate
of Need filed pursuant to
Section 19a-638, C.G.S. by:

Valley Imaging Partners, LLC

Notice of Final Decision
Office of Health Care Access
Docket Number: 09-31395-CON

**Termination of CT Scanning Services at the
Applicant's Office Located in Naugatuck**

To: Maryanne Volkringer
Valley Imaging Partners, LLC
c/o Waterbury Hospital
64 Robbins Street
Waterbury, CT 06721

Dear Ms. Volkringer:

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-638, C.G.S. On November 5, 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 Division of
Office of Health Care Access
Department of Public Health

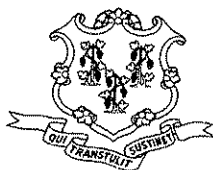


Cristine A. Vogel
Deputy Commissioner

CAV: jah

Enclosure





**Department of Public Health
Office of Health Care Access
Certificate of Need Application
Final Decision**

Applicant: Valley Imaging Partners, LLC

Docket Number: 09-31395-CON

Project Title: Termination of CT Scanning Services at the Applicant's Office Located in Naugatuck

Statutory Reference: Section 19a-638, Connecticut General Statutes

Filing Date: September 1, 2009

Decision Date: November 5, 2009

Default Date: November 30, 2009

Staff: Ronald Ciesones
Jack A. Huber

Project Description: Valley Imaging Partners, LLC, proposes to terminate its computed tomography ("CT") service at its office located at 799 New Haven Road in Naugatuck, Connecticut, at no associated capital expenditure.

Nature of Proceedings: On September 1, 2009, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Valley Imaging Partners, LLC, ("Applicant") seeking authorization to terminate its computed tomography ("CT") service at its office located at 799 New Haven Road in Naugatuck, Connecticut, at no associated capital expenditure.

Pursuant to Section 19a-638 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 *Republican American* (of Waterbury) on July 19, 2009. OHCA received no responses from the public concerning the Applicant’s proposal.

Pursuant to Section 19a-638, C.G.S., three individuals, or an individual representing an entity with five or more people, had until September 22, 2009, 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-638, 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. It is found that Valley Imaging Partners, LLC, is a joint venture limited liability company that was organized in July 2002 with two members: Diagnostic Radiology Associates (“DRA”), a private physician practice, with a 51% ownership share and Greater Waterbury Management Resources, Inc. (GWMRI) with a 49% ownership share. GWMRI is a physician practice management corporation that operates under the Greater Waterbury Health Network corporate umbrella. Greater Waterbury Health Network is the parent corporation of Waterbury Hospital. *(September 1, 2009, Initial CON Submission, page 9)*
2. It is found that Valley Imaging Partners, LLC (“Applicant”) offers computed tomography (“CT”) and open magnet resonance imaging (“MRI”) services at its Crosspointe Plaza office located at 799 New Haven Road in Naugatuck, Connecticut. The CT and MRI scanners are each accredited by the American College of Radiology. *(June 24, 2009, Letter of Intent, page 6)*

3. On May 11, 2006, under CON Determination, Report Number: 06-30696-DTR, the Office of Health Care Access (“OHCA”) determined that the purchase of a 1999 GE HighSpeed CTI, single-slice CT scanner in 2004 by Valley Imaging Partners, LLC, did not require the filing of a CON application, as the CT scanner was fully acquired prior to the implementation of Public Act: 05-93. *(June 24, 2009, Letter of Intent, page 6 and May 11, 2006, CON Determination, Report Number:06-30696-DTR, pages 2 and 3)*
4. The Applicant contends that its decision to terminate its CT scanning service was made after a review of the Naugatuck office’s CT scanning volumes, an evaluation of the technology available elsewhere in the greater Waterbury area and an assessment of the financial losses associated with the office’s CT scanning service performance. *(September 1, 2009, Initial CON Submission, page 5)*
5. The Applicant contends that the individuals served by its Naugatuck CT scanning service primarily originate from the towns of Naugatuck (62%), Beacon Falls (7%) and Woodbridge (6%). *(June 24, 2009, Letter of Intent, page 3 and September 1, 2009, Initial CON Submission, page 6 & Appendix 3.A., page 20)*
6. The Applicant reports that its CT scanning volumes for fiscal years (“FYs”) 2005 through 2008 and year-to-date FY 2009 are as follows for the Naugatuck office:

Table 1: Number of CT Scans Performed

	Fiscal Year				
	2005	2006	2007	2008	2009**
# of Scans	386	550*	334	203	153

Notes: * In FY 2006 the Naugatuck office served as an alternative location for patients during the multi-week installation period for an affiliate office’s 32-slice CT scanner installation, thereby enhancing the total number of CT scans performed in that FY.

** Beginning October 2008 and continuing through to the end of June, 2009. *(September 1, 2009, Initial CON Submission, pages 5 and, 8)*

7. The Applicant contends that declining physician referrals attributable to the availability of more technologically advanced multi-slice versus single-slice CT scanning capability has contributed to the low annual CT scanning volumes experienced at its Naugatuck office. The table presented on the next page was supplied by the Applicant to support the number of multi-slice CT scanners as well as single-slice CT scanners in the Greater Waterbury area:

Table 2: Other CT Scanning Services in the Greater Waterbury Area

Facility Name:	Address	Scanner Type	Schedule
Diagnostic Radiology Associates	Straits Turnpike, Middlebury	Multi-slice CT	8:30 to 5:00; M thru F
Imaging Partners	Grandview Ave., Waterbury	Multi-slice CT	7:30 to 5:00; M thru F
Waterbury Hospital	Robbins Street, Waterbury	Single-slice & Multi-slice CT	24 hrs/day; 7days/wk
Naugatuck Valley Radiological Assoc.	Main Street, Southbury	Multi-slice CT	7:00 to 11:00; M thru F 8:00 to 3:00; Sat.
Naugatuck Valley Radiological Assoc.	Chase Parkway, Waterbury	Multi-slice CT	8:00 to 5:30; M thru F
Naugatuck Valley Radiological Assoc.	Church Street, Naugatuck	Single-slice CT	8:30 to 5:00; M thru F
Naugatuck Valley Radiological Assoc.	West Main St., Waterbury	Multi-slice CT	7:30 to 6:00 pm; M thru Thur. 7:30 to 4:40 pm; F 8:00 to 12:00; Sat.
Naugatuck Valley Radiological Assoc.	Waterbury Road, Prospect	Multi-slice CT	8:00 am to 9:00 pm; M thru F
Saint Mary's Hospital	Franklin Ave., Waterbury	Single-slice & Multi-slice CT	24 hrs/day; 7days/wk
Total CT Scanner Count:	4 Single-Slice and 8 Multi-Slice CT Scanners		

(September 1, 2009, Initial CON Submission, page 5 and Appendix I.B., page 13)

8. OHCA finds that the proposed termination of CT scanning services at the Applicant's Naugatuck office will not negatively impact patient access to such services.
9. The Applicant provided a copy of the call center script and a copy of the physician notification letter that will be used to inform the parties affected by the proposed service termination. *(September 1, 2009, Initial CON Submission, page 7)*
10. The Applicant's decision to terminate CT scanning services required an affirmative vote by the Valley Imaging Partners' Board of Members. The Applicant provided a copy of the Board of Members, June 23, 2009, meeting minutes where this matter was discussed and received an affirmative vote. *(September 1, 2009, Initial CON Submission, page 8 & Appendix 2.A.v., page 18)*

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

11. The proposal has no associated capital expenditure. *(September 1, 2009, Initial CON Submission, page 9)*
12. The Applicant intends to sell its 1999 General Electric HighSpeed CTI, single-slice CT scanner to an independent radiology equipment vendor at an approximate sale price of \$12,100. The vendor will assume all costs associated with the removal of the CT scanner. The Applicant supplied a copy of the vendor proposal. *(September 1, 2009, Initial CON Submission, pages 9 & 10, and Appendix 5.C.ii., page 76)*
13. The Applicant reported the following losses from operations for FYs 2007 through 2009:

Table 3: Operating Losses

Description	FY 2007	FY 2008	FY 2009*
Loss from Operations	\$109,036	\$59,272	\$53,977

Note: *The FY 2009 amount is a projected amount.
(September 1, 2009, Initial CON submission, pages 71 & 77)

14. The Applicant's projected incremental total revenue, total operating expense and net income associated with the implementation of the proposal is presented in the table below:

Table 4: Financial Projections Incremental to the Project

Description	FY 2010	FY 2011	FY 2012
Incremental Total Revenue	(\$56,440)	(\$52,015)	(\$52,015)
Incremental Total Operating Expenses	(\$88,627)	(\$127,844)	(\$150,298)
Incremental Net Income	\$32,187	\$75,829	\$98,283

(September 1, 2009, Initial CON submission, page 77)

15. The projected annual net income for FYs 2010 through 2012 is primarily due to savings from equipment maintenance on the CT scanner, contract labor and interpretation/billing services. *(September 1, 2009, Initial CON submission, page 82)*
16. The Applicant's projected overall net income once the proposal is fully implemented is \$75,534, \$96,503 and \$86,621 for FYs 2010 through 2012, respectively. *(September 1, 2009, Initial CON submission, page 82)*

17. Applicant's current population mix for its CT service is as follows:

Table 5: Current Population Mix

Payer Category	FYTD 2009
Medicare*	42.2%
Medicaid*	0.8%
CHAMPUS and TriCare	0.8%
Total Government Payers	43.8%
Commercial Insurers*	54.6%
Uninsured	0.0%
Workers Compensation	1.6%
Total Non-Government Payers	56.2%
Total Payer Mix	100.0%

Note: *Includes managed care activity
(September 1, 2009, Initial CON Submission, page 10)

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.

Valley Imaging Partners, LLC (“Applicant”) is seeking authorization from OHCA to terminate its computed tomography (“CT”) service at its office located at 799 New Haven Road in Naugatuck, Connecticut, at no associated capital expenditure. The Applicant’s decision to terminate its CT scanning service was made after a review of the office’s CT scanning volumes, an evaluation of the technology available elsewhere in the greater Naugatuck area and an assessment of the financial losses associated with the service’s performance. OHCA concludes that the Applicant’s single-slice CT service has experienced diminishing scanning volumes from 386 scans in fiscal year (“FY”) 2005 to 203 scans in FY 2008. Additionally with the current number of CT imaging providers in the greater Naugatuck area, OHCA concludes that access to CT services by area residents will not be negatively affected in that the area appears to have existing capacity to image the small number of individual who have been receiving CT services at the Naugatuck office.

Order

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Valley Imaging Partners ("Applicant") to terminate its computed tomography ("CT") scanning service at its office located at 799 New Haven Road in Naugatuck, Connecticut, at no associated capital expenditure, is hereby GRANTED, subject to the following conditions:

1. This authorization requires the removal of the Applicant's single-slice CT scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant's Connecticut service locations prior to July 1, 2010.
2. The Applicant shall notify OHCA regarding the date of removal and final disposition of the single-slice CT scanner.

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.

By Order of the Division of
Office of Health Care Access
Department of Public Health

Date 11-5-09



Cristine A. Vogel
Deputy Commissioner