



**STATE OF CONNECTICUT**  
DEPARTMENT OF PUBLIC HEALTH  
*Office of Health Care Access*

August 4, 2010

**IN THE MATTER OF:**

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

Notice of Final Decision  
Office of Health Care Access  
Docket Number: 09-31358-CON

**Windham Community Memorial Hospital**

**Establishment of a Hospital-Based Mobile  
Lithotripsy Service on the Hospital's Campus  
in Willimantic, Connecticut**

To: Susan Pritchett, RN  
Manager, Perioperative Services  
Windham Community Memorial Hospital  
112 Mansfield Avenue  
Willimantic, CT 06226

Dear Ms. Pritchett:

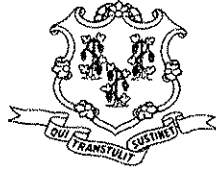
This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-638, C.G.S. On August 4, 2010, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

A handwritten signature in black ink that reads "Kimberly R. Martone".

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Kimberly R. Martone  
Director of Operations

Enclosure  
NDG:KRM;jah



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

**Final Decision**

**Applicant:** Windham Community Memorial Hospital

**Docket Number:** 09-31358-CON

**Project Title:** Establishment of a Hospital-Based Mobile Lithotripsy Service on the Hospital's Campus in Willimantic, Connecticut

**Project Description:** Windham Community Memorial Hospital ("Hospital") proposes to establish a hospital-based mobile lithotripsy service. The proposal has a capital cost of \$75,000, which represents the fair market value for the new mobile equipment whose use will be arranged through a contract with new lithotripsy equipment vendor. The proposal will change the service arrangement from a vendor-based to a hospital-based service, thereby allowing the Hospital to become the holder of the lithotripsy service's Certificate of Need.

**Nature of Proceedings:** On May 17, 2010, the Office of Health Care Access ("OHCA") received Windham Community Memorial Hospital ("Hospital") Certificate of Need ("CON") application seeking authorization to establish a hospital-based mobile lithotripsy service. The proposal has a capital cost of \$75,000, which represents the fair market value for the new mobile equipment whose use will be arranged through a contract with new lithotripsy equipment vendor. The proposal will change the service arrangement from a vendor-based to a hospital-based service, thereby allowing the Hospital to become the holder of the lithotripsy service's Certificate of Need. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Pursuant to Section 19a-638, C.G.S., a notice to the public concerning OHCA's receipt of the Hospital's Letter of Intent was published in *The Chronicle* of Willimantic on May 23, 2009. OHCA received no responses from the public concerning the Hospital's proposal. Three individuals or an individual representing an entity with five or more people had until June 7,

2010, the twenty-first calendar day following the filing of the Hospital's CON application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny this 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

1. Windham Community Memorial Hospital ("Hospital") is a non-profit acute care hospital, located at 112 Mansfield Avenue in Willimantic, Connecticut. *(August 18, 2009, Initial CON Submission, pages 1 and 2)*
2. The Hospital has been providing a mobile lithotripsy service<sup>1</sup> over the past decade through two private vendors who have each been the holder of the Certificate of Need ("CON") for the lithotripsy service. *(August 18, 2009, Initial CON Submission, page 7)*
3. The proposed service agreement between the Hospital and United Medical Services, LP, the lithotripter vendor, will enable the Hospital to become the holder of the CON for the mobile service. *(August 18, 2009, Initial CON Submission, pages 1, 2 and 7)*
4. On October 22, 1998, in an Agreed Settlement under Docket Number: 98-534, the Office of Health Care Access ("OHCA") granted a CON to Connecticut Lithotripsy, LLC, to establish and operate a mobile lithotripsy service at nine acute care hospital sites. None of the acute care hospitals were applicants to the CON application under Docket Number: 98-534. The following table identifies the hospital service sites authorized in the Agreed Settlement.

**Table 1: Approved Hospital Service Sites under DN: 98-534**

Windham Community Memorial Hospital in Willimantic	Rockville General Hospital in Vernon
Bradley Memorial Hospital in Southington	St. Vincent's Medical Center in Bridgeport
Charlotte Hungerford Hospital at its Winsted Campus	Stamford Hospital in Stamford
MidState Medical Center in Meriden	Waterbury Hospital in Waterbury

*(October 22, 1998, Agreed Settlement under Docket Number: 98-534.)*

5. On July 27, 2005, in a Final Decision under Docket Number: 05-30448-CON, OHCA approved the sale of Connecticut Lithotripsy, LLC's existing lithotripsy business to Continental Connecticut Lithotripsy, LLC. *(August 18, 2009, Initial CON Submission, page 8 and July 27, 1998, Agreed Settlement under Docket Number: 05-30448-CON)*

<sup>1</sup> The service utilizes a lithotripter, a device that passes shock waves through a water-filled tub in which a patient sits. This noninvasive procedure crushes mineral deposits that have formed as a stone or calculus in the patient's urinary bladder or urethra. The administration of the shock waves fractionalizes the calculus into smaller pieces that can be eliminated by a patient.

6. On April 27, 2009, the Hospital received a CON determination from OHCA under Report Number: 09-31355-DTR. The determination report indicated, in part, that the Hospital would be required to seek CON authorization pursuant to Section 19a-638(a)(2) of the Connecticut General Statutes ("C.G.S.") to provide lithotripsy services as a hospital-based service. *(April 27, 2009, CON Determination Letter, Report Number: 09-31355-DTR, page 2)*
7. The proposed change in service vendor from Continental Connecticut Lithotripsy, LLC to United Medical Services, LP ("UMS"), will allow the Hospital to upgrade the lithotripter used to provide the mobile service. *(August 18, 2009, Initial CON Submission, page 7)*
8. The Hospital indicates that the proposed lithotripter will be a Dornier Compact Delta and that this unit possesses ultrasound-enhanced capability in addition to other enhancements not currently found in the lithotripter used by the Hospital. *(August 18, 2009, Initial CON Submission, page 8 and Attachment H, Dornier MedTech Quotation)*
9. The Hospital states that the hospital-based lithotripsy service will serve the same individuals as the vendor-based service. The Hospital identified that individuals currently served by the program come from the following towns: Ashford, Andover, Chaplin, Columbia, Coventry, Franklin, Hampton, Hebron, Lebanon, Mansfield, Scotland, Willington and Windham. *(April 17, 2009; Letter of Intent, page 3)*
10. The vendor-based lithotripsy service performed the following number of procedures at the Hospital in the last three fiscal years (FYs"): 39 for FY 2007, 35 for FY 2008 and 51 for 2009. *(August 18, 2009, Initial CON Submission, page 10 and May 17, 2010, Completeness responses, page 3)*
11. The Hospital projected the following number of lithotripsy procedures to be performed in the next three fiscal years: 72 for FYs 2010, 72 for FY 2011 and 72 for 2012. *(August 18, 2009, Initial CON Submission, page 10 and May 17, 2010, Completeness responses, page 3)*
12. Based on historical lithotripsy information the Hospital claims that it will recapture approximately three to four procedures per month (or approximately 36 to 48 lithotripsy procedures annually) that are currently referred to other hospitals, as the lithotripter in current use by the Hospital lacks ultrasound-enhanced capability. *(August 18, 2009, Initial CON Submission, pages 6, 8 and 9)*
13. The Hospital indicates that Day Kimball Hospital and William W. Backus Hospital are two hospitals that provide lithotripsy services. *(August 18, 2009, Initial CON Submission, page 6)*
14. The proposed hospital-based service will be provided under the Hospital's existing Department of Public Health license. *(August 18, 2009, Initial CON Submission, page 6)*

15. OHCA finds that the proposal will allow the Hospital to accomplish the following:
  - a. To continue to provide mobile lithotripsy services to the community it serves;
  - b. To become the holder of the CON for the service; and
  - c. To provide ultrasound-enhanced lithotripsy services that will improve the quality of care provided and accessibility to the service for those patients residing in the area served by the Hospital.
  
16. The lithotripsy service will be a turn-key operation, whereby UMS will be responsible for all costs associated with the ownership, operation, maintenance and delivery of the equipment. *(August 18, 2009, Initial CON Submission, Attachment C, pages 1 through 5)*
  
17. The capital cost for the proposal is \$75,000, which represents the fair market value of the lithotripter. *(August 18, 2009, Initial CON Submission, pages 2 and 3)*
  
18. The proposed service is expected to become operational shortly after the Hospital receives CON approval from OHCA. *(August 18, 2009, Initial CON Submission, page 3)*
  
19. The Hospital identified that its procedural charge to the patient will be a flat fee of \$5400. The fee is inclusive of the equipment usage, procedure room time, anesthesia administration and intravenous administration. The Hospital will be responsible for the billing of the service. *(August 18, 2009, Initial CON Submission, page 5)*
  
20. There will also be a professional service fee paid to the physician performing the procedure. *(August 18, 2009, Initial CON Submission, page 5)*
  
21. The Hospital will pay UMS on a fixed-fee of \$1,850 per procedure with no penalty for open or non-scheduled days. *(August 18, 2009, Initial CON Submission, page 5)*
  
22. The Hospital is projecting incremental gains from operations related to the proposal of approximately \$146,000, \$160,000 and \$174,000 for FYs 2010 through 2012, respectively. *(August 18, 2009, Initial CON Submission, page 4 and Attachment E, Financial Attachment 1 and May 17, 2010, Completeness responses, pages 5 and 6)*
  
23. The Hospital is projecting overall facility gains from operations with the proposal of approximately \$1,590,000, \$2,553,000 and \$2,994,000 for FYs 2010 through 2012, respectively. *(August 18, 2009, Initial CON Submission, page 4 and Attachment E, Financial Attachment 1 and May 17, 2010, Completeness responses, pages 5 and 6)*

24. The Hospital's existing payer mix is not expected to change as a result of this project. The current and projected payer mix for the first three years of operation with the new lithotripsy service arrangement is illustrated as follows:

**Table 2: Hospital's Current and Projected Lithotripsy Population Payer Mix**

Payer	Current	FY 2010	FY 2011	FY2012
Medicare	13%	13%	13%	13%
Medicaid	28%	28%	28%	28%
TriCare (CHAMPUS)	0%	0%	0%	0%
<b>Total Government</b>	<b>41%</b>	<b>41%</b>	<b>41%</b>	<b>41%</b>
Commercial Insurers	59%	59%	59%	59%
Uninsured	0%	0%	0%	0%
Workers Comp.	0%	0%	0%	0%
<b>Total Non-Government</b>	<b>59%</b>	<b>59%</b>	<b>59%</b>	<b>59%</b>
<b>Total Payer Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*(August 18, 2009, Initial CON Submission, page 4)*

25. The Hospital states that the proposal will contain costs for its lithotripsy patients due to the following:
- a. The new vendor agreement reflects a reduction in the equivalent procedure fee from the Hospital's previous vendor agreement; and
  - b. Those patients requiring the procedure with ultrasound-enhanced capability will not have to travel to other hospitals whose lithotripter can provide this feature. *(August 18, 2009, Initial CON Submission, page 6)*
26. The Hospital indicates that its lithotripsy rate is sufficient to cover the proposed operating expenses of the service. *(July 26, 2007, Initial CON Submission, page 13)*
27. OHCA finds that the Hospital's proposal is financially feasible and cost effective.
28. The Hospital states that its proposal will not result in changes to the Hospital's current teaching and research responsibilities. *(August 18, 2009, Initial CON Submission, page 6)*
31. The Hospital states that there are no distinguishing characteristics of the patient/physician mix with respect to the proposal. *(August 18, 2009, Initial CON Submission, page 6)*
32. The Hospital indicates that it has sufficient financial, managerial, and technical competence to provide efficient and adequate service to the public. *(August 18, 2009, Initial CON Submission, page 6 and Attachment F)*

## Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for the proposed service on case by case basis. Certificate of Need (“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 proposed service.

Windham Community Memorial Hospital (“Hospital”) proposes to establish a hospital-based mobile lithotripsy service in Willimantic, Connecticut. The Hospital has been providing lithotripsy services for over a decade through private vendors who have each been the holder of the CON for the service. The Hospital proposes to enter into a service agreement with United Medical Services, LP (“UMS”) for the provision of the service. The proposed arrangement will allow the Hospital to become the holder of the CON for the service. UMS will provide the lithotripter, as well as all other necessary equipment, staffing and maintenance services. From FY 2007 to FY 2009, the Hospital’s vendor-based service performed between 35 to 51 lithotripsy procedures annually. The Hospital believes that when it initiates the hospital-based service with upgraded lithotripsy equipment, that it will be able to recapture some forty procedures annually that have been referred to other acute care hospitals that possess the latest lithotripter equipment.

Based on the above, OHCA finds that the proposal will enable the Hospital to continue to provide lithotripsy services to the community it serves, under a contractual arrangement that allows the Hospital to become the holder of the CON. Additionally, OHCA finds that the proposal will allow the Hospital to provide ultrasound-enhanced lithotripsy services that will not only improve the quality of care the service provides, but will improve the service accessibility for Hospital patients requiring treatment.

The proposal has a capital cost of \$75,000, which is entirely attributable to the fair market value of the lithotripsy equipment. The Hospital projects incremental gains from operations related to this project of approximately \$146,000, \$160,000 and \$174,000 for fiscal years 2010, 2011 and 2012, respectively. For the facility as a whole, the Hospital projects gains from operation with the project for FYs 2010 through 2012. The new vendor agreement reflects a reduction in the equivalent procedure fee from the Hospital’s previous vendor agreement. Based on the above, OHCA concludes that the CON proposal is financially feasible and cost effective.

## Order

Based upon the foregoing Findings and Rationale, the Certification of Need application of Windham Community Memorial Hospital ("Hospital") to establish a hospital-based mobile lithotripsy service, at a capital cost of \$75,000, which represents the fair market value of the lithotripsy equipment, is hereby **approved**, subject to the following condition:

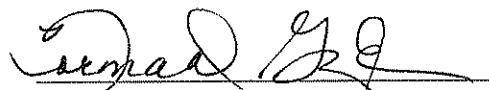
1. The Hospital shall notify OHCA in writing by no later than one month after the new lithotripsy equipment becomes operational, the initial date of the operation of the hospital-based lithotripsy service.

Should the Hospital fail to comply with any of the aforementioned condition, 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

Aug 4, 2010  
Date

  
Norma D. Gyle, R.N., Ph.D.  
Deputy Commissioner