

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

July 12, 2010

IN THE MATTER OF:

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

McAraw, Cantner & Cantner, LLC

Notice of Final Decision
Office of Health Care Access
Docket Number: 10-31515-CON

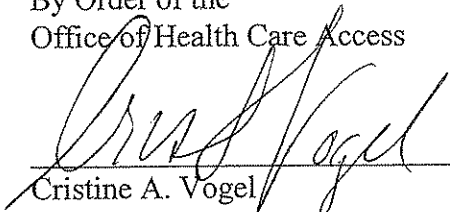
**Acquisition of a Cone-Beam Computed
Tomography Scanner in Old Saybrook**

I. L. Cantner, II, DMD
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97 Elm Street
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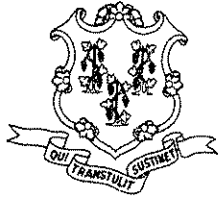
Dear Dr. Cantner:

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 July 12, 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.

By Order of the
Office of Health Care Access


Cristine A. Vogel
Deputy Commissioner

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

Applicant: McAraw, Cantner & Cantner, LLC

Docket Number: 10-31515-CON

Project Title: Acquisition of Cone-Beam Dental Computed Tomography (“CT”) Scanner in Old Saybrook

Statutory Reference: Section 19a-639, Connecticut General Statutes

Filing Date: May 19, 2010

Decision Date: July 12, 2010

Default Date: August 18, 2010

Staff: Laurie K. Greci and Olga Armah

Project Description: McAraw, Cantner & Cantner, LLC (“Applicant”) is proposing to acquire a cone-beam dental computed tomography scanner (“cone-beam CT scanner”) in Old Saybrook, with an associated capital expenditure of \$133,412.

Nature of Proceedings: On May 19, 2010, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from McAraw, Cantner & Cantner, LLC (“Applicant”) proposing to acquire a cone-beam dental computed tomography scanner (“cone-beam CT scanner”) in Old Saybrook, with an associated capital expenditure of \$133,412.

A notice to the public concerning OHCA’s receipt of the Applicant’s Letter of Intent was published on January 17, 2010, in *The Day* of New London. OHCA received no response from the public concerning the Applicant’s proposal. Pursuant to Section 19a-639 of the Connecticut General Statutes (“C.G.S.”) three individuals or an individual representing an entity with five or more people had until May 5, 2010, 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, approve, modify, or deny this proposal is established by Section 19a-639, 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 McAraw, Cantner & Cantner, LLC ("Applicant") is a dental practice that provides diagnostic and therapeutic therapy for periodontal pathology, TMJ (temporomandibular joint) pathology, and dental implants. *(March 24, 2010, Initial CON Application Submission, page 2)*
2. The Applicant currently has the following offices and imaging modalities:

Table 1: Applicant's Offices and Current Imaging Modalities

Location	Available Imaging
97 Elm Street Old Saybrook, CT 06475	Standard periapical dental radiology and two-dimensional ("2D") panoramic radiology
25 Durham Road Madison, CT 06443	Standard periapical dental radiology and 2D panoramic radiology
744 Broad Street Ext. Waterford, CT 06385	Standard periapical dental radiology

(March 24, 2010, Initial CON Application Submission, page 2)

3. The Applicant proposes to acquire a single Gendex CB500HD Cone Beam CT dental imaging unit ("dental CT scanner") for the practice located in Old Saybrook. The Applicant contends that the dental CT scanner will replace the existing 2D panoramic x-ray unit at the Old Saybrook location. *(March 24, 2010, Initial CON Application Submission, page 2)*
4. The Applicant contends that the intended population for the proposal is the current patient population of the three offices. *(March 24, 2010, Initial CON Application Submission, page 3)*

5. The Applicant asserts that placing the proposed dental CT scanner in the Old Saybrook office will be the most convenient location for the practice's patients from each of the three offices. This office also has the availability of a dedicated space for the equipment. *(March 24, 2010, Initial CON Application Submission, page 3)*
6. The Applicant contends that the dental CT scanner provides greater diagnostic capability for the dental professional as well as increased confidence by the patient that the provider is taking an active approach in their care. The resulting scan provides a three-dimensional image allowing the provider to determine the bone structure, tooth orientation, nerve canals, and pathology. *(March 24, 2010, Initial CON Application Submission, pages 3 and 39)*
7. The Applicant reported the following historical and projected patient volumes by fiscal year:

Table 1: Historical and Projected Practice Volumes for All Patients

Office Location	Historical Patient Volume By Fiscal Year♦				Projected Patient Volume By Fiscal Year			
	2007	2008	2009	2010*	2010**	2011	2012	2013
Madison	1,150	1,175	1,250	1,120	1,400	1,420	1,440	1,460
Old Saybrook	3,500	3,850	4,000	3,360	4,200	4,220	4,240	4,260
Waterford	1,150	1,175	1,250	1,120	1,400	1,420	1,440	1,660
Total	5,800	6,200	6,500	5,600	7,000	7,060	7,120	7,180

♦ Applicant uses the calendar year as its fiscal year.

* Patient Volume reported for first six months of fiscal year.

** Patient Volume projected for entire fiscal year.

(May 19, 2010, Facsimile Letter, page 2)

8. The Applicant contends that the following projected number of scans will be performed:

Table 2: Projected Volume by Fiscal Year* and Diagnosis

Diagnosis	Current Fiscal Year	Projected Fiscal Year		
	2010** (Jun 1 to Dec 31)	2011	2012	2013
Dental Implants	70	120	134	134
TMJ Pathology	14	24	24	24
Total	84	144	158	158

** The projected volume reported is for the last seven months of the current fiscal year.

*(March 24, 2010, Initial CON Application Submission, pages 4 and 5 and
 April 16, 2010, Completeness Submission, page 43)*

9. The Applicant contends that a review of past patient records was performed and the projected volume was based on the number of patients where the dental CT scanner would have been advantageous. The Applicant contends that the volume will increase by approximately 10% after the first year as patients recognize the advantages of the cone-beam CT scanner resulting in improved placement of implants. *(March 24, 2010, Initial CON Application Submission, page 4)*
10. OHCA finds that the combined projected CT scans of the three offices seems reasonable and achievable.
11. The Applicant contends that the patients are exposed to 10 times the radiation with a conventional CT scan than what the patient would be exposed to with the dental CT scanner. *(April 16, 2010, Completeness Submission, page 44)*
12. OHCA finds that the Applicant has demonstrated that the dental CT scanner will provide an imaging modality that will be safe for its patients and enhance the quality of service to the patients.

**Financial Feasibility of the Proposal and its Impact on the Applicant's Rates
and Financial Condition**
Rates Sufficient to Cover Proposed Capital and Operating Costs
**Impact of the Proposal on the Interests of Consumers of Health Care Services
and Payers for Such Services**
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

13. The Applicant contends that the proposed total capital expenditure of \$133,412 is for the purchase of equipment. The equipment will be financed through operating funds. *(March 24, 2010, Initial CON Application Submission, page 20 and April 16, 2010, Completeness Submission, page 44)*
14. The Applicant provided the following to verify availability of funds:
 - Webster Bank Account Activity for the Applicant's commercial checking account for February 2010; and
 - Webster Bank Account Activity for the Applicant's premium business money market account.*(April 16, 2010, Completeness Submission, page s 49 and 50)*

15. With a charge of \$350 per scan, the Applicant contends that it will have the following incremental gains from operations:

Table 3: The Applicant's Financial Projections Incremental to the Project

Description	Fiscal Year			
	2010	2011	2012	2013
Incremental Revenue from Operations	\$29,400	\$50,400	\$54,600	\$54,600
Incremental Total Operating Expense	3,938	6,808	7,342	7,342
Provision for income taxes	11,455	19,616	21,266	21,266
Incremental Gain from Operations	\$14,007	\$23,976	\$25,992	\$25,992
Number of Scans	84	144	158	158

Note: The Applicant's fiscal year is based on calendar year.
(April 16, 2010, Completeness Submission, pages 43 and 45-48)

16. OHCA finds that the projected fees and volumes provided by the Applicant demonstrate that the proposal will recover the 67% of the total cost of the scanner by FY 2013. With no increase in the number of scans or fees, the Applicant's proposal will breakeven in approximately five years after the start of the service.
17. The Applicant reported the following payer mix based on patient population as follows:

Table 4: Current & Three-Year Projected Payer Mix for the Applicant

Payer	Fiscal Year			
	2010	2011	2012	2013
Medicare and Medicaid (including managed care)	0%	0%	0%	0%
Other Government Payers	0%	0%	0%	0%
Total Government	0%	0%	0%	0%
Commercial Insurers (including managed care)	40%	40%	40%	40%
Uninsured/Private Pay	60%	60%	60%	60%
Total Non-Government	100%	100%	100%	100%
Total Payer Mix	100%	100%	100%	100%

(March 24, 2010, Initial CON Application Submission, pages 6 and 7)

18. The Applicant contends that patients will be billed directly for the proposed dental CT scanning service. If the patients have dental insurance that covers the service, the Applicant will file the claims for the patients. *(April 16, 2010, Completeness Submission, page 44)*
19. The Applicant contends that the fees for the proposed dental CT scan were determined by assessing the fees charged by other dentist in Massachusetts and New York and the allowable fees by insurance carriers who cover the service.

Fees of other practitioners have ranged from \$350 to \$485. *(April 16, 2010, Completeness Submission, page 43)*

20. The Applicant claims that Anthem Blue Cross and MetLife are two dental insurance providers that cover the dental CT scanning service. Anthem Blue Cross has an allowable fee for the service of \$391 and MetLife has an allowable fee of \$425. *(April 16, 2010, Completeness Submission, page 44)*
21. The Applicant contends that the proposed dental CT scanner will reduce the cost of diagnostic imaging services to the patients. Currently, patients are referred to medical radiologists to obtain a CT scan at an approximate charge of \$600 that is not covered by insurance. *(April 16, 2010, Completeness Submission, page 44)*
22. The Applicant has adduced evidence that the proposal is consistent with its long-range plans to provide its patients with accurate, precise dental implant placement. *(April 16, 2010, Completeness Submission, page 44)*
23. There are no distinguishing characteristics of the Applicant's patient/physician mix that make the proposal unique. *(April 16, 2010, Completeness Submission, page 44)*
24. With each of the three dental practitioners being board certified periodontists and with many years of private practice, the Applicant has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(March 24, 2010, Initial CON Application Submission, pages 13 - 16)*

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.

McAraw, Cantner & Cantner, LLC (“Applicant”) is a dental practice that provides diagnostic and therapeutic therapy for periodontal pathology, TMJ (temporomandibular joint) pathology, and dental implants. The Applicant has dental offices located at 97 Elm Street Old Saybrook, 25 Durham Road, Madison and 744 Broad Street Ext., Waterford. The Applicant currently offers standard periapical dental radiology and two-dimensional (“2D”) panoramic radiology. The Applicant proposes to acquire a single Gendex CB500HD Cone Beam CT dental imaging unit (“dental CT scanner”) for the practice located in Old Saybrook, replacing the existing 2D panoramic x-ray unit at the Old Saybrook location.

The proposed dental CT imaging unit is a relatively new technology in the Connecticut market. The resulting scan provides a three-dimensional image allowing the provider to determine the bone structure, tooth orientation, nerve canals, and pathology. (Finding of Fact 6). The Applicant intends to utilize the proposal CT scanner for patients receiving care at each of the three office locations. With the decreased exposure to radiation as compared to a conventional CT scanner, OHCA finds that the proposal to upgrade the digital radiography equipment to offer 3D localized field-of-view capabilities using cone-beam CT technology will improve the safety and quality of care of the Applicant’s patients. With each of the three dental practitioners being board certified periodontists, and with many years of private practice, the Applicant has sufficient technical and managerial competence to provide the services to its patients. (Finding of Fact 24).

The CON proposal’s total capital expenditure is \$133,412. (Finding of Fact 13). The Applicant provided evidence to verify the availability of funds for the proposal. (Finding of Fact 14). OHCA finds that the Applicant’s volume and financial projections upon which they are based appear to be reasonable and achievable and therefore, the proposal is financially feasible. (Findings of Fact 8 and 15).

Order

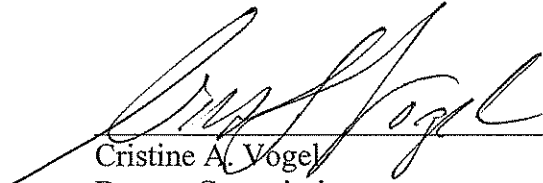
Based on the foregoing Findings and Rationale, the Certificate of Need application of McAraw, Cantner & Cantner, LLC ("Applicant") to acquire a dental CT imaging unit in Old Saybrook in order to obtain a three-dimension cone beam CT dental imaging unit, with an associated capital expenditure of \$133,412 is hereby GRANTED, subject to the following condition:

1. The Applicant shall notify OHCA in writing the name of the manufacturer of the new dental con-beam CT scanner by no later than one month after the scanner becomes operational.

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
Department of Public Health
Office of Health Care Access

7-12-10
Date


Cristine A. Vogel
Deputy Commissioner

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