

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

July 21, 2010

IN THE MATTER OF:

An Application for a Certificate of Need
filed pursuant to Section 19a-639, C.G.S. by

Notice of Final Decision
Office of Health Care Access
Docket Number: 10-31564-CON

Joel D. Davidson, DMD

**Acquisition of a Cone-Beam Computed
Tomography Scanner in Tolland**

Joel D. Davidson, DMD
P.O. Box 887
630 Tolland Stage Road
Tolland, CT 06084

Dear Dr. Davidson:

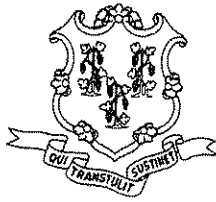
This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter as provided by Section 19a-639, C.G.S. On July 21, 2010, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

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



Cristine A. Vogel
Deputy Commissioner

CAV: bac
Enclosure



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

Final Decision

Applicant: Joel D. Davidson, DMD

Docket Number: 10-31564-CON

Project Title: Acquisition of Cone-Beam Computed Tomography Scanner in Tolland

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

Filing Date: May 27, 2010

Decision Date: July 21, 2010

Default Date: August 25, 2010

Staff: Brian Carney

Project Description: Joel D. Davidson, DMD (“Applicant”) is proposing to acquire a cone-beam computed tomography scanner (“CBCT”) in Tolland, with an associated capital expenditure of \$126,000.

Nature of Proceedings: On May 27, 2010, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Joel D. Davidson, DMD (“Applicant”) proposing to acquire a cone-beam computed tomography scanner (“CBCT”) to be used in his dental practice in Tolland, Connecticut with an associated capital expenditure of \$126,000.

A notice to the public concerning OHCA's receipt of the Applicant's Letter of Intent was published on March 22, 2010, in *The Journal Inquirer* of Manchester. 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 June 17, 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 the Applicant is a self employed private practicing dentist who provides preventative care, performs extractions, root canals and dental implants. *(May 10, 2010, Initial CON Application Submission, pages 3-4)*
2. It is found that Joel D. Davidson, DMD ("Applicant") currently has the following offices and imaging modalities:

Table 1: Applicant's Office and Current Imaging Modalities

Location	Available Imaging
630 Tolland Stage Rd Tolland, CT 06086	Kodak TrophyPan 8000 two-dimensional ("2D") panoramic digital x-ray and 2D intraoral digital x-rays

(May 10, 2010, Initial CON Application Submission, page 2)

3. The Applicant proposes to acquire a single Gendex GXCB 500 HD Cone Beam CT dental imaging unit for the practice located in Tolland, Connecticut. The Applicant asserts that the dental CBCT scanner will replace the existing 2D panoramic x-ray unit at the same location. *(May 10, 2010, Initial CON Application Submission, page 2)*

4. The Applicant has submitted an article titled: Cone Beam CT-Anatomic Assessment and Legal Issues: The New Standards of Care, by Arthur Curley, JD and David C. Hatcher, DDS, MSC, which concludes that use of the CBCT enhances diagnostic abilities to elevate standard of care and should be part of patient discussion for treatment of orthodontics, surgical extractions and dental implants. *(May 10, 2010, Initial CON Application Submission, pages 21-30)*
5. The Applicant contends that the addition of 3D imaging equipment would enhance patient care by enabling more accurate diagnosis of root and alveolar fractures in traumatic accidents, identify bone loss around roots of teeth for periodontal care, aid in locating canals, root length and curvature for root canals, identify more clearly the location of adjacent teeth, nerve canals and sinuses for extractions, enhance bone density analysis, provide the measurement of width and height of ridges and locate the exact location of the mandibular canal and sinuses for implants, thus improving the rate of procedure success with fewer complications. *(May 10, 2010, Initial CON Application Submission, pages 3-4)*
6. OHCA finds that CBCT provides numerous diagnostic benefits compared to traditional 2D panoramic imaging. Specifically, CBCT better identifies bone loss, the location of roots, nerve canals and sinuses and benefits patients who require extractions, root canals and dental implants.
7. The Applicant contends that a patient undergoing a 3D scan will receive better diagnosis and treatment of dental care while being exposed to “less than half the effective dose of a digital full mouth series and a fraction of the approximately 3000 microsieverts of a traditional medical CT.” *(May 10, 2010, Initial CON Application Submission, page 3)*
8. The applicant asserts that there are no existing providers of CBCT from the towns in which his patients primarily originate: Tolland (55% of active patients), Vernon (9%), Ellington (6%) and Willington (6%). *(May 10, 2010, Initial CON Application Submission, pages 2-3)*
9. The Applicant contends that the nearest location that provides 3D imaging is either in Manchester, a 30 mile round-trip from his Tolland dental practice, or at the UCONN Dental School in Farmington, a 60 mile round-trip drive from Tolland. *(May 10, 2010, Initial CON Application Submission, page 3)*
10. The Applicant contends that patient volume has been fairly consistent in the past three years. The projections were based on an average of the past three years and assume stable patient volume, even with the addition of 3D imaging equipment. *(May 10, 2010, Initial CON Application Submission, pages 4-5)*

11. The Applicant contends that the following represent historical and projected total practice volume:

Table 2: Historical and Projected Total Practice Volume

	Actual Volume (Last 3 Completed FYs)			CFY Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2007	FY 2008	FY 2009	Jan–April 2010	FY 2011	FY 2012	FY 2013
Total	2275	2457	2342	1054	2358	2358	2358

* Applicant uses the calendar year as its fiscal year.
(May 27, 2010, Revised FAX response, page 2)

12. The Applicant contends that the following table represents projected volumes of patients by diagnosis most likely to receive a CBCT scan as part of their treatment:

Table 3: Projected Scan Volume by Fiscal Year* and Diagnosis

Diagnosis	Projected Cone Beam CT Scans					
	FY 2011		FY 2012		FY 2013	
	Patients	Scans	Patients	Scans	Patients	Scans
Root Canals	111	88	111	88	111	88
Extractions	140	70	140	70	140	70
Implants	47	47	47	47	47	47
Total	298	205	298	205	298	205

* Applicant uses the calendar year as its fiscal year.
(May 10, 2010, Initial CON Application Submission, page 4)

13. The Applicant asserts that 80% of root canal, 50% of extraction and 100% of implant patients will receive a CBCT scan. Applying this estimate to the projected number of patient candidates (Table 3), the Applicant claims that he will perform 205 scans in each projected year (FY 2011, FY 2012, and FY 2013).

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

14. The Applicant contends that the proposed total capital expenditure of \$126,000 is for the purchase of equipment. The equipment will be purchased outright using personal assets. *(May 10, 2010, Initial CON Application Submission, page 9)*
15. The Applicant provided the following to verify availability of funds:
- Charles Schwab Account Activity for the Applicant’s personal investment account for March 2010. *(May 10, 2010, Initial CON Application Submission, page 9)*

16. The Applicant projects the following incremental gains from operations:

Table 4: The Applicant's Financial Projections Incremental to the Project

Description	Fiscal Year			
	2010	2011	2012	2013
Incremental Revenue from Operations*	0	25,625	25,625	25,625
Incremental Total Operating Expense	0	0	0	0
Provision for income taxes	0	0	0	0
Incremental Gain from Operations	0	\$25,625	\$25,625	\$25,625
Number of Scans	0	205	205	205

Note: The Applicant's fiscal year is based on calendar year.

*Revenue projection based on 205 scans at \$125 per scan charge.

(May 10, 2010, Initial CON Application Submission, page 16)

17. OHCA finds that the projected fees and volumes provided by the Applicant demonstrate that the proposal will recover 61% 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 approximately five years after the start of service.
18. OHCA finds that the CBCT acquisition is financially feasible as a result of several factors: the Applicant is using his own personal funds to purchase the equipment outright; the Applicant has an established practice with steady patient volumes that should enable the projected number of scans to be met and incremental gains to be achieved during the first year of operation and thereafter.
19. The Applicant reported the following payer mix based on patient population as follows:

Table 5: 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)	54%	54%	54%	54%
Uninsured/Private Pay	46%	46%	46%	46%
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)

20. The Applicant contends that he will notify self-pay patients of the fee for CBCT scans before the procedure is performed, as is customary practice in his office for all procedures. (May 26, 2010, Completeness Letter response, page 49)

21. The Applicant asserts that he will accept the allowable fees as “payment in full” from commercial insurance companies that he is a participating dentist (Anthem Blue Cross and Delta). For the remaining commercial insurance companies the Applicant will bill for any remaining balance. *(May 26, 2010, Completeness Letter response, page 49)*
22. The Applicant contends that the fees for the CBCT scan will be \$125 per scan, the same rate that he currently charges patients for a 2D scan. *(May 10, 2010, Initial CON Application Submission, page 10)*
23. The Applicant contends that the CBCT scanner will reduce the cost of diagnostic imaging services to the patients. The two closest CBCT alternatives charge \$475 and \$350 respectively. *(May 10, 2010, Initial CON Application Submission, page 3)*
24. The Applicant contends that the proposal is consistent with its long-range plans to provide its patients with the highest quality dental care possible at an affordable price. *(May 10, 2010, Initial CON Application Submission, page 11)*
25. The Applicant asserts that he has over thirty years of private practice experience, including more than 1,000 hours of continuing education and has sufficient technical and managerial competence to provide efficient and adequate services to the public. *(May 10, 2010, Initial CON Application Submission, pages 14-15)*

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.

Joel D. Davidson, DMD (“Applicant”) is a self employed dentist who provides preventative care, performs extractions, root canals and dental implants at his dental practice located at 630 Tolland Stage Rd., Tolland, Connecticut. Dr. Davidson is the sole practitioner at this office. The Applicant currently offers two-dimensional (“2D”) panoramic digital x-ray and 2D intraoral digital x-rays utilizing a Kodak TrophyPan 8000 x-ray machine. Dr. Davidson proposes to acquire a cone-beam computed tomography scanner (“CBCT”) for use at his practice.

The acquisition of the CBCT will enhance patient care through more accurate diagnosis of root and alveolar fractures in traumatic accidents, help to identify bone loss around roots of teeth for periodontal care, better locate canals, root length and curvature for root canals, help to more clearly indentify the location of adjacent teeth, nerve canals and sinuses for extractions, and provide better measurement of ridges, canals and sinuses for dental implants. In addition, the CBCT should help improve diagnostic accuracy, resulting in improved rates of procedure success with fewer complications. In addition, CBCT exposes patients to “less than half the effective dose of a digital full mouth series and a fraction of the approximately 3000 microsieverts of a traditional medical CT.” (Findings of Fact 7 & 9)

The Applicant has an established dental practice with steady patient volumes. The practice treats approximately 2,300 patients per year at the Tolland location. Of these patients, about 300 patients per year are likely candidates for 3D imaging. Of these candidates, two thirds (205) are projected to receive a 3D scan in FY 2011, FY 2012 and FY 2013. (Findings of Fact 13-15) Based on the historical patient volumes, the Applicant’s projections of 3D scans appear to be reasonable and achievable.

The CON proposal’s total capital expenditure is \$126,000. The Applicant will finance the proposal through personal funds and projects incremental revenue of \$26,625 in each of the three projected years (FY 2011- FY 2013). (Findings of Fact 16-18) The Applicant will charge the same \$125 fee that is currently charged for a 2D scan, allowing patients to receive more accurate imaging for the same charge. (Findings of Fact 24) OHCA finds that the Applicant’s financial projections are reasonable and achievable and therefore, the proposal is financially feasible.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Joel D. Davidson, DMD ("Applicant") to acquire a cone-beam computed tomography scanner ("CBCT") in Tolland, with an associated capital expenditure of \$126,000, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire on August 1, 2012. Should the Applicant's proposal 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 notify OHCA in writing of the following information by no later than one month after the new Cone Beam Computed Scanner becomes operational:
 - a. The initial date of the operation of the equipment.

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
Office of Health Care Access

7-21-10
Date


Cristine A. Vogel
Deputy Commissioner

CAV:bc

*** TX REPORT ***

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STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: DR. JOEL DAVIDSON
FAX: (860) 871-8364
AGENCY: CON: 10-31564
FROM: BRIAN A. CARNEY (860) 418-7069
DATE: 7/21/10 TIME: 3:45
NUMBER OF PAGES: 10
(including transmittal sheet)

Comments:

CON GRANTED, SEE PAGE 8

PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.