



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

March 14, 2013

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: 12-31796-CON

**New Milford Hospital, Inc. and
Western Connecticut Health Network, Inc.**

**Termination of PET-CT Scanning Services at
New Milford Hospital, Inc.**

To: Sally F. Herlihy, FACHE
VP, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

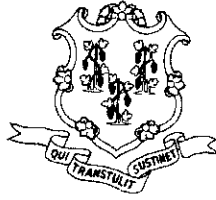
Dear Ms. Herlihy:

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 March 14, 2013, 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.

Kimberly R. Martone
Director of Operations

Enclosure
KRM:swl

An Equal Opportunity Provider
(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Fax: (860) 418-7053 Email: OHCA@ct.gov



Office of Health Care Access Certificate of Need Application

Final Decision

Applicants: New Milford Hospital, Inc. and Western Connecticut Health Network
24 Hospital Avenue, Danbury, CT 06810

Docket Number: 12-31796-CON

Project Title: Termination of PET-CT Scanning Services at New Milford Hospital, Inc.

Project Description: New Milford Hospital, Inc. (“New Milford Hospital”) and Western Connecticut Health Network (Western Connecticut Health Network and New Milford Hospital are hereinafter collectively referred to as the “Applicants”) are proposing the termination of Positron Emission Tomography-Computed Tomography (“PET-CT”) services at New Milford Hospital.

Procedural History: The Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from New Milford Hospital on October 19, 2012 for the above-referenced project and deemed the application complete on November 18, 2012. New Milford Hospital published notice of its intent to file the CON Application in *The News-Times* (Danbury), on July 20, 21 and 22, 2012. OHCA received no responses from the public concerning New Milford Hospital’s proposal and no hearing requests were received per Conn. Gen. Stat. § 19a-639a.

FINDINGS OF FACT

1. New Milford Hospital is a 95 bed, acute care hospital located at 21 Elm Street, New Milford. OHCA's 2012 Twelve Months Actual Filing.
2. Western Connecticut Health Network is the parent corporation of New Milford Hospital; Danbury Hospital located at 24 Hospital Avenue, Danbury; and The Danbury Medical Arts Center, located at 11 Osborne Street, Danbury. Ex. A, p. 7 and OHCA's 2012 Hospital Reporting System.
3. A 16-slice mobile PET scanner, leased through a vendor, Alliance Imaging, Inc. ("Alliance Imaging"), provides PET-CT services at New Milford Hospital. This service is currently offered one day per week. Ex. A, p. 7.
4. The service area for New Milford Hospital's PET-CT services is comprised of the Connecticut towns of New Milford, Bridgewater, Kent, Danbury, Roxbury, Bantam, Brookfield, Southbury and Torrington. Additionally, it includes the towns of Dover Plains, Newburgh and Pawling, New York. Ex. A, pp.7 &11.
5. The Applicants are proposing the termination of New Milford Hospital's PET-CT scanning services and, going forward, utilizing Danbury Hospital's PET-CT scanner, located at the Danbury Medical Arts Center. The Applicants' proposal is based on multiple factors, including:
 - a. The current average test volume at New Milford Hospital is fewer than three patients per day;
 - b. There are fewer than five regularly referring physicians for this service;
 - c. Alliance Imaging has indicated a need to terminate the mobile service due to a consistent decline in volume;
 - d. There are increasingly stringent payer restrictions for covering test expenses; and
 - e. PET-CT services are available at Danbury Hospital. Ex. A, p. 7.
6. New Milford Hospital's PET-CT scans have declined due to payers requiring positive CT-scans before authorizing PET-CT scans and most insurance companies now limiting the number of PET-CT scans to two per year per patient. Ex. A, p. 8.

7. New Milford Hospital reported declining PET-CT utilization, as shown in Table 2. Overall, PET-CT utilization declined 63% from FY2009 to 2012.

Table 2: New Milford Hospital's Historical PET-CT Volume, FY 2009-2012

PET-CT	FY 2009	FY 2010	FY 2011	FY 2012
Scans	305	202	165	112
% change from prior year		-34%	-18%	-32%
% change FY 2009-2012				-63%

Source: FYs 2009-2011, OHCA's Hospital Reporting System and FY 2012, Ex. A, p. 8

8. Originally, New Milford Hospital was contractually obligated to Alliance Imaging for a minimum of 16 exams per month. However, due to declining scan volume, contract addendums were executed to eliminate the obligation for a minimum number of scans per month and to revise pricing to accommodate lower scan volume. Ex. A, p. 8.
9. New Milford Hospital anticipates a price increase due to the current volume of fewer than three scans per day of service, which would render the service economically unfeasible in the long-term. Ex. A, p. 8.
10. According to the Applicants, because PET-CT scans are not performed on patients often or at regular intervals, it is the type of service that lends itself to being a regional resource. Ex. A, p. 8.
11. There is a fixed 64-slice PET-CT scanner available to New Milford Hospital patients at The Danbury Medical Arts Center. Ex. A, p. 9.
12. The fixed PET-CT scanner at The Danbury Medical Arts Center is available Monday through Friday 8:00 am-4:00 pm and is currently performing 640 PET-CT scans annually. Ex. A, p. 9.
13. The PET-CT scanner at The Danbury Arts Medical Center operated at 49% capacity during FY2011 (836 scans/1,700 total capacity) and at 38% capacity in FY2012 (630 scans/1,700 total capacity). Ex. A, p. 10.
14. The Applicants have projected level PET-CT volumes for FYs 2014-2015, as shown in Table 3:

Table 3: Projected PET-CT Volume*, FYs 2012-2015

PET-CT	FY 2013	FY 2014	FY 2015
Scans	95	103	103
% change from prior year		-8%	0%

Ex A, p. 24

*Projected PET-CT scans at Danbury Medical Arts Center for former New Milford Hospital patients.

15. Although the PET-CT scanner at The Danbury Arts Medical Center has the capacity to accept 100% of New Milford Hospital's patients that require a PET-CT scan, the Applicants have based their projected volumes on 80% of New Milford Hospital's PET-CT volume, accounting for up to 20% of New Milford Hospital patients that might choose to receive their PET-CT service elsewhere. Ex. A, p. 10.
16. According to the Applicants, Danbury Medical Arts Center is capable of absorbing all of New Milford Hospital's projected PET-CT scan volume into the existing workload without any modification to staffing. Ex. A, p. 12.
17. Other than the PET-CT scanner at The Danbury Medical Arts Center (14 miles away), there are no other existing providers of PET-CT scanning service in New Milford Hospital's service area. The closest provider of PET-CT scanning service is The Harold Leever Regional Cancer Center in Waterbury (22 miles away). Connecticut's Statewide Health Care Facilities and Services Plan, November 2012 and Google Maps.
18. To ensure that New Milford Hospital's patients have continued access to PET-CT services, the Applicants' operational plan includes communicating to physicians and existing patients the date the mobile PET-CT service is no longer available at New Milford Hospital. Patients who require a test will have the option of scheduling one through The Danbury Medical Arts Center. Scans may also be scheduled via New Milford Hospital's scheduling office, so there will be no change in contact point from either the patient or referring physician's perspective. Ex. A, p. 10.
19. The Applicants do not expect any change in the payer mix as the patient population remains the same. The payer mix is as follows: Medicare 54%, Medicaid 5% for a total government payer mix of 59%. The total non-government payer mix is 41%, which is comprised of 39% commercial payers and 2% uninsured. Ex. A, pp. 29-30.
20. The Applicants project the proposal will result in savings of \$54,000 annually for Western Connecticut Health Network. Ex. A, p. 12.
21. There is no capital expenditure associated with this proposal. Ex. A, p. 13.
22. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any policies and standards not yet adopted as regulations by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
23. This CON application was deemed complete by OHCA prior to the statewide health care facilities and services plan being published. Therefore, OHCA has not made any findings as to the relationship between this CON application and the statewide health care facilities and services plan. (Conn. Gen. Stat. § 19a-639(a)(2))

24. The Applicants have demonstrated a clear public need for the change in services as proposed. (Conn. Gen. Stat. § 19a-639(a)(3))
25. The Applicants have demonstrated that this proposal will be financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
26. The Applicants have satisfactorily demonstrated that their proposal would maintain the accessibility of health care delivery in the region and have satisfactorily demonstrated a potential improvement in quality and cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5))
27. The Applicants have shown that there would be no change to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6))
28. The Applicants have satisfactorily identified the population to be served by their proposal. (Conn. Gen. Stat. § 19a-639(a)(7))
29. The declining historical utilization of New Milford Hospital's PET-CT scanner in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
30. The Applicants have satisfactorily demonstrated that their proposal would not result in an unnecessary duplication of existing imaging services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))

DISCUSSION

CON applications are decided on a case-by-case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in General Statutes § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services, 288 Conn. 790 (2008)*.

The Applicants, New Milford Hospital and Western Connecticut Health Network, are proposing the termination of New Milford Hospital's PET-CT services, which are currently offered one day per week, and referring patients to Danbury Hospital's Danbury Medical Arts Center to utilize its PET-CT services going forward. *FF1-3 & 5*. There has been a steady decline in PET-CT utilization volume at New Milford Hospital. This low volume is reflected in a 32% decline in the most recent fiscal year reported and a 63% cumulative decline from FY 2009 to 2012. *FF7*. PET-CT scans have declined, in part, due to payer requirements; since patients must have a positive CT scan prior to the authorization of a PET-CT scan. Furthermore, most insurance companies now limit the number of PET-CT scans to two per year per patient. *FF6*. Due to the low volume of PET-CT scans, a price increase by New Milford Hospital's PET-CT vendor, Alliance Imaging, is now anticipated. Such an increase would render the service economically unfeasible. *FF9*.

Because PET-CT scans are not performed on patients often or at regular intervals, it is the type of service that lends itself to regionalization. *FF10*. The Danbury Medical Arts Center PET-CT scanner has the capacity to fully absorb New Milford Hospital's PET-CT patients. *FF16*. To ensure that New Milford Hospital's patients have uninterrupted and continued access to PET-CT services, the Applicants will communicate to referring physicians and existing patients the date the mobile PET-CT service ceases at New Milford Hospital. Patients requiring a scan will have the option of scheduling one through The Danbury Medical Arts Center or via New Milford Hospital's scheduling office; so there will be no change in contact point from either the patient or referring physician's perspective. *FF18*.

OHCA concludes that access to PET-CT imaging services will be maintained for New Milford Hospital patients. Moreover, both quality and accessibility will be improved for the patients through the use of a faster, higher resolution scanner and the additional days the PET-CT services are available at The Danbury Medical Arts Center. *FF11 & 12*.

There is no capital expenditure associated with this proposal. *FF21*. Terminating the one-day per week service at New Milford Hospital and scheduling all scans on the PET-CT at the Danbury Medical Arts Center will result in annual savings of \$54,000 for Western Connecticut Health Network. *FF20*. Thus, OHCA finds this proposal is financially feasible and cost effective.

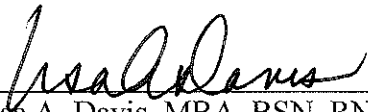
Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of New Milford Hospital, Inc. and Western Connecticut Health Network for the termination of PET-CT services at New Milford Hospital, with no associated capital expenditure, is hereby **APPROVED**.

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

3/14/2013
Date


Lisa A. Davis, MBA, BSN, RN
Deputy Commissioner