



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

September 24, 2014

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: 14-31906-CON

Saint Mary's Hospital

**Termination of a Magnetic Resonance
Imaging services at 475 Chase
Parkway, Waterbury and the relocation
of these services to Saint Mary's
Hospital main campus**

To:

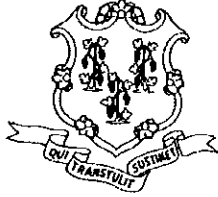
Michael A. Novak, MBA, MSM, FACHE
Vice President of Operations and Ancillary Care
Saint Mary's Hospital
56 Franklin Street
Waterbury, CT 06706

Dear Mr. Novak:

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 September 24, 2014, 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:amv



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

Final Decision

Applicant: Saint Mary's Health Systems, Inc.,
d/b/a Saint Mary's Medical Imaging Center
56 Franklin Street, Waterbury, Connecticut 06706

Docket Number: 14-31906-CON

Project Title: Termination of Magnetic Resonance Imaging Services at 475 Chase Parkway, Waterbury and the Relocation of These Services to Saint Mary's Hospital Main Campus

Project Description: Saint Mary's Health System, Inc., d/b/a Saint Mary's Medical Imaging Center ("Imaging Center" or "Applicant"), proposes to terminate its Magnetic Resonance Imaging ("MRI") services at 475 Chase Parkway in Waterbury, CT and relocate these MRI services to the main campus of Saint Mary's Hospital ("Hospital"). There is no capital expenditure associated with this proposal.

Procedural History: The Applicant published notice of its intent to file the Certificate of Need ("CON") Application in the *Republican-American* (Waterbury) on February 17, 18 and 19, 2014. On April 1, 2014, the Office of Health Care Access ("OHCA") received the initial CON application from the Applicant for the above-referenced project. The CON application was deemed complete on July 14, 2014. OHCA received no responses from the public concerning the Hospital's proposal and no hearing requests were received from the public per Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(e). Deputy Commissioner Davis considered the entire record in this matter.

Findings of Fact and Conclusions of Law

To the extent the findings of fact actually represent conclusions of law, they should be so considered, and vice versa. *SAS Inst., Inc., v. S & H Computer Systems, Inc.*, 605 F.Supp. 816 (Md. Tenn. 1985).

1. The Imaging Center is located at 475 Chase Parkway, Waterbury, Connecticut and performs MRI services at this location. Ex. A, p. 6.
2. Approval to establish MRI services at the Imaging Center was granted by OHCA on June 22, 2006 (DN 05-30580-CON) and later modified on July 3, 2007 (DN 07-30580-MDF) to allow the Imaging Center to operate as a department of Saint Mary's Hospital ("Hospital"). Ex. A, pp. 6-7, 20-33; Docket Number 05-30580-CON; Docket Number 07-30580-MDF.
3. The Applicant is proposing to terminate MRI services at the Imaging Center and relocate the MRI services to 56 Franklin Street, Waterbury, the main campus of the Hospital. The distance to the new location is approximately 1.9 miles. Ex. A, p. 6.
4. The existing MRI scanner at the Hospital will be moved by Naugatuck Valley MRI, Limited Partnership ("NVMRI") to 1389 West Main Street, Waterbury. CON Determination Report Number 14-31890-DTR; Ex. A, p. 7, 18, 139.
5. The Hospital plans to immediately upgrade the MRI equipment authorized under OHCA Dockets 05-30580-CON and 07-30580-MDF to a Siemens open, short bore magnet 1.5 T MRI. CON Determination Report Number 14-31891-DTR.
6. MRI services will initially be provided at the Hospital by a mobile unit attached to the Hospital by a newly constructed corridor. After the relocation of the fixed MRI scanner operated by NVMRI, estimated to take 6-8 months, the Hospital will renovate its interior space, install the upgraded fixed MRI scanner and dispose of the mobile unit. CON Determination Report Number 14-31891-DTR; Ex. A, pp. 132-134.
7. The Hospital will have full ownership and control over the hospital-based MRI scanner. CON Determination Report Number 14-31891-DTR.
8. The Imaging Center and the Hospital primarily serve residents of the towns listed in the following table:

TABLE 1
PRIMARY SERVICE AREA TOWNS
OF THE IMAGING CENTER AND THE HOSPITAL

Cheshire	Waterbury
Middlebury	Watertown
Naugatuck	Wolcott
Prospect	

Ex. A, p. 6.

9. The Imaging Center is currently open Monday through Friday from 8:00 A.M. to 5:00 P.M.
 Ex. A, p. 6.
10. The hours of operation for the MRI services at the Hospital's main campus will be 7 days a week, 24 hours a day on an emergency basis, and during the week by appointment. Ex. A, p. 6.
11. The following facilities provide MRI service in the greater Waterbury area:

TABLE 2
EXISTING MRI SERVICE PROVIDERS

Facility Name	Facility Address	Days/Hours of Operation
Saint Mary's Hospital	56 Franklin St., Waterbury	6:30 AM – 10:30 PM Mon.-Fri. 7:30 AM – 4:00 PM Sat.
Greater Waterbury Imaging Center, L.P.	68 Robbins St., Waterbury	6:30 AM – 10:30 PM Mon.-Fri. 6:30 AM – 8:30 PM Sat. On-call Sunday
Diagnostic Imaging of Southbury	385 Main St., South, Southbury	7:00 AM – 9:00 PM Mon.-Fri. 8:30 AM – 12:30 PM Sat.
Diagnostic Radiology Associates	1579 Straits Tpke., Southbury	8:00 AM – 9:00 PM Mon.-Thurs. 8:30 AM – 5:00 PM Fri. 8:30 AM – 2:00PM Saturday
Housatonic Valley Radiological Associates	800 Main St., South Southbury	8:30 AM – 4:30 PM Mon-Fri

Ex. A, p. 8 and Ex. D, p. 131.

12. Approximately 60% of the outpatient MRI scans performed at the Imaging Center will transfer to the new NVMRI location. Ex. E, p. 1.
13. The Hospital will continue to perform MRI scans for inpatients, emergency patients and approximately 40% of the existing outpatient MRI scanning, including those patients that require a hospital setting for their MRI services. Ex. A, p. 9; Ex. E, p. 1.
14. Scans will continue to be read by the same radiologists, Naugatuck Valley Radiology Associates, at both the NVMRI and Hospital locations. Ex. A, p. 9.
15. The number of scans performed at the Imaging Center remained above 1,500 scans over the past three fiscal years:

TABLE 3
IMAGING CENTER'S MRI SCANS BY FISCAL YEAR

	Actual Volume			CFY Volume
	FY 2011	FY 2012	FY 2013	FY 2014
MRI Scans	1,592	1,891	1,501	1, 196*

* The number of MRI scans performed at Chase Parkway between October 1, 2013 and April 30, 2014, was 698 scans or 1,196 annualized.

Ex. A, p. 10; Ex. D, p. 131.

16. The following table reports the historical number of MRI scans performed at the Hospital's main campus and projected scans for next three fiscal years:

TABLE 4
 HOSPITAL'S HISTORICAL, CURRENT AND PROJECTED MRI SCANS

	Actual			CFY	Projected **		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
MRI Scans	6,983	6,478	6,063	6,636*	3,509	3,509	3,509

* The number of MRI scans performed at the Hospital between October 1, 2013 and May 31, 2014 was 4,424 or 6,636 scans annualized.

**The inpatient and emergency department MRI scanning projections for FY2015 through 2017 are based on the number of scans done in 2013. Approximately 60% of the current scans or 2,554 of the outpatient MRI scans will be done in the NVMRI location on West Main Street in Waterbury.

Ex. D, pp. 132, 133; Ex. E, p. 1.

17. There is no capital expenditure associated with the termination of MRI services at the Imaging Center and relocation of the MRI scanner to the Hospital. Ex. A, p. 12.
18. The termination of MRI services at the Imaging Center and subsequent relocation to the Hospital will be cost neutral for patients since the Chase Parkway location is already operating as a department of the Hospital. Ex. A, p. 14.
19. Hospital costs will be lower due to the elimination of operational expenses with the closure of the Imaging Center. Ex. A, p. 14.
20. By reducing its operating expenses, the Hospital projects incremental gains of approximately \$300,000 in each of the three projected years following the proposal's implementation.

TABLE 5
 HOSPITAL INCREMENTAL REVENUES AND EXPENSES OF THE PROPOSAL

	FY 2015	FY 2016	FY 2017
Revenue from Operations	\$ 100,000	\$ 102,000	\$ 104,000
Total Operating Expenses*	(208,000)	(209,000)	(198,000)
Gain/(Loss) from Operations	\$ 307,000	\$ 311,000	\$ 302,000

*Reductions in operating expenses are due, in part, to a savings of \$50K on rent/lease, \$20K on utilities and snow removal for the Chase Parkway location and other reductions in operating and lease costs from building and MRI fees that will end on December 31, 2014.

Ex. A, pp. 107, 108, 148.

21. The Hospital's patient population mix is as follows:

TABLE 6
 HOSPITAL'S CURRENT AND PROJECTED PAYER MIX

Payer	Most Recently Completed		Projected					
	FY 2013		FY2014		FY 2015		FY 2016	
	No.	%	No.	%	No.	%	No.	%
Medicare	368	25%	300	25%	1372	39.1%	1372	39.1%
Medicaid	441	29%	297	25%	968	27.6%	968	27.6%
CHAMPUS & TriCare	17	1%	12	1%	7	0.2%	7	0.2%
Total Government	826	55%	609	51%	2,348	66.9%	2,348	66.9%
Commercial Insurers	495	33%	446	37%	1000	28.5%	1000	28.5%
Uninsured	3	0%	0	0%	63	1.8%	63	1.8%
Workers Compensation	177	12%	142	12%	98	2.8%	98	2.8%
Total Non-Government	675	45%	588	49%	1,161	33.1%	1,161	33.1%
Total Payer Mix	1,501	100%	1,197	100%	3,509	100%	3,509	100%

Note: Payer mix percentages for FY2014 are based on 7 months (Oct-Apr) at the Chase Parkway location. Payer mix percentages for FY2015 and FY2016 are based on Saint Mary's overall payer mix for FY2014 YTD (7 months)

Ex. D, pp. 134-135.

22. The relocation of the MRI scanner will allow the Hospital to maintain access to imaging services for all patients treated at the Hospital including Medicaid recipients and the indigent. Ex. D, p. 135.

23. Access to MRI services will not change as a result of this proposal. Ex. D, p. 135.

24. The Applicant's proposal is cost-effective, since the Hospital will realize savings in rent and maintenance due to the closure of the Imaging Center. Ex. D, p. 137.

25. 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 regulation adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))

26. The application is consistent with the overall goals of the State Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2))

27. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3))

28. The Applicant has satisfactorily demonstrated that its proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))

29. The Applicant has satisfactorily demonstrated that its proposal will maintain access and the quality of health care delivery in the region and that the proposal will not adversely affect cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5))
30. The Applicant has shown that there will be no significant change in the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6))
31. The Applicant has satisfactorily identified the population to be served and has satisfactorily demonstrated that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7))
32. The Applicant's historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
33. The Applicant has satisfactorily demonstrated that the proposal will not result in unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))
34. The Applicant has demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))

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 Conn. Gen. Stat. § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

Saint Mary's Health System, Inc., d/b/a Saint Mary's Medical Imaging Center ("Imaging Center") seeks authorization to terminate its MRI services at 475 Chase Parkway in Waterbury and to relocate the MRI scanner to Saint Mary's Hospital ("Hospital") at 56 Franklin Street, Waterbury. *FF1,3*. Implementation of this proposal will follow the relocation of the Hospital's existing MRI scanner to 1389 West Main Street, Waterbury by Naugatuck Valley MRI, Limited Partnership ("NVMRI"). *FF4*. The Hospital's MRI services will be provided by a mobile unit until renovations are performed and the new MRI scanner has been installed. *FF 5,6*.

The Imaging Center serves residents from Waterbury, Naugatuck, Wolcott, Prospect, Watertown, Cheshire and Middlebury. The Hospital's service area includes all the towns served by the Imaging Center. *FF8*. Patients seeking MRI services at the Imaging Center will be able to receive MRI services at the Hospital or at the new NVMRI location on West Main Street in Waterbury. *FF12, 13* Therefore, moving the MRI services from the Imaging Center to 56 Franklin Street will not reduce access for patients seeking MRI services in the greater Waterbury area. The MRI scans performed at the Hospital will continue to be read by the radiologists of Naugatuck Valley Radiology Associates. *FF14*. Once the proposal is completed, the MRI services at the Hospital will be available to patients during the week by appointment and 7 days a week, 24 hours a day on an emergency basis. *FF10*. As a result of these combined factors, OHCA concludes that the Applicant has satisfactorily demonstrated that the quality of, and access to, MRI services in the area will be maintained.

The termination of MRI services at the Imaging Center and relocation of the MRI scanner to the Hospital will result in restoration of MRI services at the Hospital under the full ownership and control of the Hospital. *FF7* Approximately 60% of the hospital's routine outpatient scanning volume will be transferred to the NVMRI location. *FF12* This will enable the Hospital's MRI scanner to serve inpatients, emergency room patients and outpatients who require a hospital setting for scanning due to their medical condition. *FF13*. Additionally, the relocation of the MRI scanner will allow the Hospital to maintain access to imaging services for all patients, including Medicaid recipients and the indigent. Based on the Hospital's historical and projected utilization volume combined with the continued availability of MRI services at the Hospital, the Applicant has demonstrated a clear public need for this proposal.

From a financial standpoint, this proposal is feasible since there is no associated capital expenditure. The Hospital projects incremental gains of approximately \$300,000 in each of the three years following the proposal's implementation due to a reduction in expenses required to operate the Imaging Center. In addition, the proposal will be cost neutral for patients because the Imaging Center has been operating as a department of the Hospital. *FF2, 18* The relocation of the

MRI scanner will allow the Hospital to maintain access to imaging services for all patients, including Medicaid recipients and the indigent.

One of the overarching goals of the Statewide Health Care Facilities and Services Plan is the use of health care facility resources in an efficient, cost-effective manner while avoiding any unnecessary duplication within a specific service area. This proposal will allow for the continued availability of MRI services within the Applicant's service area without duplicating the services being provided by NVMRI.

Order


Based upon the foregoing Findings of Fact and Discussion, the Certificate of Need application of Saint Mary's Health Systems, Inc., d/b/a Saint Mary's Medical Imaging Center to terminate MRI services at 475 Chase Parkway, Waterbury and relocate the MRI to the Saint Mary's Hospital main campus, located at 56 Franklin Street, Waterbury, Connecticut 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
Office of Health Care Access

Date

9/24/14



Lisa A. Davis, MBA, BS, RN
Deputy Commissioner, OHCA