



**STATE OF CONNECTICUT**  
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL  
GOVERNOR

CRISTINE A. VOGEL  
COMMISSIONER

October 21, 2004

Scott Nagel, M.D.  
President  
Northeast Radiology of Connecticut, LLC  
3839 Danbury Road  
Brewster, New York 10509

Re: Certificate of Need Determination, Report Number 04-30380-DTR  
Northeast Radiology of Connecticut, LLC  
Radiology Office Relocation & Services Expansion

Dear Dr. Nagel:

On October 6, 2004, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination request concerning the proposal of Northeast Radiology of Connecticut, LLC, to relocate an existing practice site within the City of Danbury and to expand the imaging services that will be offered at the new practice site, at an estimated total capital cost of \$981,242. OHCA has reviewed the information contained in your CON Determination request letter and makes the following findings:

1. Northeast Radiology of Connecticut, LLC, ("Applicant") is a physician practice that provides imaging services at multiple offices in Connecticut and New York. The physician practice employs sixteen (16) radiologists.
2. The Applicant is proposing to relocate an existing practice site within the City of Danbury from its current location at 73 SandPit Road to a proposed office site at 105 Newton Road. The CON determination request, further, seeks to expand the imaging services that will be offered at the new practice site.
3. The travel distance and travel time between the current office location and the proposed office location is one and nine-tenths (1.9) miles and four (4) minutes, respectively.
4. The Applicant's Danbury office currently provides ultrasound, mammography, and bone densitometry services in approximately 1,700 square feet of rented office space.

5. The proposal will continue to serve individuals residing or working in Danbury and the surrounding Connecticut towns of New Fairfield, Brookfield, Newtown, Redding, Bethel and Ridgefield.
6. The proposed relocation is intended to address the lack of sufficient space for the service needs of the practice's patients, referring physicians, and the practice radiologists at the existing office site.
7. The Applicant's space constraints limit the practice's ability to handle procedure demands at its Danbury office, including the types of imaging modalities the practice can offer.
8. In addition to its current imaging services, the Applicant plans to include the following imaging modalities: magnetic resonance imaging ("MRI"), computed tomography imaging ("CT"), diagnostic radiology services and expanded mammography services to include stereotactic breast biopsy services.
9. The total capital cost associated with the proposal is \$981,242. The expenditure consists of the following major cost components:
  - \$788,787 in the fair market value of the imaging equipment attributable to the proposed service expansion;
  - \$174,755 in renovation work and shielding costs for the new office site and;
  - \$17,700 in disassembly and reinstallation costs associated the relocation of the practice's existing imaging equipment.
10. The Applicant's imaging equipment cost estimates were verified through receipt of vendor pricing quotation for each proposed piece of imaging equipment. An itemization of the proposed imaging equipment and the associated capital cost is as follows:

<u>Equip. Type</u>	<u>Co. Name</u>	<u>Model</u>	<u># Units</u>	<u>\$/Unit</u>
a. MRI	Picker	1.5 T, Short Bore, 60 Hz	1	\$325,000
b. CT	GE	Prospeed Spiral CT, 60Hz	1	\$100,000
c. Radiography	GE	Proteus Elavating Rm., 60Hz	1	\$73,990
d. Radiography	Kodak	CR800 CR 60 Hz	1	\$55,000
e. Breast Biopsy	Fisher	Mammotest BB Syst.	1	\$165,797
f. Guided Biopsy	Suros	Guided Biopsy Syst.	<u>1</u>	<u>\$69,000</u>
			<b>6</b>	<b>\$788,787*</b>

**\*Note:** The sum total of all capital cost considerations associated with the acquisition of each imaging unit includes installation, shielding, and sale tax expenses, as well as the acquisition cost of the imaging unit itself.

11. The Applicant plans to finance the imaging equipment through a five year lease with GE Healthcare Finance and anticipates financing the proposed renovation work and shielding costs, where needed, by operating funds.
12. The proposal will not change the Applicant's payer mix.
13. The estimated start date for the services relocation and expansion proposal is January 1, 2005.

Based on the aforementioned findings, OHCA has determined that Certificate of Need approval is not required for Northeast Radiology of Connecticut, LLC's ("Applicant") to relocate an existing practice site within the City of Danbury, from its current location at 73 SandPit Road to a proposed office site at 105 Newton Road, and to expand the imaging services that will be offered at the new practice site, at an estimated total capital cost of \$981,242. Please be advised, however, that if the Applicant changes the scope of the proposal or incurs a capital cost for the acquisition of one imaging unit equal to or greater than \$400,0000, Certificate of Need approval from OHCA would then be required.

Thank you for informing OHCA of your plans. If you have any questions concerning this letter, please contact Jack A. Huber, Health Care Analyst, at OHCA at (860) 418-7001.

Sincerely,

Signed by Cristine A. Vogel  
Commissioner

cc: Rose McLellan, Licensing Examination Assistant, DHSR, DPH

CAV:jh