



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

January 24, 2006

Mr. Christopher Shippas
Executive Director
Coastal Orthopaedics
40 Cross Street, Suite 300
Norwalk, CT 06851

RE: Certificate of Need Determination; Report Number 05-30539-DTR
Acquisition of a MRI unit

Dear Mr. Shippas:

On June 30, 2005, the Office of Health Care Access ("OHCA") received a Form 2020 Request for Certificate of Need ("CON") Determination from Coastal Orthopaedics, P.C. ("Applicant") for the acquisition of an MRI unit for the Applicant's 40 Cross Street in Norwalk orthopedic practice location. On August 19, 2005, OHCA forwarded to you a letter which contained a request for additional information regarding this matter. That letter was not responded to and on December 22, 2005, OHCA again forwarded its request for additional information regarding this matter. That letter asked for a response by January 6, 2006. OHCA has not received the information requested in its August 19, 2005 or the December 22, 2005 letters.

On January 5, 2006, OHCA received your letter which asks for an extension to file the requested information until July 31, 2006 as the Applicant indicates that "*The reason for this request is due to major physical and structural changes within Coastal Orthopaedics*" and *By this time we should be in a better position to fulfill all of the requirements necessary by your office to obtain a CON for an MRI.*" OHCA finds the request for an extension for the Applicant to respond to OHCA's August 19, 2005 request for information unsubstantiated. As such, OHCA makes the following findings based upon the June 30, 2005 Form 2020 submission.

1. Coastal Orthopaedics, P.C. (the "Applicant") is a private practice orthopedic professional corporation located at 40 Cross Street in Norwalk, Connecticut.

2. The Applicant proposes to acquire an MRI unit for its practice. The capital expenditure associated with this proposal is as follows:

Purchase of MRI unit	\$235,000
Associated construction/renovation	\$125,900
Sales Tax	<u>\$ 14,100</u>
Total Estimated Capital Expenditure	\$375,000

3. The MRI unit to be acquired is a Siemens Impact 1.0 Tesla unit.
4. The Applicant anticipates obtaining a conventional loan to finance this project.
5. The MRI services will be provided to the patients of Coastal Orthopaedics, P.C. The Applicant will provide the MRI service as part of its practice and will contract with a licensed radiology group to provide the professional interpretation of the medical scans.
6. The Applicant provided to OHCA a signed purchase contract between Coastal Orthopaedic, P.C. and Salus Medical Imaging Services, LLC. for a Siemens Impact Expert 1.0 T Mobile MRI unit at a unit price of \$235,000. There is no evidence that this contract remains in effect.
7. No evidence has been provided (as requested in OHCA's August 19, 2005 letter to the Applicant) that the Applicant has made any financial commitment toward this acquisition.

Pursuant to Public Act 05-93, An Act Concerning the Capital Expenditure Threshold For the Regulation of Equipment Acquisitions, OHCA may exempt from certificate of need review a provider which has either (1) provided to OHCA satisfactory evidence that it purchased or leased such equipment for under \$400,000 on or before July 1, 2005 or (2) has obtained, on or before July 1, 2005, a CON or CON determination from OHCA that a CON was not required. As the Applicant has neither obtained a Certificate of Need or Certificate of Need Determination prior to July 1, 2005 and has not provided any satisfactory documentation to demonstrate to OHCA that it made a financial commitment toward the proposed purchase of the MRI equipment on or before July 1, 2005, OHCA hereby determines that Coastal Orthopaedics, P.C. is not exempted from the CON process pursuant to Public Act 05-93. Subsequent to July 1, 2005, all MRI equipment requires Certificate of Need authorization pursuant to Section 19a-639 of the Connecticut General Statutes, as amended by Public Act 05-93. Therefore, the Applicant is required to seek Certificate of Need authorization from OHCA in order to acquire the proposed MRI unit. The Applicant must submit a Letter of Intent for this project in accordance with Section 19a-639, C.G.S.

Christopher Shippas, Executive Director
Coastal Orthopaedics
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If you have any questions regarding the above, please contact Tillman Foster, Associate Health Care Analyst at (860) 418-7020 or Karen Roberts, Compliance Officer at (860) 418-704. If you have any questions regarding the Letter of Intent or Certificate of Need process, please contact Kimberly Martone, Supervisor of CON process at (860) 418-7029 or Susan Cole, Director of Certification, Financial Analysis and Forecasting at (860) 418-7038.

Sincerely,

Signed by Commissioner Cristine A. Vogel on January 24, 2006

Cristine A. Vogel
Commissioner

Copy: Rose McLellan License and Applications Supervisor, DPH, DHSR