



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Norwalk Hospital

Docket Number: 06-30680-WVR

Project Title: Request to Waive CON Requirements for the Replacement of Radiology Special Procedures Equipment

Statutory Reference: Section 19a-639c of the Connecticut General Statutes

Filing Date: January 31, 2006

Hearing: Waived

Decision Date: February 2, 2006

Staff Assigned: Jack A. Huber

Project Description: Norwalk Hospital (“Hospital”) requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment in order to replace its existing radiology special procedures equipment, at a total capital expenditure of \$1,855,924. The Hospital’s replacement proposal is necessary due to the obsolescence of the existing equipment.

Nature of Proceedings: On January 31, 2006, the Office of Health Care Access (“OHCA”) received the waiver of CON requirements request for replacement equipment from Norwalk Hospital (“Hospital”) to replace its existing radiology special procedures equipment at a total capital expenditure of \$1,855,924. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA’s authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c, 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

1. On June 25, 1991, Norwalk Hospital (“Hospital”) received Certificate of Need (“CON”) authorization from the Commission on Hospital’s and Health Care (“CHHC”), the predecessor agency to the current Office of Health Care Access (“OHCA”), under Docket Number: 91-509. The CON authorization under Docket Number: 91-509 was for the replacement of the Hospital’s radiology special procedures equipment at a total capital expenditure of \$1,826,000. *(January 31, 2006, Letter of Intent (“LOI”) Waiver Request, Attachment 2, page 8, providing the June 25, 1991, CHHC Agreed Settlement for Norwalk Hospital under Docket Number: 91-509)*
2. The Hospital is requesting a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S.”). The Hospital seeks to replace its existing Siemens Medical Systems’ radiology special procedures equipment, at a total capital expenditure of \$1,855,024. The special procedures equipment designated for replacement originally received CON authorization from CHHC under Docket Number: 91-509. *(January 31, 2006, LOI Waiver Request, Cover Letter and pages 5 and 6)*
3. The Hospital plans to acquire and install a new state-of-the-art General Electric, Innova 4100 digital vascular and interventional system as its replacement equipment for its on-campus radiology department located at 34 Maple Street in Norwalk. *(January 31, 2006, LOI Waiver Request, page 3)*
4. The Hospital is seeking to replace the existing equipment based on the following factors: *(January 31, 2006, LOI Waiver Request, page 6)*
 - The equipment is beyond its useful life and is fully depreciated;
 - Image quality is at times less than optimal;
 - Increasing periods of downtime; and
 - The vendor has ended its support for many of the components of the existing equipment as of December 2005.
5. The acquisition of the proposed imaging equipment will provide the Hospital the following benefits: *(January 31, 2006, LOI Waiver Request, Cover Letter and page 6)*
 - Improved image quality through greatly enhanced image resolution;
 - Faster processing time;
 - Faster volume throughput;
 - Exposes the patients to lower dose radiation;
 - Provides for a lower contrast load to patients;
 - Improved reliability and dependability of the equipment; and
 - Digital capability, which will allow for integration with the recently acquired picture archiving communications system (“PACS”).

6. The total capital expenditure for the replacement proposal is \$1,855,924. Project costs include the following components: *(January 31, 2006, LOI Waiver Request, pages 3 and 4)*
 - \$1,500,696 for the purchase of the replacement equipment;
 - \$218,000 for building renovations; and
 - \$137,228 for architect and engineering fees, contingency costs and information technology expenses.
7. The Hospital will fund the proposal entirely through its operating funds. *(January 31, 2006, LOI Waiver Request, page 4)*
8. The total capital expenditure for the replacement proposal is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(January 31, 2006, LOI Waiver Request, page 5)*
9. The total capital expenditure for the replacement proposal is less than the original cost of the equipment to be replaced, plus an increase of ten percent for each twelve-month period that has elapsed since CHHC's original CON authorization, dated June 25, 1991, under Docket Number: 91-509. *(January 31, 2006, LOI Waiver Request, page 5)*

Rationale

Norwalk Hospital ("Hospital") is requesting a waiver of Certificate of Need ("CON") requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes ("C.G.S.") for replacement equipment in order to replace its existing Siemens Medical Systems' radiology special procedures equipment, at a total capital expenditure of \$1,855,924. On June 25, 1991, the Hospital received Certificate of Need ("CON") authorization from the Commission on Hospital's and Health Care ("CHHC"), the predecessor agency to the current Office of Health Care Access ("OHCA"), under Docket Number: 91-509. The CON authorization under Docket Number: 91-509 was for the replacement of the Hospital's existing radiology special procedures equipment at a total capital expenditure of \$1,826,000.

The Hospital plans to acquire and install a new state-of-the-art General Electric, Innova 4100 digital vascular and interventional system as its replacement equipment for its on-campus radiology department located at 34 Maple Street in Norwalk. The Hospital is seeking to replace the existing equipment based upon several factors: age of the existing equipment, image quality being less than optimal, increasing periods of downtime and the vendor ending its support for components of the existing equipment as of December 2005. The acquisition of the proposed imaging equipment will provide the following benefits: improved reliability, volume throughput and image quality, faster processing time; a reduction in the dose of radiation to examination patients and digital capability allowing for integration with the picture archiving communications system.

The total capital expenditure for the replacement proposal is \$1,855,924. Project costs include \$1,500,696 for the purchase of the replacement equipment, \$218,000 for building renovations and \$137,228 for architect and engineering fees, contingency costs and information technology expenses. The Hospital will fund the total capital expenditure for the replacement equipment proposal entirely through operating funds.

The total capital expenditure of \$1,855,924 for the replacement equipment proposal is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. Furthermore, the total capital expenditure of \$1,855,924 for the replacement equipment proposal is less than the original cost of the equipment to be replaced, plus an increase of ten percent for each twelve-month period that has elapsed since CHHC's original CON authorization, dated June 25, 1991, under Docket Number: 91-509.

Based on the foregoing Findings and Rationale, OHCA has determined that Norwalk Hospital's request for a waiver of CON requirements for replacement equipment to replace its existing radiology special procedures equipment at 34 Maple Street in Norwalk, at a total capital expenditure of \$1,855,924, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

Norwalk Hospital ("Hospital") is hereby authorized to replace its existing Siemens Medical Systems' radiology special procedures equipment located at 34 Maple Street in Norwalk, at a total capital expenditure of \$1,855,924, subject to the following conditions:

1. This authorization shall expire on February 1, 2008. Should the Hospital's special procedures equipment replacement project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved total capital expenditure of \$1,855,924. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.
3. This authorization requires the removal of the Hospital's existing special procedures equipment for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's various service provider locations. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the existing special procedures equipment to be replaced by no later than six months after the replacement special procedures equipment has become operational.

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

February 2, 2006

Signed by Cristine A. Vogel
Commissioner

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