



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** William W. Backus Hospital

**Docket Number:** 06-30730-WVR

**Project Title:** Request to Waive CON Requirements for Replacement Interventional Radiology Equipment

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

**Filing Date:** April 17, 2006

**Hearing:** Waived

**Decision Date:** April 24, 2006

**Staff Assigned:** Jack A. Huber

**Project Description:** William W. Backus Hospital requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment to replace its existing interventional radiology equipment, at a total capital expenditure of \$1,898,600. The Hospital’s replacement proposal is necessary due to the obsolescence of the existing equipment.

**Nature of Proceedings:** On April 17, 2006, the Office of Health Care Access (“OHCA”) received the waiver of CON requirements request for replacement equipment from the William W. Backus Hospital (“Hospital”) to replace its existing interventional radiology equipment at a total capital expenditure of \$1,898,600. 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 September 29, 1994, the William W. Backus 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: 94-517. The CON authorization under Docket Number: 94-517 was for the replacement of the Hospital’s interventional radiology equipment at a total capital expenditure of \$1,160,000. *(April 17, 2006, Letter of Intent (“LOI”) Waiver Request, page 5 and Attachment A, page 1 and September 29, 1994, CHHC Agreed Settlement for Backus Hospital under Docket Number: 94-517)*
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 interventional radiology equipment, at a total capital expenditure of \$1,898,600. The equipment designated for replacement originally received CON authorization from CHHC under Docket Number: 94-517. *(April 17, 2006, LOI Waiver Request, Cover Letter, page 5 and page 8)*
3. The Hospital plans to purchase a new state-of-the-art Siemens interventional radiology system and install the equipment in its radiology department located at 328 Washington Street in Norwich. *(April 17, 2006, LOI Waiver Request, page 4)*
4. The proposal is based on the age of the current equipment. At eleven years in operation, the Hospital considers the equipment to be beyond its useful life. Additionally, the equipment is fully depreciated. *(April 17, 2006, LOI Waiver Request, page 6)*
5. The acquisition of the proposed equipment will provide the Hospital with greater reliability, improved image quality and faster processing time and volume throughput. *(April 17, 2006, LOI Waiver Request, Cover Letter and page 6)*
6. The total capital expenditure for the proposal is \$1,898,600. Project costs include the following components: *(April 17, 2006, LOI Waiver Request, page 3)*
  - \$1,260,000 for the purchase of the interventional radiology equipment;
  - \$565,100 for building renovations to accommodate the new equipment; and
  - \$137,228 for associated non-medical equipment.
7. The Hospital will fund the project entirely from funded depreciation. *(April 17, 2006, LOI Waiver Request, page 6)*
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. *(April 17, 2006, LOI Waiver Request, page 3)*
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 September 29, 1994, under Docket Number: 94-517. *(April 17, 2006, Letter of Intent (“LOI”) Waiver Request, page 5)*

## **Rationale**

William W. Backus 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.”) to replace its existing interventional radiology equipment, at a total capital expenditure of \$1,898,600. On September 29, 1994, the Hospital received 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: 94-517. The CON authorization under Docket Number: 94-517 was for the replacement of the Hospital’s interventional radiology equipment at a total capital expenditure of \$1,160,000.

The Hospital plans to purchase a new state-of-the-art Siemens interventional radiology system as its replacement equipment and install the equipment in its radiology department located at 328 Washington Street in Norwich. The proposal is based on the age of the current equipment. At eleven years in operation, the Hospital considers the equipment to be beyond its useful life. Additionally, the equipment is fully depreciated. The purchase of the new imaging equipment will provide the following benefits: improved reliability, improved image quality, faster processing time and greater volume throughput.

The total capital expenditure for the replacement proposal is \$1,898,600. Project costs include \$1,260,000 for the purchase of the replacement equipment, \$565,100 for building renovations to accommodate the new equipment and \$73,500 for associated non-medical equipment. The Hospital will fund the project entirely through funded depreciation.

The total capital expenditure of \$1,898,600 for the 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 \$1,898,600 for the replacement equipment acquisition 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 September 29, 1994, under Docket Number: 94-517.

Based on the foregoing Findings and Rationale, OHCA has determined that the William W. Backus Hospital’s request for a waiver of CON requirements for replacement equipment to replace its existing interventional radiology equipment at 328 Washington Street in Norwich, at a total capital expenditure of \$1,898,600, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

## **Order**

William W. Backus Hospital (“Hospital”) is hereby authorized to replace its existing interventional radiology equipment located at 328 Washington Street in Norwich, at a total capital expenditure of \$1,898,600, subject to the following conditions:

1. This authorization shall expire on June 1, 2008. Should the Hospital’s 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 \$1,898,600. 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 interventional radiology 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 interventional radiology equipment by no later than six months after the replacement 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

April 24, 2006

Signed by Cristine A. Vogel  
Commissioner

CAV:jah