



Office Of Health Care Access Certificate of Need Application

Final Decision

Hospital: Saint Vincent's Medical Center

Docket Number: 06-30774-CON

Project Title: Acquisition of a 16-slice Computed Tomography Simulator through Replacement of an X-Ray Simulator

Statutory Reference: Section 19a-638 of the Connecticut General Statutes

Filing Date: October 6, 2006

Decision Date: November 3, 2006

Default Date: January 4, 2007

Staff Assigned: Laurie K. Greci

Project Description: Saint Vincent's Medical Center proposes to acquire a 16-slice computed tomography ("CT") simulator through the replacement of an x-ray simulator for its Radiation Therapy Department at a total capital expenditure of \$990,000.

Nature of Proceedings: On October 6, 2006, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from Saint Vincent's Medical Center ("Hospital") seeking authorization to acquire a 16-slice CT simulator through the replacement of an X-ray simulator for its Radiation Therapy Department, at a total capital expenditure of \$990,000.

Pursuant to Section 19a-638 of the Connecticut General Statutes ("C.G.S."), a notice to the public concerning OHCA's receipt of the Hospital's Letter of Intent was published in *The Connecticut Post* (Bridgeport) on June 29, 2006. Pursuant to Public Act 05-75, three individuals or an individual representing an entity with five or more people had until October 27, 2006, the twenty-first calendar day following the filing of the Hospital's CON application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 19a-638, 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

Clear Public Need

Impact of the Proposal on the Hospital's Current Utilization Statistics

Proposal's Contribution to the Quality of Health Care Delivery in the Region

Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Saint Vincent's Medical Center ("Hospital") is a 397-bed acute care hospital located at 2800 Main Street, Bridgeport, CT. The Hospital has an active oncology program offering cancer screening, diagnosis, surgical, medical, and radiation therapy services. *(October 6, 2006, CON Application, page 9)*
2. The Hospital is seeking to replace its current radiation therapy x-ray simulator with a General Electric Medical Systems 16-slice LightSpeed RT CT Simulator ("16-slice CT simulator"). *(October 6, 2006, CON Application, page 81)*
3. The Hospital based the need for the 16-slice CT simulator on the following:
 - Outdated equipment;
 - Advanced CT technology;
 - Improved accessibility; and
 - Improved quality through enhanced patient care.*(October 6, 2006, CON Application, page 10)*
4. The current x-ray simulator, installed at the Hospital in 1993, uses outdated technology. Contemporary radiation therapy treatment planning requires very precise dose of radiation to the tumor site while saving health tissue. A CT simulator has the advantage of combining the functionality of a conventional simulator with the images, features, and display of a three-dimensional device. *(October 6, 2006, CON Application, page 9)*
5. The proposed 16-slice CT simulator combines the functionality of the x-ray simulator with the features, image processing and display tools of a three dimensional radiation therapy planning system. *(October 6, 2006, CON Application, page 10)*
6. Currently, the use of the x-ray simulator requires that patients come to the Hospital twice for radiation treatment planning, once for a correlation scan and a second time for a simulation scan. The proposed 16-slice CT simulator will allow the patients to be scanned in a single visit. *(October 6, 2006, CON Application, page 10)*

7. The 16-slice CT simulator enhances patient care and efficiency by allowing precise positioning of the patient on the examination table. Utilizing a series of internal and external lasers, small skin markers are then correlated to the patient's anatomy and tumor. The table set-up can be precisely indexed and documented to reproduce the treatment set-up each day over a lengthy radiation treatment cycle. Multiple checks are in place to ensure the accuracy of the daily treatments. The Hospital stated that the enhanced technology of the 16-slice CT simulator will reduce errors, eliminate multiple visits for the same scan, and significantly reduce set-up time for each patient. *(October 6, 2006, CON Application, page 23)*

8. The Hospital states that the following towns comprise its service area:

Table 1: The Hospital's Service Area

Service Area	Towns
Primary	Bridgeport, Easton, Fairfield, Monroe, Shelton, Stratford, and Trumbull
Secondary	Milford, Newtown, Norwalk, Wilton, Weston, and Westport

(October 6, 2006, CON Application, page 11)

9. The following table reports the number of simulations performed during Fiscal Years ("FY") 2003, 2004, and 2005:

Table 2: Number of CT Simulations for FYs 2003 through 2005

Number of:	FY 2003	FY 2004	FY 2005
CT simulations	545	737	808
Patients that received simulations	249	374	472
Simulations per patient	2.2	2.0	1.7
Change (%) in CT simulations	-	35.2%	9.6%

(October 6, 2006, CON Application, page 12)

10. The Hospital's projected CT volumes for FYs 2006 through 2008 with the proposed scanner is presented in the following table:

Table 3: Projected CT Volume for FYs 2006 through 2008 with the Proposal

Projected Number of:	FY 2006	FY 2007	FY 2008	FY 2008
CT simulations	873	960	1,056	1,162
Patients to receive simulations	513	565	621	683
Simulations per patient	1.7	1.7	1.7	1.7

FY 2006 based on first nine months, annualized.

The Hospital based its projections on an historical average of 10% per year increase in the number of patients provided with radiation oncology treatments and 1.7 simulations per patient.

Note: The data presented by the Hospital could not be verified by OHCA.

(October 6, 2006, CON Application, page 12)

11. The use of the 16-slice CT simulator will enable the Hospital to perform two additional simulation procedures per day. *(October 6, 2006, CON Application, page 25 and 95)*
12. The Hospital is accredited by the Committee for Radiation Oncology Practice of the American College of Radiology (“ACR”) and follows the ACR’s Standard of Practice Guidelines. *(October 6, 2006, CON Application, pages 16 and 51)*

Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the Hospital’s Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and the Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

13. The estimated total capital expenditure of the CON proposal is \$990,000, including \$777,354 for the LightSpeed CT simulator and \$212,646 for renovations. *(October 6, 2006, CON Application, page 20)*
14. The proposed CT simulator will be installed within the space occupied by the existing x-ray simulator. Renovations will include demolition of existing walls and ceilings; installation of new lead walls, windows, and doors; all electrical work and all finishing work. *(October 6, 2006, CON Application, page 20)*
15. Since the existing x-ray simulator must be removed so that the space can be renovated, arrangements will be made to have patients receive their simulations on the existing linear accelerator. Scheduling for the linear accelerator will be extended earlier in the morning, later in the day, and on weekends to accommodate the radiation therapy volume as well as the simulation cases. The Hospital will contract for a temporary technician to cover the extended operating hours. *(October 6, 2006, CON Application, pages 20, 21, and 95)*
16. The project will be financed with the Hospital’s operating equity. *(October 6, 2006, CON Application, page 21)*
17. The operation of the proposed 16-slice CT scanner is to commence in October 2007. *(October 6, 2006, CON Application, page 21)*
18. The Hospital projects that with the proposal the following revenues and expenses will be realized:

Table 4: The Hospital’s Projected Revenues and Expenses with the Proposal

Description	FY 2007	FY 2008	FY 2009	FY 2010
Net Revenue from Operations	\$296,882,000	\$307,607,000	\$322,088,000	\$339,378,000
Total Operating Expense	281,967,000	292,148,000	303,982,000	316,851,000
Gain from Operations	\$14,915,000	\$15,459,000	\$18,106,000	\$22,527,000

(October 6, 2006, CON Application, page 94)

19. The Hospital stated that the proposal will experience incremental losses of \$24,000 in FY 2007 due to the start-up expenses associated with the 16-slice CT scanner. Projected incremental losses of \$33,000 and \$22,000 in FYs 2009 and 2010, respectively, will be due to depreciation expense and service contract expense. *(October 6, 2006, CON Application, pages 24 and 95)*
20. The Hospital's current and projected payer mix during the first three years of operating the proposed CT scanner is as follows:

Table 5: Current and Projected Payer Mix with the CON Proposal

Payer Mix	Current %	FY 2007 %	FY 2008 %	FY 2009 %
Medicare	50.4	50.4	50.4	50.4
Medicaid	11.6	11.6	11.6	11.6
TriCare (CHAMPUS)	0.1	0.1	0.1	0.1
Total Government	62.1	62.1	62.1	62.1
Commercial Insurers	32.2	32.2	32.2	32.2
Uninsured	4.1	4.1	4.1	4.1
Workers Compensation	1.6	1.6	1.6	1.6
Total Non-Government	37.9	37.9	37.9	37.9
Total Payer Mix	100	100	100	100

(October 6, 2006, CON Application, pages 22 and 23)

21. There is no State Health Plan in existence at this time. *(October 6, 2006, CON Application, page 10)*
22. The Hospital has adduced evidence that the proposal is consistent with its long-range plan. *(October 6, 2006, CON Application, page 10)*
23. The Hospital has improved productivity and contained costs by employing group purchasing and the application of new technologies. *(October 6, 2006, CON Application, page 17)*
24. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(October 6, 2006, CON Application, page 18)*
25. The proposal will not result in any change to the Hospital's patient/physician mix. *(October 6, 2006, CON Application, page 18)*
26. The Hospital has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(October 6, 2006, CON Application, Attachment II)*
27. The Hospital's rates are sufficient to cover the proposed capital and operating costs associated with the proposal. *(October 6, 2006, CON Application, Attachment VIII)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for Certificate of Need ("CON") proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

Saint Vincent's Medical Center ("Hospital") is proposing to acquire a 16-slice Computed Tomography ("CT") simulator, renovate existing space to accommodate the new simulator, and remove the existing x-ray simulator. The Hospital's proposal is for an upgrade of existing equipment in order to provide up-to-date, more complex, and efficient simulation services for its existing radiation oncology populations. The need for the project is based on the technological obsolescence of the x-ray simulator and the advancements in CT technology. The Hospital intends to acquire and operate a General Electric Medical Systems 16-slice LightSpeed RT CT Simulator ("16-slice CT simulator"). The proposed 16-slice CT simulator will provide the functionality of a conventional simulator with the images, features, and display of a three-dimensional device. The enhanced technology of the 16-slice CT simulator will reduce errors, eliminate multiple visits for the same scan, and significantly reduce set-up time for each patient.

Since the Hospital's acquisition of the existing x-ray simulator, scanning technology has evolved significantly. The acquisition of the proposed LightSpeed CT simulator will allow for improvements in the quality of patient care and will provide area patients with greater access to advanced CT scanning technology. Based on the foregoing reasons, OHCA finds that the CON proposal will improve both the accessibility and quality of CT simulations for patients in the greater Bridgeport region.

The total capital expenditure for the CON proposal is \$990,000. With the proposal the Hospital projects that it will realize net operating gains of \$292,148,000, \$291,998,000, and \$303,7804,000 in FYs 2008, 2009, and 2010, respectively. An incremental loss of \$24,000 will occur in FY 2007 due to the expenditures associated with the purchase and installation of the 16-slice CT simulator. Projected incremental losses of \$33,000 and \$22,000 will occur in FYs 2009 and 2010, respectively, due to depreciation and service contract expenses. Although OHCA cannot draw any conclusions, the Hospital's volume and financial projections upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Saint Vincent's Medical Center to acquire the 16-slice CT Simulator for the Radiation Oncology Department, at a total capital expenditure of \$990,000, is hereby GRANTED.

Order

Saint Vincent's Medical Center ("Hospital") is hereby authorized to acquire a 16-slice CT simulator for its Radiation Oncology Department, at a total capital cost of \$990,000, subject to the following conditions:

1. This authorization shall expire on November 3, 2008. Should the Hospital's CT simulator 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 \$990,000. 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. The Hospital shall notify OHCA, in writing, of the following information concerning the 16-slice CT simulator by no later than one month after the 16-slice CT simulator becomes operational:
 - a) The manufacturer;
 - b) The model name and description; and
 - c) The initial date of operation.
4. This authorization requires the removal of the Hospital's existing x-ray simulator for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's service provider locations. Furthermore, the Hospital will provide evidence to OHCA of the final disposition of the x-ray simulator by no later than three months after the 16-slice CT simulator 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

November 3, 2006

Signed by Cristine A. Vogel
Commissioner

CAV: lkg