



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Essent Healthcare of Connecticut, Inc.
d/b/a Sharon Hospital

Docket Number: 06-30795-WVR

Project Title: Request to Waive CON Requirements for the
Replacement of an Existing MRI Scanner

Statutory Reference: Section 19a-639c of the Connecticut General Statutes
as amended by Public Act 06-28, Section 5

Filing Date: July 7, 2006

Hearing: Waived

Decision Date: August 17, 2006

Staff: Jack A. Huber

Project Description: Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital requests a waiver of Certificate of Need requirements for replacement equipment in order to replace its existing magnetic resonance imaging scanner, at a total capital cost of \$1,250,000.

Nature of Proceedings: On July 7, 2006, the Office of Health Care Access (“OHCA”) received the waiver of Certificate of Need (“CON”) requirements request for replacement equipment from Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital (“Hospital”). The Hospital proposes to replace its existing magnetic resonance imaging (“MRI”) scanner, at a total capital cost of \$1,250,000. 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 of the C.G.S., as amended by Public Act 06-28, Section 5. 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 24, 2003, under Report Number: 03-30085, Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital (“Hospital”) received a waiver of the CON requirements for replacement equipment from OHCA. The waiver allowed the acquisition and permanent installation on the Hospital campus of a replacement mobile-based MRI scanner, at a total capital cost of \$1,756,898. *(June 24, 2003, Office of Health Care Access, Report Number: 03-30085-WVR)*
2. The Hospital is requesting a waiver of CON requirements in order to replace its existing General Electric HighSpeed, 1.5 tesla-strength MRI scanner acquired by the Hospital, which was authorized by OHCA through the CON waiver approved under Report Number: 03-30085-WVR. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 2)*
3. Pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S”), as amended by Public Act 06-28, Section 5, a proposal may be eligible for a waiver of replacement equipment from the CON process when a provider has previously received Certificate of Need authorization from OHCA for the equipment to be replaced and when the cost or value of the replacement equipment will not exceed \$3 million. *(Public Act 06-28, Section 5, amending Section 19a-639c, C.G.S., effective July 1, 2006)*
4. The Hospital plans to acquire and operate a Toshiba, Excelart Vantage MRI scanner as its replacement equipment. The proposed scanner is a fixed-based, short-bore, 1.5 tesla-strength MRI unit. *(July 7, 2006, Letter of Intent/Waiver Form 2030, page 3)*
5. The fixed-based scanner will be installed in newly created space, adjacent to the Hospital’s Radiology Department, as part of the recently approved facilities expansion and improvement project approved by OHCA on April 3, 2006, under Docket Number: 03-30183-CON. *(July 7, 2006, Letter of Intent/Waiver Form 2030, page 8)*
6. The Hospital stated that the proposed scanner will offer improved efficiencies, allowing the Hospital to offer higher quality scans to a greater number of its patients. *(July 7, 2006, Letter of Intent/Waiver Form 2030, page 8)*
7. The Hospital states that Essent Healthcare, Inc. plans to move the current mobile-based MRI scanner to its facility in Paris, Texas. *(July 7, 2006, Letter of Intent/Waiver Form 2030, page 8)*
8. The total capital cost for the replacement MRI unit is \$1,250,000 representing the estimated fair market value of the replacement MRI system. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 3)*
9. The total capital cost of \$1,250,000 for the replacement MRI unit is below the \$3 million threshold for determining eligibility for waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 5)*

10. The Hospital will fund the proposal's total capital cost through an equipment lease of \$1,250,000, representing the estimated fair market value of the equipment leased. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 4)*
11. The Hospital intends to begin operating the replacement scanner on October 1, 2006. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 3)*
12. The replacement scanner will serve the Hospital's existing patient population with no anticipated change in the existing payer sources. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 8)*

Rationale

Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital ("Hospital") is requesting a waiver of Certificate of Need ("CON") requirements for replacement equipment, pursuant to Section 19a-639c, of the C.G.S., as amended by Public Act 06-28, Section 5. The Hospital is seeking to replace its existing mobile-based magnetic resonance imaging ("MRI") scanner stationed at the Hospital and to operate a fixed-based, Toshiba Excelart Vantage, 1.5 tesla-strength MRI scanner within new space adjacent to the existing Radiology Department.

The Hospital indicates that the time and cost involved in the reconfiguration of the current mobile scanner to a fixed-base set-up are prohibitive. The Hospital stated that the proposed scanner will offer improved efficiencies, allowing the Hospital to offer higher quality scans to a greater number of its patients. Further, the Hospital states that Essent Healthcare, Inc. plans to move the current mobile-based MRI scanner to its facility in Paris, Texas.

The total capital cost for the replacement MRI unit is \$1,250,000 representing the estimated fair market value of the proposed MRI scanner. The Hospital will fund the entire replacement project through lease financing. The capital cost of \$1,250,000 for the replacement scanner is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S., as amended by Public Act 06-28, Section 5.

Based on the foregoing Findings and Rationale, OHCA has determined that Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital's request for a waiver of CON requirements for replacement equipment in order to replace its existing mobile-based MRI unit with a fixed-based, short-bore, 1.5 tesla-strength MRI unit, at a total capital cost of \$1,250,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. as amended by Public Act 06-28, Section 5, and is hereby GRANTED.

Order

Essent Healthcare of Connecticut, Inc. d/b/a Sharon Hospital (“Hospital”) is hereby authorized to replace its existing mobile-based magnetic resonance imaging (“MRI”) scanner, at a total capital cost of \$1,250,000, subject to the following conditions:

1. This authorization shall expire on October 1, 2007. Should the Hospital’s MRI 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 capital cost of \$1,250,000. 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 initial date of the operation of the replacement MRI scanner by no later than one month after the new fixed-based scanner becomes operational.
4. This authorization requires the removal of the Hospital’s existing mobile-based MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital’s Connecticut service locations. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the existing magnetic resonance imaging scanner to be replaced by no later than six months after the replacement MRI scanner has become operational.
5. Should the Hospital propose any change in the magnetic resonance imaging services, the Hospital shall file with OHCA a Certificate of Need, Letter of Intent regarding the proposed service change.

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

August 17, 2006

Signed by Cristine A. Vogel
Commissioner

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