

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

Final Decision

Applicant: The Hospital of Central Connecticut
100 Grand Street
New Britain, CT 06050

Docket Number: 16-32065-CON

Project Title: Acquisition of two nonhospital based Linear Accelerators
("LINACs") and termination of radiation therapy

Project Description: The Hospital of Central Connecticut ("HOCC" or "Applicant") is seeking approval to terminate radiation treatment services at its main campus and to acquire two nonhospital based LINACs for its newly established Cancer Center at 183 North Mountain Road, New Britain, with an associated capital cost of \$2,209,339.

Procedural History: The Applicant published notice of its intent to file a Certificate of Need ("CON") application to acquire two nonhospital based LINACs in the *New Britain Herald* on November 9, 10 and 11, 2015. The Applicant published notice to terminate radiology services in the same paper on February 15, 16 and 17, 2016. On January 28, 2016, the Office of Health Care Access ("OHCA") received the CON application from the Applicant for the above-referenced project and deemed the application complete on June 17, 2016. OHCA received no responses from the public concerning the proposal and no hearing requests were received from the public per Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(e). Deputy Commissioner Addo considered the entire record in this matter.



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Findings of Fact and Conclusions of Law

1. HOCC is a 446-bed (including bassinets) non-profit, acute care hospital, located at 100 Grand Street, New Britain, Connecticut. Docket No. 15-32023-CON, p. 94
2. In April 2015, HOCC completed construction and began operating a new cancer center (“Cancer Center”) at 183 North Mountain Road, New Britain. The Cancer Center is 2.3 miles from the main campus and will be operated as an outpatient department of the hospital. Ex. A, p. 9
3. The Applicant requests authorization to terminate radiation treatment services on the HOCC main campus and to acquire two nonhospital based LINACs for the Cancer Center. Ex. A, pp.8- 9
4. As a member of the Hartford HealthCare system (“HHC”), the Cancer Center will benefit from HHC’s alliance with Memorial Sloan Kettering by bringing advanced clinical techniques, research knowledge and clinical trials to a community setting. Ex. A, pp. 9, 20
5. The following table lists the number and type of LINACs operated by HOCC prior and subsequent to the opening of the new Cancer Center:

**TABLE 1
 HOCC LINACs**

| HOCC LINACs (prior to Cancer Center opening) | LINAC Disposition | HOCC LINACs (following Cancer Center opening) |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Varian 2100C | Replaced with TrueBeam STX located at Cancer Center Varian 2100C was dismantled and taken off-line. | TrueBeam STX (April 2015) |
| Varian 21EX | Dismantled and reassembled at Cancer Center in June 2015 | Varian 21EX (June 2015) |
| Novalis | Dismantled and taken off-line in February 2016. “Exact-track” component will be saved and added to the TrueBeam STX LINAC | |
| Total: 3 LINACs | | Total: 2 LINACs |

Ex. A, p. 10

6. On February 15, 2016, HOCC ceased providing outpatient LINAC treatment on its main campus. Following this change, all outpatient cancer-related services and treatments were made available and provided at the Cancer Center, including the relocation of two LINACs formerly operated on the main campus. E, pp. 10, 110
7. Patients will no longer need to travel to multiple sites to receive radiation therapy or other related services (e.g., physician appointments). Ex. E, p. 111

8. The Cancer Center offers centralized care that encompasses all areas of outpatient cancer care including prevention, detection, treatment, support and research. Ex. A, p. 9
9. The advanced technology of the TrueBeam LINAC will enable HOCC to provide patients with a shorter course of treatment (i.e., 5 consecutive days compared to 30 days for the same ailments). In addition, the TrueBeam LINAC will be able to treat the most complex brain and lung cancers utilizing its “exact-track” function and correlating software from Varian Medical Systems. Ex. A, pp. 13-14, Ex. E, p. 111
10. The Cancer Center will provide ground-level entry and easy parking to patients who may be weak or debilitated from their cancer and/or treatments. In addition, the Cancer Center is located on a bus route; CT transit Route 503 makes hourly stops Monday through Friday from about 6:30 a.m. until 7:30 p.m. (until 1:30 pm on Saturday). Ex. A, p. 15; www.cttransit.com
11. Any inpatient cancer treatment services (e.g., surgery to remove a cancerous tumor) required will continue to be provided at HOCC’s main campus. Ex. E, p. 110
12. HOCC’s primary service area consists of New Britain, Southington, Plainville, Berlin and Newington. Ex. A, p. 103
13. The Cancer Center will treat the same patient population currently served on HOCC’s main campus. Ex. A, p. 13
14. There will be no impact to existing providers or physician referral patterns in HOCC’s service area as a result of this proposal. Ex. A, p. 22
15. Radiation therapy treatment volumes increased by 8% in FY 2015, following the opening of the new Cancer Center. Annualized volumes indicate that radiation therapy treatments will increase an additional 30% in FY 2016.

**TABLE 1
HISTORICAL UTILIZATION BY EQUIPMENT**

| LINAC | Actual Volume (Treatments) | | | CFY Volume |
|-----------------------------|----------------------------|----------------------|--------------|----------------------|
| | FY 2013 | FY 2014 ¹ | FY 2015 | FY 2016 ² |
| EX | 5,902 | 5,628 | 3,774 | 4,928 |
| True Beam (New) | 0 | 0 | 2,685 | 4,009 |
| 2100 C (to be disposed of) | 101 | 479 | 154 | 0 |
| Novalis (to be disposed of) | 684 | 229 | 246 | 5 |
| Total | 6,687 | 6,336 | 6,859 | 8,942 |

¹ Volume in FY 2014 decreased due to the loss of primary care physicians in HOCC’s primary service area and the restructuring of Hartford HealthCare hospital system into regions.

² Annualized based on 7 months (October 2015 through April 2016)

Ex. G, p. 115

16. HOCC attributes the increase in volume to improved access and increased marketing of the services and technology at the new Cancer Center, a greater demand for radiation therapy

treatments,¹ better awareness of the Sloan Kettering alliance and the recruitment of a new breast surgeon. Ex. A, pp. 102-104; Ex. G, p. 114

17. The Applicant projects annual increases of 2% for radiation therapy treatments over the next three fiscal years.

**TABLE 2
PROJECTED UTILIZATION BY EQUIPMENT**

| LINAC | Projected Volume (Treatments) | | |
|-----------------|-------------------------------|--------------|--------------|
| | FY 2017 | FY 2018 | FY 2019 |
| EX | 4,272 | 4,358 | 4,443 |
| True Beam (New) | 5,042 | 5,142 | 5,247 |
| Total | 9,314 | 9,500 | 9,690 |

Ex. G, p. 115

18. The Applicant does not anticipate any changes in payer mix at the Cancer Center.

**TABLE 3
APPLICANT'S CURRENT & PROJECTED PAYER MIX**

| Payer | FY 2015 | | FY 2016 ¹ | | FY 2017 | | FY 2018 | | FY 2019 | |
|-----------------------------|--------------|-------------|----------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | Treatments | % | Treatments | % | Treatments | % | Treatments | % | Treatments | % |
| Medicare* | 3,848 | 56% | 5,016 | 56% | 5,225 | 56% | 5,330 | 56% | 5,436 | 56% |
| Medicaid* | 759 | 11% | 989 | 11% | 1,031 | 11% | 1,051 | 11% | 1,072 | 11% |
| CHAMPUS & TriCare | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total Government | 4,607 | 67% | 6,006 | 67% | 6,256 | 67% | 6,381 | 67% | 6,508 | 67% |
| Commercial Insurers | 2,168 | 32% | 2,826 | 32% | 2,944 | 32% | 3,003 | 32% | 3,063 | 32% |
| Uninsured | 84 | 1% | 110 | 1% | 114 | 1% | 117 | 1% | 119 | 1% |
| Workers Compensation | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total Non-Government | 2,252 | 33% | 2,936 | 33% | 3,058 | 33% | 3,120 | 33% | 3,182 | 33% |
| Total Payer Mix | 6,859 | 100% | 8,942 | 100% | 9,314 | 100% | 9,500 | 100% | 9,690 | 100% |

¹ Annualized from 7 months (October 2015 through April 2016)

*Includes managed care activity.

Ex. G, p. 116

19. There will be no changes to HOCC's price structure for radiation therapy or radiosurgery services as a result of this proposal; these services will continue to be billed as hospital-based outpatient services. Ex. A, p. 17

¹ *The Journal of Clinical Oncology*, October 18, 2010 issue estimates that over the next decade, the number of cancer patients requiring radiation therapy will increase by 22%.

20. The proposal will generate incremental gains from FY 2016 through FY 2019.

TABLE 4
PROJECTED INCREMENTAL REVENUES AND EXPENSES

| | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|----------------------------------|------------------|------------------|------------------|------------------|
| Revenue from Operations | \$985,902 | \$1,174,395 | \$1,268,564 | \$1,364,680 |
| Total Operating Expenses | \$506,846 | \$534,756 | \$680,809 | \$701,780 |
| Gain/Loss from Operations | \$479,056 | \$639,639 | \$587,754 | \$662,901 |

¹Incremental operating expenses include salaries and wages, depreciation/amortization, supplies and drugs, and other operating expenses necessary to operate the Cancer Center and support the forecasted volumes.

Ex. G, p. 115, 119

21. The capital expenditure for the project totals \$2,209,339 and will be funded by HOCC assets. Ex. A, p. 18, 25
22. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
23. This CON application is consistent with the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
24. The Applicant has established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
25. The Applicant has demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
26. The Applicant has satisfactorily demonstrated that the proposal will improve quality and accessibility and maintain the cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5))
27. The Applicant has shown that there would be no change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))
28. The Applicant has satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7))
29. The Applicant's historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
30. The Applicant has satisfactorily demonstrated that this proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))

31. The Applicant has demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))
32. The Applicant has demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11))
33. The Applicant has satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or access to care. (Conn. Gen. Stat. § 19a-639(a)(12))

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in § 19a-639(a) of the Statutes. The Applicants bear the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

HOCC is a non-profit, acute care hospital, located at 100 Grand Street, New Britain. In April 2015, HOCC completed construction and began operating the Cancer Center, located at 183 North Mountain Road, New Britain. The Cancer Center is only 2.3 miles from the main campus and will be operated as an outpatient department of the hospital. The Applicant requests authorization to terminate radiation treatment services on the HOCC main campus and to acquire two nonhospital based LINACs for the Cancer Center. *FF1-3* The Cancer Center offers all areas of outpatient cancer care including prevention, detection, treatment, support and research at one centralized location. As a member of the Hartford HealthCare system (“HHC”), the Cancer Center will benefit from HHC’s alliance with Memorial Sloan Kettering by bringing advanced clinical techniques, research and clinical trials to a community setting. *FF4, FF8*

Quality of care will be improved through the use of the TrueBeam LINAC, which will allow patients to receive a shorter course of treatment (i.e., 5 consecutive days compared to 30 days for the same ailments). In addition, the TrueBeam LINAC will be able to treat even the most complex brain and lung cancers utilizing its “exact-track” function and correlating software from Varian Medical Systems. *FF9*

Patients will now be able to receive all their outpatient cancer treatment at one location. *FF7* The Cancer Center offers improved access through ground-level entry and easy parking. In addition, for those patients needing public transportation, the Cancer Center is located on a bus route that makes hourly stops. *FF10*

HOCC provided more than 6,000 radiation therapy treatments in FY 2014. Following the opening of the new Cancer Center, volumes increased by 8% in FY 2015 and the Applicant projects continued annual increases in treatment volumes. *FF15-17* Due to the close proximity of the HOCC main campus, the Cancer Center will continue to serve the same patient population and existing physician referral patterns will remain the same. *FF13-14* As a result of these combined factors, the Applicant has satisfactorily demonstrated that quality and access to cancer treatment services in the region will be enhanced for all relevant patient populations.

HOCC projects operational gains of \$479,056, \$639,639, \$587,754 and \$662,901 respectively, in FYs 2016, 2017, 2018 and 2019. *FF20* Therefore, the Applicant has satisfactorily demonstrated that the proposal is financially feasible.

The Applicant has demonstrated clear public need for this proposal as access to and quality of care will be improved. These benefits are consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application for the acquisition of two LINACs and termination of radiation therapy services on the HOCC main campus, with an associated capital expenditure of \$2,209,339 is hereby APPROVED.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

8/2/2016

Date



Yvonne T. Addo, MBA
Deputy Commissioner