

YALE-NEW HAVEN
HOSPITAL

April 7, 2009

Honorable Cristine Vogel
Commissioner
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: **Replacement of the current leased Gamma Knife with an upgraded Gamma Knife acquired under DN 97-546-CON (Yale-New Haven Ambulatory Services Corporation), as transferred to Yale-New Haven Hospital by DN 06-30709-DTR**

Dear Commissioner Vogel:

Please find attached an original and six (6) copies of a Letter of Intent for the leased replacement of a Gamma Knife at Yale-New Haven Hospital (YNHH). As approved as part of Docket Number 04-30410-CON, the Gamma Knife was slated to be relocated to the Smilow Cancer Hospital following the facility's completion in October 2009.

Advancements in communication, information technology, and digital imaging are driving an evolution of surgical services. To meet the patient care needs of a comprehensive cancer center such as the Smilow Cancer Hospital, it is critical to upgrade the Gamma Knife capabilities to be commensurate with the state-of-the-art facility.

There are no capital costs for YNHH associated with this proposal. The equipment will be financed entirely through an operating lease.

Please forward any correspondence to:

Jean Ahn, System Director
Yale-New Haven Hospital, CB 1007
20 York Street
New Haven, CT 06504

Thank you for your consideration.

Sincerely,

Norman G. Roth, Senior Vice President
Administration

cc: William Aseltyn, Esq.

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2009 APR - 9 PM 1:47
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

20 York Street
New Haven, CT 06510-3202

April 8, 2009



000001

State of Connecticut Office of Health Care Access Letter of Intent Form Form 2030

All Applicants involved with the proposal must be listed for identification purposes. A proposal's Letter of Intent (LOI) form must be submitted prior to a Certificate of Need application submission to OHCA by the Applicant(s), pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please complete and submit Form 2030 to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If this proposal has more than two Applicants, please attach a separate sheet, supplying the same information for each additional Applicant in the format presented in the following table.

	Applicant One	Applicant Two
Full legal name	Yale-New Haven Hospital	
Doing Business As	Yale-New Haven Hospital	
Name of Parent Corporation	Yale-New Haven Network Corporation	
Applicant's Mailing Address, if Post Office (PO) Box, include a street mailing address for Certified Mail (Zip Code Required)	20 York Street New Haven, CT 06504	
Identify Applicant Status: P for Profit or NP for Nonprofit	NP	
Does the Applicant have Tax Exempt Status?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Contact Person, including Title/Position: This Individual will be the Applicant Designee to receive all correspondence in this matter.	Jean Ahn System Director	
Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail (Zip Code Required)	Yale-New Haven Hospital, 20 York Street, CB 1007 New Haven, CT 06504	
Contact Person Telephone Number	(203) 688-2609	
Contact Person Fax Number	(203) 688-5013	
Contact Person e-mail Address	jean.ahn@ynhh.org	

SECTION II. GENERAL APPLICATION INFORMATION

- a. Project Title: **Replacement of the current leased Gamma Knife with an upgraded Gamma Knife**
- b. Project Proposal: **YNHH proposes to replace a leased Gamma Knife machine acquired under Docket Number 97-546-CON with an upgraded Gamma Knife machine, which will also be leased (via an operating lease).**
- c. Type of Project/Proposal, please check all that apply:

Inpatient Service(s):

- ☐ Medical/Surgical ☐ Cardiac ☐ Pediatric ☐ Maternity
- ☐ Trauma Center ☐ Transplantation Programs
- ☐ Rehabilitation (*specify type*) _____
- ☐ Behavioral Health (Psychiatric and/or Substance Abuse Services)
- ☐ Other Inpatient (*specify*) _____

Outpatient Service(s):

- ☐ Ambulatory Surgery Center ☐ Primary Care ☐ Oncology
- ☐ New Hospital Satellite Facility ☐ Emergency ☐ Urgent Care
- ☐ Rehabilitation (*specify type*) _____ ☐ Central Services Facility
- ☐ Behavioral Health (Psychiatric and/or Substance Abuse Services)
- ☐ Other Outpatient (*specify*) _____

Imaging: Gamma Knife

- ☐ MRI ☐ CT Scanner ☐ PET Scanner
- ☐ CT Simulator ☐ PET/CT Scanner ☐ Linear Accelerator
- ☐ Cineangiography Equipment ☐ New Technology: _____

Non-Clinical:

- ☐ Facility Development ☐ Non-Medical Equipment ☐ Renovations
- ☐ Change in Ownership or Control ☐ Land and/or Building Acquisitions
- ☐ Organizational Structure (Mergers, Acquisitions, & Affiliations)
- ☐ Other Non-Clinical: _____

- d. Does the proposal include a Change in Facility (F), Service (S)/Function (Fnc) pursuant to Section 19a-638, C.G.S.?

☐ Yes ☒ No

If you checked "Yes" above, please check the appropriate box below:

- ☐ New (F, S, Fnc) ☐ Additional (F, S, Fnc) ☐ Replacement
☐ Expansion (F, S, Fnc) ☐ Relocation ☐ Termination of Service
☐ Reduction ☐ Change in Ownership/Control

- e. Will the Capital Expenditure/Cost of the proposal exceed \$3,000,000, pursuant to Section 19a-639, C.G.S.?

☐ Yes ☒ No

If you checked "Yes" above, please check the boxes below, as appropriate:

- ☐ New equipment acquisition and operation
☐ Replacement equipment with disposal of existing equipment
☐ Major medical equipment
☐ Change in ownership or control

- f. Location of proposal, identifying Street Address, Town and Zip Code:

20 York Street, New Haven, CT 06510

- g. List each town this project is intended to serve:

Please see response to Question 3 in the Project Description.

- h. Estimated starting date for the project: **Following OHCA approval**

- i. If the proposal includes change in the number of beds provide the following information:

Type	Existing Staffed	Existing Licensed	Proposed Increase or (Decrease)	Proposed Total Licensed

Not Applicable.

SECTION III. ESTIMATED CAPITAL EXPENDITURE/COST INFORMATION

- a. Estimated Total Project Expenditure/Cost:

- b. Please provide the following tentative capital expenditure/costs related to the proposal:

Medical Equipment Purchases*	
Major Medical Equipment Purchases*	\$0
Non-Medical Equipment Purchases*	

Land/Building Purchases	
Construction/Renovation	
Other (Non-Construction) Specify: _____	
Total Capital Expenditure	\$0
Major Medical Equipment – Fair Market Value of Leases Medical Equipment – Fair Market Value of Leases	
Non-Medical Equipment – Fair Market Value of Leases*	
Fair Market Value of Space – Capital Leases Only	
Total Capital Cost	\$0
Total Project Cost	\$0
Capitalized Financing Costs (Informational Purpose Only)	\$0

* Provide an itemized list of all medical and non-medical equipment to be purchased and leased.

Note: There are no capital costs for YNHH associated with this proposal. The equipment will be financed through an operating lease (please see Appendix 1). The lessor is GK Financing, LLC (GKF) and the lease term is for seven years, subsequent to the end of the original Gamma Knife lease term. The new lease stipulates a per-use fee rate of \$4,925 per treatment for the first 1,000 treatments, \$4,250 for each treatment between 1,001 and 1,750 and \$4,150 for each treatment thereafter. The per-use fee becomes effective when the first patient is treated on the Perfexion.

- c. If the proposal has a total capital expenditure/cost exceeding \$20,000,000 or if the proposal is for major medical equipment exceeding \$3,000,000, you may request a Waiver of Public Hearing pursuant to Section 19a-643-45 of OHCA's Regulations? Please check your preference.

☒ Yes

☐ No

1. If you checked "Yes" above: please check the appropriate box below indicating the basis of the projects eligibility for a waiver of hearing

☐ Energy Conservation

☐ Health, Fire, Building and Life Safety Code

☒ Non Substantive

2. Provide supporting documentation from elected town officials (i.e. letter from Mayor's Office).

- d. Major Medical and/or Imaging Equipment Acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit
Gamma Knife	Leksell Gamma Knife®	PERFEXION™	1	(leased)

Note: Provide a copy of the vendor contract or quotation for each major medical/imaging equipment.

Please see Appendix I.

e. Type of financing or funding source (more than one can be checked):

- | | | |
|---|---|--|
| <input type="checkbox"/> Applicant's Equity | <input type="checkbox"/> Capital Lease | <input type="checkbox"/> Conventional Loan |
| <input type="checkbox"/> Charitable Contributions | <input checked="" type="checkbox"/> Operating Lease | <input type="checkbox"/> CHEFA Financing |
| <input type="checkbox"/> Funded Depreciation | <input type="checkbox"/> Grant Funding | |
| <input type="checkbox"/> Other (specify) _____ | | |

SECTION IV. PROJECT DESCRIPTION

In paragraph format, please provide a description of the proposed project, highlighting each of its important aspects, on at least one, but not more than two separate 8.5" X 11" sheets of paper. At a minimum each of the following items need to be addressed, if applicable.

1. List the types of services are currently being provided. If applicable, provide a copy of each Department of Public Health (DPH) license held by the Applicant.
2. List the types of services being proposed and what DPH licensure categories will be sought, if applicable.
3. Identify the current population served and the target population to be served.
4. Identify any unmet need and describe how this project will fulfill that need.
5. Are there any similar existing service providers in the proposed geographic area?
6. Describe the anticipated effect of this proposal on the health care delivery system in the State of Connecticut.
7. Who will be responsible for providing the service?
8. Who are the current payers of this service and identify any anticipated payer changes when the proposed project becomes operational?

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AFFIDAVIT

To be completed by each Applicant


Applicant: **Yale-New Haven Hospital**

Project Title: **Replacement of the current leased Gamma Knife with an upgraded Gamma Knife**

I, **James Staten**, Chief Financial Officer, of **Yale-New Haven Hospital**, being duly sworn, depose and state that the information provided in this CON Letter of Intent (Form 2030) is true and accurate to the best of my knowledge, and that **Yale-New Haven Hospital** complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Signature  Date 4/8/09

Subscribed and sworn to before me on April 8, 2009


Notary Public/Commissioner of Superior Court

My commission expires: _____
SUSAN ANSPACH SHIELY
NOTARY PUBLIC
MY COMMISSION EXPIRES MAR. 31, 2010

SECTION IV. PROJECT DESCRIPTION

- 1. List the types of services are currently being provided. If applicable, provide a copy of each Department of Public Health (DPH) license held by the Applicant.**

Yale-New Haven Hospital (YNHH) is the primary teaching hospital for the Yale School of Medicine and a major community hospital for residents of the greater New Haven area. The Hospital offers a full array of primary to quaternary patient services; many quaternary services have been designated as regional or national referral services.

The existing Gamma Knife is used by Yale-New Haven Hospital (YNHH) to perform radiation therapy procedures primarily related to three service lines—oncology, neurosurgery and cardiac/vascular. Within oncology, applications include intracranial, sinus, bone and bone marrow, head and neck and other metastases. The vast majority of cardiac/vascular applications are related to the treatment of arteriovenous malformations, and the vast majority of neuroscience applications are intracranial procedures. A copy of YNHH's Department of Public Health (DPH) License is presented as Appendix II.

- 2. List the types of services being proposed and what DPH licensure categories will be sought, if applicable.**

The proposed replacement equipment will be used for similar services, examinations and procedures.

DPH licensure is not required.

- 3. Identify the current population served and the target population to be served.**

The current population served and the target population to be served include the residents of Ansonia, Bethany, Branford, Cheshire, Clinton, Deep River, Derby, East Haven, Essex, Guilford, Hamden, Killingworth, Madison, Meriden, Milford, New Haven, North Branford, North Haven, Old Saybrook, Orange, Oxford, Seymour, Wallingford, Westbrook, West Haven and Woodbridge.

- 4. Identify any unmet need and describe how this project will fulfill that need.**

Given the significant advancements in technology over the last 10 years and benefits to patients conferred by newer modern equipment, the existing Gamma Knife unit, which is over a decade old, needs to be replaced. The proposed replacement equipment provides numerous benefits and enhanced capabilities (such as improved safety, precision, reach, efficiency, and throughput) compared to the existing Gamma Knife equipment, including the following:

- Enhanced safety provided by the replacement equipment's superior dosimetry performance: the replacement equipment's collimator design permits a virtually unlimited ability for sculpting the dose distribution and for enabling dynamic shaping with absolute precision and accuracy

- Improved throughput given the replacement equipment's ability to make collimator changes in a matter of seconds through a control program, which optimizes flow and significantly reduces treatment time by an estimated 30-60 minutes per patient compared to the existing equipment
- Improved patient comfort as a result of the reduced treatment times noted above in which patients are required to remain still for significant periods of time
- Expanded treatment reach via improved equipment design that offers a wider range of treatable anatomical structures, which in turn provides the ability to treat patients that were previously unable to be treated with the existing unit
- Upgraded software that provides enhanced, user-friendly technology management, including a new shot dialog that provides access to both composite shots and dynamic shaping as well as a client-based treatment planning system which can be accessed remotely and provides instant access to needed patient data in the online database

The technological advancements and benefits of the newer replacement equipment noted above will enhance the safety, quality, efficiency, and accuracy of Gamma Knife services provided to Yale-New Haven Hospital patients. Furthermore, in order to satisfy the patient care needs of a comprehensive cancer center such as the Smilow Cancer Hospital, it is critical to upgrade the Gamma Knife capabilities to be commensurate with the state-of-the-art facility.

5. Are there any similar existing service providers in the proposed geographic area?

The Applicant is unaware of any other Gamma Knife currently in the proposed geographic area.

6. Describe the anticipated effect of this proposal on the health care delivery system in the State of Connecticut.

Replacement of the existing outdated equipment will ensure that the Hospital's existing patients have continued access to safe, high quality Gamma Knife services.

7. Who will be responsible for providing the service?

Yale-New Haven Hospital will be responsible for providing the service.

8. Who are the current payers of this service and identify any anticipated payer changes when the proposed project becomes operational?

The payers for this service include Medicare, Medicaid, Aetna, Blue Cross, Cigna, Connecticare, HMC PPO, Oxford, PHS, United Healthcare, Workers Compensation, Yale Health Plan and others.

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APPENDIX I

GKF 2009 Operating Lease

GK Financing, LLC

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Four Embarcadero Center, Suite 3700
San Francisco, California 94111

tel 415.788.5300 fax 415.788.5660
www.ashs.com

January 14, 2009

John Skelly
VP of Finance
Yale-New Haven Hospital
Medical Center South-2006
20 York Street
New Haven CT 06504

Dear John,

We appreciate the opportunity to extend our Gamma Knife relationship with Yale. The following proposal for the Perfexion installation at your cancer center reflects our agreement in principle.

Term- Seven (7) years (subsequent to the end of the original Gamma Knife lease term).

Fee Per Use Rate- \$4,925.00 per treatment for the first 1,000 treatments, \$4,250 for each treatment between 1,001 through 1,750 and \$4,150 for each treatment thereafter. There are no minimum volume requirements. Fee per use rate becomes effective when the first patient is treated on the Perfexion.

GKF Responsibilities

Perfexion- GKF will acquire the Perfexion to be installed at Yale's new cancer center and be responsible for installation costs, including rigging costs, up to \$200,000.

Service- GKF will be responsible for maintenance and service of the Perfexion.

Marketing- GKF will fund fifty (50%) percent of marketing costs mutually agreed to by both parties.

Personal Property Taxes and Insurance- GKF shall be responsible for personal property taxes and insurance related to the Perfexion.

Model C Gamma Knife- GKF will have 100% ownership in this unit at the end of its original term and will be responsible for de-installation of this unit.

Yale Responsibilities

Operating Costs- Yale shall be responsible for all operating costs that are not listed as GKF responsibilities.

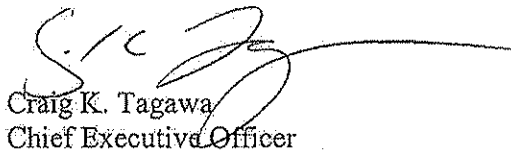
Cobalt Reload- Yale shall be responsible for all Cobalt reload costs. In the event Yale and GKF mutually agree that GKF shall be solely responsible for Cobalt reload costs, the term of the agreement shall be extended three (3) years. In this event, the fee per use rate in years eight (8), nine (9) and ten (10) shall equal \$4,500 per treatment.

Payments to GKF- The \$100,000 deposit previously made to GKF shall be considered a payment to reduce the fee per treatment.

Purchase Option- At the end of the Perfexion lease term, Yale can purchase the Perfexion for \$150,000.

John, please review and verify that the terms reflect our agreement. Upon your concurrence, I will have our attorney draft the amendment for your review.

Yours Truly,


Craig K. Tagawa
Chief Executive Officer

cc: Ernest A. Bates, M.D.

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APPENDIX II

DPH License

STATE OF CONNECTICUT
Department of Public Health

000013

LICENSE
License No. 0044

General Hospital

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Hill Health Corporation of New Haven, CT, d/b/a Yale-New Haven Hospital, Inc. is hereby licensed to maintain and operate a General Hospital.

Yale-New Haven Hospital, Inc. is located at 20 York Street, New Haven, CT 06504

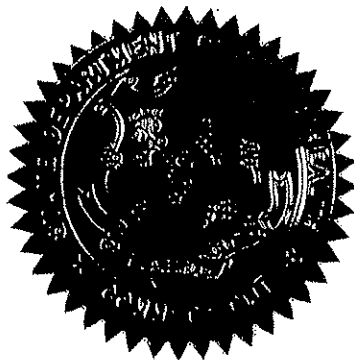
The maximum number of beds shall not exceed at any time:
852 General Hospital beds
92 Bassinets

This license expires **September 30, 2009** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, October 1, 2007. RENEWAL.

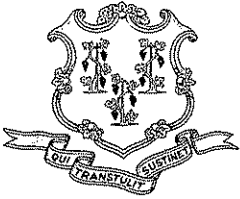
Satellites

Hill Regional Career High School, 140 Legion Avenue, New Haven, CT
Branford High School Based Health Center, 185 East Main Street, Branford, CT
Walsh Middle School, 185 Damascus Road, Branford, CT
James Hillhouse High School Based Health Center, 480 Sherman Parkway, New Haven, CT
Sheriden Academy of Excellence School Based Health Center, 191 Fountain Street, New Haven, CT
Vincent E. Mauro Elementary School Based Health Center, 130 Orchard Street, New Haven, CT
Weller Building, 425 George Street, New Haven, CT
Yale-New Haven Psychiatric Hospital, 184 Liberty Street, New Haven, CT
Yale-New Haven Shoreline Medical Center, 111 Goose Lane, Guilford, CT
Pediatric Dentistry Center, 860 Howard Avenue, New Haven, CT
Ynhasc Temple Surgical Center, 60 Temple Street, New Haven, CT
Ynhasc Women's Surgical Center, 40 Temple Street, New Haven, CT



J Robert Galvin M.D., M.P.H.

J. Robert Galvin, M.D., M.P.H.,
Commissioner



M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL
COMMISSIONER

April 16, 2009

Jean Ahn
System Director
Yale-New Haven Hospital, CB 1007
20 York Street
New Haven, CT 06504

Re: Letter of Intent, Docket Number 09-31352
Acquisition of a Gamma Knife to Replace an Existing Gamma Knife
Notice of Letter of Intent

Dear Ms. Ahn,

On April 9, 2009 Office of Health Care Access ("OHCA") received the Letter of Intent ("LOI") Form of Yale-New Haven Hospital ("Applicant") for the acquisition of a Gamma Knife to replace an existing Gamma Knife in New Haven, with no associated capital cost. The fair market value of equipment is \$4,774,900.

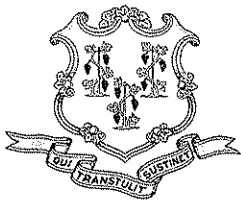
A notice to the public regarding OHCA's receipt of a LOI was published in *The New Haven Register* pursuant to Section 19a-639 of the Connecticut General Statutes. Enclosed for your information is a copy of the notice to the public.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kimberly R. Martone".

Kimberly R. Martone
Director of Operations

KRM:lmg



M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL
COMMISSIONER

April 16, 2009

Requisition # HCA09-133
Fax: (203) 865-8360

New Haven Register
40 Sargent Street
New Haven, CT 06531-0715

Gentlemen/Ladies:

Please make an insertion of the attached copy, in a single column space, set solid under legal notices, in the issue of your newspaper by no later than **Monday, April 20, 2009**.


Please provide the following **within 30 days** of publication:

- Proof of publication (copy of legal ad. acceptable) showing published date along with the invoice.

If there are any questions regarding this legal notice, please contact Kimberly Martone at (860) 418-7001.

KINDLY RENDER BILL IN DUPLICATE ATTACHED TO THE TEAR SHEET.

Sincerely,



Kimberly R. Martone
Director of Operations

Attachment

KRM:lmg

c: Sandy Salus, OHCA

PLEASE INSERT THE FOLLOWING:

Statute Reference:	19a-639
Applicant:	Yale-New Haven Hospital
Town:	New Haven
Docket Number:	09-31352-LOI
Proposal:	Acquisition of a Gamma Knife to replace an existing Gamma Knife
Capital Expenditure:	\$0
Fair Market Value:	\$4,774,900

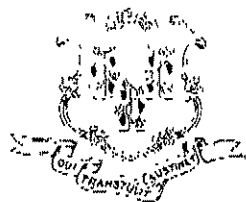
The Applicant may file its Certificate of Need application between June 8, 2009 and August 7, 2009. Interested persons are invited to submit written comments to Cristine A. Vogel, Commissioner Office of Health Care Access, 410 Capitol Avenue, MS13HCA P.O. Box 340308 Hartford, CT 06134-0308.

The Letter of Intent is available at OHCA or on OHCA's website at www.ct.gov/OHCA. A copy of the Letter of Intent or a copy of Certificate of Need Application, when filed, may be obtained from OHCA at the standard charge. The Certificate of Need application will be made available for inspection at OHCA, when it is submitted by the Applicants.

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO 0019
RECIPIENT ADDRESS 912038658360
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TIME USE 00'20
PAGES SENT 2
RESULT OK



M. JOEL REIL
GOVERNOR

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGLI
COMMISSIONER

April 16, 2009

Requisition # HCA09-133
Fax: (203) 865-8360

New Haven Register
40 Sargent Street
New Haven, CT 06531-0715

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Sincerely,

Kimberly R. Martone
Director of Operations