11-31703-COO

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL



24 Hospital Ave.
Danbury, CT 06810
203.739.7000

WesternConnecticutHeatlhNetwork.org

May 25, 2011

Jeannette B. DeJesús, MPA, MSW
Deputy Commissioner
CT Office of Health Care Access
Department of Public Health
410 Capitol Avenue
MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: **Acquisition of Equipment from Newtown Diagnostic Imaging, L.L.C. by Danbury Health Care Affiliates, Inc.**

Dear Commissioner DeJesús:

Based on a February 11, 2011 determination, 11-31683-DTR, please find enclosed an Acquisition of Equipment Certificate of Need for Danbury Health Care Affiliates, Inc. (DHCA) to acquire and operate imaging equipment from Newtown Diagnostic Imaging, LLC (NDI), a free-standing imaging center located in Newtown, CT that provides MRI, CT-scan, ultrasound and general radiology services. DHCA intends to continue operations of the NDI facility in its current location at 153 S Main Street, Newtown, CT. DHCA would assume the lease for the space at this location and operate the facility in the same manner that it currently operates its Danbury Diagnostic Imaging and Ridgefield Diagnostic Imaging locations.

If you have any questions that the following submission does not answer, please contact me so that we may provide whatever additional information you need in your deliberations. I can be reached directly at 203-739-4903, or sally.herlihy@wcthealthnetwork.org.

Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

cc: Enclosure

# Acquisition of Equipment
# Application Checklist

☑ **Attached is the CON application filing fee in the form of a certified, cashier or business check made out to the "Treasurer State of Connecticut" in the amount of $500.**

**OHCA Verified by:** lcg **Date:** 5.26.11

☑ **Attached is evidence demonstrating that proper public notice has been published in a suitable newspaper that relates to the location of the proposal.**

☑ **Attached is a completed affidavit, signed and notarized by the appropriate individuals.**

☑ **Submitted is a scanned copy of each submission in its entirety, including all attachments on CD, preferably in Adobe (.pdf) format.**

☑ **Submitted is an electronic copy of the documents on CD in MS Word format with financial attachments and other data as appropriate in MS Excel format.**

☑ **Attached are completed Financial Attachments I and II.**

☑ **Submitted CON application materials, including cover letter and all attachments, have been paginated in their entirety.**

☑ **Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.**

Revised 11/08

PRINTED ON ENGRAVER'S PAPER - HOLD TO LIGHT TO VIEW FOR ADDITIONAL SECURITY FEATURES SEE BACK

0065871 / Office AU # | 11-24 / 1210(8)

# CASHIER'S CHECK

6597101025

Operator I.D.: ct001732 ct001732

April 07, 2011

PAY TO THE ORDER OF ***TREASURER STATE OF CONNECTICUT***

***Five hundred dollars and no cents*** **$500.00**

Security Features Included. Details on Back.

WELLS FARGO BANK, N.A.
210 MAIN ST
DANBURY, CT 06810
FOR INQUIRIES CALL (480) 394-3122

VOID IF OVER US $ 500.00

CONTROLLER

⑈6597101025⑈ ⑆121000248⑆4861 509560⑈

CONNPOST.com
CONNECTICUT POST

DANBURY NEWS TIMES

**FROM THE DESK OF:**

**DIANE**

**LEGAL / PUBLIC NOTICES**

**TEL. 203 330 6213**
**FAX. 203 384 1158**

**EMAIL :** publicnotices@ctpost.com – CT POST
legals@newstimes.com - NEWS TIMES

**TO:** Andrea

**FAX NUMBER** 339 1089

**DATE:** 3/15/11

**SIGNED:** Diane

Form 2020
Revised 11/08

# Order Confirmation

**Ad Order Number**
0001617734

**Sales Rep.**
dsettani

**Order Taker**
dsettani

**Order Source**
E-mail

**Customer**
DANBURY HOSPITAL

**Customer Account**
197666

**Customer Address**
24 HOSPITAL AVENUE
DANBURY CT 06810 USA

**Customer Phone**
203-739-7919

**Payor Customer**
DANBURY HOSPITAL

**Payor Account**
197666

**Payor Address**
24 HOSPITAL AVENUE
DANBURY CT 06810 USA

**Payor Phone**
203-739-7919

**PO Number**

**Ordered By**
ANDREA

**Customer Fax**
203-739-1689

**Customer EMail**
Andrea.Rynn@danhosp.org

**Special Pricing**
None

| Tear Sheets | Proofs | Affidavits | Blind Box | Promo Type | Materials |
|---|---|---|---|---|---|
| 0 | 0 | 0 | | | |

**Invoice Text**

**Ad Order Notes**
($122.29 per day).

| Net Amount | Tax Amount | Total Amount | Payment Method | Payment Amount | Amount Due |
|---|---|---|---|---|---|
| $366.87 | $0.00 | $366.87 | | $0.00 | $366.87 |

| Ad Number | Ad Type | Ad Size | Color | Production Method | Production Notes |
|---|---|---|---|---|---|
| 0001617734-0 | Legal Liners | : 2.0 X 20 Li | <NONE> | AdBooker | |

**External Ad Number**

**Ad Attributes**

**Ad Released**
No

**Pick Up**

| Product Information<br>Run Schedule Invoice Text | Placement/Classification<br>Sort Text | Run Dates | # Inserts | Cost |
|---|---|---|---|---|
| Danbury News-Times: : | Public Notices | 3/17/2011, 3/18/2011, 3/19/2011 | 3 | ~~$363.87~~ |
| Danbury Healthcare Affiliates, Inc. ("DHCA newstimes.com: : | DANBURYHEALTHCAREAFFILIATESINC<br>Public Notices | 3/17/2011, 3/18/2011, 3/19/2011 | 3 | $3.00 |
| Danbury Healthcare Affiliates, Inc. ("DHCA | DANBURYHEALTHCAREAFFILIATESINC | | | |

Danbury Healthcare Affiliates, Inc. ("DHCA"), a subsidiary of Western Connecticut Healthcare, Inc., is filing an application for a Certificate of Need under section 19a-638(a)(8) of the Connecticut General Statutes with the Connecticut Office of Health Care Access for the acquisition and operation of equipment from Newtown Diagnostic Imaging, LLC ("NDI"). NDI is a free-standing imaging center located at 153 S Main St., Newtown, CT that provides MRI, CT-scan, ultrasound and general radiology services. DHCA intends to continue operations of the NDI facility at its current location under the same licensures used for its Danbury Diagnostic Imaging and Ridgefield Diagnostic Imaging locations. The cost of the project is $1,200,000.

**AFFIDAVIT**

Applicant: **Danbury Health Care Affiliates, Inc.**

Project Title: **Acquisition of Equipment from Newtown Diagnostic Imaging by Danbury Health Care Affiliates, Inc.**

I, **John M. Murphy, MD, President & CEO of Western Connecticut Health Network**, being duly sworn, depose and state that Danbury Health Care Affiliates, Inc.'s information submitted in this Certificate of Need Application is accurate and correct to the best of my knowledge.

John M. Murphy
Signature

5/24/11
Date

Subscribed and sworn to before me on May 24, 2011

Notary Public/Commissioner of Superior Court

My commission expires: 2/28/2015

# State of Connecticut
# Office of Health Care Access
# Certificate of Need Application

**Instructions**: Please complete all sections of the Certificate of Need ("CON") application. If any section or question is not relevant to your project, a response of "Not Applicable" may be deemed an acceptable answer. If there is more than one applicant, identify the name and all contact information for each applicant. OHCA will assign a Docket Number to the CON application once the application is received by OHCA.

**Docket Number:**

| | |
|---|---|
| **Applicant:** | Danbury Health Care Affiliates, Inc. |
| **Contact Person:** | Sally F. Herlihy, FACHE |
| **Contact Person's Title:** | Vice President, Planning<br>Western Connecticut Health Network |
| **Contact Person's Address:** | 24 Hospital Avenue<br>Danbury, CT 06810 |
| **Contact Person's Phone Number:** | 203-739-4903 |
| **Contact Person's Fax Number:** | 203-739-1974 |
| **Contact Person's Email Address:** | sally.herlihy@wcthealthnetwork.org |
| **Project Town:** | Newtown, CT |
| **Project Name:** | Acquisition of Equipment from Newtown Diagnostic Imaging by Danbury Health Care Affiliates, Inc. (affiliate of Western Connecticut Health Network) |
| **Statute Reference:** | Section 19a-638, C.G.S. |
| **Estimated Total Capital Expenditure:** | $1,200,000 |

1. **Project Description: Acquisition of Equipment**

   a. Please provide a narrative detailing the proposal.

   **Newtown Diagnostic Imaging, L.L.C. (NDI) is a free-standing imaging center located in Newtown, CT that provides MRI, CT-scan, ultrasound and general radiology services. The Center is wholly-owned by Newtown Diagnostic Imaging, L.L.C.**

   **Danbury Healthcare Affiliates, Inc. (DHCA), a wholly-owned tax-exempt subsidiary of Western Connecticut Health Network (WCH), is proposing to purchase NDI at a cost of $1,200,000, which includes acquisition of a CT scanner and MRI scanner. DHCA intends to maintain imaging operations at the NDI facility at 153 S Main Street, Newtown, CT. DHCA would assume the lease for the space at this location and operate the facility in the same manner that it currently operates its Danbury Diagnostic Imaging and Ridgefield Diagnostic Imaging locations.**

   b. Provide letters that have been received in support of the proposal.

   **See Attachment A**

   c. Provide the Manufacturer, Model, Number of slices/tesla strength of the proposed scanner (as appropriate to each piece of equipment).

   **This proposal involves the acquisition of two pieces of equipment from NDI:**
   - **MRI Scanner – General Electric Signa V 1.5 Tesla**
   - **CT Scanner - General Electric CT single slice**

   d. List each of the Applicant's sites and the imaging modalities and other services currently offered by location.

   **DHCA is an affiliate of WCH, which currently operates two imaging sites located in Danbury, CT (Danbury Diagnostic Imaging or DDI) and Ridgefield, CT (Ridgefield Diagnostic Imaging or RDI).**

   **DDI: 21 Germantown Road, Danbury, CT 06810**
   **Services provided include CT, MRI, ultrasound and diagnostic x-ray.**

   **RDI: 901 Ethan Allen Highway, Ridgefield, CT 06877**
   **Services provided include CT, MRI, ultrasound, diagnostic x-ray, mammography, and bone density.**

   **See Attachment B for a copy of the WCH organizational chart which demonstrates the relationship between DHCA and the proposed new affiliate NDI.**

## 2. Clear Public Need

a. Explain why there is a clear public need for the proposed equipment. Provide evidence that demonstrates this need.

**As the present DHCA facilities that provide imaging services continue to grow and move toward reaching capacity, an opportunity exists for Newtown area residents serviced at these locations to gain timely appointments in the new location closer to their residences in Newtown. This ability to decompress patient volume across the sites of care will enhance patient access for services.**

b. Provide the utilization of existing health care facilities and health care services in the Applicant's service area.

**Please refer to Attachment C for CT and MRI exams activity at the DDI and RDI facilities. DHCA does not have access to other provider utilization figures.**

c. Complete **Table 1** for each piece of equipment of the type proposed currently operated by the Applicant at each of the Applicant's sites.

**Table 1: Existing Equipment Operated by the Applicant**

| **Provider Name<br>Street Address<br>Town, Zip Code** | **Description of Service *** | **Hours/Days of Operation **** | **Utilization ***<br>**12-month period =<br>1/1/10-12/31/10** |
|---|---|---|---|
| Danbury Diagnostic Imaging<br>20 Germantown Road<br>Danbury, CT 06810 | 1.5 Tesla MRI (closed) | M and F: 7:30 am – 5 pm<br>TU, W, TH: 7:30 am- 8 pm<br>SAT: 8 am – 2 pm | 3,847 exams |
| | 32-slice CT Scanner | M - F: 7:30 am - 4:30 pm | 6,091 exams |
| Ridgefield Diagnostic Imaging<br>901 Ethan Allen Highway<br>Ridgefield, CT 06877 | 1.5 Tesla MRI (closed) | M and F: 7:30 am – 5 pm<br>TU, W, TH: 7:30 am- 8 pm<br>SAT: 8 am – 2 pm | 3,302 exams |
| | 32-slice CT Scanner | M - F: 7:30 am - 4:30 pm | 3,403 exams |

* Include equipment strength (e.g. slices, tesla strength), whether the unit is open or closed (for MRI)
** Days of the week unit is operational, and start and end time for each day; and
*** Number of scans/exams performed on each unit for the most recent 12-month period (identify period).

d. Provide the following regarding the proposal's location:

i. The rationale for locating the proposed equipment at the proposed site;

**NDI is already an established provider at this Newtown location. Following acquisition, DHCA will continue to offer the existing MRI, CT-Scan, ultrasound and general radiology services. Additionally, this location will enhance convenience and access to DHCA's current Newtown patient base and through centralized scheduling functions help decompress other facilities, allowing for better access and faster service for all customers. No new services are being requested under this CON request. Any future expansion of**

**services will be considered under current CON regulations specific to imaging services and will be requested accordingly.**

ii. The population to be served, including specific evidence such as incidence, prevalence, or other demographic data that demonstrates need;

**NDI currently provides imaging services for Newtown and surrounding towns, including Sandy Hook, Bethel, Southbury, and Danbury. These five towns represent three-fourths of total patient volume at this facility. It is anticipated the same population will be served under DHCA ownership, as DHCA and NDI currently serve patients in the same geographic area.**

iii. How and where the proposed patient population is currently being served;

**Attachment D provides a breakdown of the total facility patient utilization from the proposed area that is presently being served at the Newtown, CT location currently operated by NDI.**

iv. All existing providers (name, address) of the proposed service in the towns listed above and in nearby towns;

**Existing imaging providers located in the proposed service area are identified on Attachment E.**

v. The effect of the proposal on existing providers; and

**There will be no change in the provision of diagnostic imaging services, and therefore no effect on existing providers for imaging services at this location. However, under DHCA ownership, the location will no longer provide cosmetic vein procedures that have been performed at this location by NDI.**

vi. If the proposal involves a new site of service, identify the service area towns and the basis for their selection.

**Not Applicable.**

e. Explain why the proposal will not result in an unnecessary duplication of existing or approved health care services.

**This proposal will not result in an unnecessary duplication of services as it will continue service to an existing patient base, with the existing imaging capacity in the service area.**

## 3. Actual and Projected Volume

a. Complete the following tables for the past three fiscal years ("FY"), current fiscal year ("CFY"), and first three projected FYs of the proposal, for each of the Applicant's existing and proposed

pieces of equipment (of the type proposed, at the proposed location only). In Table 2a, report the units of service by piece of equipment, and in Table 2b, report the units of service by type of exam (e.g. if specializing in orthopedic, neurosurgery, or if there are scans that can be performed on the proposed scanner that the Applicant is unable to perform on its existing scanners).

**Table 2a: Historical, Current, and Projected Volume, by Equipment Unit**

| | **Actual Volume (Last 3 Completed FYs)** | | | **CFY Volume*** | **Projected Volume (First 3 Full Operational FYs)**** | | |
|---|---|---|---|---|---|---|---|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 (5 mths) | FY 2012 | FY 2013 | FY 2014 |
| Scanner*** | | | | | | | |
| DDI – CT | **5,153** | **5,694** | **5,732** | **2,299** | **5,683** | **5,854** | **6,029** |
| DDI – MRI | **3,532** | **3,663** | **3,629** | **1,413** | **3,493** | **3,598** | **3,706** |
| RDI – CT | **2,365** | **2,741** | **3,082** | **1,313** | **3,246** | **3,343** | **3,442** |
| DDI – MRI | **2,360** | **2,471** | **2,925** | **1,307** | **3,231** | **3,328** | **3,428** |
| NDI – CT | | | | | **668** | **803** | **954** |
| NDI – MRI | | | | | **934** | **1,058** | **1,205** |
| | | | | | | | |
| **CT Subtotal** | | | **8,814** | **3,612** | **8,929** | **9,197** | **9,472** |
| **MRI Subtotal** | | | **6,554** | **2,720** | **6,724** | **6,926** | **7,133** |
| | | | | | | | |
| **Total** | **13,410** | **14,569** | **15,368** | **6,332** | **17,255** | **17,994** | **18,763** |

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than six months, report actual volume and identify the period covered.
** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary.
*** Identify each scanner separately and add lines as necessary. Also break out inpatient/outpatient/ED volumes if applicable.
**** Fill in years. In a footnote, identify the period covered by the Applicant's FY (e.g. July 1-June 30, calendar year, etc.).

**Table 2b: Historical, Current, and Projected Volume, by Type of Scan/Exam**

| | **Actual Volume (Last 3 Completed FYs)** | | | **CFY Volume*** | **Projected Volume (First 3 Full Operational FYs)**** | | |
|---|---|---|---|---|---|---|---|
| | FY **** | FY **** | FY **** | FY **** | FY **** | FY **** | FY **** |
| Service type*** | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **Total** | | | | | | | |

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than six months, report actual volume and identify the period covered.
** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary.
*** Identify each type of scan/exam (e.g. orthopedic, neurosurgery or if there are scans/exams that can be performed on the proposed piece of equipment that the Applicant is unable to perform on its existing equipment) and add lines as necessary.
**** Fill in years. In a footnote, identify the period covered by the Applicant's FY (e.g. July 1-June 30, calendar year, etc.).

**Please refer to Attachments F for historical CT and MRI volumes, by type of scan/exam, at DDI, RDI and NDI.**

b. Provide a breakdown, by town, of the volumes provided in Table 2a for the most recently completed full FY.

**Please refer to Attachment B for CT and MRI volume by town for DDI and RDI.**

c. Describe existing referral patterns in the area to be served by the proposal.

**Existing referrals are generated by local Primary Care, Pediatric, Medical Subspecialists and Surgical Subspecialists.**

d. Explain how the existing referral patterns will be affected by the proposal.

**Although we don't anticipate this to happen, we have prepared a going-forward pro-forma for the location that considers the potential of losing some loyal referring physicians through the transition.**

e. Explain any increases and/or decreases in volume seen in the tables above.

**As indicated in question 3.d. above, the volume projections and the resulting pro-forma in the first year of operation have been mitigated to reflect the potential loss of previously loyal referring physicians. As stated, we do not anticipate this to happen, but it was an assumption that was included in the business model. Other volume reduction in the first year include any imaging procedures that were directly associated with cosmetic vein procedures that have been performed at this location by NDI (stated in 2.d.v. above).**

f. Provide a detailed explanation of all assumptions used in the derivation/calculation of the projected volume by scanner and scan type.

**DDI and NDI annual growth projection of 3% for CT and MRI scans are based on historical market and clinical services growth at the DHCA's Danbury and Ridgefield sites.**

**NDI volume projections begin with FY 2012 and reflect status quo volumes during the transition year, with a ramp-up that coincides with expanded weekday hours in year two (3 ½ hours per day M-F = 17.5 hours/week) and further expansion to Saturday hours (8 hours) in year 3. Increased accessibility for patients will result from changes in the NDI schedule to match the hours of operation at both the DDI and RDI facilities by the end of the third year. The testing volume for CT scans represents 20% and 18% volume growth respectively in years 2 and 3, and the MRI volume growth is 14% and 12% respectively for years 2 and 3.**

g. Provide a copy of any articles, studies, or reports that support the need to acquire the proposed scanner, along with a brief explanation regarding the relevance of the selected articles.

**Not Applicable.**

**4. Quality Measures**

a. Submit a list of all key professional, administrative, clinical, and direct service personnel related to the proposal. Attach a copy of their Curriculum Vitae.

**DHCA will be providing the technical services at this location and will contract professional services through Danbury Radiology Associates, PC. DHCA, d/b/a as Newtown Diagnostic Imaging, will bill for the services provided at this location.**

**Please see Attachment G for Curriculum Vitaes of Jeet Sandhu M.D., Medical Director; ToniAnn Marchione, Director; and Joleen Dennison, Manager.**

b. Explain how the proposal contributes to the quality of health care delivery in the region.

**DHCA is an affiliate of Western Connecticut Health Network (WCH), which currently operates five imaging locations through its various affiliates including DHCA, Danbury Hospital, and New Milford Hospital. Through its centralized scheduling capabilities and with the addition of this location, WCH will be able to offer its patients greater access, choice, and convenience as to where and when they can receive their imaging study throughout its imaging enterprise, without adding any additional imaging capacity to the service area.**

**5. Organizational and Financial Information**

a. Identify the Applicant's ownership type(s) (e.g. Corporation, PC, LLC, etc.).

**DHCA is a Non-stock corporation, whose sole member is Western Connecticut Healthcare, Inc.**

b. Does the Applicant have non-profit status?
☐ Yes (Provide documentation) ☐ No

**Yes, DHCA has non-profit status. Documentation is included in Attachment H.**

c. Provide a copy of the State of Connecticut, Department of Public Health license(s) currently held by the Applicant and indicate any additional licensure categories being sought in relation to the proposal.

**Please see Attachment I for a copy of the current certificate of use for NDI.**

d. Financial Statements

i. If the Applicant is a Connecticut hospital: Pursuant to Section 19a-644, C.G.S., each hospital licensed by the Department of Public Health is required to file with OHCA copies of the hospital's audited financial statements. If the hospital has filed its most recently completed fiscal year audited financial statements, the hospital may reference that filing for this proposal.

**Financial Statements have been included in Attachment J. These statements have also been filed in the 2/28/2011 OHCA Annual Reporting.**

ii. If the Applicant is not a Connecticut hospital (other health care facilities): Audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, in lieu of audited financial statements, provide other financial documentation (e.g. unaudited balance sheet, statement of operations, tax return, or other set of books.)

**Not Applicable.**

e. Submit a final version of all capital expenditures/costs as follows:

**Table 3: Proposed Capital Expenditures/Costs**

| | |
|---|---|
| Medical Equipment Purchase | $ |
| Imaging Equipment Purchase | $1,200,000 |
| Non-Medical Equipment Purchase | |
| Land/Building Purchase * | |
| Construction/Renovation ** | |
| Other Non-Construction (Specify) | |
| **Total Capital Expenditure (TCE)** | **$1,200,000** |
| Medical Equipment Lease (Fair Market Value) *** | $ |
| Imaging Equipment Lease (Fair Market Value) *** | |
| Non-Medical Equipment Lease (Fair Market Value) *** | |
| Fair Market Value of Space *** | |
| **Total Capital Cost (TCC)** | **$** |
| **Total Project Cost (TCE + TCC)** | **$1,200,000** |
| Capitalized Financing Costs (Informational Purpose Only) | |
| Total Capital Expenditure with Cap. Fin. Costs | $ |

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.
** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.
*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

f. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

**The funding will be comprised of a loan issued by Danbury Hospital to its affiliate Danbury Health Care Associates, in the amount of $1,200,000. Term of the loan will be at 7.5% interest per annum paid over a term of 60 months.**

g. Demonstrate how this proposal will affect the financial strength of the state's health care system.

**Not Applicable: This proposal involves maintaining a provider of CT and MRI services in its current location.**

## 6. Patient Population Mix: Current and Projected

a. Provide the current and projected patient population mix (based on the number of patients, not based on revenue) with the CON proposal for the proposed program.

**Table 4: Patient Population Mix**

| | Current** FY *** | Year 1 FY *** | Year 2 FY *** | Year 3 FY *** |
|---|---|---|---|---|
| Medicare* | 25.6% | 26.0% | 26.0% | 26.0% |
| Medicaid* | 0.4% | 0.3% | 0.3% | 0.3% |
| CHAMPUS & TriCare | 0.1% | 0.1% | 0.1% | 0.1% |
| **Total Government** | **26.1%** | **26.4%** | **26.4%** | **26.4%** |
| Commercial Insurers* | 72.6% | 72.1% | 72.1% | 72.1% |
| Uninsured | 0.4% | 0.5% | 0.5% | 0.5% |
| Workers Compensation | 1.0% | 1.0% | 1.0% | 1.0% |
| **Total Non-Government** | **73.9%** | **73.6%** | **73.6%** | **73.6%** |
| **Total Payer Mix** | **100%** | **100%** | **100%** | **100%** |

* Includes managed care activity.
** New programs may leave the "current" column blank.
*** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided.

b. Provide the basis for/assumptions used to project the patient population mix.

**Payer mix was calculated using current DHCA experience plus projected NDI volume. NDI projected payer mix was determined using the current NDI experience.**

## 7. Financial Attachments I & II

a. Provide a summary of revenue, expense, and volume statistics, without the CON project, incremental to the CON project, and with the CON project. **Complete Financial Attachment I.** (Note that the actual results for the fiscal year reported in the first column must agree with the Applicant's audited financial statements.) The projections must include the first three full fiscal years of the project.

**Please refer to Financial Attachment I in the Attachment section.**

b. Provide a three year projection of incremental revenue, expense, and volume statistics attributable to the proposal by payer. **Complete Financial Attachment II.** The projections must include the first three full fiscal years of the project.

**Please refer to Financial Attachment II in the Attachment section.**

c. Provide the assumptions utilized in developing **both Financial Attachments I and II** (e.g., full-time equivalents, volume statistics, other expenses, revenue and expense % increases, project commencement of operation date, etc.).

**Please refer to Financial Attachment II in the Attachment section.**

d. Provide documentation or the basis to support the proposed rates for each of the FYs as reported in Financial Attachment II. Provide a copy of the rate schedule for the proposed service(s).

**The proposed rates for services provided at NDI will be identical to the rates offered at DHCA's existing 2 sites in Danbury and Ridgefield. Please refer to Attachment K.**

e. Provide the minimum number of units required to show an incremental gain from operations for each fiscal year.

**Financial projections provide for incremental gain from operations in each fiscal year. However, calculating the minimum number of units required to breakeven would assume the same volume projections provided less 40 MRIs in Year 1, 200 MRIs in Year 2, and 325 MRIs in Year 3.**

f. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

**There are no incremental losses from operations as a result of this CON proposal.**

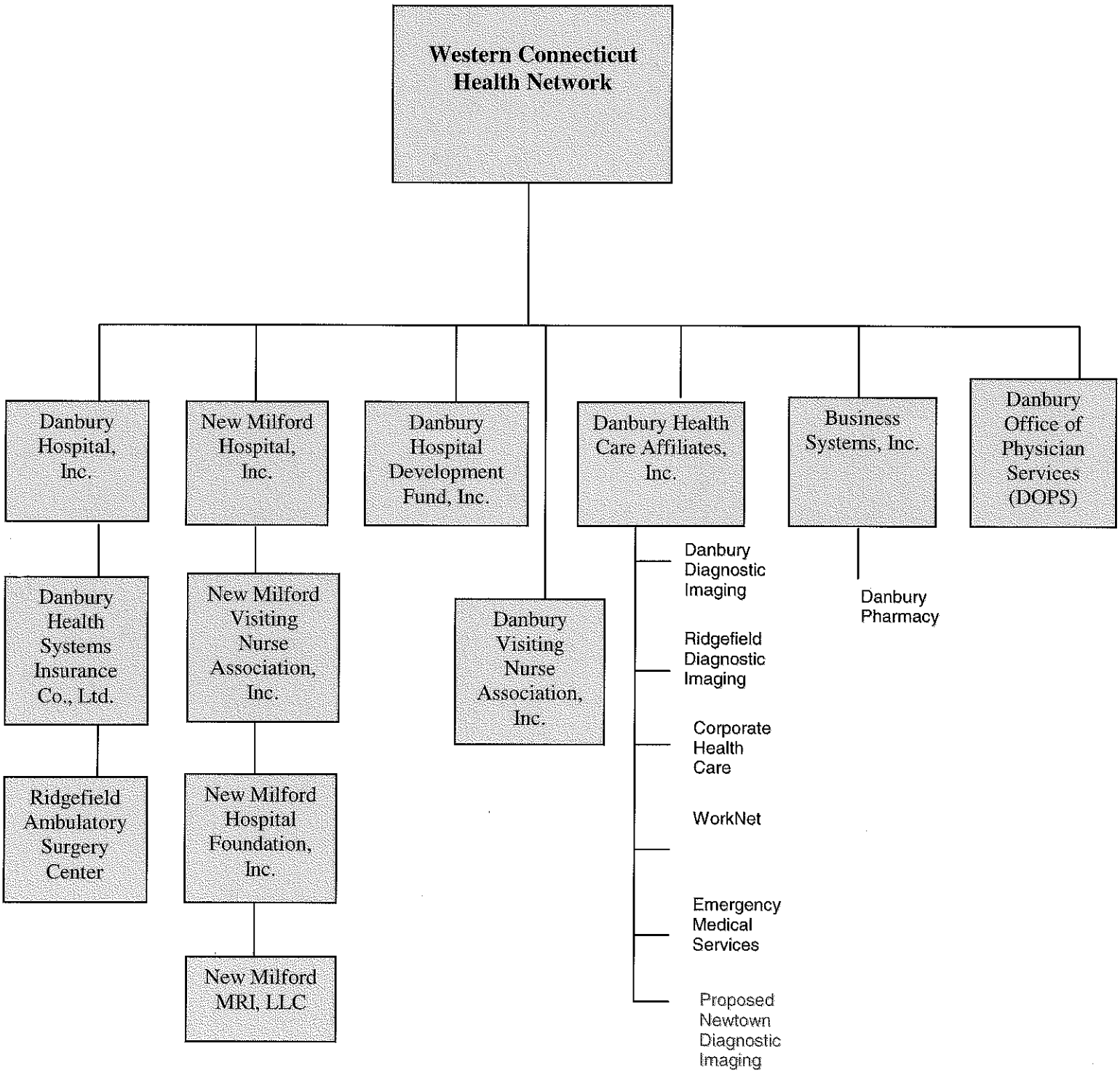
g. Describe how this proposal is cost effective.

**The current payers for services provided at NDI include Medicare, Medicaid, Commercial, and managed care organizations. It is not anticipated there will be any decrease in coverage provided by these payers, and potentially an expansion of payers will occur to enhance patient access.**

**List of Attachments**

| | |
|---|---|
| **Attachment A** | **WCH organizational chart** |
| **Attachment B** | **Letter of Support** |
| **Attachment C** | **CT and MRI patient volume by town for DDI and RDI** |
| **Attachment D** | **Total facility patient volume by town for NDI** |
| **Attachment E** | **Area Imaging Providers** |
| **Attachment F** | **CT and MRI volume by scan type for DDI, RDI, and DDI** |
| **Attachment G** | **Curriculum Vitaes** |
| **Attachment H** | **DHCA non-profit status** |
| **Attachment I** | **NDI certificate of use** |
| **Attachment J** | **DHCA Financial Statements** |
| **Attachment K** | **Proposed NDI Rate Schedule** |
| **Financial Attachment I** | **Summary of Revenue, Expense and Volume Statistics** |
| **Financial Attachment II** | **Three Year Projection** |

**Attachment A**



**Attachment B** **Letter of Support**

DANBURY HOSPITAL
*A Higher Level of Care*

**Patrick Broderick, M.D., F.A.C.E.P.**
**Chairman, Department of Emergency Medicine**

**Diplomate ABEM/ABIM**
**Adjunct Associate Professor Medicine/Emergency Medicine**
**New York Medical College**

May 23, 2011

Jeannette B. DeJesus, MPA, MSW
Deputy Commissioner
CT Office of Health Care Access
Department of Public Health
410 Capitol Avenue
MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: **Support for Acquisition of Newtown Diagnostic Imaging, L.L.C. by Danbury Health Care Affiliates, Inc.**

Dear Commissioner De Jesus:

I am writing to you in support of the acquisition of Newtown Diagnostic Imaging, L.L.C. by Danbury Health Care Affiliates, Inc. As a physician for Western Connecticut Health Network, our mission is to serve our community by providing the highest quality care. Presently, our access for imaging services is hindered by a high capacity at our outpatient facilities. I believe by providing imaging in nearby Newtown, we will decompress the volume and this will allow for faster and more convenient service.

If you have any questions or concerns please contact me at 203-739-7405.

Sincerely,

Patrick Broderick, M.D., FACEP
Chairman
Department of Emergency Medicine

24 Hospital Avenue • Danbury, Connecticut 06810 • Phone: (203) 739-7405 • Fax: (203) 739-8049
E-mail: patrick.broderick@danhosp.org • www.danburyhospital.org

**Attachment C**

## Danbury and Ridgefield Diagnostic Imaging CT Scan Volumes by Town

| DDI - CT | | | |
|---|---|---|---|
| Location | FY2009 | FY2010 | FY2011 |
| DANBURY CT 06810 | 1,219 | 1,246 | 498 |
| DANBURY CT 06811 | 1,014 | 1,031 | 381 |
| BROOKFIELD CT 06804 | 640 | 632 | 289 |
| BETHEL CT 06801 | 636 | 542 | 243 |
| NEW FAIRFIELD CT 06812 | 422 | 438 | 188 |
| NEW MILFORD CT 06776 | 322 | 319 | 146 |
| NEWTOWN CT 06470 | 241 | 285 | 120 |
| SANDY HOOK CT 06482 | 183 | 205 | 85 |
| SOUTHBURY CT 06488 | 153 | 193 | 96 |
| SHERMAN CT 06784 | 78 | 66 | 19 |
| RIDGEFIELD CT 06877 | 68 | 54 | 22 |
| BREWSTER NY 10509 | 56 | 50 | 30 |
| REDDING CT 06896 | 54 | 43 | 21 |
| WOODBURY CT 06798 | 27 | 51 | 35 |
| Subtotal | 5,113 | 5,155 | 2,173 |
| All Other Towns | 529 | 586 | 266 |
| TOTAL | 5,642 | 5,741 | 2,439 |

| RDI - CT | | | |
|---|---|---|---|
| Location | FY2009 | FY2010 | FY2011 |
| RIDGEFIELD CT 06877 | 1,391 | 1,399 | 527 |
| REDDING CT 06896 | 345 | 341 | 119 |
| DANBURY CT 06810 | 148 | 212 | 82 |
| DANBURY CT 06811 | 144 | 185 | 52 |
| BETHEL CT 06801 | 87 | 153 | 46 |
| BROOKFIELD CT 06804 | 74 | 130 | 39 |
| NEW FAIRFIELD CT 06812 | 72 | 94 | 26 |
| NEWTOWN CT 06470 | 44 | 47 | 22 |
| NEW MILFORD CT 06776 | 26 | 71 | 20 |
| WILTON CT 06897 | 44 | 52 | 19 |
| SOUTH SALEM NY 10590 | 42 | 40 | 15 |
| SANDY HOOK CT 06482 | 28 | 33 | 7 |
| SOUTHBURY CT 06488 | 9 | 24 | 12 |
| WESTON CT 06883 | 19 | 18 | 5 |
| Subtotal | 2,473 | 847 | 263 |
| All Other Towns | 241 | 319 | 129 |
| TOTAL | 2,714 | 1,166 | 392 |

Source: McKesson; sorted by zip code (patients not procedure volume); FY 11 is 6 months

# Danbury and Ridgefield Diagnostic Imaging MRI Volumes by Town

| DDI - MRI | | | |
|---|---|---|---|
| Location | FY2009 | FY2010 | FY2011 |
| DANBURY CT 06810 | 728 | 720 | 355 |
| DANBURY CT 06811 | 674 | 701 | 352 |
| BROOKFIELD CT 06804 | 509 | 517 | 235 |
| BETHEL CT 06801 | 458 | 426 | 200 |
| NEW FAIRFIELD CT 06812 | 273 | 280 | 134 |
| NEW MILFORD CT 06776 | 264 | 248 | 110 |
| NEWTOWN CT 06470 | 145 | 151 | 77 |
| SANDY HOOK CT 06482 | 91 | 91 | 45 |
| SOUTHBURY CT 06488 | 49 | 55 | 24 |
| REDDING CT 06896 | 50 | 43 | 18 |
| SHERMAN CT 06784 | 38 | 42 | 14 |
| RIDGEFIELD CT 06877 | 50 | 19 | 10 |
| Subtotal | 3,329 | 3,293 | 1,574 |
| All Other Towns | 360 | 339 | 161 |
| TOTAL | 3,689 | 3,632 | 1,735 |

| RDI - MRI | | | |
|---|---|---|---|
| Location | FY2009 | FY2010 | FY2011 |
| RIDGEFIELD CT 06877 | 1,352 | 1,350 | 507 |
| REDDING CT 06896 | 317 | 328 | 129 |
| DANBURY CT 06810 | 108 | 211 | 98 |
| DANBURY CT 06811 | 107 | 178 | 62 |
| BETHEL CT 06801 | 81 | 132 | 68 |
| WILTON CT 06897 | 94 | 96 | 34 |
| BROOKFIELD CT 06804 | 72 | 95 | 57 |
| NEW FAIRFIELD CT 06812 | 48 | 78 | 29 |
| SOUTH SALEM NY 10590 | 37 | 52 | 21 |
| NEWTOWN CT 06470 | 31 | 45 | 29 |
| NEW MILFORD CT 06776 | 21 | 54 | 26 |
| SANDY HOOK CT 06482 | 22 | 34 | 15 |
| Subtotal | 2,290 | 2,653 | 1,075 |
| All Other Towns | 212 | 337 | 142 |
| TOTAL | 2,502 | 2,990 | 1,217 |

Source: McKesson; sorted by zip code (patients not procedure volume); FY 11 is 6 months

**Attachment D**

## Newtown Diagnostic Imaging Patient Distribution

**Distribution of Patients by Town**
**Two-year period: 11/08-11/10**
**(last patient analysis completed by NDI)**
**Top 25 by Town = 95% of Total Patient Volume**

| | | |
|---|---|---|
| 1 | NEWTOWN, CT | 4,309 |
| 2 | SANDY HOOK, CT | 2,598 |
| 3 | BETHEL, CT | 866 |
| 4 | SOUTHBURY, CT | 845 |
| 5 | DANBURY, CT | 767 |
| 6 | BROOKFIELD, CT | 408 |
| 7 | NEW FAIRFIELD, CT | 352 |
| 8 | PAWLING, NY | 272 |
| 9 | NEW MILFORD, CT | 245 |
| 10 | WOODBURY, CT | 210 |
| 11 | MONROE, CT | 170 |
| 12 | REDDING, CT | 147 |
| 13 | OXFORD, CT | 115 |
| 14 | WATERBURY, CT | 78 |
| 15 | RIDGEFIELD, CT | 71 |
| 16 | ROXBURY, CT | 52 |
| 17 | MIDDLEBURY, CT | 49 |
| 18 | NAUGATUCK, CT | 42 |
| 19 | BRIDGEWATER, CT | 38 |
| 20 | SHERMAN, CT | 38 |
| 21 | EASTON, CT | 37 |
| 22 | BOTSFORD, CT | 30 |
| 23 | TRUMBULL, CT | 26 |
| 24 | SEYMOUR, CT | 25 |
| 25 | WATERTOWN, CT | 22 |
| | Subtotal | 11,812 |
| | ALL Other Towns | 584 |
| | Total | 12,396 |

**Attachment E**

## Existing Providers in Surrounding Towns

### Housatonic Valley Radiology Associates

67 Sandpit Road
Danbury, CT

800 Main Street
Southbury, CT

131 Kent Road
New Milford, CT

### Northeast Radiology Associates

73 Sandpit Road
Danbury, CT

385 Main Street
Southbury, CT

31 Old Route 7
Brookfield, CT (women's imaging only)

### Danbury Healthcare Affiliates

21 Germantown Road
Danbury, CT

### Danbury Hospital

101 Osborne Avenue
Danbury, CT

**Attachment F**

## CT volume by scan type for DDI

| Billing Code | Billing Code Description | FY 2008 | FY 2009 | FY 2010 | FY 2011 (Through April) | FY 2011 Proj |
|---|---|---|---|---|---|---|
| 71250 | Ct thorax w/o dye | 849 | 879 | 790 | 282 | 483 |
| 74160 | Ct abdomen w/dye | 511 | 718 | 925 | 284 | 487 |
| 72193 | Ct pelvis w/dye | 491 | 685 | 886 | 254 | 435 |
| 76377 | 3d rendering w/postprocess | 564 | 530 | 418 | 240 | 411 |
| 74170 | Ct abdomen w/o & w/dye | 501 | 445 | 400 | 119 | 204 |
| 71260 | Ct thorax w/dye | 235 | 341 | 494 | 335 | 574 |
| 72194 | Ct pelvis w/o & w/dye | 411 | 333 | 315 | 74 | 127 |
| 74150 | Ct abdomen w/o dye | 343 | 376 | 314 | 84 | 144 |
| 72192 | Ct pelvis w/o dye | 337 | 378 | 300 | 82 | 141 |
| 70450 | Ct head/brain w/o dye | 240 | 257 | 225 | 91 | 156 |
| 70486 | Ct maxillofacial w/o dye | 227 | 199 | 179 | 94 | 161 |
| 72131 | Ct lumbar spine w/o dye | 125 | 120 | 83 | 29 | 50 |
| 70491 | Ct soft tissue neck w/dye | 62 | 104 | 102 | 72 | 123 |
| 74177 | Ct abdomen&pelvis w/contrast | | | | 271 | 465 |
| 73700 | Ct lower extremity w/o dye | 49 | 64 | 38 | 32 | 55 |
| 73200 | Ct upper extremity w/o dye | 43 | 43 | 33 | 24 | 41 |
| 72125 | Ct neck spine w/o dye | 33 | 35 | 40 | 12 | 21 |
| 74178 | Ct abd&pelv 1+ section/regns | | | | 108 | 185 |
| 74175 | Ct angio abdom w/o & w/dye | 6 | 15 | 28 | 34 | 58 |
| 74176 | Ct abd & pelvis w/o contrast | | | | 74 | 127 |
| 70490 | Ct soft tissue neck w/o dye | 24 | 19 | 19 | 9 | 15 |
| 72126 | Ct chest spine w/o dye | 20 | 21 | 16 | 6 | 10 |
| 71275 | Ct angiography chest | 16 | 16 | 10 | 16 | 27 |
| 70480 | Ct orbit/ear/fossa w/o dye | 19 | 15 | 6 | 10 | 17 |
| 72191 | Ct angiograph pelv w/o&w/dye | 2 | 2 | 17 | 26 | 45 |
| 76376 | 3d render w/o postprocess | 16 | 7 | 18 | | - |
| 70460 | Ct head/brain w/dye | 7 | 5 | 14 | 10 | 17 |
| 70470 | Ct head/brain w/o & w/dye | 8 | 6 | 11 | 10 | 17 |
| 70481 | Ct orbit/ear/fossa w/dye | 4 | 5 | 7 | 5 | 9 |
| 70498 | Ct angiography neck | 1 | 4 | 6 | 7 | 12 |
| 71270 | Ct thorax w/o & w/dye | 6 | 6 | 5 | | - |
| 73701 | Ct lower extremity w/dye | 1 | 7 | 3 | 5 | 9 |
| 70487 | Ct maxillofacial w/dye | 3 | 1 | 4 | 6 | 10 |
| 73201 | Ct upper extremity w/dye | 2 | | 9 | 3 | 5 |
| 70496 | Ct angiography head | 1 | 3 | 5 | 4 | 7 |
| 73706 | Ct angio lwr extr w/o&w/dye | 1 | | 4 | 5 | 10 |
| 76380 | CAT scan follow-up study | 4 | 2 | 2 | 2 | 3 |
| 70492 | Ct sft tsue nck w/o & w/dye | 2 | 1 | 3 | 3 | 5 |
| 73702 | Ct lwr extremity w/o&w/dye | | 1 | 2 | 5 | 9 |
| 72132 | Ct lumbar spine w/dye | | | 4 | | - |
| 72129 | Ct chest spine w/dye | | | 2 | | - |
| 70482 | Ct orbit/ear/fossa w/o&w/dye | | | 1 | 1 | 2 |
| 73206 | Ct angio upr extrm w/o&w/dye | | | 1 | | - |
| 72130 | Ct chest spine w/o & w/dye | | 1 | | | - |
| 0066T | Ct colonography,screen | | | 1 | | - |
| 72133 | Ct lumbar spine w/o & w/dye | | | 1 | | - |
| Grand Total | | 5,164 | 5,644 | 5,741 | 2,729 | 4,678 |

# MRI volume by scan type for DDI

| Billing Code | Billing Code Description | FY 2008 | FY 2009 | FY 2010 | FY 2011 (Through April) | FY 2011 Proj |
|---|---|---|---|---|---|---|
| 73721 | Mri jnt of lwr extre w/o dye | 1,014 | 1,106 | 1,014 | 493 | 845 |
| 72148 | Mri lumbar spine w/o dye | 573 | 625 | 546 | 314 | 538 |
| 73221 | Mri joint upr extrem w/o dye | 433 | 507 | 530 | 293 | 502 |
| 72141 | Mri neck spine w/o dye | 293 | 295 | 294 | 146 | 250 |
| 70553 | Mri brain w/o & w/dye | 342 | 261 | 275 | 134 | 230 |
| 74183 | Mri abdomen w/o & w/dye | 134 | 125 | 191 | 114 | 195 |
| 70551 | Mri brain w/o dye | 102 | 147 | 108 | 92 | 158 |
| 72158 | Mri lumbar spine w/o & w/dye | 130 | 114 | 105 | 52 | 89 |
| 73718 | Mri lower extremity w/o dye | 97 | 87 | 114 | 63 | 108 |
| 72146 | Mri chest spine w/o dye | 57 | 61 | 53 | 26 | 45 |
| 72197 | Mri pelvis w/o & w/dye | 40 | 41 | 53 | 28 | 48 |
| 72156 | Mri neck spine w/o & w/dye | 43 | 49 | 43 | 26 | 45 |
| 73222 | Mri joint upr extrem w/dye | 45 | 47 | 27 | 19 | 33 |
| 70544 | Mr angiography head w/o dye | 26 | 25 | 39 | 19 | 33 |
| 72195 | Mri pelvis w/o dye | 19 | 32 | 37 | 17 | 29 |
| 73720 | Mri lwr extremity w/o&w/dye | 25 | 31 | 19 | 16 | 27 |
| 72157 | Mri chest spine w/o & w/dye | 19 | 29 | 24 | 17 | 29 |
| 73723 | Mri joint lwr extr w/o&w/dye | 32 | 18 | 13 | 11 | 19 |
| 73722 | Mri joint of lwr extr w/dye | 27 | 17 | 19 | 11 | 19 |
| 70543 | Mri orbt/fac/nck w/o & w/dye | 17 | 13 | 22 | 21 | 36 |
| 73218 | Mri upper extremity w/o dye | 22 | 15 | 23 | 13 | 22 |
| 74181 | Mri abdomen w/o dye | 10 | 10 | 15 | 14 | 24 |
| 70549 | Mr angiograph neck w/o&w/dye | 9 | 8 | 15 | 3 | 5 |
| 73223 | Mri joint upr extr w/o&w/dye | 11 | 6 | 15 | 2 | 3 |
| 73220 | Mri uppr extremity w/o&w/dye | 9 | 7 | 9 | 4 | 7 |
| 71550 | Mri chest w/o dye | 3 | 5 | 11 | 3 | 5 |
| 71552 | Mri chest w/o & w/dye | 8 | 3 | 2 | 4 | 7 |
| 70336 | Magnetic image jaw joint | 6 | 2 | 2 | | - |
| 70547 | Mr angiography neck w/o dye | 1 | 1 | 2 | 4 | 7 |
| 70540 | Mri orbit/face/neck w/o dye | | | 5 | | - |
| 70552 | Mri brain w/dye | | 1 | 2 | 1 | 2 |
| 70546 | Mr angiograph head w/o&w/dye | 2 | 1 | | | - |
| 74185 | Mri angio abdom w onw/o dye | 2 | 1 | | | - |
| 72142 | Mri neck spine w/dye | 1 | | 2 | | - |
| 72149 | Mri lumbar spine w/dye | 1 | | 1 | | - |
| 72196 | Mri pelvis w/dye | | 1 | 1 | | - |
| 77059 | Mri both breasts | | | 1 | | - |
| 72147 | Mri chest spine w/dye | 1 | | | | - |
| Grand Total | | 3,554 | 3,691 | 3,632 | 1,960 | 3,360 |

# CT volume by scan type for RDI

| Billing Code | Billing Code Description | FY 2008 | FY 2009 | FY 2010 | FY 2011 (Through April) | FY 2011 Proj |
|---|---|---|---|---|---|---|
| 74160 | Ct abdomen w/dye | 341 | 433 | 557 | 154 | 264 |
| 72193 | Ct pelvis w/dye | 324 | 425 | 543 | 144 | 247 |
| 71250 | Ct thorax w/o dye | 287 | 347 | 351 | 163 | 279 |
| 71260 | Ct thorax w/dye | 134 | 190 | 260 | 154 | 264 |
| 76377 | 3d rendering w/postprocess | 134 | 199 | 203 | 129 | 221 |
| 70450 | Ct head/brain w/o dye | 114 | 151 | 178 | 88 | 151 |
| 70486 | Ct maxillofacial w/o dye | 162 | 161 | 134 | 64 | 110 |
| 74150 | Ct abdomen w/o dye | 137 | 168 | 153 | 39 | 67 |
| 72192 | Ct pelvis w/o dye | 131 | 161 | 156 | 41 | 70 |
| 74170 | Ct abdomen w/o & w/dye | 116 | 136 | 174 | 55 | 94 |
| 72194 | Ct pelvis w/o & w/dye | 75 | 96 | 115 | 34 | 58 |
| 70491 | Ct soft tissue neck w/dye | 45 | 46 | 50 | 38 | 65 |
| 74177 | Ct abdomen&pelvis w/contrast | | | | 136 | 233 |
| 73200 | Ct upper extremity w/o dye | 27 | 21 | 28 | 27 | 46 |
| 73700 | Ct lower extremity w/o dye | 15 | 33 | 30 | 15 | 26 |
| 72131 | Ct lumbar spine w/o dye | 16 | 36 | 31 | 8 | 14 |
| 74175 | Ct angio abdom w/o & w/dye | 11 | 12 | 30 | 12 | 21 |
| 71275 | Ct angiography chest | 6 | 13 | 22 | 11 | 19 |
| 74176 | Ct abd & pelvis w/o contrast | | | | 51 | 87 |
| 72125 | Ct neck spine w/o dye | 9 | 19 | 10 | 5 | 9 |
| 74178 | Ct abd&pelv 1+ section/regns | | | | 36 | 62 |
| 70480 | Ct orbit/ear/fossa w/o dye | 8 | 16 | 10 | 1 | 2 |
| 70490 | Ct soft tissue neck w/o dye | 8 | 11 | 7 | 6 | 10 |
| 72191 | Ct angiograph pelv w/o&w/dye | 2 | 3 | 15 | 7 | 12 |
| 70460 | Ct head/brain w/dye | 2 | 5 | 14 | 4 | 7 |
| 70470 | Ct head/brain w/o & w/dye | 3 | 3 | 11 | 5 | 9 |
| 70492 | Ct sft tsue nck w/o & w/dye | 6 | 10 | 1 | 2 | 3 |
| 70481 | Ct orbit/ear/fossa w/dye | 4 | 2 | 6 | 2 | 3 |
| 70498 | Ct angiography neck | 2 | 2 | 4 | 3 | 5 |
| 72128 | Ct chest spine w/o dye | 4 | | 6 | 1 | 2 |
| 73706 | Ct angio lwr extr w/o&w/dye | 2 | | 4 | 4 | 7 |
| 70487 | Ct maxillofacial w/dye | 2 | 3 | 4 | 1 | 2 |
| 70496 | Ct angiography head | 2 | 1 | 2 | 3 | 5 |
| 73701 | Ct lower extremity w/dye | 1 | 4 | 3 | - | - |
| 73201 | Ct upper extremity w/dye | | 2 | 3 | 1 | 2 |
| 71270 | Ct thorax w/o & w/dye | 3 | | 2 | - | - |
| 70482 | Ct orbit/ear/fossa w/o&w/dye | | 2 | 2 | | - |
| 76376 | 3d render w/o postprocess | 1 | | 2 | | - |
| 73702 | Ct lwr extremity w/o&w/dye | | 1 | | 1 | 2 |
| 70488 | Ct maxillofacial w/o & w/dye | | 1 | | 1 | 2 |
| 72129 | Ct chest spine w/dye | | | | 1 | 2 |
| 72132 | Ct lumbar spine w/dye | | | | 1 | 2 |
| 72133 | Ct lumbar spine w/o & w/dye | 1 | | | | - |
| 72126 | Ct neck spine w/dye | 1 | | | | - |
| 72127 | Ct neck spine w/o & w/dye | | 1 | | | - |
| Grand Total | | 2,136 | 2,714 | 3,121 | 1,448 | 2,482 |

# MRI volume by scan type for RDI

| Billing Code | Billing Code Description | FY 2008 | FY 2009 | FY 2010 | FY 2011 (Through April) | FY 2011 Proj |
|---|---|---|---|---|---|---|
| 73721 | Mri jnt of lwr extre w/o dye | 548 | 708 | 712 | 427 | 732 |
| 73221 | Mri joint upr extrem w/o dye | 310 | 337 | 374 | 236 | 405 |
| 72148 | Mri lumbar spine w/o dye | 240 | 318 | 365 | 212 | 363 |
| 70553 | Mri brain w/o & w/dye | 206 | 257 | 264 | 126 | 216 |
| 72141 | Mri neck spine w/o dye | 125 | 161 | 207 | 115 | 197 |
| 74183 | Mri abdomen w/o & w/dye | 90 | 141 | 161 | 107 | 183 |
| 70551 | Mri brain w/o dye | 62 | 105 | 144 | 86 | 147 |
| 73718 | Mri lower extremity w/o dye | 53 | 58 | 98 | 40 | 69 |
| 77059 | Mri both breasts | 2 | | 124 | 87 | 149 |
| 72158 | Mri lumbar spine w/o & w/dye | 41 | 71 | 68 | 33 | 57 |
| 72197 | Mri pelvis w/o & w/dye | 24 | 32 | 56 | 29 | 50 |
| 72146 | Mri chest spine w/o dye | 22 | 34 | 45 | 30 | 51 |
| 73222 | Mri joint upr extrem w/dye | 30 | 27 | 40 | 23 | 39 |
| 70544 | Mr angiography head w/o dye | 18 | 30 | 47 | 17 | 29 |
| 72156 | Mri neck spine w/o & w/dye | 26 | 30 | 37 | 18 | 31 |
| 70543 | Mri orbit/fac/nck w/o & w/dye | 23 | 23 | 27 | 14 | 24 |
| 72195 | Mri pelvis w/o dye | 7 | 19 | 29 | 19 | 33 |
| 72157 | Mri chest spine w/o & w/dye | 14 | 14 | 16 | 15 | 26 |
| 73723 | Mri joint lwr extr w/o&w/dye | 13 | 17 | 14 | 10 | 17 |
| 73218 | Mri upper extremity w/o dye | 13 | 16 | 14 | 11 | 19 |
| 73720 | Mri lwr extremity w/o&w/dye | 11 | 19 | 18 | 4 | 7 |
| 70549 | Mr angiograph neck w/o&w/dye | 8 | 14 | 24 | 5 | 9 |
| 74181 | Mri abdomen w/o dye | 6 | 14 | 19 | 8 | 14 |
| 73722 | Mri joint of lwr extr w/dye | 10 | 15 | 10 | 2 | 3 |
| 74185 | Mri angio abdom w or w/o dye | 3 | 8 | 17 | 4 | 7 |
| 71552 | Mri chest w/o & w/dye | 2 | 6 | 11 | 5 | 9 |
| 73223 | Mri joint upr extr w/o&w/dye | 8 | 7 | 6 | 2 | 3 |
| 73220 | Mri uppr extremity w/o&w/dye | 4 | 7 | 6 | 3 | 5 |
| 77058 | Mri one breast | 3 | 3 | 11 | | - |
| 71550 | Mri chest w/o dye | 2 | 3 | 7 | 3 | 5 |
| 71555 | Mri angio chest w or w/o dye | | 4 | 5 | 5 | 9 |
| 70547 | Mr angiography neck w/o dye | 2 | | 3 | 2 | 3 |
| 70540 | Mri orbit/face/neck w/o dye | 4 | 1 | 1 | 1 | 2 |
| 72198 | Mr angio pelvis w/o & w/dye | | 1 | 3 | 1 | 2 |
| 70552 | Mri brain w/dye | 2 | | 1 | 1 | 2 |
| 72149 | Mri lumbar spine w/dye | 2 | 2 | | | - |
| 70545 | Mr angiography neck w/dye | 1 | | 2 | | - |
| 74182 | Mri abdomen w/dye | 3 | | | | - |
| 73719 | Mri lower extremity w/dye | 2 | | | | - |
| 72142 | Mri neck spine w/dye | | | 2 | | - |
| 70336 | Magnetic image jaw joint | | | | 1 | 2 |
| 70546 | Mr angiograph head w/o&w/dye | | | | 1 | 2 |
| 72147 | Mri chest spine w/dye | | | 1 | | - |
| 70542 | Mri orbit/face/neck w/dye | | | 1 | | - |
| 72196 | Mri pelvis w/dye | 1 | | | | - |
| Grand Total | | 1,941 | 2,502 | 2,990 | 1,703 | 2,919 |

# CT and MRI volume by scan type for NDI – FY 2010

| CPT | DESCRIPTION | QTY |
|---|---|---|
| 74170 | CT ABDOMEN WITH AND WITHO | 33 |
| 74160 | CT ABDOMEN WITH CONTRAST | 129 |
| 74150 | CT ABDOMEN WITHOUT CONTRA | 46 |
| 72125 | CT CERVICAL SPINE WITHOUT | 4 |
| 70450 | CT HEAD OR BRAIN W/O CONT | 87 |
| 70470 | CT HEAD OR BRAIN WITH & W | 3 |
| 70460 | CT HEAD OR BRAIN WITH CON | 3 |
| 73700 | CT LOWER EXTREMITY WITHOU | 6 |
| 72131 | CT LUMBAR SPINE WITHOUT C | 6 |
| 70486 | CT MAXILLOFACIAL WITHOUT | 31 |
| 70480 | CT ORBIT/SELLA/FOSSA EAR | 1 |
| 72194 | CT PELVIS WITH AND WITHOU | 8 |
| 72193 | CT PELVIS WITH CONTRAST | 141 |
| 72192 | CT PELVIS WITHOUT CONTRAS | 44 |
| 70491 | CT SOFT TISSUE NECK WITH | 17 |
| 70492 | CT SOFT TISSUE NECK WITH | 1 |
| 70490 | CT SOFT TISSUE NECK WITHO | 3 |
| 72128 | CT THORACIC SPINE WITHOUT | 2 |
| 71270 | CT THORAX WITH AND WITHOU | 2 |
| 71260 | CT THORAX WITH CONTRAST | 54 |
| 71250 | CT THORAX WITHOUT CONTRAS | 141 |
| 73200 | CT UPPER EXTREMITY WITHOU | 4 |
| 74183 | MRI ABDOMEN WITH AND WITH | 9 |
| 74181 | MRI ABDOMEN WITHOUT CONTR | 1 |
| 70553 | MRI BRAIN WITH AND WITHOU | 75 |
| 70552 | MRI BRAIN WITH CONTRAST | 1 |
| 70551 | MRI BRAIN WITHOUT CONTRAS | 45 |
| 72156 | MRI CERVICAL SPINE WITH A | 4 |
| 72142 | MRI CERVICAL SPINE WITH C | 1 |
| 72141 | MRI CERVICAL SPINE WITHOU | 80 |
| 73721 | MRI JOINT LOWER EXTREMITY | 366 |
| 73723 | MRI JOINT LOWER EXTREMITY | 8 |
| 73722 | MRI JOINT LWR EXTREMITY W | 2 |
| 73223 | MRI JOINT UPPER EXTREM W | 2 |
| 73221 | MRI JOINT UPPER EXTREMITY | 194 |
| 73718 | MRI LOWER EXTREM NON-JOIN | 35 |
| 73720 | MRI LOWER EXTREM NON-JOIN | 10 |
| 72158 | MRI LUMBAR SPINE WITH AND | 22 |
| 72148 | MRI LUMBAR SPINE WITHOUT | 156 |
| 70542 | MRI ORBIT FACE NECK W/CON | 1 |
| 70543 | MRI ORBIT FACE NECK WITH | 3 |
| 70540 | MRI ORBIT FACE NECK WITHO | 1 |
| 72197 | MRI PELVIS WITH AND WITHO | 14 |
| 72196 | MRI PELVIS WITH CONTRAST | 1 |
| 72195 | MRI PELVIS WITHOUT CONTRA | 12 |
| 72157 | MRI THORACIC SPINE WITH A | 4 |
| 72146 | MRI THORACIC SPINE WITHOU | 8 |
| 73218 | MRI UPPER EXT OTHER THAN | 7 |
| 73220 | MRI UPPEREXTREM NON-JOINT | 1 |

**Attachment G**

**Fatejeet Singh Sandhu, M.D.**
**Danbury Hospital Department of Radiology, 3rd Floor**
**24 Hospital Ave, Danbury, CT 06810**
**Office (203) 797-7291**

## Current Appointment

Chairman, Department of Radiology, Danbury Hospital, Danbury CT, 3/2011-Present
Attending Radiologist, Danbury Radiological Associates, Danbury CT, 7/2002- Present
Attending Radiologist, Putnam Imaging Associates, Putnam Hospital, Carmel, NY 1/2003- present

## Past Appointments

Attending Physician, Department of Radiology, University of North Carolina Hospitals, Chapel Hill, NC 1996-2002
Assistant Professor of Radiology, Section of Vascular and Interventional Radiology, University of North Carolina, 1996-2002
Chief, Interventional Radiology, San Francisco General Hospital, 1993-1996
Assistant Director, Vascular Access Clinic, San Francisco General Hospital, 1993-1996
Attending Physician, VA Medical Center, San Francisco, CA 1992-1993
Attending Physician, Mt. Zion Hospital, San Francisco, CA 1991-1992

## Post Graduate Medical Training

Interventional Radiology Fellowship 1992-1993
Emory Hospital/ Grady Hospital
Emory University School of Medicine, Atlanta, GA

Body Imaging Fellowship 1991-1992
San Francisco General Hospital
University of California, San Francisco

Radiology Resident 1987-1991
University of California, San Francisco

Internal Medicine Internship 1986-87
Yale University School of Medicine, New Haven, CT

## Medical Education

Emory University School of Medicine, Atlanta, GA
Doctor of Medicine, June 1986.

**Undergraduate Education**

Duke University, Durham, NC
B.A. Chemistry with Biological Specialization

**Honors and Awards**

Phi Eta Sigma, 1981
Phi Beta Kappa, 1982
Magna Cum Laude Duke University, 1982
Alpha Omega Alpha, 1985
Lange Book Award, Awarded to the most Outstanding Medical Student, 1986
Cum Laude Emory University, 1986
Hideyo Minagi Award, Outstanding Teacher of the Year Award, 1995
Distinguished Reviewer Award, Journal of Vascular and Interventional Radiology, 1996, 1997
Outstanding Workshop Faculty Member, SCVIR Annual Meeting, 1997, 1998
Charles Bream Award, Outstanding Teacher of the Year Award, 1999
Distinguished Faculty Award, SVIR Annual Meeting, 2000

**Licensure and Certification**

American Board of Radiology, 1991
CAQ, Vascular and Interventional Radiology, 1996, Recertified 2006
Connecticut State License
New York State License
California State License
Georgia State License
North Carolina State License

**Memberships**

American College of Radiology
American Roentgen Ray Society
Connecticut Radiological Society
Radiological Society of North America
Society of Interventional Radiology

**Selected Publications**

**Sandhu JS**, Goodman PC: "Pulmonary cysts associated with pneumocystis carinii pneumonia in patients with AIDS." *Radiology* 173:33-35, 1989.

**Sandhu JS**, Dillon WP: "MR demonstration of leukoencephalopathy associated with mitochondrial encephalomyopathy: a case report." *AJNR* 12: 375-79, 1991.

**Sandhu JS**, Wilson MW: "Use of a stone basket to treat lysis- resistant clot after pulse- spray thrombolysis of an occluded hemodialysis graft." *AJR.* 163: 957-959, 1994.

Cello JP, Ring EJ, Olcott EW, Koch J, Gordon R, **Sandhu J**, Morgan DR, Ostroff JW, Rockey DC, LaBerge J, Lake JR, Somberg K, Doherty C, Davila M, McQuaid K, Wall SD: "Endoscopic Sclerotherapy versus percutaneous transjugular intrahepatic portosystemic shunt (TIPS) after initial sclerotherapy in cirrhotic patients with acute variceal hemorrhage: a randomized controlled trial." *Ann Intern Med.* 1997; 126: 858-865.

Gordon RL, Ahl KL, Kerlan RK, Wilson MW, LaBerge JM, **Sandhu JS**, Ring EJ, Welton ML: "Selected arterial embolization for the control of lower gastrointestinal bleeding." *Am Journal of Surgery.* 1997; 14: 24-28.

**Toni Ann Marchione L.R.T. (M)**

**Education**

Florida Hospital College of Health Sciences, Orlando, Fla.
BS – Radiologic Science 2012

United Hospital School of Radiology
Port Chester, NY
Certification in Radiologic Technology

**Work Experience**

**Danbury Hospital, Danbury, CT**

| | |
|---|---|
| Director of Diagnostic Services | 2010 – Present |
| Manager of Operations (Rad) | 2007 – 2010 |
| Manager RDI – Imaging Facility | 2006 - 2007 |

**Rye Radiology Associates, Rye Brook, NY**

| | |
|---|---|
| Assistant Administrator | 2003 – 2006 |
| Chief Technologist | 1998 – 2003 |
| Floor Supervisor | 1995 – 1998 |
| Staff Technologist | 1993 – 1995 |

**Professional**

Member, American Society of Radiologic Technologists

**Joleen Dennison, RT**

**Education**

Danbury Hospital School of Radiologic Technology, Danbury, CT
Radiology Technologist Certificate-1988

**Work Experience**

**Danbury Health Systems,** Danbury, CT
Manager, Operations Ridgefield Diagnostic Imaging 2009- present
Manager, Operations Danbury Diagnostic Imaging 2008-present
Assistant Manager, Operations Danbury Diagnostic Imaging 2004-2008
CT Scan, Supervisor 1998-2004
Staff Technologist CT Scan 1990-1998
Staff Technologist X-ray 1988-1990
Technologist Aide 1986-1988

**Professional**

Member, American College of Radiology
Member, AHRA-Association for Medical Imaging Management
Certified/Licensed Radiological Technologist

Responsibilities and experience including volume budget planning, department spending, oversee day-to-day facility operation, compliance, relationship with outside billing company, work with Radiology Management at Danbury Hospital, direct technical and front-end reports: Radiologic Technologists and Customer Service Representatives, support and assist Technologists in clinical area.

**Attachment H**

**Internal Revenue Service**
**P.O. Box 2508**
**Cincinnati, OH 45201**

**Department of the Treasury**

**Date:**

DANBURY HEALTH CARE AFFILIATES INC
24 HOSPITAL AVE
DANBURY CT 06810-6099

**Person to Contact:**
Tracy Garrigus #31-07307
**Toll Free Telephone Number:**
877-829-5500
**Employer Identification Number:**
22-2594968

Dear Sir or Madam:

This is in response to your request of August 8, 2006, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in August 1985 that recognized you as exempt from Federal income tax. Our records further indicate that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Cindy Westcott
Manager, Exempt Organizations
Determinations

**Attachment I**

STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL PROTECTION
79 Elm Street
Hartford, CT 06106-5127
www.ct.gov/dep

# Certificate of Use

**Issued To**

## Newtown Diagnostic Imaging

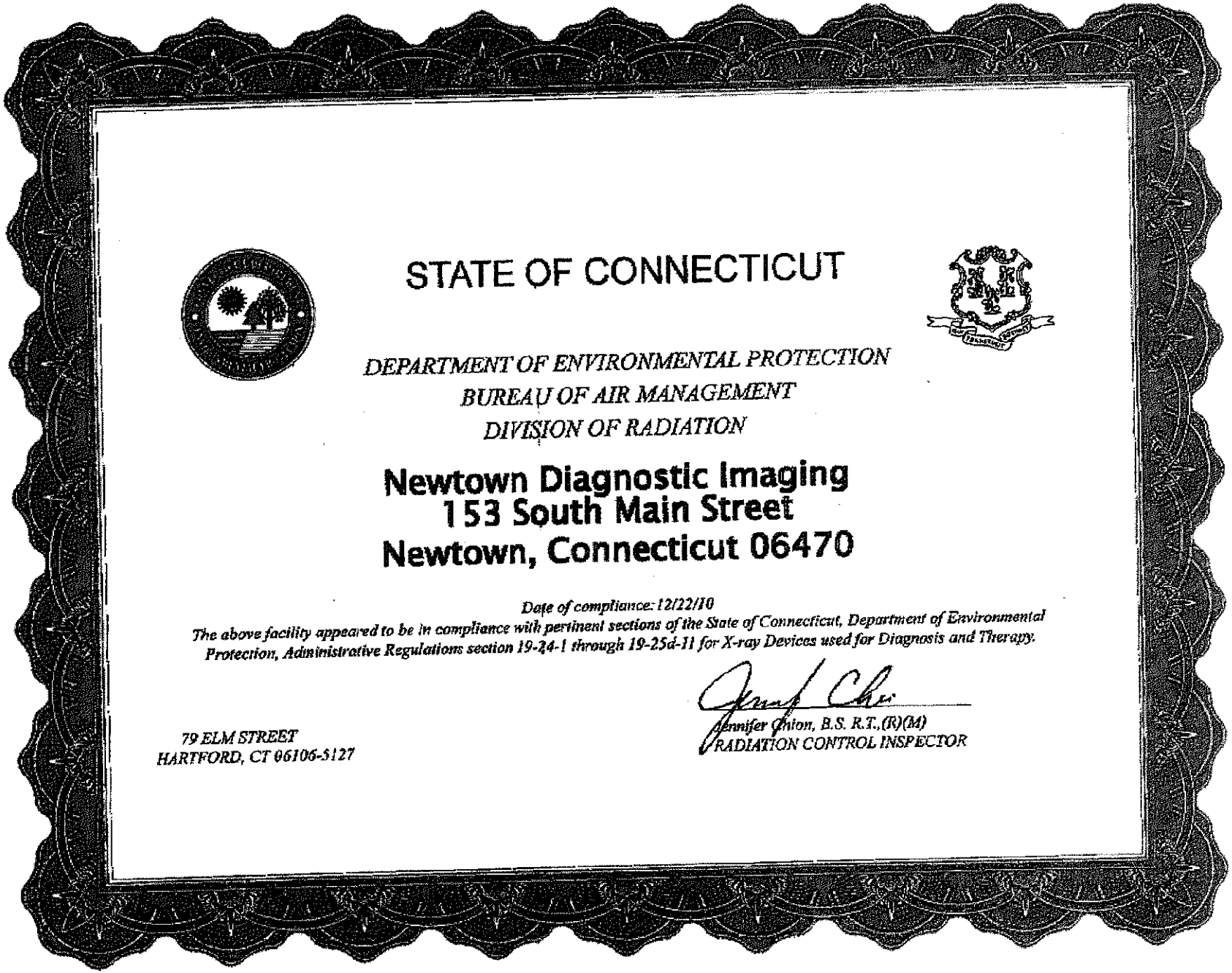
**For**

**Diagnostic and Therapeutic X-Ray Device Registration**

Amey Marrella
Commissioner

**Facility Information:**
Newtown Diagnostic Imaging
153 S Main St.
Newtown, CT 06470
**Reference:** Renewing Fac; Id # 04518 (3 X-Ray devices) 153 S. Main St. Newtown, Ct. 06470

**Reg. # :** 4518
**(aka Facility ID#)**
**Application No:** 201006518
**Issue Date:** 12/22/2010
**Expiration Date:** 4/30/2012



# STATE OF CONNECTICUT

*DEPARTMENT OF ENVIRONMENTAL PROTECTION*
*BUREAU OF AIR MANAGEMENT*
*DIVISION OF RADIATION*

## Newtown Diagnostic Imaging
## 153 South Main Street
## Newtown, Connecticut 06470

*Date of compliance: 12/22/10*

*The above facility appeared to be in compliance with pertinent sections of the State of Connecticut, Department of Environmental Protection, Administrative Regulations section 19-24-1 through 19-25d-11 for X-ray Devices used for Diagnosis and Therapy.*

*Jennifer Chion, B.S. R.T.,(R)(M)*
*RADIATION CONTROL INSPECTOR*

*79 ELM STREET*
*HARTFORD, CT 06106-5127*

**Attachment J**

# Danbury Health Care Affiliates, Inc.

**Comparative Financial Statements**
**(Unaudited)**

**Periods Ending**

**September 30 , 2010 and 2009**

# Danbury Health Care Affiliates, Inc.

## Comparative Financial Statements
**(Unaudited)**

## Periods Ending September 30 , 2010 and 2009

## Contents

# Introduction

The Danbury Health Care Affiliates, Inc (DHCA) financial statements and notes included in the following pages, one through eight, were prepared by management for internal use only and are not audited. It has been management's intent to follow Generally Accepted Accounting Principles (GAAP), where possible. However, the primary use of these statements is for the internal use of management for DHCA and no independent review has been made to determine that all financial reporting is in compliance with GAAP. These statements should not be relied on by any outside party to extend credit on them.

# Danbury Health Care Affiliates, Inc.

## Financial Highlights
(Unaudited)

## Periods Ending September 30 , 2010 and 2009

| CURRENT MONTH Actual | CURRENT MONTH Budget | CURRENT MONTH Prior | | YEAR-TO-DATE Actual | YEAR-TO-DATE Budget | YEAR-TO-DATE Prior |
|---|---|---|---|---|---|---|
| $210,558 | $31,372 | ($85,744) | Income (Losses) from Operations | $1,252,332 | $375,443 | $523,257 |
| $210,558 | $31,372 | ($85,744) | Excess Revenue (Expenses) | $1,252,332 | $375,443 | $523,257 |
| | | | **Key Performance Indicators:** | | | |
| 14.8% | 2.5% | (7.7%) | Operating Income (Loss) % of Net Revenue | 8.0% | 2.5% | 3.7% |
| 14.9% | 2.5% | (7.6%) | Net Income (Loss) % of Net Revenue | 8.0% | 2.5% | 3.7% |
| 36.1% | 46.9% | 44.6% | Salaries and Benefits as a % of Net Revenue | 42.2% | 46.7% | 43.5% |
| $ 82,183 | $ 93,522 | $ 76,670 | Average Annual Salaries and Benefits per FTE | $ 84,874 | $ 94,106 | $ 79,583 |
| | | | Corporate Health Care: | | | |
| **1,246** | **1,119** | **1,099** | **Total Visits** | **12,730** | **13,430** | **12,216** |
| | | | Worknet: | | | |
| **264** | **319** | **362** | **Total Visits** | **3,303** | **3,821** | **3,153** |
| | | | DDI: | | | |
| 301 | 300 | 297 | MRI's | 3,629 | 3,657 | 3,686 |
| 457 | 462 | 439 | CT's | 5,732 | 5,654 | 5,601 |
| 239 | 231 | 154 | Ultrasound | 2,823 | 2,805 | 2,479 |
| 673 | 630 | 645 | Xray's | 8,151 | 8,025 | 7,832 |
| 64 | 69 | 60 | Other/Surgical Procedures | 854 | 840 | 818 |
| **1,734** | **1,692** | **1,595** | **Total Procedures** | **21,189** | **20,980** | **20,416** |
| | | | RDI: | | | |
| 229 | 210 | 247 | MRI's | 2,925 | 2,590 | 2,484 |
| 255 | 252 | 221 | CT's | 3,082 | 2,973 | 2,676 |
| 311 | 147 | 153 | Ultrasound | 2,769 | 1,845 | 1,574 |
| 269 | 294 | 294 | Xray's | 3,367 | 3,692 | 3,214 |
| 282 | 210 | 217 | Other/Surgical Procedures | 3,009 | 2,550 | 2,420 |
| 87 | 68.23 | 74 | Mammography | 1,078 | 830.39 | 923 |
| **1,453** | **1,181** | **1,206** | **Total Procedures** | **16,250** | **14,460** | **13,291** |
| **639** | **547** | **536** | Ambulance Transports | **6978** | **6795** | **6662** |
| **75.0** | **74.5** | **77.8** | FTEs | **77.7** | **74.5** | **77.5** |
| $ 331,809 | $ 147,852 | $ 29,274 | EBIDA (excludes Non-Operating Income) | $ 2,737,854 | $ 1,822,364 | $ 1,960,492 |
| 23.3% | 11.9% | 2.6% | Percent to Total Net Revenue | 17.5% | 12.1% | 13.8% |

The accompanying notes are an integral part of the financial statements.

# Danbury Health Care Affilitates, Inc.

## Statements of Financial Position
**(Unaudited)**

| | September 30, 2010 | August 30, 2010 | September 30, 2009 |
|---|---|---|---|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | $ 1,442,013 | $ 1,416,980 | $ 697,295 |
| Accounts Receivable-Net Allowances | 1,686,460 | 1,490,034 | 1,403,957 |
| Prepaid Expenses | 45,723 | 117,714 | 140,200 |
| Total Current Assets | 3,174,196 | 3,024,728 | 2,241,452 |
| Fixed Assets, at Cost | 9,915,042 | 9,900,989 | 9,712,148 |
| (Less): Accumulated Depreciation | (7,047,677) | (6,935,456) | (5,713,494) |
| Fixed Assets, Net | 2,867,365 | 2,965,533 | 3,998,654 |
| TOTAL ASSETS | $ 6,041,561 | $ 5,990,261 | $ 6,240,106 |
| LIABILITIES AND NET ASSETS: | | | |
| CURRENT LIABILITIES: | | | |
| Accrued Salaries | $ 306,972 | $ 274,493 | $ 283,599 |
| Accounts Payable | 330,106 | 321,370 | 340,480 |
| Accrued Expenses | (119,164) | (107,887) | 23,626 |
| Current Portion of Long Term Debt | 1,337,769 | 1,329,460 | 1,241,396 |
| Due To Affiliates | 374,766 | 457,819 | 459,032 |
| Total Current Liabilities | 2,230,449 | 2,275,255 | 2,348,133 |
| Other Liabilities | 8,500 | 8,500 | 8,500 |
| Long Term Debt, Less Current Portion | - | 115,341 | 1,337,769 |
| TOTAL LIABILITIES | 2,238,949 | 2,399,096 | 3,694,402 |
| NET ASSETS-END OF PERIOD | 3,802,612 | 3,591,165 | 2,545,704 |
| LIABILITIES AND NET ASSETS | $ 6,041,561 | $ 5,990,261 | $ 6,240,106 |

The accompanying notes are an integral part of the financial statements.

# Danbury Health Care Affiliates, Inc.

## Summary of Operations and Change in Net Assets
(Unaudited)

### Periods Ending September 30 , 2010 and 2009

| CURRENT MONTH | | | | YEAR-TO-DATE | | |
|---|---|---|---|---|---|---|
| Actual | Budget | Prior | | Actual | Budget | Prior |
| $ 1,395,153 | $ 1,220,944 | $ 1,103,929 | REVENUE: Net Patient Revenue | $ 15,436,649 | $ 14,819,461 | $ 14,025,986 |
| 27,888 | 16,707 | 11,276 | Other Revenue | 201,639 | 200,500 | 155,368 |
| 1,423,041 | 1,237,651 | 1,115,205 | Total Revenue | 15,638,288 | 15,019,961 | 14,181,354 |
| | | | EXPENSES: | | | |
| 412,099 | 434,201 | 381,037 | Salaries and Fees | 5,058,475 | 5,241,689 | 4,871,945 |
| 101,801 | 146,416 | 115,880 | Employee Benefits | 1,538,073 | 1,769,180 | 1,295,698 |
| 275,505 | 271,741 | 288,314 | Purchased Services | 3,328,122 | 3,312,067 | 3,185,876 |
| 4,056 | 4,106 | 4,056 | Hospital Payment | 48,672 | 49,548 | 48,672 |
| - | (4,334) | - | G&A Allocation | - | (51,521) | - |
| - | 772 | (68) | Credit to Expenses | - | 9,322 | (813) |
| 29,628 | 23,712 | 29,505 | Utilities | 243,207 | 288,331 | 258,733 |
| 64,364 | 71,877 | 108,593 | Rent | 896,224 | 872,383 | 867,598 |
| 1,766 | 4,163 | 7,263 | CME, Dues, Licenses, etc. | 18,953 | 50,019 | 52,522 |
| 13,609 | 9,550 | 6,344 | Office Expenses | 105,165 | 115,262 | 93,689 |
| 45,082 | 38,583 | 31,573 | Medical Supplies | 492,210 | 466,576 | 457,351 |
| 112,221 | 107,450 | 111,255 | Depreciation and Amortization | 1,334,182 | 1,295,581 | 1,334,361 |
| 7,155 | 20,098 | 24,562 | Bad Debts | 244,102 | 244,973 | 179,353 |
| 3,349 | 2,148 | 4,207 | Administrative Charges | 47,440 | 25,902 | 36,037 |
| 9,030 | 9,030 | 3,763 | Interest Expenses | 151,340 | 151,340 | 102,874 |
| 6,901 | 9,693 | 12,496 | Advertising | 82,563 | 117,294 | 93,144 |
| 7,424 | 7,708 | 7,575 | Insurance | 89,092 | 92,925 | 90,900 |
| 118,493 | 49,365 | 64,594 | Other Expenses | 708,136 | 593,647 | 690,157 |
| 1,212,483 | 1,206,279 | 1,200,949 | Total Expenses | 14,385,956 | 14,644,518 | 13,658,097 |
| 210,558 | $ 31,372 | (85,744) | OPERATING INCOME (LOSS) | 1,252,332 | $ 375,443 | 523,257 |
| 889 | | 1,215 | NON OPERATING INCOME | 4,576 | | 2,146 |
| 211,447 | | (84,529) | CHANGE IN NET ASSETS | 1,256,908 | | 525,403 |
| - | | - | NET ASSETS-BEGINNING OF PERIOD | 2,545,704 | | 2,020,301 |
| $ 211,447 | | $ (84,529) | NET ASSETS-END OF PERIOD | $ 3,802,612 | | $ 2,546,704 |

The accompanying notes are an integral part of the financial statements.

# Danbury Health Care Affiliates , Inc.

## Statements of Cash Flow
**(Unaudited)**

## Periods Ending September 30 , 2010 and 2009

| | 2010 | 2009 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES AND NON-OPERATING REVENUE: | | |
| Change in Net Assets | $ 1,256,908 | $ 525,403 |
| Non Cash Expenses and Revenue Included in Income From Operations: | | |
| Depreciation and Amortization | 1,334,182 | 1,334,361 |
| Provision for Uncollectible Accounts | 244,102 | 179,353 |
| Change in Assets and Liabilities: | | |
| (Increase) in Net Accounts Receivable | (526,605) | (341,489) |
| Decrease (Increase) in Prepaid Expenses | 94,477 | (43,528) |
| Increase in Accrued Salaries | 23,373 | 10,269 |
| Increase (Decrease) in Accounts Payable | (10,374) | 115 |
| (Decrease) in Accrued Expenses | (142,790) | (27,545) |
| (Decrease) in Inter-Company Payables | (84,266) | (46,486) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 2,189,007 | 1,590,453 |
| INVESTING ACTIVITIES: | | |
| Change in Property, Plant and Equipment - Net | (202,893) | (194,753) |
| NET CASH (USED) BY INVESTING ACTIVITIES | (202,893) | (194,753) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| (Decrease) in Long- Term Debt | (1,241,396) | (1,177,215) |
| NET CASH (USED) BY FINANCING ACTIVITIES | (1,241,396) | (1,177,215) |
| NET INCREASE IN CASH | 744,718 | 218,485 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR | 697,295 | 478,810 |
| CASH & CASH EQUIVALENTS AT END OF YEAR | $ 1,442,013 | $ 697,295 |

The accompanying notes are an integral part of the financial statements.

# Danbury Health Care Affiliates, Inc.
## Notes to the Financial Statements
## (Unaudited)

## September 30, 2010

### 1. Summary of Significant Accounting Policies

**Organization**

Danbury Health Care Affiliates (DHCA) is a not-for-profit, 501 (c) (3) Corporation. DHCA received its favorable ruling from the IRS on August 27, 1985. It operates healthcare programs, which complements the Hospital's services but which are more appropriately provided by other than an acute care hospital.

At the present time, DHCA operates the following services (or cost centers) for the benefit of the Danbury Hospital, its employees, medical staff and the Danbury area residents and business community:

Administration
Provides administrative and financial services for DHCA. The charges for these services are subsequently charged to the applicable DHCA service centers and other DHS entities. The charges are recorded as a credit to expense and set each fiscal year at a budgeted amount intended to allow the administration service to break even.

Worknet
A service that provides work related rehabilitation and recovery services to the community.

Employee Health
The Employee Health Service is operated on the Hospital campus. It is operated under a contract with the Hospital to provide medical services for employees. The Employee Health Center receives a monthly payment, which is budgeted to breakeven over the fiscal year.

Corporate Health
Corporate Health serves the business community by providing company specific health services to the employees of corporate entities in the Danbury area that do not wish to employ their own health service staff on a full time basis. Corporate Health serves the companies with which it contracts at several locations in the area or they will provide staff on site.

DDI
Danbury Diagnostic Imaging (DDI) is a freestanding out-patient imaging center, offering state-of-the-art High Field Strength MRI, Spiral CAT Scanning, Ultrasound and Computerized X-Ray/Fluoroscopy.

RDI
Ridgefield Diagnostic Imaging (RDI) is also a freestanding out-patient imaging center, offering the same services as DDI (X-Ray/Fluoroscopy is digital), with the addition of Mammography and Bone Density services. RDI also offers invasive procedures such as Ultrasound guided thyroid and breast biopsies.

# Danbury Health Care Affiliates, Inc.
## Notes to the Financial Statements
## (Unaudited)

## September 30, 2010

Cartus
DHCA provides medical services to the employees of Cartus.

EMS
Emergency Medical Services provides medical services to the area.

**Presentation**

The accompanying financial statements were prepared by the Management in accordance with generally accepted accounting principles (GAAP). However the statements have not been subjected to an independent review to determine that GAAP has always been followed.

**Revenue**

Gross revenue except for other revenue is identified by the DHCA cost center that produces the revenue.

Other revenue represents the fees charged from Emergency Training Resources (ETR) for the costs of providing training classes.

**Expenses**

Expenses are incurred by the various DHCA cost centers, paid or incurred (services performed) by the Hospital or the Parent Company, Western Connecticut Healthcare, Inc. and recharged to DHCA and the various cost centers. If specific identification is not possible reasonable allocation procedures are followed.

**2. Related Party Transactions**

Below is a summary of the related party transactions as of September 30, 2010 and 2009.

| | 2010 | 2009 |
|---|---|---|
| Due to Affiliates | | |
| Danbury Hospital | $ 372,623 | $ 459,032 |
| Development Fund | 3,567 | $ - |
| Danbury Office of Physician Services | (1,424) | |
| | $ 374,766 | $ 459,032 |

**3. Fixed Assets**

# Danbury Health Care Affiliates, Inc.
## Notes to the Financial Statements
## (Unaudited)

### September 30, 2010

Fixed assets are depreciated using the straight-line method of depreciation over the useful life of the asset. Leasehold improvements are depreciated over the expected lease term, furniture and fixtures are depreciated over 10 years, except for draperies, which has a useful life of only 5 years, and computer equipment is depreciated over 3 years with all other equipment being depreciated over 5 years.

| | September 30, 2010 | 2009 |
|---|---|---|
| Major Movables Equipment | $ 5,732,978 | $ 5,746,301 |
| Data Processing Equipment | 1,022,722 | 1,022,722 |
| Motor Vehicle | 18,518 | 18,518 |
| Equipment O/P Radiology Ctr | 42,553 | 42,553 |
| Furniture and Fixtures | 54,271 | 54,271 |
| Leasehold Improvements | 3,044,000 | 2,827,783 |
| | 9,915,042 | 9,712,148 |
| (Less) Accumulated Depreciation | (7,047,677) | (5,713,494) |
| Net Depreciable Assets | $ 2,867,365 | $ 3,998,654 |

**5. Net Revenue**

Net revenue as of September is as follows:

| | September 30, 2010 | 2009 |
|---|---|---|
| Patient Revenue | $ 27,392,804 | $ 25,284,687 |
| Allowance Adjustment | (11,956,155) | (11,258,701) |
| | $ 15,436,649 | $ 14,025,986 |

# Danbury Health Care Affiliates, Inc.
## Notes to the Financial Statements
## (Unaudited)

## September 30, 2010

### 6. Purchased Services

Below is a summary of purchased services for the twelve months ended September 2010 and 2009.

| | September 30, 2010 | 2009 |
|---|---|---|
| Medical | $ 2,283,313 | $ 2,145,895 |
| Affiliated Companies | 24,924 | 61,424 |
| Outside Labs | 49,697 | 55,092 |
| General | 48,439 | 64,054 |
| Non-Medical | 275,540 | 270,096 |
| Transcript | 93,067 | 92,408 |
| Office Clean | 30,481 | 29,006 |
| Security | 674 | 1,059 |
| Waste Disposal | - | 1,776 |
| Courier | 5,159 | 4,239 |
| Broker Services | - | - |
| Collection | 516,828 | 460,827 |
| | $ 3,328,122 | $ 3,185,876 |

**Attachment K**

## Proposed NDI Rate Schedule

Source: Current DHCA DDI/RDI Rate List

### MAGNETIC RESONANCE IMAGING (MRI)

| Description | CPT Code | Charge |
|---|---|---|
| **MRI, temporomandibular joint(s)** | 70336 | $1,490.75 |
| **MRI, orbit, face, and neck without contrast** | 70540 | $1,454.48 |
| with contrast material(s) | 70542 | $1,745.60 |
| without contrast material(s), followed by contrast material(s) and further sequences | 70543 | $2,016.90 |
| **MRA, head; without contrast material(s)** | 70544 | $1,451.43 |
| with contrast material(s) | 70545 | $1,450.33 |
| without contrast material(s), followed by contrast material(s) and further sequences | 70546 | $1,794.62 |
| **MRA, neck; without contrast material(s)** | 70547 | $1,450.33 |
| with contrast material(s) | 70548 | $1,450.33 |
| without contrast material(s) followed by contrast material(s) and further sequences | 70549 | $1,794.62 |
| **MRI, brain (including brain stem); without contrast material** | 70551 | $1,490.75 |
| with contrast material(s) | 70552 | $1,788.50 |
| without contrast material, followed by contrast material(s) and further sequences | 70553 | $2,061.89 |
| **MRI, chest (eg, for evaluation of hilar and mediastinal lymphadenopathy)** | 71550 | $1,474.88 |
| with contrast material(s) | 71551 | $1,766.00 |
| without contrast material(s) followed by contrast material(s) and further sequences | 71552 | $2,017.26 |
| **MRA, chest (excluding mycardium), with or without contract material(s)** | 71555 | $1,536.38 |
| **MRI, spinal canal and contents, cervical; without contrast material** | 72141 | $1,507.03 |
| with contrast material(s) | 72142 | $1,808.70 |
| **MRI, spinal canal and contents, thoracic; without contrast material** | 72146 | $1,647.93 |
| with contrast material(s) | 72147 | $1,807.60 |
| **MRI, spinal canal and contents, lumbar; without contrast material** | 72148 | $1,631.65 |
| with contrast material(s) | 72149 | $1,789.60 |
| **MRI, spinal canal and contents, without contrast material, followed by contrast material(s) and further sequences; cervical** | 72156 | $2,080.89 |
| thoracic | 72157 | $2,079.63 |
| lumbar | 72158 | $2,061.89 |
| **MRI, pelvis; without contrast material(s)** | 72195 | $1,475.73 |
| with contrast material(s) | 72196 | $1,766.00 |
| without contrast material(s) followed by contrast material(s) and further sequences | 72197 | $2,030.51 |
| **MRA, pelvis, with or without contrast material(s)** | 72198 | $1,534.28 |
| **MRI, upper extremity, other than joint; without contrast material(s)** | 73218 | $1,454.48 |
| with contrast material(s) | 73219 | $1,746.70 |
| without contrast material(s) followed by contrast material(s) and further sequences | 73220 | $2,016.90 |
| **MRI, any joint of upper extremity; without contrast material(s)** | 73221 | $1,454.48 |
| with contrast material(s) | 73222 | $1,745.60 |
| without contrast material(s) followed by contrast material(s) and further sequences | 73223 | $2,016.90 |
| **MRI, lower extremity other than joint; without contrast material(s)** | 73718 | $1,454.48 |
| with contrast material(s) | 73719 | $1,745.60 |
| without contrast material(s) followed by contrast material(s) and further sequences | 73720 | $2,016.19 |
| **MRI, any joint of lower extremity; without contrast material(s)** | 73721 | $1,454.48 |
| with contrast material(s) | 73722 | $1,745.60 |
| without contrast material(s) followed by contrast material(s) and further sequences | 73723 | $2,016.90 |
| **MRA, lower extremity, with or without contrast material(s)** | 73725 | $1,537.35 |

| | | |
|---|---|---|
| **MRI, abdomen; without contrast material(s)** | 74181 | $1,474.88 |
| with contrast material(s) | 74182 | $1,766.00 |
| without contrast material(s) followed by contrast material(s) and further sequences | 74183 | $2,030.51 |
| **MRA, abdomen, with or without contrast material(s)** | 74185 | $1,534.28 |
| **MRI, breast, without and/or with contrast material(s); unilateral** | 76093 | $1,455.12 |
| bilateral | 76094 | $1,921.90 |
| **3D rendering with interpretation and reporting of CT, MRI, ultrasound or other tomographic modality: not requiring image postprocessing on an independent workstation.** | 76376 | $416.18 |
| requiring image postprocessing on an independent workstation | 76377 | $521.10 |

## COMPUTED TOMOGRAPHY (CT)

| Description | CPT Code | Charge |
|---|---|---|
| **CT, head or brain; without contrast material** | 70450 | $659.75 |
| with contrast material(s) | 70460 | $806.05 |
| without contrast material, followed by contrast material(s) and further sections | 70470 | $987.58 |
| **CT, orbit, sella, or posterior fossa or outer, middle, or inner ear; without contrast material** | 70480 | $719.40 |
| with contrast material(s) | 70481 | $840.45 |
| without contrast material, followed by contrast material(s) and further sections | 70482 | $1,012.00 |
| **CT, maxillofacial area; without contrast material** | 70486 | $699.20 |
| with contrast material(s) | 70487 | $830.33 |
| without contrast material, followed by contrast material(s) and further sections | 70488 | $1,006.83 |
| **CT, soft tissue neck; without contrast material** | 70490 | $719.40 |
| with contrast material(s) | 70491 | $840.45 |
| without contrast material, followed by contrast material(s) and further sections | 70492 | $1,010.90 |
| **CTA, head, without contrast material(s) followed by contrast materials(s) and further sections, including image posting processing** | 70496 | $1,460.18 |
| **CTA, neck, without contrast materials(s) followed by contrast material(s) and further sections, including image post-processing** | 70498 | $1,460.18 |
| **CT, thorax; without contrast material** | 71250 | $838.50 |
| with contrast material(s) | 71260 | $983.53 |
| without contrast material, followed by contrast material(s) and further sections | 71270 | $1,205.58 |
| **CTA, chest, without contrast material(s) followed by contrast material(s) and further sections, including image post-processing** | 71275 | $1,664.38 |
| **CT, cervical spine, without contrast material** | 72125 | $838.50 |
| with contrast material(s) | 72126 | $979.58 |
| without contrast material, followed by contrast material(s) and further sections | 72127 | $1,191.40 |
| **CT, thoracic spine; without contrast material** | 72128 | $838.50 |
| with contrast material | 72129 | $980.43 |
| without contrast material, followed by contrast material and further sections | 72130 | $1,191.40 |
| **CT, lumbar spine, with contrast material** | 72131 | $838.50 |
| with contrast material | 72132 | $979.58 |
| without contrast material, followed by contrast material and further sections | 72133 | $1,191.40 |
| **CTA, pelvis, without contrast material(s) followed by contrast material(s) and further sections, including image post-processing** | 72191 | $1,610.78 |
| **CT, pelvis; without contrast material** | 72192 | $829.38 |
| with contrast material | 72193 | $945.25 |
| without contrast material, followed by contrast material and further sections | 72194 | $1,141.18 |
| **CT, upper extremity, without contrast material** | 73200 | $719.60 |
| with contrast material | 73201 | $838.50 |
| without contrast material, followed by contrast material and further sections | 73202 | $1,020.70 |
| **CTA, upper extremity, without contrast material(s) followed by contrast material(s) and further sections, including image post-processing** | 73206 | $1,491.78 |

| | | |
|---|---|---|
| **CT, lower extremity, without contrast material** | 73700 | $719.60 |
| with contrast material | 73701 | $838.50 |
| without contrast material, followed by contrast material and further sections | 73702 | $1,019.85 |
| **CTA, lower extremity, without contrast material(s) followed by contrast material(s) and further sections, including image post-processing.** | 73706 | $1,504.83 |
| **CT, abdomen; without contrast material** | 74150 | $814.18 |
| with contrast material | 74160 | $961.40 |
| without contrast material, followed by contrast material and further sections | 74170 | $1,166.43 |
| **CTA, abdomen, without contrast material(s) followed by contrast material(s) and further sections, including image post-processing** | 74175 | $1,621.88 |
| **Computed Tomography; abdomen and pelvis; without contrast material** | 74176 | $1,232.67 |
| **Computed Tomography; abdomen and pelvis; with contrast material(s)** | 74177 | $1,429.99 |
| **Computed tomography; abdomen and pelvis; without contrast material in one or both body regions, followed by contrast material(s) and further sections in one or both body regions** | 74178 | $1,730.71 |
| **CT-Colonography, diagnostic, including image post processing w/out contrast** | 74261 | $1,223.95 |
| **CT-Colonography, diagnostic, including image post processing with contrast** | 74262 | $1,686.55 |
| **3D rendering with interpretation and reporting of CT, MRI, ultrasound or other tomographic modality: not requiring image postprocessing on an independent workstation.** | 76376 | $416.18 |
| requiring image postprocessing on an independent workstation | 76377 | $521.10 |
| CT, limited or localized follow-up study | 76380 | $536.60 |

# Financial Attachment I

Danbury Healthcare Associates - NDI CON

Financial Attachment I.

7.a. Provide a summary of revenue, expense, and volume statistics, without the CON project, incremental to the CON project, and with the CON project.

*(Dollars are in thousands)*

| Description | FY 2010 Actual Results | FY 2011 Projected W/out CON | FY 2011 Projected Incremental | FY 2011 Projected With CON | FY 2012 Projected W/out CON | FY 2012 Projected Incremental | FY 2012 Projected With CON | FY 2013 Projected W/out CON | FY 2013 Projected Incremental | FY 2013 Projected With CON | FY 2014 Projected W/out CON | FY 2014 Projected Incremental | FY 2014 Projected With CON |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NET PATIENT REVENUE | | | | | | | | | | | | | |
| Non-Government | 8,994 | $9,526 | - | $9,526 | $10,008 | 1,232 | $11,240 | $10,514 | 1,425 | $11,939 | $11,046 | 1,587 | $12,633 |
| Medicare | 1,527 | 1,306 | - | 1,306 | 1,345 | 313 | 1,658 | $1,385 | 362 | 1,748 | $1,427 | 403 | 1,830 |
| Medicaid and Other Medical Assistance | 19 | 35 | - | 35 | 36 | 1 | 38 | $38 | 2 | 39 | 539 | 2 | 40 |
| Other Government | 8 | 6 | - | 6 | 6 | 2 | 8 | $6 | 2 | 9 | $7 | 2 | 9 |
| Total Net Patient Patient Revenue | $10,548 | $10,873 | - | $10,873 | $11,396 | 1,549 | $12,945 | $11,944 | $1,791 | $13,735 | $12,519 | 1,994 | $14,513 |
| Other Operating Revenue | $5,089 | $5,004 | - | $5,004 | $5,054 | - | $5,054 | $5,104 | - | $5,104 | $5,155 | - | $5,155 |
| Revenue from Operations | $15,638 | $15,877 | - | $15,877 | $16,449 | 1,549 | $17,998 | $17,048 | 1,791 | $18,839 | $17,674 | 1,994 | $19,668 |
| OPERATING EXPENSES | | | | | | | | | | | | | |
| Salaries and Fringe Benefits | $6,596 | $6,994 | - | $6,994 | $7,312 | 228 | $7,540 | $7,644 | 282 | $7,926 | $7,992 | 338 | $8,330 |
| Professional / Contracted Services | 517 | 532 | - | 532 | 558 | 101 | 659 | 586 | 116 | 703 | 616 | 130 | 745 |
| Supplies and Drugs | 2,850 | 2,944 | - | 2,944 | 3,062 | 55 | 3,117 | 3,185 | 67 | 3,251 | 3,312 | 74 | 3,386 |
| Bad Debts | 244 | 243 | - | 243 | 285 | 33 | 317 | 299 | 38 | 336 | 313 | 42 | 355 |
| Other Operating Expense | 1,797 | 1,700 | - | 1,700 | 1,768 | 700 | 2,468 | 1,839 | 770 | 2,609 | 1,912 | 830 | 2,742 |
| Subtotal | $12,004 | $12,414 | - | $12,414 | $12,986 | 1,117 | $14,102 | $13,553 | 1,272 | $14,825 | $14,145 | 1,414 | $15,559 |
| Depreciation/Amortization | 1,334 | 1,379 | - | 1,379 | 1,385 | 159 | 1,544 | 1,391 | 159 | 1,550 | 1,396 | 159 | 1,555 |
| Interest Expense | 151 | 55 | - | 55 | - | 74 | 74 | - | 66 | 66 | - | 50 | 50 |
| Lease Expense | 896 | 887 | - | 887 | 913 | 175 | 1,088 | 941 | 180 | 1,121 | 969 | 186 | 1,154 |
| Total Operating Expenses | $14,386 | $14,754 | - | $14,734 | $15,284 | 1,525 | $16,809 | $15,884 | 1,678 | $17,562 | $16,510 | 1,808 | $18,318 |
| Income (Loss) from Operations | $1,252 | $1,143 | - | $1,143 | $1,165 | 24 | $1,190 | $1,164 | 113 | $1,277 | $1,164 | 186 | $1,350 |
| Non-Operating Income | $5 | $2 | | $2 | $2 | | $2 | $2 | | $2 | $2 | | $2 |
| Income before provision for income taxes | $1,256 | $1,145 | $0 | $1,145 | $1,168 | $24 | $1,192 | $1,166 | $113 | $1,279 | $1,166 | $186 | $1,352 |
| Provision for income taxes | | | | | | | | | | | | | |
| Net Income | $1,256 | $1,145 | $0 | $1,145 | $1,168 | $24 | $1,192 | $1,166 | $113 | $1,279 | $1,166 | $186 | $1,352 |
| Retained earnings, beginning of year | | $1,256 | $1,256 | $1,256 | $2,401 | $1,256 | $2,401 | $3,569 | $1,281 | $3,593 | $4,735 | $1,394 | $4,872 |
| Retained earnings, end of year | $1,256 | $2,401 | $1,256 | $2,401 | $3,569 | $1,281 | $3,593 | $4,735 | $1,394 | $4,872 | $5,901 | $1,580 | $6,224 |
| FTEs | 77.7 | 77.8 | - | 77.8 | 79.0 | 5.0 | 84.0 | 80.2 | 6.0 | 86.2 | 81.4 | 7.0 | 88.4 |
| *Volume Statistics: | | | | | | | | | | | | | |
| MRI | 6,554 | 6,528 | - | 6,528 | 6,724 | 934 | 7,658 | 6,926 | 1,068 | 7,994 | 7,133 | 1,205 | 8,338 |
| CT Scan | 8,814 | 8,669 | - | 8,669 | 8,929 | 668 | 9,597 | 9,197 | 803 | 10,000 | 9,472 | 954 | 10,426 |
| Ultresound | 5,592 | 6,398 | - | 6,398 | 6,590 | 1,080 | 7,671 | 6,788 | 1,151 | 7,939 | 6,982 | 1,237 | 8,228 |
| Xray | 11,538 | 11,837 | - | 11,837 | 12,192 | 5,025 | 17,217 | 12,558 | 5,956 | 18,514 | 12,934 | 6,202 | 19,136 |
| Total Procedures | 32,498 | 33,432 | - | 33,432 | 34,435 | 7,708 | 42,143 | 35,468 | 8,979 | 44,447 | 36,532 | 9,596 | 46,128 |

# Financial Attachment II

**Danbury Healthcare Associates - NDI CON**
Financial Attachment II.

**7.b. Please provide three years of projections of incremental revenue, expense and volume statistics attributable to the proposal in the following reporting format:**

| | |
|---|---|
| Type of Service Description | **Imaging Various Modalities** |
| Type of Unit Description: | **Procedures** |
| # of Months in Operation | **12 months** |

| **FY 2011** | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|---|---|---|---|---|---|---|---|---|---|---|
| **FY Projected Incremental** | | Rate | Units | Gross | Allowances/ | Charity | Bad | Net | Operating | Gain/(Loss) |
| Total Incremental Expenses: | **$0** | | | Revenue | Deductions | Care | Debt | Revenue | Expenses | rom Operations |
| | | | | Col. 2 * Col. 3 | | | | Col.4 - Col.5 | Col. 1 Total * | Col. 8 - Col. 9 |
| **Total Facility by** | | | | | | | | -Col.6 - Col.7 | ol. 4 / Col. 4 Total | |
| **Payer Category:** | | | | | | | | | | |
| Medicare | | $0 | $0 | $0 | $0 | - | - | $0 | $0 | $0 |
| Medicaid | | - | - | - | - | - | - | - | - | - |
| CHAMPUS/TriCare | | - | - | - | - | - | - | - | - | - |
| **Total Governmental** | | | 0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Commericial Insurers | | - | - | - | - | - | - | - | - | - |
| Uninsured | | - | - | - | - | - | - | - | - | - |
| **Total NonGovernment** | | | 0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total All Payers** | | $0 | 0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

| **FY 2012** | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|---|---|---|---|---|---|---|---|---|---|---|
| **FY Projected Incremental** | | Rate | Units | Gross | Allowances/ | Charity | Bad | Net | Operating | Gain/(Loss) |
| Total Incremental Expenses: | **$1,492,098** | | | Revenue | Deductions | Care | Debt | Revenue | Expenses | rom Operations |
| | | | | Col. 2 * Col. 3 | | | | Col.4 - Col.5 | Col. 1 Total * | Col. 8 - Col. 9 |
| **Total Facility by** | | | | | | | | -Col.6 - Col.7 | ol. 4 / Col. 4 Total | |
| **Payer Category:** | | | | | | | | | | |
| Medicare | | $407 | 2,105 | 855,667 | 542,183 | - | - | $313,484 | $407,463 | ($93,979) |
| Medicaid | | $407 | 9 | 3,690 | 2,338 | - | - | 1,352 | 1,757 | (405) |
| CHAMPUS/TriCare | | 407 | 11 | 4,428 | 2,568 | - | - | 1,860 | 1,934 | (75) |
| **Total Governmental** | | | 2,125 | $863,785 | $547,089 | $0 | $0 | $316,696 | $411,154 | ($94,458) |
| Commericial Insurers | | $407 | 5,525 | 2,245,988 | 1,029,510 | - | 21,634 | 1,194,844 | 1,069,525 | 125,319 |
| Uninsured | | $407 | 58 | 23,615 | - | 7,939 | 10,953 | 4,723 | 11,245 | (6,522) |
| **Total NonGovernment** | | | 5,583 | $2,269,602 | $1,029,510 | $7,939 | $32,587 | $1,199,567 | $1,080,770 | $118,797 |
| **Total All Payers** | | $407 | 7,708 | $3,133,387 | $1,576,598 | $7,939 | $32,587 | $1,516,263 | $1,491,924 | $24,338 |

**Danbury Healthcare Associates - NDI CON**
**Financial Attachment II.**

| **FY 2013** | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|---|---|---|---|---|---|---|---|---|---|---|
| **FY Projected Incremental** | | Rate | Units | Gross | Allowances/ | Charity | Bad | Net | Operating | Gain/(Loss) |
| Total Incremental Expenses: | **$1,640,060** | | | Revenue | Deductions | Care | Debt | Revenue | Expenses | rom Operations |
| | | | | Col. 2 * Col. 3 | | | | Col.4 - Col.5 | Col. 1 Total * | Col. 8 - Col. 9 |
| **Total Facility by** | | | | | | | | -Col.6 - Col.7 | ol. 4 / Col. 4 Total | |
| **Payer Category:** | | | | | | | | | | |
| Medicare | | $404 | 2,452 | 990,735 | 628,599 | - | - | $362,136 | $447,868 | ($85,733) |
| Medicaid | | 404 | 11 | 4,272 | 2,711 | - | - | 1,562 | 1,931 | (370) |
| CHAMPUS/TriCare | | 404 | 13 | 5,127 | 2,973 | - | - | 2,153 | 2,240 | (86) |
| **Total Governmental** | | | 2,475 | $1,000,134 | $634,283 | $0 | $0 | $365,851 | $452,039 | ($86,189) |
| Commericial Insurers | | 404 | 6,436 | 2,600,519 | 1,194,083 | - | 24,604 | 1,381,832 | 1,175,582 | 206,250 |
| Uninsured | | 404 | 68 | 27,342 | - | 8,746 | 13,128 | 5,468 | 12,360 | (6,892) |
| **Total NonGovernment** | | | 6,504 | $2,627,861 | $1,194,083 | $8,746 | $37,731 | $1,387,301 | $1,187,943 | $199,358 |
| **Total All Payers** | | $404 | 8,979 | $3,627,995 | $1,828,366 | $8,746 | $37,731 | $1,753,151 | $1,639,982 | $113,169 |

| **FY 2014** | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|---|---|---|---|---|---|---|---|---|---|---|
| **FY Projected Incremental** | | Rate | Units | Gross | Allowances/ | Charity | Bad | Net | Operating | Gain/(Loss) |
| Total Incremental Expenses: | **$1,766,095** | | | Revenue | Deductions | Care | Debt | Revenue | Expenses | rom Operations |
| | | | | Col. 2 * Col. 3 | | | | Col.4 - Col.5 | Col. 1 Total * | Col. 8 - Col. 9 |
| **Total Facility by** | | | | | | | | -Col.6 - Col.7 | ol. 4 / Col. 4 Total | |
| **Payer Category:** | | | | | | | | | | |
| Medicare | | $421 | 2,621 | 1,103,996 | 700,676 | - | - | $403,320 | $482,286 | ($78,966) |
| Medicaid | | 421 | 11 | 4,761 | 3,021 | - | - | 1,739 | 2,080 | (341) |
| CHAMPUS/TriCare | | 421 | 14 | 5,713 | 3,313 | - | - | 2,399 | 2,496 | (96) |
| **Total Governmental** | | | 2,645 | $1,114,469 | $707,010 | $0 | $0 | $407,459 | $486,862 | ($79,403) |
| Commericial Insurers | | 421 | 6,879 | 2,897,810 | 1,331,454 | - | 27,454 | 1,538,902 | 1,265,923 | 272,978 |
| Uninsured | | 421 | 72 | 30,468 | - | 9,784 | 14,590 | 6,094 | 13,310 | (7,217) |
| **Total NonGovernment** | | | 6,951 | $2,928,278 | $1,331,454 | $9,784 | $42,045 | $1,544,995 | $1,279,234 | $265,762 |
| **Total All Payers** | | $421 | 9,596 | $4,042,748 | $2,038,465 | $9,784 | $42,045 | $1,952,454 | $1,766,095 | $186,359 |

**Danbury Healthcare Associates - NDI CON**

**Financial Attachment II**

**7.c. Financial Assumptions**

Net Patient Revenue:
- Without Project: Determined using historical payment experience with 0% annual increase in govt rates and 2% annual increase in nongovt rates.
- With Project: Determined using historical payment experiences applied to projected volumes at NDI location.

Volume:
- Without Project: Assumption is based on 3% volume increase per year. No change in payormix.
- With Project: Incremental MRI, CT, DX, Ultrasound volume at NDI site.

Other Operating Revenue:
- Without Project: Assumes 1% increase annually
- With Project: N/A

Salaries and Fringe Benefits:
- Without Project: Assumption is based on historic expense combined with FTE increases and inflationary increases approx 3% annually.
- With Project: Incremental expense based on anticipated FTE increases associated with project.

Professional / Contracted Srvs:
- Without Project: Based on historical expense plus 5% annual inflation increase per year.
- With Project: Incremental expense based on anticipated increase in DRA reading fees.

Supplies and Drugs:
- Without Project: Assumption is based on historical expenses plus 4% inflation increases per year.
- With Project: Projected using historical actuals applied to incremental volume plus 4% inflation annually.

Bad Debt:
- Without Project: Assumption is based on 1% of gross revenue consistent annually.
- With Project: Project assumption is based on 1% of gross revenue related to incremental volume.

Other Op Expense:
- Without Project: Includes a 4% annual increase on expenses annually.
- With Project: Project assumption is based on experience applied to incremental volume (includes overhead i.e. purch srv, maintenance, other nonsal)

Depreciation:
- Without Project: Assumption is based on historic annual capital spending.
- With Project: Assumption based on historic NDI depreciation on existing equipment

Interest:
- Without Project: Based on current interest of existing debt rolled forward annually.
- With Project: Projection assumes repayment of $1.2M note at 7.25% interest over 5 year.

Lease Expense:
- Without Project: Includes a 3% annual increase on expenses annually.
- With Project: Projected Rent Expense for NDI location increasing 3% annually.

FTEs:
- Without Project: Includes annual increase in variable staffing required to support growth combined with continued productivity initatives currently underway.
- With Project: Incremental staffing increases per year to support incremental volume.

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

June 24, 2011

VIA FAX & EMAIL ONLY

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Danbury Health Care Affiliates, Inc.
Acquisition of Equipment from Newtown Diagnostic Imaging, LLC by Danbury Health Care Affiliates

Dear Ms. Herlihy:

On May 26, 2011, the Office of Health Care Access ("OHCA") received your initial Certificate of Need application filing on behalf of Danbury Health Care Affiliates, Inc. ("Applicant") for the acquisition of a Computed Tomography ("CT") scanner and a Magnetic Resonance Imaging ("MRI") scanner from Newtown Diagnostic Imaging, LLC ("NDI") by Danbury Health Care Affiliates, Inc. ("DHCA").

OHCA has reviewed the CON application and requests the following additional information pursuant to General Statutes §19a-639a(c):

Page 10

1. Please readdress Question 2a and provide a detailed explanation as to why there is a clear public need for this proposal. Provide evidence in support of your explanation.

Page 12

2. Please revise **Table 2.a., "Historical, Current, and Projected Volume, by Equipment Unit"**, by addressing the following items:

    a. Provide actual utilization statistics for NDI's CT and MRI scanners for fiscal years ("FYs") 2008 through 2010. Annual NDI scan volumes for each scanner need to be provided for the three year period.

b. Revise each line of the scan volumes presented in the "CFY 2011" column, updating CT and MRI volumes for the most recently completed month. Identify the number of months represented in the "CFY 2011" column.

c. Expand the table to include all CT and MRI scanners operated by Danbury Hospital (on and off campus). Be sure to include historical, current year and projected scan volumes.

d. The "CT Subtotal" and "MRI subtotal" lines of the table reflect projected **scan volume without the project** for FYs 2012 through 2014 instead of projected **scan volume with the project**. Revise the "CT Subtotal" and "MRI subtotal" lines of the table to include the projected **scan volume with the project** for FYs 2012 through 2014. Please note the total lines reflecting the projected scan volume for the same time period do not need revision as they appear to reconcile with the volume totals provided in the Applicant's Financial Attachment 1 (page 52).

3. Please reconcile NDI's CT and MRI scan volumes for FY 2010 in the revised Table 2.a.with CT and MRI scan volumes presented in Attachment F, page 29 of the CON application. If CT or MRI scan volumes differ between the two sources, please provide a detailed explanation as to why such a difference or differences exist.

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Page 13

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6. Please describe the quality of the equipment the Applicant proposes to acquire and how the Applicant plans to incorporate this equipment into its other imaging equipment usage.

Page 15

7. Please answer question 5.g. of the CON application, which addresses how the proposal will affect the financial strength of the state's health care system.

In responding to the questions contained in this letter, please repeat each question before providing your response. **Paginate and date** your response, i.e., each page in its entirety. Information filed after the initial CON application submission (i.e. completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant's document preceding it. Please begin your submission using Page 56 and reference "Docket Number: 11-31703-CON." Submit one (1) original and six (6) hard copies of your response. In addition, please submit a scanned copy of your response, in an Adobe format (.pdf) including all attachments on CD. If available, a copy of the response in MS Word should also be copied to the CD.

If you have any questions concerning this letter, please feel free to contact Jack Huber or Steven W. Lazarus at (860) 418-7001.

Sincerely,

Jack A. Huber

Jack A. Huber
Health Care Analyst

**********
*** TX REPORT ***
**********

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| RECIPIENT ADDRESS | 912037391974 |
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**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

***FAX SHEET***

**TO:** SALLY F. HERLIHY

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK

**FROM:** JACK HUBER

**DATE:** 6/24/2011 **Time:** ~

**NUMBER OF PAGES:** 4
*(including transmittal sheet)*

**Comments:** **Transmitted:** CON Completeness Letter
Proposal to Acquire Imaging Equipment from Newtown Diagnostic Imaging for Danbury Health Care Affiliates
Docket Number: 11-31703-CON

***PLEASE PHONE Jack A. Huber at (860) 418-7069***
***IF THERE ARE ANY TRANSMISSION PROBLEMS.***

WESTERN CONNECTICUT HEALTH NETWORK

DANBURY HOSPITAL

24 Hospital Ave
Danbury, CT 06810
203.739.7000
DanburyHosptial.org



From: Sally Herlihy
VP Planning

To: Jack Huber

Fax: 860-418-7053 No. of Pages: 8 (including cover page)

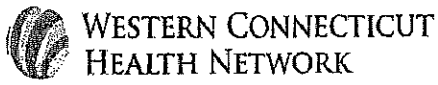
Phone: 860-418-7001 Date: August 19, 2011

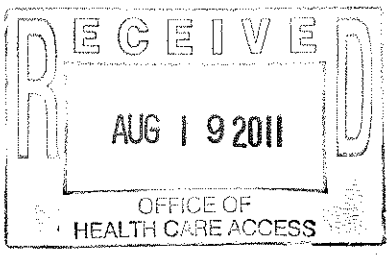
RE: CON Completeness Letter CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

# Fax

CON Completeness Letter
Proposal to Acquire Imaging Equipment from Newtown Diagnostic Imaging for Danbury Health Care Affiliates
Docket Number: 11-31703-CON




24 Hospital Ave.
Danbury, CT 06810
203.739.7000

WesternConnecticutHealthNetwork.org

August 19, 2011

The Honorable Jewel Mullen, M.D,
Commissioner
CT Office of Health Care Access
Department of Public Health
410 Capitol Avenue
MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Docket Number: 11-31703-CON
**Acquisition of Equipment from Newtown Diagnostic Imaging, L.L.C. by Danbury Health Care Affiliates, Inc.**

Dear Commissioner Mullen:

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If you have any questions that the following submission does not answer, please contact me so that we may provide whatever additional information you need in your deliberations. I can be reached directly at 203-739-4903, or sally.herlihy@wcthealthnetwork.org.

Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

cc: Enclosure

Page 10

1. **Please readdress Question 2a and provide a detailed explanation as to why there is a clear public need for this proposal. Provide evidence in support of your explanation.**

Newtown Diagnostic Imaging, LLC (NDI) is a free-standing imaging center already providing CT and MRI scanning for patients in the Newtown area in its location at 153 South Main Street, Newtown. This application does not add any additional imaging capacity to the service area but will keep this facility open for existing patients and future patients who find this location most accessible. NDI is currently privately owned and operated by a group of radiologists who are interested in selling the facility with its equipment to a subsidiary of Western Connecticut Health Network (WCHN). The subsidiary is Danbury Health Care Affiliates, Inc. (DHCA,), the Applicant.

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Public need supporting acquisition of the technology and continued operation of the NDI facility by DHCA can be summarized as follows:

- There is a need to continue the existing service in Newtown for the patients who are currently utilizing the services provided there. Purchase of the equipment there will enhance uniformity of care and integration of operations with DHCA, an established, stable, quality-oriented provider of imaging services.

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- Currently, DDI and RDI are operating at full capacity and beyond. Both facilities perform MRI and CT scans during the following hours:

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- DHCA has plans to expand the hours that NDI is open to assist patients with scheduling which will improve access. The extended hours will be the addition of weekday hours by 3.5 hours per day beginning in Year 2, and expansion of Saturday hours to 8 hours a day in Year 3.

NDI current hours of operation area as follows:

| | MON | TUE | WED | THU | FRI | SAT |
|---|---|---|---|---|---|---|
| MRI | 8 AM – 4:30 PM Daily | | | | | |
| CT | 8 AM – 4:30 PM Daily | | | | | |

- The population in the service area is growing older, and population aging will lead to increased demand for healthcare services. The need will continue to grow for CT and MRI scans with more patients over the age of 65 requiring imaging. The following charts demonstrate the aging of the U.S. population over the last ten years.

| U.S. Population by Sex and Selected Age Groups , 2000–2010 | | | | |
|---|---|---|---|---|
| Age | 2000 | Percentage | 2010 | Percentage |
| 65 years & older | 34,991,753 | 12.4% | 40,267,984 | 13.0% |
| 62 years & older | 41,256,029 | 14.7% | 49,972,181 | 16.2% |

http://www.census.gov/prod/cen2010/briefs/c2010br-03.pdf

Over the next 5 years the population is projected to grow 1% per year in the towns in the DHCA service area, including Newtown, and the 5 towns adjacent to Newtown, in the next 5 years. This growth, combined with an aging population, will create additional demand for imaging.

| CT Population for Six Adjacent Towns to Proposed NDI Facility | | | | | |
|---|---|---|---|---|---|
| Town | | Total | Town | | Total |
| **Newtown** | 2010 | 26,331 | **Monroe** | 2010 | 19,646 |
| | 2015 | 26,680 | | 2015 | 19,341 |
| | growth rate/yr | 0.30% | | growth rate/yr | -0.30% |
| | '10 age distribution 65+ | 10% | | '10 age distribution 65+ | 12% |
| **Bethel** | 2010 | 18,380 | **Southbury** | 2010 | 19,838 |
| | 2015 | 18,02 | | 2015 | 19,676 |
| | growth rate/yr | 0.30% | | growth rate/yr | -0.20% |
| | '10 age distribution 65+ | 11% | | '10 age distribution 65+ | 25% |
| **Brookfield** | 2010 | 16,825 | | | |
| | 2015 | 19,328 | **Six Town Total** | 2010 | 178,768 |
| | growth rate/yr | 2.80% | | 2015 | 188,007 |
| | '10 age distribution 65+ | 12% | | growth rate/yr | 1.00% |
| **Danbury** | 2010 | 77,748 | | '10 age distribution 65+ | 13% |
| | 2015 | 84,280 | | | |
| | growth rate/yr | 1.60% | **STATE** | growth rate/yr | 0.20% |
| | '10 age distribution 65+ | 12% | | '10 age distribution 65+ | 14% |

http://www.cerc.org

Volume projections for NDI include factors related to aging of the population, movement of some of the patients from DDI to NDI, the expanded hours for existing NDI patients in the Newtown area who need scanning either on Saturday or weekday evening hours, potential future upgrade of a CT scanner at NDI, and a modest projected growth of 3% each year for the first three years of operation for NDI, consistent with other DHCA imaging locations,.

Page 12

2. **Please revise Table 2.a., "Historical, Current, and Projected Volume, by Equipment Unit", by addressing the following items:**

a. Provide actual utilization statistics for NDI's CT and MRI scanners for fiscal years ("FYs") 2008 through 2010. Annual NDI scan volumes for each scanner need to be provided for the three year period.
b. Revise each line of the scan volumes presented in the "CFY 2011" column, updating CT and MRI volumes for the most recently completed month. Identify the number of months represented in the "CFY 2011" column.
c. Expand the table to include all CT and MRI scanners operated by Danbury Hospital (on and off campus). Be sure to include historical, current year and projected scan volumes.
d. The "CT Subtotal" and "MRI subtotal" lines of the table reflect projected scan volume without the project for FYs 2012 through 2014 instead of projected scan volume with the project. Revise the "CT subtotal" and "MRI subtotal" lines of the table to include the projected scan volume with the project for FYs 2012 through 2014. Please note the total lines reflecting the projected scan volume for the same time period do not need revision as they appear to reconcile with the volume totals provided in the Applicant's Financial Attachment 1 (page 52).

Table 2a: Historical, Current, and Projected Volume, by Equipment Unit

| | Actual Volume (Last 3 Completed FYs) | | | CFY Volume* | Projected Volume (First 3 Full Operational FYs)** | | |
|---|---|---|---|---|---|---|---|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 9 Mths annualized | FY 2012 | FY 2013 | FY 2014 |
| Scanner*** | | | | | | | |
| DDI – CT | 5,153 | 5,694 | 5,732 | 5,708 | 5,683 | 5,854 | 6,029 |
| DDI – MRI | 3,532 | 3,663 | 3,629 | 3,544 | 3,493 | 3,598 | 3,706 |
| RDI – CT | 2,365 | 2,741 | 3,082 | 2,957 | 3,246 | 3,343 | 3,442 |
| RDI – MRI | 2,360 | 2,471 | 2,925 | 3,175 | 3,231 | 3,328 | 3,428 |
| DH/DMAC-CT***** | 7,089 | 10,281 | 9,157 | 7,732 | 3170 | 3265 | 3362 |
| DH/DMAC-MRI***** | 4,597 | 7,075 | 6,865 | 6,813 | 4866 | 5011 | 5161 |
| NDI – CT | 862 | 766 | 429 | 336 | 668 | 803 | 954 |
| NDI – MRI | 1139 | 1,077 | 845 | 690 | 934 | 1,058 | 1,205 |
| | | | | | | | |
| CT Subtotal | 15,469 | 19,482 | 18,400 | 16,733 | 17,406 | 17,887 | 18,391 |
| MRI Subtotal | 11,628 | 14,286 | 14,264 | 14,222 | 14,676 | 15,212 | 15,784 |
| | | | | | | | |
| Total | 27,097 | 33,768 | 32,664 | 30,995 | 32,082 | 33,100 | 34,175 |

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than six months, report actual volume and identify the period covered.
** If the first year of the proposal a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary.
*** Identify each scanner separately and add lines as necessary. Also break out inpatient/outpatient/ED volumes if applicable.
**** Fill in years. In a footnote, identify the period covered by the Applicant's FY (e.g. July 1-June 30, calendar year, etc.).
***** Note – As requested in 2.c we have included the OP CT and MRI volumes at DH. This does not include inpatient or ED patient volume. The financial information submitted in the Application does not reflect the inclusion of DH volume, as the applicant is DHCA.

3. Please reconcile NDI's CT and MRI scan volumes for FY 2010 in the revised Table 2.a. with CT and MRI scan volumes presented in Attachment F, page 29 of the CON application. If CT or MRI scan volumes differ between the two sources, please provide a detailed explanation as to why such a difference or differences exist.

Please see revised figures presented in Table 2.a. above for FY 2010 at NDI. Attachment L has also been included in this response which provides corrected volumes for errors reported in the NDI chart previously provided on Attachment F, page 29. These new figures reflect a correction in the date range used to generate the report.

| FY10 NDI Volume | | MRI | CT |
|---|---|---|---|
| Attachment F | | 845 | 429 |
| Revised Table 2.a. | | 845 | 429 |

4. **For all projected scan volumes by scanner presented in revised Table 2.a. (whether CT or MRI), provide an explanation in each case where there is an observed decrease in an individual scanner's volume from one fiscal year to the next fiscal year.**

The decline in CT volume figures for DDI, RDI and DH/DMAC between FY 2010 and YTD 2011 reflect a national trend experienced by hospitals and imaging centers. Overall historical decline in CT has been documented as being due to concerns raised about radiation exposure from CT procedures. As those concerns stabilize and methods for CT exposure reduction increase we feel CT scanning activity will grow, but at a slow rate.

Overall decline in NDI CT volumes were due to a medical leave of absence for a fulltime CT employee and the inability to fill the position with more than a part time employee for four months. Projected FY 2012 volume includes a slight decrease due to the transition.

Although MRI volume declined at DDI between 2009 and 2010, the decrease was only 34 MRI scans or approximately 1% of the volume. The MRI volume at DH/DMAC increased significantly between 2008 and 2009 (from 4,597 to 7,075) but declined to 6,865 scans in 2010 (a decline of approximately 5%). However, the 2010 volume at DH/DMAC is still a 2,268 scan increase from 2008. Collectively, DDI, RDI, DH/DMAC MRI volumes are growing with utilization shifting between the various sites.

NDI's MRI volumes decreased by approximately 5%, or 62 scans between 2008 and 2009. In 2010, 845 MRI scans were performed, which was a drop of 232 scans from the previous year. This decline in volume can be attributed to several factors - NDI stopped accepting a commercial payer for a six month period, resulting in fewer patients with this insurance. Additionally, from March 2010 to present, NDI has only employed one fulltime MRI technologist and consequently, when the technologist has been away there have been no MRI exams performed.

NDI has additional capacity available for both CT and MRI scanning, which can be utilized by patients who are currently using other facilities within the DHCA and DH/DMAC system.

Page 13

5. **The Applicant states that existing referrals to NDI are generated by local primary care physicians, pediatric physicians, medical subspecialists and surgical subspecialists. Please identify the towns from which the existing referrals originate.**

Existing physician referrals to the NDI location are from Newtown/Sandy Hook, Bethel, Brookfield, Monroe and Southbury. This is reflected in the patient origin data for individuals receiving CT and MRI services at NDI identified on Attachment D, page 23 of the CON application.

6. **Please describe the quality of the equipment the Applicant proposes to acquire and how the Applicant plans to incorporate this equipment into its existing imaging equipment usage.**

Both the existing CT scanner and MRI equipment being utilized at the NDI facility meet American College of Radiology standards for diagnostic quality. However, if this application is approved, DHCA has future plans to replace the CT unit with a 16-slice scanner to parallel the technology at its other OP facilities, and this would occur pending need and within an approved capital budget cycle. The MRI scanner and the CT

scanner will remain at the Newtown facility, and when the CT scanner is replaced the old one would be disposed of, with notification to OHCA.

As described in response to question #1 above, DHCA plans to incorporate the proposed equipment to help with patient flow across its imaging network. Additional capacity is needed based on use of our existing MRI and CT scanners operating near capacity. Utilizing existing equipment to fill this need will resolve access and capacity issues without having to request additional imaging equipment within its facilities. This will further assist to decompress our existing imaging centers and provide quicker access for the community seeking our services. With the ability to utilize two already established imaging modalities in an additional outpatient location within the service area, future requests by patients for imaging services will be able to be accommodated within appropriate time frames.

NDI volume projections begin with FY 2012 and reflect status quo volumes during the transition year, with a ramp-up that coincides with expanded weekday hours in year two (3 ½ hours per day M-F = 17.5 hours/week) and further expansion to Saturday hours (8 hours) in year 3. Increased accessibility for patients will result from changes in the NDI schedule to match the hours of operation at both the DDI and RDI facilities by the end of the third year.

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**7. Please answer question 5.g. of the CON application, which addresses how the proposal will affect the financial strength of the state's health care system**

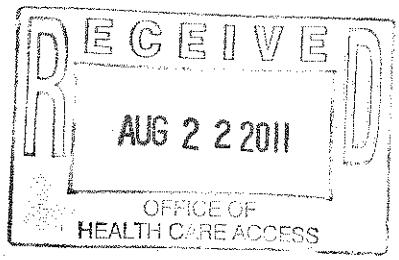
This proposal will not result in an unnecessary duplication of services as it is a continuation of a diagnostic imaging service to an existing patient base within the service area. It will strengthen the state's health care system because there will be no additional health care dollars being spent on building a new facility or outfitting an existing building as an imaging facility.

Moving an independent, physician operated imaging facility to one that is incorporated as part of a larger organization will help reduce overall costs through opportunities for shared staffing, group purchasing and other operational expenses. Therefore, there should be savings to operate NDI, which will contribute to the financial strength of Connecticut's health care system.

The focus of DHCA is to provide efficient and effective clinical care to our patients. Integration of imaging sites in the community settings will support standards of practice consistently applied, including oversight of uniformity of care and utilization standards supporting appropriate medical necessity of imaging.

Attachment L - Revised NDI ACTIVITY FOR FY 2010

| MODALITY | CPT | DESCRIPTION | COUNT |
|---|---|---|---|
| CT SCANS | 70460 | CT HEAD OR BRAIN WITH CONTRAST | 2 |
| CT SCANS | 70480 | CT ORBIT/SELLA/FOSSA EAR WITHOUT CONTRAST | 1 |
| CT SCANS | 70481 | CT ORBIT/SELLA/FOSSA EAR WITH CONTRAST | 2 |
| CT SCANS | 70486 | CT MAXILLOFACIAL WITHOUT CONTRAST | 12 |
| CT SCANS | 70490 | CT SOFT TISSUE NECK WITHOUT CONTRAST | 1 |
| CT SCANS | 70491 | CT SOFT TISSUE NECK WITH CONTRAST | 4 |
| CT SCANS | 70492 | CT SOFT TISSUE NECK WITH AND WITHOUT CONTRAST | 1 |
| CT SCANS | 71250 | CT THORAX WITHOUT CONTRAST | 126 |
| CT SCANS | 71260 | CT THORAX WITH CONTRAST | 46 |
| CT SCANS | 72128 | CT THORACIC SPINE WITHOUT CONTRAST | 1 |
| CT SCANS | 72131 | CT LUMBAR SPINE WITHOUT CONTRAST | 12 |
| CT SCANS | 72192 | CT PELVIS WITHOUT CONTRAST | 31 |
| CT SCANS | 72193 | CT PELVIS WITH CONTRAST | 66 |
| CT SCANS | 72194 | CT PELVIS WITH AND WITHOUT CONTRAST | 5 |
| CT SCANS | 73200 | CT UPPER EXTREMITY WITHOUT CONTRAST | 1 |
| CT SCANS | 73700 | CT LOWER EXTREMITY WITHOUT CONTRAST | 3 |
| CT SCANS | 74150 | CT ABDOMEN WITHOUT CONTRAST | 29 |
| CT SCANS | 74160 | CT ABDOMEN WITH CONTRAST | 71 |
| CT SCANS | 74170 | CT ABDOMEN WITH AND WITHOUT CONTRAST | 15 |
| MRI/MRA BODY | 71550 | MRI CHEST WITHOUT CONTRAST | 1 |
| MRI/MRA BODY | 72195 | MRI PELVIS WITHOUT CONTRAST | 2 |
| MRI/MRA BODY | 72197 | MRI PELVIS WITH AND WITHOUT CONTRAST | 14 |
| MRI/MRA BODY | 74181 | MRI ABDOMEN WITHOUT CONTRAST | 2 |
| MRI/MRA BODY | 74183 | MRI ABDOMEN WITH AND WITHOUT CONTRAST | 10 |
| MRI/MRA HEAD NEURO | 70543 | MRI ORBIT FACE NECK WITH AND WITHOUT CONTRAST | 4 |
| MRI/MRA HEAD NEURO | 70544 | MRA HEAD WITHOUT CONTRAST | 2 |
| MRI/MRA HEAD NEURO | 70546 | MRA HEAD WITH AND WITHOUT CONTRAST | 1 |
| MRI/MRA HEAD NEURO | 70551 | MRI BRAIN WITHOUT CONTRAST | 35 |
| MRI/MRA HEAD NEURO | 70553 | MRI BRAIN WITH AND WITHOUT CONTRAST | 61 |
| MRI/MRA HEAD NEURO | 72141 | MRI CERVICAL SPINE WITHOUT CONTRAST | 60 |
| MRI/MRA HEAD NEURO | 72146 | MRI THORACIC SPINE WITHOUT CONTRAST | 7 |
| MRI/MRA HEAD NEURO | 72148 | MRI LUMBAR SPINE WITHOUT CONTRAST | 122 |
| MRI/MRA HEAD NEURO | 72156 | MRI CERVICAL SPINE WITH AND WITHOUT CONTRAST | 4 |
| MRI/MRA HEAD NEURO | 72157 | MRI THORACIC SPINE WITH AND WITHOUT CONTRAST | 7 |
| MRI/MRA HEAD NEURO | 72158 | MRI LUMBAR SPINE WITH AND WITHOUT CONTRAST | 13 |
| MRI/MRA MUSCULOSKETETAL | 73218 | MRI UPPER EXT OTHER THAN JOINT W/O CONTRAST | 8 |
| MRI/MRA MUSCULOSKETETAL | 73221 | MRI JOINT UPPER EXTREMITY WITHOUT CONTRAST | 130 |
| MRI/MRA MUSCULOSKETETAL | 73223 | MRI JOINT UPPER EXTREM W & W/O CONTRAST | 1 |
| MRI/MRA MUSCULOSKETETAL | 73718 | MRI LOWER EXTREM NON-JOINT W/O CONTRAST | 27 |
| MRI/MRA MUSCULOSKETETAL | 73720 | MRI LOWER EXTREM NON-JOINT W & W/O CONTRAST | 9 |
| MRI/MRA MUSCULOSKETETAL | 73721 | MRI JOINT LOWER EXTREMITY WITHOUT CONTRAST | 323 |
| MRI/MRA MUSCULOSKETETAL | 73723 | MRI JOINT LOWER EXTREMITY W & W/O CONTRAST | 2 |




WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810
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WesternConnecticutHealthNetwork.org

August 19, 2011

The Honorable Jewel Mullen, M.D,
Commissioner
CT Office of Health Care Access
Department of Public Health
410 Capitol Avenue
MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

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Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

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- DHCA has plans to expand the hours that NDI is open to assist patients with scheduling which will improve access. The extended hours will be the addition of weekday hours by 3.5 hours per day beginning in Year 2, and expansion of Saturday hours to 8 hours a day in Year 3.

NDI current hours of operation area as follows:

| | MON | TUE | WED | THU | FRI | SAT |
|---|---|---|---|---|---|---|
| MRI | 8 AM – 4:30 PM Daily | | | | | |
| CT | 8 AM – 4:30 PM Daily | | | | | |

- The population in the service area is growing older, and population aging will lead to increased demand for healthcare services. The need will continue to grow for CT and MRI scans with more patients over the age of 65 requiring imaging. The following charts demonstrate the aging of the U.S. population over the last ten years.

| U.S. Population by Sex and Selected Age Groups , 2000–2010 | | | | |
|---|---|---|---|---|
| Age | 2000 | Percentage | 2010 | Percentage |
| 65 years & older | 34,991,753 | 12.4% | 40,267,984 | 13.0% |
| 62 years & older | 41,256,029 | 14.7% | 49,972,181 | 16.2% |

http://www.census.gov/prod/cen2010/briefs/c2010br-03.pdf

Over the next 5 years the population is projected to grow 1% per year in the towns in the DHCA service area, including Newtown, and the 5 towns adjacent to Newtown, in the next 5 years. This growth, combined with an aging population, will create additional demand for imaging.

| CT Population for Six Adjacent Towns to Proposed NDI Facility | | | | | |
|---|---|---|---|---|---|
| Town | | Total | Town | | Total |
| **Newtown** | 2010 | 26,331 | **Monroe** | 2010 | 19,646 |
| | 2015 | 26,680 | | 2015 | 19,341 |
| | growth rate/yr | 0.30% | | growth rate/yr | -0.30% |
| | '10 age distribution 65+ | 10% | | '10 age distribution 65+ | 12% |
| **Bethel** | 2010 | 18,380 | **Southbury** | 2010 | 19,838 |
| | 2015 | 18,02 | | 2015 | 19,676 |
| | growth rate/yr | 0.30% | | growth rate/yr | -0.20% |
| | '10 age distribution 65+ | 11% | | '10 age distribution 65+ | 25% |
| **Brookfield** | 2010 | 16,825 | | | |
| | 2015 | 19,328 | **Six Town Total** | 2010 | 178,768 |
| | growth rate/yr | 2.80% | | 2015 | 188,007 |
| | '10 age distribution 65+ | 12% | | growth rate/yr | 1.00% |
| **Danbury** | 2010 | 77,748 | | '10 age distribution 65+ | 13% |
| | 2015 | 84,280 | | | |
| | growth rate/yr | 1.60% | **STATE** | growth rate/yr | 0.20% |
| | '10 age distribution 65+ | 12% | | '10 age distribution 65+ | 14% |

http://www.cerc.org

Volume projections for NDI include factors related to aging of the population, movement of some of the patients from DDI to NDI, the expanded hours for existing NDI patients in the Newtown area who need scanning either on Saturday or weekday evening hours, potential future upgrade of a CT scanner at NDI, and a modest projected growth of 3% each year for the first three years of operation for NDI, consistent with other DHCA imaging locations,.

Page 12

2. **Please revise Table 2.a., "Historical, Current, and Projected Volume, by Equipment Unit", by addressing the following items:**

a. **Provide actual utilization statistics for NDI's CT and MRI scanners for fiscal years ("FYs") 2008 through 2010. Annual NDI scan volumes for each scanner need to be provided for the three year period.**
b. **Revise each line of the scan volumes presented in the "CFY 2011" column, updating CT and MRI volumes for the most recently completed month. Identify the number of months represented in the "CFY 2011" column.**
c. **Expand the table to include all CT and MRI scanners operated by Danbury Hospital (on and off campus). Be sure to include historical, current year and projected scan volumes.**
d. **The "CT Subtotal" and "MRI subtotal" lines of the table reflect projected scan volume without the project for FYs 2012 through 2014 instead of projected scan volume with the project. Revise the "CT subtotal" and "MRI subtotal" lines of the table to include the projected scan volume with the project for FYs 2012 through 2014. Please note the total lines reflecting the projected scan volume for the same time period do not need revision as they appear to reconcile with the volume totals provided in the Applicant's Financial Attachment 1 (page 52).**

**Table 2a: Historical, Current, and Projected Volume, by Equipment Unit**

| | Actual Volume (Last 3 Completed FYs) | | | CFY Volume* | Projected Volume (First 3 Full Operational FYs)** | | |
|---|---|---|---|---|---|---|---|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 9 Mths annualized | FY 2012 | FY 2013 | FY 2014 |
| Scanner*** | | | | | | | |
| DDI – CT | 5,153 | 5,694 | 5,732 | 5,708 | 5,683 | 5,854 | 6,029 |
| DDI – MRI | 3,532 | 3,663 | 3,629 | 3,544 | 3,493 | 3,598 | 3,706 |
| RDI – CT | 2,365 | 2,741 | 3,082 | 2,957 | 3,246 | 3,343 | 3,442 |
| RDI – MRI | 2,360 | 2,471 | 2,925 | 3,175 | 3,231 | 3,328 | 3,428 |
| **DH/DMAC-CT*****| 7,089 | 10,281 | 9,157 | 7,732 | 3170 | 3265 | 3362 |
| **DH/DMAC-MRI*****| 4,597 | 7,075 | 6,865 | 6,813 | 4866 | 5011 | 5161 |
| NDI – CT | 862 | 766 | 429 | 336 | 668 | 803 | 954 |
| NDI – MRI | 1139 | 1,077 | 845 | 690 | 934 | 1,058 | 1,205 |
| | | | | | | | |
| **CT Subtotal** | 15,469 | 19,482 | 18,400 | 16,733 | 17,406 | 17,887 | 18,391 |
| **MRI Subtotal** | 11,628 | 14,286 | 14,264 | 14,222 | 14,676 | 15,212 | 15,784 |
| | | | | | | | |
| **Total** | 27,097 | 33,768 | 32,664 | 30,995 | 32,082 | 33,100 | 34,175 |

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than six months, report actual volume and identify the period covered.
** If the first year of the proposal a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary.
*** Identify each scanner separately and add lines as necessary. Also break out inpatient/outpatient/ED volumes if applicable.
**** Fill in years. In a footnote, identify the period covered by the Applicant's FY (e.g. July 1-June 30, calendar year, etc.).
***** Note – As requested in 2.c we have included the OP CT and MRI volumes at DH. This does not include Inpatient or ED patient volume. The financial information submitted in the Application does not reflect the inclusion of DH volume, as the applicant is DHCA.

3. **Please reconcile NDI's CT and MRI scan volumes for FY 2010 in the revised Table 2.a. with CT and MRI scan volumes presented in Attachment F, page 29 of the CON application. If CT or MRI scan volumes differ between the two sources, please provide a detailed explanation as to why such a difference or differences exist.**

Please see revised figures presented in Table 2.a. above for FY 2010 at NDI. Attachment L has also been included in this response which provides corrected volumes for errors reported in the NDI chart previously provided on Attachment F, page 29. These new figures reflect a correction in the date range used to generate the report.

| FY10 NDI Volume | | MRI | CT |
|---|---|---|---|
| Attachment F | | 845 | 429 |
| Revised Table 2.a. | | 845 | 429 |

4. **For all projected scan volumes by scanner presented in revised Table 2.a. (whether CT or MRI), provide an explanation in each case where there is an observed decrease in an individual scanner's volume from one fiscal year to the next fiscal year.**

The decline in CT volume figures for DDI, RDI and DH/DMAC between FY 2010 and YTD 2011 reflect a national trend experienced by hospitals and imaging centers. Overall historical decline in CT has been documented as being due to concerns raised about radiation exposure from CT procedures. As those concerns stabilize and methods for CT exposure reduction increase we feel CT scanning activity will grow, but at a slow rate.

Overall decline in NDI CT volumes were due to a medical leave of absence for a fulltime CT employee and the inability to fill the position with more than a part time employee for four months. Projected FY 2012 volume includes a slight decrease due to the transition.

Although MRI volume declined at DDI between 2009 and 2010, the decrease was only 34 MRI scans or approximately 1% of the volume. The MRI volume at DH/DMAC increased significantly between 2008 and 2009 (from 4,597 to 7,075) but declined to 6,865 scans in 2010 (a decline of approximately 5%). However, the 2010 volume at DH/DMAC is still a 2,268 scan increase from 2008. Collectively, DDI, RDI, DH/DMAC MRI volumes are growing with utilization shifting between the various sites.

NDI's MRI volumes decreased by approximately 5%, or 62 scans between 2008 and 2009. In 2010, 845 MRI scans were performed, which was a drop of 232 scans from the previous year. This decline in volume can be attributed to several factors - NDI stopped accepting a commercial payer for a six month period, resulting in fewer patients with this insurance. Additionally, from March 2010 to present, NDI has only employed one fulltime MRI technologist and consequently, when the technologist has been away there have been no MRI exams performed.

NDI has additional capacity available for both CT and MRI scanning, which can be utilized by patients who are currently using other facilities within the DHCA and DH/DMAC system.

Page 13

5. **The Applicant states that existing referrals to NDI are generated by local primary care physicians, pediatric physicians, medical subspecialists and surgical subspecialists. Please identify the towns from which the existing referrals originate.**

Existing physician referrals to the NDI location are from Newtown/Sandy Hook, Bethel, Brookfield, Monroe and Southbury. This is reflected in the patient origin data for individuals receiving CT and MRI services at NDI identified on Attachment D, page 23 of the CON application.

6. **Please describe the quality of the equipment the Applicant proposes to acquire and how the Applicant plans to incorporate this equipment into its existing imaging equipment usage.**

Both the existing CT scanner and MRI equipment being utilized at the NDI facility meet American College of Radiology standards for diagnostic quality. However, if this application is approved, DHCA has future plans to replace the CT unit with a 16-slice scanner to parallel the technology at its other OP facilities, and this would occur pending need and within an approved capital budget cycle. The MRI scanner and the CT

scanner will remain at the Newtown facility, and when the CT scanner is replaced the old one would be disposed of, with notification to OHCA.

As described in response to question #1 above, DHCA plans to incorporate the proposed equipment to help with patient flow across its imaging network. Additional capacity is needed based on use of our existing MRI and CT scanners operating near capacity. Utilizing existing equipment to fill this need will resolve access and capacity issues without having to request additional imaging equipment within its facilities. This will further assist to decompress our existing imaging centers and provide quicker access for the community seeking our services. With the ability to utilize two already established imaging modalities in an additional outpatient location within the service area, future requests by patients for imaging services will be able to be accommodated within appropriate time frames.

NDI volume projections begin with FY 2012 and reflect status quo volumes during the transition year, with a ramp-up that coincides with expanded weekday hours in year two (3 ½ hours per day M-F = 17.5 hours/week) and further expansion to Saturday hours (8 hours) in year 3. Increased accessibility for patients will result from changes in the NDI schedule to match the hours of operation at both the DDI and RDI facilities by the end of the third year.

Page 15

**7. Please answer question 5.g. of the CON application, which addresses how the proposal will affect the financial strength of the state's health care system**

This proposal will not result in an unnecessary duplication of services as it is a continuation of a diagnostic imaging service to an existing patient base within the service area. It will strengthen the state's health care system because there will be no additional health care dollars being spent on building a new facility or outfitting an existing building as an imaging facility.

Moving an independent, physician operated imaging facility to one that is incorporated as part of a larger organization will help reduce overall costs through opportunities for shared staffing, group purchasing and other operational expenses. Therefore, there should be savings to operate NDI, which will contribute to the financial strength of Connecticut's health care system.

The focus of DHCA is to provide efficient and effective clinical care to our patients. Integration of imaging sites in the community settings will support standards of practice consistently applied, including oversight of uniformity of care and utilization standards supporting appropriate medical necessity of imaging.

Attachment L - Revised NDI ACTIVITY FOR FY 2010

| MODALITY | CPT | DESCRIPTION | COUNT |
|---|---|---|---|
| CT SCANS | 70460 | CT HEAD OR BRAIN WITH CONTRAST | 2 |
| CT SCANS | 70480 | CT ORBIT/SELLA/FOSSA EAR WITHOUT CONTRAST | 1 |
| CT SCANS | 70481 | CT ORBIT/SELLA/FOSSA EAR WITH CONTRAST | 2 |
| CT SCANS | 70486 | CT MAXILLOFACIAL WITHOUT CONTRAST | 12 |
| CT SCANS | 70490 | CT SOFT TISSUE NECK WITHOUT CONTRAST | 1 |
| CT SCANS | 70491 | CT SOFT TISSUE NECK WITH CONTRAST | 4 |
| CT SCANS | 70492 | CT SOFT TISSUE NECK WITH AND WITHOUT CONTRAST | 1 |
| CT SCANS | 71250 | CT THORAX WITHOUT CONTRAST | 126 |
| CT SCANS | 71260 | CT THORAX WITH CONTRAST | 46 |
| CT SCANS | 72128 | CT THORACIC SPINE WITHOUT CONTRAST | 1 |
| CT SCANS | 72131 | CT LUMBAR SPINE WITHOUT CONTRAST | 12 |
| CT SCANS | 72192 | CT PELVIS WITHOUT CONTRAST | 31 |
| CT SCANS | 72193 | CT PELVIS WITH CONTRAST | 66 |
| CT SCANS | 72194 | CT PELVIS WITH AND WITHOUT CONTRAST | 5 |
| CT SCANS | 73200 | CT UPPER EXTREMITY WITHOUT CONTRAST | 1 |
| CT SCANS | 73700 | CT LOWER EXTREMITY WITHOUT CONTRAST | 3 |
| CT SCANS | 74150 | CT ABDOMEN WITHOUT CONTRAST | 29 |
| CT SCANS | 74160 | CT ABDOMEN WITH CONTRAST | 71 |
| CT SCANS | 74170 | CT ABDOMEN WITH AND WITHOUT CONTRAST | 15 |
| MRI/MRA BODY | 71550 | MRI CHEST WITHOUT CONTRAST | 1 |
| MRI/MRA BODY | 72195 | MRI PELVIS WITHOUT CONTRAST | 2 |
| MRI/MRA BODY | 72197 | MRI PELVIS WITH AND WITHOUT CONTRAST | 14 |
| MRI/MRA BODY | 74181 | MRI ABDOMEN WITHOUT CONTRAST | 2 |
| MRI/MRA BODY | 74183 | MRI ABDOMEN WITH AND WITHOUT CONTRAST | 10 |
| MRI/MRA HEAD NEURO | 70543 | MRI ORBIT FACE NECK WITH AND WITHOUT CONTRAST | 4 |
| MRI/MRA HEAD NEURO | 70544 | MRA HEAD WITHOUT CONTRAST | 2 |
| MRI/MRA HEAD NEURO | 70546 | MRA HEAD WITH AND WITHOUT CONTRAST | 1 |
| MRI/MRA HEAD NEURO | 70551 | MRI BRAIN WITHOUT CONTRAST | 35 |
| MRI/MRA HEAD NEURO | 70553 | MRI BRAIN WITH AND WITHOUT CONTRAST | 61 |
| MRI/MRA HEAD NEURO | 72141 | MRI CERVICAL SPINE WITHOUT CONTRAST | 60 |
| MRI/MRA HEAD NEURO | 72146 | MRI THORACIC SPINE WITHOUT CONTRAST | 7 |
| MRI/MRA HEAD NEURO | 72148 | MRI LUMBAR SPINE WITHOUT CONTRAST | 122 |
| MRI/MRA HEAD NEURO | 72156 | MRI CERVICAL SPINE WITH AND WITHOUT CONTRAST | 4 |
| MRI/MRA HEAD NEURO | 72157 | MRI THORACIC SPINE WITH AND WITHOUT CONTRAST | 7 |
| MRI/MRA HEAD NEURO | 72158 | MRI LUMBAR SPINE WITH AND WITHOUT CONTRAST | 13 |
| MRI/MRA MUSCULOSKETETAL | 73218 | MRI UPPER EXT OTHER THAN JOINT W/O CONTRAST | 8 |
| MRI/MRA MUSCULOSKETETAL | 73221 | MRI JOINT UPPER EXTREMITY WITHOUT CONTRAST | 130 |
| MRI/MRA MUSCULOSKETETAL | 73223 | MRI JOINT UPPER EXTREM W & W/O CONTRAST | 1 |
| MRI/MRA MUSCULOSKETETAL | 73718 | MRI LOWER EXTREM NON-JOINT W/O CONTRAST | 27 |
| MRI/MRA MUSCULOSKETETAL | 73720 | MRI LOWER EXTREM NON-JOINT W & W/O CONTRAST | 9 |
| MRI/MRA MUSCULOSKETETAL | 73721 | MRI JOINT LOWER EXTREMITY WITHOUT CONTRAST | 323 |
| MRI/MRA MUSCULOSKETETAL | 73723 | MRI JOINT LOWER EXTREMITY W & W/O CONTRAST | 2 |

**Huber, Jack**

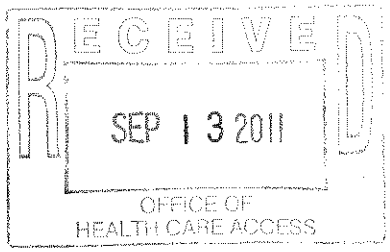
**From:** cehrlich15@gmail.com on behalf of Conrad Ehrlich <cpe15@aol.com>
**Sent:** Tuesday, September 13, 2011 1:06 PM
**To:** Huber, Jack
**Cc:** Lazarus, Steven
**Subject:** Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON
**Attachments:** NDI CON 11-31703.pdf

Jack,

Please find attached a pdf briefly commenting on the data presented in **Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON** from the perspective of a radiologist familiar with the region. I hope it arrives in time to be helpful to OHCA's analysis of the completeness questions.

Thank you,

Conrad Ehrlich
HVRA Danbury, CT



# Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON

## Clear Public Need: Explain why there is a clear public need for the proposed equipment. Provide evidence that demonstrates this need.

a. The Applicant states that with the addition of NDI to DHCA, area residents will have the "option of utilizing the Newtown facility". Area residents already have that option.

b. The Applicant states that the proposal: 1) will give Newtown area residents the "option" to gain access to more timely appointments and to the same quality program they would receive if they drove to DDI in Danbury or RDI in Ridgefield, 2) improve the uniformity of care, and 3) not add additional capacity to the service area.

Newtown area residents already have no trouble getting same day appointments at HVRA's nearby advanced imaging facility and other area facilities.

If referring physicians are not sending patients to NDI because they feel that NDI's equipment is of lower quality, despite its ACR accreditation, then nothing will change after the purchase unless the equipment is replaced. And if the equipment is replaced, then this becomes a very different proposal with negative financial and excess capacity ramifications.

There is already uniformity since the radiologists that currently own NDI, read its studies, and oversee its quality already do the same for Danbury Hospital, DDI and RDI and will continue to do so at NDI after it is sold. Physicians in the region are aware of this fact.

c. The growth projections are incorrectly averaged. A weighted average should be used based upon current usage from the towns served. (.3 (4309 +2598) + .3 (866) + 2.8 (408) + -.3 (170) + -.2 (845) + 1.6 (767)) /9963 = .4498 % growth

d. DH/DMAC CT and MRI volumes project a steep decline in 2012 and overall hospital system volumes in 2012 and 2013 are less than they were in 2009 and 2010.

e. Regarding the explanation given for the decline in NDI volume, it is standard operating procedure for all viable imaging facilities with enough demand to either employ enough technologists to cover each other, or to hire part-time or temporary technologists to fill in for the full-time technologists who may be absent for prolonged periods of time. There are many companies that provide temps.

## Provide the utilization of existing health care facilities and health care services in the Applicant's service area.

The applicant made no attempt to identify capacity of existing facilities in the service area. HVRA has sufficient capacity to decompress and absorb DHCA's patient volumes in a timely manner.

## Provide the following regarding the proposal's location: The rationale for locating the proposed equipment at the proposed site.

The Applicant states that NDI's site will "enhance convenience and access" to DHCA's current patient base. NDI has been an available at the same location since 2003 and DHCA and NDI share the same patient base. This will not change after the purchase.

In the 8/18/11 response to the completeness questions, the Applicant does for the first time make reference to the fact that "Volume projections for NDI include factors related to ... potential future upgrade of a CT scanner at NDI..." However, the Applicant does not show the required corresponding "potential" expenses in their financial projections, even though the resultant "potential" increased volumes and "potential" profits are included. If the volume projections and future income shown are based upon expensive equipment upgrades, then those additional expenses must also be shown in the financial projections for the analysis to be complete, accurate and meaningful.

## How and where the proposed population is currently being served.

Attachment D does not answer the question as to where the proposed population is currently being served. It simply lists the towns where NDI's current population comes from. It does not show which facilities the increased volume of patients in the proposal will come from, or to put it another way, which facilities the proposed population currently goes to for their services. HVRA currently serves many patients from Newtown.

Those patients from Newtown who have been or currently are being served by RDI and DDI cannot automatically be moved over to the NDI column because: 1) NDI's outdated equipment cannot produce the same types or quality of studies required, and 2) many patients travel out of Newtown to see physicians in Danbury who end up ordering emergency studies which logistically are best done in Danbury because the results will determine whether the patient must immediately return to the physician's office for treatment or be hospitalized.

## The effect of the proposal on existing providers.

For NDI's volumes to increase as quickly as indicated in the proposal, the patients will have to come from existing providers. Population growth and aging alone cannot generate those increases in volume.

## Explain why the proposal will not result in an unnecessary duplication of existing or approved health care services.

Continued operation of NDI perpetuates an unnecessary duplication of services because patients in Newtown already had ready access to nearby facilities in Danbury and Southbury. HVRA's Danbury facility can absorb NDI's volumes and decompress any backlogs at DHCA facilities at a cost savings to the health care system.

## Actual and Projected Volume:

If there were additional cases to be had, NDI would have extended its hours already.

The projected number of 5,025 x-rays in 2012 seems unrealistically high since the much busier RDI site performed only 3,387 in 2010. It would be necessary to know how many x-rays NDI currently performs to make any sense of such an unusually high projected number, especially since the majority of the projected income will be derived from that number (5,025/7,708 = 65%, 5,025 x $407 = $2,045,175. $2,045,175/$3,133,387 = 65%). The same holds true for ultrasound since the projected combined x-ray and ultrasound volume of 6,106 units times $407 per unit is almost 80% of the projected income. And it is that income, not just that from MRI and CT, that determines the financial viability of the MRI and CT projects and the entire business.

## Financial Attachments:

The projections do not take into account the additional expenses contemplated by the Applicant, which are required to bring the equipment up to the standard of the community.

In 2009, HVRA provided $66,781 of free care to Newtown residents through Kevin's Community Center, which is located in the same building as NDI. DHCA has only projected $7,939 worth of free care, which is a gross underestimation of the amount they can expect. The financials should reflect the greater number.

Multiplying the total number of procedures (units) times an average reimbursement of all modalities, which for 2012 is stated as $407, typically results in an incorrect calculation of revenue. The more accurate way is to multiply the number of cases of a specific modality (MRI, CT, Ultrasound, X-ray) times the average reimbursement for that modality. Analysis by CPT code reimbursement is even more accurate.

The inaccuracy of the projections becomes magnified in future years when increases in lower reimbursed x-rays and ultrasound are treated the same as higher reimbursed MRI's and CT's. This overestimates future revenue. For example, from 2012 to 2014, DHCA projects an increase of 1,334 low priced exams (1177 x-rays, 157 ultrasounds) but only an increase of 557 high priced exams (271 MRIs, 286 CTs). By multiplying both types of exams by the same average reimbursement, the significantly greater number of low priced exams improperly inflates the revenue.

WESTERN CONNECTICUT
HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

September 12, 2011

Office of Health Care Access
410 Capitol Avenue, MS#13HCA
PO Box 340308
Hartford, CT 06134

Attn: Kimberly Martone,
Director of Operations

Re: Name Change

Dear Ms. Martone:

We are writing to inform you that as of September 23, 2011, Danbury Health Care Affiliates, Inc. will formally change its name to **Western Connecticut Health Network Affiliates, Inc.**

There will not be any change in ownership and no other changes to the organizational structure, programs or services are being made. Attached for your reference is our current organizational chart followed by an updated organizational chart to reflect the new name.

If you should have any questions regarding this name change, please contact me at (203)739-4903. In the meantime, if we do not receive a response from you, we will assume that your agency does not consider any additional notifications or filings to be necessary.

Thank you for your attention to this matter.

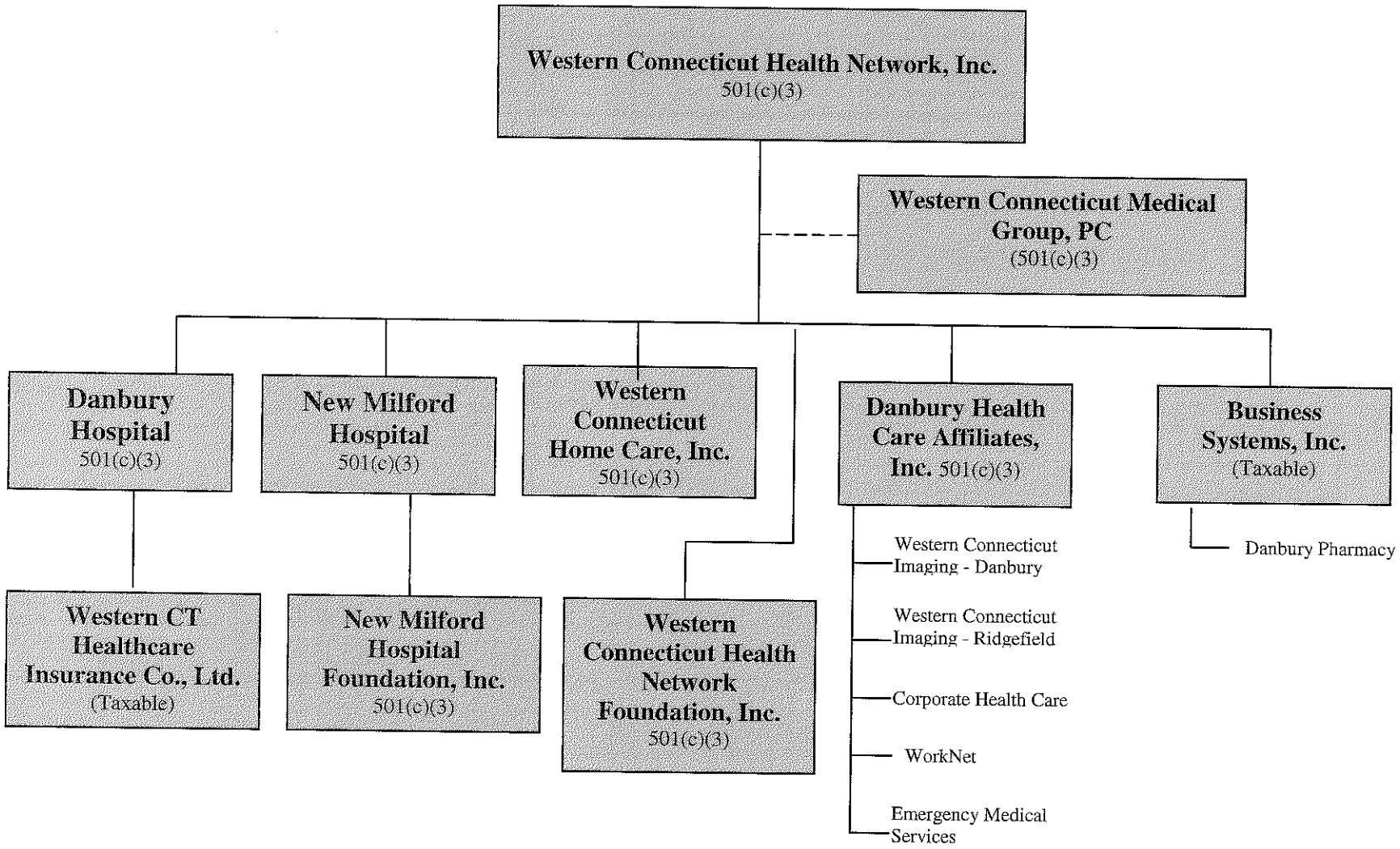
Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

*Attachments*

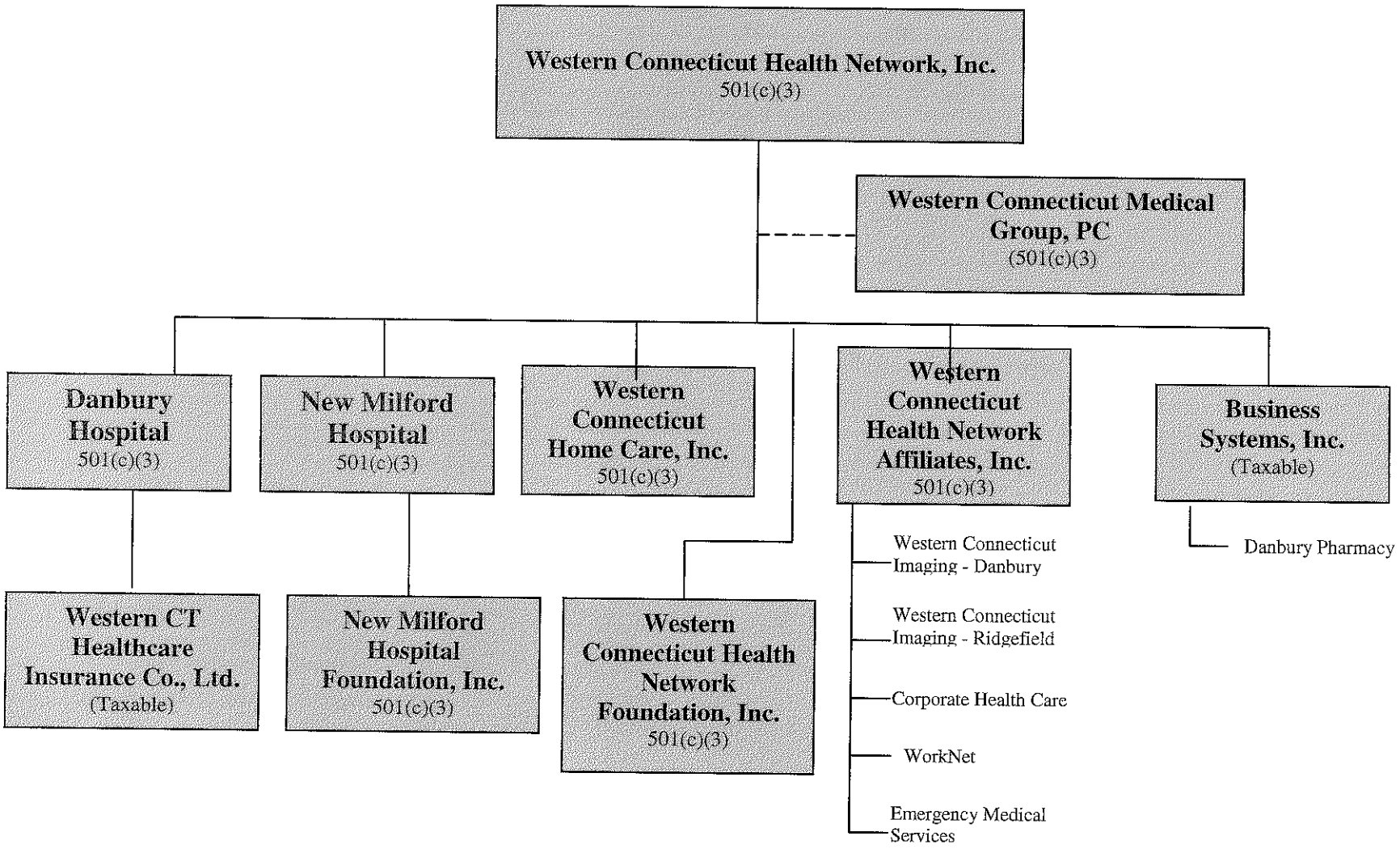
# *Western Connecticut Health Network, Inc.*
# *Family of Organizations*




WCHN Org.Chart.9.2011

**NO LONGER VALID AFTER 9/23/2011**

# *Western Connecticut Health Network, Inc.*
# *Family of Organizations as of September 23, 2011*



WESTERN CONNECTICUT
HEALTH NETWORK
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24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

September 12, 2011

Office of Health Care Access
410 Capitol Avenue, MS#13HCA
PO Box 340308
Hartford, CT 06134

Attn: Kimberly Martone,
Director of Operations

Re: Name Change

Dear Ms. Martone:

We are writing to inform you that as of September 15, 2011, the following entities within our health network will be changing their name:

1. OLD NAME: Western Connecticut Healthcare, Inc.
   **NEW NAME: Western Connecticut Health Network, Inc.**

2. OLD NAME: Danbury Office of Physician Services, P.C
   **NEW NAME: Western Connecticut Medical Group, P.C.**

3. OLD NAME: Danbury Hospital Development Fund, Inc.
   **NEW NAME: Western Connecticut Health Network Foundation, Inc.**

4. OLD NAME: Danbury Visiting Nurse Association, Inc.
   **NEW NAME: Western Connecticut Home Care, Inc.**

There will not be any change in ownership and no other changes to the organizational structure, programs or services are being made. Attached for your reference is a current organizational chart of our organization followed by an updated organizational chart to reflect the new names.

If you should have any questions regarding this name change, please contact me at (203)739-4903. In the meantime, if we do not receive a response from you, we will assume that your agency does not consider any additional notifications or filings to be necessary.

Thank you for your attention to this matter.

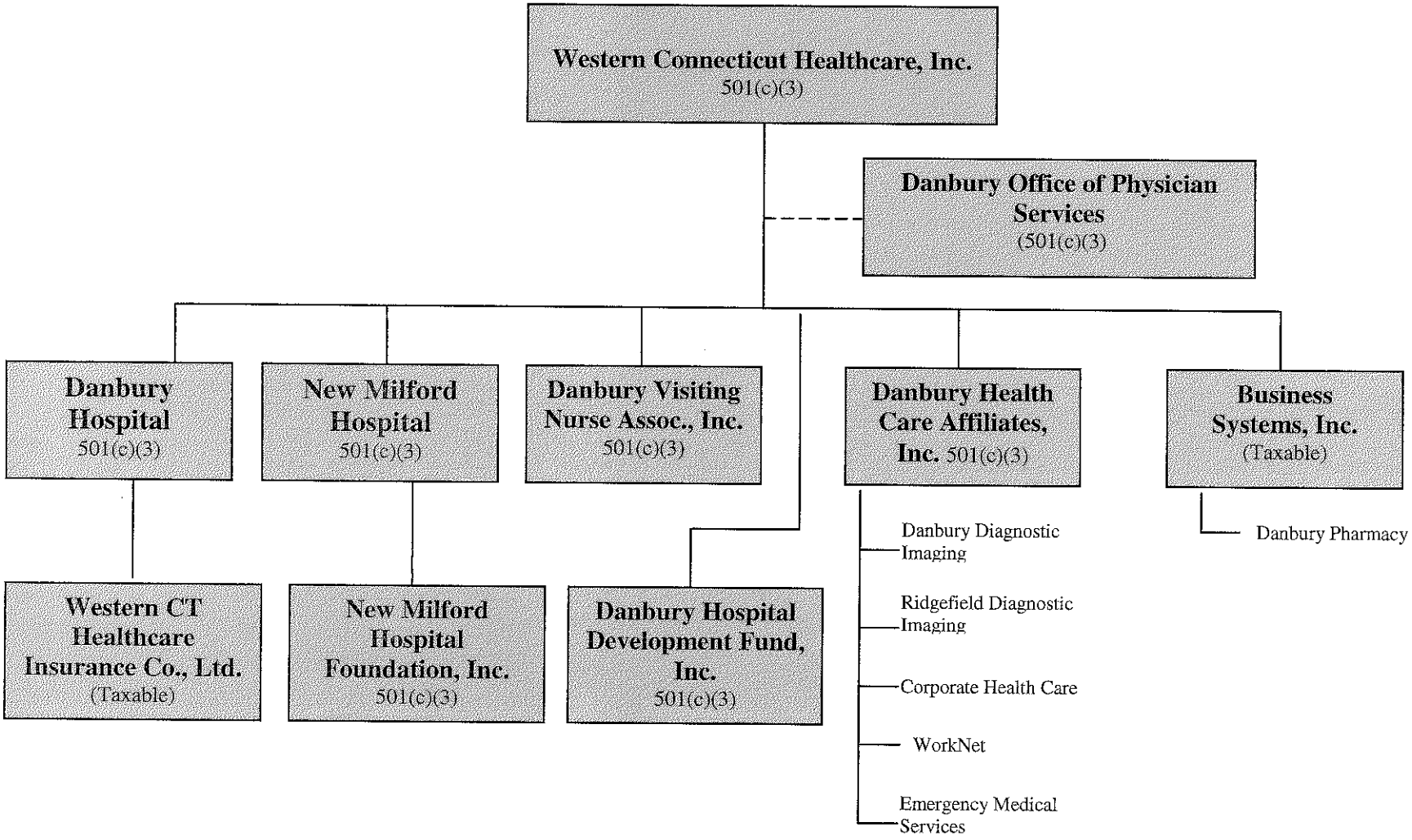
Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

***Attachments***

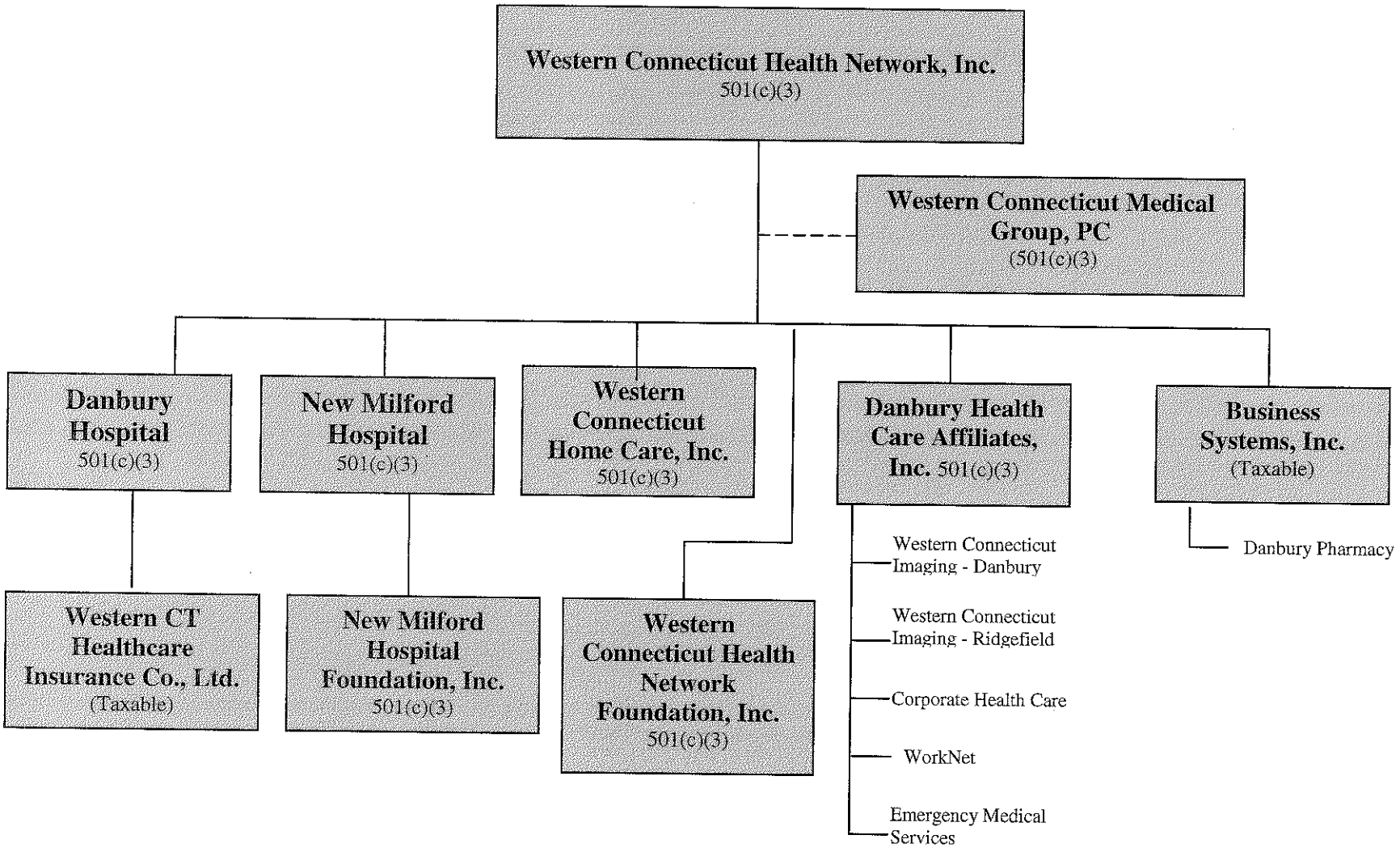
# *Western Connecticut Healthcare, Inc.*
# *Family of Organizations*






**NO LONGER VALID AFTER 9/15/2011**

# *Western Connecticut Health Network, Inc.*
# *Family of Organizations as of September 15, 2011*



# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

September 16, 2011 Via Fax and Regular Mail

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network Affiliates, Inc.
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition of Equipment from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.

Dear Ms. Herlihy:

This letter is to inform you that, pursuant to Section 19a-639a(d) of the Connecticut General Statutes, the Office of Health Care Access has determined that the above-referenced application has been deemed complete as of September 15, 2011. The date of September 15, 2011, also begins the ninety-day review period of the application.

If you have any questions regarding this matter, please feel free to contact Steven Lazarus at (860) 418-7012 or me at (860) 418-7069.

Sincerely,

Jack A. Huber

Jack A. Huber
Health Care Analyst

**********
*** TX REPORT ***
**********

TRANSMISSION OK

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|---|---|
| TX/RX NO | 2582 |
| RECIPIENT ADDRESS | 912037391974 |
| DESTINATION ID | |
| ST. TIME | 09/16 12:53 |
| TIME USE | 00'43 |
| PAGES SENT | 2 |
| RESULT | OK |

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

***FAX SHEET***

**TO:** SALLY F. HERLIHY

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

**FROM:** JACK HUBER

**DATE:** 9/16/2011 **Time:** ~ 12:50 pm

**NUMBER OF PAGES:** 2
*(including transmittal sheet)*

**Comments:**

**Transmitted:**

Notification Letter Deeming the Following CON Application Complete

Proposal to Acquire Imaging Equipment from Newtown Diagnostic Imaging for Western Connecticut Health Network Affiliates, Inc.

Docket Number: 11-31703-CON

# STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

October 4, 2011

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network Affiliates, Inc.
24 Hospital Avenue
Danbury, CT 06810

Re: Certificate of Need Application; Docket Number: 11-31703-CON
Western Connecticut Health Affiliates, Inc.
Acquisition of a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Notice of Public Hearing

Dear Ms. Herlihy:

With the receipt of the completed Certificate of Need ("CON") application information submitted by Western Connecticut Health Affiliates, Inc. ("Applicant") on September 15, 2011, the Office of Health Care Access ("OHCA") has initiated its review of the CON application identified above.

Pursuant to General Statutes § 19a-638a (f), OHCA may hold a hearing with respect to any Certificate of Need application.

This hearing notice is being issued pursuant to General Statutes § 19a-639a (f)

Applicant: Western Connecticut Health Network Affiliates, Inc.

Docket Number: 11-31703-CON

Proposal: Acquisition of a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.

Notice is hereby given of a public hearing to be held in this matter to commence on:

Date: October 25, 2011

Time: 9:00 a.m.

Place: Office of Health Care Access, Third Floor Hearing Room,
410 Capitol Avenue, Hartford, Connecticut

The Applicant is designated as party in this proceeding. Enclosed for your information is a copy of the hearing notice for the public hearing that will be published in *The News Times* pursuant to General Statutes § 19a-639a (f).

Sincerely,

Kimberly R. Martone
Director of Operations

Enclosure

cc: Henry Salton, Esq., Office of the Attorney General
Wendy Furniss, Department of Public Health
Marielle Daniels, Connecticut Hospital Association

KRM:MAD:jah

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

October 4, 2011 Requisition # 36253

The News Times
333 Main Street
Danbury, CT 06810

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 **Friday, October 7, 2011.** 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 Jack Huber or Steven Lazarus at (860) 418-7001.

KINDLY RENDER BILL IN DUPLICATE ATTACHED TO THE TEAR SHEET.

Sincerely,

Kimberly R. Martone
Director of Operations

Attachment

cc: Danielle Pare, DPH
Marielle Daniels, Connecticut Hospital Association

KRM:MAD:jah

**Western Connecticut Health Network Affiliates, Inc.** **October 4, 2011**
**Notice of Public Hearing; Docket Number: 11-31703-CON**

**PLEASE INSERT THE FOLLOWING:**

Office of Health Care Access Public Hearing

| | |
|---|---|
| Statute Reference: | 19a-638(a)(9) as amended by P.A. 11-183 |
| Applicant: | Western Connecticut Health Network Affiliates, Inc. |
| Town: | Newtown |
| Docket Number: | 11-31703-CON |
| Proposal: | Acquisition of a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc. |
| Date: | October 25, 2011 |
| Time: | 9:00 a.m. |
| Place: | Office of Health Care Access, Third Floor Hearing Room, 410 Capitol Avenue, Hartford, Connecticut |

Any person who wishes to request status in the above listed public hearing may file a written petition no later than October 20, 2011 (5 calendar days before the date of the hearing) pursuant to the Regulations of Connecticut State Agencies §§ 19a-9-26 and 19a-9-27. If the request for status is granted, such person shall be designated as a Party, an Intervenor or an Informal Participant in the above proceeding. Please check OHCA's website at **www.ct.gov/ohca** for more information or call OHCA directly at (860) 418-7001.

**********
*** TX REPORT ***
**********

TRANSMISSION OK

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| TX/RX NO | 2609 |
| RECIPIENT ADDRESS | 912037391974 |
| DESTINATION ID | |
| ST. TIME | 10/04 17:31 |
| TIME USE | 01'26 |
| PAGES SENT | 5 |
| RESULT | OK |

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
***OFFICE OF HEALTH CARE ACCESS***

***FAX SHEET***

**TO:** SALLY HERLIHY

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

**FROM:** JACK HUBER

**DATE:** 10/4/11 **TIME:**

**NUMBER OF PAGES:** 5
*(including transmittal sheet*

**Comments:** DN: 11-31703-CON Hearing Notice

***PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.***

## Greer, Leslie

**From:** Laurie Miller <laurie@graystoneadv.com>
**Sent:** Thursday, October 06, 2011 3:02 PM
**To:** Greer, Leslie
**Subject:** FW: Hearing Notice 11-31703-CON
**Attachments:** 11-31703np News Times.doc

Your legal notice is all set to run as follows:

Danbury News, 10/7 issue - $328.79

Thanks,
Laurie Miller

Graystone Group Advertising
2710 North Ave., Ste 200, Bridgeport, CT 06604
Ph: 203-549-0060, Fax: 203-549-0061,Toll free: 800-544-0005
email: laurie@graystoneadv.com
www.graystoneadv.com

------ Forwarded Message
**From:** "Greer, Leslie" <Leslie.Greer@ct.gov>
**Date:** Tue, 4 Oct 2011 14:42:08 -0400
**To:** ads <ads@graystoneadv.com>
**Subject:** Hearing Notice 11-31703-CON

To Whom It May Concern,
Please run the attached hearing notice in The News Times by October 7, 2011. For billing refer to requisition 36253, if you have any questions feel free to call.

Thank you,

*Leslie M. Greer*
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
Hartford, CT 06134
Phone: (860) 418-7013
Fax: (860) 418-7053
*Website: www.ct.gov/ohca <http://www.ct.gov/ohca>*
Please consider the environment before printing this message

------ End of Forwarded Message

------ End of Forwarded Message

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

October 13, 2011 VIA FAX AND EMAIL ONLY

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Proposal to Acquire a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Request for Prefile Testimony

Dear Ms. Herlihy:

The Office of Health Care Access ("OHCA") will hold a public hearing on Tuesday, October 25, 2011, at 9:00 a.m. in OHCA's third floor hearing room, 410 Capitol Avenue, Hartford, regarding the Certificate of Need ("CON") application identified above. Pursuant to the Regulations of Connecticut State Agencies § 19a-9-29 (e), any party or other participant is required to prefile in written form all substantive, technical, or expert testimony that it proposes to offer at the hearing. The Applicant's prefile testimony must be submitted to OHCA no later than 2:30 p.m. on Wednesday, October 19, 2011.

All persons providing prefiled testimony must be present at the public hearing to adopt their written testimony under oath and must be available for cross-examination for the entire duration of the hearing. If you are unable to meet the specified time for filing the prefiled testimony you must request a time extension in writing, detailing the reasons for not being able to meet the specified deadline.

Please contact Jack A. Huber at (860) 418-7069 or Steven Lazarus at (860) 418-7012, if you have any questions concerning this request.

Sincerely,

Melanie A. Dillon
Hearing Officer

**********
*** TX REPORT ***
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TRANSMISSION OK

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| TX/RX NO | 2627 |
| RECIPIENT ADDRESS | 912037391974 |
| DESTINATION ID | |
| ST. TIME | 10/13 15:32 |
| TIME USE | 00'48 |
| PAGES SENT | 2 |
| RESULT | OK |

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

***FAX SHEET***

**TO:** SALLY F. HERLIHY

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

**FROM:** JACK HUBER

**DATE:** 10/13/2011 **Time:** ~ 3:30 pm

**NUMBER OF PAGES:** 2
*(including transmittal sheet)*

**Comments:** **Transmitted:**

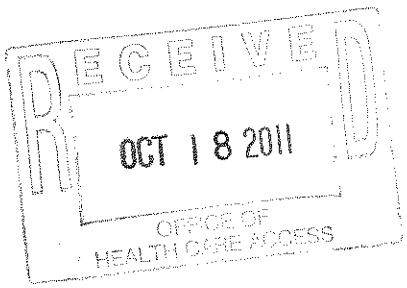
Letter Requesting Prefile Testimony Concerning:

Western Connecticut Health Network Affiliates, Inc.'s Proposal to Acquire Imaging Equipment from Newtown Diagnostic Imaging

Docket Number: 11-31703-CON

WESTERN CONNECTICUT HEALTH NETWORK

DANBURY HOSPITAL




24 Hospital Ave
Danbury, CT 06810
203.739.7000
DanburyHosptial.org

From: Sally Herlihy
Vice President, Planning

To: Melanie Dillon, Hearing Officer

Fax: 860-418-7053 No. of Pages: 2

Phone: 860-418-7001 Date: October 18, 2011

RE: Docket Number: 11-31703-CON CC:

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

# Fax

Per attached letter we are formally requesting a one day extension for filing pre-file testimony.
Thank you.

WESTERN CONNECTICUT
HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

October 18, 2011

Melanie A. Dillon
Hearing Officer
CT Office of Health Care Access
Department of Public Health
410 Capitol Avenue
MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Docket Number: 11-31703-CON
**Acquisition of Equipment from Newtown Diagnostic Imaging, L.L.C. by Western Connecticut Health Network Affiliates, Inc.**

Dear Hearing Officer Dillon:

We received correspondence from your office regarding the filing of Prefile Testimony for Docket Number: 11-31703-CON on the afternoon of October 13, 2011. Due to being out of the office for the past several days I would like to formally request a one-day extension for providing the response (from 2:30 PM on Wednesday, October 19, 2011 to 2:30 PM on Thursday, October 20, 2011).

If you have any questions, I can be reached directly at 203-739-4903 or sally.herlihy@wcthealthnetwork.org.

Thank you in advance for your understanding.

Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

Sent via facsimile: (860) 418-7053

# STATE OF CONNECTICUT

**DEPARTMENT OF PUBLIC HEALTH**

OFFICE OF COMMISSIONER



TO: Melanie Dillon, Staff Attorney

FROM: Jewel Mullen, M.D., M.P.H., M.P.A., Commissioner

DATE: October 17, 2011

RE: *Western Connecticut Health Network Affiliates, Inc. – Acquisition of a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC CON #11-31703*

---

I hereby designate you to sit as a hearing officer in the above-captioned matter to rule on all motions and recommend findings of fact and conclusions of law upon completion of the hearing.

PHONE: (860) 509-7101 FAX: (860) 509-7111
410 CAPITOL AVENUE - MS#13COM, P.O. BOX 340308, HARTFORD, CONNECTICUT 06134-0308

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

October 19, 2011 VIA FAX ONLY

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Proposal to Acquire a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Letter Granting WCHNA's Request for an Extension of Time to Submit its Prefile Testimony for the March 25, 2011, Public Hearing

Dear Ms. Herlihy:

The Office of Health Care Access ("OHCA") is in receipt of the Western Connecticut Health Network Affiliates, Inc.'s (" WCHNA's") letter, dated October 18, 2011, requesting a one day extension of time for the submission of its prefile testimony concerning the Certificate of Need application identified above. I have reviewed you request. I am granting a one day extension of time for WCHNA to submit its prefile testimony from Wednesday, October 19, 2011, to Thursday, October 20, 2011, in regard to the pubic hearing scheduled for Tuesday, October 25, 2011. Consequently, the Applicant's prefile testimony must be submitted to OHCA no later than 2:30 pm on Thursday, October 20, 2011.

Please contact Jack A. Huber at (860) 418-7069 or Steven Lazarus at (860) 418-7012, if you have any questions concerning this letter.

Sincerely,

Melanie A. Dillon
Hearing Officer

**********
*** TX REPORT ***
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TRANSMISSION OK

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| TX/RX NO | 2632 |
| RECIPIENT ADDRESS | 92037391974 |
| DESTINATION ID | |
| ST. TIME | 10/19 14:03 |
| TIME USE | 00'54 |
| PAGES SENT | 3 |
| RESULT | OK |

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

***FAX SHEET***

**TO:** SALLY F. HERLIHY

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

**FROM:** JACK HUBER

**DATE:** 10/19/2011 **Time:** ~2:00 pm

**NUMBER OF PAGES:** 2
*(including transmittal sheet)*

**Comments:**

**Transmitted:**

Letter Responding to the Applicant's Request for an Extension of Time to Submit its Prefile Testimony Concerning:

Western Connecticut Health Network Affiliates, Inc.'s Proposal to Acquire Imaging Equipment from Newtown Diagnostic Imaging

Docket Number: 11-31703-CON

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL



24 Hospital Ave
Danbury, CT 06810
203.739.7000
DanburyHosptial.org

From: Sally Herlihy
Vice President, Planning

To: Melanie Dillon, Hearing Officer

Fax: 860-418-7053 No. of Pages: 14 (including cover sheet)

Phone: 860-418-7001 Date: October 20, 2011

RE: Docket Number: 11-31703-CON CC:

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle



# Fax

Please find attached the Pre-file Testimony for Docket No. 11-31703-CON

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810
203.739.7000
WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org



October 20, 2011

Melanie A. Dillon, Esq.
Hearing Officer
Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Certificate of Need Application: Docket Number: 11-31703-CON
Proposal to Acquire a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Prefile Testimony for Hearing on October 25, 2011

Dear Hearing Officer Dillon,

Attached please find the Prefile Testimony being submitted on behalf of the Applicant, Western Connecticut Health Network Affiliates, Inc. I will be at the hearing to adopt the testimony and answer any questions that OHCA may have.

Also appearing with me will be Michael Daglio, ToniAnn Marchione, Jeet Sandhu, MD and Jennifer Zupcoe. They will assist with any specific information that may be needed, and will be available for questioning by the OHCA staff if necessary.

Please let me know if there is anything else you need prior to the hearing. And thank you, in advance, for the time you are taking with this application.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc: Jack Huber, OHCA Analyst

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

Docket No.: 11-31703-CON
Acquisition of Newtown Diagnostic
Imaging, LLC Imaging Equipment

October 20, 2011

Prefile Testimony of Sally Herlihy

Good morning Hearing Officer Dillon and OHCA staff. My name is Sally Herlihy, Vice President of Planning for Western Connecticut Health Network. I am here this morning in response to your letter dated October 13, 2011 that requested prefile testimony for the public hearing scheduled today regarding the acquisition of imaging equipment from Newtown Diagnostic Imaging. I hereby adopt the prefile testimony that has been submitted to you.

I would like to begin with a brief overview of the entities involved in this request for a certificate of need to purchase the CT and MRI scanners from the Newtown Diagnostic Imaging ("NDI") facility in Newtown, Connecticut. Some of the names of the entities have changed since the initial CON application was filed. Then I would like to summarize support for this CON request.

Since the initial CON application was filed, the Applicant, Danbury Health Care Affiliates ("DHCA") formally had a name change to Western Connecticut Health Network Affiliates ("WCHNA") on September 15, 2011. WCHNA is an affiliate of Western Connecticut Health Network, Inc. ("WCHN") the parent corporation which operates, *inter alia*, Danbury Hospital, Danbury Hospital's outpatient facility (Danbury Medical Arts Center or "DMAC"), New Milford Hospital and two diagnostic imaging facilities. With the name change, Danbury Diagnostic Imaging ("DDI") and Ridgefield Diagnostic Imaging ("RDI") were also renamed to Western Connecticut Imaging - Danbury and Western Connecticut Imaging - Ridgefield. For the purposes of consistency with this application they will continue to be referred as "DDI" and "RDI" in my remarks. The names were changed to be consistent with the name of the parent corporation. Attachment A contains the letter of notice to OHCA regarding the new names and a copy of the corporate organizational chart before and after the changes.

Background

Western Connecticut Health Network ("WCHN") currently offers imaging services at five locations, including the two imaging locations on campus at Danbury

Hospital ("DH"), New Milford Hospital ("NMH"), and the two outpatient imaging facilities, DDI and RDI. DDI and RDI are operated within a separate 501(c)(3) corporation known as Western Connecticut Health Network Affiliates, Inc. [1] WCHNA is the applicant for this CON. WCHNA operates healthcare programs which compliment the Hospital's services, but which are more appropriately provided by other than an acute care hospital. However, the network that binds them together provides stability, accessibility, excellent service and the ability to respond to patient health care needs across the service area. The resources of the entire system are available as necessary for each part of the system.

Newtown Diagnostic Imaging (NDI) is an independent provider, privately owned and operated by a group of radiologists who are interested in selling the facility with its equipment to WCHN.[2] This CON application supports a strategic goal to maximize the delivery system through maintenance of appropriate facilities and technology distribution throughout the WCHN sites of care. This includes a comprehensive ambulatory network of care anchored by our primary care physician practices with locations, facilities and hours that are accessible and designed to meet the needs of the communities we serve.

I. Integration of the Proposed Equipment into WCHN's System.

The integration of the equipment presently owned by the physicians who own NDI would also mean the integration of that facility's location in Newtown into the WCHN system as part of WCHNA. A map of the primary service area for this application illustrates where the 5 existing imaging services are provided as well as the proposed Newtown location. *See* Attachment B.

Acquiring and operating imaging equipment (1 CT and 1 MRI) from an existing provider in the market allows for services to remain unaffected in terms of location. The transition will be seamless because there will be no change in the imaging services offered, equipment, location, payer mix, service area or target population as a result of the acquisition of the imaging equipment at NDI. Through its centralized scheduling capabilities and with the addition of this location, WCHN will be able to offer its patients greater access and choice as to where and when they can receive their imaging study throughout its imaging system, without adding any additional imaging capacity to the service area.

II. How the Scanning Volumes (Actual and Projected) for NDI, WCHN's System and Other Providers Will Support the Need for the Proposed Acquisition.

The scanning volumes for NDI, RDI, DDI, DH/DMAC and NMH are set forth in Attachment C. The volumes within each of these facilities vary according to the specific

[1] This group of two entities was formerly known as Danbury Health Care Affiliates, Inc. ("DHCA").

[2] A CON Determination Letter was issued by OHCA on February 10, 2011 indicating that a CON would be required for the acquisition of the imaging equipment, but not for the purchase of NDI. *See* CON Determination Report No. 11-31683-DTR.

equipment on site, staffing of the facility and the hours of operation. Overall, the system is reaching maximum capacity for both CT scanning and MRI scans on its existing equipment. Projections for the future show steady growth due to the aging of the population and the increased need for imaging studies. (Completeness Answers, 8/19/11, p. 58). While the system is currently experiencing declining volumes based on some of the specific situations listed below, these declines are expected to be temporary because of the reasons involved:

- The decline in CT volume figures for DDI, RDI and DH/DMAC and NMH between FY 2010 and YTD 2011 reflect a national trend experienced by hospitals and imaging centers. Overall historical decline in CT has been documented as being due to concerns raised about radiation exposure from CT procedures. As those concerns stabilize and methods for CT exposure reduction increase, we feel CT scanning activity will grow, but at a slow rate.

- Overall decline in NDI CT volumes were due to a medical leave of absence for a fulltime CT employee and the inability to fill the position with more than a part time employee for four months. Projected FY 2012 volume includes a slight decrease due to the transition.

- Although MRI volume declined at DDI between 2009 and 2010, the decrease was approximately 1% of the volume. The MRI volume at DH/DMAC increased significantly between 2008 and 2009 (54%) but declined approximately 5% in 2010. However, the 2010 volume at DH/DMAC is still a 32% increase from 2008. Collectively, DDI, RDI, DH/DMAC and NMH MRI volumes are growing with utilization shifting across the various sites.

- NDI's MRI volumes decreased by approximately 5% between 2008 and 2009. In 2010, 845 MRI scans were performed, which was a drop of 232 scans from the previous year. This decline in volume can be attributed to several factors - NDI stopped accepting a commercial payer for a six month period, resulting in fewer patients with this insurance. Additionally, from March 2010 to present, NDI has only employed one fulltime MRI technologist and consequently, when the technologist has been away there have been no MRI exams performed.

WCHNA believes that with corrections to the above issues growth will continue and the most prudent course of action to maintain appropriate capacity to provide access to imaging services to the patients in the WCHN system is to purchase already existing equipment in the primary service area.

- With the addition of NDI to WCHNA, residents of the towns utilizing DDI and RDI will have the option of utilizing the Newtown facility, knowing that they will receive the same quality program as they would receive if they drove to the DDI and RDI facilities. Current utilization of the imaging offered at DDI and RDI locations is based on physician referral and includes residents

from the towns of Newtown, Sandy Hook, Southbury, Brookfield, and Bethel (*See* CON App., Attachment C, Zip Code Analysis, pp. 21-22).

- Currently, DDI and RDI are operating at full capacity and beyond. Both facilities perform MRI and CT scans during the following hours:

| | SUN | MON | TUE | WED | THU | FRI | SAT |
|---|---|---|---|---|---|---|---|
| MRI - DDI, RDI | | 7:30 AM – 6 PM | 7:30 AM – 8 PM | 7:30 AM – 8 PM | 7:30 AM – 8 PM | 7:30 AM – 8 PM | 7:30 AM – 2 PM |
| CT – DDI, RDI | | 8 AM – 5 PM | 8 AM – 5 PM | 8 AM – 5 PM | 8 AM – 5 PM | 8 AM – 5 PM | |

  - DDI has averaged 5,526 CT scans per year over the last 3 years and 3,608 MRI studies per year in the same time frame (2008-2010). RDI has averaged 2,729 CT scans over the last 3 years and 2,585 MRI studies per year over the last 3 years. There is a need in the immediate Danbury area to have the additional capacity for patients who require scanning done in an appropriate time frame and NDI has the existing capacity.

- WCHNA has plans to expand the hours that NDI is open to assist patients with scheduling which will improve access. The extended hours will be the addition of weekday hours by 3.5 hours per day beginning in Year 2, and expansion of Saturday hours to 8 hours a day in Year 3.

  NDI current hours of operation area as follows:

| | MON | TUE | WED | THU | FRI | SAT |
|---|---|---|---|---|---|---|
| MRI | 8 AM – 4:30 PM Daily | | | | | |
| CT | 8 AM – 4:30 PM Daily | | | | | |

Volume projections for NDI include factors related to aging of the population, movement of some of the patients from DDI to NDI, the expanded hours for existing NDI patients in the Newtown area who need scanning either on Saturday or weekday evening hours, potential future upgrade of a CT scanner at NDI, and a modest projected growth of 3% each year for the first three years of operation for NDI, consistent with other WCHNA imaging locations.

Conclusion

A need also exists for WCHN to have adequate imaging services for its entire system. With DDI at capacity, and RDI nearing capacity, the ability to acquire the imaging

equipment at NDI and offer another imaging facility close to Danbury will remedy that need. There should be no impact on any other providers of imaging equipment because no new equipment or new facility will be introduced into the service area, and any additional patients are expected to come from within the Western Connecticut Health Network system.

Respectfully submitted,

Sally F. Herlihy, FACHE
Vice President, Planning

10/20/11
Date

Attachment A

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

September 12, 2011

Office of Health Care Access
410 Capitol Avenue, MS#13HCA
PO Box 340308
Hartford, CT 06134

Attn: Kimberly Martone,
Director of Operations

Re: Name Change

Dear Ms. Martone:

We are writing to inform you that as of September 23, 2011, Danbury Health Care Affiliates, Inc. will formally change its name to **Western Connecticut Health Network Affiliates, Inc.**

There will not be any change in ownership and no other changes to the organizational structure, programs or services are being made. Attached for your reference is our current organizational chart followed by an updated organizational chart to reflect the new name.

If you should have any questions regarding this name change, please contact me at (203)739-4903. In the meantime, if we do not receive a response from you, we will assume that your agency does not consider any additional notifications or filings to be necessary.

Thank you for your attention to this matter.

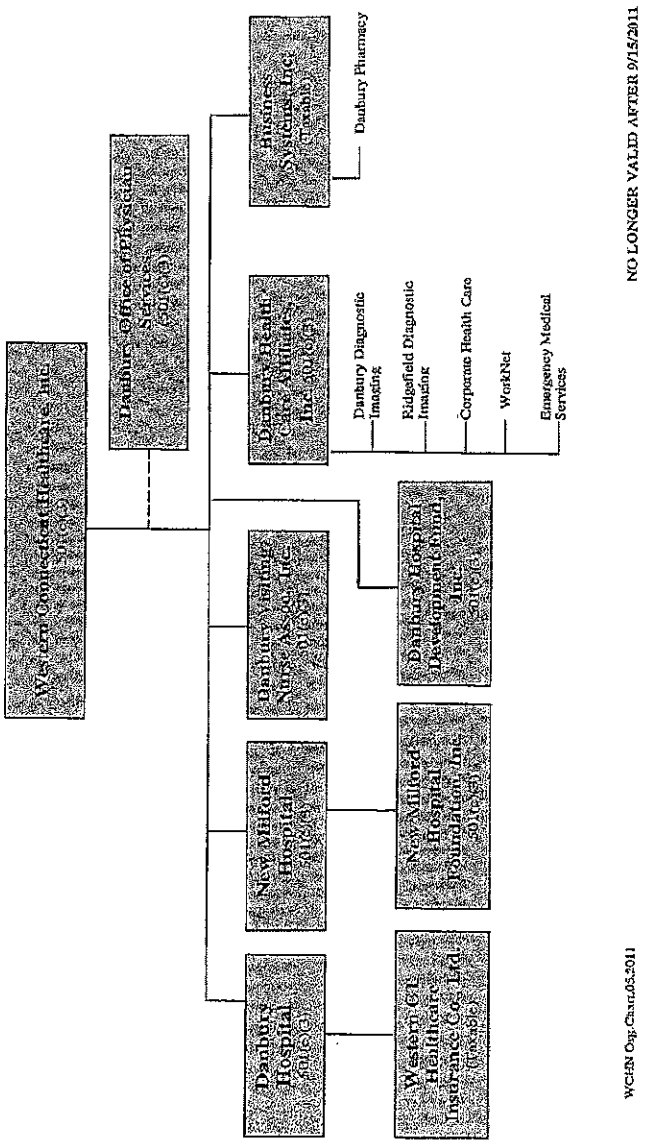
Sincerely,

Sally F. Herlihy

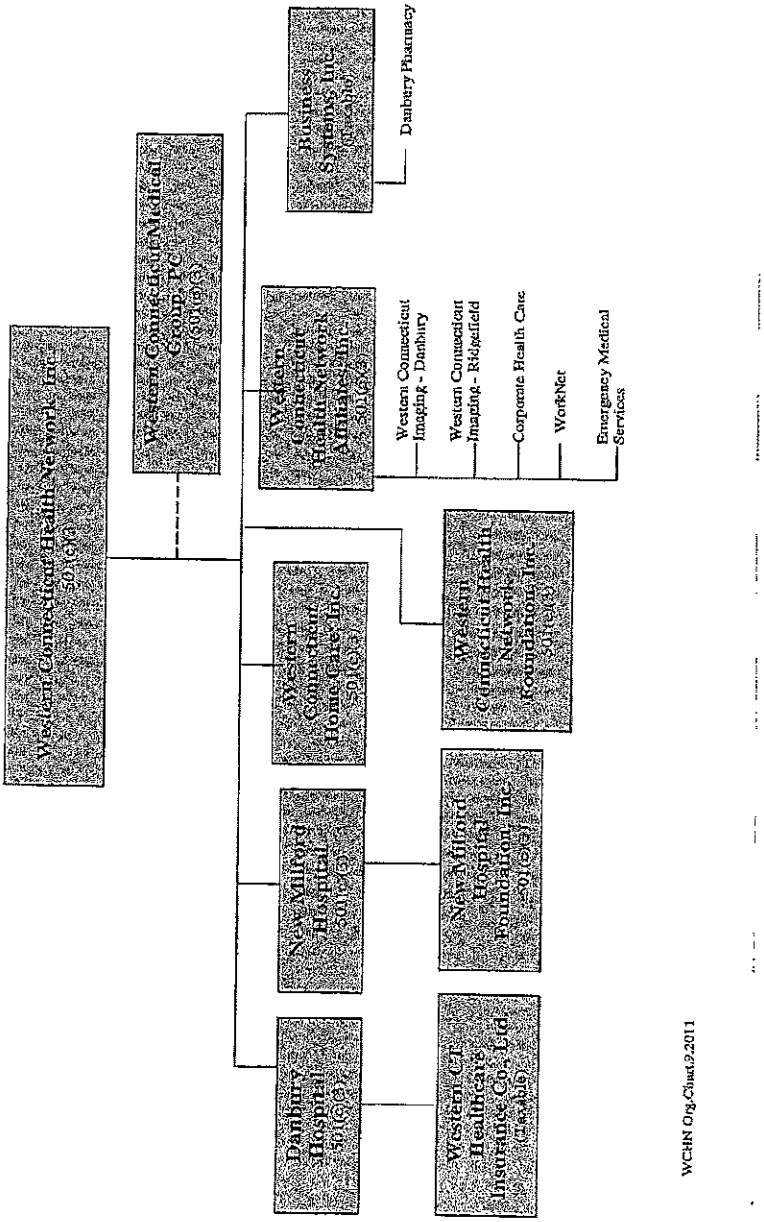
Sally F. Herlihy, FACHE
Vice President, Planning

*Attachments*

*Western Connecticut Healthcare, Inc.*
*Family of Organizations*



# *Western Connecticut Health Network, Inc.*
# *Family of Organizations as of September 23, 2011*




WCHN Org.Chart.9.2011

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

September 12, 2011

Office of Health Care Access
410 Capitol Avenue, MS#13HCA
PO Box 340308
Hartford, CT 06134

Attn: Kimberly Martone,
Director of Operations

Re: Name Change

Dear Ms. Martone:

We are writing to inform you that as of September 15, 2011, the following entities within our health network will be changing their name:

1. OLD NAME: Western Connecticut Healthcare, Inc.
   NEW NAME: **Western Connecticut Health Network, Inc.**
2. OLD NAME: Danbury Office of Physician Services, P.C
   NEW NAME: **Western Connecticut Medical Group, P.C.**
3. OLD NAME: Danbury Hospital Development Fund, Inc.
   NEW NAME: **Western Connecticut Health Network Foundation, Inc.**
4. OLD NAME: Danbury Visiting Nurse Association, Inc.
   NEW NAME: **Western Connecticut Home Care, Inc.**

There will not be any change in ownership and no other changes to the organizational structure, programs or services are being made. Attached for your reference is a current organizational chart of our organization followed by an updated organizational chart to reflect the new names.

If you should have any questions regarding this name change, please contact me at (203)739-4903. In the meantime, if we do not receive a response from you, we will assume that your agency does not consider any additional notifications or filings to be necessary.

Thank you for your attention to this matter.

Sincerely,

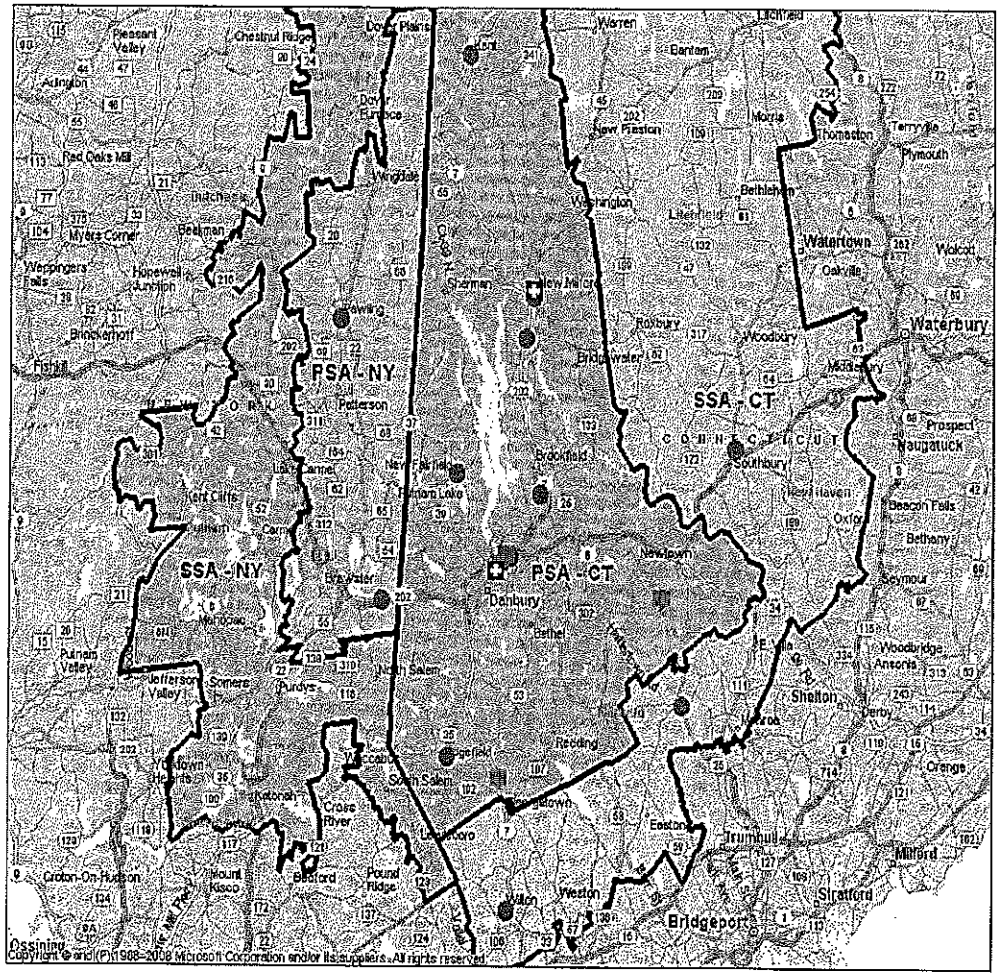
Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

*Attachments*

## ATTACHMENT B

On the map (below) the red circles represent primary care physician office locations of the Western Connecticut Medical Group, the green boxes represent the WCHN current (3) and proposed (1) outpatient imaging sites and the white cross/blue box represents the hospital locations (2) with imaging capabilities. All imaging locations are within WCHN's primary service area.



# ATTACHMENT C

**Historical, Current, and Projected Volume, by Equipment Unit**

| | Actual Volume (Last 3 Completed FYs) | | | CFY Volume* | Projected Volume (First 3 Full Operational FYs)* | | |
|---|---|---|---|---|---|---|---|
| | FY 2008 | FY 2009 | FY 2010 | FY 2011 - 9 months annualized | FY 2012 | FY 2013 | FY 2014 |
| **Location/Scanner** | | | | | | | |
| DDI – CT | 5,153 | 5,694 | 5,732 | 5,708 | 5,683 | 5,854 | 6,029 |
| DDI – MRI | 3,532 | 3,663 | 3,629 | 3,544 | 3,493 | 3,598 | 3,706 |
| RDI – CT | 2,365 | 2,741 | 3,082 | 2,957 | 3,246 | 3,343 | 3,442 |
| RDI – MRI | 2,360 | 2,471 | 2,925 | 3,175 | 3,231 | 3,328 | 3,428 |
| DH/DMAC-CT | 7,089 | 10,281 | 9,157 | 7,732 | 7,809 | 7,887 | 7,966 |
| DH/DMAC-MRI | 4,597 | 7,075 | 6,865 | 6,813 | 7,018 | 7,228 | 7,445 |
| NDI – CT | 862 | 766 | 429 | 336 | 668 | 803 | 954 |
| NDI – MRI | 1139 | 1,077 | 845 | 690 | 934 | 1,058 | 1,205 |
| NMH – CT | 8,708 | 8,667 | 8,128 | 7,685 | 7,762 | 7,839 | 7,918 |
| NMH – MRI | 2,317 | 2,261 | 2,160 | 2,911 | 2,998 | 3,088 | 3,181 |
| | | | | | | | |
| **CT Subtotal** | **24,177** | **28,149** | **26,528** | **24,418** | **25,168** | **25,727** | **26,309** |
| **MRI Subtotal** | **13,945** | **16,547** | **16,424** | **17,133** | **17,674** | **18,301** | **18,965** |
| | | | | | | | |
| **Total** | **38,122** | **44,696** | **42,952** | **41,551** | **42,842** | **44,027** | **45,274** |

- Assumptions that correlate with this projection were submitted in the CON Application, 5/25/11, p. 55.

## Huber, Jack

**To:** sally.herlihy@wcthealthnetwork.org
**Subject:** FW: Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON
**Attachments:** Availability of Imaging Centers to Newtown.pdf

Good afternoon Sally – Thank you for sending me a copy of your prefile testimony. OHCA received a copy of the attached communication from D. Ehrlich yesterday. Hearing Officer Dillion instructed staff to include this memo in the record. I wanted to make sure you received a copy. As of this moment no one has come forward to request status at Tuesday's hearing. Will keep you posted should we receive a request for status. Mid-Monday I will be sending you a copy of the tentative hearing agenda as well as a drafted copy of the Table of the Record. Have a nice weekend. Regards, Jack

Jack Huber
DPH – OHCA Health Care Analyst

**From:** cehrlich15@gmail.com [mailto:cehrlich15@gmail.com] **On Behalf Of** Conrad Ehrlich
**Sent:** Thursday, October 20, 2011 12:08 PM
**To:** Huber, Jack; Daglio, Michael J.
**Cc:** Martone, Kim; Dillon, Melanie
**Subject:** Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON

To: Jack Huber, OHCA
Mike Daglio, DHCA

Due to my patient care responsibilities, and relatively short notice, I will be unable to attend the public hearing on Tuesday October 25th for Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON. However, I did want to openly share some information with both OHCA and DHCA, some of which is already known to DHCA, so that all concerned could be informed about the area's existing imaging capacity, and other characteristics, before expensive health care infrastructure investment decisions are made.

Between 2009 and 2010, HVRA's yearly Danbury MRI volume averaged 2,546 and its CT volume averaged 1,676. HVRA is capable of absorbing any purported backlog and future growth. HVRA's CT and MRI are state of the art; its MRI's are currently read by the world class subspecialists at Yale; its contracted rates are less than those of DHCA, thus saving the public money; and HVRA's Danbury location is as conveniently accessible to Newtown's residents as NDI itself, given the nature of the road system. HVRA is actually much closer to Newtown's residents than the many other more popular establishments in the area that they frequent without feeling inconvenienced. Please see the attached comparison maps provided as a reality check.

Also, DHCA should know that between 2009 and 2010, HVRA provided an average of $57,226 of free care per year to Newtown residents (at HVRA's rates). DHCA's financials have projected only $7,939 worth of free care per year and would have to be revised to be useful for making any decisions regarding the price paid for NDI and the financial feasibility of the project.

I wanted to make this information available before the hearing so that OHCA and DHCA could have an opportunity to respond and ask for clarification. I would be happy to answer any questions and provide additional data.

Sincerely,

Conrad Ehrlich
HVRA Danbury CT
203-797-1770

The Law Office of Patricia A. Gerner, LLC
240 Ramstein Road P.O. Box 209
New Hartford, CT 06057
Phone: (860) 794-1907 Fax: (860) 489-9380



# Facsimile Transmittal

Date: OCTOBER 24, 2011

To: MELANIE DILLON, ESQ.
DPH: OFFICE OF HEALTH CARE ACCESS

Fax #: (860) 418-7053

Phone#: (860) 418-7001

From: Pat Gerner

Fax #: (860) 489-9380

Phone #: (860) 794-1907

Number of Pages 2
(including cover)

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS





Docket No.: 11-31703-CON
Acquisition of CT Scanner and MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, LLC

October 24, 2011

**APPEARANCE**

Please enter my appearance in Docket No. 11-31703-CON on behalf of the Applicant, Western Connecticut Health Network Affiliates, Inc. ("WCHNA") f/k/a/ Danbury Health Care Affiliates. Inc. ("DHCA").

I plan to attend the hearing on Tuesday, October 25, 2011 on behalf of my client.

Patricia A. Gerner

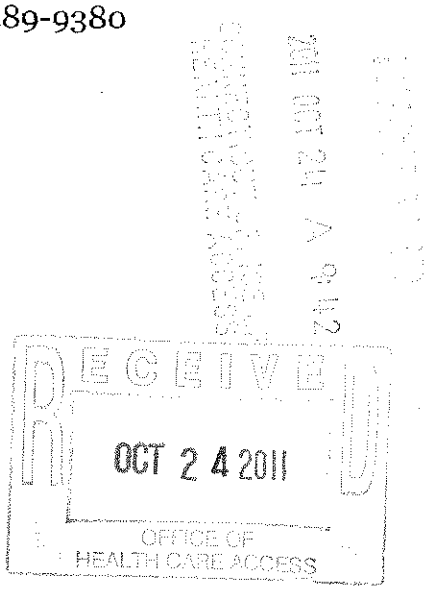
Oct. 24, 2011

Patricia A. Gerner
The Law Office of Patricia A. Gerner, LLC
240 Ramstein Road: P.O. Box 209
New Hartford, CT 06059
Phone: (860) 794-1907
Fax: (860) 489-9380
Email: KLG1@aol.com

Date

The Law Office of Patricia A. Gerner, LLC
240 Ramstein Road P.O. Box 209
New Hartford, CT 06057
Phone: (860) 794-1907 Fax: (860) 489-9380

## Facsimile Transmittal




Date: Oct. 24, 2011

To: Jack Huber
DPH: Office of Health Care Access

Fax #: (860) 418-7053

Phone#: (860) 418-7001

From: Pat Gerner

Fax #: (860) 489-9380

Phone #: (860) 794-1907

Number of Pages 2
(including cover)

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS



Docket No.: 11-31703-CON
Acquisition of CT Scanner and MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, LLC

October 24, 2011

**APPEARANCE**

Please enter my appearance in Docket No. 11-31703-CON on behalf of the Applicant, Western Connecticut Health Network Affiliates, Inc. ("WCHNA") f/k/a/ Danbury Health Care Affiliates. Inc. ("DHCA").

I plan to attend the hearing on Tuesday, October 25, 2011 on behalf of my client.

Patricia A. Gerner

Oct. 24, 2011
Date

Patricia A. Gerner
The Law Office of Patricia A. Gerner, LLC
240 Ramstein Road: P.O. Box 209
New Hartford, CT 06059
Phone: (860) 794-1907
Fax: (860) 489-9380
Email: KLG1@aol.com

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL



**Sent Via Facsimile**

October 24, 2011

TO: CT Department of Public Health
Office of Health Care Access

Attention: Jack Huber

From: Carolyn McKenna (203) 739-7790 (2 pages - includes cover)

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS



Docket No.: 11-31703-CON
Acquisition of CT Scanner and MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, LLC

October 24, 2011

**APPEARANCE**

Please enter my appearance in Docket No. 11-31703-CON on behalf of the Applicant, Western Connecticut Health Network Affiliates, Inc. ("WCHNA") f/k/a/ Danbury Health Care Affiliates. Inc. ("DHCA").

I plan to attend the hearing on Tuesday, October 25, 2011 on behalf of my client.



Carolyn L. McKenna

Carolyn L. McKenna
General Counsel
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810
Phone: (203) 739-6868
Fax: (203) 739-8842
Email: Carolyn.mckenna@wchealthnetwork.org

10/24/11
Date

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

## AGENDA

## PUBLIC HEARING

**Docket Number: 11-31703-CON**

**Western Connecticut Health Network Affiliates, Inc.**

**Acquisition of a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC, by Western Connecticut Health Network Affiliates, Inc.**

**October 25, 2011, at 9:00 a.m.**

I. **Convening of the Public Hearing**

II. **Applicant's Direct Testimony (10 minutes)**

III. **OHCA Questions**

IV. **Public Hearing Recessed/Closed**

*An Equal Opportunity Employer*
410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Toll-Free: 1-800-797-9688
Fax: (860) 418-7053

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

## TABLE OF THE RECORD

**APPLICANT:** **Western Connecticut Health Network Affiliates, Inc.**

**DOCKET NUMBER:** **11-31703-CON**

**PUBLIC HEARING:** **October 25, 2011, at 9:00 a.m.**

**PLACE:** **410 Capitol Avenue, Third Floor Hearing Room**
**Hartford, Connecticut**

| EXHIBIT | DESCRIPTION |
|---|---|
| | |
| A | Letter from Danbury Health Care Affiliates, Inc. ("Applicant"), dated May 25, 2011, enclosing a Certificate of Need application for the acquisition of a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging, LLC, by Danbury Health Care Affiliates, Inc., received by the Office of Health Care Access ("OHCA") on May 26, 2011. |
| B | OHCA's letter to the Applicant, dated June 24, 2011, requesting additional information and/or clarification in the matter of the CON application under Docket Number: 11-31703. |
| C | Applicant's responses to OHCA's letter of June 24, 2011, dated August 19, 2011, in the matter of the CON application under Docket Number: 11-31703, received by OHCA on August 19, 2011. |
| D | Email received from from Dr. Conrad Ehrlich, dated September 13, 2011, enclosing comment on the data presented in the matter of the CON application under Docket Number 11-31703, received by OHCA on September 13, 2011. |
| E | Letter from the Applicant, dated September 12, 2011, noting a name change within the health network from Danbury Health Care Affiliates, Inc., to Western Connecticut Health Network Affiliates, Inc., in the matter of the CON application under Docket Number: 11-31703, received by OHCA on September 15, 2011. |
| F | OHCA's letter to the Applicant, dated September 16, 2011, informing them that their application has been deemed complete in the matter of the CON application under Docket Number: 11-31703. |

| | |
|---|---|
| **G** | OHCA's request for legal notification in *The News Times* and OHCA's Notice to the Applicant of the public hearing scheduled for October 25, 2011, in the matter of the CON application under Docket Number: 11-31703, dated October 4, 2011. |
| **H** | OHCA's letter to the Applicant, dated October 13, 2011, requesting prefile testimony in the matter of the CON application under Docket Number: 11-31703. |
| **I** | Designation letter, dated October 17, 2011, designating Melanie Dillon as hearing officer in the matter under Docket Number: 11-31703-CON |
| **J** | Facsimile letter, dated October 18, 2011, from the Applicant requesting a one day extension for filing pre-file testimony in the matter of the CON application under Docket Number: 11-31703, received on October 18, 2011 |
| **K** | OHCA's letter to the Applicant, dated October 19, 2011, granting a one day extension for filing of the pre-file testimony in the matter of the CON application under Docket Number: 11-30703. |
| **L** | Email received from from Dr. Conrad Ehrlich, dated October 20, 2011, enclosing comment on the data presented in the matter of the CON application under Docket Number: 11-31703, received by OHCA on October 20, 2011. |
| **M** | Letter from the Applicant enclosing prefile testimony, dated October 20, 2011, in the matter of the CON application under Docket Number: 11-31703, received by OHCA on October 20, 2011 |
| **N** | Email received from the Law Office of Paticia A., Gerner, LLC, with Notice of appearance of attorney Patricia A. Gerner in the matter of the CON application under Docket Number: 11-31703, received by OHCA on October 24, 2011. |
| **O** | Email received from the Applicant, with Notice of appearance of its general counsel Carolyn L. McKenna in the matter of the CON application under Docket Number: 11-31703, received by OHCA on October 24, 2011. |

**PUBLIC HEARING**

**APPLICANT**

**SIGN UP SHEET**

**October 25, 2011**
**9:00 a.m.**

Applicant: Docket Number: 11-31703-CON
Danbury Health Care Affiliates, Inc.
Acquisition of Equipment from Newtown Diagnostic Imaging, LLC by Danbury Health Care Affiliates

| Name | Phone | Fax | Representing Organization/Self |
|---|---|---|---|
| Jennifer Zupac | (203) 739-7251 | | Western CT Health Network |
| Toni Ann Marchione | 203-739-7326 | | Western CT Health Network |
| Michael Daglio | 203 7397941 | | " |
| Jeet Sandhu | 203-739-7665 | | Western CT Health Network |
| Carolyn McKenna | 203-739-6868 | | Western Ct Health Network |

Public Hearing
Danbury Health Care Affiliates, Inc.

| Name | Phone | Fax | Representing Organization/Self |
|---|---|---|---|
| PAT GERNER | (860) 794-1907 | (860) 489-~~5217~~ 9380 | THE LAW OFFICE OF PATRICIA A. GERNER, LLC |
| Sally Herlihy | 203 739-4903 ~~203 794~~ | | Western Ct Health Network |
| | | | |
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## Greer, Leslie

**From:** Huber, Jack
**Sent:** Tuesday, November 08, 2011 2:54 PM
**To:** Dillon, Melanie; Lazarus, Steven; Greer, Leslie
**Cc:** Martone, Kim
**Subject:** FW: WCHNA Late File Docket No. 11-31703-CON
**Attachments:** OHCA NDI Late File Submission 11 08 2011.pdf

Dear All: Attached are WCHNA's Late File electronic submission. Jack

---

**From:** Herlihy, Sally [mailto:Sally.Herlihy@wcthealthnetwork.org]
**Sent:** Tuesday, November 08, 2011 2:48 PM
**To:** Huber, Jack
**Subject:** WCHNA Late File Docket No. 11-31703-CON

Hi Jack,
Please find attached the Late File responses requested from Western Connecticut Health Network Affiliates, Inc. following the Public Hearing.
Feel free to call me if you have any questions.
Thank you,
Sally

**Sally F. Herlihy, FACHE**
*Vice President, Planning*

24 Hospital Avenue, Danbury, CT 06810
*Voice*: (203) 739-4903
*Fax*: (203) 739-1974
*Email*: sally.herlihy@wcthealthnetwork.org
*Web*: WesternConnecticutHealthNetwork.org

*Executive Assistant*: Michelle Johnson
*Voice*: (203) 739-4935
*Email*: michelle.johnson@wcthealthnetwork.org

WESTERN CONNECTICUT HEALTH NETWORK
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**Danbury Hospital**
24 Hospital Avenue
Danbury, CT 06810
(203) 739-7000
DanburyHospital.org

**New Milford Hospital**
21 Elm Street
New Milford, CT 06776
(860) 355-2611
NewMilfordHospital.org

### Learn More About Western Connecticut Health Network

- Visit WesternConnecticutHealthNetwork.org

- A Video Announcing Western Connecticut Health Network
- A Video Message from CEO John Murphy, M.D.

**Please Note:** My email address has changed. Please update my information in your contacts.

WESTERN CONNECTICUT HEALTH NETWORK

DANBURY HOSPITAL



24 Hospital Ave
Danbury, CT 06810
203.739.7000
DanburyHosptial.org

| | | | |
|---|---|---|---|
| From: | Sally Herlihy<br>Vice President, Planning | | |
| To: | Melanie Dillon, Hearing Officer | | |
| Fax: | 860-418-7053 | No. of Pages: | 14 (including cover sheet) |
| Phone: | 860-418-7001 | Date: | November 8, 2011 |
| RE: | Docket Number: 11-31703-CON | CC: | [Click here and type name] |

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

# Fax

Please find attached the Late File material for Docket No. 11-31703-CON.

A PDF version will be sent to Jack Huber, OHCA Analyst and the original mailed to your office.

WESTERN CONNECTICUT
HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL



24 Hospital Ave.
Danbury, CT 06810
203.739.7000

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

November 8, 2011

Melanie A. Dillon, Esq.
Hearing Officer
Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Certificate of Need Application: Docket Number: 11-31703-CON
Late File Material requested from Public Hearing held on October 25, 2011

Dear Hearing Officer Dillon:

Please find enclosed the Late File responses on behalf of Western Connecticut Health Network Affiliates, Inc. ("WCHNA") following the Public Hearing held at the OHCA offices on October 25, 2011. This response provides clarification to the CON application filed on behalf of WCHNA to acquire Newtown Diagnostic Imaging's CT and MRI scanners and addresses the following five areas:

1. Revised Attachment C
2. Breakout of volume by scanner for DH and DHMAC
3. Explanation of how capacity was determined for DDI and RDI
4. Description of Network strategy for ancillary sites and a distributed healthcare delivery system
5. Separate Revenue and Expense projections for CT and MRI services with NDI, including gross/net calculations by modality

Please let me know if there is any additional information you require.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc. Jack Huber, OHCA Analyst

**Late File Question #1**

**Revised Attachment C - Volume projections from 9 Months actual to full year actual FY 2011, including all Danbury Hospital CT and MRI volume (inpatient and outpatient).**

Below is the revised table with CT and MRI volumes provided by location.

Assumptions:

- The information has been refreshed to include 12 month actual results for FY 2011.
- FY 2012 numbers have been revised to reflect the current FY 2012 budget.
- The volume provided highlights historical volume at all locations.
- Danbury Hospital's results are provided in more detail to reflect Inpatient and Outpatient campus activity while DHMAC volume is listed separately (DHMAC is Danbury Hospital's Medical Arts Center located next to the Hospital).
- The volume identified is based on fiscal year results and not calendar year results (the OHCA imaging survey requests calendar year data).

In summary, the results below demonstrate Danbury Hospital's focus to decompress the Danbury Hospital site by shifting patients to the offsite locations consistent with our strategy for customer need and improved access.

**Volume for CT/MRI by Site**

| | | FY08 | FY09 | FY10 | Revised 12mos FY11 | FY12 | FY13 | FY14 |
|---|---|---|---|---|---|---|---|---|
| | DDI CT | 5,153 | 5,694 | 5,732 | 5,579 | 5,794 | 5,968 | 6,147 |
| | RDI CT | 2,365 | 2,741 | 3,082 | 2,834 | 3,014 | 3,104 | 3,198 |
| NEW | DH CT - Inpt | 11,774 | 13,030 | 11,935 | 12,236 | 12,255 | 12,378 | 12,502 |
| NEW | DH CT - All OP | 19,227 | 19,986 | 18,545 | 17,235 | 17,373 | 17,546 | 17,722 |
| NEW | DHMAC CT | 5,107 | 6,230 | 6,154 | 6,468 | 6,417 | 6,481 | 6,546 |
| | NDI CT | 862 | 766 | 549 | 332 | 668 | 803 | 954 |
| IP & OP | NMH CT | 8,708 | 8,667 | 8,128 | 7,683 | 7,766 | 7,844 | 7,922 |
| | | 53,196 | 57,114 | 54,125 | 52,368 | 53,287 | 54,124 | 54,990 |
| | DDI MRI | 3,532 | 3,663 | 3,629 | 3,531 | 3,573 | 3,680 | 3,791 |
| | RDI MRI | 2,360 | 2,471 | 2,925 | 3,075 | 3,114 | 3,207 | 3,304 |
| NEW | DH MRI - Inpt | 1,296 | 1,389 | 1,379 | 1,295 | 1,316 | 1,356 | 1,397 |
| NEW | DH MRI - All OP | 4,899 | 4,475 | 4,026 | 4,023 | 3,695 | 3,805 | 3,920 |
| NEW | DHMAC MRI | 2,024 | 2,768 | 3,068 | 3,111 | 3,273 | 3,372 | 3,473 |
| | NDI MRI | 1,139 | 1,077 | 910 | 707 | 934 | 1,068 | 1,205 |
| IP & OP | NMH MRI | 2,317 | 2,261 | 2,160 | 2,911 | 2,924 | 3,012 | 3,102 |
| | | 17,567 | 18,104 | 18,097 | 18,653 | 18,829 | 19,500 | 20,190 |
| Subset: | | | | | | | | |
| DDI/RDI/DHMAC CT | | 12,625 | 14,665 | 14,968 | 14,882 | 15,225 | 15,553 | 15,890 |
| DH CT | | 31,001 | 33,016 | 30,480 | 29,471 | 29,628 | 29,924 | 30,223 |
| ALL DH sites (ex NMH) | | 43,626 | 47,681 | 45,448 | 44,353 | 44,853 | 45,477 | 46,114 |
| DDI/RDI/DHMAC MRI | | 7,916 | 8,902 | 9,622 | 9,717 | 9,960 | 10,259 | 10,567 |
| DH MRI | | 6,195 | 5,864 | 5,405 | 5,318 | 5,011 | 5,161 | 5,316 |
| ALL DH sites (ex NMH) | | 14,111 | 14,766 | 15,027 | 15,035 | 14,971 | 15,421 | 15,883 |

**Late File Question #2**

**Breakout of volume by scanner for DH and DHMAC locations**

We are unable to provide volume by the individual scanners located in the Danbury Hospital. Volume is tracked by modality and not by scanner at the Hospital location.

Capacity on CT scanner #1 located in Danbury Hospital:

This scanner is the primary emergency room scanner and inpatient scanner. In addition to these categories, outpatient CTs, especially for those with allergy issues, are performed on this scanner. This is our standard of care for patients at high risk for developing an allergic reaction that may require an immediate medical response if a life threatening reaction occurs.

Capacity on CT scanner #2 located in Danbury Hospital:

The second CT scanner in the Hospital is used primarily for interventional biopsies and drainages, overflow of emergency room patients, overflow of inpatients, and serves as a backup scanner which is a mandated requirement to be an accredited Stroke Program. Because of the extremely variable daily case loads that result from inpatient and ER scanning along with the unpredictable case mix for interventional cases, it is almost impossible to schedule routine outpatient procedures in a reliable manner on this scanner.

Although we are unable to categorize the scan volume per hospital-based CT scanner, it is understandable that even if each CT scanner was fully devoted to straightforward patient scanning, the utilization rates would be beyond capacity based on the draft imaging guidelines provided by OHCA (where 9,000 scans per hospital scanner would be considered full utilization). Currently, over 30,000 scans are performed within the Hospital annually. While the time-consuming interventional cases are done on the second scanner (which dramatically skews utilization rates and alters capacity determination) it is observable that the scanners are functioning beyond capacity.

As noted during the Public Hearing for this CON application, it is disadvantageous to outpatients to be scheduled at the Hospital for a variety of reasons. Again, based on the draft imaging guidelines where 5,000 scans per outpatient scanner is considered full capacity, the outpatient scanners at DDI and DMAC are already beyond capacity as 5,700 and 6,200 scans were done respectively in FY 2010. Additional capacity is needed to handle some of the outpatients who are currently imaged at the Hospital.

While WCHN's MRI scanning is currently within capacity as set forth in OHCA's draft imaging guidelines, the Newtown location is needed for those patients already using NDI, and will continue to make MRI accessible in the Newtown area.

**Late File Question #3:**

**Explanation of how capacity was determined for DDI and RDI**

The capacity was determined by the following process:

A capacity analysis template was developed to determine the capacity for each location. The amount of available capacity (for two weeks) is determined by the number of potential appointment slots for each day in each modality (CT, MRI). A random two week period is then selected to determine average weekly volumes by modality and location. The total amount of potential capacity is then divided by actual volumes which then gives the percentage of facility's total capacity.

Example of template:

| | M | T | W | TH | FRI | SAT | TOTAL/Wk |
|---|---|---|---|---|---|---|---|
| **Hours of Operation** | 8:00 A.M- | 8:00 A.M- | 8:00 A.M- | 8:00 A.M- | 8:00 A.M- | | |
| | 5:00 P.M. | 5:00 P.M. | 5:00 P.M. | 5:00 P.M. | 5:00 P.M. | | |
| **Max. capacity (patients)** | | | | | | | |
| **Number of patients** | | | | | | | |
| **Random scheduled days** | | | | | | | |
| **Random scheduled days** | | | | | | | |
| Avg | | | | | | | |
| **% Capacity** | | | | | | | |

This method is sensitive to the different uses of specific imaging scanners, and may differ from OHCA generalized maximum scanning volumes. For instance if you have one MRI that does only (or mostly) certain specific procedures that take longer, your actual volume would be lower than the volume on a general MRI doing a variety of scanning procedures– and when you divide the number of appointments possible for the specific procedure with the number of actual volume, it would be a more accurate reflection of when the scanner is at maximum capacity.

This highlights the importance of differentiating when you have an unusual situation – which might not happen as often in the outpatient setting, but can happen in a large hospital with multiple pieces of equipment where specialization can occur.

## Late File Question #4

**Description of Network strategy for ancillary sites and a distributed healthcare delivery system**

For the past twenty years, Western Connecticut Health Network ("WCHN", formerly known as Danbury Health Systems), has been executing a distributed health care services delivery strategy. Through its various affiliates, WCHN has successfully delivered greater access to healthcare services to the communities it serves. This strategy has coincided with Danbury Hospital's Master Facility Plan to relocate outpatient services that exist in the Hospital facility to more convenient outpatient settings and to provide greater facility capacity to support vital Hospital-based services. The acquisition of Newtown Diagnostic Imaging ("NDI") is a continuation of this strategy in a cost effective manner for WCHN that requires no additional imaging capacity in the region. This CON application supports our strategic goal to maximize the delivery system by maintaining appropriate facilities and technology distribution throughout the WCHN sites of care. This includes a comprehensive ambulatory network of care anchored by our primary care physician practices with locations, facilities and hours that are accessible and distributed.

### Consistent Distributed Health Care Delivery Strategy

WCHN is a healthcare delivery system that combines the resources and expertise of Danbury Hospital, New Milford Hospital, Western Connecticut Medical Group, and their affiliates, which includes imaging services provided by Western Connecticut Health Network Affiliates ("WCHNA"). The WCHN service area includes 43 communities in Litchfield, Fairfield and New Haven counties in CT and Dutchess, Putnam and Westchester counties in NY. The primary service area represents 13 Connecticut towns and four New York towns with a combined population of 275,000. The network deploys services to provide stability, accessibility, excellent service and the ability to respond to patient health care needs across the service area. The resources of the entire network are available as necessary to support each part of the network.

Nationwide, over the past 15 years a broad range of care has been transitioned from inpatient to outpatient settings. WCHN's health care delivery strategy has been consistent with these trends and demonstrated in our historical and recent CON activity.

The opening of the Danbury Diagnostic Imaging ("DDI") location in 2001 is one of the first examples of this strategy to move diagnostic imaging services out of the Hospital proper and into a more accessible outpatient location on Germantown Road. As the Hospital's inpatient and emergency department demands for imaging services continued to increase, the comingling of these patients with outpatients became more difficult to manage from a capacity standpoint. This also became a major inconvenience for outpatients as their appointments would routinely get "bumped" or cancelled in order to accommodate the time-sensitive clinical needs of the inpatient or emergency patient. This strategy was successful in both providing better access to outpatient imaging services to patients and physicians and providing greater

capacity at the Hospital to meet the growing demands for inpatient and emergency department imaging.

As demands for critical Hospital-based facilities and diagnostic imaging continued to grow, it became clear that additional outpatient services needed to be moved out of the Hospital proper. In 2006, WCHN opened its Danbury Medical Arts Center ("DMAC") to provide capacity for a gastroenterology physician practice, endoscopy suites, a cardiovascular physician practice, cardiovascular testing, nephrology practice, and an outpatient dialysis unit. All of these services existed in the main Hospital and required patients to navigate parking and a large, complex Hospital facility to attend their outpatient appointment. These clinical departments also require frequent access to diagnostic imaging services and the DDI location had already begun to reach capacity. At the same time, demands in the Hospital's inpatient and emergency services, as well as special procedures in radiology, continued to grow. To accommodate the diagnostic imaging needs of these clinical areas, a diagnostic imaging center was also added to the DMAC facility. The opening of the DMAC was a continuation of the strategy to move outpatient services out of the Hospital in order to provide improved access and provide greater capacity to support the growing demands for Hospital-based services.

While these strategies were being executed, WCHN was also increasing primary care and subspecialty care presence into communities further from the Hospital as a continuation of its distributed strategy. A greater primary care and subspecialty presence in our service areas lead to CON approvals for the Ridgefield Surgical Center, Ridgefield Diagnostic Imaging, Southbury Outpatient Cardiovascular Services, and the Southbury Sleep Center expansion. It has also lead to additional primary care and subspecialty practices, as well as laboratory draw stations into these towns.

**Continuation of the Strategy**

As we continue to pursue our distributed health care service delivery strategy, we intend to add primary care and subspecialty practices to provide greater access to services in the communities we serve. As evidenced through our established Network, WCHN has made a concerted effort over the past several years to increase the number of employed and aligned physicians across the service area. The number of employed physicians continues to increase and access to healthcare services in our region has benefited. The WCHN Primary Care alignment strategy was reported to OHCA in Docket Number 10-31560-CON, and is reflected in Condition #4 of the approval for the DH and NMH Affiliation. The near-term impacts these efforts have on WCHNA's NDI application under consideration are the following:

- A new Wilton practice location was added to the network in October 2011, which is anticipated to increase demand on Ridgefield Diagnostic Imaging.
- A new Monroe practice location will commence operations during November 2011, which is anticipated to increase demand on Newtown Diagnostic Imaging.
- Discussions are in process to further align with physicians and add additional primary care and subspecialty physician presence in Southbury, Newtown, and Bethel.

The WCHN physician alignment strategy is a multifaceted approach toward enhancing access to primary care service and subspecialty care that includes the following:

**Physician employment** – investments in a physician network and practice management infrastructure in WCMG. This offers a desirable option for physicians interested in employment, contributes to the delivery of effective care, and facilitates a common electronic medical record platform for exchange of patient information.

**Increasing the number of providers across the service area** – Recruitment is ongoing to achieve primary care alignment and growth with a target of 40 additional new or aligned primary care physicians by 2015, including expansion in underserved markets and succession planning for physicians approaching retirement. Recruitment will continue at this pace for the next several years as needs are identified and appropriate candidates selected. In FY 2011, 22 primary care physicians joined the medical staff.

**Development of a Patient Centered Medical Home (PCMH) model of care** – The PCMH focuses on changing the way medical care is delivered with coordination and partnership in managing patient health. It is an enhanced primary-care model that provides comprehensive and timely care and emphasizes teamwork by providers and engagement by those receiving the care. Principles of care include an ongoing relationship with a personal physician, collective responsibility for ongoing needs, coordination and integration of care across the health care system and patient's community, enhanced access, and delivery of quality and safe services.

- Two medical home pilots have been initiated in the Southbury and Brookfield, CT.
- Additional WCMG primary care practices are targeted to achieve NCQA designation during 2011/2012 and once established, outreach efforts will be extended to assisting any independent physicians in developing this model in their practices.
- Achievement of Level I designation for DH's Seifert and Ford Medical Clinic located in Danbury.
- DH will have the first primary care residency program completely integrated into a PCMH and through partnership with the FQHC will help them move toward PCMH designation.

**Training new providers and retention within the service areas** – The Department of Medicine at DH offers a three-year medical residency program that includes a primary care track. It includes comprehensive preparation for the practice of general internal medicine. Previous graduates have stayed in the area and are on the staff at Danbury Hospital.

**Integrated Health IT platform** – State of the art information technology that facilitates sharing of patient information amongst providers of care is a priority for the system. DH has taken a leadership role in the implementation of a regional health information exchange which is named HealthLink. The HealthLink exchange is a patient centric system that provides two way communications between all providers on the exchange including primary care physicians, specialists, clinics, home health agencies and other providers of care. The HealthLink user community continues to grow with over 700 authorized users accessing the systems to view current and prior records for the patients that they are treating.

**NDI's Role in the Strategy**

Newtown Diagnostic Imaging (NDI) is an independent provider, privately owned and operated by a group of radiologists who are interested in selling the facility with its equipment to WCHN.

To support these services and to remain consistent with our strategy, we plan to also provide ancillary support services in these same communities. The NDI acquisition is an ideal opportunity for WCHN to provide diagnostic imaging services closer to those patients we serve and will be serving in the towns immediately surrounding the Newtown location. These services already exist in this community under different ownership, so there would be no increase in imaging capacity in the region. Acquiring NDI will provide WCHN the ability to offer choice of locations to our patients through our centralized scheduling system, have their diagnostic studies and reports of those studies in WCHN's information system, and provide all of WCHN providers the opportunities to view these results in their electronic medical records, providing an uninterrupted continuum of care.

With the addition of NDI to WCHNA, residents of the towns utilizing WCHNA (who now only have the options of DDI and RDI) will have the option of utilizing the Newtown facility, knowing that they will receive the same quality program as they would receive if they drove to the DDI and RDI facilities. Current utilization of the imaging offered at DDI and RDI locations is based on physician referral and includes residents from the towns of Newtown, Sandy Hook, Southbury, Brookfield, and Bethel (*See* CON App., Attachment C, Zip Code Analysis, pp. 21-22). Except for emergency situations, patients ordinarily travel from their homes and places of work to an imaging facility. The patients who live in Newtown and north and east of Newtown and utilize either DDI or RDI will have better access at NDI, especially with the addition of Saturday hours and extended hours during the week. Patients who currently use NDI come primarily from Newtown and Sandy Hook. Over a two year period between 2008 and 2010, over 50% of the patients who utilized NDI lived in Newtown or Sandy Hook. (See CON Application, Attachment D, NDI Patient Distribution, p. 23).

To estimate new imaging volumes from our new Monroe practice, an analysis of historical referral volumes from nine primary care physicians was performed. The analysis showed that the average number of monthly referrals to an imaging facility from a practice made up of three (3) primary care physicians would be approximately 75 exams. When extrapolated on an annual basis, it is anticipated that the three physician group would refer approximately 900 imaging exams per year. With the addition of the Monroe practice of three primary care providers in November of 2011, NDI is projected to handle additional volume that the practice will generate.

Need for imaging services also exists for WCHN to have adequate imaging services for its entire network. With DDI at capacity, and RDI nearing capacity, the ability to acquire the imaging equipment at NDI and offer another imaging facility close to Danbury will remedy that need. There should be no impact on any other providers of imaging equipment because no incremental equipment or new facility will be introduced into the service area, and any additional

patients are expected to come from within the WCHN. Upgrading the CT scanner will occur, but that is done at all imaging facilities when new equipment is required.

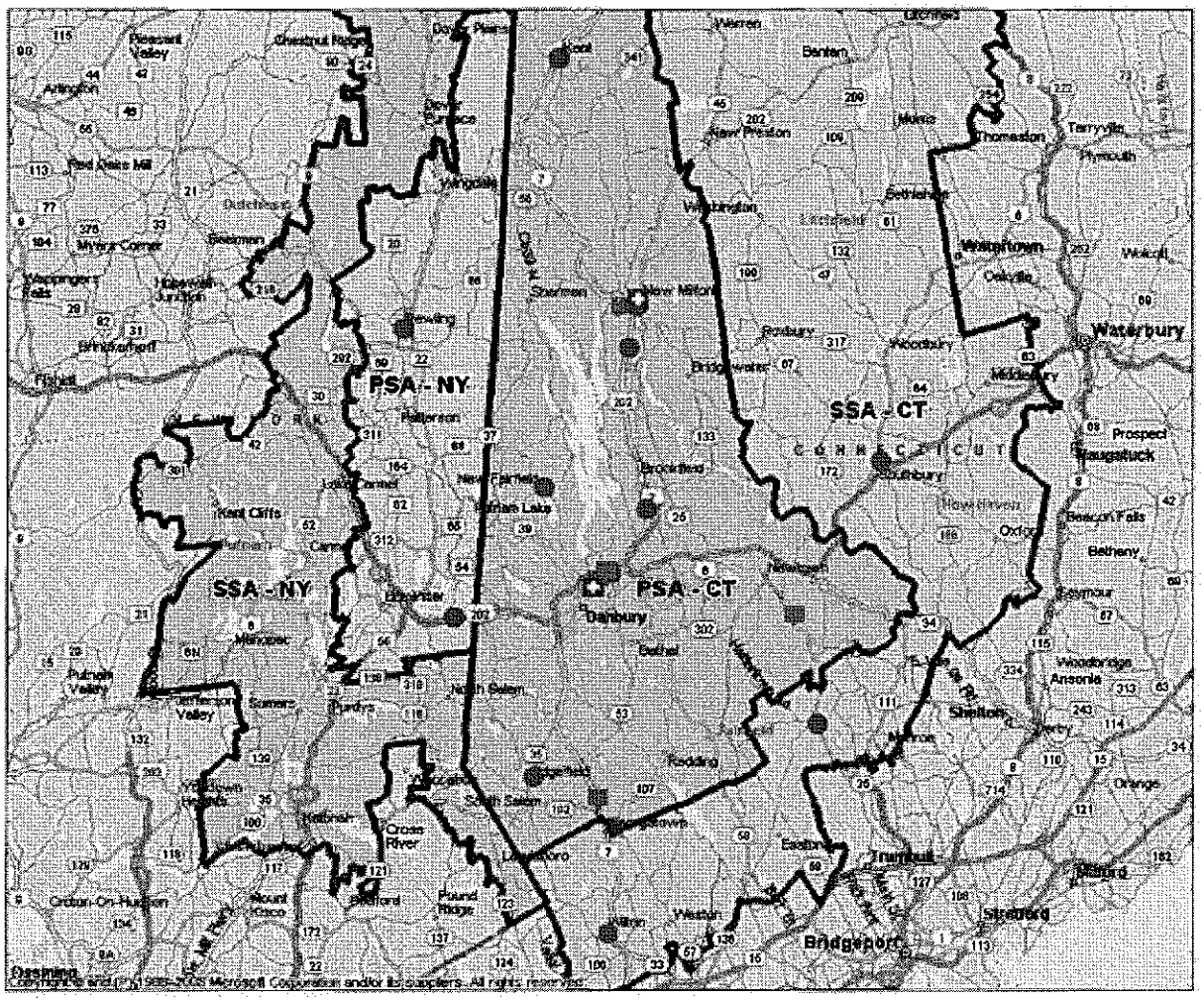
The integration of the equipment presently owned by the physicians who own NDI would also achieve integration of that facility's location in Newtown into the WCHN system as part of WCHNA. Acquiring and operating imaging equipment (1 CT and 1 MRI) from an existing provider in the market allows for services to remain unaffected in terms of location. The quality of the service is expected to improve at NDI with the purchase of a 16 slice CT scanner in the next year. The transition will be seamless because there will be no change in the imaging services offered, equipment, location, payor mix, service area or target population as a result of the acquisition of the imaging equipment at NDI.

**Results of the Distributed Strategy**

A map provided as Attachment B, page 12 in our pre-file testimony demonstrates the locations of primary care and the current and proposed imaging sites in WCHN's service area. This map is included below.

- The red circles represent primary care physician office locations of the Western Connecticut Medical Group.
- The green boxes represent the WCHN current (3) and proposed (1) outpatient imaging sites.
- The white cross/blue box represents the hospital locations (2) with inpatient and outpatient imaging capabilities.
- All imaging locations are within WCHN's primary service area.

Docket Number: 11-31703-CON



**Late File Question #5**

**Separate Revenue and Expense projections for CT and MRI services with NDI, including gross/net calculations by modality**

Below is the detailed P&L by modality.

Assumptions:

- Net revenues by modality were modeled using current net revenue experience
- Expenses were allocated accordingly
- The revenue and expenses below are projected using existing equipment, expanded hours, and include the expansion from the primary care strategy
- Any equipment upgrades and/or replacement would be considered and planned for during the WCHN's planning budget process
- The replacement of the CT scanner would be considered in the capital planning (It is important to note that the expense and any incremental revenue has not been included in the financials provided).
- The potential impact of a CT replacement on the P&L would add approximately $85K in incremental depreciation expense

**Western Connecticut Health Network Affiliates, Inc.**

**Late Filing #5 - Provide a P&L breakout by modality for the projected NDI location. Be sure to identify revenue and expenses by modality consistent with the Financial Projections originally provided.**

| *(Dollars are in thousands)* | MRI FY 2012 Projected | CT FY 2012 Projected | Dx/Ultrsd FY 2012 Projected | Total FY 2012 Projected | MRI FY 2013 Projected | CT FY 2013 Projected | Dx/Ultrsd FY 2013 Projected | Total FY 2013 Projected | MRI FY 2014 Projected | CT FY 2014 Projected | Dx/Ultrsd FY 2014 Projected | Total FY 2014 Projected |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental |
| **NET PATIENT REVENUE** | | | | | | | | | | | | |
| Total Net Patient Patient Revenue | 743 | 290 | 516 | 1,549 | 850 | 348 | 592 | 1,791 | 959 | 414 | 622 | 1,994 |
| Other Operating Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Revenue from Operations | 743 | 290 | 516 | 1,549 | 850 | 348 | 592 | 1,791 | 959 | 414 | 622 | 1,994 |
| **OPERATING EXPENSES** | | | | | | | | | | | | |
| Salaries and Fringe Benefits | 109 | 43 | 76 | 228 | 134 | 55 | 93 | 282 | 163 | 70 | 106 | 338 |
| Professional / Contracted Services | 48 | 19 | 34 | 101 | 55 | 23 | 38 | 116 | 62 | 27 | 40 | 130 |
| Supplies and Drugs | 7 | 5 | 44 | 55 | 8 | 6 | 53 | 67 | 9 | 7 | 58 | 74 |
| Bad Debts | 16 | 6 | 10 | 33 | 18 | 7 | 12 | 38 | 21 | 9 | 13 | 42 |
| Other Operating Expense | 336 | 131 | 233 | 700 | 366 | 150 | 255 | 770 | 399 | 172 | 259 | 830 |
| Subtotal | 516 | 203 | 397 | 1,117 | 581 | 241 | 451 | 1,272 | 654 | 285 | 475 | 1,414 |
| Depreciation/Amortization | 76 | 30 | 53 | 159 | 75 | 31 | 53 | 159 | 76 | 33 | 50 | 159 |
| Interest Expense | 36 | 14 | 25 | 74 | 31 | 13 | 22 | 66 | 24 | 10 | 15 | 50 |
| Lease Expense | 84 | 33 | 58 | 175 | 86 | 35 | 60 | 180 | 89 | 38 | 58 | 186 |
| Total Operating Expenses | 712 | 280 | 533 | 1,525 | 773 | 319 | 585 | 1,678 | 843 | 367 | 598 | 1,808 |
| Income (Loss) from Operations | 31 | 10 | (17) | 24 | 77 | 29 | 7 | 113 | 116 | 47 | 24 | 186 |
| Non-Operating Income | | | | | | | | | | | | |
| Income before provision for income taxes | $31 | $10 | ($17) | $24 | $77 | $29 | $7 | $113 | $116 | $47 | $24 | $186 |
| Provision for income taxes | | | | | | | | | | | | |
| Net Income | $31 | $10 | ($17) | $24 | $77 | $29 | $7 | $113 | $116 | $47 | $24 | $186 |
| ***Volume Statistics:** | | | | | | | | | | | | |
| MRI | 934 | | | 934 | 1,068 | | | 1,068 | 1,205 | - | - | 1,205 |
| CT Scan | | 668 | | 668 | | 803 | | 803 | - | 954 | - | 954 |
| Ultrasound | | | 1,080 | 1,080 | | | 1,151 | 1,151 | - | - | 1,237 | 1,237 |
| Xray | | | 5,025 | 5,025 | | | 5,956 | 5,956 | - | - | 6,202 | 6,202 |
| Total Procedures | 934 | 668 | 6,105 | 7,708 | 1,068 | 803 | 7,107 | 8,979 | 1,205 | 954 | 7,438 | 9,596 |

WESTERN CONNECTICUT
HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL



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November 8, 2011

Melanie A. Dillon, Esq.
Hearing Officer
Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Certificate of Need Application: Docket Number: 11-31703-CON
Late File Material requested from Public Hearing held on October 25, 2011

Dear Hearing Officer Dillon:

Please find enclosed the Late File responses on behalf of Western Connecticut Health Network Affiliates, Inc. ("WCHNA") following the Public Hearing held at the OHCA offices on October 25, 2011. This response provides clarification to the CON application filed on behalf of WCHNA to acquire Newtown Diagnostic Imaging's CT and MRI scanners and addresses the following five areas:

1. Revised Attachment C
2. Breakout of volume by scanner for DH and DHMAC
3. Explanation of how capacity was determined for DDI and RDI
4. Description of Network strategy for ancillary sites and a distributed healthcare delivery system
5. Separate Revenue and Expense projections for CT and MRI services with NDI, including gross/net calculations by modality

Please let me know if there is any additional information you require.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc. Jack Huber, OHCA Analyst

**Late File Question #1**

**Revised Attachment C - Volume projections from 9 Months actual to full year actual FY 2011, including all Danbury Hospital CT and MRI volume (inpatient and outpatient).**

Below is the revised table with CT and MRI volumes provided by location.

Assumptions:

- The information has been refreshed to include 12 month actual results for FY 2011.
- FY 2012 numbers have been revised to reflect the current FY 2012 budget.
- The volume provided highlights historical volume at all locations.
- Danbury Hospital's results are provided in more detail to reflect Inpatient and Outpatient campus activity while DHMAC volume is listed separately (DHMAC is Danbury Hospital's Medical Arts Center located next to the Hospital).
- The volume identified is based on fiscal year results and not calendar year results (the OHCA imaging survey requests calendar year data).

In summary, the results below demonstrate Danbury Hospital's focus to decompress the Danbury Hospital site by shifting patients to the offsite locations consistent with our strategy for customer need and improved access.

**Volume for CT/MRI by Site**

| | | FY08 | FY09 | FY10 | Revised 12mos FY11 | FY12 | FY13 | FY14 |
|---|---|---|---|---|---|---|---|---|
| | DDI CT | 5,153 | 5,694 | 5,732 | 5,579 | 5,794 | 5,968 | 6,147 |
| | RDI CT | 2,365 | 2,741 | 3,082 | 2,834 | 3,014 | 3,104 | 3,198 |
| NEW | DH CT - Inpt | 11,774 | 13,030 | 11,935 | 12,236 | 12,255 | 12,378 | 12,502 |
| NEW | DH CT - All OP | 19,227 | 19,986 | 18,545 | 17,235 | 17,373 | 17,546 | 17,722 |
| NEW | DHMAC CT | 5,107 | 6,230 | 6,154 | 6,468 | 6,417 | 6,481 | 6,546 |
| | NDI CT | 862 | 766 | 549 | 332 | 668 | 803 | 954 |
| IP & OP | NMH CT | 8,708 | 8,667 | 8,128 | 7,683 | 7,766 | 7,844 | 7,922 |
| | | 53,196 | 57,114 | 54,125 | 52,368 | 53,287 | 54,124 | 54,990 |
| | DDI MRI | 3,532 | 3,663 | 3,629 | 3,531 | 3,573 | 3,680 | 3,791 |
| | RDI MRI | 2,360 | 2,471 | 2,925 | 3,075 | 3,114 | 3,207 | 3,304 |
| NEW | DH MRI - Inpt | 1,296 | 1,389 | 1,379 | 1,295 | 1,316 | 1,356 | 1,397 |
| NEW | DH MRI - All OP | 4,899 | 4,475 | 4,026 | 4,023 | 3,695 | 3,805 | 3,920 |
| NEW | DHMAC MRI | 2,024 | 2,768 | 3,068 | 3,111 | 3,273 | 3,372 | 3,473 |
| | NDI MRI | 1,139 | 1,077 | 910 | 707 | 934 | 1,068 | 1,205 |
| IP & OP | NMH MRI | 2,317 | 2,261 | 2,160 | 2,911 | 2,924 | 3,012 | 3,102 |
| | | 17,567 | 18,104 | 18,097 | 18,653 | 18,829 | 19,500 | 20,190 |
| Subset: | | | | | | | | |
| DDI/RDI/DHMAC CT | | 12,625 | 14,665 | 14,968 | 14,882 | 15,225 | 15,553 | 15,890 |
| DH CT | | 31,001 | 33,016 | 30,480 | 29,471 | 29,628 | 29,924 | 30,223 |
| ALL DH sites (ex NMH) | | 43,626 | 47,681 | 45,448 | 44,353 | 44,853 | 45,477 | 46,114 |
| DDI/RDI/DHMAC MRI | | 7,916 | 8,902 | 9,622 | 9,717 | 9,960 | 10,259 | 10,567 |
| DH MRI | | 6,195 | 5,864 | 5,405 | 5,318 | 5,011 | 5,161 | 5,316 |
| ALL DH sites (ex NMH) | | 14,111 | 14,766 | 15,027 | 15,035 | 14,971 | 15,421 | 15,883 |

**Late File Question #2**

**Breakout of volume by scanner for DH and DHMAC locations**

We are unable to provide volume by the individual scanners located in the Danbury Hospital. Volume is tracked by modality and not by scanner at the Hospital location.

Capacity on CT scanner #1 located in Danbury Hospital:

This scanner is the primary emergency room scanner and inpatient scanner. In addition to these categories, outpatient CTs, especially for those with allergy issues, are performed on this scanner. This is our standard of care for patients at high risk for developing an allergic reaction that may require an immediate medical response if a life threatening reaction occurs.

Capacity on CT scanner #2 located in Danbury Hospital:

The second CT scanner in the Hospital is used primarily for interventional biopsies and drainages, overflow of emergency room patients, overflow of inpatients, and serves as a backup scanner which is a mandated requirement to be an accredited Stroke Program. Because of the extremely variable daily case loads that result from inpatient and ER scanning along with the unpredictable case mix for interventional cases, it is almost impossible to schedule routine outpatient procedures in a reliable manner on this scanner.

Although we are unable to categorize the scan volume per hospital-based CT scanner, it is understandable that even if each CT scanner was fully devoted to straightforward patient scanning, the utilization rates would be beyond capacity based on the draft imaging guidelines provided by OHCA (where 9,000 scans per hospital scanner would be considered full utilization). Currently, over 30,000 scans are performed within the Hospital annually. While the time-consuming interventional cases are done on the second scanner (which dramatically skews utilization rates and alters capacity determination) it is observable that the scanners are functioning beyond capacity.

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| **Max. capacity (patients)** | | | | | | | |
| **Number of patients** | | | | | | | |
| **Random scheduled days** | | | | | | | |
| **Random scheduled days** | | | | | | | |
| Avg | | | | | | | |
| **% Capacity** | | | | | | | |

This method is sensitive to the different uses of specific imaging scanners, and may differ from OHCA generalized maximum scanning volumes. For instance if you have one MRI that does only (or mostly) certain specific procedures that take longer, your actual volume would be lower than the volume on a general MRI doing a variety of scanning procedures– and when you divide the number of appointments possible for the specific procedure with the number of actual volume, it would be a more accurate reflection of when the scanner is at maximum capacity.

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WCHN is a healthcare delivery system that combines the resources and expertise of Danbury Hospital, New Milford Hospital, Western Connecticut Medical Group, and their affiliates, which includes imaging services provided by Western Connecticut Health Network Affiliates ("WCHNA"). The WCHN service area includes 43 communities in Litchfield, Fairfield and New Haven counties in CT and Dutchess, Putnam and Westchester counties in NY. The primary service area represents 13 Connecticut towns and four New York towns with a combined population of 275,000. The network deploys services to provide stability, accessibility, excellent service and the ability to respond to patient health care needs across the service area. The resources of the entire network are available as necessary to support each part of the network.

Nationwide, over the past 15 years a broad range of care has been transitioned from inpatient to outpatient settings. WCHN's health care delivery strategy has been consistent with these trends and demonstrated in our historical and recent CON activity.

The opening of the Danbury Diagnostic Imaging ("DDI") location in 2001 is one of the first examples of this strategy to move diagnostic imaging services out of the Hospital proper and into a more accessible outpatient location on Germantown Road. As the Hospital's inpatient and emergency department demands for imaging services continued to increase, the comingling of these patients with outpatients became more difficult to manage from a capacity standpoint. This also became a major inconvenience for outpatients as their appointments would routinely get "bumped" or cancelled in order to accommodate the time-sensitive clinical needs of the inpatient or emergency patient. This strategy was successful in both providing better access to outpatient imaging services to patients and physicians and providing greater

capacity at the Hospital to meet the growing demands for inpatient and emergency department imaging.

As demands for critical Hospital-based facilities and diagnostic imaging continued to grow, it became clear that additional outpatient services needed to be moved out of the Hospital proper. In 2006, WCHN opened its Danbury Medical Arts Center ("DMAC") to provide capacity for a gastroenterology physician practice, endoscopy suites, a cardiovascular physician practice, cardiovascular testing, nephrology practice, and an outpatient dialysis unit. All of these services existed in the main Hospital and required patients to navigate parking and a large, complex Hospital facility to attend their outpatient appointment. These clinical departments also require frequent access to diagnostic imaging services and the DDI location had already begun to reach capacity. At the same time, demands in the Hospital's inpatient and emergency services, as well as special procedures in radiology, continued to grow. To accommodate the diagnostic imaging needs of these clinical areas, a diagnostic imaging center was also added to the DMAC facility. The opening of the DMAC was a continuation of the strategy to move outpatient services out of the Hospital in order to provide improved access and provide greater capacity to support the growing demands for Hospital-based services.

While these strategies were being executed, WCHN was also increasing primary care and subspecialty care presence into communities further from the Hospital as a continuation of its distributed strategy. A greater primary care and subspecialty presence in our service areas lead to CON approvals for the Ridgefield Surgical Center, Ridgefield Diagnostic Imaging, Southbury Outpatient Cardiovascular Services, and the Southbury Sleep Center expansion. It has also lead to additional primary care and subspecialty practices, as well as laboratory draw stations into these towns.

**Continuation of the Strategy**

As we continue to pursue our distributed health care service delivery strategy, we intend to add primary care and subspecialty practices to provide greater access to services in the communities we serve. As evidenced through our established Network, WCHN has made a concerted effort over the past several years to increase the number of employed and aligned physicians across the service area. The number of employed physicians continues to increase and access to healthcare services in our region has benefited. The WCHN Primary Care alignment strategy was reported to OHCA in Docket Number 10-31560-CON, and is reflected in Condition #4 of the approval for the DH and NMH Affiliation. The near-term impacts these efforts have on WCHNA's NDI application under consideration are the following:

- A new Wilton practice location was added to the network in October 2011, which is anticipated to increase demand on Ridgefield Diagnostic Imaging.
- A new Monroe practice location will commence operations during November 2011, which is anticipated to increase demand on Newtown Diagnostic Imaging.
- Discussions are in process to further align with physicians and add additional primary care and subspecialty physician presence in Southbury, Newtown, and Bethel.

The WCHN physician alignment strategy is a multifaceted approach toward enhancing access to primary care service and subspecialty care that includes the following:

**Physician employment** – investments in a physician network and practice management infrastructure in WCMG. This offers a desirable option for physicians interested in employment, contributes to the delivery of effective care, and facilitates a common electronic medical record platform for exchange of patient information.

**Increasing the number of providers across the service area** – Recruitment is ongoing to achieve primary care alignment and growth with a target of 40 additional new or aligned primary care physicians by 2015, including expansion in underserved markets and succession planning for physicians approaching retirement. Recruitment will continue at this pace for the next several years as needs are identified and appropriate candidates selected. In FY 2011, 22 primary care physicians joined the medical staff.

**Development of a Patient Centered Medical Home (PCMH) model of care** – The PCMH focuses on changing the way medical care is delivered with coordination and partnership in managing patient health. It is an enhanced primary-care model that provides comprehensive and timely care and emphasizes teamwork by providers and engagement by those receiving the care. Principles of care include an ongoing relationship with a personal physician, collective responsibility for ongoing needs, coordination and integration of care across the health care system and patient's community, enhanced access, and delivery of quality and safe services.

- Two medical home pilots have been initiated in the Southbury and Brookfield, CT.
- Additional WCMG primary care practices are targeted to achieve NCQA designation during 2011/2012 and once established, outreach efforts will be extended to assisting any independent physicians in developing this model in their practices.
- Achievement of Level I designation for DH's Seifert and Ford Medical Clinic located in Danbury.
- DH will have the first primary care residency program completely integrated into a PCMH and through partnership with the FQHC will help them move toward PCMH designation.

**Training new providers and retention within the service areas** – The Department of Medicine at DH offers a three-year medical residency program that includes a primary care track. It includes comprehensive preparation for the practice of general internal medicine. Previous graduates have stayed in the area and are on the staff at Danbury Hospital.

**Integrated Health IT platform** – State of the art information technology that facilitates sharing of patient information amongst providers of care is a priority for the system. DH has taken a leadership role in the implementation of a regional health information exchange which is named HealthLink. The HealthLink exchange is a patient centric system that provides two way communications between all providers on the exchange including primary care physicians, specialists, clinics, home health agencies and other providers of care. The HealthLink user community continues to grow with over 700 authorized users accessing the systems to view current and prior records for the patients that they are treating.

**NDI's Role in the Strategy**

Newtown Diagnostic Imaging (NDI) is an independent provider, privately owned and operated by a group of radiologists who are interested in selling the facility with its equipment to WCHN.

To support these services and to remain consistent with our strategy, we plan to also provide ancillary support services in these same communities. The NDI acquisition is an ideal opportunity for WCHN to provide diagnostic imaging services closer to those patients we serve and will be serving in the towns immediately surrounding the Newtown location. These services already exist in this community under different ownership, so there would be no increase in imaging capacity in the region. Acquiring NDI will provide WCHN the ability to offer choice of locations to our patients through our centralized scheduling system, have their diagnostic studies and reports of those studies in WCHN's information system, and provide all of WCHN providers the opportunities to view these results in their electronic medical records, providing an uninterrupted continuum of care.

With the addition of NDI to WCHNA, residents of the towns utilizing WCHNA (who now only have the options of DDI and RDI) will have the option of utilizing the Newtown facility, knowing that they will receive the same quality program as they would receive if they drove to the DDI and RDI facilities. Current utilization of the imaging offered at DDI and RDI locations is based on physician referral and includes residents from the towns of Newtown, Sandy Hook, Southbury, Brookfield, and Bethel (*See* CON App., Attachment C, Zip Code Analysis, pp. 21-22). Except for emergency situations, patients ordinarily travel from their homes and places of work to an imaging facility. The patients who live in Newtown and north and east of Newtown and utilize either DDI or RDI will have better access at NDI, especially with the addition of Saturday hours and extended hours during the week. Patients who currently use NDI come primarily from Newtown and Sandy Hook. Over a two year period between 2008 and 2010, over 50% of the patients who utilized NDI lived in Newtown or Sandy Hook. (See CON Application, Attachment D, NDI Patient Distribution, p. 23).

To estimate new imaging volumes from our new Monroe practice, an analysis of historical referral volumes from nine primary care physicians was performed. The analysis showed that the average number of monthly referrals to an imaging facility from a practice made up of three (3) primary care physicians would be approximately 75 exams. When extrapolated on an annual basis, it is anticipated that the three physician group would refer approximately 900 imaging exams per year. With the addition of the Monroe practice of three primary care providers in November of 2011, NDI is projected to handle additional volume that the practice will generate.

Need for imaging services also exists for WCHN to have adequate imaging services for its entire network. With DDI at capacity, and RDI nearing capacity, the ability to acquire the imaging equipment at NDI and offer another imaging facility close to Danbury will remedy that need. There should be no impact on any other providers of imaging equipment because no incremental equipment or new facility will be introduced into the service area, and any additional

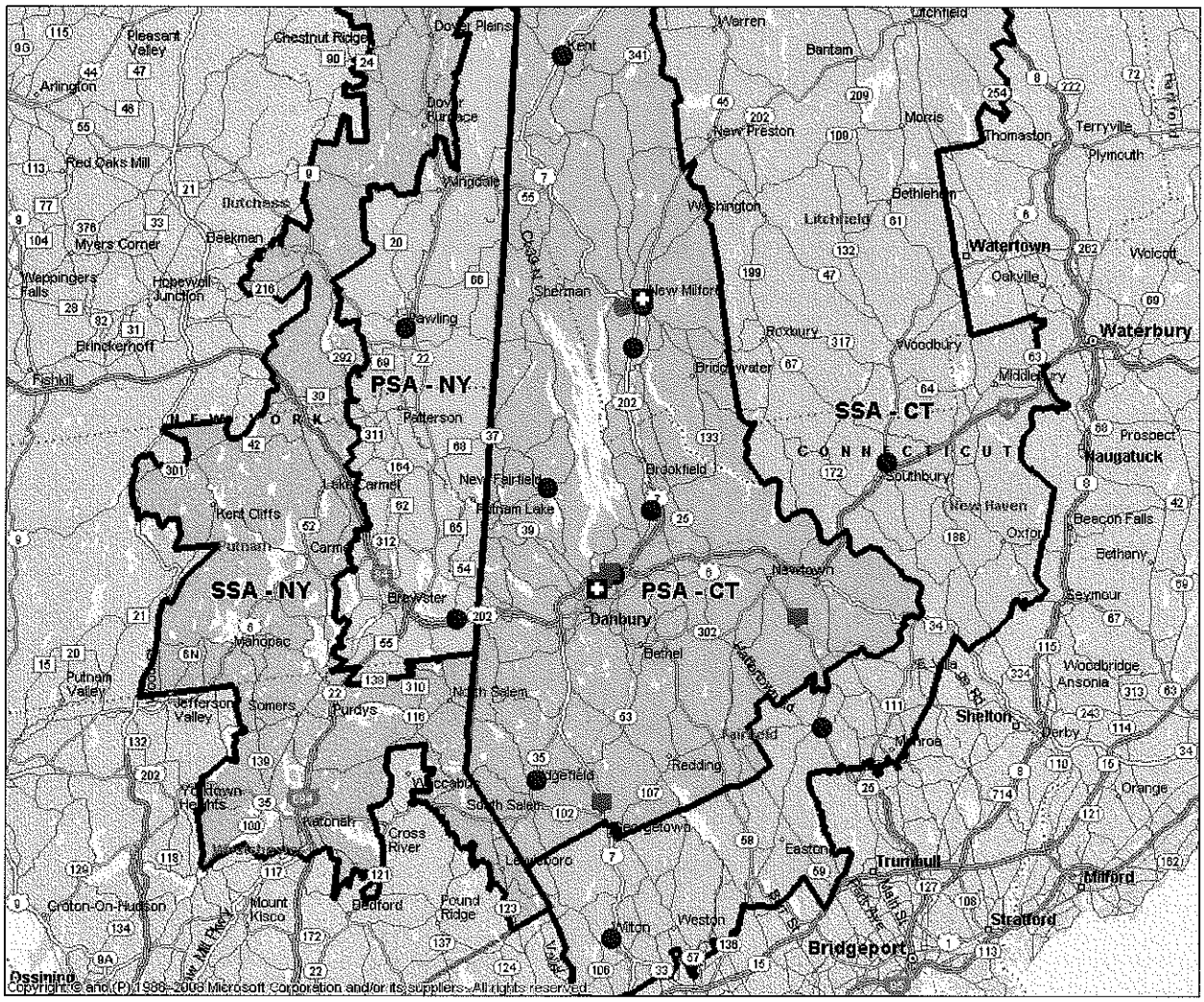
patients are expected to come from within the WCHN. Upgrading the CT scanner will occur, but that is done at all imaging facilities when new equipment is required.

The integration of the equipment presently owned by the physicians who own NDI would also achieve integration of that facility's location in Newtown into the WCHN system as part of WCHNA. Acquiring and operating imaging equipment (1 CT and 1 MRI) from an existing provider in the market allows for services to remain unaffected in terms of location. The quality of the service is expected to improve at NDI with the purchase of a 16 slice CT scanner in the next year. The transition will be seamless because there will be no change in the imaging services offered, equipment, location, payor mix, service area or target population as a result of the acquisition of the imaging equipment at NDI.

**Results of the Distributed Strategy**

A map provided as Attachment B, page 12 in our pre-file testimony demonstrates the locations of primary care and the current and proposed imaging sites in WCHN's service area. This map is included below.

- The red circles represent primary care physician office locations of the Western Connecticut Medical Group.
- The green boxes represent the WCHN current (3) and proposed (1) outpatient imaging sites.
- The white cross/blue box represents the hospital locations (2) with inpatient and outpatient imaging capabilities.
- All imaging locations are within WCHN's primary service area.


PSA - NY
SSA - NY
PSA - CT
SSA - CT
C O N N E C T I C U T
Pleasant Valley
Chestnut Ridge
Dover Plains
Kent
Warren
Bantam
Litchfield
Arlington
Dover Furnace
New Preston
Morris
Thomaston
Terryville
Plymouth
Red Oaks Mill
Millerton
Bethlehem
Dutchess
Beekman
Myers Corner
Washington
Watertown
Wolcott
Wappingers Falls
Hopewell Junction
Sherman
New Milford
Oakville
Waterbury
Brinckerhoff
Sprawling
Roxbury
Woodbury
Fishkill
Bridgewater
Middlebury
Patterson
Prospect
Naugatuck
Brookfield
Southbury
Lake Carmel
New Fairfield
Kent Cliffs
Putnam Lake
New Haven
Beacon Falls
Carmel
Oxford
Bethany
Newtown
Bethel
Seymour
Danbury
Mahopac
Woodbridge
Ansonia
Putnam Valley
Jefferson Valley
Somers
Purdys
North Salem
Shelton
Derby
Fair Field
Monroe
Redding
Yorktown Heights
Ridgefield
Orange
Katonah
South Salem
Ridgebury
Cross River
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Milford
Croton-On-Hudson
Mount Kisco
Bedford
Pound Ridge
Weston
Stratford
Bridgeport
Ossining
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**Late File Question #5**

**Separate Revenue and Expense projections for CT and MRI services with NDI, including gross/net calculations by modality**

Below is the detailed P&L by modality.

Assumptions:

- Net revenues by modality were modeled using current net revenue experience
- Expenses were allocated accordingly
- The revenue and expenses below are projected using existing equipment, expanded hours, and include the expansion from the primary care strategy
- Any equipment upgrades and/or replacement would be considered and planned for during the WCHN's planning budget process
- The replacement of the CT scanner would be considered in the capital planning (It is important to note that the expense and any incremental revenue has not been included in the financials provided).
- The potential impact of a CT replacement on the P&L would add approximately $85K in incremental depreciation expense

**Western Connecticut Health Network Affiliates, Inc.**

**Late Filing #5 - Provide a P&L breakout by modality for the projected NDI location. Be sure to identify revenue and expenses by modality consistent with the Financial Projections originally provided.**

| *(Dollars are in thousands)* | MRI FY 2012 Projected | CT FY 2012 Projected | Dx/Ultrsd FY 2012 Projected | Total FY 2012 Projected | MRI FY 2013 Projected | CT FY 2013 Projected | Dx/Ultrsd FY 2013 Projected | Total FY 2013 Projected | MRI FY 2014 Projected | CT FY 2014 Projected | Dx/Ultrsd FY 2014 Projected | Total FY 2014 Projected |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental | Incremental |
| **NET PATIENT REVENUE** | | | | | | | | | | | | |
| Total Net Patient Patient Revenue | 743 | 290 | 516 | 1,549 | 850 | 348 | 592 | 1,791 | 959 | 414 | 622 | 1,994 |
| Other Operating Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Revenue from Operations | 743 | 290 | 516 | 1,549 | 850 | 348 | 592 | 1,791 | 959 | 414 | 622 | 1,994 |
| **OPERATING EXPENSES** | | | | | | | | | | | | |
| Salaries and Fringe Benefits | 109 | 43 | 76 | 228 | 134 | 55 | 93 | 282 | 163 | 70 | 106 | 338 |
| Professional / Contracted Services | 48 | 19 | 34 | 101 | 55 | 23 | 38 | 116 | 62 | 27 | 40 | 130 |
| Supplies and Drugs | 7 | 5 | 44 | 55 | 8 | 6 | 53 | 67 | 9 | 7 | 58 | 74 |
| Bad Debts | 16 | 6 | 10 | 33 | 18 | 7 | 12 | 38 | 21 | 9 | 13 | 42 |
| Other Operating Expense | 336 | 131 | 233 | 700 | 366 | 150 | 255 | 770 | 399 | 172 | 259 | 830 |
| Subtotal | 516 | 203 | 397 | 1,117 | 581 | 241 | 451 | 1,272 | 654 | 285 | 475 | 1,414 |
| Depreciation/Amortization | 76 | 30 | 53 | 159 | 75 | 31 | 53 | 159 | 76 | 33 | 50 | 159 |
| Interest Expense | 36 | 14 | 25 | 74 | 31 | 13 | 22 | 66 | 24 | 10 | 15 | 50 |
| Lease Expense | 84 | 33 | 58 | 175 | 86 | 35 | 60 | 180 | 89 | 38 | 58 | 186 |
| Total Operating Expenses | 712 | 280 | 533 | 1,525 | 773 | 319 | 585 | 1,678 | 843 | 367 | 598 | 1,808 |
| Income (Loss) from Operations | 31 | 10 | (17) | 24 | 77 | 29 | 7 | 113 | 116 | 47 | 24 | 186 |
| Non-Operating Income | | | | | | | | | | | | |
| Income before provision for income taxes | $31 | $10 | ($17) | $24 | $77 | $29 | $7 | $113 | $116 | $47 | $24 | $186 |
| Provision for income taxes | | | | | | | | | | | | |
| Net Income | $31 | $10 | ($17) | $24 | $77 | $29 | $7 | $113 | $116 | $47 | $24 | $186 |
| ***Volume Statistics:** | | | | | | | | | | | | |
| MRI | 934 | | | 934 | 1,068 | | | 1,068 | 1,205 | - | - | 1,205 |
| CT Scan | | 668 | | 668 | | 803 | | 803 | - | 954 | - | 954 |
| Ultrasound | | | 1,080 | 1,080 | | | 1,151 | 1,151 | - | - | 1,237 | 1,237 |
| Xray | | | 5,025 | 5,025 | | | 5,956 | 5,956 | - | - | 6,202 | 6,202 |
| Total Procedures | 934 | 668 | 6,105 | 7,708 | 1,068 | 803 | 7,107 | 8,979 | 1,205 | 954 | 7,438 | 9,596 |

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

November 23, 2011

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition of Equipment from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc

Dear Ms. Herlihy:

On November 8, 2011, the Office of Health Care Access ("OHCA") received the information requested by OHCA as late file submissions from the public hearing held in this matter on October 25, 2011. With the receipt of the late file submissions, the hearing on the above application is hereby closed.

The date of November 8, 2011, begins the sixty-day post-hearing review period of the application. Pursuant to §19a-639a(d) OHCA shall issue a decision not later than January 7, 2011.

If you have any questions regarding this matter, please feel free to contact Jack A. Huber or Steven W. Lazarus at (860) 418-7001.

Sincerely,

Melanie A. Dillon
Hearing Officer

MAD:swl

**********
*** TX REPORT ***
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TRANSMISSION OK

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| TX/RX NO | 2680 |
| RECIPIENT ADDRESS | 912037391974 |
| DESTINATION ID | |
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| PAGES SENT | 2 |
| RESULT | OK |

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
***OFFICE OF HEALTH CARE ACCESS***

***FAX SHEET***

**TO:** Sally Herlihy

**FAX:** (203) 739-1974

**AGENCY:**

**FROM:** Steven Lazarus

**DATE:** 11/23/11 **TIME:**

**NUMBER OF PAGES:**
*(including transmittal sheet*

**Comments:**
Public Hearing Closure letter in the matter of DN: 11-31703-COW Enclosed.

***PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.***

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

January 5, 2012

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

Re: Certificate of Need Application, Docket Number 11-31703-CON
Western Connecticut Health Network
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC, in Newtown

Dear Ms. Herlihy:

Enclosed please find a copy of the Proposed Final Decision rendered by Hearing Officer Melanie Dillon in the above-referenced case.

Pursuant to Connecticut General Statutes § 4-179, Western Connecticut Health Network, the party in this matter, may request the opportunity to file exceptions and briefs and/or present oral argument, in writing, with the Deputy Commissioner, OHCA of the Department within fourteen (14) days from the date of this notice, or by January 19, 2012. If no such request is received by this date, the Deputy Commissioner will assume those rights to be waived and will render a Final Decision in this matter.

If you wish to expedite the process and avoid the necessity that the Deputy Commissioner await the expiration of the aforementioned fourteen days, you may submit a written statement to the Deputy Commissioner affirmatively waiving those rights.

Sincerely,

Kimberly R. Martone
Director of Operations

# Department of Public Health
# Office of Health Care Access
# Certificate of Need Application

## Proposed Final Decision

**Applicant:** **Western Connecticut Health Network Affiliates, Inc.**

**Docket Number:** **11-31703-CON**

**Project Title:** **Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC, in Newtown**

**Project Description:** Western Connecticut Health Network Affiliates, Inc. ("Applicant") is proposing to acquire and operate a computed tomography ("CT") scanner and a magnetic resonance imaging ("MRI") scanner, currently owned and operated by Newtown Diagnostic Imaging, LLC, at a proposed capital expenditure of $1,200,000.

**Procedural History:** On September 15, 2011, the Office of Health Care Access ("OHCA") received the completed Certificate of Need ("CON") application for the above-referenced proposal. The Applicant published notice of its intent to file the CON application in *The Danbury News Times* on March 17, 18 and 19, 2011.

A public hearing regarding the CON application was held on October 25, 2011. On October 4, 2011, the Applicant was notified of the date, time, and place of the hearing. On October 7, 2011, a notice to the public announcing the hearing was published in *The Danbury News Times*. Commissioner Jewel Mullen designated Melanie Dillon, Staff Attorney as the hearing officer in this matter on October 17, 2011. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act, General Statutes § 4-166 et seq. and General Statutes § 19a-639a (f). The Hearing Officer considered the entire record in rendering this proposed final decision.

# FINDINGS OF FACT

1. The Applicant is a wholly-owned tax exempt subsidiary of Western Connecticut Health Network ("WCHN"). Danbury Hospital ("DH") and New Milford Hospital ("NMH") are also subsidiaries of WCHN. Ex. A, pp. 9, 19, 35, 45.

2. WCHN provides imaging services at the following five locations: (1) DH; (2) NMH; (3) Danbury Medical Arts Center ("DMAC") on DH's main campus; (4) Danbury Diagnostic Imaging ("DDI") at 21 Germantown Road in Danbury; and (5) Ridgefield Diagnostic Imaging ("RDI") at 901 Ethan Allen Highway in Ridgefield. Ex. A, pp.9,14; Testimony of Sally Herlihy, Vice President of Planning, WCHN, Public Hearing, October 25, 2011.

3. There are 2 MRI scanners, a 3.0 tesla-strength and a 1.5 tesla-strength, and two 32-slice CT Scanners located at DH. Testimony of ToniAnn Marchione, Director of Diagnostic Services, WCHN, Public Hearing, October 25, 2011.

4. DMAC operates a 64-slice CT scanner, a 1.5 tesla-strength MRI scanner, PET-CT, mammography, and plain x-ray. Testimony of Ms. Marchione, Public Hearing, October 25, 2011.

5. DDI provides a 32-slice CT scanning service, a closed 1.5 tesla-strength MRI scanning service, ultrasound and general radiological services. Ex. A, p. 9.

6. RDI provides a 32-slice CT scanning service, a closed 1.5 tesla-strength MRI scanning service, ultrasound, mammography, bone density and general radiological services. Ex. A, pp. 9, 10, 14.

7. The Applicant proposes to acquire a single slice CT scanner and a 1.5 tesla-strength MRI scanner, currently owned and operated by Newton Diagnostic Imaging ("NDI"), a freestanding imaging center located at 153 South Main Street in Newtown. Ex. A, p. 9.

8. NDI currently provides CT scanning, MRI scanning, ultrasound, and general radiological services. Ex. A, p. 9.

9. The Applicant proposes to purchase NDI for $1,200,000, which includes the acquisition of the CT scanner and MRI scanner, and assume the lease for the space NDI occupies. Ex. A, pp. 9, 14.

10. NDI acquired its CT scanner and MRI scanner pursuant to a CON determination issued in 2003 under Docket Number 03-30170-CON. Since OHCA determined that a CON was not required for the acquisition of the equipment, NDI was not required to demonstrate a clear public need for the equipment and therefore, OHCA

did not analyze whether the equipment was needed in NDI's service area. Docket Number 03-30170-CON.

11. The primary service area for NDI includes the towns of Newtown /Sandy Hook, Danbury, Bethel, and Southbury. The service area represents 75% of the total patient volume at the Newtown location. Ex. A, p. 11.

12. Historical CT & MRI utilization for NDI is as follows:

**Table 1: NDI's Historical CT & MRI Utilization**

| Site-Equipment | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **NDI CT** | 862 | 766 | 549 | 332 |
| **NDI-MRI** | 1,139 | 1,077 | 910 | 707 |

Ex. P, p. 3

13. NDI has experienced decreasing volumes over the years due to insurance and staffing issues. Testimony of Ms. Herlihy; Testimony of Jeet S. Sandhu, M.D., Chairman of the Radiology Department, Danbury Hospital, Public Hearing, October 25, 2011.

14. If the proposal is approved, the Applicant anticipates that there will not be any further staffing issues as NDI will have access to the Applicant's vast system wide personnel and insurance agreements that cover additional types of scans for which NDI is not currently reimbursed under its limited insurance contracts. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011.

15. With proper staffing and the resources available within the WCHNA group to help keep costs down, there will be improved service at the NDI facility and the Applicant claims it will take the stress off of the WCHN scanners by absorbing some of the patients who now travel to DH for imaging services. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

16. Following the proposed acquisition of NDI, there will be no changes in the provision of diagnostic imaging services. NDI, however, will no longer provide cosmetic vein procedures that have been performed at this location. Ex. A, p. 11.

17. The Applicant intends to replace NDI's single-slice CT scanner with a 16-slice CT scanner that approximates the technology offered at its other outpatient imaging locations. The existing single-slice CT scanner will be disposed of with notification being made to OHCA when the scanner is decommissioned. Ex. C, pp. 60-61.

18. The Applicant does not intend to replace the existing Newtown MRI scanner. Ex. C, p. 60.

19. The following is a list of existing providers in NDI's service area:

**Table 2: Existing Providers in NDI's Primary Service Area**

| Provider | Locations | Equipment | Hours of Operation |
|---|---|---|---|
| Housatonic Valley Radiology Associates | 67 Sandpit Road, Danbury | CT Scanner (16 Slice)<br>MRI Scanner (1.5T) | Mon. – Fri.: 8:00 a.m. – 5:00 p.m.; Saturday, 8:00 a.m. – 12:00 pm. |
| | 800 Main Street, Southbury | CT Scanner (1 slice)<br>MRI Scanner (1.0T) | |
| Northeast Radiology Associates | 73 Sandpit Road, Danbury | MRI Scanner (1.0T) | Mon, Wed., Fri. 8:00 a.m. – 5:00 p.m.; Tues., Thurs. 12:00 p.m. – 8:00p.m. |
| Diagnostic Imaging of Southbury | 385 Main Street, Southbury | CT Scanner (16 Slice)<br>MRI Scanner (1.5T Open) | Mon.-Fri. 7:00 a.m. – 9:00 p.m.; Saturday, 8:30 a.m.-12:30 p.m. |

Ex. A, p. 25; Ex. L; OHCA Imaging Survey Responses.

20. The Applicant operates a total of four CT scanners and four MRI scanners in the primary service area and existing providers operate three CT scanners and four MRI scanners in the primary service area. Accordingly, OHCA finds that there are a total of seven CT scanners and eight MRI scanners in the primary service area for NDI.

21. The Applicant claims that additional scanning capacity is needed based on utilization of the Applicant's existing outpatient CT & MRI scanners nearing capacity. Utilizing existing equipment to fill this need will resolve access and capability issues without having to request imaging equipment within its facilities. Ex. A, p. 10; Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

22. The Applicant asserted that the CT scanners and MRI scanners at both DDI and RDI are operating at full capacity and beyond but failed to provide evidence of the same. Ex. M, p. 5.

23. OHCA questioned the applicant with respect to how it determined that RDI was at full capacity at the hearing and Dr. Sandhu testified that he utilized information

from OHCA's draft imaging standards[1] to look at the number of CT scans expected in a routine outpatient setting. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011.

24. Based on an 8-hour work day with a certain amount of time allocated to each slot, Dr. Sandhu claims that 85% of total utilization, as referenced in the draft imaging standards, works out to approximately 3,500 CT Scans. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011.

25. OHCA requested that the Applicant provide the calculations for how it determined that DDI and RDI were operating at full capacity in a late file. Public Hearing, October 25, 2011.

26. In the Applicant's late file submission, it explained that the CT scanners at DH are performing over 30,000 scans annually and that DDI and DMAC performed 5,700 and 6,200 CT scans respectively in FY 2010. Ex. P, p. 4.

27. The Applicant asserted that additional capacity is needed to handle some of the outpatients who are currently imaged at DH. Ex. P, p. 4.

28. With respect to MRI, however, the Applicant did not provide any information with respect to how capacity was determined for WCHN's MRI Scanners. Instead the Applicant asserted that while the WCHN's MRI scanning is currently within capacity, the Newtown location is needed for those patients already using NDI and to maintain MRI accessibility in the Newtown area. Ex. P, p. 4.

29. The Applicant also explained the ***process*** by which capacity was determined but did not provide the actual calculations for DDI and RDI as requested at the hearing. Ex. P, p. 5.

30. The Applicant also asserts that the proposal provides the ability to utilize the system's centralized scheduling functions thereby decompressing patient volume across the sites of care and enhancing patient access for imaging services. Ex. C, p. 61.

31. Specifically, the Applicant asserts that DDI is not capable of absorbing additional patients in the future. If some patients living east of DH could utilize the NDI facility, it would assure prompt attention to scanning and greater accessibility for patients that live in the area and relieve the pressure off DDI and other sites. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

32. The proposal is consistent with the Applicant's network services strategy to move its outpatient and ancillary services, including imaging services, away from DH and into the community, closer to its patients and its network of primary care

[1] OHCA is not utilizing the draft imaging standards in this decision as they have not been promulgated as regulations.

physicians. Testimony of Michael Daglio, Senior Vice President of Operations, Danbury Hospital, Public Hearing, October 25, 2011.

33. The opening of the DDI location in 2001 is one of the first examples of this strategy to move diagnostic imaging services out of the Hospital proper and into a more accessible outpatient location on Germantown Road. As the Hospital's inpatient and emergency department demands for imaging services continued to increase, the comingling of these patients with outpatients became more difficult to manage from a capacity point of view. Ex. P, p. 6.

34. The Applicant continues to pursue their distributed health care service delivery strategy and intends to add primary care and subspecialty practices to provide greater access to services in the communities they serve. Listed below are some of the recent and near-future examples of this strategy:
    i) A new Wilton practice location was added to the network in October 2011, which is anticipated to increase demand on RDI;
    ii) A new Monroe practice location will commence operations during November 2011, which is anticipated to increase demand on NDI; and
    iii) Discussions are in process to further align the Applicant with the physicians and add additional primary care and subspecialty physician presence in Southbury, Newtown and Bethel.
    Ex. P, p. 6.

35. The Applicant's historical CT scanner utilization by site is as follows:

**Table 3: Applicant's Historical CT Scanner Utilization by Site**

| Site-Equipment | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **DDI** | 5,153 | 5,694 | 5,732 | 5,579 |
| **RDI** | 2,365 | 2,741 | 3,082 | 2,834 |
| **DH** | 31,001 | 33,016 | 30,488 | 29,609 |
| **DMAC** | 5,107 | 6,230 | 6,154 | 6,468 |
| **Total** | **43,626** | **47,681** | **45,456** | **44,490** |

Ex. P, p. 3

36. DH has two hospital based CT scanners with a combined 29,609 scans for FY 2011 or approximately 14,805 scans per scanner in FY2011. Ex. P, p. 3.

37. The first CT scanner located at DH is utilized primarily for its Emergency Department patients and therefore, any outpatients scheduled on it may have to wait for hours depending on any emergencies on hand. Testimony of Mr. Daglio, Public Hearing, October 25, 2011.

38. The second CT scanner at DH is utilized predominantly for interventional procedures, such as biopsies, drainages, overflow of emergency room patients, overflow of inpatients and serves as a backup scanner which is a requirement to be an accredited Stroke Program. These procedures can take 2 to 3 times as long as a diagnostic scan. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011; Ex. O, p. 4

39. The outpatient CT scanners located at DMAC and DDI performed a total of 12,047 CT scans in FY 2011 or approximately 6,024 scans per scanner in FY 2011. Ex. P, p. 3.

40. Although RDI appears to have some available capacity, the Applicant does not expect patients currently utilizing imaging services at NDI to travel to RDI in Ridgefield for their services. For example, approximately 21% of DDI's patient population originates from the towns of Newtown, Bethel and Sandy Hook whereas only 6% of RDI's patient population originates from Newtown, Bethel and Sandy Hook. Ms. Marchione, Public Hearing Testimony, October 25, 2011.

41. Utilization of the CT scanner at NDI is low with only 332 scans in FY 2011; however, the DH, DMAC and DDI scanners are the scanners most likely to be utilized by residents of the primary service area of NDI and those particular scanners all appear to be operating at or beyond capacity.

42. Patients residing east of DH would be able to utilize the CT scanner at NDI, which would assure prompt attention to scanning and greater accessibility for patients that live in the area. It would also relieve pressure off DDI and other sites. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

43. Additionally, the utilization of the CT scanners at DH, DMAC and DDI are sufficient to warrant the acquisition of at least one additional CT scanner. As the Applicant testified at the hearing, acquisition of the NDI CT scanner will prevent the DH and DDI from seeking additional imaging equipment in the near future. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

44. The Applicant provided the following projections for CT scanning utilization over the next three years:

**Table 4: Applicant's Projected CT Scanner Utilization by Site**

| Site-Equipment | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| **DDI** | 5,794 | 5,968 | 6,147 |
| **RDI** | 3,014 | 3,104 | 3,198 |
| **DH** | 29,628 | 29,924 | 30,224 |
| **DMAC** | 6,417 | 6,481 | 6,546 |
| **NDI** | 668 | 803 | 954 |

**Ex. P, p. 3**

45. Projected volume increases for the Newtown location are attributable to the following factors:
    a. Aging of the population;
    b. Movement of some of the patients from DDI to NDI;
    c. The expanded hours for existing NDI patients in the Newtown area who need scanning either on weekday evening hours or on Saturdays;
    d. Future potential upgrade of the CT scanner at NDI.

    Ex. C, p. 58.

46. The Applicant also anticipates that NDI will receive referrals from its new Monroe practice. The Applicant determined that a group of three physicians would refer approximately 75 patients monthly or 900 per year. Ex. P, p. 9.

47. The Applicant is projecting 3% annual growth for each of its imaging locations including NDI based upon both historical utilization and an aging population in the service area. Ex. A, p. 13; Ex. C, p. 58.

48. Historical utilization of WCHN's CT scanners in the service area show an overall decline of 4.7% in FY 2010 and 2.1% in FY 2011. Therefore, OHCA questions whether utilization of the CT scanners operated by WCHN will increase over the next three years, particularly since some of volume at DDI and DH will be shifted to NDI.

49. Despite concerns about historical and projected utilization of the CT scanner located at NDI and decreasing volumes on the CT scanners at WCHN's existing site, OHCA finds that the utilization of the DH, DMAC, and DDI CT scanners are sufficient to warrant the acquisition of an additional CT scanner by the Applicant.

50. The Applicant's historical MRI utilization by site is as follows:

**Table 5: Applicant's MRI Historical MRI Utilization by Site**

| Site-Equipment | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **DDI** | 3,532 | 3,663 | 3,629 | 3,531 |
| **RDI** | 2,360 | 2,471 | 2,925 | 3,075 |
| **DH** | 6,195 | 5,864 | 5,405 | 5,318 |
| **DMAC** | 2,024 | 2,768 | 3,068 | 3,111 |
| **Total** | **14,111** | **14,766** | **15,027** | **15,035** |

Ex. P, p. 3

51. The two MRI scanners located at DH are underutilized. The two hospital based scanners performed a total of 5,318 scans in FY 2011 or approximately, 2,659 scans per scanner.

52. Out of the 5,318 scans in FY2011, only 1,295 were for inpatients. Despite slight increases in inpatient MRI scans at DH in FY 2009 and FY 2010, the inpatient scans returned to FY 2008 levels in FY 2011.

53. The amount of MRI scans performed on the two DH MRI scanners steadily decreased between FY 2008 and FY 2011 at an overall rate of 14.2%.

54. Additionally, the amount of MRI scans performed by NDI has also decreased from 1,139 scans in FY 2008 to 707 scans in FY 2011, which represents an overall decrease of approximately 37.9% between FY 2008 and FY 2011.

55. There are a total of eight MRI scanners in the primary service area for NDI; four of which are operated by the Applicant.

56. The Applicant provided the following projections with respect to MRI utilization at each of its sites:

**Table 6: Applicant's MRI Projected MRI Utilization by Site**

| Site-Equipment | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| **DDI** | 3,573 | 3,680 | 3,791 |
| **RDI** | 3,114 | 3,207 | 3,304 |
| **DH** | 5,011 | 5,161 | 5,317 |
| **DMAC** | 3,273 | 3,372 | 3,473 |
| **NDI** | 934 | 1,068 | 1,205 |

**Ex. P, p. 3**

57. In light of historical utilization, the projected growth in MRI scanning appears to be reasonable. Nonetheless, the utilization of the two MRI scanners at DH remains low as does the utilization of the MRI scanner at NDI.

58. Additionally, the Applicant has available capacity to absorb the number of scans projected for NDI's MRI scanner over the next three fiscal years.

59. Based upon the available MRI capacity at the hospital and low MRI utilization at NDI, OHCA is unable to conclude that there is a clear public need for the Applicant to acquire and operate the MRI scanner located at NDI. Moreover, there is available capacity on the two MRI scanners at DH to absorb the existing MRI volume from NDI.

60. WCHNA projects the following incremental gains from operations for the NDI location:

**Table 7a: Financial Projections Incremental to the CT Acquisition**

| | Fiscal Year | | |
|---|---|---|---|
| **Description** | **2012** | **2013** | **2014** |
| Incremental Revenue from Operations | $290,000 | $348,000 | $414,000 |
| Incremental Total Operating Expense | $280,000 | $319,000 | $367,000 |
| **Incremental Gain from Operations** | **$10,000** | **$29,000** | **$47,000** |
| **Scan Volume** | **668** | **803** | **954** |

Ex. P, p. 13.

**Table 7b: Financial Projections Incremental to the MRI Acquisition**

| | Fiscal Year | | |
|---|---|---|---|
| **Description** | **2012** | **2013** | **2014** |
| Incremental Revenue from Operations | $743,000 | $850,000 | $959,000 |
| Incremental Total Operating Expense | $712,000 | $773,000 | $843,000 |
| **Incremental Gain from Operations** | **$31,000** | **$77,000** | **$116,000** |
| **Scan Volume** | **934** | **1,068** | **1,205** |

Ex. P, p. 13.

## 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 General Statutes §19a-639 (a) and the Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services,* 288 Conn. 790 (2008); *Swiller v. Commissioner of Public Health*, No. CV 95-0705601 (Sup. Court, J.D. Hartford/New Britain at Hartford, October 10, 1995); *Bridgeport Ambulance Serv. v. Connecticut Dept. of Health Serv.*, No. CV 88-0349673-S (Sup. Court, J.D. Hartford/New Britain at Hartford, July 6, 1989); *Steadman v. SEC*, 450 U.S. 91, 101 S.Ct. 999, *reh'g den.*, 451 U.S. 933 (1981); *Bender v. Clark*, 744 F.2d 1424 (10th Cir. 1984); *Sea Island Broadcasting Corp. v. FCC*, 627 F.2d 240, 243 (D.C. Cir. 1980).

The Applicant proposes to acquire and operate a CT and an MRI scanner, currently owned and operated by NDI in Newtown. FF7. The Applicant currently provides imaging services at the following locations: (1) DH; (2) NMH[2]; (3) DMAC; (4) DDI; and (5) RDI[3]. FF2.

DH has two hospital based CT scanners with a combined 29,609 scans for FY 2011 or approximately 14,805 scans per scanner in FY 2011. FF36. The outpatient CT scanners located at DMAC and DDI performed a total of 12,047 CT scans in FY 2011 or approximately 6,024 scans per scanner in FY 2011. FF39. Utilization of the CT scanner at NDI is low with only 332 scans in FY 2011; however, the DH, DMAC and DDI scanners are the scanners most likely to be utilized by residents of the primary service area of NDI and those particular scanners all appear to be operating at or beyond capacity. FF39. Although RDI appears to have some available capacity, the Applicant does not expect patients currently utilizing imaging services at NDI to travel to RDI in Ridgefield for their services. FF40. For example, approximately 21% of DDI's patient population originates from the towns of Newtown, Bethel and Sandy Hook whereas only 6% of RDI's patient population originates from Newtown, Bethel and Sandy Hook. FF40. Additionally, the current utilization of the CT scanners at DH, DMAC and DDI is

[2] OHCA did not include the volume on the scanners located at NMH since it is not located in the primary service area of the proposal.

[3] OHCA did not consider RDI volumes in reaching its decision since it is not within the primary service area of the proposal.

sufficient to warrant the acquisition of at least one additional CT scanner. FF43. Patients that live east of DH and currently utilize DH and DDI scanners would be able to utilize the CT scanner at NDI, which would assure prompt attention to the scanning, provide greater accessibility and relieve pressure off the CT scanners located DDI and DH. FF42. Furthermore, the acquisition of the NDI CT scanner will prevent the DH and DDI from seeking additional imaging equipment in the near future. FF43. Accordingly, despite OHCA's concern about historical and projected utilization of the CT scanner located at NDI and decreasing volumes on the CT scanners at WCHN's existing sites, OHCA finds that the utilization of the DH, DMAC, and DDI CT scanners are sufficient to warrant the acquisition of an additional CT scanner by the Applicant. FF49.

The two MRI scanners located at DH are underutilized. FF51. The two hospital based scanners performed a total of 5,318 scans in FY 2011 or approximately, 2,659 scans per scanner. FF52. Out of the 5,318 scans in FY 2011, only 1,295 were for inpatients. FF52. Despite slight increases in inpatient MRI scans at DH in FY 2009 and FY 2010, the inpatient scans returned to FY 2008 levels in FY 2011. FF52. The amount of MRI scans performed on the two DH MRI scanners steadily decreased between FY 2008 and FY 2011 at an overall rate of 14.2%. FF53. Additionally, the amount of MRI scans performed by NDI has also decreased from 1,139 scans in FY 2008 to 707 scans in 2011, which represents an overall decrease of approximately 37.9% between FY 2008 and FY 2011. FF54. There are a total of eight MRI scanners in the primary service area for NDI; four of which are operated by the Applicant. FF55. In light of historical utilization, the projected growth in MRI scanning at WCHN sites appears to be reasonable. Nonetheless, the utilization of the two MRI scanners at DH remains low as does the utilization of the MRI scanner at NDI. FF57. Based upon the available MRI capacity at DH and low MRI utilization at NDI, OHCA is unable to conclude that there is a clear public need for the Applicant to acquire and operate an additional MRI scanner at NDI. FF59. Moreover, there is available capacity on the two MRI scanners at DH to absorb the existing and projected MRI volume from NDI. FF58.

With respect to the financial feasibility of the proposal, WCHNA has projected incremental gains from operations for both the CT and MRI scanners. FF60. OHCA finds that the acquisition of the CT scanner is financially feasible. While the acquisition of the MRI scanner appears to be financially feasible, WCHNA as noted above has failed to establish that there is clear public need for the acquisition of an additional MRI scanner at the NDI location.

# Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of Western Connecticut Health Network Affiliates, Inc. for the acquisition and operation of a computed tomography scanner and magnetic resonance imaging scanner is hereby **MODIFIED**, subject to the following conditions:

1. The Applicant's request to acquire a CT scanner from Newtown Diagnostic Imaging is **approved.**

2. The Applicant's request to acquire a MRI scanner from Newtown Diagnostic Imaging is **denied.**

3. The Applicant shall submit to OHCA in writing the CT scanner's initial date of operation at the Newtown, Connecticut location.

4. The Applicant shall provide OHCA with the number of scans performed annually on the CT scanner located at NDI within thirty days of the end of each fiscal year for the next three years. If actual utilization is lower than projected in the CON application after three years of operation, the Applicant shall schedule a meeting with OHCA to discuss the potential relocation of the CT scanner.

5. Should the Applicant plan to operate the CT scanner identified in this proposal at a location other than 153 South Main Street in Newtown, Connecticut, the Applicant shall notify OHCA of the new location, no later than one month after the equipment's relocation.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law. All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

Based upon the foregoing, I respectfully recommend that the Deputy Commissioner **approve** the application of WCHNA to acquire the CT scanner operated by NDI and **deny** the application of WCHNA to acquire the MRI scanner currently operated by NDI.

1-5-12
Date

Melanie A. Dillon, Esq.
Hearing Officer

WESTERN CONNECTICUT HEALTH NETWORK

DANBURY HOSPITAL

24 Hospital Ave
Danbury, CT 06810
203.739.4903
DanburyHospital.org



From: Sally Herlihy
Vice President, Planning

To: Kimberly Martone, Director of Operations

Fax: 860-418-7053 No. of Pages: 2 (including cover sheet)

Phone: 860-418-7029 Date: January 9, 2012

RE: Proposed Final Decision CC:

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

# Fax

Please find attached a request for Docket No. 11-31703-CON. The original will be mailed to your office.

WESTERN CONNECTICUT HEALTH NETWORK

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WesternConnecticutHealthNetwork.org
DanburyHospital.org
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January 9, 2012

The Honorable Jewel D. Mullen, M.D.
Commissioner
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: OHCA Docket Number 11-31703-CON Western Connecticut Health Network Acquisition of Imaging Equipment from Newtown Diagnostic Imaging, LLC ("NDI") by Western Connecticut Health Network Affiliates, Inc.

Dear Commissioner Mullen,

This letter is a request by Western Connecticut Health Network to have the opportunity to file exceptions and briefs and present oral argument to the Department of Public Health concerning the Proposed Final Decision rendered by the Office of Health Care Access on January 5, 2012. The decision is adverse to the applicant, Connecticut Health Network Affiliates, Inc. ("WCHNA") because it denies WCHNA the ability to purchase the existing MRI machine currently owned and operated by Newtown Diagnostic Imaging, LLC.

I have filed a request under the CT Freedom of Information Act to obtain a copy of the entire record on file with the Office of Health Care Access in this docket, including the transcript of the hearing held on October 25, 2011, in order to prepare the documents we will submit to you.

If you have any questions regarding this request, please contact me at 203-739-4903 or at sally.herlihy@wchealthnetwork.org.

Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

WESTERN CONNECTICUT HEALTH NETWORK

DANBURY HOSPITAL

24 Hospital Ave
Danbury, CT 06810
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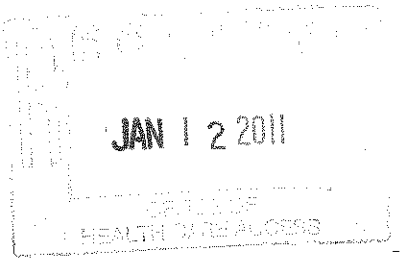


| | | | |
|---|---|---|---|
| From: | Sally Herlihy<br>Vice President, Planning | | |
| To: | Kimberly Martone, Director of Operations | | |
| Fax: | 860-418-7053 | No. of Pages: | 2 (including cover sheet) |
| Phone: | 860-418-7029 | Date: | January 9, 2012 |
| RE: | Proposed Final Decision | CC: | |

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HEALTH NETWORK
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January 9, 2012

The Honorable Jewel D. Mullen, M.D.
Commissioner
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410 Capitol Avenue MS #13HCA
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Sincerely,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

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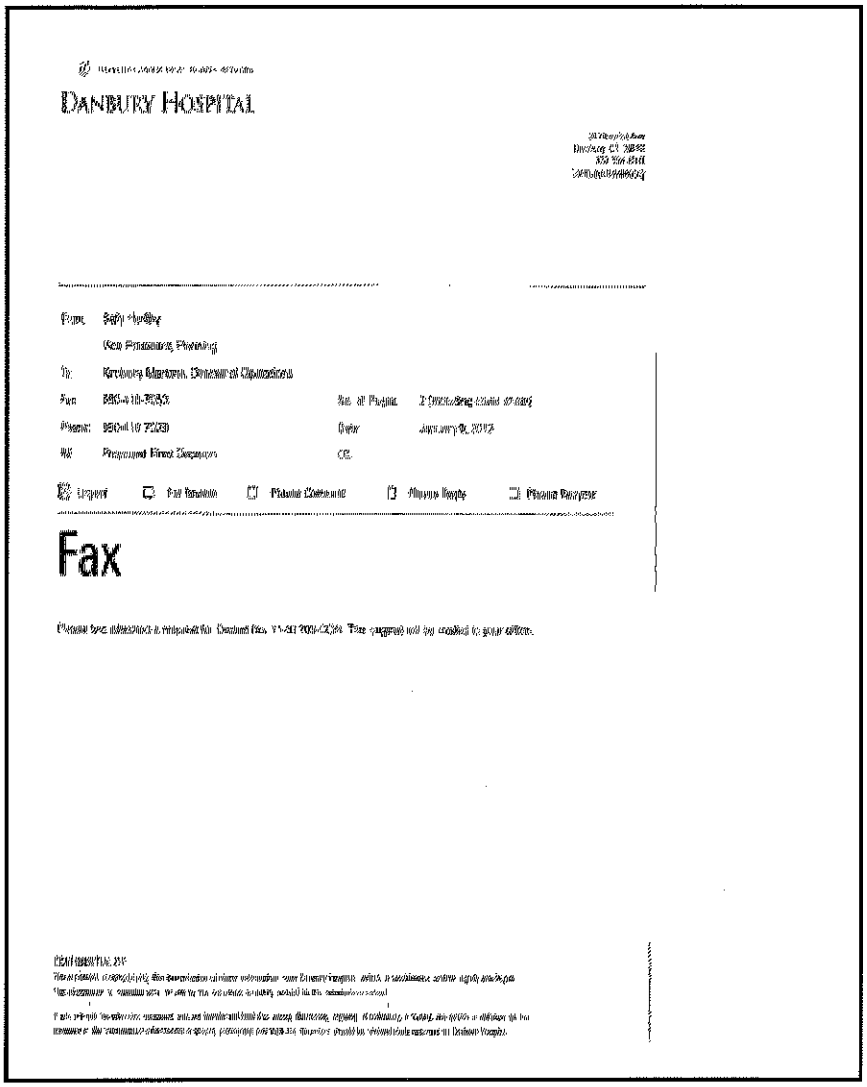

DANBURY HOSPITAL

Fax

31703

# State of Connecticut

**HOUSE OF REPRESENTATIVES**
STATE CAPITOL


**REPRESENTATIVE DEBRALEE HOVEY**
ONE HUNDRED TWELFTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4200
HARTFORD, CT 06106-1591

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**ASSISTANT REPUBLICAN LEADER**

**MEMBER**
EDUCATION COMMITTEE
INTERNSHIP COMMITTEE
JUDICIARY COMMITTEE
TRANSPORTATION COMMITTEE

January 17, 2012

Commissioner Jewel Mullen, MD, MPA, MPH
Department of Public Health
Office of Health Care Access
410 Capitol Avenue MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

I am writing in support of the full transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network for the benefit of Newtown and Monroe. This will allow for residents in the surrounding communities to receive the care they need and deserve.

I believe that a partial transfer of ownership will only go to jeopardize the quality of care that people have come to expect from Newtown Diagnostic Imaging. By allowing for a full transfer of ownership, we can ensure that efficient and effective services will continue to be provided.

As we look for ways to improve health care, I urge you to reconsider your original decision and allow for a full transfer and purchase to take place. Thank you for your attention to this pressing matter and please feel free to contact me if you have any questions.

Sincerely,

Debralee Hovey

DebraLee Hovey
State Representative
112th District

WESTERN CONNECTICUT
HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
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The Honorable Jewel Mullen, M.D.
Commissioner
Department of Public health
410 Capitol Avenue MS #13PHO
Public Health Hearing Section
P.O. Box 340308
Hartford, CT 06134

Re: Certificate of Need Application, Docket No. 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC in Newtown, CT

Dear Commissioner Mullen,

Attached please find the original and two copies of the Applicant's Exceptions to the Proposed Final Decision issued in the above-captioned case on January 5, 2012. Please call me if you have any questions regarding this submission.

The Applicant, Western Connecticut Health Network Affiliates, Inc., ("WCHNA") and its parent company, Western Connecticut Health Network ("WCHN") thank you, in advance, for the time you take to consider the information that we are providing.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc: Diane Buzzetti, Paralegal
DPH Hearing Section

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

DOCKET NO.: 11-31703-CON
WESTERN CONNECTICUT HEALTH
NETWORK AFFILIATES, INC.
ACQUISITION OF CT SCANNER &
MRI SCANNER FROM NEWTOWN
DIAGNOSTIC IMAGING, LLC

FEBRUARY 7, 2012

## EXCEPTIONS TO PROPOSED FINAL DECISION

### BACKGROUND

Western Connecticut Health Network Affiliates, Inc., ("WCHNA"), the Applicant in OHCA Docket No. 11-31703-CON, hereby presents exceptions to the Proposed Final Decision ("Proposed Decision") rendered by the hearing officer on January 5, 2012. In its certificate of need application ("the Application"), WCHNA sought to acquire two pieces of imaging equipment from Newtown Diagnostic Imaging ("NDI") [1], a privately operated facility in Newtown that owns and operates 1 CT scanner and 1 MRI scanner. The Proposed Decision approved the acquisition of the CT scanner, but denied the Applicant, WCHNA, the ability to acquire the MRI scanner and recommended that NDI's imaging scans be absorbed by Danbury Hospital ("DH" or "the Hospital"), which is owned by Western Connecticut Health Network, Inc. ("WCHN"), the parent company of the Applicant.

WCHNA intended to keep the existing office in Newtown so that an imaging facility east of Danbury could not only retain its existing patients, but - with more resources available from WCHNA - absorb the volume of its patients who live in the Newtown area. Asking these patients to drive to a Hospital facility to have routine outpatient imaging performed is an undue burden to the patients and counter to the Applicant's comprehensive outpatient service strategy. Based on inaccurate findings of fact, the decision relies on the misconception that Danbury Hospital's 2 MRIs are not being utilized at maximum capacity, when, in fact they are now being utilized at full capacity. There is a need for WCHNA to acquire the MRI at NDI to keep the 2 MRIs at the Hospital for inpatients who require the inpatient setting and services, and outpatients who need access to hospital-based services (such as anesthesia) as part of the MRI study, as well as those outpatients who specifically require the capacity of a 3 T MRI scanner, the only 3T scanner in the WCHN network.

[1] Newtown Diagnostic Imaging, LLC is a physician operated radiology practice in Newtown that is owned by twelve radiologists.

Contrary to the Proposed Decision, there is evidence in the record of the need for WCHNA to acquire the MRI in Newtown. And while the decision to deny WCHNA the acquisition of the MRI is based on Danbury Hospital's capacity to absorb more MRI scans per year, neither the Hospital nor its parent company, WCHN, were made co-applicants in the Application. Since NDI is privately owned by a group of radiologists, it is impossible for the Office of Health Care Access ("OHCA") to conclude that the MRI scans now being performed at NDI can be absorbed by the Hospital.

The following factors contributed to a convoluted record and proposed decision:

1. Up until the hearing, there had been no discussion about Danbury Hospital's scanners except for one question in the Completeness Questions which asked for imaging volumes at the Hospital. (Record, p. 57)[2]. Throughout the application process the focus was on the Applicant, WCHNA, but this changed at the hearing.
2. OHCA never made WCHN a co-applicant in this Application and WCHN came to the hearing at WCHNA's request.
3. There were no Interrogatories prior to the hearing in this Application. Therefore, there was no questioning about Danbury Hospital's MRI scanners except for the one question about volume asked in Completeness.
4. Late files were requested by OHCA at the hearing, but not put in writing after the hearing was over. While there was a question related to separating out the volume on each of the MRI scanners at the Hospital, there was never a request that WCHNA (through WCHN) indicate the time required for each procedure or the maximum capacity of each MRI. (Discussion of the Late Files at the hearing is attached as Appendix B, Transcript of the Hearing, pp. 40-41. The entire transcript is attached as Appendix D).

The Chairman of Radiology at Danbury Hospital, Dr. Fatejeet S. Sandhu, was present at the hearing. When questioned by the hearing officer as to whether Danbury Hospital could accommodate the volume of patients currently being scanned at NDI, his response was that the Hospital, as well as the other WCHNA facilities, were ". . . pretty much at complete utilization". (Hearing Transcript, p. 26). OHCA requested that a late file (Late File #3) be submitted as to how the volumes were calculated at DDI and RDI (two other outpatient imaging facilities owned by the Applicant),[3] but did not ask for those calculations from Danbury Hospital. (Transcript of the Hearing, 11/25/11, p. 16 and pp. 40-41). The Applicant believed that with Dr. Sandhu's testimony at the hearing, they had provided the best evidence possible that the MRI scanners at the Hospital were fully utilized and not available to absorb patients from an outside provider.

The Hospital's two MRI's are used primarily for inpatients, nursing home patients, patients requiring anesthesia and patients who are predisposed to contrast reactions. The Hospital

[2] Page numbers in the Record are referenced according to the numbering which appears on the CD of this docket.

[3] DDI is Danbury Diagnostic Imaging located in Danbury and RDI is Ridgefield Diagnostic Imaging located in Ridgefield, CT. These are the two outpatient imaging facilities currently owned and operated by the Applicant, WCHNA.

setting is also required for outpatients who have the need for a higher level of MRI imaging. The Hospital has one 3T MRI, which is used for complex scanning (Testimony of Mr. Michael Daglio, Chief Operating Officer, WCHN, Hearing Transcript, p. 23). Interventional procedures such as biopsies are performed in the Hospital, and outpatients waiting for more routine MRI scanning are often bumped. (Testimonyof Dr. Sandhu, Hearing Transcript, p. 24). Dr. Sandhu explained that the number of cases depends upon the mix of cases that are being performed and the length of time it takes to perform these different cases. The length of time for inpatient and hospital-based outpatient scanning is routinely longer due to the complexity or type of scanning being performed, as well as the acuity of the patient.

OHCA does not currently have published regulations or guidelines regarding the standards for maximum capacity on imaging equipment. When the hearing on this application concluded, Dr. Sandhu asked OHCA staff how the agency evaluates maximum capacity on imaging equipment, and staff emailed a copy of the "Certificate of Need Standards for the Acquisition of Imaging Equipment". However, Dr. Sandhu was told by OHCA staff that these guidelines are the product of a working group coordinated by OHCA which has not yet completed its work, and has not voted on the guidelines. Therefore, there are no regulations or guidelines in existence. Nonetheless, in the Proposed Final Decision, OHCA relied on a standard number of scans for both hospitals and outpatient facilities when it evaluated whether the Applicant's volume was sufficient to allow acquisition of another MRI. When measured against an arbitrary standard that is not discussed, the capacity on WHCN's MRI scanners was found not to be fully utilized.

**THE EXCEPTIONS**

The Applicant takes exception to the part of the Proposed Decision that relates to the determination about MRI scanning capacity. Contrary to OHCA's conclusion, WCHNA has sufficient volume at its existing facilities to substantiate the need for the additional space available on the MRI at NDI in Newtown. However, OHCA's Proposed Decision indicates that WCHNA did not provide evidence to support that fact. There are three key Findings of Fact that the Applicant is contesting (No. 28, No. 29 and No. 51). These inaccurate findings lead to an inaccurate conclusion in Finding of Fact No. 59.

> Finding of Fact No. 28 states, in part, that:
> *"With respect to MRI, however, the Applicant did not provide any information with respect to how capacity was determined for WCNH's MRI Scanners. . . ."*
> (Proposed Final Decision, p. 5, Record, p. 163.
>
> Finding of Fact No. 51 states:
> *"The two MRI scanners located at DH are underutilized. The two hospital based scanners performed a total of 5,318 scans in FY2011 or approximately 2,659 scans per scanner."*
> (Proposed Final Decision, p. 8, Record, p. 166).
>
> Finding of Fact No. 29 states:
> *"The Applicant also explained the process by which capacity was determined but did not provide the actual calculation for DDI and RDI as requested at the hearing."*

(Proposed Final Decision, p. 5, Record, p. 163).

Finding of Fact No. 59 states and concludes:
*"Based upon the available MRI capacity at the hospital and low MRI utilization at NDI, OHCA is unable to conclude that there is a clear public need for the Applicant to acquire and operate the MRI scanner located at NDI. Moreover, there is available capacity on the two MRI scanners at DH to absorb the existing MRI volume from NDI."* (Emphasis Added).
(Proposed Final Decision, p. 9, Record, p. 167).

**DISCUSSION**

In terms of whether the Applicant provided information sufficient to establish that there was a clear public need, WCHNA was of the understanding that it had provided evidence to OHCA throughout the application, completeness documents, the hearing and late files sufficient to establish the fact that there is a clear public need - not to establish a brand new MRI - but to acquire an existing MRI now functioning at less than full capacity. Nevertheless, to the extent that the Applicant did not understand what the agency was looking for was not the Applicant's fault. Because there are no published guidelines or regulations for the acquisition of imaging equipment, and the process led the applicant to believe that it had provided all necessary information, there are additional facts that may clarify the record, and which the Applicant would like to be considered before the Final Decision is rendered. Even without the additional evidence, the record supports a decision to allow acquisition of the MRI scanner as well as the CT scanner. But had OHCA asked for the information that is being submitted today, it would have made the situation a lot clearer.

At the hearing, OHCA asked for five late files. The request was never put into writing, but the transcript of the hearing indicates that the five files included the following:

1. Revised Attachment C (Historical, Current and Projected Volume by Scanner)
2. Breakout of volume by scanner for DH and DHMAC
3. Explanation of how capacity was determined for DDI and RDI
4. Description of Network strategy for ancillary sites and a distributed healthcare delivery system
5. Separate revenue and expense projections for CT and MRI services including gross/net calculations by modality

(Transcript, pp. 40 - 41)[4].

Of note, there was no late file requested to describe how capacity was determined at the Hospital ("DH"), even though this question was asked of DDI and RDI.

[4] The transcript identifies Late Files #1, #2, #3, #4 and #6, without identifying a Late File #5. When submitting the Late Files, the Applicant numbered them sequentially #1 through #5. *See* Hearing Transcript, p. 41, attached in Appendix B, an full transcript contained in Appendix D.

The Danbury Hospital MRIs: (Finding of Fact #28 and Finding of Fact #51)

The Applicant updated all of the volumes by scanner for the full FY2011 in Late File #1 with Danbury Hospital's volume listed by the type of patients scanned (inpatient or outpatient) rather than by scanner. (Record, p. 145). In Late File #2, WCHNA indicated that it could not provide volume by scanner at the Hospital because volume is tracked by modality and not by scanner. (Record, p. 146). The information simply does not exist.

At the hearing, Dr. Sandhu explained that the number of cases needed to reach maximum capacity depends upon the mix of cases that are being performed and the length of time it takes to perform these different cases. Inpatient and hospital-based outpatient MRI scanning takes longer due to the complexity or type of scanning being performed. Because OHCA did not request additional information in the late files, Dr. Sandhu believed that he had answered OHCA's question regarding the fact that the Hospital's existing MRI scanners were functioning at sufficient capacity to allow for the acquisition of the NDI MRI.

In the cover letter accompanying the Late Files, Sally Herlihy, V.P. for Planning at WCHN, listed the late files that the Applicant believed OHCA was looking for, and then asked OHCA to please let her know if any additional information was required. (WCHNA Late Files, p. 1 Cover Letter, Record, p. 143). No further data was requested by OHCA. Since there were no questions subsequent to the hearing, and Dr. Sandhu believed he had answered the question concerning Danbury Hospital's MRI scanning at the hearing, it was surprising to the Applicant that OHCA then made its ruling in a way that is contrary to what actually exists.

Since Dr. Sandhu works with the inpatient and outpatient volumes at the Hospital every day, his testimony that the Hospital is utilizing the two MRI scanners at the facility to the fullest extent possible was considered by the Applicant to be the best possible evidence of the use of the scanners. If OHCA believed that the actual calculations that demonstrated volume were necessary, especially in light of the fact that there are no regulations or guidelines published on imaging standards, a Late File requesting this information should have been requested.

The information in Appendix A, Tables 1 and 2, contains a breakdown of the specific types of scanning and the length of time it takes to perform procedures which are ordinarily handled at the Hospital setting, whether inpatient or outpatient. These are procedures which are done in a hospital setting because of the need for anesthesia, and also because of the presence of on-site radiologists for immediate reading of scans when necessary. The process is very different from the routine of an outpatient facility, and takes longer per scan than MRI scanning done in an office or outpatient-only facility. The chart breaks down the specific types of MRI scanning specifically performed at the Hospital, demonstrating the additional time required for inpatients to be scanned.

Although the Hospital is open seven days a week, twenty four hours a day, hospital scanning is done during the day when full staffing is available, except for emergency situations. There is little scanning done in the evening or during the night, both for the quality of patient care provided as well as hospital resource efficiency. The DH MRI service is scheduled for 71 hours each week, with availability to perform scans 24/7 on an emergency basis. The

individual MRI cases scanned at the hospital on average take 104 minutes vs 45 minutes at an outpatient facility. Appendix A (Note # 2 on page 13 and discussion on page 14). Appendix A provides detail regarding the length of time scans take in the hospital and demonstrates that the due to several factors such as complexity of the scans and acuity of the patients, the DH scanners are being operated at close to 100% capacity. The fact that the Hospital's MRI scanners are at maximum capacity can also be evaluated by whether there is space available or if patients having imaging done have to wait for their exams.

The following is an example of the typical wait time for outpatient scanning at the three WCHNA's facilities in the service area:

*As of January 10th at 2 p.m. – Next available Openings for MRI*

- *DH – January 16th at 2 p.m.*
- *DHMAC- January 25th at 2 p.m.*
- *DDI – January 13th at 11 a.m.*

While some patients can wait the additional time before an appointment becomes available, this information is an indication that the MRIs are in full use at DDI, DHMAC and at the Hospital.

While it is the position of WCHNA that there is enough evidence in the record to determine that the Danbury Hospital MRI scanners are not able to absorb additional volume, and that they are functioning at maximum capacity, we request that if necessary, you add this information and the information in Appendix A to the record in order to clarify the situation. Finding of Fact #28 should reflect the fact that WCHNA provided evidence to demonstrate that the WCHN MRI scanners are operating at full capacity.

Finding of Fact #51 concludes that the two MRI scanners at DH are underutilized. There is no explanation of how that conclusion was reached. While OHCA states that " . . . [t]he two MRIs at the Hospital performed a total of 5,318 scans in FY2011 or approximately 2,659 scans per scanner" (Proposed Final Decision, p. 8, Record, p. 166), there is no reference to what the maximum capacity is supposed to be. There are no OHCA regulations or guidelines on imaging equipment. OHCA did not cite to any national or association guidelines, or regulations or guidelines used in other states. The record is devoid of any reference to what constitutes maximum capacity. For these reasons, Finding of Fact #51 should be stricken from the record. It is this conclusion which led to the denial of the Applicant's request to acquire the MRI in Newtown.

The MRI Scanners at DDI and RDI: (Finding of Fact #29)

Finding of fact #29 is inaccurate because OHCA asked for "an explanation of how capacity was determined for DDI and RDI" in Late File #3 at the hearing. (Hearing Transcript, p. 41) and WCHNA did exactly that: (WCHNA Late File Q. #3 Record, p. 147): it provided the template that is used to determine capacity and explained how the template works. It was not clear that OHCA then wanted the template filled in with examples of specific weeks to show that the volumes indeed meant that the MR scanner was being fully utilized.

Volumes had already been provided in the CON application and in Late File #2 for the MRI scanner at RDI and the MRI scanner at DDI. (Record, p. 145). The information provided in Appendix A, Table 3 clarifies the volumes that WCHNA has been performing between 2009 and 2011 and also adds the volume from the Hospital's scanners. Through WCHNA the operation of community imaging locations coincides with Danbury Hospital's Master Facility Plan to relocate outpatient services that exist in the Hospital facility to more accessible outpatient settings and to provide greater facility capacity to support vital Hospital-based services. The acquisition of Newtown Diagnostic Imaging ("NDI") is a continuation of this strategy in a cost effective manner for WCHN that requires no additional imaging capacity in the region.

It is also important to note that the hours of operations at these locations (are beyond a normal 8 hour business day or 40 hour work week. These locations are already operating at 63.5 hrs. per week, making expanding any more hours to create more capacity difficult to achieve.

It is understood that the imaging standards are under review and are changing, but without alerting the Applicant to the fact that there was a standard being used that is not published, the Applicant had nothing to rely on. OHCA had the volumes for RDI and DDI. DDI performed 3,531 MRI scans in FY2011 and RDI performed 3,075 scans in FY2011 (Late File, Record, p. 145).

If this additional information is needed to clarify the situation at DDI and RDI, we would ask that it be added to the record so that the record is an accurate reflection of WCHNA's facilities. Finding of Fact #29 is misleading because it appears that OHCA asked for the actual calculation of how the template works. An examination of the transcript from the hearing will verify that this was not what the hearing officer asked for. (Hearing Transcript, p. 40).

The MRI at NDI

No exception is being sought regarding the facts of NDI's volume. However, an explanation may assist in understanding why WHCNA is interested in acquiring the MRI at NDI. The decision points out that not only is NDI underutilized in terms of the use of its MRI, but that volume has been declining over the last few years. (Finding of Fact # 54). However, the Applicant explained why the volume has been decreasing – and it is one of the reasons that the owners of NDI are interested in selling. They do not have the resources to staff the facility in Newtown in the same way that WCHNA will be able to do, and there have been issues with insurance. WCHNA has a large group of highly trained technicians in both MRI and CT scanning who could be called upon when personnel issues arise and NDI needs coverage. More qualified staffing would also allow the facility to operate in the evenings and on Saturday on a regular basis, which will raise the MRI volume in Newtown because area patients who now travel to Danbury Hospital, DDI or DHMAC will have access closer to home. The quality of service at NDI would improve if WCHNA is allowed to acquire the facility because the record reflects that WCHNA will put resources into NDI that will

improve both staffing and equipment. The Letters of Support enclosed in Exhibit C support this decision. Without approval to acquire both the CT scanner and the MR scanner, WCHNA will not acquire the NDI facility.

The fact that OHCA issued a Proposed Final Decision allows the Department of Public Health ("DPH") to consider the record and take additional evidence to clarify any irregularities that occurred during the process. Had the Late File list been put in writing, it might have been clearer what OHCA was looking for. Had there been written questions (ordinarily Interrogatories) sent out before the hearing, the applicant would also have been alerted to the specific concerns of the agency.

If the explanation set forth in this document (or the additional information in Attachment A) satisfies DPH that the MRI scanners in the WCHN system which are located in the NDI service area (as designated by OHCA)[5] are functioning at capacity or so near that the acquisition of an existing MRI will fill a clear public need, the Proposed Final Decision should reflect that WCHNA be allowed to acquire NDI's existing MRI scanner. If the facts provided throughout the administrative process and which are highlighted in this document and those which are provided now in Appendix A do not prove that there is a public need for this acquisition; that is completely different. But if there is sufficient utilization of the existing MRI scanners under the control of the Applicant and its parent WCHN, which includes Danbury Hospital, and this application is denied as to the MRI because there was confusion as to whether OHCA had been given the specific information it was looking for to make the decision, that would be an injustice to the applicant which will ultimately create hardship for patients who live east of Danbury and require CT or MRI scanning. For all of the wrong reasons, the decision itself will be the wrong decision.

## CONCLUSION

In addition to the Finding of Facts regarding capacity that are inaccurate, Finding of Fact #59 draws a conclusion that is impossible to achieve. Danbury Hospital ("DH") cannot absorb the existing MRI volume from NDI because neither the Danbury Hospital nor Western Connecticut Health Network (or its affiliate, WCHNA, the Applicant) has any control or ownership of NDI. NDI is a wholly owned limited liability company owned and operated by twelve radiologists. If the MRI scanner is not purchased by WCHNA, it will remain in operation at NDI under its current ownership.

If the intent of OHCA was to eliminate the MRI scanner in Newtown, this decision does not do that. NDI can continue to operate the MRI scanner in its facility, which will eliminate the projected cost savings to the health care system that could have been achieved. It will also eliminate the improved access to MRI scanning that the Applicant could have provided by assisting with staffing and capital improvements.

Under the conditions of the Proposed Decision, it is not feasible financially or operationally for WCHNA to purchase the CT scanner and operate it in the space utilized by the twelve physicians/owners, and not own and operate the MRI scanner. Financing for the acquisition

[5] Proposed Final Decision, Finding of Fact No. 11.

of the facility is based on the ability to spread the cost of operating the facility over the revenue received by operating both pieces of imaging equipment.

The Applicant respectfully requests that DPH consider the information that is provided in this document in order to correct the facts that are not accurate. If that is done, the conclusion would allow WCHN to acquire both the CT and MRI scanners at NDI in a modified Final Decision.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

## ATTACHMENTS

**Appendix A – MRI Scanning at Danbury Hospital and Volume of MRI scanning moving from Hospital to Outpatient Facilities**

**Appendix B – Hearing Transcript, pp. 40-41**

**Appendix C – Letters of Support**

**Appendix D – Hearing Transcript**

# APPENDIX A

## Danbury Hospital's MRI Scanners

## Table 1 - MRI Scanning at Danbury Hospital

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Average scanner time in Minutes for Specific Cases at the Hospital [1] | Number of MRI cases performed at the Hospital | Actual annual minutes it takes to perform specific MRI procedures at the hospital (A x B) | Average number of cases column D would translate to in an outpatient MRI center = D/45 minutes[2] | Variance of Case volumes at a Hospital-based MRI center vs an outpatient MRI Center = D-B[3] | Additional Capacity at an OP Center vs an inpatient center by procedure type[4] |
| **Exam Type** | | | | | | |
| Anesthesia | 180 | 196 | 35,193 | 782 | 587 | 300% |
| Arthrograms | 70 | 127 | 8,896 | 198 | 71 | 56% |
| Abdomen w/Contrast | 90 | 283 | 25,515 | 567 | 283 | 100% |
| Bilat Breast | 90 | 205 | 18,476 | 411 | 205 | 100% |
| Breast Biopsy | 120 | 10 | 1,173 | 26 | 16 | 167% |
| Needle Placement | 120 | 20 | 2,346 | 52 | 33 | 167% |
| MRA | 90 | 323 | 29,034 | 645 | 323 | 100% |
| Runoffs – lower extremities | 150 | 20 | 2,933 | 65 | 46 | 233% |
| Face/Neck/Orbits w/Contrast | 90 | 78 | 7,039 | 156 | 78 | 100% |
| Other | 45 | 4,057 | 182,562 | 4,057 | - | 0% |
| **Total MRI Exams at Hospital** | **59** | **5,318** | **313,166** | **6,959** | **1,641** | **31%** |
| IP additional minutes to all IP cases[5] | 30 | 1,295 | 38,850 | 863 | N/A | N/A |
| Emergency Room additional minutes to all ER cases[6] | 30 | 98 | 2,933 | 65 | N/A | N/A |
| **Total Additional Minutes to add to IP and ED cases** | | **1,393** | **41,783** | **929** | | |
| **GRAND TOTAL Capacity Variance[7]** | | **5,318** | **354,948** | **7,888** | **2,570** | **48%** |

Notes for Table 1:

1. Column A: The average time it takes each Hospital-based MRI exam type to be completed
2. Column D: The average time for a standard outpatient MRI exam to be completed in any of the Network's facilities is 45 minutes. Dividing the total number of Hospital-based exam minutes by 45 minutes yields the number of MRI exams that could be completed in the same time period at an outpatient facility.
3. Column E: When taking the same amount of total MRI exam minutes from the Hospital-based MRI exam volume, the Hospital performed 5,318 MRI exams, while an outpatient MRI facility could produce 6,959 standard outpatient MRI exams, or 1,641 additional MRI exams.
4. Column F: This represents the number of incremental MRI exams that could be performed in an outpatient center in the form of capacity percentages. By way of example, in the same amount of time it takes to perform 196 MRI exams with anesthesia at the Hospital, an outpatient MRI center can perform 782 standard outpatient MRI exams or a 300% improvement in capacity.
5. Inpatient additional minutes to all IP cases: This row represents the additional time it requires to perform an MRI exam on inpatients, due to transportation and maneuvering a patient from their bed, to the MRI scanner. During the time of transportation and maneuvering of the patient, the MRI scanner remains idle. Of the 5,318 cases indicated, 1,295 exams were performed on inpatients. When you multiply the estimated 30 minutes of time to the 1,295 inpatient exams performed during the period, it requires an additional 38,850 minutes of time on the MRI scanners. An outpatient MRI facility could perform an additional 863 MRI exams during the time it took to transport and maneuver patients on 1,295 inpatient exams.
6. Emergency additional minutes to all E.R. cases: The Emergency Room is located on the first floor of the Tower building and the MRI Department is located on the 3rd floor of the Stroock Building. The separation of these two locations causes the same phenomenon related to transportation and maneuvering of patients as the Inpatients. When using the same estimated time factor of 30 minutes, multiplied by 98 E.R. MRI exams, the result is an additional 2,933 minutes of MRI time. An outpatient MRI facility could perform an additional 65 outpatient MRI exams during the same time period.
7. In Summary: It is the Applicant's position that many Hospital-based MRI exams are more complex, and require greater time to complete than the standard MRI exams that are performed on a standard outpatient MRI scanner. Therefore, capacity, measured by the number of exams performed on an MRI scanner, must be viewed differently for a Hospital-based scanner versus an outpatient facility scanner. Based on the number of exams at the Hospital MRI scanners and the types of exams these represent, it is the applicant's estimate that the Network's outpatient facilities operate at 48% greater exam capacity than the Hospital scanners can.

Based on this analysis, and using a weighted average of 104 minutes as an average scan time for the Hospital MRI exams (as demonstrated in Table 1), it is clear that the Hospital MRI scanners at the Hospital are at full capacity. To illustrate this point, the applicant has

completed the template it uses to measure capacity on its outpatient MRI scanners and adapted it for the Hospital MRI scanners (inpatient and outpatient).

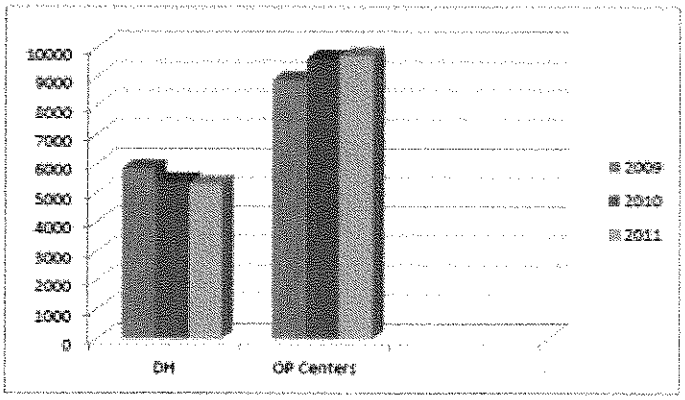
**Table 2 – Capacity Analysis on Hospital MRI Scanners**

| | MRI | | | | | | |
|---|---|---|---|---|---|---|---|
| | **M** | **T** | **W** | **TH** | **FRI** | **SAT** | **TOTAL/Wk** |
| **Hours of Operation** | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | |
| Various periods within timeframe | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 4:00P.M. | |
| Operating Hours 1.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 8.5 | |
| Operating Hours 3T | 9 | 9 | 9 | 9 | 9 | | |
| MRI Scanner 1 Max capacity | 12 | 12 | 12 | 12 | 12 | 11 | |
| MRI Scanner 2 Max capacity | 9 | 9 | 9 | 9 | 9 | | |
| **Total Max. capacity (patients)** | 21 | 21 | 21 | 21 | 21 | 11 | 116 |
| **Number of patients** | | | | | | | |
| **Random Week** | 17 | 18 | 20 | 22 | 23 | 11 | 111 |
| **Random Week** | 19 | 21 | 25 | 23 | 22 | 10 | 120 |
| Avg | 18 | 19.5 | 22.5 | 22.5 | 22.5 | 10.5 | 115.5 |
| **% Capacity** | **86%** | **93%** | **107%** | **107%** | **107%** | **95%** | **100%** |

**Table 3 – Shift in MRI Volumes from Inpatient to Outpatient Settings**

The strategic initiative to shift MRI outpatients from testing at Danbury Hospital to non-hospital-based outpatient facilities operated by the Applicant WCHNA can be observed in the bar graph, with 546 reductions in Danbury Hospital volume and 815 procedure growth in OP centers for the same time period.

| | DH | OP Centers |
|---|---|---|
| 2009 | 5864 | 8902 |
| 2010 | 5405 | 9622 |
| 2011 | 5318 | 9717 |



## APPENDIX B

## Hearing Transcript, Pages 40 – 41

HEARING OFFICER: Well, I think he gave us it.

MR. DAGLIO: Yeah, we don't know who provided yeah, we don't know. All of the things he proposed we don't know those to be factual, his volumes, his people who refer to him, we don't know that information.

HEARING OFFICER: Okay.

[CROSS COMMENTING]

MR. DAGLIO: I thought you meant our own, sure, we can provide our own.

HEARING OFFICER: All right.

MR. DAGLIO: Let's get can we get that right in the record?

HEARING OFFICER: I was getting excited.

MR. DAGLIO: I would like to know.

HEARING OFFICER: Okay, it was worth asking, but you knew the answer. So I'm going to have Mr. Huber go through the late files just so we're clear on what we need.

MR. HUBER: Late file #1 is a revised Attachment C from the pretrial testimony providing us with the twelve month CT and MRI scan volumes for fiscal year 2011. Late file #2, a table that illustrates the annual volume wait a minute wait a minute. I wrote two things on different lines here.

The table that indicates the total volume by location in a format similar to Attachment C.

HEARING OFFICER: No, wait

MS. ZUPCOE: No wait. It was by scanner.

MR. HUBER: No, that was

HEARING OFFICER: Late file #1 is supposed to do total volume including inpatient and outpatient. Late file #2 is a table showing breaking down the hospital scanners' volume by scanner.

MR. HUBER: Okay. Should I start from the top?

HEARING OFFICER: Are those clear now, late file #1 and #2, we're good?

UNKNOWN: Uh hm.

HEARING OFFICER: Okay.

MR. HUBER: Late file #3 is an explanation as to how capacity was determined for DDI and RDI. Late file #4 is strategy for distribution of health care services. Late file #6 is revenue and expense statements individually addressing the CT and the MRI acquisitions.

HEARING OFFICER: Okay. I think that concludes the hearing. Did you all want to make a closing statement?

MR. DAGLIO: I actually had a question for clarification just on this if it's okay, the

## APPENDIX C:

## Letters of Support

State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE CHRISTOPHER LYDDY
ONE HUNDRED SIXTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4113
HARTFORD, CT 06106-1591

CAPITOL: 860-240-8500
TOLL FREE: 1-800-842-8267
FAX: 860-240-8306
E-MAIL: Christopher.Lyddy@cga.ct.gov

VICE CHAIRMAN
PUBLIC HEALTH COMMITTEE

MEMBER
EDUCATION COMMITTEE
HUMAN SERVICES COMMITTEE

January 11, 2012

Commissioner Jewel Mullen, MD, MPA, MPH
Department of Public Health
Office of Health Care Access
410 Capitol Avenue MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

I am writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As Vice-Chairman of the Public Health Committee and Newtown's State Representative, I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. Yesterday, I spoke at length with DPH staff to try and better understand this decision. Even after speaking with your staff, I remain concerned about this decision, as it may jeopardize the transfer of the facility. As we continue to address the important issue of health care reform, it is important that we strive to create opportunities to provide better care at lower costs. Allowing facility to enter the network will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown and serves other neighboring communities as well. This is especially important for our senior citizens to receive the care they need. In order to maintain this service for years to come and enhance the medical care and access for the community, I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Christopher Lyddy
State Representative
106th District

SERVING NEWTOWN

Newtown Municipal Center
3 Primrose Street
Newtown, Connecticut 06470
Tel. (203) 270-4201
Fax (203) 270-4205
*first.selectman@newtown-ct.gov*
www.newtown-ct.gov

E. Patricia Llodra
First Selectman

# TOWN OF NEWTOWN

## OFFICE OF THE FIRST SELECTMAN

January 17, 2012

Jewel Mullen, MD, MPA, MPH
CC: Melanie Dillon, Esq.
Connecticut office of Health Care Access

Dear Dr. Mullen:

As Newtown First Selectman I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of allowing only a partial transfer of ownership of Newtown Diagnostic Imaging to the Western Connecticut Health Network. We appreciate the current climate of health care reform with accountable care organizations forming and networks of service providers aligning to provide better care at lower costs. I have been informed that a partial transfer would likely eliminate consideration of Newtown Diagnostic as part of that heath care network. Given that situation, and recognizing that the vast majority of our residents receive their health care through that network, we are concerned that the partial transfer would essentially restrict or eliminate access to the services of Newtown Diagnostic. Full transfer of Newtown Diagnostic to Western Connecticut Health Network allows for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Sincerely,

E. Patricia Llodra
First Selectman

cc: Adam Welber, M.D.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commisioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

We are writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As members of the community we have an interest in maintaining access to medical care for the members of our community.

It is our understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. This may jeopardize the transfer of the facility. In the current climate of health care reform where accountable care organizations are forming and networks of service providers are aligning to provide better care at lower costs it is important to us that the facility enter the Network where the vast majority of our citizens receive their health care. This will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

January 10, 2012

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Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

## APPENDIX D:

## Hearing Transcript

ORIGINAL



Pages: 1-43

STATE OF CONNECTICUT

Hartford, ss

DEPARTMENT OF PUBLIC HEALTH

OFFICE OF HEALTH CARE ACCESS
HEARING HELD ON: OCTOBER 25, 2011
BEFORE MELANIE DILLON, ESQ., HEARING OFFICER
DOCKET # 11-31703-CON
Applicant: Western Connecticut Health Network Affiliates, Inc.
Present:
Jack Huber, Staff Analyst
Melanie Dillon, Hearing Officer
Kimberly Martone, Director of OHCA
Barbara Olejarz, Transcriptionist
Toni Ann Marchione, Director of Diagnostic Services
Jennifer Zupcoe, V.P. Finance, WCHNA
Dr. Jeet Sandhu, Chairman of Radiology, Danbury Hospital
Pat Gerner, Esq., Counsel for WCHNA
Michael Daglio, Chief Operating Officer, WCHNA
Sally Herlihy, V.P. Planning, WCHNA
Carolyn McKenna, Legal counsel for the system

Mary Indomenico

Official Court Transcriber

HEARING OFFICER: Good morning. Before we begin, please make sure all cell phones and beepers are turned off. This public hearing before the

Office of Health Care Access identified by docket #11-31703-CON is being held on October 25, 2011 to consider Western Connecticut Health Network Affiliates, Inc., CON application for the acquisition of equipment from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.

This public hearing is being held pursuant to General Statutes Section 19(a), 639 (a) and will be conducted as a contested case in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, the uniform administrative procedure.

I am Melanie Dillon and I have been designated by Commissioner Jewel Mullan of the Department of Public Health to serve as the hearing officer for this matter. The staff members assigned to me on this case is Kimberly Martone, Director of Operations, Stephen Lazarus, and Jack Huber. Administrative and technical support is being provided by Barbara Olejarz. Following the hearing I will issue a proposed final decision in accordance with General Statutes, Section 4-179. In making its decision, OHCA will consider and make written findings concerning the principles and guidelines set forth in Section 19(a) 639 of the General Statutes.

The applicant, Western Connecticut Health Network Affiliates, Inc. has been designated as a party in this proceeding. Are there any other persons who wish to offer testimony or make a statement in this case other than those individuals representing the applicant? Let the record show that no one has come forward.

At this time I would like all of the individuals who are going to testify on behalf of the applicant to stand, raise your right hand, and be sworn. After I read the statement, please affirm by saying 'yes'.

WITNESSES, Sworn.

HEARING OFFICER: Will all those individuals who just took the oath, please state your full name the full time you speak and adopt any written testimony you have submitted on the record. For all those individuals testifying on behalf of the applicant, please make sure that you have printed your name and affiliation on the sign-up sheet that has been made available for this hearing.

At this time I will ask staff to read into the record those documents already appearing in OHCA's table of record in this case. All documents have been identified in the table of record for reference purposes. Mr. Huber?

MR. HUBER: Thank you. For the record, my name is Jack Huber; I'm an OHCA staff member. Prior to today's public hearing, a copy of the proposed table of record was conveyed to the applicant. The two page table of record identifies Exhibits A through O. In the interest of time and if you and the applicant are in agreement, I would like to present a formal reading of each individual exhibit into the record and offer this said table of record in its entirety for inclusion in today's proceeding.

HEARING OFFICER: Okay. Thank you. Do you have any additional exhibits to enter into the record?

MR. HUBER: No, we do not.

HEARING OFFICER: Does the applicant have any objections to any of the exhibits?

MS. GERNER: Yes, Commissioner Hearing Officer Dillon. My name is Pat Gerner and I'm here this morning representing Western Connecticut Health Network Affiliates. So good morning to you and to OHCA staff. The applicant would like to make an objection on the record to Exhibit D. This is email correspondence from Dr. Conrad Erlique (phonetic) dated September 13, 2011 which was not sent to the applicant at the time that he sent the email to the agency, nor did Dr. Erlique subsequently send a copy

of that to the applicant since September 13th. As a result, the applicant did not see a copy of that exhibit until yesterday afternoon when a discussion of the table of the record came up and a copy was sent down from OHCA to the applicant. But without sufficient time to really respond for this morning's hearing. The applicant is not going to make a formal objection to having this exhibit removed from the record because we know that the hearing officer can accept this email from an interested person as part of the record and give it whatever appropriate weight it should have. But we would like to point out that Dr. Erlique did not seek party or intervener status, which he could have done to be a part of this hearing where he could have been cross examined on those topics that he raised in his email. He also indicated in later email that he would not be present at this morning's hearing. So the material the evidence, the topics, the issues that he raised in those emails we understand cannot be used as evidence as the basis of the decision. However, to the extent that there are any issues that he raised or any topics in those emails that you would like further information on, the staff at Western Connecticut Health Network Affiliates would be very happy to provide late files if you would

simply indicate which issues or topics you would like further information about. And if you could do that at the end of the hearing, they would appreciate it very much.

HEARING OFFICER: Okay.

MS. GERNER: Thank you.

HEARING OFFICER: Thank you. So I think I heard you it's not a formal objection, just noting

MS. GERNER: We'd like the objection noted on the record.

HEARING OFFICER: Okay.

MS. GERNER: Because of the circumstances, but we're not objecting to having the document remain in there knowing that you will use it for the appropriate with the appropriate weight.

HEARING OFFICER: Absolutely. I think we might actually have a few questions that we're going to ask at the hearing that relate back to that. But to the extent that obviously I would give you the opportunity to provide additional late files in response

MS. GERNER: Thank you.

HEARING OFFICER: - other issues that we feel need to be addressed. Thank you.

Okay. At this time Western Connecticut Health Network Affiliates I think we're just going to

start saying "WCHNA", may proceed with its testimony.

MS. HERLIHY: Good morning Hearing Officer Dillon and OHCA staff. My name is Sally Herlihy and I'm the vice president of planning Western Connecticut Health Network and I'm here today on behalf of Western Connecticut Health Network Affiliates, Inc. in terms of the CON application to acquire the imaging equipment currently being used at Newtown Diagnostic Imagine in Newtown, Connecticut. I hereby adopt my pre-file testimony.

Participating in the hearing with me today are the following individuals and I'll just go across the room here. Mike Daglio, Senior V.P. of Operations at Danbury Hospital, Carolyn McKenna, Legal counsel for the system, Dr. Sandhu, Chairman of Radiology, Jennifer Zupcoe, V.P. of Finance Operations and Decision Support, and Toni Ann Marchione, Director of Diagnostic Services.

I'd like to just briefly highlight some of the points of my testimony. As you know, Western Connecticut Health Network, the parent corporation has five locations where patients can access imaging services. Those include Danbury Hospital, New Milford Hospital, Danbury Medical Arts Center in

Danbury which is located at Danbury Hospital for outpatient scanning, and two facilities out in the community, both Danbury Diagnostic Imagine and Ridgefield Diagnostic Imaging.

If approved, Newtown Diagnostic Imaging will joint Danbury and Ridgefield locations where imaging services are provided out in the community, rather than at the hospital. This is the direction that Western Connecticut Health Network is aiming for. Beginning with more primary care in the community, we're focusing on placing most outpatient services closer to where the patients live. Patients travel from their homes to receive imaging services after they've scheduled an appointment. So for patients living in Newtown and the surrounding area east of Danbury, a location in Newtown make the services more accessible. Patients are already using Newtown Diagnostic Imaging. It's an ongoing radiology practice where CT scans and MRI scans are done on the equipment. NDI has experienced some decrease in volumes over the last three years due to some insurance and staffing issues as we noted. The physicians who own the practice want to sell the equipment in Western Connecticut Health Network Affiliates, has made plans to acquire the imaging equipment and remain in the same location in Newtown

if you approve this application.

With proper staff and the resources available within the Western Connecticut Health Network Affiliates group to help keep costs down, NDI will not only see improved service at the facility, but it will help to make take the stress off the rest of the system by absorbing some of the patients who now travel to Danbury Hospital for imaging services. By adding the extended hours of evening and five hours on Saturdays over time, patient accessibility will be greatly improved. The need exists for this facility not only for the patients in the immediate area of Newtown, but also to prevent either Danbury Hospital or DDI to seek additional imaging equipment in the near future. DDI is currently performing over 5,000 CT scans each year. DDI is also performing over 3,500 MRI scans. This is a non-hospital site. DDI is not capable of absorbing additional patients in the future. Having some of them who live east of Danbury Hospital to go to the MDI facility, would assure both prompt attention to the scanning and greater accessibility for those patients who live in the area and relieve the pressure off of DDI and other sites.

Thank you for your time this morning. To hear more of the details of our application, we're

available to answer questions.

HEARING OFFICER: Thank you. Is there anyone else who is going to testify or does that conclude it? You answered one of our questions. We were going to ask what DMAC stand (sic) for. So now we know, Danbury Medical Arts Center.

Now is DMAC located on the campus of the hospital? And what's what services are offered at DMAC?

MS. MARCHIONE: Hi, Toni Ann Marchione. We offer CT scan, MRI, mammography, plain x-ray and that's it in the radiology area of DMAC.

HEARING OFFICER: Okay. And aside from radiology, are there other services available there?

MS. MARCHIONE: Yes. There's nuclear medicine services and the rest are surgical services, physician offices and cardiac PET CT and there's also cardiac services in the building.

HEARING OFFICER: Okay. Now with respect to the so you have a CT and an MRI at DMAC?

MS. MARCHIONE: Correct.

HEARING OFFICER: Now how many other MRI scanners are located on the hospital campus?

MS. MARCHIONE: Two.

HEARING OFFICER: Two?

MS. MARCHIONE: Uh hm. Two MRI scanners and

two CT scanners.

HEARING OFFICER: Okay. And is that -- in addition to the two

MS. MARCHIONE: That's in addition; that's actually in the hospital.

HEARING OFFICER: Okay. So there's a total of three MRI scanners and three CT scanners on the hospital campus?

MS. MARCHIONE: Correct.

HEARING OFFICER: Now Attachment C shows the historical, current, and projected volume by equipment unit. I noticed that we just it still has nine months annualized per fiscal year 2011. Could we get a complete fiscal year 2011 at this point?

MS. ZEPCOE: This is Jen Zepcoe. We can certainly provide that afterwards. We don't have that information here.

HEARING OFFICER: Okay. But you could put it in a late file?

MS. ZEPCOE: Yes.

HEARING OFFICER: I believe Attachment C, and you can correct me if I'm wrong, is the same table that was provided in the completeness responses.

MS. MARCHIONE: With the addition of New Milford Hospitals' numbers.

HEARING OFFICER: Okay. And in the let me find the page for you.

MS. MARCHIONE: Page 13?

HEARING OFFICER: I think it's page 59. There's a footnote that's stated for Danbury Hospital and DMAC you included outpatient CT and MRI volumes, but you did not include inpatient or ED patient volume?

MS. ZEPCOE: That's correct.

HEARING OFFICER: Is there a reason why we excluded the inpatient and ED volume?

MS. ZEPCOE: Again, this is Jen Zepcoe. It was my belief that we were looking just to really add the outpatient volume. We could certainly provide the ED or inpatient volume as well.

HEARING OFFICER: Okay. So do it. So could we get that off there and another - well I guess okay, so I guess what we would get is a revised a revised Attachment C and we'll just work off the pre-files so we don't get confused here. And have total volumes for the Danbury Hospital and DMAC. And if you could could you break it up by scanner?

MS. ZEPCOE: Yes.

HEARING OFFICER: Is that possible? Cause I know we've had applications in the past where they told us they can't break it out by scanner.

MS. MARCHIONE: Toni Ann Marchione. I think we can break it out by scanner, but the only scanners that actually perform exams on ED or inpatients would be the actual hospital scanners, not the DMAC. We don't service ED or inpatients there.

HEARING OFFICER: So DMAC with just the outpatient?

MS. MARCHIONE: Right.

HEARING OFFICER: So why don't why don't we keep it instead of making it Attachment C, way too convoluted, if we could do Attachment C as like file one, we'd have a full fiscal year 2011 actuals. And then total volumes for Danbury Hospital and DMAC and those in the respective columns for CT and MRI. And then late file #2 could be the volumes by scanner. Does that make sense?

SEVERAL: Uh hm.

HEARING OFFICER: Does that make sense to you Jack?

MR. HUBER: Uh hm.

HEARING OFFICER: Cause I don't want to make this too messy breaking it out by scanner.

UNKNOWN: And I'd just like to add to make sure that those numbers provided are going to be consistent with the imaging survey that your

facility is currently sending in to our office as well.

HEARING OFFICER: With respect to New Milford Hospital I know it's somewhat out of the service area for this particular application, but how many scanners does New Milford Hospital have?

MS. MARCHIONE: One CT scanner and one MRI scanner.

HEARING OFFICER: Okay. And as far as the volumes provided in Attachment C, were those just outpatients volumes as well?

MS. MARCHIONE: We'd have to confirm it, but I think it was just outpatient

MS. HERLIHY: This is Sally Herlihy. I believe they were actually total volumes. I will confirm that for you.

HEARING OFFICER: Okay. So if we could make sure Attachment C has the total volumes.

MS. HERLIHY: So it would be consistent.

HEARING OFFICER: And I believe it's clear from the application, but just to reconfirm DDI has one CT and one MRI scanner?

MS. MARCHIONE: Correct.

HEARING OFFICER: And RDI has one CT and one MRI scanner?

MS. MARCHIONE: Correct.

HEARING OFFICER: Okay. Now in the pre-file application you state that the DDI and RDI are operating at full capacity and beyond. And I believe did I say that I think it was in a pre-file testimony as well. How did how did you arrive that RDI was operating at full capacity? How did you determine that?

[AT THIS POINT 1:05:00 RECORDING QUALITY BECOMES POOR]

DR. SANDHU: (inaudible) Chairman of Radiology. We're essentially using data pretty much from the advisory board, we get the number of CT's that are done and what are expected in a routine outpatient setting. You know, a work day with a certain (inaudible). 85% of (inaudible) patients is considered to be full capacity which based on that information it works out to about 3,500 CT's.

HEARING OFFICER: Okay. But RDI is currently at about 2,700?

DR. SANDHU: RDI is actually it's about 5,700.

HEARING OFFICER: RDI?

DR. SANDHU: I'm sorry; I apologize.

HEARING OFFICER: That's okay.

DR. SANDHU: (inaudible).

HEARING OFFICER: RDI is 2,729 according to

the pre-file and then 2,585 for the MRI. So you said you used the 85%?

DR. SANDHU: (inaudible) 3,500 is the number (inaudible).

HEARING OFFICER: Now could you provide us with how you like the numbers you came up with in utilizing that calculation? So that could be like file #3, how capacity was determined for both CDI and RDI.

The radiologists that own NDI read the studies and oversee the quality do the same for Danbury Hospital, DDI, and RDI?

DR. SANDHU: That's right.

HEARING OFFICER: Correct? So it would be the same

DR. SANDHU: (inaudible).

HEARING OFFICER: -- overseeing it.

DR. SANDHU: (inaudible).

HEARING OFFICER: Could you restate your answer to the last question? I'm sorry. So it was whether the radiologists that currently own NDI read the studies and oversee the quality do the same for Danbury Hospital, DDI, and RDI?

DR. SANDHU: The same group of radiologists they're currently doing (inaudible) capacity.

HEARING OFFICER: Thank you. How do you

explain the lower utilization of the scanners owned and operated by NDI?

DR. SANDHU: Well I think you know, essentially there's several issues that come into play. Predominantly operational and contractual issues that come into play, resulting in lower utilization.

HEARING OFFICER: Okay. Could you explain some of those operational issues?

DR. SANDHU: Well partly its staffing issues that come into play. And I think that may be one of the advantages here with the integration of NDI into the larger network as having a larger pool of resources available to fully staff all of the imaging facilities. And also, contractually I think with some (inaudible) contracts that are in play, it's not fully accessible there which will also (inaudible) the number of patients (inaudible) the facility.

MR. HUBER: Jack Huber for the record. If the proposal were to be approved, when would you anticipate replacing the service CT scanner at (inaudible)?

MR. DAGLIO: This is Mike Daglio, Senior Vice President of Operations at Danbury Hospital. We anticipate it won't be too long. It may be within

the next year or two that we replace that, depending on our capital budget allowance and cycle of capital priorities. We anticipate it in a year or two that would be that would be replaced.

MR. HUBER: Have you at this point investigated any type of replacement?

MR. DAGLIO: We have we have a pretty

MR. HUBER: Through a vendor or?

MR. DAGLIO: We have a pretty consistent replacement plan of our fleet of equipment across the network. We have a pretty standard replacement period of time and we have a pretty consistent selection of vendors that we use. If you look at our outpatient imaging centers, we always try to get the best pricing when looking at both purchasing. So we do have a couple of vendors that we typically use. So we do know what style CT scanner we would put in there to be consistent with the other CT scanners in the network. Try to standardize the equipment.

MR. HUBER: I believe you identified within the application the number of slices that you would be requesting?

MR. DAGLIO: That's right.

MR. HUBER: Is that 16?

MR. DAGLIO: We typically do a 16 slice

scanner that are upgradable for future growth if necessary and if needed.

MR. HUBER: With respect to the Newtown CT scanner, to what degree does the one slice capacity effect the extra (inaudible) scanner that's operating now?

DR. SANDHU: Again, the increase in the (inaudible), development of the CT scanners, the one slice is better (inaudible) than the overall number of (inaudible) is capable of doing.

MR. HUBER: If that's the case and the potential upgrade to the CT scanner has been included in the projections in Attachment C, why would one anticipate a greater annual volume than what's presented here?

MR. DAGLIO: Why wouldn't we project? The projection that we want to make are always conservative. We understand maybe take a step back and talk about our strategy. If we look at Danbury Hospital, we do have two MRI's and two CT scanners in the hospital process. Our overall strategy for the network is to move outpatients out of our hospital campus. It's inefficient; it's very difficult for them to navigate parking, to navigate elevators, and get into our imaging centers in the hospital for outpatient needs. So the scanners and

the MRIs that we have in the hospital we really want to we really want to allocate the inpatient services and emergency (inaudible) so we don't delay any inpatient care and discharge planning, as well as any delays in the emergency (inaudible). So our goal is to move all of the outpatients imaging to the extent possible, off the main campus and distribute it out into the community where the patients live or work and have easier access to parking at the - at the facility.

In that case we're talking about it's hard to really know for sure what the total volumes would be. But we looked at where we would spread volumes more effectively (inaudible) hospital being off the main campus or (inaudible) main tower. But we have a distributed plan for imaging services. We have a centralized scheduling service that would allow us to look at all of the schedules for all of the sites and new patients (inaudible) with it or whether it's close to their work or their home, whatever is more convenient for them. So the spread of the actual volume is difficult to (inaudible).

HEARING OFFICER: (inaudible).

MR. DAGLIO: We have a network strategy. We have a whole strategy for the network (inaudible) that include primary care, (inaudible). If you

look at it historically (portion inaudible)

[TAPE CLEARS HERE SIGNIFICANTLY AT 1:14:02]

MR. DAGLIO: -- our Southbury cardiology practice and our Southbury primary care services. So it's a consistent strategy and we can walk you through that for sure in terms of our distributed outpatient services and moving patients out of the hospital for outpatient services. The DMAC building itself the CON we did for that was that very purpose to move cardiology in general, surgery, and GI out of the hospital. The cardiology practice was in the tower of the hospital for outpatient services. It's very inconvenient to do that for patient outpatient services and that was really the purpose of the DMAC building back in 2006. So it was a very consistent strategy. It's something we've been doing for a number of years and we continue to perpetuate that strategy. We still have a few more outpatient services in the hospital that would be moving out in the near future. So that is our goal and we can walk you through it. To the extent you want the details, we can provide that for you, sure.

HEARING OFFICER: You can?

MR. DAGLIO: Yes.

HEARING OFFICER: Okay.

MR. DAGLIO: I mean you know, we'd have to be able to create that for you, but we do have

MS. GERNER: We don't have it written

MR. DAGLIO: -- in a written plan.

HEARING OFFICER: Got it. So you say you want to move more distribute more out into the community. Have more of your outpatient services out there and keep the scanners and the MRI in the hospital for inpatient and ED services?

MR. DAGLIO: That's right.

HEARING OFFICER: Well it's hard - without the volumes it's hard for us to see. I mean could you just tell me I mean do you have like a figure you can say do the inpatient and ED volumes warrant moving all of the outpatient scans off the hospital campus?

MR. DAGLIO: So the

MS. HERLIHY: Other capacity problems with the current CT scanners.

MR. DAGLIO: That's right. The CT scanner for ED is certainly very well utilized. And when you look at trying to schedule outpatients on that scanner, it's very difficult. Emergencies come in, the patients get bumped, and they could wait an hour or two for those. So we do have significant volumes in the ED and for the inpatient the same purpose.

We have a very disciplined team on the floor of hospitals working a discharge plan and making sure patients get the appropriate imaging and results of their imaging for the discharge plan. We want to make sure that's not interrupted. What we have done is scaled back the hours of operation of those scanners to make sure we're efficiently staffing those scanners. The ED goes 24/7. But the inpatient we do scale back services to really try to manage the imaging for the inpatients and that's really to keep them clear. The MRI's we do have a 3-T MRI at the hospital campus. So that will always have outpatients on it for patients who require a higher level of MRI imaging. So the MRI the 3-T MRI will still support outpatient services simply because it's the only one we have in our fleet of equipment. You really can't support more than one 3-T in this region I believe.

UNKNOWN: Okay. Well I'm looking at the volumes that are reported on our hospital reporting system. But these are accurate. For CT scans, it looks like you said there's two scanners on the campus, so for inpatient only for Danbury, it looks like 11,000 in total. So that would be 5,500 per scanner. But I think the real question is you know, is I mean I understand you're trying to improve the

efficiency in the flow of both scanners, but each one operating at 5,000 I mean is that a capacity issue for the hospital?

DR. HUBER: If I could just reiterate a comment here?

HEARING OFFICER: Uh hm.

DR. SANDHU: Also I want to reiterate everything that Mike said. Trying to do outpatients with a mix of inpatients, I think is very detrimental and disadvantageous to the outpatients because unfortunately they do get bumped quite frequently.

And also, specifically for the numbers in the CT scanner. As I said, you know, looking at utilization it really depends on the mix of cases that you are doing to determine that exact number. And actually one of the CT scanners that we have there we've used predominantly for interventional procedures, biopsies, drainage, CT guided procedures, which in and of itself takes up much more time. So in the amount of time that you're going to be able to do one interventional biopsy drainage procedure, theoretically you could probably do two or three outpatient scans. So as a result those numbers become very skewed and in fact, you probably have to look at it maybe as one and a half

or one and a quarter CT scanners to look at those numbers realistically. Cause if I do you know five interventional procedures, that literally is five or six hours worth of time on that CT scanner. So you know, that needs to be kept into consideration in terms of utilization of the scanners within the hospitals themselves.

HEARING OFFICER: Thank you. And that's one CT scanner on the hospital campus that's dedicated for the interventional

DR. SANDHU: It's it again inpatients, ER patients are also done on that scanner, but predominantly utilized for interventional procedures.

HEARING OFFICER: Okay.

MR. HUBER: Declining annual stand-bys at the Newtown location have been attributable to technician staffing problems. What changes will be made in the future to resolve the situation?

MS. MARCHIONE: Toni Ann Marchione. We have a large number of employees in the system that can that are multi-modality, can do CT and MRI and regular x-ray. We can easily back fill any leave of absence or pregnancy leave or anything like that where I think NDI at this point doesn't have that capability. So we would be we have a lot more

employees to use to be able to back fill any issues that they would have there.

HEARING OFFICER: Could the volume at the NDI facility be accommodated at either or both EDI and RDI or perhaps even the hospital?

DR. SANDHU: I mean basically if you look at the numbers here I think they're pretty much at complete utilization.

HEARING OFFICER: What do you mean?

DR. SANDHU: Well if you're using 3,500 CT scans per CT per year, we're doing well over that number already. And I think getting back to the point here in terms of accessibility, customer satisfaction, ease of use, these are all significant issues for patient satisfaction. And you know, I think having the capability of them meeting that need is very important for the patients themselves.

HEARING OFFICER: The 3,500 number and correct me if I'm wrong, but I believe that was with MRI and that's in our proposed imaging standard which we don't we're not in regulation yet. But CT and I recall that to be closer to 5,000 for an outpatient CT scanner. So it looks when I look at RDI's numbers at least for FY 2010 and even the nine month annualized we're talking about 3,000. So it seems you have existing capacity at RDI.

MS. MARCHIONE: Do you want me to? Toni Ann Marchione. We do have existing capacity at RDI. The idea is that we are at full capacity at DDI, which is Danbury Diagnostic Imaging and the DMAC which is also in Danbury. And to help alleviate that capacity, we have Newtown patients that come down to Danbury and the DMAC that if we could decompress the capacity by providing them service closer to home and faster imaging within two or three days; that's the idea of adding NDI to our services.

HEARING OFFICER: Could you decompress that at Ridgefield?

MS. MARCHIONE: We we could attempt that and there are a lot of the times where patients will wait the longer amount of days instead of traveling from Newtown to Ridgefield.

HEARING OFFICER: What is the traveling distance from Newtown to Ridgefield?

MS. MARCHIONE: I don't know if I could answer that

HEARING OFFICER: And if you don't know the distance maybe time that it takes?

DR. SANDHU: Basically from the center of Newtown to Ridgefield Diagnostic Imaging is probably 30 minutes.

HEARING OFFICER: So there might be some hesitancy on the part of Newtown patients?

MR. DAGLIO: This is Mike Daglio again. For our centralized scheduling we always offer first available. So if a patient lives in Danbury or works in Danbury, we always offer Ridgefield. And many times they'll say, "I'd rather wait than drive to Ridgefield" for that. Again, the strategy of bringing services closer to where our strategy is in terms of primary care distribution, specialty distribution, is to bring those services closer to the community. This was a this is a low cost proposal for us to add some capacity closer to our distributed practices and distributed you know, growth areas where we have newer practices. So this was just more of that distribution of capacity to handle. So is there ability if you look within our network, yes, there would be some capacity at the hospital for example. But again, our strategy is to move people out of the hospital, make it more convenient to navigate our facilities to get their outpatient services.

HEARING OFFICER: And I know I just asked with respect to CT mainly, but MRI it looks like that was declining at NDI as well. Could that be accommodated at some of the other facilities that

volume?

MS. MARCHIONE: Again, Toni Ann Marchione. That could be accommodated at the Ridgefield facility. But again we're faced with the issue of the patient choosing to come to Danbury which is closer than Ridgefield and waiting for their procedures.

HEARING OFFICER: What is the driving time from Newtown to Danbury?

MS. ZEPCOE: 15, 20 minutes I would say.

DR. SANDHU: About 20 minutes.

HEARING OFFICER: And it sounds as if those patients opt to go to Danbury rather than Ridgefield. Is there a lot of traffic in Ridgefield?

MS. ZEPCOE: Ridgefield is further south. You have to go by the mall and it's really one main road to get in so it's traffic, yes.

MS. HERLIHY: This is Sally Herlihy. On the attachment of the CON where we had it I think it was pages 21 and 22, it showed the volume for the patients for the last three years that utilized both the Danbury and Ridgefield facilities and then page 23 was the actual Newtown Diagnostic Imaging. And if you look at those charts, the Newtown volume is relatively low in utilization of both of those

facilities probably because of the distance and the access. Whereas Newtown is obviously the number one town of patient residents for the Newtown Diagnostic Imaging, but it's much lower on both the MRI and CT scan of the two existing facilities.

HEARING OFFICER: I mean that's my concern. Is the Newtown has low utilization and it seems that you have existing capacity at least one of your outpatient facilities. So that's why I'm asking some of those questions.

MR. DAGLIO: They're good questions to ask in terms of capacity. So if you look at our aggregate capacity there's capacity even in New Milford you could say. So again, it's distribution where to Sally's point, 21% of the patients at DDI come from a couple of towns around Newtown that we've discussed in our CON application. So if you look at Bethel, Newtown, Sandy Hook, and Southbury, 21% of the patient volumes at DDI in Danbury come from those towns, where NDI obviously is a closer solution for them. In RDI, those same towns make up 6% of the volume. So it's not as easy to get patients to go down Route 7 south of the mall into Ridgefield for their imaging if they live in those towns, especially Newtown into Southbury.

Our strategic growth plan and again I'm happy

to share that with you, includes new practices in Monroe, in Wilton, in the more southern parts of the areas that will drive and our projections will drive some of the growth in those locations. So they're not specifically discussed in our CON, but we'd be happy to share with you what our network strategic plan is for primary care offices and distribution specialty care south of Ridgefield which would bring imaging up and south of Newtown which would also bring imaging up as well. And those are some of the projections we have for growing utilization of our services.

UNKNOWN: I'm going to ask probably the same overall question just more bluntly. So if you could really just address by acquiring this practice why you need Danbury Hospital, the system, Western Connecticut system needs these two additional pieces of equipment for the record.

MR. DAGLIO: For the record. Consistent with this is Mike Daglio, Senior V.P. of Operations. To be consistent with our strategy of growing -- our distribution strategy for health care services, to have imaging only in specific locations or back to Danbury at the mother ship if you will, all coming back is not part of our strategy. Our strategy is to get the services out into those communities. Our

long term strategy is to be further out into those communities where these services exist or they will exist for our network. Our goal is to bring all of our ancillary and specialty care and laboratory care, imaging care, closer to those markets to those areas of distribution that we're focusing on. It's not as easy to have patients come back to New Milford or Danbury or Ridgefield when we have a capacity opportunity in Newtown, a very low cost option for the record, to add capacity without adding capacity to the region. You know, we understand in aggregate there is capacity and that is true. But to get it distributed in a more even focus for us and to bring it closer to the patients is really is really where we're going with this.

So you know, I understand where you're coming from, but it's in terms of this our ability to be able to move the ancillary support services closer to where we want to be for our primary care physicians and our specialty. That's what it's about. It's about our strategy for distribution and maybe that would be helpful if we shared more of that with you to kind of paint that picture.

UNKNOWN: I just don't want you to have to recreate a plan, but

MR. DAGLIO: It's very consistent. It's not

difficult to

UNKNOWN: Why you need it and supports that

HEARING OFFICER: What late file number are we on?

[CROSS CONVERSATION]

HEARING OFFICER: I guess that would be 4.

MR. DAGLIO: It's very consistent with what we did in Southbury. Patients weren't going to drive 16 miles to Danbury for their cardiovascular imaging. We wanted to bring it closer to them. We had a cardiology practice as part of our network out there. To bring those services closer to them is really is really it's all about our strategy of distribution of services.

UNKNOWN: We'll call it the strategy for distribution of

MR. DAGLIO: Health Care Services.

UNKNOWN: -- Health Care Services.

MS. HERLIHY: This is Sally Herlihy. In the pre-file on Attachment B, page 12, it actually gave you a picture of the service area and the map and the location. The Newtown Diagnostic Imaging facility is the only one east of the hospital and the location is still within the primary service area, but positioned between the physician offices where those patients are being referred for imaging

services. So it would create access.

HEARING OFFICER: Did you all provide us with an original of this pre-file? Cause I have a fax copy and it's not it doesn't come out probably as nicely in a fax.

MS. HERLIHY: We can provide that, yes.

HEARING OFFICER: I like maps.

MS. HERLIHY: We sent a PDF, but yes we can.

HEARING OFFICER: Okay.

MS. HERLIHY: Absolutely.

[CROSS COMMENTING]

MS. HERLIHY: This is Sally Herlihy. I have the original that was faxed to you if you'd like to take it?

HEARING OFFICER: Is that your only copy? I don't want to take that.

MS. HERLIHY: I have the PDF version. You can have it. Would you like a copy of the map? This is the original.

HEARING OFFICER: Thank you. It would be helpful. I think the map would look better in color instead of shades of grey.

That's so much better.

MR. DAGLIO: So if you see on the map as we move as we move to provide services eastward, to consolidate all of that volume back at Danbury where

we have where we're approaching capacity at DDI and the DMAC building, it would be very difficult for us to absorb that into our busiest centers. The only other option at that point is the Ridgefield Center which has some capacity; we all agree. But to move patients east of that area over to Ridgefield is just we don't see that happening today in our existing centralized scheduling process where the scheduler has a view of every center. So to bring that volume to consolidate that volume or that capacity into our two busiest locations because in my view point in our strategy to bring them back into the hospital is not what we want to do. But to bring them back to DDI or to DMAC building would be the only other option and both of those are approaching capacity with the volumes that they have there. The RDI is the only other solution, but it just doesn't even happen today in our distribution in trying to move patients from east of Danbury over to Ridgefield. It does happen in the southern part of Danbury, but not so much east of Danbury where they'd rather stay closer to where they work or where they live to have their appointments.

HEARING OFFICER: So there was discussion earlier about the replacement of the one slice CT scanner with a 16 slice I think it was. Was that

factored into the financials eventually replacing the CT scanner at some point?

MS. ZUPCOE: This is Jen Zupcoe. Not it was not. And that was largely because the volume is also not has not been factored into the financials either. So any incremental volume associated with a 16 slice was not added in.

HEARING OFFICER: Okay. The projections you said the projections with a 16 slice weren't factored into the financial projection. But it appears that the volume projections for NDI did take into account the upgrading the CT scanner eventually. Is that correct?

MS. MARCHIONE: Toni Ann Marchione. That also the projections included in upgrade of the hours, not just of the CT scanner we were going to be open longer and the addition of a Saturday also; that's how we were going to be adding capacity on the CT scanner.

HEARING OFFICER: At NDI? And that's at NDI?

MR. DAGLIO: Yes.

MS. MARCHIONE: Yes.

HEARING OFFICER: So you're projecting 1,200 MRI's and about 900 CT scanners, is that correct in 2014 with a new piece of

MS. MARCHIONE: No, I don't no, we did not

include the equipment in that projection.

HEARING OFFICER: So basically the upgrade of the equipment is not included in the projections.

MR. DAGLIO: Right.

MS. MARCHIONE: That's correct.

MS. ZUPCOE: Correct.

HEARING OFFICER: And you're not certain of when that's going to happen?

MR. DAGLIO: We had an annual capital process every year where we determine our priorities for the health network. It is anticipated we could potentially do that next year, but again we have significant capital investments that we're making right now in New Milford Hospital as part of the new network they have significant IT investment we're making there. So we we don't know what 2013's capital capital projects will look like yet. We do know what 2012 will look like. We typically buy the equipment and then depreciate it over seven years or so. So that seven year depreciation would be factored into an annual P & L for the location. It would be typically how we would structure that. At some point there will be an end of life issue with this scanner; we will have to replace it. But we typically have a fleet management process of about seven to eight years for a CT scanner.

MR. HUBER: Jack Huber for the record. I have a couple of questions on some of the financials. Can you provide a break out of the proposed $1.2 million dollar capital expenditure, specifically addressing the cost for the proposed CT scanner and MRI scanner?

MS. ZUPCOE: I think the $1.2 million dollar is the investment in order to purchase the business from DRA.

MR. HUBER: Okay. So there are no costs attributable to the units themselves?

MS. ZUPCOE: No.

MR. DAGLIO: What we had is this is Mike Daglio. We had a third party independent evaluation firm come in and do an audit for us on the asset purchase evaluating the business as well as the assets within the business and the evaluation came back at about $1.2 million dollars, all inclusive.

MR. HUBER: With respect to the proposed acquisition of the two imaging scanners, please provide a separate revenue and expense statement. The first statement would cover the projected operation of the proposed CT scanner service. And the second statement would cover the projected operation of the proposed MRI scanner. And the revenue and expense statement that you filed with

the proposal, it's combined

MS. ZUPCOE: It's combined.

MR. HUBER: -- and we're asking for it to be separated.

HEARING OFFICER: So is that a late file?

MR. HUBER: So that would be late file #5.

HEARING OFFICER: I believe we asked about listing providers in the area in the CON application, but volumes weren't provided.

MR. DAGLIO: By provider?

HEARING OFFICER: Right. Are you able to get any of those volumes for any of the providers?

MR. DAGLIO: Yes.

HEARING OFFICER: You are?

MR. DAGLIO: Getting volumes by providers? Sure.

MS. HERLIHY: Can you restate the question? I'm sorry. I think we're answering two different things.

[CROSS COMMENTING]

MS. MARCHIONE: Other you mean for other --

MR. DAGLIO: You mean of other people? No, no.

[CROSS COMMENTING]

MR. DAGLIO: So you mean Dr. Erlique's practice for example?

HEARING OFFICER: Well, I think he gave us it.

MR. DAGLIO: Yeah, we don't know who provided yeah, we don't know. All of the things he proposed we don't know those to be factual, his volumes, his people who refer to him, we don't know that information.

HEARING OFFICER: Okay.

[CROSS COMMENTING]

MR. DAGLIO: I thought you meant our own, sure, we can provide our own.

HEARING OFFICER: All right.

MR. DAGLIO: Let's get can we get that right in the record?

HEARING OFFICER: I was getting excited.

MR. DAGLIO: I would like to know.

HEARING OFFICER: Okay, it was worth asking, but you knew the answer. So I'm going to have Mr. Huber go through the late files just so we're clear on what we need.

MR. HUBER: Late file #1 is a revised Attachment C from the pretrial testimony providing us with the twelve month CT and MRI scan volumes for fiscal year 2011. Late file #2, a table that illustrates the annual volume wait a minute wait a minute. I wrote two things on different lines here.

The table that indicates the total volume by location in a format similar to Attachment C.

HEARING OFFICER: No, wait

MS. ZUPCOE: No wait. It was by scanner.

MR. HUBER: No, that was

HEARING OFFICER: Late file #1 is supposed to do total volume including inpatient and outpatient. Late file #2 is a table showing breaking down the hospital scanners' volume by scanner.

MR. HUBER: Okay. Should I start from the top?

HEARING OFFICER: Are those clear now, late file #1 and #2, we're good?

UNKNOWN: Uh hm.

HEARING OFFICER: Okay.

MR. HUBER: Late file #3 is an explanation as to how capacity was determined for DDI and RDI. Late file #4 is strategy for distribution of health care services. Late file #6 is revenue and expense statements individually addressing the CT and the MRI acquisitions.

HEARING OFFICER: Okay. I think that concludes the hearing. Did you all want to make a closing statement?

MR. DAGLIO: I actually had a question for clarification just on this if it's okay, the

strategic plan of distribution. To the level of detail there are a number of providers out in the community who are looking to work with health networks because of the external forces on payers and reimbursement for private practices and they're looking to join a network. To the extent that we know who we're talking to in terms of and why we think this is a real need for the distributed distributed imaging center, to what level of detail would you be asking us to disclose some of that? Many of these people want that confidential in terms of - in terms of the discussions we're having, but they're playing into our thoughts in terms of how we need to have a distributed ancillary strategy. Is it towns? Is it specialties? Is it you know, those types of things that you're looking for?

HEARING OFFICER: You can probably state 'specialties' without stating the doctor's name. I think that would be fine.

MR. DAGLIO: I meant that is playing into a lot of our thinking here in terms of where we need to bring the services to them. That isn't obviously clear in the CON, but it's clear in some of our projections that we know of. So I just wanted to get that clarification.

HEARING OFFICER: Would you like to make a

closing statement? You don't have to; it's not a requirement.

MS. GERNER: I think on behalf of Western Connecticut Health Network Affiliates, we'd like to thank you for giving us an opportunity to respond with late files certainly to some of the issues that may not have been out in the open initially, but are kind of subsurface issues that if it will help in understanding the importance of this application to them for the future, not just for today but as is mentioned, in the testimony that it's an opportunity for two pieces of equipment that are already out there in the community that it doesn't require the purchase of additional equipment at this point, but simply the opportunity to bring the service out to a place that already exists with patients who are already using that facility. And hopefully the answer is we'll help you to see how that volume will grow in that area to fill that space that is out there already established and already equipped to go forward into the future. That's it. Thank you.

HEARING OFFICER: One last thing. We talked about the emails that we had received. I was just looking now I can't find it. Oh here. In the last it's page 3 of that email communication from Dr.

Erlique. It talks about using an average reimbursement for all modalities and multiplying the total number of procedures. I think it might be helpful if you could address that part. You don't have to do it right now on the record, I mean unless you want to. But

MS. ZUPCOE: I can do it now. It is actually incorrect the statement that is there. We actually when the financials were developed, we actually do model the gross charges and the net revenue by modality based on the volume specific to either MRI, CT. What you saw there was just trying to follow the OHCA format for providing by payer the total gross revenue split by payer. So it didn't ask us to provide it for CT versus MRI versus x-ray separately, so we came up with a blended number to show on that document. However, the detail behind it is definitely was prepared based on modality -- very specific how our contracts work and how our charge is, which is consistent with the CPT document that we provided which is you know, charges by CPT.

HEARING OFFICER: Okay.

MS. ZUPCOE: So it was prepared accurate.

HEARING OFFICER: Did you want to provide like additional documentation

MS. ZUPCOE: Sure.

HEARING OFFICER: -- showing how you actually came up with

MS. ZUPCOE: Yes, absolutely.

HEARING OFFICER: -- the numbers. Just like you stated, just so we have it clearly and reflected on the record.

MS. ZUPCOE: I think I think what else it will show as part of the #5 I think. As I try to highlight the revenue and expenses for the late filing #5, it would come you could see it there.

HEARING OFFICER: Oh, okay.

[CROSS CONVERSATION]

MS. ZUPCOE: Because in the revenue and expenses you're asking for CT and MRI, so you'd see it there.

HEARING OFFICER: Okay, that sounds perfect. Great. Thank you. In conclusion of this hearing, a proposed final decision will be rendered did I already say this pursuant to General Statute, Section 4-179 -- in accordance with 4-179, the applicant shall have 14 days to request oral argument and file briefs or to waive this right. That's once the proposed final decision is rendered. Obviously we have late files that we're going to receive from you first and I just realize as I say

that, I don't think we gave you a date in which to file those. Typically we go about two weeks out. So do you have a calendar? November 8th? November 8th for late files. Is that enough time?

MR. DAGLIO: We'll make it.

HEARING OFFICER: All right. So November 8 for the late files. And in the meantime, this hearing identified by Docket #11-31703CON is hereby recessed. We will close the hearing once we receive the late files and review them and make sure that we have all the information requested.

ALL: Thank you.

[HEARING RECESSED]

C E R T I F I C A T E

I, Mary Indomenico do hereby certify that the forgoing transcript of the hearing held on October 25, 2011 at the Department of Public Health, Office of Health Care Access is a true and accurate transcription of the recording presented to me to the best of my knowledge and ability.

IN WITNESS THEREOF, I have hereunto set my hand this 31st day of January, 2012.

Mary C Indomenico 1-31-12

Mary Indomenico, Transcriber Date

# STATE OF CONNECTICUT

**DEPARTMENT OF PUBLIC HEALTH**

January 24, 2011

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

CM RRR #91710821333932055172 62

RE: Certificate of Need Application, Docket Number 11-31703-CON
Western Connecticut Health Network
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC, in Newtown

**NOTICE OF ORAL ARGUMENT**

Sally F. Herlihy, on behalf of Western Connecticut Health Network, has requested oral argument regarding the recommendation of Hearing Officer Melanie A. Dillon, Esq. Pursuant to Section 4-179, oral argument has been scheduled as follows:

**Tuesday, February 14, 2012 at 2:00 p.m.**
**Department of Public Health, Third Floor Hearing Room**
**410 Capitol Avenue, Hartford, Connecticut**

Respondent's brief shall be filed on or before February 7, 2012. Please contact Diane Buzzetti at (860) 509-7648 if you have any questions.

On February 14, 2012, you will have fifteen minutes to present your argument.

BY: Lisa A. Davis

Lisa A. Davis, M.B.A., B.S.N., R.N.
Deputy Commissioner

c: Kimberly R. Martone, Director of Operations, OHCA

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

February 15, 2012

The Hon. Lisa A. Davis, M.B.A., B.S.N., R.N.
Deputy Commissioner
Department of Public Health
410 Capitol Avenue MS #13PHO
Public Health Hearing Section
P.O. Box 340308
Hartford, CT 06134

Re: Certificate of Need Application, Docket No. 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC in Newtown, CT

Dear Deputy Commissioner Davis,

Attached please find the original and two copies of the Applicant's Request to Re-Open the Hearing in the above-captioned docket.

Please call me at (203) 739-4903 if you have any questions regarding this request, or if any further action needs to be taken by the Applicant.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc: Marianne Horn, Esq.
DPH Legal Counsel

Diane Buzzetti, Paralegal
DPH Hearing Section

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

DOCKET NO.: 11-31703-CON
WESTERN CONNECTICUT HEALTH
NETWORK AFFILIATES, INC.
ACQUISITION OF CT SCANNER &
MRI SCANNER FROM NEWTOWN
DIAGNOSTIC IMAGING, LLC

FEBRUARY 15, 2012

**REQUEST TO RE-OPEN HEARING**

The Applicant in the above-captioned docket, Western Connecticut Health Network Affiliates, Inc., respectfully requests that the Department of Public Health re-open the hearing in this docket to admit evidence submitted to the agency in its "Exceptions to Proposed Final Decision" dated February 7, 2012. Oral argument on the Exceptions was held on February 14, 2012.

Specifically, the Applicant asks that the following evidence submitted as part of the Exceptions document be admitted to the Record:

1. Appendix A – MRI Scanning at Danbury Hospital and Volume of MRI scanning moving from Hospital to Outpatient Facilities

2. Appendix C – Letters of Support

The original hearing on this matter was held on October 25, 2011. The Exceptions were presented to the Department of Public Health on February 14, 2012 and heard by Deputy Commissioner Lisa Brady. At that time the Exceptions document was admitted to the Record, but without Appendices A and C.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

## ATTACHMENTS

**Appendix A – MRI Scanning at Danbury Hospital and Volume of MRI scanning moving from Hospital to Outpatient Facilities**

**Appendix C – Letters of Support**

## APPENDIX A

## Danbury Hospital's MRI Scanners

## Table 1 - MRI Scanning at Danbury Hospital

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Average scanner time in Minutes for Specific Cases at the Hospital [1] | Number of MRI cases performed at the Hospital | Actual annual minutes it takes to perform specific MRI procedures at the hospital (A x B) | Average number of cases column D would translate to in an outpatient MRI center = D/45 minutes[2] | Variance of Case volumes at a Hospital-based MRI center vs an outpatient MRI Center = D-B[3] | Additional Capacity at an OP Center vs an inpatient center by procedure type[4] |
| **Exam Type** | | | | | | |
| Anesthesia | 180 | 196 | 35,193 | 782 | 587 | 300% |
| Arthrograms | 70 | 127 | 8,896 | 198 | 71 | 56% |
| Abdomen w/Contrast | 90 | 283 | 25,515 | 567 | 283 | 100% |
| Bilat Breast | 90 | 205 | 18,476 | 411 | 205 | 100% |
| Breast Biopsy | 120 | 10 | 1,173 | 26 | 16 | 167% |
| Needle Placement | 120 | 20 | 2,346 | 52 | 33 | 167% |
| MRA | 90 | 323 | 29,034 | 645 | 323 | 100% |
| Runoffs – lower extremities | 150 | 20 | 2,933 | 65 | 46 | 233% |
| Face/Neck/Orbits w/Contrast | 90 | 78 | 7,039 | 156 | 78 | 100% |
| Other | 45 | 4,057 | 182,562 | 4,057 | - | 0% |
| **Total MRI Exams at Hospital** | **59** | **5,318** | **313,166** | **6,959** | **1,641** | **31%** |
| IP additional minutes to all IP cases[5] | 30 | 1,295 | 38,850 | 863 | N/A | N/A |
| Emergency Room additional minutes to all ER cases[6] | 30 | 98 | 2,933 | 65 | N/A | N/A |
| **Total Additional Minutes to add to IP and ED cases** | | **1,393** | **41,783** | **929** | | |
| **GRAND TOTAL Capacity Variance[7]** | | **5,318** | **354,948** | **7,888** | **2,570** | **48%** |

Notes for Table 1:

1. Column A: The average time it takes each Hospital-based MRI exam type to be completed
2. Column D: The average time for a standard outpatient MRI exam to be completed in any of the Network's facilities is 45 minutes. Dividing the total number of Hospital-based exam minutes by 45 minutes yields the number of MRI exams that could be completed in the same time period at an outpatient facility.
3. Column E: When taking the same amount of total MRI exam minutes from the Hospital-based MRI exam volume, the Hospital performed 5,318 MRI exams, while an outpatient MRI facility could produce 6,959 standard outpatient MRI exams, or 1,641 additional MRI exams.
4. Column F: This represents the number of incremental MRI exams that could be performed in an outpatient center in the form of capacity percentages. By way of example, in the same amount of time it takes to perform 196 MRI exams with anesthesia at the Hospital, an outpatient MRI center can perform 782 standard outpatient MRI exams or a 300% improvement in capacity.
5. Inpatient additional minutes to all IP cases: This row represents the additional time it requires to perform an MRI exam on inpatients, due to transportation and maneuvering a patient from their bed, to the MRI scanner. During the time of transportation and maneuvering of the patient, the MRI scanner remains idle. Of the 5,318 cases indicated, 1,295 exams were performed on inpatients. When you multiply the estimated 30 minutes of time to the 1,295 inpatient exams performed during the period, it requires an additional 38,850 minutes of time on the MRI scanners. An outpatient MRI facility could perform an additional 863 MRI exams during the time it took to transport and maneuver patients on 1,295 inpatient exams.
6. Emergency additional minutes to all E.R. cases: The Emergency Room is located on the first floor of the Tower building and the MRI Department is located on the 3rd floor of the Stroock Building. The separation of these two locations causes the same phenomenon related to transportation and maneuvering of patients as the Inpatients. When using the same estimated time factor of 30 minutes, multiplied by 98 E.R. MRI exams, the result is an additional 2,933 minutes of MRI time. An outpatient MRI facility could perform an additional 65 outpatient MRI exams during the same time period.
7. In Summary: It is the Applicant's position that many Hospital-based MRI exams are more complex, and require greater time to complete than the standard MRI exams that are performed on a standard outpatient MRI scanner. Therefore, capacity, measured by the number of exams performed on an MRI scanner, must be viewed differently for a Hospital-based scanner versus an outpatient facility scanner. Based on the number of exams at the Hospital MRI scanners and the types of exams these represent, it is the applicant's estimate that the Network's outpatient facilities operate at 48% greater exam capacity than the Hospital scanners can.

Based on this analysis, and using a weighted average of 104 minutes as an average scan time for the Hospital MRI exams (as demonstrated in Table 1), it is clear that the Hospital MRI scanners at the Hospital are at full capacity. To illustrate this point, the applicant has

completed the template it uses to measure capacity on its outpatient MRI scanners and adapted it for the Hospital MRI scanners (inpatient and outpatient).

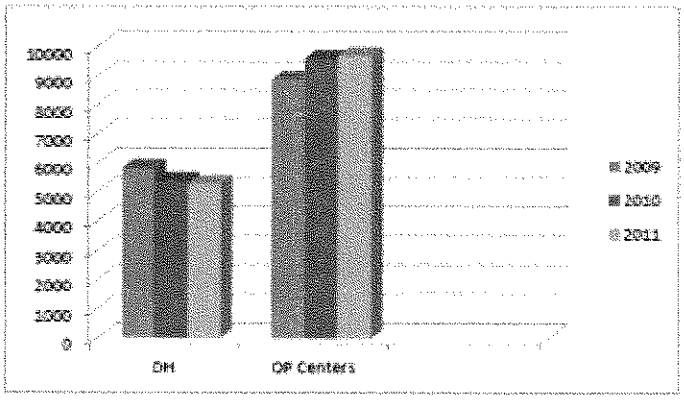
**Table 2 – Capacity Analysis on Hospital MRI Scanners**

| | MRI | | | | | | |
|---|---|---|---|---|---|---|---|
| | **M** | **T** | **W** | **TH** | **FRI** | **SAT** | **TOTAL/Wk** |
| **Hours of Operation** | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | |
| Various periods within timeframe | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 4:00P.M. | |
| Operating Hours 1.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 8.5 | |
| Operating Hours 3T | 9 | 9 | 9 | 9 | 9 | | |
| MRI Scanner 1 Max capacity | 12 | 12 | 12 | 12 | 12 | 11 | |
| MRI Scanner 2 Max capacity | 9 | 9 | 9 | 9 | 9 | | |
| **Total Max. capacity (patients)** | 21 | 21 | 21 | 21 | 21 | 11 | 116 |
| **Number of patients** | | | | | | | |
| **Random Week** | 17 | 18 | 20 | 22 | 23 | 11 | 111 |
| **Random Week** | 19 | 21 | 25 | 23 | 22 | 10 | 120 |
| Avg | 18 | 19.5 | 22.5 | 22.5 | 22.5 | 10.5 | 115.5 |
| **% Capacity** | **86%** | **93%** | **107%** | **107%** | **107%** | **95%** | **100%** |

**Table 3 – Shift in MRI Volumes from Inpatient to Outpatient Settings**

The strategic initiative to shift MRI outpatients from testing at Danbury Hospital to non-hospital-based outpatient facilities operated by the Applicant WCHNA can be observed in the bar graph, with 546 reductions in Danbury Hospital volume and 815 procedure growth in OP centers for the same time period.

| | DH | OP Centers |
|---|---|---|
| 2009 | 5864 | 8902 |
| 2010 | 5405 | 9622 |
| 2011 | 5318 | 9717 |



## APPENDIX C:

## Letters of Support

State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE CHRISTOPHER LYDDY
ONE HUNDRED SIXTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4113
HARTFORD, CT 06106-1591

CAPITOL: 860-240-8500
TOLL FREE: 1-800-842-8267
FAX: 860-240-0206
E-MAIL: Christopher.Lyddy@cga.ct.gov

VICE CHAIRMAN
PUBLIC HEALTH COMMITTEE

MEMBER
EDUCATION COMMITTEE
HUMAN SERVICES COMMITTEE

January 11, 2012

Commissioner Jewel Mullen, MD, MPA, MPH
Department of Public Health
Office of Health Care Access
410 Capitol Avenue MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

I am writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As Vice-Chairman of the Public Health Committee and Newtown's State Representative, I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. Yesterday, I spoke at length with DPH staff to try and better understand this decision. Even after speaking with your staff, I remain concerned about this decision, as it may jeopardize the transfer of the facility. As we continue to address the important issue of health care reform, it is important that we strive to create opportunities to provide better care at lower costs. Allowing facility to enter the network will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown and serves other neighboring communities as well. This is especially important for our senior citizens to receive the care they need. In order to maintain this service for years to come and enhance the medical care and access for the community, I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Christopher Lyddy
State Representative
106th District

SERVING NEWTOWN

Newtown Municipal Center
3 Primrose Street
Newtown, Connecticut 06470
Tel. (203) 270-4201
Fax (203) 270-4205
*first.selectman@newtown-ct.gov*
www.newtown-ct.gov

E. Patricia Llodra
First Selectman

# TOWN OF NEWTOWN

## OFFICE OF THE FIRST SELECTMAN

January 17, 2012

Jewel Mullen, MD, MPA, MPH
CC: Melanie Dillon, Esq.
Connecticut office of Health Care Access

Dear Dr. Mullen:

As Newtown First Selectman I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of allowing only a partial transfer of ownership of Newtown Diagnostic Imaging to the Western Connecticut Health Network. We appreciate the current climate of health care reform with accountable care organizations forming and networks of service providers aligning to provide better care at lower costs. I have been informed that a partial transfer would likely eliminate consideration of Newtown Diagnostic as part of that heath care network. Given that situation, and recognizing that the vast majority of our residents receive their health care through that network, we are concerned that the partial transfer would essentially restrict or eliminate access to the services of Newtown Diagnostic. Full transfer of Newtown Diagnostic to Western Connecticut Health Network allows for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Sincerely,

E. Patricia Llodra
First Selectman

cc: Adam Welber, M.D.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commissioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

We are writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As members of the community we have an interest in maintaining access to medical care for the members of our community.

It is our understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. This may jeopardize the transfer of the facility. In the current climate of health care reform where accountable care organizations are forming and networks of service providers are aligning to provide better care at lower costs it is important to us that the facility enter the Network where the vast majority of our citizens receive their health care. This will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commisioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

We are writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As members of the community we have an interest in maintaining access to medical care for the members of our community.

It is our understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. This may jeopardize the transfer of the facility. In the current climate of health care reform where accountable care organizations are forming and networks of service providers are aligning to provide better care at lower costs it is important to us that the facility enter the Network where the vast majority of our citizens receive their health care. This will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

The Honorable Jewel Mullen, M.D.
Commissioner
Department of Public health
410 Capitol Avenue MS #13PHO
Public Health Hearing Section
P.O. Box 340308
Hartford, CT 06134

Re: Certificate of Need Application, Docket No. 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC in Newtown, CT

Dear Commissioner Mullen,

Attached please find the original and two copies of the Applicant's Exceptions to the Proposed Final Decision issued in the above-captioned case on January 5, 2012. Please call me if you have any questions regarding this submission.

The Applicant, Western Connecticut Health Network Affiliates, Inc., ("WCHNA") and its parent company, Western Connecticut Health Network ("WCHN") thank you, in advance, for the time you take to consider the information that we are providing.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc: Diane Buzzetti, Paralegal
DPH Hearing Section

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

DOCKET NO.: 11-31703-CON
WESTERN CONNECTICUT HEALTH
NETWORK AFFILIATES, INC.
ACQUISITION OF CT SCANNER &
MRI SCANNER FROM NEWTOWN
DIAGNOSTIC IMAGING, LLC

FEBRUARY 7, 2012

## EXCEPTIONS TO PROPOSED FINAL DECISION

### BACKGROUND

Western Connecticut Health Network Affiliates, Inc., ("WCHNA"), the Applicant in OHCA Docket No. 11-31703-CON, hereby presents exceptions to the Proposed Final Decision ("Proposed Decision") rendered by the hearing officer on January 5, 2012. In its certificate of need application ("the Application"), WCHNA sought to acquire two pieces of imaging equipment from Newtown Diagnostic Imaging ("NDI") [1], a privately operated facility in Newtown that owns and operates 1 CT scanner and 1 MRI scanner. The Proposed Decision approved the acquisition of the CT scanner, but denied the Applicant, WCHNA, the ability to acquire the MRI scanner and recommended that NDI's imaging scans be absorbed by Danbury Hospital ("DH" or "the Hospital"), which is owned by Western Connecticut Health Network, Inc. ("WCHN"), the parent company of the Applicant.

WCHNA intended to keep the existing office in Newtown so that an imaging facility east of Danbury could not only retain its existing patients, but - with more resources available from WCHNA - absorb the volume of its patients who live in the Newtown area. Asking these patients to drive to a Hospital facility to have routine outpatient imaging performed is an undue burden to the patients and counter to the Applicant's comprehensive outpatient service strategy. Based on inaccurate findings of fact, the decision relies on the misconception that Danbury Hospital's 2 MRIs are not being utilized at maximum capacity, when, in fact they are now being utilized at full capacity. There is a need for WCHNA to acquire the MRI at NDI to keep the 2 MRIs at the Hospital for inpatients who require the inpatient setting and services, and outpatients who need access to hospital-based services (such as anesthesia) as part of the MRI study, as well as those outpatients who specifically require the capacity of a 3 T MRI scanner, the only 3T scanner in the WCHN network.

[1] Newtown Diagnostic Imaging, LLC is a physician operated radiology practice in Newtown that is owned by twelve radiologists.

Contrary to the Proposed Decision, there is evidence in the record of the need for WCHNA to acquire the MRI in Newtown. And while the decision to deny WCHNA the acquisition of the MRI is based on Danbury Hospital's capacity to absorb more MRI scans per year, neither the Hospital nor its parent company, WCHN, were made co-applicants in the Application. Since NDI is privately owned by a group of radiologists, it is impossible for the Office of Health Care Access ("OHCA") to conclude that the MRI scans now being performed at NDI can be absorbed by the Hospital.

The following factors contributed to a convoluted record and proposed decision:

1. Up until the hearing, there had been no discussion about Danbury Hospital's scanners except for one question in the Completeness Questions which asked for imaging volumes at the Hospital. (Record, p. 57)[2]. Throughout the application process the focus was on the Applicant, WCHNA, but this changed at the hearing.
2. OHCA never made WCHN a co-applicant in this Application and WCHN came to the hearing at WCHNA's request.
3. There were no Interrogatories prior to the hearing in this Application. Therefore, there was no questioning about Danbury Hospital's MRI scanners except for the one question about volume asked in Completeness.
4. Late files were requested by OHCA at the hearing, but not put in writing after the hearing was over. While there was a question related to separating out the volume on each of the MRI scanners at the Hospital, there was never a request that WCHNA (through WCHN) indicate the time required for each procedure or the maximum capacity of each MRI. (Discussion of the Late Files at the hearing is attached as Appendix B, Transcript of the Hearing, pp. 40-41. The entire transcript is attached as Appendix D).

The Chairman of Radiology at Danbury Hospital, Dr. Fatejeet S. Sandhu, was present at the hearing. When questioned by the hearing officer as to whether Danbury Hospital could accommodate the volume of patients currently being scanned at NDI, his response was that the Hospital, as well as the other WCHNA facilities, were ". . . pretty much at complete utilization". (Hearing Transcript, p. 26). OHCA requested that a late file (Late File #3) be submitted as to how the volumes were calculated at DDI and RDI (two other outpatient imaging facilities owned by the Applicant),[3] but did not ask for those calculations from Danbury Hospital. (Transcript of the Hearing, 11/25/11, p. 16 and pp. 40-41). The Applicant believed that with Dr. Sandhu's testimony at the hearing, they had provided the best evidence possible that the MRI scanners at the Hospital were fully utilized and not available to absorb patients from an outside provider.

The Hospital's two MRI's are used primarily for inpatients, nursing home patients, patients requiring anesthesia and patients who are predisposed to contrast reactions. The Hospital

[2] Page numbers in the Record are referenced according to the numbering which appears on the CD of this docket.

[3] DDI is Danbury Diagnostic Imaging located in Danbury and RDI is Ridgefield Diagnostic Imaging located in Ridgefield, CT. These are the two outpatient imaging facilities currently owned and operated by the Applicant, WCHNA.

setting is also required for outpatients who have the need for a higher level of MRI imaging. The Hospital has one 3T MRI, which is used for complex scanning (Testimony of Mr. Michael Daglio, Chief Operating Officer, WCHN, Hearing Transcript, p. 23). Interventional procedures such as biopsies are performed in the Hospital, and outpatients waiting for more routine MRI scanning are often bumped. (Testimonyof Dr. Sandhu, Hearing Transcript, p. 24). Dr. Sandhu explained that the number of cases depends upon the mix of cases that are being performed and the length of time it takes to perform these different cases. The length of time for inpatient and hospital-based outpatient scanning is routinely longer due to the complexity or type of scanning being performed, as well as the acuity of the patient.

OHCA does not currently have published regulations or guidelines regarding the standards for maximum capacity on imaging equipment. When the hearing on this application concluded, Dr. Sandhu asked OHCA staff how the agency evaluates maximum capacity on imaging equipment, and staff emailed a copy of the "Certificate of Need Standards for the Acquisition of Imaging Equipment". However, Dr. Sandhu was told by OHCA staff that these guidelines are the product of a working group coordinated by OHCA which has not yet completed its work, and has not voted on the guidelines. Therefore, there are no regulations or guidelines in existence. Nonetheless, in the Proposed Final Decision, OHCA relied on a standard number of scans for both hospitals and outpatient facilities when it evaluated whether the Applicant's volume was sufficient to allow acquisition of another MRI. When measured against an arbitrary standard that is not discussed, the capacity on WHCN's MRI scanners was found not to be fully utilized.

**THE EXCEPTIONS**

The Applicant takes exception to the part of the Proposed Decision that relates to the determination about MRI scanning capacity. Contrary to OHCA's conclusion, WCHNA has sufficient volume at its existing facilities to substantiate the need for the additional space available on the MRI at NDI in Newtown. However, OHCA's Proposed Decision indicates that WCHNA did not provide evidence to support that fact. There are three key Findings of Fact that the Applicant is contesting (No. 28, No. 29 and No. 51). These inaccurate findings lead to an inaccurate conclusion in Finding of Fact No. 59.

> Finding of Fact No. 28 states, in part, that:
> *"With respect to MRI, however, the Applicant did not provide any information with respect to how capacity was determined for WCNH's MRI Scanners. . . ."*
> (Proposed Final Decision, p. 5, Record, p. 163.

> Finding of Fact No. 51 states:
> *"The two MRI scanners located at DH are underutilized. The two hospital based scanners performed a total of 5,318 scans in FY2011 or approximately 2,659 scans per scanner."*
> (Proposed Final Decision, p. 8, Record, p. 166).

> Finding of Fact No. 29 states:
> *"The Applicant also explained the process by which capacity was determined but did not provide the actual calculation for DDI and RDI as requested at the hearing."*

(Proposed Final Decision, p. 5, Record, p. 163).

Finding of Fact No. 59 states and concludes:
*"Based upon the available MRI capacity at the hospital and low MRI utilization at NDI, OHCA is unable to conclude that there is a clear public need for the Applicant to acquire and operate the MRI scanner located at NDI. Moreover, there is available capacity on the two MRI scanners at DH to absorb the existing MRI volume from NDI."* (Emphasis Added).
(Proposed Final Decision, p. 9, Record, p. 167).

**DISCUSSION**

In terms of whether the Applicant provided information sufficient to establish that there was a clear public need, WCHNA was of the understanding that it had provided evidence to OHCA throughout the application, completeness documents, the hearing and late files sufficient to establish the fact that there is a clear public need - not to establish a brand new MRI - but to acquire an existing MRI now functioning at less than full capacity. Nevertheless, to the extent that the Applicant did not understand what the agency was looking for was not the Applicant's fault. Because there are no published guidelines or regulations for the acquisition of imaging equipment, and the process led the applicant to believe that it had provided all necessary information, there are additional facts that may clarify the record, and which the Applicant would like to be considered before the Final Decision is rendered. Even without the additional evidence, the record supports a decision to allow acquisition of the MRI scanner as well as the CT scanner. But had OHCA asked for the information that is being submitted today, it would have made the situation a lot clearer.

At the hearing, OHCA asked for five late files. The request was never put into writing, but the transcript of the hearing indicates that the five files included the following:

1. Revised Attachment C (Historical, Current and Projected Volume by Scanner)
2. Breakout of volume by scanner for DH and DHMAC
3. Explanation of how capacity was determined for DDI and RDI
4. Description of Network strategy for ancillary sites and a distributed healthcare delivery system
5. Separate revenue and expense projections for CT and MRI services including gross/net calculations by modality

(Transcript, pp. 40 - 41)[4].

Of note, there was no late file requested to describe how capacity was determined at the Hospital ("DH"), even though this question was asked of DDI and RDI.

[4] The transcript identifies Late Files #1, #2, #3, #4 and #6, without identifying a Late File #5. When submitting the Late Files, the Applicant numbered them sequentially #1 through #5. *See* Hearing Transcript, p. 41, attached in Appendix B, an full transcript contained in Appendix D.

The Danbury Hospital MRIs: (Finding of Fact #28 and Finding of Fact #51)

The Applicant updated all of the volumes by scanner for the full FY2011 in Late File #1 with Danbury Hospital's volume listed by the type of patients scanned (inpatient or outpatient) rather than by scanner. (Record, p. 145). In Late File #2, WCHNA indicated that it could not provide volume by scanner at the Hospital because volume is tracked by modality and not by scanner. (Record, p. 146). The information simply does not exist.

At the hearing, Dr. Sandhu explained that the number of cases needed to reach maximum capacity depends upon the mix of cases that are being performed and the length of time it takes to perform these different cases. Inpatient and hospital-based outpatient MRI scanning takes longer due to the complexity or type of scanning being performed. Because OHCA did not request additional information in the late files, Dr. Sandhu believed that he had answered OHCA's question regarding the fact that the Hospital's existing MRI scanners were functioning at sufficient capacity to allow for the acquisition of the NDI MRI.

In the cover letter accompanying the Late Files, Sally Herlihy, V.P. for Planning at WCHN, listed the late files that the Applicant believed OHCA was looking for, and then asked OHCA to please let her know if any additional information was required. (WCHNA Late Files, p. 1 Cover Letter, Record, p. 143). No further data was requested by OHCA. Since there were no questions subsequent to the hearing, and Dr. Sandhu believed he had answered the question concerning Danbury Hospital's MRI scanning at the hearing, it was surprising to the Applicant that OHCA then made its ruling in a way that is contrary to what actually exists.

Since Dr. Sandhu works with the inpatient and outpatient volumes at the Hospital every day, his testimony that the Hospital is utilizing the two MRI scanners at the facility to the fullest extent possible was considered by the Applicant to be the best possible evidence of the use of the scanners. If OHCA believed that the actual calculations that demonstrated volume were necessary, especially in light of the fact that there are no regulations or guidelines published on imaging standards, a Late File requesting this information should have been requested.

The information in Appendix A, Tables 1 and 2, contains a breakdown of the specific types of scanning and the length of time it takes to perform procedures which are ordinarily handled at the Hospital setting, whether inpatient or outpatient. These are procedures which are done in a hospital setting because of the need for anesthesia, and also because of the presence of on-site radiologists for immediate reading of scans when necessary. The process is very different from the routine of an outpatient facility, and takes longer per scan than MRI scanning done in an office or outpatient-only facility. The chart breaks down the specific types of MRI scanning specifically performed at the Hospital, demonstrating the additional time required for inpatients to be scanned.

Although the Hospital is open seven days a week, twenty four hours a day, hospital scanning is done during the day when full staffing is available, except for emergency situations. There is little scanning done in the evening or during the night, both for the quality of patient care provided as well as hospital resource efficiency. The DH MRI service is scheduled for 71 hours each week, with availability to perform scans 24/7 on an emergency basis. The

individual MRI cases scanned at the hospital on average take 104 minutes vs 45 minutes at an outpatient facility. Appendix A (Note # 2 on page 13 and discussion on page 14). Appendix A provides detail regarding the length of time scans take in the hospital and demonstrates that the due to several factors such as complexity of the scans and acuity of the patients, the DH scanners are being operated at close to 100% capacity. The fact that the Hospital's MRI scanners are at maximum capacity can also be evaluated by whether there is space available or if patients having imaging done have to wait for their exams.

The following is an example of the typical wait time for outpatient scanning at the three WCHNA's facilities in the service area:

*As of January 10th at 2 p.m. – Next available Openings for MRI*

- *DH – January 16th at 2 p.m.*
- *DHMAC- January 25th at 2 p.m.*
- *DDI – January 13th at 11 a.m.*

While some patients can wait the additional time before an appointment becomes available, this information is an indication that the MRIs are in full use at DDI, DHMAC and at the Hospital.

While it is the position of WCHNA that there is enough evidence in the record to determine that the Danbury Hospital MRI scanners are not able to absorb additional volume, and that they are functioning at maximum capacity, we request that if necessary, you add this information and the information in Appendix A to the record in order to clarify the situation. Finding of Fact #28 should reflect the fact that WCHNA provided evidence to demonstrate that the WCHN MRI scanners are operating at full capacity.

Finding of Fact #51 concludes that the two MRI scanners at DH are underutilized. There is no explanation of how that conclusion was reached. While OHCA states that " . . . [t]he two MRIs at the Hospital performed a total of 5,318 scans in FY2011 or approximately 2,659 scans per scanner" (Proposed Final Decision, p. 8, Record, p. 166), there is no reference to what the maximum capacity is supposed to be. There are no OHCA regulations or guidelines on imaging equipment. OHCA did not cite to any national or association guidelines, or regulations or guidelines used in other states. The record is devoid of any reference to what constitutes maximum capacity. For these reasons, Finding of Fact #51 should be stricken from the record. It is this conclusion which led to the denial of the Applicant's request to acquire the MRI in Newtown.

The MRI Scanners at DDI and RDI: (Finding of Fact #29)

Finding of fact #29 is inaccurate because OHCA asked for "an explanation of how capacity was determined for DDI and RDI" in Late File #3 at the hearing. (Hearing Transcript, p. 41) and WCHNA did exactly that: (WCHNA Late File Q. #3 Record, p. 147): it provided the template that is used to determine capacity and explained how the template works. It was not clear that OHCA then wanted the template filled in with examples of specific weeks to show that the volumes indeed meant that the MR scanner was being fully utilized.

Volumes had already been provided in the CON application and in Late File #2 for the MRI scanner at RDI and the MRI scanner at DDI. (Record, p. 145). The information provided in Appendix A, Table 3 clarifies the volumes that WCHNA has been performing between 2009 and 2011 and also adds the volume from the Hospital's scanners. Through WCHNA the operation of community imaging locations coincides with Danbury Hospital's Master Facility Plan to relocate outpatient services that exist in the Hospital facility to more accessible outpatient settings and to provide greater facility capacity to support vital Hospital-based services. The acquisition of Newtown Diagnostic Imaging ("NDI") is a continuation of this strategy in a cost effective manner for WCHN that requires no additional imaging capacity in the region.

It is also important to note that the hours of operations at these locations (are beyond a normal 8 hour business day or 40 hour work week. These locations are already operating at 63.5 hrs. per week, making expanding any more hours to create more capacity difficult to achieve.

It is understood that the imaging standards are under review and are changing, but without alerting the Applicant to the fact that there was a standard being used that is not published, the Applicant had nothing to rely on. OHCA had the volumes for RDI and DDI. DDI performed 3,531 MRI scans in FY2011 and RDI performed 3,075 scans in FY2011 (Late File, Record, p. 145).

If this additional information is needed to clarify the situation at DDI and RDI, we would ask that it be added to the record so that the record is an accurate reflection of WCHNA's facilities. Finding of Fact #29 is misleading because it appears that OHCA asked for the actual calculation of how the template works. An examination of the transcript from the hearing will verify that this was not what the hearing officer asked for. (Hearing Transcript, p. 40).

The MRI at NDI

No exception is being sought regarding the facts of NDI's volume. However, an explanation may assist in understanding why WHCNA is interested in acquiring the MRI at NDI. The decision points out that not only is NDI underutilized in terms of the use of its MRI, but that volume has been declining over the last few years. (Finding of Fact # 54). However, the Applicant explained why the volume has been decreasing – and it is one of the reasons that the owners of NDI are interested in selling. They do not have the resources to staff the facility in Newtown in the same way that WCHNA will be able to do, and there have been issues with insurance. WCHNA has a large group of highly trained technicians in both MRI and CT scanning who could be called upon when personnel issues arise and NDI needs coverage. More qualified staffing would also allow the facility to operate in the evenings and on Saturday on a regular basis, which will raise the MRI volume in Newtown because area patients who now travel to Danbury Hospital, DDI or DHMAC will have access closer to home. The quality of service at NDI would improve if WCHNA is allowed to acquire the facility because the record reflects that WCHNA will put resources into NDI that will

improve both staffing and equipment. The Letters of Support enclosed in Exhibit C support this decision. Without approval to acquire both the CT scanner and the MR scanner, WCHNA will not acquire the NDI facility.

The fact that OHCA issued a Proposed Final Decision allows the Department of Public Health ("DPH") to consider the record and take additional evidence to clarify any irregularities that occurred during the process. Had the Late File list been put in writing, it might have been clearer what OHCA was looking for. Had there been written questions (ordinarily Interrogatories) sent out before the hearing, the applicant would also have been alerted to the specific concerns of the agency.

If the explanation set forth in this document (or the additional information in Attachment A) satisfies DPH that the MRI scanners in the WCHN system which are located in the NDI service area (as designated by OHCA)[5] are functioning at capacity or so near that the acquisition of an existing MRI will fill a clear public need, the Proposed Final Decision should reflect that WCHNA be allowed to acquire NDI's existing MRI scanner. If the facts provided throughout the administrative process and which are highlighted in this document and those which are provided now in Appendix A do not prove that there is a public need for this acquisition; that is completely different. But if there is sufficient utilization of the existing MRI scanners under the control of the Applicant and its parent WCHN, which includes Danbury Hospital, and this application is denied as to the MRI because there was confusion as to whether OHCA had been given the specific information it was looking for to make the decision, that would be an injustice to the applicant which will ultimately create hardship for patients who live east of Danbury and require CT or MRI scanning. For all of the wrong reasons, the decision itself will be the wrong decision.

## CONCLUSION

In addition to the Finding of Facts regarding capacity that are inaccurate, Finding of Fact #59 draws a conclusion that is impossible to achieve. Danbury Hospital ("DH") cannot absorb the existing MRI volume from NDI because neither the Danbury Hospital nor Western Connecticut Health Network (or its affiliate, WCHNA, the Applicant) has any control or ownership of NDI. NDI is a wholly owned limited liability company owned and operated by twelve radiologists. If the MRI scanner is not purchased by WCHNA, it will remain in operation at NDI under its current ownership.

If the intent of OHCA was to eliminate the MRI scanner in Newtown, this decision does not do that. NDI can continue to operate the MRI scanner in its facility, which will eliminate the projected cost savings to the health care system that could have been achieved. It will also eliminate the improved access to MRI scanning that the Applicant could have provided by assisting with staffing and capital improvements.

Under the conditions of the Proposed Decision, it is not feasible financially or operationally for WCHNA to purchase the CT scanner and operate it in the space utilized by the twelve physicians/owners, and not own and operate the MRI scanner. Financing for the acquisition

[5] Proposed Final Decision, Finding of Fact No. 11.

of the facility is based on the ability to spread the cost of operating the facility over the revenue received by operating both pieces of imaging equipment.

The Applicant respectfully requests that DPH consider the information that is provided in this document in order to correct the facts that are not accurate. If that is done, the conclusion would allow WCHN to acquire both the CT and MRI scanners at NDI in a modified Final Decision.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network

## ATTACHMENTS

**Appendix A – MRI Scanning at Danbury Hospital and Volume of MRI scanning moving from Hospital to Outpatient Facilities**

**Appendix B – Hearing Transcript, pp. 40-41**

**Appendix C – Letters of Support**

**Appendix D – Hearing Transcript**

2.14.12.

→ New evidence not entered pp. 12-15 at oral argument

**APPENDIX A**

**Danbury Hospital's MRI Scanners**

## Table 1 - MRI Scanning at Danbury Hospital

| Exam Type | A<br>Average scanner time in Minutes for Specific Cases at the Hospital [1] | B<br>Number of MRI cases performed at the Hospital | C<br>Actual annual minutes it takes to perform specific MRI procedures at the hospital (A x B) | D<br>Average number of cases column D would translate to in an outpatient MRI center = D/45 minutes[2] | E<br>Variance of Case volumes at a Hospital-based MRI center vs an outpatient MRI Center = D-B[3] | F<br>Additional Capacity at an OP Center vs an inpatient center by procedure type[4] |
|---|---|---|---|---|---|---|
| Anesthesia | 180 | 196 | 35,193 | 782 | 587 | 300% |
| Arthrograms | 70 | 127 | 8,896 | 198 | 71 | 56% |
| Abdomen w/Contrast | 90 | 283 | 25,515 | 567 | 283 | 100% |
| Bilat Breast | 90 | 205 | 18,476 | 411 | 205 | 100% |
| Breast Biopsy | 120 | 10 | 1,173 | 26 | 16 | 167% |
| Needle Placement | 120 | 20 | 2,346 | 52 | 33 | 167% |
| MRA | 90 | 323 | 29,034 | 645 | 323 | 100% |
| Runoffs – lower extremities | 150 | 20 | 2,933 | 65 | 46 | 233% |
| Face/Neck/Orbits w/Contrast | 90 | 78 | 7,039 | 156 | 78 | 100% |
| Other | 45 | 4,057 | 182,562 | 4,057 | - | 0% |
| **Total MRI Exams at Hospital** | **59** | **5,318** | **313,166** | **6,959** | **1,641** | **31%** |
| IP additional minutes to all IP cases[5] | 30 | 1,295 | 38,850 | 863 | N/A | N/A |
| Emergency Room additional minutes to all ER cases[6] | 30 | 98 | 2,933 | 65 | N/A | N/A |
| **Total Additional Minutes to add to IP and ED cases** | | **1,393** | **41,783** | **929** | | |
| **GRAND TOTAL Capacity Variance[7]** | | **5,318** | **354,948** | **7,888** | **2,570** | **48%** |

Notes for Table 1:

1. Column A: The average time it takes each Hospital-based MRI exam type to be completed
2. Column D: The average time for a standard outpatient MRI exam to be completed in any of the Network's facilities is 45 minutes. Dividing the total number of Hospital-based exam minutes by 45 minutes yields the number of MRI exams that could be completed in the same time period at an outpatient facility.
3. Column E: When taking the same amount of total MRI exam minutes from the Hospital-based MRI exam volume, the Hospital performed 5,318 MRI exams, while an outpatient MRI facility could produce 6,959 standard outpatient MRI exams, or 1,641 additional MRI exams.
4. Column F: This represents the number of incremental MRI exams that could be performed in an outpatient center in the form of capacity percentages. By way of example, in the same amount of time it takes to perform 196 MRI exams with anesthesia at the Hospital, an outpatient MRI center can perform 782 standard outpatient MRI exams or a 300% improvement in capacity.
5. Inpatient additional minutes to all IP cases: This row represents the additional time it requires to perform an MRI exam on inpatients, due to transportation and maneuvering a patient from their bed, to the MRI scanner. During the time of transportation and maneuvering of the patient, the MRI scanner remains idle. Of the 5,318 cases indicated, 1,295 exams were performed on inpatients. When you multiply the estimated 30 minutes of time to the 1,295 inpatient exams performed during the period, it requires an additional 38,850 minutes of time on the MRI scanners. An outpatient MRI facility could perform an additional 863 MRI exams during the time it took to transport and maneuver patients on 1,295 inpatient exams.
6. Emergency additional minutes to all E.R. cases: The Emergency Room is located on the first floor of the Tower building and the MRI Department is located on the 3rd floor of the Stroock Building. The separation of these two locations causes the same phenomenon related to transportation and maneuvering of patients as the Inpatients. When using the same estimated time factor of 30 minutes, multiplied by 98 E.R. MRI exams, the result is an additional 2,933 minutes of MRI time. An outpatient MRI facility could perform an additional 65 outpatient MRI exams during the same time period.
7. In Summary: It is the Applicant's position that many Hospital-based MRI exams are more complex, and require greater time to complete than the standard MRI exams that are performed on a standard outpatient MRI scanner. Therefore, capacity, measured by the number of exams performed on an MRI scanner, must be viewed differently for a Hospital-based scanner versus an outpatient facility scanner. Based on the number of exams at the Hospital MRI scanners and the types of exams these represent, it is the applicant's estimate that the Network's outpatient facilities operate at 48% greater exam capacity than the Hospital scanners can.

Based on this analysis, and using a weighted average of 104 minutes as an average scan time for the Hospital MRI exams (as demonstrated in Table 1), it is clear that the Hospital MRI scanners at the Hospital are at full capacity. To illustrate this point, the applicant has

completed the template it uses to measure capacity on its outpatient MRI scanners and adapted it for the Hospital MRI scanners (inpatient and outpatient).

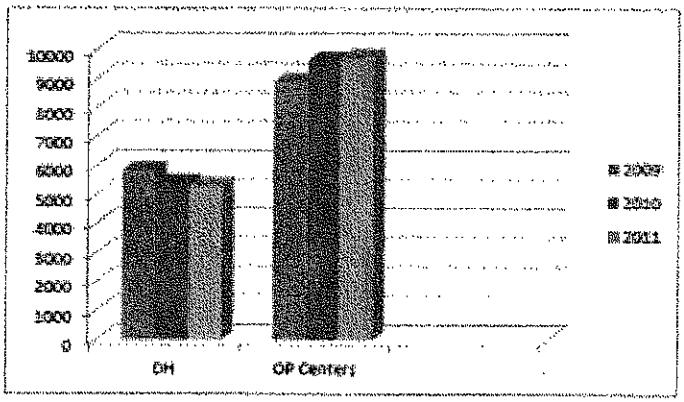
**Table 2 – Capacity Analysis on Hospital MRI Scanners**

| | MRI | | | | | | |
|---|---|---|---|---|---|---|---|
| | **M** | **T** | **W** | **TH** | **FRI** | **SAT** | **TOTAL/Wk** |
| **Hours of Operation** | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | |
| Various periods within timeframe | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 4:00P.M. | |
| Operating Hours 1.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 8.5 | |
| Operating Hours 3T | 9 | 9 | 9 | 9 | 9 | | |
| MRI Scanner 1 Max capacity | 12 | 12 | 12 | 12 | 12 | 11 | |
| MRI Scanner 2 Max capacity | 9 | 9 | 9 | 9 | 9 | | |
| **Total Max. capacity (patients)** | 21 | 21 | 21 | 21 | 21 | 11 | 116 |
| **Number of patients** | | | | | | | |
| **Random Week** | 17 | 18 | 20 | 22 | 23 | 11 | 111 |
| **Random Week** | 19 | 21 | 25 | 23 | 22 | 10 | 120 |
| Avg | 18 | 19.5 | 22.5 | 22.5 | 22.5 | 10.5 | 115.5 |
| **% Capacity** | **86%** | **93%** | **107%** | **107%** | **107%** | **95%** | **100%** |

**Table 3 – Shift in MRI Volumes from Inpatient to Outpatient Settings**

The strategic initiative to shift MRI outpatients from testing at Danbury Hospital to non-hospital-based outpatient facilities operated by the Applicant WCHNA can be observed in the bar graph, with 546 reductions in Danbury Hospital volume and 815 procedure growth in OP centers for the same time period.

| | DH | OP Centers |
|---|---|---|
| 2009 | 5864 | 8902 |
| 2010 | 5405 | 9622 |
| 2011 | 5318 | 9717 |



## APPENDIX B

## Hearing Transcript, Pages 40 – 41

HEARING OFFICER: Well, I think he gave us it.

MR. DAGLIO: Yeah, we don't know who provided yeah, we don't know. All of the things he proposed we don't know those to be factual, his volumes, his people who refer to him, we don't know that information.

HEARING OFFICER: Okay.

[CROSS COMMENTING]

MR. DAGLIO: I thought you meant our own, sure, we can provide our own.

HEARING OFFICER: All right.

MR. DAGLIO: Let's get can we get that right in the record?

HEARING OFFICER: I was getting excited.

MR. DAGLIO: I would like to know.

HEARING OFFICER: Okay, it was worth asking, but you knew the answer. So I'm going to have Mr. Huber go through the late files just so we're clear on what we need.

MR. HUBER: Late file #1 is a revised Attachment C from the pretrial testimony providing us with the twelve month CT and MRI scan volumes for fiscal year 2011. Late file #2, a table that illustrates the annual volume wait a minute wait a minute. I wrote two things on different lines here.

The table that indicates the total volume by location in a format similar to Attachment C.

HEARING OFFICER: No, wait

MS. ZUPCOE: No wait. It was by scanner.

MR. HUBER: No, that was

HEARING OFFICER: Late file #1 is supposed to do total volume including inpatient and outpatient. Late file #2 is a table showing breaking down the hospital scanners' volume by scanner.

MR. HUBER: Okay. Should I start from the top?

HEARING OFFICER: Are those clear now, late file #1 and #2, we're good?

UNKNOWN: Uh hm.

HEARING OFFICER: Okay.

MR. HUBER: Late file #3 is an explanation as to how capacity was determined for DDI and RDI. Late file #4 is strategy for distribution of health care services. Late file #6 is revenue and expense statements individually addressing the CT and the MRI acquisitions.

HEARING OFFICER: Okay. I think that concludes the hearing. Did you all want to make a closing statement?

MR. DAGLIO: I actually had a question for clarification just on this if it's okay, the

**APPENDIX C:**

**Letters of Support**

Oral argument
2.14.12
New evidence
not entered
pp. 19-23
at oral
argument

State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE CHRISTOPHER LYDDY
ONE HUNDRED SIXTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4113
HARTFORD, CT 06106-1591

CAPITOL: 860-240-8500
TOLL FREE: 1-800-842-8267
FAX: 860-240-8306
E-MAIL: Christopher.Lyddy@cga.ct.gov

VICE CHAIRMAN
PUBLIC HEALTH COMMITTEE

MEMBER
EDUCATION COMMITTEE
HUMAN SERVICES COMMITTEE

January 11, 2012

Commissioner Jewel Mullen, MD, MPA, MPH
Department of Public Health
Office of Health Care Access
410 Capitol Avenue MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

I am writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As Vice-Chairman of the Public Health Committee and Newtown's State Representative, I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. Yesterday, I spoke at length with DPH staff to try and better understand this decision. Even after speaking with your staff, I remain concerned about this decision, as it may jeopardize the transfer of the facility. As we continue to address the important issue of health care reform, it is important that we strive to create opportunities to provide better care at lower costs. Allowing facility to enter the network will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown and serves other neighboring communities as well. This is especially important for our senior citizens to receive the care they need. In order to maintain this service for years to come and enhance the medical care and access for the community, I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Christopher Lyddy
State Representative
106th District

SERVING NEWTOWN

Newtown Municipal Center
3 Primrose Street
Newtown, Connecticut 06470
Tel. (203) 270-4201
Fax (203) 270-4205
*first.selectman@newtown-ct.gov*
www.newtown-ct.gov

E. Patricia Llodra
First Selectman

# TOWN OF NEWTOWN

## OFFICE OF THE FIRST SELECTMAN

January 17, 2012

Jewel Mullen, MD, MPA, MPH
CC: Melanie Dillon, Esq.
Connecticut office of Health Care Access

Dear Dr. Mullen:

As Newtown First Selectman I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of allowing only a partial transfer of ownership of Newtown Diagnostic Imaging to the Western Connecticut Health Network. We appreciate the current climate of health care reform with accountable care organizations forming and networks of service providers aligning to provide better care at lower costs. I have been informed that a partial transfer would likely eliminate consideration of Newtown Diagnostic as part of that heath care network. Given that situation, and recognizing that the vast majority of our residents receive their health care through that network, we are concerned that the partial transfer would essentially restrict or eliminate access to the services of Newtown Diagnostic. Full transfer of Newtown Diagnostic to Western Connecticut Health Network allows for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Sincerely,

E. Patricia Llodra
First Selectman

cc: Adam Welber, M.D.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commisioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

We are writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As members of the community we have an interest in maintaining access to medical care for the members of our community.

It is our understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. This may jeopardize the transfer of the facility. In the current climate of health care reform where accountable care organizations are forming and networks of service providers are aligning to provide better care at lower costs it is important to us that the facility enter the Network where the vast majority of our citizens receive their health care. This will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commisioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

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Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration,

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

**APPENDIX D:**

**Hearing Transcript**

Page 1

Pages: 1-43

ORIGINAL

STATE OF CONNECTICUT

Hartford, ss

DEPARTMENT OF PUBLIC HEALTH

OFFICE OF HEALTH CARE ACCESS
HEARING HELD ON: OCTOBER 25, 2011
BEFORE MELANIE DILLON, ESQ., HEARING OFFICER
DOCKET # 11-31703-CON
Applicant: Western Connecticut Health Network Affiliates, Inc.
Present:
Jack Huber, Staff Analyst
Melanie Dillon, Hearing Officer
Kimberly Martone, Director of OHCA
Barbara Olejarz, Transcriptionist
Toni Ann Marchione, Director of Diagnostic Services
Jennifer Zupcoe, V.P. Finance, WCHNA
Dr. Jeet Sandhu, Chairman of Radiology, Danbury Hospital
Pat Gerner, Esq., Counsel for WCHNA
Michael Daglio, Chief Operating Officer, WCHNA
Sally Herlihy, V.P. Planning, WCHNA
Carolyn McKenna, Legal counsel for the system

Mary Indomenico

Official Court Transcriber

HEARING OFFICER: Good morning. Before we begin, please make sure all cell phones and beepers are turned off. This public hearing before the

The applicant, Western Connecticut Health Network Affiliates, Inc. has been designated as a party in this proceeding. Are there any other persons who wish to offer testimony or make a statement in this case other than those individuals representing the applicant? Let the record show that no one has come forward.

At this time I would like all of the individuals who are going to testify on behalf of the applicant to stand, raise your right hand, and be sworn. After I read the statement, please affirm by saying 'yes'.

WITNESSES, Sworn.

HEARING OFFICER: Will all those individuals who just took the oath, please state your full name the full time you speak and adopt any written testimony you have submitted on the record. For all those individuals testifying on behalf of the applicant, please make sure that you have printed your name and affiliation on the sign-up sheet that has been made available for this hearing.

At this time I will ask staff to read into the record those documents already appearing in OHCA's table of record in this case. All documents have been identified in the table of record for reference purposes. Mr. Huber?

of that to the applicant since September 13th. As a result, the applicant did not see a copy of that exhibit until yesterday afternoon when a discussion of the table of the record came up and a copy was sent down from OHCA to the applicant. But without sufficient time to really respond for this morning's hearing. The applicant is not going to make a formal objection to having this exhibit removed from the record because we know that the hearing officer can accept this email from an interested person as part of the record and give it whatever appropriate weight it should have. But we would like to point out that Dr. Erlique did not seek party or intervener status, which he could have done to be a part of this hearing where he could have been cross examined on those topics that he raised in his email. He also indicated in later email that he would not be present at this morning's hearing. So the material the evidence, the topics, the issues that he raised in those emails we understand cannot be used as evidence as the basis of the decision. However, to the extent that there are any issues that he raised or any topics in those emails that you would like further information on, the staff at Western Connecticut Health Network Affiliates would be very happy to provide late files if you would

start saying "WCHNA", may proceed with its testimony.

MS. HERLIHY: Good morning Hearing Officer Dillon and OHCA staff. My name is Sally Herlihy and I'm the vice president of planning Western Connecticut Health Network and I'm here today on behalf of Western Connecticut Health Network Affiliates, Inc. in terms of the CON application to acquire the imaging equipment currently being used at Newtown Diagnostic Imagine in Newtown, Connecticut. I hereby adopt my pre-file testimony.

Participating in the hearing with me today are the following individuals and I'll just go across the room here. Mike Daglio, Senior V.P. of Operations at Danbury Hospital, Carolyn McKenna, Legal counsel for the system, Dr. Sandhu, Chairman of Radiology, Jennifer Zupcoe, V.P. of Finance Operations and Decision Support, and Toni Ann Marchione, Director of Diagnostic Services.

I'd like to just briefly highlight some of the points of my testimony. As you know, Western Connecticut Health Network, the parent corporation has five locations where patients can access imaging services. Those include Danbury Hospital, New Milford Hospital, Danbury Medical Arts Center in

if you approve this application.

With proper staff and the resources available within the Western Connecticut Health Network Affiliates group to help keep costs down, NDI will not only see improved service at the facility, but it will help to make take the stress off the rest of the system by absorbing some of the patients who now travel to Danbury Hospital for imaging services. By adding the extended hours of evening and five hours on Saturdays over time, patient accessibility will be greatly improved. The need exists for this facility not only for the patients in the immediate area of Newtown, but also to prevent either Danbury Hospital or DDI to seek additional imaging equipment in the near future. DDI is currently performing over 5,000 CT scans each year. DDI is also performing over 3,500 MRI scans. This is a non-hospital site. DDI is not capable of absorbing additional patients in the future. Having some of them who live east of Danbury Hospital to go to the MDI facility, would assure both prompt attention to the scanning and greater accessibility for those patients who live in the area and relieve the pressure off of DDI and other sites.

Thank you for your time this morning. To hear more of the details of our application, we're

two CT scanners.

HEARING OFFICER: Okay. And is that -- in addition to the two

MS. MARCHIONE: That's in addition; that's actually in the hospital.

HEARING OFFICER: Okay. So there's a total of three MRI scanners and three CT scanners on the hospital campus?

MS. MARCHIONE: Correct.

HEARING OFFICER: Now Attachment C shows the historical, current, and projected volume by equipment unit. I noticed that we just it still has nine months annualized per fiscal year 2011. Could we get a complete fiscal year 2011 at this point?

MS. ZEPCOE: This is Jen Zepcoe. We can certainly provide that afterwards. We don't have that information here.

HEARING OFFICER: Okay. But you could put it in a late file?

MS. ZEPCOE: Yes.

HEARING OFFICER: I believe Attachment C, and you can correct me if I'm wrong, is the same table that was provided in the completeness responses.

MS. MARCHIONE: With the addition of New Milford Hospitals' numbers.

MS. MARCHIONE: Toni Ann Marchione. I think we can break it out by scanner, but the only scanners that actually perform exams on ED or inpatients would be the actual hospital scanners, not the DMAC. We don't service ED or inpatients there.

HEARING OFFICER: So DMAC with just the outpatient?

MS. MARCHIONE: Right.

HEARING OFFICER: So why don't why don't we keep it instead of making it Attachment C, way too convoluted, if we could do Attachment C as like file one, we'd have a full fiscal year 2011 actuals. And then total volumes for Danbury Hospital and DMAC and those in the respective columns for CT and MRI. And then late file #2 could be the volumes by scanner. Does that make sense?

SEVERAL: Uh hm.

HEARING OFFICER: Does that make sense to you Jack?

MR. HUBER: Uh hm.

HEARING OFFICER: Cause I don't want to make this too messy breaking it out by scanner.

UNKNOWN: And I'd just like to add to make sure that those numbers provided are going to be consistent with the imaging survey that your

HEARING OFFICER: Okay. Now in the pre-file application you state that the DDI and RDI are operating at full capacity and beyond. And I believe did I say that I think it was in a pre-file testimony as well. How did how did you arrive that RDI was operating at full capacity? How did you determine that?

[AT THIS POINT 1:05:00 RECORDING QUALITY BECOMES POOR]

DR. SANDHU: (inaudible) Chairman of Radiology. We're essentially using data pretty much from the advisory board, we get the number of CT's that are done and what are expected in a routine outpatient setting. You know, a work day with a certain (inaudible). 85% of (inaudible) patients is considered to be full capacity which based on that information it works out to about 3,500 CT's.

HEARING OFFICER: Okay. But RDI is currently at about 2,700?

DR. SANDHU: RDI is actually it's about 5,700.

HEARING OFFICER: RDI?

DR. SANDHU: I'm sorry; I apologize.

HEARING OFFICER: That's okay.

DR. SANDHU: (inaudible).

HEARING OFFICER: RDI is 2,729 according to

explain the lower utilization of the scanners owned and operated by NDI?

DR. SANDHU: Well I think you know, essentially there's several issues that come into play. Predominantly operational and contractual issues that come into play, resulting in lower utilization.

HEARING OFFICER: Okay. Could you explain some of those operational issues?

DR. SANDHU: Well partly its staffing issues that come into play. And I think that may be one of the advantages here with the integration of NDI into the larger network as having a larger pool of resources available to fully staff all of the imaging facilities. And also, contractually I think with some (inaudible) contracts that are in play, it's not fully accessible there which will also (inaudible) the number of patients (inaudible) the facility.

MR. HUBER: Jack Huber for the record. If the proposal were to be approved, when would you anticipate replacing the service CT scanner at (inaudible)?

MR. DAGLIO: This is Mike Daglio, Senior Vice President of Operations at Danbury Hospital. We anticipate it won't be too long. It may be within

scanner that are upgradable for future growth if necessary and if needed.

MR. HUBER: With respect to the Newtown CT scanner, to what degree does the one slice capacity effect the extra (inaudible) scanner that's operating now?

DR. SANDHU: Again, the increase in the (inaudible), development of the CT scanners, the one slice is better (inaudible) than the overall number of (inaudible) is capable of doing.

MR. HUBER: If that's the case and the potential upgrade to the CT scanner has been included in the projections in Attachment C, why would one anticipate a greater annual volume than what's presented here?

MR. DAGLIO: Why wouldn't we project? The projection that we want to make are always conservative. We understand maybe take a step back and talk about our strategy. If we look at Danbury Hospital, we do have two MRI's and two CT scanners in the hospital process. Our overall strategy for the network is to move outpatients out of our hospital campus. It's inefficient; it's very difficult for them to navigate parking, to navigate elevators, and get into our imaging centers in the hospital for outpatient needs. So the scanners and

look at it historically (portion inaudible)

[TAPE CLEARS HERE SIGNIFICANTLY AT 1:14:02]

MR. DAGLIO: -- our Southbury cardiology practice and our Southbury primary care services. So it's a consistent strategy and we can walk you through that for sure in terms of our distributed outpatient services and moving patients out of the hospital for outpatient services. The DMAC building itself the CON we did for that was that very purpose to move cardiology in general, surgery, and GI out of the hospital. The cardiology practice was in the tower of the hospital for outpatient services. It's very inconvenient to do that for patient outpatient services and that was really the purpose of the DMAC building back in 2006. So it was a very consistent strategy. It's something we've been doing for a number of years and we continue to perpetuate that strategy. We still have a few more outpatient services in the hospital that would be moving out in the near future. So that is our goal and we can walk you through it. To the extent you want the details, we can provide that for you, sure.

HEARING OFFICER: You can?

MR. DAGLIO: Yes.

HEARING OFFICER: Okay.

We have a very disciplined team on the floor of hospitals working a discharge plan and making sure patients get the appropriate imaging and results of their imaging for the discharge plan. We want to make sure that's not interrupted. What we have done is scaled back the hours of operation of those scanners to make sure we're efficiently staffing those scanners. The ED goes 24/7. But the inpatient we do scale back services to really try to manage the imaging for the inpatients and that's really to keep them clear. The MRI's we do have a 3-T MRI at the hospital campus. So that will always have outpatients on it for patients who require a higher level of MRI imaging. So the MRI the 3-T MRI will still support outpatient services simply because it's the only one we have in our fleet of equipment. You really can't support more than one 3-T in this region I believe.

UNKNOWN: Okay. Well I'm looking at the volumes that are reported on our hospital reporting system. But these are accurate. For CT scans, it looks like you said there's two scanners on the campus, so for inpatient only for Danbury, it looks like 11,000 in total. So that would be 5,500 per scanner. But I think the real question is you know, is I mean I understand you're trying to improve the

or one and a quarter CT scanners to look at those numbers realistically. Cause if I do you know five interventional procedures, that literally is five or six hours worth of time on that CT scanner. So you know, that needs to be kept into consideration in terms of utilization of the scanners within the hospitals themselves.

HEARING OFFICER: Thank you. And that's one CT scanner on the hospital campus that's dedicated for the interventional

DR. SANDHU: It's it again inpatients, ER patients are also done on that scanner, but predominantly utilized for interventional procedures.

HEARING OFFICER: Okay.

MR. HUBER: Declining annual stand-bys at the Newtown location have been attributable to technician staffing problems. What changes will be made in the future to resolve the situation?

MS. MARCHIONE: Toni Ann Marchione. We have a large number of employees in the system that can that are multi-modality, can do CT and MRI and regular x-ray. We can easily back fill any leave of absence or pregnancy leave or anything like that where I think NDI at this point doesn't have that capability. So we would be we have a lot more

MS. MARCHIONE: Do you want me to? Toni Ann Marchione. We do have existing capacity at RDI. The idea is that we are at full capacity at DDI, which is Danbury Diagnostic Imaging and the DMAC which is also in Danbury. And to help alleviate that capacity, we have Newtown patients that come down to Danbury and the DMAC that if we could decompress the capacity by providing them service closer to home and faster imaging within two or three days; that's the idea of adding NDI to our services.

HEARING OFFICER: Could you decompress that at Ridgefield?

MS. MARCHIONE: We we could attempt that and there are a lot of the times where patients will wait the longer amount of days instead of traveling from Newtown to Ridgefield.

HEARING OFFICER: What is the traveling distance from Newtown to Ridgefield?

MS. MARCHIONE: I don't know if I could answer that

HEARING OFFICER: And if you don't know the distance maybe time that it takes?

DR. SANDHU: Basically from the center of Newtown to Ridgefield Diagnostic Imaging is probably 30 minutes.

volume?

MS. MARCHIONE: Again, Toni Ann Marchione. That could be accommodated at the Ridgefield facility. But again we're faced with the issue of the patient choosing to come to Danbury which is closer than Ridgefield and waiting for their procedures.

HEARING OFFICER: What is the driving time from Newtown to Danbury?

MS. ZEPCOE: 15, 20 minutes I would say.

DR. SANDHU: About 20 minutes.

HEARING OFFICER: And it sounds as if those patients opt to go to Danbury rather than Ridgefield. Is there a lot of traffic in Ridgefield?

MS. ZEPCOE: Ridgefield is further south. You have to go by the mall and it's really one main road to get in so it's traffic, yes.

MS. HERLIHY: This is Sally Herlihy. On the attachment of the CON where we had it I think it was pages 21 and 22, it showed the volume for the patients for the last three years that utilized both the Danbury and Ridgefield facilities and then page 23 was the actual Newtown Diagnostic Imaging. And if you look at those charts, the Newtown volume is relatively low in utilization of both of those

to share that with you, includes new practices in Monroe, in Wilton, in the more southern parts of the areas that will drive and our projections will drive some of the growth in those locations. So they're not specifically discussed in our CON, but we'd be happy to share with you what our network strategic plan is for primary care offices and distribution specialty care south of Ridgefield which would bring imaging up and south of Newtown which would also bring imaging up as well. And those are some of the projections we have for growing utilization of our services.

UNKNOWN: I'm going to ask probably the same overall question just more bluntly. So if you could really just address by acquiring this practice why you need Danbury Hospital, the system, Western Connecticut system needs these two additional pieces of equipment for the record.

MR. DAGLIO: For the record. Consistent with this is Mike Daglio, Senior V.P. of Operations. To be consistent with our strategy of growing -- our distribution strategy for health care services, to have imaging only in specific locations or back to Danbury at the mother ship if you will, all coming back is not part of our strategy. Our strategy is to get the services out into those communities. Our

difficult to

UNKNOWN: Why you need it and supports that

HEARING OFFICER: What late file number are we on?

[CROSS CONVERSATION]

HEARING OFFICER: I guess that would be 4.

MR. DAGLIO: It's very consistent with what we did in Southbury. Patients weren't going to drive 16 miles to Danbury for their cardiovascular imaging. We wanted to bring it closer to them. We had a cardiology practice as part of our network out there. To bring those services closer to them is really is really it's all about our strategy of distribution of services.

UNKNOWN: We'll call it the strategy for distribution of

MR. DAGLIO: Health Care Services.

UNKNOWN: -- Health Care Services.

MS. HERLIHY: This is Sally Herlihy. In the pre-file on Attachment B, page 12, it actually gave you a picture of the service area and the map and the location. The Newtown Diagnostic Imaging facility is the only one east of the hospital and the location is still within the primary service area, but positioned between the physician offices where those patients are being referred for imaging

we have where we're approaching capacity at DDI and the DMAC building, it would be very difficult for us to absorb that into our busiest centers. The only other option at that point is the Ridgefield Center which has some capacity; we all agree. But to move patients east of that area over to Ridgefield is just we don't see that happening today in our existing centralized scheduling process where the scheduler has a view of every center. So to bring that volume to consolidate that volume or that capacity into our two busiest locations because in my view point in our strategy to bring them back into the hospital is not what we want to do. But to bring them back to DDI or to DMAC building would be the only other option and both of those are approaching capacity with the volumes that they have there. The RDI is the only other solution, but it just doesn't even happen today in our distribution in trying to move patients from east of Danbury over to Ridgefield. It does happen in the southern part of Danbury, but not so much east of Danbury where they'd rather stay closer to where they work or where they live to have their appointments.

HEARING OFFICER: So there was discussion earlier about the replacement of the one slice CT scanner with a 16 slice I think it was. Was that

include the equipment in that projection.

HEARING OFFICER: So basically the upgrade of the equipment is not included in the projections.

MR. DAGLIO: Right.

MS. MARCHIONE: That's correct.

MS. ZUPCOE: Correct.

HEARING OFFICER: And you're not certain of when that's going to happen?

MR. DAGLIO: We had an annual capital process every year where we determine our priorities for the health network. It is anticipated we could potentially do that next year, but again we have significant capital investments that we're making right now in New Milford Hospital as part of the new network they have significant IT investment we're making there. So we we don't know what 2013's capital capital projects will look like yet. We do know what 2012 will look like. We typically buy the equipment and then depreciate it over seven years or so. So that seven year depreciation would be factored into an annual P & L for the location. It would be typically how we would structure that. At some point there will be an end of life issue with this scanner; we will have to replace it. But we typically have a fleet management process of about seven to eight years for a CT scanner.

the proposal, it's combined

MS. ZUPCOE: It's combined.

MR. HUBER: -- and we're asking for it to be separated.

HEARING OFFICER: So is that a late file?

MR. HUBER: So that would be late file #5.

HEARING OFFICER: I believe we asked about listing providers in the area in the CON application, but volumes weren't provided.

MR. DAGLIO: By provider?

HEARING OFFICER: Right. Are you able to get any of those volumes for any of the providers?

MR. DAGLIO: Yes.

HEARING OFFICER: You are?

MR. DAGLIO: Getting volumes by providers? Sure.

MS. HERLIHY: Can you restate the question? I'm sorry. I think we're answering two different things.

[CROSS COMMENTING]

MS. MARCHIONE: Other you mean for other --

MR. DAGLIO: You mean of other people? No, no.

[CROSS COMMENTING]

MR. DAGLIO: So you mean Dr. Erlique's practice for example?

The table that indicates the total volume by location in a format similar to Attachment C.

HEARING OFFICER: No, wait

MS. ZUPCOE: No wait. It was by scanner.

MR. HUBER: No, that was

HEARING OFFICER: Late file #1 is supposed to do total volume including inpatient and outpatient. Late file #2 is a table showing breaking down the hospital scanners' volume by scanner.

MR. HUBER: Okay. Should I start from the top?

HEARING OFFICER: Are those clear now, late file #1 and #2, we're good?

UNKNOWN: Uh hm.

HEARING OFFICER: Okay.

MR. HUBER: Late file #3 is an explanation as to how capacity was determined for DDI and RDI. Late file #4 is strategy for distribution of health care services. Late file #6 is revenue and expense statements individually addressing the CT and the MRI acquisitions.

HEARING OFFICER: Okay. I think that concludes the hearing. Did you all want to make a closing statement?

MR. DAGLIO: I actually had a question for clarification just on this if it's okay, the

closing statement? You don't have to; it's not a requirement.

MS. GERNER: I think on behalf of Western Connecticut Health Network Affiliates, we'd like to thank you for giving us an opportunity to respond with late files certainly to some of the issues that may not have been out in the open initially, but are kind of subsurface issues that if it will help in understanding the importance of this application to them for the future, not just for today but as is mentioned, in the testimony that it's an opportunity for two pieces of equipment that are already out there in the community that it doesn't require the purchase of additional equipment at this point, but simply the opportunity to bring the service out to a place that already exists with patients who are already using that facility. And hopefully the answer is we'll help you to see how that volume will grow in that area to fill that space that is out there already established and already equipped to go forward into the future. That's it. Thank you.

HEARING OFFICER: One last thing. We talked about the emails that we had received. I was just looking now I can't find it. Oh here. In the last it's page 3 of that email communication from Dr.

MS. ZUPCOE: Sure.

HEARING OFFICER: -- showing how you actually came up with

MS. ZUPCOE: Yes, absolutely.

HEARING OFFICER: -- the numbers. Just like you stated, just so we have it clearly and reflected on the record.

MS. ZUPCOE: I think I think what else it will show as part of the #5 I think. As I try to highlight the revenue and expenses for the late filing #5, it would come you could see it there.

HEARING OFFICER: Oh, okay.

[CROSS CONVERSATION]

MS. ZUPCOE: Because in the revenue and expenses you're asking for CT and MRI, so you'd see it there.

HEARING OFFICER: Okay, that sounds perfect. Great. Thank you. In conclusion of this hearing, a proposed final decision will be rendered did I already say this pursuant to General Statute, Section 4-179 -- in accordance with 4-179, the applicant shall have 14 days to request oral argument and file briefs or to waive this right. That's once the proposed final decision is rendered. Obviously we have late files that we're going to receive from you first and I just realize as I say

C E R T I F I C A T E

I, Mary Indomenico do hereby certify that the forgoing transcript of the hearing held on October 25, 2011 at the Department of Public Health, Office of Health Care Access is a true and accurate transcription of the recording presented to me to the best of my knowledge and ability.

IN WITNESS THEREOF, I have hereunto set my hand this 31st day of January, 2012.

Mary C Indomenico 1-31-12

Mary Indomenico, Transcriber Date

# STATE OF CONNECTICUT

**DEPARTMENT OF PUBLIC HEALTH**

January 24, 2011

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

CM RRR #91710821333932055172 62

RE: Certificate of Need Application, Docket Number 11-31703-CON
Western Connecticut Health Network
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC, in Newtown

**NOTICE OF ORAL ARGUMENT**

Sally F. Herlihy, on behalf of Western Connecticut Health Network, has requested oral argument regarding the recommendation of Hearing Officer Melanie A. Dillon, Esq. Pursuant to Section 4-179, oral argument has been scheduled as follows:

**Tuesday, February 14, 2012 at 2:00 p.m.**
**Department of Public Health, Third Floor Hearing Room**
**410 Capitol Avenue, Hartford, Connecticut**

Respondent's brief shall be filed on or before February 7, 2012. Please contact Diane Buzzetti at (860) 509-7648 if you have any questions.

On February 14, 2012, you will have fifteen minutes to present your argument.

BY: Lisa A Davis

Lisa A. Davis, M.B.A., B.S.N., R.N.
Deputy Commissioner

c: Kimberly R. Martone, Director of Operations, OHCA

Phone:
Telephone Device for the Deaf: (860) 509-7191
410 Capitol Avenue - MS # _____
P.O. Box 340308 Hartford, CT 06134

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

February 15, 2012

The Hon. Lisa A. Davis, M.B.A., B.S.N., R.N.
Deputy Commissioner
Department of Public Health
410 Capitol Avenue MS #13PHO
Public Health Hearing Section
P.O. Box 340308
Hartford, CT 06134

Re: Certificate of Need Application, Docket No. 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC in Newtown, CT

Dear Deputy Commissioner Davis,

Attached please find the original and two copies of the Applicant's Request to Re-Open the Hearing in the above-captioned docket.

Please call me at (203) 739-4903 if you have any questions regarding this request, or if any further action needs to be taken by the Applicant.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

cc: Marianne Horn, Esq.
DPH Legal Counsel

Diane Buzzetti, Paralegal
DPH Hearing Section

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

DOCKET NO.: 11-31703-CON
WESTERN CONNECTICUT HEALTH
NETWORK AFFILIATES, INC.
ACQUISITION OF CT SCANNER &
MRI SCANNER FROM NEWTOWN
DIAGNOSTIC IMAGING, LLC

FEBRUARY 15, 2012

**REQUEST TO RE-OPEN HEARING**

The Applicant in the above-captioned docket, Western Connecticut Health Network Affiliates, Inc., respectfully requests that the Department of Public Health re-open the hearing in this docket to admit evidence submitted to the agency in its "Exceptions to Proposed Final Decision" dated February 7, 2012. Oral argument on the Exceptions was held on February 14, 2012.

Specifically, the Applicant asks that the following evidence submitted as part of the Exceptions document be admitted to the Record:

1. Appendix A – MRI Scanning at Danbury Hospital and Volume of MRI scanning moving from Hospital to Outpatient Facilities

2. Appendix C – Letters of Support

The original hearing on this matter was held on October 25, 2011. The Exceptions were presented to the Department of Public Health on February 14, 2012 and heard by Deputy Commissioner Lisa Brady. At that time the Exceptions document was admitted to the Record, but without Appendices A and C.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

## ATTACHMENTS

**Appendix A – MRI Scanning at Danbury Hospital and Volume of MRI scanning moving from Hospital to Outpatient Facilities**

**Appendix C – Letters of Support**

## APPENDIX A

## Danbury Hospital's MRI Scanners

## Table 1 - MRI Scanning at Danbury Hospital

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Average scanner time in Minutes for Specific Cases at the Hospital [1] | Number of MRI cases performed at the Hospital | Actual annual minutes it takes to perform specific MRI procedures at the hospital (A x B) | Average number of cases column D would translate to in an outpatient MRI center = D/45 minutes[2] | Variance of Case volumes at a Hospital-based MRI center vs an outpatient MRI Center = D-B[3] | Additional Capacity at an OP Center vs an inpatient center by procedure type[4] |
| **Exam Type** | | | | | | |
| Anesthesia | 180 | 196 | 35,193 | 782 | 587 | 300% |
| Arthrograms | 70 | 127 | 8,896 | 198 | 71 | 56% |
| Abdomen w/Contrast | 90 | 283 | 25,515 | 567 | 283 | 100% |
| Bilat Breast | 90 | 205 | 18,476 | 411 | 205 | 100% |
| Breast Biopsy | 120 | 10 | 1,173 | 26 | 16 | 167% |
| Needle Placement | 120 | 20 | 2,346 | 52 | 33 | 167% |
| MRA | 90 | 323 | 29,034 | 645 | 323 | 100% |
| Runoffs – lower extremities | 150 | 20 | 2,933 | 65 | 46 | 233% |
| Face/Neck/Orbits w/Contrast | 90 | 78 | 7,039 | 156 | 78 | 100% |
| Other | 45 | 4,057 | 182,562 | 4,057 | - | 0% |
| **Total MRI Exams at Hospital** | **59** | **5,318** | **313,166** | **6,959** | **1,641** | **31%** |
| IP additional minutes to all IP cases[5] | 30 | 1,295 | 38,850 | 863 | N/A | N/A |
| Emergency Room additional minutes to all ER cases[6] | 30 | 98 | 2,933 | 65 | N/A | N/A |
| **Total Additional Minutes to add to IP and ED cases** | | **1,393** | **41,783** | **929** | | |
| **GRAND TOTAL Capacity Variance[7]** | | **5,318** | **354,948** | **7,888** | **2,570** | **48%** |

Notes for Table 1:

1. Column A: The average time it takes each Hospital-based MRI exam type to be completed
2. Column D: The average time for a standard outpatient MRI exam to be completed in any of the Network's facilities is 45 minutes. Dividing the total number of Hospital-based exam minutes by 45 minutes yields the number of MRI exams that could be completed in the same time period at an outpatient facility.
3. Column E: When taking the same amount of total MRI exam minutes from the Hospital-based MRI exam volume, the Hospital performed 5,318 MRI exams, while an outpatient MRI facility could produce 6,959 standard outpatient MRI exams, or 1,641 additional MRI exams.
4. Column F: This represents the number of incremental MRI exams that could be performed in an outpatient center in the form of capacity percentages. By way of example, in the same amount of time it takes to perform 196 MRI exams with anesthesia at the Hospital, an outpatient MRI center can perform 782 standard outpatient MRI exams or a 300% improvement in capacity.
5. Inpatient additional minutes to all IP cases: This row represents the additional time it requires to perform an MRI exam on inpatients, due to transportation and maneuvering a patient from their bed, to the MRI scanner. During the time of transportation and maneuvering of the patient, the MRI scanner remains idle. Of the 5,318 cases indicated, 1,295 exams were performed on inpatients. When you multiply the estimated 30 minutes of time to the 1,295 inpatient exams performed during the period, it requires an additional 38,850 minutes of time on the MRI scanners. An outpatient MRI facility could perform an additional 863 MRI exams during the time it took to transport and maneuver patients on 1,295 inpatient exams.
6. Emergency additional minutes to all E.R. cases: The Emergency Room is located on the first floor of the Tower building and the MRI Department is located on the 3rd floor of the Stroock Building. The separation of these two locations causes the same phenomenon related to transportation and maneuvering of patients as the Inpatients. When using the same estimated time factor of 30 minutes, multiplied by 98 E.R. MRI exams, the result is an additional 2,933 minutes of MRI time. An outpatient MRI facility could perform an additional 65 outpatient MRI exams during the same time period.
7. In Summary: It is the Applicant's position that many Hospital-based MRI exams are more complex, and require greater time to complete than the standard MRI exams that are performed on a standard outpatient MRI scanner. Therefore, capacity, measured by the number of exams performed on an MRI scanner, must be viewed differently for a Hospital-based scanner versus an outpatient facility scanner. Based on the number of exams at the Hospital MRI scanners and the types of exams these represent, it is the applicant's estimate that the Network's outpatient facilities operate at 48% greater exam capacity than the Hospital scanners can.

Based on this analysis, and using a weighted average of 104 minutes as an average scan time for the Hospital MRI exams (as demonstrated in Table 1), it is clear that the Hospital MRI scanners at the Hospital are at full capacity. To illustrate this point, the applicant has

completed the template it uses to measure capacity on its outpatient MRI scanners and adapted it for the Hospital MRI scanners (inpatient and outpatient).

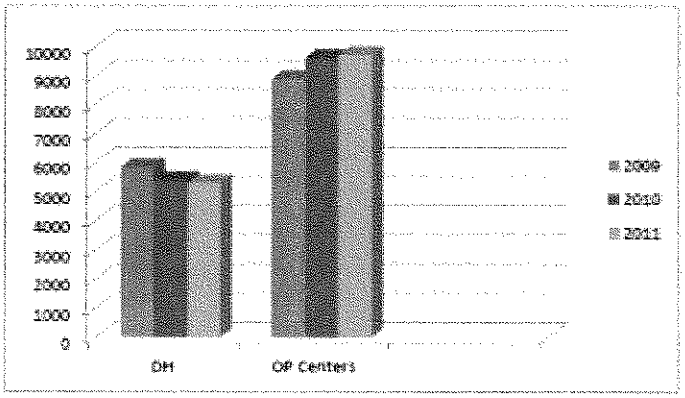
**Table 2 – Capacity Analysis on Hospital MRI Scanners**

| | MRI | | | | | | |
|---|---|---|---|---|---|---|---|
| | **M** | **T** | **W** | **TH** | **FRI** | **SAT** | **TOTAL/Wk** |
| **Hours of Operation** | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | 7:30 AM | |
| Various periods within timeframe | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 8:00pm | 4:00P.M. | |
| Operating Hours 1.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 8.5 | |
| Operating Hours 3T | 9 | 9 | 9 | 9 | 9 | | |
| MRI Scanner 1 Max capacity | 12 | 12 | 12 | 12 | 12 | 11 | |
| MRI Scanner 2 Max capacity | 9 | 9 | 9 | 9 | 9 | | |
| **Total Max. capacity (patients)** | 21 | 21 | 21 | 21 | 21 | 11 | 116 |
| **Number of patients** | | | | | | | |
| **Random Week** | 17 | 18 | 20 | 22 | 23 | 11 | 111 |
| **Random Week** | 19 | 21 | 25 | 23 | 22 | 10 | 120 |
| Avg | 18 | 19.5 | 22.5 | 22.5 | 22.5 | 10.5 | 115.5 |
| **% Capacity** | **86%** | **93%** | **107%** | **107%** | **107%** | **95%** | **100%** |

**Table 3 – Shift in MRI Volumes from Inpatient to Outpatient Settings**

The strategic initiative to shift MRI outpatients from testing at Danbury Hospital to non-hospital-based outpatient facilities operated by the Applicant WCHNA can be observed in the bar graph, with 546 reductions in Danbury Hospital volume and 815 procedure growth in OP centers for the same time period.

| | DH | OP Centers |
|---|---|---|
| 2009 | 5864 | 8902 |
| 2010 | 5405 | 9622 |
| 2011 | 5318 | 9717 |



## APPENDIX C:

## Letters of Support

State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE CHRISTOPHER LYDDY
ONE HUNDRED SIXTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4413
HARTFORD, CT 06106-1591

CAPITOL: 860-240-8500
TOLL FREE: 1-800-842-8267
FAX: 860-240-0206
E-MAIL: Christopher.Lyddy@cga.ct.gov

VICE CHAIRMAN
PUBLIC HEALTH COMMITTEE

MEMBER
EDUCATION COMMITTEE
HUMAN SERVICES COMMITTEE

January 11, 2012

Commissioner Jewel Mullen, MD, MPA, MPH
Department of Public Health
Office of Health Care Access
410 Capitol Avenue MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

I am writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic Imaging Associates to the Western Connecticut Health Network. As Vice-Chairman of the Public Health Committee and Newtown's State Representative, I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. Yesterday, I spoke at length with DPH staff to try and better understand this decision. Even after speaking with your staff, I remain concerned about this decision, as it may jeopardize the transfer of the facility. As we continue to address the important issue of health care reform, it is important that we strive to create opportunities to provide better care at lower costs. Allowing facility to enter the network will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown and serves other neighboring communities as well. This is especially important for our senior citizens to receive the care they need. In order to maintain this service for years to come and enhance the medical care and access for the community, I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Christopher Lyddy
State Representative
106th District

SERVING NEWTOWN

Newtown Municipal Center
3 Primrose Street
Newtown, Connecticut 06470
Tel. (203) 270-4201
Fax (203) 270-4205
*first.selectman@newtown-ct.gov*
www.newtown-ct.gov

E. Patricia Llodra
First Selectman

# TOWN OF NEWTOWN

## OFFICE OF THE FIRST SELECTMAN

January 17, 2012

Jewel Mullen, MD, MPA, MPH
CC: Melanie Dillon, Esq.
Connecticut office of Health Care Access

Dear Dr. Mullen:

As Newtown First Selectman I have an interest in maintaining access to medical care for the members of our community.

It is my understanding that your office has taken the unusual step of allowing only a partial transfer of ownership of Newtown Diagnostic Imaging to the Western Connecticut Health Network. We appreciate the current climate of health care reform with accountable care organizations forming and networks of service providers aligning to provide better care at lower costs. I have been informed that a partial transfer would likely eliminate consideration of Newtown Diagnostic as part of that heath care network. Given that situation, and recognizing that the vast majority of our residents receive their health care through that network, we are concerned that the partial transfer would essentially restrict or eliminate access to the services of Newtown Diagnostic. Full transfer of Newtown Diagnostic to Western Connecticut Health Network allows for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community I am requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Sincerely,

E. Patricia Llodra
First Selectman

cc: Adam Welber, M.D.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commisioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

We are writing in support of the transfer of ownership of Newtown Diagnostic Imaging from Newtown Diagnostic imaging Associates to the Western Connecticut Health Network. As members of the community we have an interest in maintaining access to medical care for the members of our community.

It is our understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. This may jeopardize the transfer of the facility. In the current climate of health care reform where accountable care organizations are forming and networks of service providers are aligning to provide better care at lower costs it is important to us that the facility enter the Network where the vast majority of our citizens receive their health care. This will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

January 10, 2012

Jewel Mullen, MD, MPA, MPH
Commisioner
Office of Health Care Access
419 Capitol Avenue
MS #13HCA
Hartford, CT 06134-0308

Dear Dr. Mullen,

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It is our understanding that your office has taken the unusual step of only allowing a partial transfer of ownership. This may jeopardize the transfer of the facility. In the current climate of health care reform where accountable care organizations are forming and networks of service providers are aligning to provide better care at lower costs it is important to us that the facility enter the Network where the vast majority of our citizens receive their health care. This will allow for improved continuity of care, unification of medical records and more direct communication with the other medical and surgical services our citizens are currently receiving.

Newtown Diagnostic Imaging is the only imaging facility in Newtown. In order to maintain this service for years to come and enhance the medical care and access for the community, we are requesting that you reconsider your decision and allow a full transfer and purchase to take place.

Thank you for your consideration.

Sincerely,

Newtown, Connecticut Rotary Club

cc: Melanie Dillan, esq.

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

March 29, 2012 VIA FAX

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Proposal to Acquire a CT Scanner and an MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Request to Re-Open the Hearing and Admit New Evidence

Dear Ms. Herlihy:

The hearing for Western Connecticut Health Network Affiliates, Inc.'s ("WCHN") d/b/a Western Connecticut Health Network Affiliates, Inc.'s ("WCHNA") (herein known as "Applicants") proposal for the acquisition of a CT scanner and an MRI scanner from Newtown Diagnostic Imaging, LLC was held on Tuesday, October 25, 2011. On February 15, 2012, the Office of Health Care Access ("OHCA") received the Applicants' request to re-open the hearing and to admit additional information attached to the request, specifically, noted as Exhibit Appendix A and Appendix B.

The request to reopen the record in the above referenced docket is hereby **Granted**. The additional information (specifically Appendix A and Appendix B) submitted as attachments to the request received by OHCA on February 15, 2012 is entered into the record.

Attached please find a list of questions (Attachment 1) for your review and response. Your response is due by April 13, 2012.

Please contact Jack A. Huber at (860) 418-7069 or Steven Lazarus at (860) 418-7012, if you have any questions concerning this correspondence.

Sincerely,

Joanne V. Yandow, Esq.
Hearing Officer

**Attachment I**

1. The Hospital MRI volume has fluctuated over the past 4 years. Additionally, based on Exhibit A, Table 1, the Hospital's outpatient MRI facilities are expected to reach capacity at a higher level than the Hospital. Please explain why NDI's current MRI scans cannot be accommodated within the Danbury Hospital system (taking into account the scanners at the Hospital, DHMAC, RDI and DI).

2. Does Danbury Hospital have adequate capacity to accommodate its current and expected number of inpatients requiring magnetic resonance imaging?

3. With respect to the information provided in Appendix A, Table 1, entitled "MRI Scanning at Danbury Hospital", it appears that the Applicant concludes that its Network outpatient MRI facilities operate at 48% greater exam capacity than the MRI scanning service at Danbury Hospital. Please explain why such a conclusion would not also hold true for the other non-network outpatient MRI providers that are located within the NDI service area.

4. The Applicant projects 1,205 MRI scans for NDI in FY 2014. Please explain why the existing eight MRI scanners currently located in the primary service area cannot absorb this number of MRI scans projected to be performed at the NDI location.

**********
*** TX REPORT ***
**********

TRANSMISSION OK

| | |
|---|---|
| TX/RX NO | 2857 |
| RECIPIENT ADDRESS | 912037391974 |
| DESTINATION ID | |
| ST. TIME | 03/29 16:41 |
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**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
***OFFICE OF HEALTH CARE ACCESS***

***FAX SHEET***

**TO:** SALLY F. HERLIHY

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CT HEALTH NETWORK

**FROM:** STEVEN LAZARUS

**DATE:** 3/29/12 **TIME:**

**NUMBER OF PAGES:** 3
*(including transmittal sheet*

**Comments:** Docket 11-31703-CON Request to Re-Open Hearing and Admit New Evidence

***PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.***

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL


24 Hospital Ave
Danbury, CT 06810
203.739.4903
DanburyHosptial.org

| | | | |
|---|---|---|---|
| From: | Sally Herlihy<br>Vice President, Planning | | |
| To: | Joanne Yandow, Esq. Hearing Officer | | |
| Fax: | 860-418-7053 | No. of Pages: | 5 (including cover sheet) |
| Phone: | | Date: | April 12, 2012 |
| RE: | Docket No. 11-31703-CON | CC: | |

☒ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

# Fax

Please find attached a request for Docket No. 11-31703-CON. The original will be mailed to your office.

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810
203.739.7000

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

April 10, 2012

By Facsimile and First Class Mail

Joanne V. Yandow, Esq.
Hearing Officer
Department of Public Health
410 Capitol Avenue MS #13PHO
Public Health Hearing Section
P.O. Box 340308
Hartford, CT 06134

Re: Certificate of Need Application, Docket No. 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Proposal to Acquire a CT Scanner and an MRI Scanner from Newtown Diagnostic Imaging, LLC in Newtown, CT
Response to DPH/OHCA Questions dated March 29, 2012.

Dear Hearing Officer Yandow,

Attached please find the original and two copies of the Applicant's Response to your March 29, 2012 letter requesting answers to questions related to our "Exceptions to Proposed Final Decision" and the evidence allowed into the record on February 15, 2012 in the above-captioned docket.

Please call me at (203) 739-4903 if you have any questions regarding these responses, or if any further action needs to be taken by the Applicant.

Thank you.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

Responses to DPH/OHCA Completeness Questions dated March 29, 2012

1. **The Hospital MRI volume has fluctuated over the past 4 years. Additionally, based on Exhibit A, Table 1, the Hospital's outpatient MRI facilities are expected to reach capacity at a higher level than the Hospital. Please explain why NDI's current MRI scans cannot be accommodated within the Danbury Hospital system (taking into account the scanners at the Hospital, DHMAC, RDI and DI).**

Response:

NDI's current MRI scans cannot be accommodated within the DH system because DH does not own NDI or the scans associated with it. NDI is a competitor who is interested in selling its practice. The existing practice serves patients who live in the Newtown area, who have already chosen not to drive to Danbury or elsewhere to have scanning done. The NDI practice is accessible for the patients who live in the greater Newtown area. There are no other MRI scanners in Newtown. [1]

The Hospital's outpatient MRI facilities are expected to reach capacity at a higher level than the Hospital due to the shorter length of time per scan at outpatient facilities. (Appendix A, Table I to the Exceptions filed on February 7, 2012). In the Proposed Final Decision, the issue was narrowed down to whether the Hospital had capacity to absorb any of the NDI scans.

While the Applicant's historical and projected volumes for all of its facilities were set forth in the Proposed Final Decision in FF #50 on page 8 and FF# 56 on page 9, the Proposed Final Decision concluded that the MRI scans could only be absorbed by DH.

The Proposed Final Decision issued by OHCA on January 5, 2012 stated in its Discussion, *inter alia,*

> .. . . Based upon the available MRI capacity at DH and low MRI utilization at NDI, OHCA is unable to conclude that there is a clear public need for the Applicant to acquire and operate an additional MRI scanner at NDI. FF59. Moreover, there is available capacity on the two MRI scanners at DH to absorb the existing and projected MRI volume from NDI. FF58. . . ."

(Proposed Final Decision, 1/5/12, Discussion, p. 11.)

[1] Newtown First Selectman E. Patricia Llodra and State Representative Christopher Lyddy, Vice-Chairman of the State Public Health Committee, have both written to DPH to express their concerns about maintaining access at NDI and improving the quality and continuity of care, and ask that you approve the application, in part, because it is the only imaging facility in Newtown area. (*See* "Exceptions to Proposed Final Decision", 2/7/12, Attachment B, pp. 20 and 21).

Based on this conclusion, the Applicant, in its Exceptions filed on February 7, 2012, took exception to FF#59 ("Exceptions", p. 5) but did not re-address other potential locations. There was no reason to. OHCA stated it did not consider RDI volume because it was not in the service area, (Proposed Final Decision, 1/5/12, p. 10, FN #3) and only identified DH as having underutilized scanners. (Id., p. 11).

It should be noted that, even if space is available, the Applicant cannot direct NDI's patients to any of its facilities unless the application is approved and the Applicant becomes the owner of the facility. And while NDI would remain in Newtown, under WCHNA ownership, there could be a flow of patients between facilities so that patients who are required to have MRI scanning are seen as quickly as possible in the location that is most accessible.

2. **Does Danbury Hospital have adequate capacity to accommodate its current and expected number of inpatients requiring magnetic resonance imaging?**

Response:

Yes, Danbury Hospital has the capacity to accommodate the current number of scans it now performs, but no room for expansion unless it can optimize scheduling across the various network locations. The volume at the hospital based MRI scanner is constrained because the Hospital is required to do scanning for five (5) categories of patients which significantly limits the overall number of patients which can be accommodated at the hospital. These include:

- Inpatients;
- Patients who are scheduled from nursing homes or require special assistance, both of which are best served in a hospital setting for MRI scanning;
- Outpatients who require a hospital setting for their scanning due to the specific type of procedure, potential high risk category or need for a concomitant procedure (i.e. MR arthography or breast biopsy).
- Children for whom dedicated sedation days are scheduled; and
- Research patients.

As discussed during various presentations by the Applicant, and with documentation provided in Exhibit A of the "Exceptions" filed on February 7, 2012, scans performed on these types of patients necessitate a greater amount of dedicated time than many of those performed in an outpatient facility consequent to the complexity, intensity or urgency of these hospital based scans. Over the past four years, the Hospital has been performing between 5,000 – 6,000 scans despite these limitations.

3. **With respect to the information provided in Appendix A, Table 1, entitled "MRI Scanning at Danbury Hospital", it appears that the Applicant concludes that its Network outpatient MRI facilities operate at 48% greater exam capacity than the**

**MRI scanning service at Danbury Hospital. Please explain why such a conclusion would not also hold true for the other non-network outpatient MRI providers that are located within the NDI service area.**

Response:

This conclusion may or may not be true. If the other providers had requested status to participate in this application, there would be evidence in the Record which would confirm or deny the premise. However, there is no evidence as to whether the other 4 providers are also capable of operating at 48% greater exam capacity than DH. They should be operating at a higher level of capacity than a hospital (since a hospital is required to do scanning that takes a great deal longer to complete), but the degree of efficiency, the skill of the technicians and their availability, hours of operation, technology used to perform the exams, the location of the facility and the quality, based on the physicians involved, all play a role in the quantity of exam capacity at each facility.

NDI has experienced difficulty with all of the factors just mentioned, and has been forthright about their desire to sell their practice to an entity which would leave the facility where it is to serve their patients, but would have the expertise, staffing and experience to provide a more efficient quality service.

4. **The Applicant projects 1,205 MRI scans for NDI in FY 2014. Please explain why the eight existing MRI scanners currently located in the primary service area cannot absorb this number of MRI scans projected to be performed at the NDI location.**

   Response:

   Despite the existence of these eight scanners today, physicians and patients have chosen NDI as their imaging provider of choice. The Applicant cannot direct those patients now utilizing NDI to other facilities nor can they insist that physician providers refer their patients to another imaging location.

NDI is an established private physician practice offering CT scanning and MRI scanning. There is a Fair Market Value (FMV) for this practice and its technology, and the physician owners are not going to abandon the opportunity to earn that value through a sale of the business they have built and operated. The twelve (12) physicians who own it have a property right in their professional office which cannot be shut down when they were not even made applicants by the OHCA Hearing Officer.

# STATE OF CONNECTICUT

**DEPARTMENT OF PUBLIC HEALTH**

Jewel Mullen, M.D., M.P.H., M.P.A.
Commissioner

Dannel Malloy
Governor

TO: Joanne V. Yandow, Esq.
Hearing Officer

FROM: Jewel Mullen, M.D., M.P.H., M.P.A., Commissioner

DATE: April 12, 2012

RE: Western Connecticut Health Network d/b/a Western Connecticut Health Network Affiliates, Inc. – Acquisition of a CT Scanner and an MRI Scanner from Newtown Diagnostic Imaging, LLC, Docket Number: 11-31703-CON

---

I hereby designate you to sit as a hearing officer in the above-captioned matter to rule on all motions and recommend findings of fact and conclusions of law upon completion of the hearing. This delegation supersedes the previous delegation to Melanie Dillon, which is hereby revoked.

PHONE: (860) 509-7101 FAX: (860) 509-7111
410 CAPITOL AVENUE - MS#13COM, P.O. BOX 340308, HARTFORD, CONNECTICUT 06134-0308

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

April 17, 2012

VIA REGULAR MAIL
AND FACSIMILE

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Proposal to Acquire a CT Scanner and an MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Request of Re-Open the Hearing and Admit New Evidence

Dear Ms. Herlihy:

On March 29, 2012, the attached letter and Attachment 1 were mailed to you regarding the above-referenced Office of Health Care Access ("OCHA") matter. On April 12, 2012, I was designated as the hearing officer in this matter to rule on all motions and recommend findings of fact and conclusions of law upon completion of the hearing.

As the March 29, 2012 letter was mailed out prior to my designation as hearing officer, I am reissuing the letter and Attachment 1 and adopting the documents' contents as of this date. Your responses to the earlier letter were received on April 13, 2012 and will be reviewed as responsive to the reissued letter and Attachment 1. If you have any additional information that is responsive to the questions in Attachment 1, please provide them to me by April 26, 2012.

Please contact Jack A. Huber at (860) 418-7069 or Steven Lazarus at (860) 418-7012, if you have any questions concerning this correspondence.

Sincerely,

Joanne V. Yandow, Esq.
Hearing Officer

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH
*Office of Health Care Access*

March 29, 2012 VIA FAX

Sally F. Herlihy
Vice President, Planning
Western Connecticut Health Network
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application; Docket Number: 11-31703-CON
Proposal to Acquire a CT Scanner and an MRI Scanner from Newtown Diagnostic Imaging, LLC by Western Connecticut Health Network Affiliates, Inc.
Request to Re-Open the Hearing and Admit New Evidence

Dear Ms. Herlihy:

The hearing for Western Connecticut Health Network Affiliates, Inc.'s ("WCHN") d/b/a Western Connecticut Health Network Affiliates, Inc.'s ("WCHNA") (herein known as "Applicants") proposal for the acquisition of a CT scanner and an MRI scanner from Newtown Diagnostic Imaging, LLC was held on Tuesday, October 25, 2011. On February 15, 2012, the Office of Health Care Access ("OHCA") received the Applicants' request to re-open the hearing and to admit additional information attached to the request, specifically, noted as Exhibit Appendix A and Appendix B.

The request to reopen the record in the above referenced docket is hereby **Granted**. The additional information (specifically Appendix A and Appendix B) submitted as attachments to the request received by OHCA on February 15, 2012 is entered into the record.

Attached please find a list of questions (Attachment 1) for your review and response. Your response is due by April 13, 2012.

Please contact Jack A. Huber at (860) 418-7069 or Steven Lazarus at (860) 418-7012, if you have any questions concerning this correspondence.

Sincerely,

Joanne V. Yandow, Esq.
Hearing Officer

**Attachment I**

1. The Hospital MRI volume has fluctuated over the past 4 years. Additionally, based on Exhibit A, Table 1, the Hospital's outpatient MRI facilities are expected to reach capacity at a higher level than the Hospital. Please explain why NDI's current MRI scans cannot be accommodated within the Danbury Hospital system (taking into account the scanners at the Hospital, DHMAC, RDI and DI).

2. Does Danbury Hospital have adequate capacity to accommodate its current and expected number of inpatients requiring magnetic resonance imaging?

3. With respect to the information provided in Appendix A, Table 1, entitled "MRI Scanning at Danbury Hospital", it appears that the Applicant concludes that its Network outpatient MRI facilities operate at 48% greater exam capacity than the MRI scanning service at Danbury Hospital. Please explain why such a conclusion would not also hold true for the other non-network outpatient MRI providers that are located within the NDI service area.

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*** TX REPORT ***
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**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
***OFFICE OF HEALTH CARE ACCESS***

***FAX SHEET***

TO: Sally Herlihy

FAX: (203) 739-1974

AGENCY:

FROM: Joanne V. Yandow

DATE: 4/17/12 TIME: 12:30

NUMBER OF PAGES: 4
*(including transmittal sheet*

Comments: Material related to DN: 11-31703 enclosed

*PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.*

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810
203.739.7000

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

April 10, 2012

By Facsimile and First Class Mail



Joanne V. Yandow, Esq.
Hearing Officer
Department of Public Health
410 Capitol Avenue MS #13PHO
Public Health Hearing Section
P.O. Box 340308
Hartford, CT 06134

Re: Certificate of Need Application, Docket No. 11-31703-CON
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Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

**Responses to DPH/OHCA Completeness Questions dated March 29, 2012**

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- Research patients.

As discussed during various presentations by the Applicant, and with documentation provided in Exhibit A of the "Exceptions" filed on February 7, 2012, scans performed on these types of patients necessitate a greater amount of dedicated time than many of those performed in an outpatient facility consequent to the complexity, intensity or urgency of these hospital based scans. Over the past four years, the Hospital has been performing between 5,000 – 6,000 scans despite these limitations.

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## Greer, Leslie

**From:** Buzzetti, Diane
**Sent:** Tuesday, May 01, 2012 11:59 AM
**To:** Greer, Leslie
**Subject:** FW: 11-31703-CON

Leslie, please place a copy of this e-mail in the file. Thanks

**From:** cehrlich15@gmail.com [mailto:cehrlich15@gmail.com] **On Behalf Of** Conrad Ehrlich
**Sent:** Monday, April 30, 2012 4:19 PM
**To:** Buzzetti, Diane
**Cc:** Huber, Jack; Lazarus, Steven; Martone, Kim; Davis, Lisa
**Subject:** Re: 11-31703-CON

Dear Attorney Yandow,

Please allow me to introduce myself. I am a radiologist with Housatonic Valley Radiological Associates (HVRA) in Danbury, and I am writing in regard to pending CON 11-31703, in which HVRA is referred to by the Applicant. The Record contains emails I sent to OHCA on 9/13/11, and 10/20/11 which shared observations, and provided the answer to OHCA's question about the availability of MRI and CT at other facilities in the local area; an answer which the Applicant did not provide. I have also copied (below) an 11/29/11 email sent to both OHCA and the Applicant, which did not make it into the Record, and may be unknown to you. If I may, OHCA's key question as to whether the entire pool of existing local facilities can accommodate the public's future need for imaging services remains unanswered by the Applicant. The answer is yes, and at a much lower cost to the public. The Applicant has avoided directly answering that question, and has tried to shift the focus of the discussion by restating the question in terms of whether the Applicant exclusively has the capacity to accommodate the public's future need for imaging services in Danbury and Newtown, and to exclusively absorb NDI's volume, as if HVRA did not exist. I would once again respectfully restate that HVRA already has the capacity to absorb any purported backlog and future growth in Danbury and Newtown, and is readily accessible to the residents of Newtown, many of whom it serves.

The Applicant stated, "If the other providers had requested status to participate in this application, there would be evidence in the Record which would confirm or deny the premise", implying that the information was otherwise unobtainable, and that it was someone else's responsibility for gathering the evidence, when it is always the Applicant's responsibility. I do not feel that it is necessary for status to be requested for facts, that are available simply for the asking, to be brought to light. HVRA's volumes are, as it turns out, in the Record and were known to all before the hearing. I stand by the observations and data in my emails. Since the hearing has been reopened, I would be happy to provide data with a signed affidavit upon OHCA's request.

After reviewing the documents submitted since the 1/15/12 Proposed Decision, I feel it is worth reiterating the following points.

1. To achieve the stated goal of providing the same quality images as DDI, WCHNA will have to replace NDI's low quality CT and MRI. That will be very expensive for WCHNA, and therefore the community. Those expenses are not contained in the financial projections as they should be for the

analysis to be meaningful. New faster machines with expanded capabilities will also be contrary to WCHNA's stated goal of not duplicating capacity in the area.

2. The Applicant stated that OHCA's decision relied on the misconception that the hospital's inpatient units were not being used at maximum capacity, suggesting that it was the only consideration and basis for the decision. The record shows that OHCA also inquired about the availability of other units in the area that patients could utilize. The Applicant made no effort to identify existing capacity at other local facilities and chose to focus only on its internal capacity. Quite the contrary, when asked at the hearing about the implications of HVRA's volume data, the Applicant simply stated "We don't know those (numbers) to be factual", hoping that the question would go away.

3. When asked why the eight existing MRI scanners in the area could not absorb future growth in Newtown, the Applicant did not answer the question, and changed the subject to one of property rights. The answer is that the other units in the area can absorb any future growth in Newtown.

Sincerely,

Conrad Ehrlich MD

203-797-1770

---

Danbury Health Care Affiliates, Inc. Docket Number 11-31703-CON

**Conrad Ehrlich** 11/29/11

to Melanie, Kim, Jack, Steven, Michael

Dear Attorney Dillon,

I recently had an opportunity to listen to the transcript of the 10/25/11 public hearing and review the Late Files. Respectfully, if the reco accurate, then I must comment on some of the statements made at the hearing.

In response to Counsel Patricia Gerner's qualified objection to the information contained in my correspondence being in the record, beca came as a last minute surprise, I would point out that the Applicant, if not Applicant's Counsel, was in prior possession of HVRA's MRI volumes since 8/30/11 when I sent the Applicant an email inviting them to use HVRA's facility, as an alternative to spending millions o NDI: ..."I see stated in the NDI Certificate of Need documents that the Hospital's outpatient facilities are operating beyond full capacity a need to decompress patient volumes in the Danbury area by utilizing the excess capacity at NDI. It should be noted that 1) not only do

the excess capacity for which you are looking, but 2) it is equally if not more readily accessible to the patient population served by NDI and 3) its utilizes superior state of the art imaging equipment (16 slice Siemens Sensation CT and 18-channel 1.5T Siemens Avanto MR HVRA's MRI volume was 2,570 and its CT volume was 1,788. These numbers may be shared with OHCA to answer their question abo existing facilities in the service area."

On September 13th, 2012, I shared this data with OHCA via email, along with additional observations of the obvious. I do not know wh was made available to the Applicant. On October 20th, 2012, I again shared this information with the Applicant and OHCA because, as email, I wanted to give all concerned the opportunity to seek clarification and additional documentation before the hearing so that it cou as it was, that the information was unavailable in time to be considered or substantiated.

Regarding Counsel's implication that if the information warranted serious consideration that I would have requested intervenor status, th Counsel an opportunity to question me during the hearing, I wish to point out that since the facts spoke for themselves and were already for all to seek further clarification and documentation well before the hearing, seeking intervenor status would have been an unnecessary and formality, taking me away from patient care. I am always available for questioning.

All CON applicants are asked if there are already other providers in the area that have the capacity to handle any proposed patient volumes. The Applicant has not acknowledged HVRA's capacity to absorb NDI's current and projected volumes at it located facility which uses superior state of the art equipment. When OHCA asked the Applicant at the hearing if they had c available capacity of HVRA, the response was, "We don't know those (numbers) to be factual." They are factual and the inv HVRA's facility remains open.
There would also appear to be a disparity between statements in the Completeness Letter response and the Late Files. The 8/19/2011 response (see below) to the Completeness Letter explicitly stated that the volume projections were based on, an factors, the upgrading of NDI's outdated single slice CT scanner to a multislice CT scanner. Logically, that is the only way th achieve their stated goals of enhancing uniformity of care and being able to assure patients that they "would receive the sa program as they would receive if they drove to the DDI and RDI facilities", at least for CT scanning. The MRI would also hav replaced for similar reasons.

To: 18604187863 From: (8504) 08/19/11 10:48 AM Page 4 of 8

Volume projections for NDI include factors related to aging of the population, movement of some of the patients from DDI to NDI, the expanded hours for existing NDI patients in the Newtown area who need scanning either on Saturday or weekday evening hours, potential future upgrade of a CT scanner at NDI, and a modest projected growth of 3% each year for the first three years of operation for NDI, consistent with other DHCA imaging locations,.

When it was subsequently pointed out to the Applicant that the financial projections did not include the expense of the new scanner, the response was that the future volume projections and revenues were not based on the new multislice CT scann below). That begs the question as to which response was correct, since how can uniformity of care and being able to assur they "would receive the same quality program as they would receive if they drove to the DDI and RDI facilities" possibly be without upgrading the CT scanner, not to mention the MRI, to the same level as DDI and RDI.

- The replacement of the CT scanner would be considered in the capital planning (It is important to note that the expense and any incremental revenue has not been included in the financials provided).

The Applicant has stated that the acquisition of NDI will not lead to an increase in imaging capacity in the service area (see below). Tha could only be the case if the Applicant never replaced the existing equipment. However, to meet the goals of enhancing uniformity of able to assure patients that they "would receive the same quality program as they would receive if they drove to the DDI an facilities", the Applicant must replace, and indeed plans to replace, the outdated CT and MRI with modern equipment specif engineered to increase both quality and imaging capacity. Therefore, expansion of imaging capacity in the area is a logical that will naturally occur, if the Applicant acquires NDI.

Hospital-based services. The acquisition of Newtown Diagnostic Imaging ("NDI") is a continuation of this strategy in a cost effective manner for WCHN that requires no additional imaging capacity in the region. This CON application supports our strategic goal to maximize

Sincerely,

Conrad Ehrlich
HVRA Danbury, CT

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

September 7, 2012

Sally F. Herlihy, FACHE
Vice President, Planning
Western Connecticut Health Network, Inc.
24 Hospital Avenue
Danbury, CT 06810

Re: Certificate of Need Application, Docket Number: 11-31703-CON
Western Connecticut Health Network Affiliates, Inc.
Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC, in Newtown, Connecticut

Dear Ms. Herlihy:

Enclosed please find a copy of the Proposed Final Decision rendered by Hearing Officer Joanne V. Yandow in the above-referenced case.

Pursuant to Connecticut General Statutes § 4-179, Western Connecticut Health Network, Inc., the party in this matter, may request the opportunity to file exceptions and briefs and/or present oral argument, in writing, with the Deputy Commissioner, OHCA of the Department within fourteen (14) days from the date of this notice, or by September 21, 2012. If no such request is received by this date, the Deputy Commissioner will assume those rights to be waived and will render a Final Decision in this matter.

If you wish to expedite the process and avoid the necessity that the Deputy Commissioner await the expiration of the aforementioned fourteen days, you may submit a written statement to the Deputy Commissioner affirmatively waiving those rights.

Sincerely,

Kimberly R. Martone
Director of Operations

# Department of Public Health
# Office of Health Care Access
# Certificate of Need Application

## Proposed Final Decision

**Applicant:** **Western Connecticut Health Network Affiliates, Inc.**

**Docket Number:** **11-31703-CON**

**Project Title:** **Acquisition and Operation of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner from Newtown Diagnostic Imaging, LLC, in Newtown**

**Project Description:** Western Connecticut Health Network Affiliates, Inc. ("Applicant") is proposing to acquire and operate a computed tomography ("CT") scanner and a magnetic resonance imaging ("MRI") scanner, currently owned and operated by Newtown Diagnostic Imaging, LLC, at a proposed capital expenditure of $1,200,000.

**Procedural History:** On September 15, 2011, the Office of Health Care Access ("OHCA") received the completed Certificate of Need ("CON") application for the above-referenced proposal. The Applicant published notice of its intent to file the CON application in *The Danbury News Times* on March 17, 18 and 19, 2011.

A public hearing regarding the CON application was held on October 25, 2011. On October 4, 2011, the Applicant was notified of the date, time, and place of the hearing. On October 7, 2011, a notice to the public announcing the hearing was published in *The Danbury News Times*.

Jewel Mullen, Commissioner of the Department of Public Health, designated Melanie A. Dillon, Staff Attorney, as the hearing officer in this matter on October 17, 2011.

The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedure Act (Chapter 54 of the Connecticut General Statutes) and § 19a-639 of the Connecticut General Statutes ("the Statutes").

The hearing officer heard testimony from the Applicant and in rendering this proposed final decision, considered the entire record of the proceeding. OHCA's authority to review, approve, modify, or deny this proposal is established by §§ 19a-638 and 19a-639 of the Statutes. These provisions, as well as the principles and guidelines set forth in § 19a-639 of the Statutes, were fully considered by the hearing officer.

On January 5, 2012, Hearing Officer Dillon issued a Proposed Final Decision in this matter to the Applicant. On January 12, 2012, the Applicant, pursuant to § 4-179 of the Statutes, requested the opportunity to file exceptions and briefs and present oral argument to the Department of Public Health concerning the Proposed Final Decision rendered by OHCA on January 5, 2012. On January 24, 2012, Lisa A. Davis, Deputy Commissioner of the Department of Public Health, granted the Applicant's request to present oral argument regarding the recommendation of Hearing Officer Dillon, to be held on February 14, 2012.

On February 7, 2012, the Applicant filed its exceptions to the Proposed Final Decision and requested that OHCA consider additional evidence it attached to its exceptions. On February 14, 2012, the Applicant presented its exceptions to the Proposed Final Decision to Deputy Commissioner Davis. On February 16, 2012, OHCA received the Applicant's request to re-open the hearing in this matter and to admit additional evidence into the record. The request to reopen the record in this matter was granted by OHCA on March 29, 2012.

On April 12, 2012, Commissioner Mullen designated Joanne V. Yandow, Staff Attorney, as the hearing officer in this matter to rule on all motions and recommend findings of fact and conclusions of law upon completion of the hearing. The Commissioner's delegation superseded the previous delegation to Melanie A. Dillon, Staff Attorney, which was revoked by this action.

On April 12, 2012, the Applicant submitted additional evidence and filed its responses to questions related to the Applicant's exceptions to the Proposed Final Decision. On April 26, 2012, OHCA closed the record in this matter. Hearing Officer Yandow considered the entire record in rendering this Proposed Final Decision.

## FINDINGS OF FACT

1. Western Connecticut Health Network Affiliates, Inc. ("Applicant") is a wholly-owned tax exempt subsidiary of Western Connecticut Health Network, Inc. ("Network"). Ex. A, pp. 9, 35; Ex. E, pp. 1-3; Ex. M, p. 2.

2. Danbury Hospital and New Milford Hospital are also wholly-owned subsidiaries of the Network. Ex. A, p. 14; Ex E, pp. 1-3; Ex. M, p.2.

3. The Applicant operates two imaging centers and other health related services which include employee/corporate health, rehabilitation/recovery services, and administrative/financial services. These services are intended to complement services offered at its affiliate Hospitals. Ex. A, pp. 9, 45.

4. The Applicant's two freestanding outpatient imaging centers are as follows:
   a. Danbury Diagnostic Imaging ("DDI") is located at 21 Germantown Road in Danbury and provides a 32-slice CT scanning service, a closed 1.5 tesla-strength MRI scanning service, ultrasound and general radiological services.
   b. Ridgefield Diagnostic Imaging ("RDI") is located at 901 Ethan Allen Highway in Ridgefield and provides a 32-slice CT scanning service, a closed 1.5 tesla-strength MRI scanning service, ultrasound, mammography, bone density and general radiological services.
   Ex. A, p. 9.

5. The Applicant proposes to acquire a single-slice CT scanner and a 1.5 tesla-strength MRI scanner, currently owned and operated by Newtown Diagnostic Imaging, LLC ("NDI"). Ex. A, p. 9.

6. NDI is a freestanding imaging center located at 153 South Main Street in Newtown, which currently provides CT scanning, MRI scanning, ultrasound, and general radiological services. Ex. A, p. 9.

7. The Applicant proposes to purchase NDI for $1,200,000, which includes the acquisition of the single-slice CT scanner and the 1.5 tesla-strength MRI scanner, and assume the lease for the space NDI occupies. Ex. A, p. 9.

8. The primary service area for NDI includes the towns of Newtown/Sandy Hook, Danbury, Bethel, and Southbury. The service area represents 75% of the total patient volume at the Newtown location. Ex. A, p. 11.

9. In addition to the Applicant's DDI and RDI operations, other Network affiliates provide imaging services at the following locations:
   a. Danbury Hospital located at 24 Hospital Avenue in Danbury;
   b. New Milford Hospital located at 21 Elm Street in New Milford; and
   c. Danbury Medical Arts Center located on Danbury Hospital's main campus.
   Ex. A, pp.9,14; Testimony of Sally Herlihy, Applicant's Vice President of Planning, Public Hearing, October 25, 2011.

10. There are two 32-slice CT scanners and two MRI scanners, a 1.5 tesla-strength and a 3.0 tesla-strength, located at Danbury Hospital. Testimony of ToniAnn Marchione, Applicant's Director of Diagnostic Services, Public Hearing, October 25, 2011.

11. Danbury Medical Arts Center ("DMAC") is a freestanding building on Danbury Hospital's campus providing outpatient services, including but not limited to CT scanning and MRI scanning. Testimony of Ms. Marchione, Public Hearing, October 25, 2012.

12. DMAC operates a 64-slice CT scanner, a 1.5 tesla-strength MRI scanner, PET-CT, mammography, and plain x-ray. Testimony of Ms. Marchione, Public Hearing, October 25, 2011.

13. RDI and New Milford Hospital are not located in NDI's service area and, therefore, their historical and projected CT and MRI service utilization numbers are not part of the analysis when determining the need for CT and MRI scanning services within the NDI service area. Ex. A, p. 11.

14. NDI acquired its CT scanner and MRI scanner after the issuance of a CON Determination Report under Docket Number: 03-30170-DTR on September 16, 2003. Since OHCA determined that a CON was not required for the acquisition of the equipment, NDI was not required to demonstrate a clear public need for the equipment and therefore, OHCA did not analyze whether the imaging equipment was needed in NDI's service area. CON Determination Report, Docket Number: 03-30170-DTR.

15. Historical CT and MRI scanning service utilization for NDI is presented in the following table for fiscal years ("FYs") 2008 through 2011:

**Table 1: Historical NDI Scanning Service Utilization by Scan Type by FY**

| Scan Type | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **CT Scans Provided** | 862 | 766 | 549 | 332 |
| **MRI Scans Provided** | 1,139 | 1,077 | 910 | 707 |

Ex. P, p. 3.

16. The Applicant asserts that NDI has experienced decreasing volumes over the years due to insurance and staffing issues. Testimony of Ms. Herlihy; Testimony of Jeet S. Sandhu, M.D., Chairman of the Radiology Department, Danbury Hospital, Public Hearing, October 25, 2011.

17. The Applicant claims that, should the CON application be approved, there will not be any further staffing issues because NDI will have access to the Network's system-wide personnel and insurance agreements that cover additional types of scans for which NDI is not currently reimbursed under its limited insurance contracts. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011.

18. The Applicant asserts that with proper staffing and the resources available within the Network operating to help keep costs down, there will be improved service at the NDI location. Additionally, the Applicant contends that the proposed acquisition of NDI will remove stress from Network scanners by absorbing some of the patients who now travel to Danbury Hospital for imaging services. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

19. The Applicant claims that there will be no changes in the provision of diagnostic imaging services at the Newtown location following the proposed acquisition of NDI. Ex. A, p. 11.

20. The Applicant claims that it will replace NDI's single-slice CT scanner with a 16-slice CT scanner. The replacement scanner approximates the technology offered at its other outpatient imaging locations. The existing single-slice CT scanner will be disposed of with notification being made to OHCA when the scanner is decommissioned. Ex. C, pp. 60-61.

21. The Applicant asserts that it does not have immediate plans to replace NDI's existing MRI scanner. Ex. C, pp. 60-61.

22. The following table identifies the existing CT and MRI scanning providers other than those operating under the auspices of the Applicant or other Network affiliates in NDI's primary service area:

**Table 2: Existing CT & MRI Providers in NDI's Primary Service Area Other Than the Scanners Operated by the Applicant and its Network Affiliates**

| Provider Name | Location | Scanner Equipment | Hours of Operation |
|---|---|---|---|
| Housatonic Valley Radiology Associates | 67 Sandpit Road, Danbury | CT Scanner (16-slice)<br>MRI Scanner (1.5 Tesla) | Mon. - Thur.: 8:00 a.m. to 6:00 p.m.;<br>Friday: 8:00a.m. to 5:00 p.m.<br>Saturday: 8:00 a.m. to 12:00 pm. |
| | 800 Main Street, Southbury | CT Scanner (single-slice)<br>MRI Scanner (1.0 Tesla) | Mon. - Fri.: 8:00 a.m. to 5:00 p.m.;<br>Saturday: 8:00 a.m. to 12:00 pm. |
| Northeast Radiology Associates | 73 Sandpit Road, Danbury | MRI Scanner (1.0 Tesla) | Mon., Wed., Fri.: 8:00 a.m. to 5:00 p.m.;<br>Tues., Thurs.: 12:00 p.m. to 8:00 p.m. |
| Diagnostic Imaging of Southbury | 385 Main Street, Southbury | CT Scanner (16-slice)<br>Open MRI Scanner (1.5 Tesla) | Mon. - Fri.: 7:00 a.m. to 9:00 p.m.;<br>Saturday: 8:30 a.m. to 12:30 p.m. |

Ex. A, p. 24; OHCA Imaging Survey Responses.

23. There are a total of eight CT scanners and nine MRI scanners currently in operation within NDI's primary service area. The following table illustrates the number of respective CT and MRI scanners by provider:

**Table 3: Existing Number of CT & MRI Scanners by Provider Within NDI's Primary Service Area**

| Provider Name: | CT | MRI |
|---|---|---|
| | | |
| **Newtown Diagnostic Imaging ("NDI")** | **1** | **1** |
| | | |
| **Western Connecticut Health Network ("Network"):** | | |
| Applicant – Danbury Diagnostic Imaging ("DDI") | 1 | 1 |
| Danbury Hospital ("DH") | 2 | 2 |
| Danbury Medical Arts Center ("DMAC") | 1 | 1 |
| **Sub-total: Network** | **4** | **4** |
| | | |
| **Other Area Providers:** | | |
| Housatonic Valley Radiology Associates | 2 | 2 |
| Northeast Radiology Associates | 0 | 1 |
| Diagnostic Imaging of Southbury | 1 | 1 |
| **Sub-total: Other Area Providers** | **3** | **4** |
| | | |
| **Total Number of Scanners in NDI's Primary Service Area** | **8** | **9** |

Findings of Fact: 4, 7, 10, 11, 14 & 21.

24. The Applicant claims that additional scanning capacity is needed based on utilization of their existing outpatient CT and MRI scanners nearing capacity. The Applicant asserts that utilizing existing equipment to fill this need will resolve access and capability issues without having to request imaging equipment within its facilities. Ex. A, p. 10; Ex. M, p. 5; Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

25. The Applicant contends that the CT scanner and MRI scanner at DDI are operating at full capacity. Ex. M, p. 5.

26. Jeet Sandhu, M.D., Chairman of Radiology at Danbury Hospital, testified that Danbury Hospital's scanners are at capacity. In determining that the scanners are at capacity, Dr. Sandhu used information from OHCA's draft imaging standards to forecast the approximate number of scans that could be performed annually by a CT or MRI scanner. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011.

27. The draft imaging standards have not been promulgated as regulations and, therefore, they have not been utilized in considering this CON application.

28. At hearing, OHCA requested that the Applicant provide the CT and MRI scanner calculations used to determine that RDI and DDI were operating at full capacity.[1] Public Hearing, October 25, 2011.

29. In response to OHCA's request for calculations, the Applicant provided, in part, CT and MRI scanner information for RDI, DDI, and other Network scanners. Through its late filed responses, the Applicant shows that the CT scanners at Danbury Hospital are performing over 30,000 scans annually and that DDI and DMAC performed 5,700 and 6,200 CT scans respectively in FY 2010. Ex. P, pp. 3, 4.

30. The Applicant asserts that additional CT scanner capacity is needed to handle some of the outpatients who are currently imaged at Danbury Hospital. Ex. P, p. 4.

31. With respect to MRI volumes, the Applicant's late filed response shows, in part, a total of approximately 5,400 scans for Danbury Hospital's two scanners, and DDI and DMAC volumes at 3,629 and 3,068 MRI scans respectively for FY 2010. In FY 2011, the Danbury Hospital MRI scanner total volume declined to 5,318 scans, and DDI and DMAC volumes were 3,531 and 3,111, respectively. The Applicant contends that while the Network's MRI scanning is currently within capacity, the Newtown location is needed for those patients already using NDI and to maintain MRI accessibility in the Newtown area. Ex. P, pp. 3, 4.

32. In evidence admitted after the record was reopened, the Applicant claims that the average time for a standard outpatient MRI exam to be completed in any of the Network's facilities is 45 minutes and a standard MRI scan at Danbury Hospital is 104 minutes. Ex. V, pp. 3-4.

33. The Applicant claims that the 104 minutes per MRI scan at Danbury Hospital is based on the assumption that the MRI exams are more complex, and require greater time to complete than the standard MRI exams that are performed on a standard outpatient MRI scanner. Ex. V, pp. 3-4.

34. Danbury Hospital's two (2) MRI scanners performed a total of 6,195, 5,864, 5,405, and 5,318 scans in FYs 2008-2011, respectively. Ex. P, p. 3

35. The Applicant asserts that taking the same amount of total MRI exam minutes from the hospital-based MRI exam volume, Danbury Hospital performed 5,318 MRI exams, while an outpatient MRI facility could produce 6,959 standard MRI exams, or 1,641 additional MRI scans. Ex. v, pp. 3-4.

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[1] As noted in finding of fact # 13, RDI is out of the service area and, therefore, its volumes are not part of the analysis when determining the need for scanning services within the NDI service area.

36. Based on the findings that Danbury Hospital performed approximately 6,195 MRI scans on its two (2) MRI scanners at the hospital in 2008, and that Danbury Hospital has experienced a steady decline in annual volume at its MRI scanners since 2008, OHCA does not find that the two (2) MRI scanners operating at Danbury Hospital are at capacity by performing 5,318 MRI scans annually. Ex. P, p. 3.

37. The Applicant also asserts that the proposal provides the ability to utilize the Network's centralized scheduling functions, thereby decompressing patient volume across the sites of care and enhancing patient access for imaging services. Ex. A, p. 14; Ex. C, p. 61.

38. Specifically, the Applicant claims that DDI is not capable of absorbing additional patients in the future, and that if some patients living east of Danbury Hospital could utilize the NDI facility, it would assure prompt attention to scanning and greater accessibility for patients that live in the area and relieve the pressure off DDI and other sites. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

39. The Applicant asserts that the proposal is part of the Network's strategy to move its outpatient and ancillary services, including imaging services, away from Danbury Hospital and into the community, closer to its patients and its network of primary care physicians. Testimony of Michael Daglio, Senior Vice President of Operations, Danbury Hospital, Public Hearing, October 25, 2011.

40. The Applicant states that the opening of the DDI location in 2001 is one of the first examples of this strategy to move diagnostic imaging services out of Danbury Hospital proper and into a more accessible outpatient location on Germantown Road. The Applicant further states that as Danbury Hospital's inpatient and emergency department demands for imaging services continued to increase, the comingling of these patients with outpatients became more difficult to manage from a capacity point of view. Ex. P, p. 6.

41. The Applicant contends that it continues to pursue its distributed health care service delivery strategy and that it will add primary care and subspecialty practices to provide greater access to services in the communities they serve. Listed below are some of the recent and near-future examples of this strategy:
    a. A new Monroe practice location will commence operations during November 2011, which is anticipated to increase demand on NDI; and
    b. Discussions are in process to further align the Applicant with area physicians and add additional primary care and subspecialty physician presence in Southbury, Newtown and Bethel.

    Ex. P, p. 7.

42. The Applicant provided Network historical CT scanning service utilization by site for FYs 2008 through 2011 in the following table:

**Table 4: Network Historical CT Scanner Utilization by Site by FY**

| Site Number of Scanners | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|
| **DDI 1 scanner** | 5,153 | 5,694 | 5,732 | 5,579 |
| **DH 2 scanners** | 31,001 | 33,016 | 30,488 | 29,471 |
| **DMAC 1 scanner** | 5,107 | 6,230 | 6,154 | 6,468 |
| **Total CT Scans Provided** | **41,261** | **44,940** | **42,374** | **41,518** |

Ex. P, p. 3

43. Danbury Hospital has two hospital-based CT scanners with a combined 29,471 scans for FY 2011 or approximately 14,805 scans per scanner in FY2011. Ex. P, p. 3.

44. The Applicant claims that the first CT scanner located at Danbury Hospital is utilized primarily for its Emergency Department patients and, therefore, any outpatients scheduled on it may have to wait for hours depending on any emergencies on hand. Testimony of Mr. Daglio, Public Hearing, October 25, 2011; Ex. P, p. 4.

45. The Applicant claims that the second CT scanner at Danbury Hospital is utilized predominantly for interventional procedures, such as biopsies, drainages, overflow of emergency room patients, overflow of inpatients and serves as a backup scanner which is a requirement to be an accredited Stroke Program. These procedures can take 2 to 3 times as long as a diagnostic scan. Testimony of Dr. Sandhu, Public Hearing, October 25, 2011; Ex. P, p. 4.

46. The outpatient CT scanners located at DMAC and DDI performed a total of 12,047 CT scans in FY 2011 or approximately 6,024 scans per scanner in FY 2011. Ex. P, p. 3.

47. Although RDI's numbers are not factored into the analysis of need for the proposal as it is not located within the primary service area, the operation of RDI to the Applicant's operation is deemed to be relevant. While RDI appears to have some available capacity, the Applicant does not expect patients currently utilizing imaging services at NDI to travel to RDI in Ridgefield for their services. For example, approximately 21% of DDI's patient population originates from the towns of Newtown, Bethel and Sandy Hook, whereas only 6% of RDI's patient population originates from Newtown, Bethel and Sandy Hook. Mr. Daglio, Public Hearing Testimony, October 25, 2011.

48. Utilization of the CT scanner at NDI is low with only 332 scans in FY 2011; however, the Danbury Hospital, DMAC and DDI scanners are the scanners most likely to be utilized by residents of the primary service area of NDI and those particular scanners all appear to be operating at or beyond capacity. Ex. P, p. 3.

49. According to the Applicant, patients residing east of Danbury Hospital would be able to utilize the CT scanner at NDI, which would assure prompt attention to scanning and greater accessibility for patients that live in the area. It would also relieve pressure off DDI and other sites. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

50. Additionally, the utilization of the CT scanners at Danbury Hospital, DMAC and DDI are sufficient to warrant the acquisition of an additional CT scanner. As the Applicant testified at the hearing, acquisition of the NDI CT scanner will prevent Danbury Hospital and DDI from seeking additional imaging equipment in the near future. Testimony of Ms. Herlihy, Public Hearing, October 25, 2011.

51. The Applicant provided the following Network projections for CT scanning service utilization over the next three fiscal years:

**Table 5: Network Projected CT Scanner Utilization by Site by FY**

| Site | Number of Scanners | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|
| **DDI** | **1 scanner** | 5,794 | 5,968 | 6,147 |
| **DH** | **2 scanners** | 29,628 | 29,924 | 30,224 |
| **DMAC** | **1 scanner** | 6,417 | 6,481 | 6,546 |
| **NDI** | **1 scanner** | 668 | 803 | 954 |

Ex. P, p. 3.

52. Projected volume increases for the NDI location are attributable to the following factors:
    a. Aging of the population;
    b. Movement of some of the patients from DDI to NDI;
    c. The expanded hours for existing NDI patients in the Newtown area who need scanning either on weekday evening hours or on Saturdays;
    d. Future potential upgrade of the CT scanner at NDI.
    Ex. C, p. 58.

53. The Applicant also anticipates that NDI will receive referrals from its new Monroe practice and determined that a group practice of three physicians would refer approximately 75 patients per month for imaging exams and that would equate to approximately 900 imaging exams performed annually. Ex. P, p. 9.

54. The Applicant is projecting 3% annual growth for each of its imaging locations including NDI based upon both historical utilization and an aging population in the service area. Ex. A, p. 13; Ex. C, p. 58.

55. The Applicant's historical utilization of CT scanners in the service area shows an overall decline of 5.7% in FY 2010 and 2.0% in FY 2011. Consequently, OHCA questions whether utilization of the CT scanners operated by the Network will increase over the next three years, particularly since some of the volume at DDI and Danbury Hospital will be shifted to NDI. Ex. P, p. 3.

56. Despite concerns about historical and projected utilization of the CT scanner located at NDI and decreasing volumes on the CT scanners at the Network's existing site, the utilization of the Danbury Hospital, DMAC, and DDI CT scanners are sufficient to warrant the acquisition of an additional CT scanner by the Applicant. Ex. P, p. 3.

57. The Applicant provided the following Network historical MRI scanning service utilization by site for FYs 2008 through 2011:

**Table 6: Network Historical MRI Utilization by Site by FY**

| Site | Number of Scanners | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---|---|---|---|---|
| **DDI** | **1 scanner** | 3,532 | 3,663 | 3,629 | 3,531 |
| **DH** | **2 scanners** | 6,195 | 5,864 | 5,405 | 5,318 |
| **DMAC** | **1 scanner** | 2,024 | 2,768 | 3,068 | 3,111 |
| **Total MRI Scans Provided** | | **11,751** | **12,295** | **12,102** | **11,960** |

Ex. P, p. 3

58. Out of the 5,318 total MRI scans at Danbury Hospital in FY 2011, only 1,295 scans or 24% of the total scans performed were for inpatients. Despite slight increases in inpatient MRI scans at Danbury Hospital in FY 2009 and FY 2010, the inpatient scans returned to FY 2008 levels in FY 2011. Ex. P, p. 3

59. The amount of MRI scans performed on the two Danbury Hospital MRI scanners steadily decreased between FY 2008 and FY 2011 at an overall rate of 14.2%. Ex. P, p. 3.

60. Additionally, the amount of MRI scans performed by NDI has also decreased from 1,139 scans in FY 2008 to 707 scans in FY 2011, which represents an overall decrease of approximately 37.9% between FY 2008 and FY 2011. Ex. P, p. 3.

61. There are currently a total of nine MRI scanners operating in NDI's primary service area; one of which is operated by the Applicant and another three of which are operated within the Network affiliates. Findings of Fact: 23.

62. The Applicant provided the following Network projections for MRI scanning service utilization over the next three fiscal years:

**Table 7: Network Projected MRI Scanning Service Utilization by Site by FY**

| Site | Number of Scanners | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|
| **DDI** | **1 scanner** | 3,573 | 3,680 | 3,791 |
| **DH** | **2 scanners** | 5,011 | 5,161 | 5,317 |
| **DMAC** | **1 scanner** | 3,273 | 3,372 | 3,473 |
| **NDI** | **1 scanner** | 934 | 1,068 | 1,205 |

Ex. P, p. 3.

63. There is insufficient evidence to demonstrate that the MRI scanners within the service area do not have the capacity to accommodate the number of MRI scans projected for NDI's scanner over the next three fiscal years. Ex. P, p. 3; Ex. V, pp. 12 through 15.

64. Given the available MRI capacity at Danbury Hospital and the Network's outpatient MRI scanning locations, plus the low MRI utilization at NDI, OHCA does not find that there is a clear public need for the Applicant to acquire and operate the MRI scanner located at NDI. Ex. P, p. 3; Ex. V, pp. 12 through 15.

65. The Applicant projects the following incremental gains from operations by scanner type for the NDI location:

**Table 8a: Financial Projections Incremental to the CT Scanner Acquisition**

| Description | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| Incremental Revenue from Operations | $290,000 | $348,000 | $414,000 |
| Incremental Total Operating Expense | $280,000 | $319,000 | $367,000 |
| **Incremental Gain from Operations** | **$10,000** | **$29,000** | **$47,000** |
| **Projected CT Scan Volume** | **668** | **803** | **954** |

Ex. P, p. 13.

**Table 8b: Financial Projections Incremental to the MRI Scanner Acquisition**

| Description | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| Incremental Revenue from Operations | $743,000 | $850,000 | $959,000 |
| Incremental Total Operating Expense | $712,000 | $773,000 | $843,000 |
| **Incremental Gain from Operations** | **$31,000** | **$77,000** | **$116,000** |
| **Projected MRI Scan Volume** | **934** | **1,068** | **1,205** |

Ex. P, p. 13.

66. 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 adopted by OHCA. (§ 19a-639(a)(1) of the Statutes)

67. The Applicant's current and projected patient population mix with the project is as follows:

**Table 9: Applicant's Current & Projected Patient Population Mix**

| Description: | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|
| Medicare | 25.6% | 26.0% | 26.0% | 26.0% |
| Medicaid | 0.4% | 0.3% | 0.3% | 0.3% |
| CHAMPUS & TriCare | 0.1% | 0.1% | 0.1% | 0.1% |
| **Total Government** | **26.1%** | **26.4%** | **26.4%** | **26.4%** |
| Commercial | 72.6% | 72.1% | 72.1% | 72.1% |
| Uninsured | 0.4% | 0.5% | 0.5% | 0.5% |
| Workers Comp | 1.0% | 1.0% | 1.0% | 1.0% |
| **Total Non-Government** | **73.9%** | **73.6%** | **73.6%** | **73.6%** |
| **Total Population Mix** | **100%** | **100%** | **100%** | **100%** |

Ex. A. p. 16.

68. OHCA is currently in the process of developing a statewide facilities and services plan. Therefore, OHCA has not made any findings as to this proposal's relationship to the plan. (§ 19a-639(a)(2) of the Statutes)

69. Regarding the Applicant's proposal to acquire and operate a CT scanner from NDI, the Applicant established a clear public need for their proposal. (§ 19a-639(a)(3) of the Statutes)

70. Regarding the Applicant's proposal to acquire and operate a MRI scanner from NDI, the Applicant failed to establish a clear public need for their proposal. (§ 19a-639(a)(3) of the Statutes).

71. Regarding the Applicant's proposal to acquire and operate a CT scanner from NDI, the Applicant has satisfactorily demonstrated how its proposal would impact the financial strength of the health care system in this state. (§ 19a-639(a)(4) of the Statutes)

72. Regarding the Applicant's proposal to acquire and operate a MRI scanner from NDI, the Applicant has not satisfactorily demonstrated how its proposal would impact the financial strength of the health care system in this state. (§ 19a-639(a)(4) of the Statutes)

73. Regarding the Applicant's proposal to acquire and operate a CT scanner from NDI, the Applicant satisfactorily demonstrated how its proposal would improve quality, accessibility and cost effectiveness of health care delivery in the region. (§ 19a-639(a)(5) of the Statutes)

74. Regarding the Applicant's proposal to acquire and operate a MRI scanner from NDI, the Applicant did not satisfactorily demonstrated how its proposal would improve quality, accessibility and cost effectiveness of health care delivery in the region. (§ 19a-639(a)(5) of the Statutes)

75. The Applicant has satisfactorily shown its past and proposed provision of health care services to the relevant populations and payer mix. (§ 19a-639(a)(6) of the Statutes)

76. Regarding the Applicant's proposal to acquire and operate a CT scanner from NDI, the Applicant has satisfactorily identified the population to be served by its proposal and has satisfactorily demonstrated that the identified population has a need for the proposed service. (§ 19a-639(a)(7) of the Statutes)

77. Regarding the Applicant's proposal to acquire and operate a MRI scanner from NDI, the Applicant satisfactorily identified the population to be served by its proposal but failed to satisfactorily demonstrate that said population has a need for the proposed service. (§ 19a-639(a)(7) of the Statutes)

78. Sufficient information was provided to demonstrate utilization of existing health care facilities and health care services in the service area. (§ 19a-639(a)(8) of the Statutes)

79. Regarding the Applicant's proposal to acquire and operate a CT scanner from NDI, the Applicant has satisfactorily demonstrated that its proposal would not result in an unnecessary duplication of existing CT services in the area. (§ 19a-639(a)(9) of the Statutes)

80. Regarding the Applicant's proposal to acquire and operate a MRI scanner from NDI, the Applicant has not satisfactorily demonstrated that its proposal would not result in an unnecessary duplication of existing MRI services in the area. (§ 19a-639(a)(9) of the Statutes)

## 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 General Statutes §19a-639 (a) and the Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services,* 288 Conn. 790 (2008); *Steadman v. SEC*, 450 U.S. 91, 101 S.Ct. 999, *reh'g den.*, 451 U.S. 933 (1981); *Bender v. Clark*, 744 F.2d 1424 (10th Cir. 1984); *Sea Island Broadcasting Corp. v. FCC*, 627 F.2d 240, 243 (D.C. Cir. 1980).

The Applicant, a wholly-owned tax exempt subsidiary of the Network, proposes to acquire and operate a CT scanner and a MRI scanner, currently owned and operated by Newtown Diagnostic Imaging in Newtown. FF1, 5. The Applicant provides freestanding outpatient imaging services at Danbury Diagnostic Imaging and Ridgefield Diagnostic Imaging[2] as well as other health related services. FF3, 4. The Network provides imaging services at Danbury Hospital, New Milford Hospital[3], and DMAC. FF9.

Danbury Hospital has two hospital-based CT scanners with a combined 29,471 scans for FY 2011 or approximately 14,805 scans per scanner in FY 2011. FF43. The outpatient CT scanners located at DMAC and DDI performed a total of 12,047 CT scans in FY 2011 or approximately 6,024 scans per scanner in FY 2011. FF46. Utilization of the CT scanner at NDI is low with only 332 scans in FY 2011; however, the Danbury Hospital, DMAC and DDI scanners are the scanners most likely to be utilized by residents of the primary service area of NDI and those particular scanners all appear to be operating at or beyond capacity. FF48. Although RDI appears to have some available capacity, the Applicant does not expect patients currently utilizing imaging services at NDI to travel to

[2] OHCA did not consider RDI volumes in reaching its decision since it is not within the NDI's primary service area.

[3] OHCA did not include the volume on the scanners located at NMH since it is not located in NDI's primary service area.

RDI in Ridgefield for their services. FF47. For example, approximately 21% of DDI's patient population originates from the towns of Newtown, Bethel and Sandy Hook, whereas only 6% of RDI's patient population originates from Newtown, Bethel and Sandy Hook. FF47. Additionally, the current utilization of the CT scanners at Danbury Hospital, DMAC and DDI is sufficient to warrant the acquisition of at least one additional CT scanner. FF50. Patients that live east of Danbury Hospital and currently utilize Danbury Hospital and DDI scanners would be able to utilize the CT scanner at NDI, which would assure prompt attention to the scanning, provide greater accessibility and relieve pressure off the CT scanners located at DDI and Danbury Hospital. FF49. Furthermore, the acquisition of the NDI CT scanner will prevent Danbury Hospital and DDI from seeking additional imaging equipment in the near future. FF50. Accordingly, despite OHCA's concern about historical and projected utilization of the CT scanner located at NDI and decreasing volumes on the CT scanners at the Network's existing sites, OHCA finds that the utilization of the Danbury Hospital, DMAC, and DDI CT scanners sufficiently demonstrate need to warrant the acquisition of an additional CT scanner by the Applicant. FF50.

The two MRI scanners located at Danbury Hospital are underutilized. FFs 34, 36, 57-59. The two hospital-based scanners performed a total of 5,318 scans in FY 2011 or approximately, 2,659 scans per scanner. FF57. Out of the 5,318 scans in FY 2011, only 1,295 scans or 24% of the total scans performed were for inpatients. FF58. Despite slight increases in inpatient MRI scans at Danbury Hospital in FY 2009 and FY 2010, the inpatient scans returned to FY 2008 levels in FY 2011. FF58. The amount of MRI scans performed on the two Danbury Hospital MRI scanners steadily decreased between FY 2008 and FY 2011 at an overall rate of 14.2%. FF59. Additionally, the amount of MRI scans performed by NDI has also decreased from 1,139 scans in FY 2008 to 707 scans in 2011, which represents an overall decrease of approximately 37.9% between FY 2008 and FY 2011. FF60. There are a total of nine existing MRI scanners in NDI's primary service area; one of which is operated by the Applicant and another three of which are operated within the Network. FF61. In light of historical utilization, the projected growth in MRI scanning at the Network sites appears to be reasonable. However, since Danbury Hospital performed approximately 6,195 MRI scans on its two (2) MRI scanners at the hospital in 2008,and has experienced a steady decline in annual volume at the two (2) Danbury Hospital MRI scanners since 2008, OHCA does not find that the two (2) MRI scanners operating at Danbury Hospital are at capacity by performing 5,318 MRI scans annually. FF36. Based upon the available MRI capacity at Danbury Hospital and low MRI utilization at NDI, OHCA does not find that there is a clear public need for the Applicant to acquire and operate an additional MRI scanner at NDI. FF64.

With respect to the financial feasibility of the proposal, the Applicant projected incremental gains from operations for both the CT and MRI scanners. FF65. OHCA finds that the acquisition of the CT scanner is financially feasible. However, while the acquisition of the MRI scanner appears to be financially feasible, as noted above, the Applicant has failed to establish, by a preponderance of the evidence, that there is a clear public need for the acquisition of the MRI scanner at the NDI location.

# Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of Western Connecticut Health Network Affiliates, Inc., the Applicant, for the acquisition and operation of a computed tomography scanner and magnetic resonance imaging scanner from Newtown Diagnostic Imaging, LLC, ("NDI"), in Newtown, Connecticut, is hereby approved, in part, and denied, in part, subject to the following conditions:

1. The Applicant's request to acquire a CT scanner from NDI is **approved.**

2. The Applicant's request to acquire a MRI scanner from NDI is **denied.**

3. The Applicant shall submit to OHCA, in writing, the CT scanner's initial date of operation at the Newtown, Connecticut location. Such submission shall be filed with OHCA within thirty (30) days of the initial date of operation.

4. The Applicant shall provide OHCA with the number of scans performed annually on the CT scanner located at NDI within thirty days of the end of each fiscal year for the next three years. If actual utilization is lower than projected in the CON application after three years of operation, the Applicant shall schedule a meeting with OHCA to discuss the potential relocation of the CT scanner.

5. Should the Applicant plan to operate the CT scanner identified in this proposal at a location other than 153 South Main Street in Newtown, Connecticut, the Applicant shall notify OHCA of the new location, no later than one month after the equipment's relocation.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law. All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

Based upon the foregoing, I respectfully recommend that the application be approved, in part, and denied, in part. I respectfully recommend that the Deputy Commissioner **approve** the request of the Applicant to acquire the CT scanner currently operated by NDI and **deny** the request of the Applicant to acquire the MRI scanner currently operated by NDI.

9/7/12
Date

Joanne V. Yandow
Hearing Officer

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*** TX REPORT ***
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TRANSMISSION OK

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| TX/RX NO | 3046 |
| RECIPIENT ADDRESS | 912037398608 |
| DESTINATION ID | |
| ST. TIME | 09/07 10:16 |
| TIME USE | 06'09 |
| PAGES SENT | 18 |
| RESULT | OK |

**STATE OF CONNECTICUT**
**DEPARTMENT OF PUBLIC HEALTH**
**OFFICE OF HEALTH CARE ACCESS**

***FAX SHEET***

**TO:** SALLY F. HERLIHY

**FAX:** (203) 739-8608

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

**FROM:** JACK HUBER

**DATE:** 9/7/2012 **Time:** ~10:05 am

**NUMBER OF PAGES:** 18
*(including transmittal sheet)*

**Comments:** **Transmitted:** Proposed Final Decision dated September 7, 2012; Western Connecticut Health Network Affiliates' Proposal to Acquire a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging; Docket Number: 11-31703-CON

***PLEASE PHONE Jack A. Huber at (860) 418-7069***
***IF THERE ARE ANY TRANSMISSION PROBLEMS.***

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| TIME USE | 04'30 |
| PAGES SENT | 18 |
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**STATE OF CONNECTICUT**
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***FAX SHEET***

**TO:** PATRICIA GERNER

**FAX:** 860-489-9380

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

**FROM:** JACK HUBER

**DATE:** 9/7/2012 **Time:** ~ 8:40 AM

**NUMBER OF PAGES:** 18
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**Comments:** **Transmitted:** Proposed Final Decision dated September 7, 2012; Western Connecticut Health Network Affiliates' Proposal to Acquire a CT Scanner and a MRI Scanner from Newtown Diagnostic Imaging; Docket Number: 11-31703-CON

***PLEASE PHONE Jack A. Huber at (860) 418-7069***
***IF ANY TRANSMISSION PROBLEMS.***

Western Connecticut Health Network

DANBURY HOSPITAL

24 Hospital Ave
Danbury, CT 06810
203.739.7000
DanburyHosptial.org



| | | | |
|---|---|---|---|
| From: | Sally Herlihy | | |
| | VP, Planning, WCHN | | |
| To: | Kimberly Martone | | |
| Fax: | 860-418-7053 | No. of Pages: | 2 |
| Phone: | 860-418-7001 | Date: | September 20, 2012 |
| RE: | Docket Number: 11-31703-CON | CC: | |

☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

# Fax

Dear Kim,
Attached is our response to OHCA's Proposed Final Decision issued September 7, 2012 on Docket Number: 11-31703-CON.
Sincerely,
Sally Herlihy

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL



24 Hospital Ave.
Danbury, CT 06810
203.739.7000

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

September 20, 2012

Kimberly R. Martone
Director of Operations
410 Capitol Ave., MS # 13HCA
P.O. Box 340308
Hartford, CT 06810

Re: Certificate of Need Application, Docket No. 11-31703-CON

Dear Ms. Martone,

On Friday, September 7, 2012, I received a Proposed Final Decision in the above-captioned docket. The decision allows Western Connecticut Health Network Affiliates, Inc. ("WCHNA") to purchase the CT scanner and other lower level imaging equipment now owned and operated by Newtown Diagnostic Imaging, LLC ("NDI"), but denies WCHNA the opportunity to purchase the MRI scanner also operated at NDI.

Throughout the application process, WCHNA was very clear that it wanted to purchase the entire radiology practice now owned by the radiologists in Newtown, and would have begun to operate the imaging equipment as part of the Western Connecticut Health Network system through its affiliate, Western Connecticut Health Network Affiliates, Inc. This acquisition would have brought a higher degree of quality to CT scanning at the facility, and would have created a greater range of technicians available to operate the MRI scanner in Newtown. WCHNA also made it clear that without being able to purchase both pieces of equipment, it was not economically feasible to purchase and operate NDI.

In light of the OHCA Order, as written by the Hearing Officer in this docket, WCHNA hereby withdraws its application to acquire the imaging equipment owned and operated by NDI. The practice will continue to operate as a full service imaging center owned and operated by the private radiology practice.

Respectfully submitted,

Sally F. Herlihy

Sally F. Herlihy, FACHE
Vice President, Planning

# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

*Office of Health Care Access*

September 20, 2012 VIA Mail & EMAIL ONLY

Conrad Ehrlich, M.D.
Housatonic Valley
Radiological Associates
67 Sand Pit Road, Suite 105
Danbury, CT 06810

Re: Proposed Decision for CON 11-31703

Dear Dr. Ehrlich:

On September 11, 2012, the Department of Public Health Office of Health Care Access ("OHCA") received your email regarding the proposed decision issued in CON 11-31703.

Please be advised that the hearing officer and members of OHCA are statutorily prohibited from communicating with any person regarding any issue in a contested matter without notice and opportunity for all parties to participate in the communication.

Sincerely,

Kimberly Martone
Director

C: Sally F. Herlihy, Vice President, Planning, Western Connecticut Health Network

## Huber, Jack

**From:** cehrlich15@gmail.com on behalf of Conrad Ehrlich <cpe15@aol.com>
**Sent:** Tuesday, September 11, 2012 12:54 PM
**To:** Martone, Kim
**Cc:** Huber, Jack; Yandow, Joanne
**Subject:** Proposed final decision for CON- 11-31703

Kim,

I recently obtained a copy of the 9/7/12 proposed final decision for CON- 11-31703, acquisition of NDI by WCHN. Regarding the Order on page 16, I am very uncertain as to the intended meaning and interrelationship of paragraphs four and five, and I am concerned about how they may be interpreted or misinterpreted by the Applicant. I asked Jack Huber for clarification and he suggested that I contact you.

Paragraph four makes it quite clear that the Applicant **shall**, in the imperative sense, provide utilization data from the CT scanner **now located in Newtown for three years**, and if **after three years** the utilization is lower than projected, the Applicant **shall schedule a meeting with OHCA** to discuss **potential relocation**. That would seem to imply that **the CT scanner can't be moved out of or from its current location in Newtown for at least three years**.

Contrary to paragraph four, paragraph five seems to say, or at least leaves open to misinterpretation, the possibility that the Applicant is now free, after basing the submission of the CON entirely on the premise that acquisition and continued operation of the CT scanner **at its current location in Newtown** is needed for a host of reasons, **to immediately relocate the scanner anywhere they want at anytime, including towns outside of Newtown** for which no CON would have ever stood a chance of being granted by OHCA because of a sufficient number of existing scanners. And, it only has to let OHCA know afterwards. On the surface, these paragraphs seem mutually exclusive, unless paragraph five really means that the unit can be moved, but only within Newtown.

Undoubtedly, I am misunderstanding OHCA's meaning and intentions, but if that is the case, then perhaps the Applicant may also interpret paragraph five differently than was intended by OHCA. As a local provider in both Danbury and Southbury, I am very concerned that the Applicant, after spending a year insisting and representing to OHCA that the CT scanner was going to **stay in Newtown** because of 1) the local need, 2) the need to decompress the volumes west of Newtown in Danbury, and 3) the fact that it was not going to add to existing capacity because the scanner would not be moved from Newtown, may take advantage of paragraph five in the Order and use it as a back door to acquire and then immediately relocate the CT scanner to an adjacent town where none of the premises that formed the basis for approving the CON apply, and where the Applicant knows OHCA would have never granted them a CON because of existing units and capacity. To avoid any potential misunderstanding, could you please clarify what OHCA is actually requiring of the Applicant as a condition of being granted the CON; specifically with regard to not moving the CT scanner out of Newtown as implied by paragraph four, and whether paragraph 5 means that the Applicant can only relocate the scanner within the town of Newtown without OHCA's permission, and not anywhere at anytime. Thank you.

Yours,

Conrad Ehrlich
HVRA Danbury CT

# Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application of Western Connecticut Health Network Affiliates, Inc., the Applicant, for the acquisition and operation of a computed tomography scanner and magnetic resonance imaging scanner from Newtown Diagnostic Imaging, LLC, ("NDI"), in Newtown, Connecticut, is hereby approved, in part, and denied, in part, subject to the following conditions:

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5. Should the Applicant plan to operate the CT scanner identified in this proposal at a location other than 153 South Main Street in Newtown, Connecticut, the Applicant shall notify OHCA of the new location, no later than one month after the equipment's relocation.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law. All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

Based upon the foregoing, I respectfully recommend that the application be approved, in part, and denied, in part. I respectfully recommend that the Deputy Commissioner **approve** the request of the Applicant to acquire the CT scanner currently operated by NDI and **deny** the request of the Applicant to acquire the MRI scanner currently operated by NDI.

9/7/12
Date

Joanne V. Yandow
Hearing Officer

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**STATE OF CONNECTICUT**
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***FAX SHEET***

**TO:** CONRAD EHRICH, M.D.

**FAX:** (203) 796-7839

**AGENCY:** HOUSATONIC VALLEY

**FROM:** STEVEN LAZARUS

**DATE:** 9/20/12 **TIME:**

**NUMBER OF PAGES:** 4
*(including transmittal sheet*

**Comments:** Docket 11-31703-CON

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***FAX SHEET***

**TO:** SALLY HERILICH

**FAX:** (203) 739-1974

**AGENCY:** WESTERN CONNECTICUT HEALTH NETWORK

**FROM:** STEVEN LAZARUS

**DATE:** 9/20/12 **TIME:**

**NUMBER OF PAGES:** 4
*(including transmittal sheet*

**Comments:** Docket 11-31703-CON

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