



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Applicants:** Connecticut Lithotripsy, LLC and  
New Britain General Hospital

**Docket Number:** 01-560

**Project Title:** Establish Transportable Lithotripsy Service at  
New Britain General Hospital

**Statutory Reference:** Section 19a-638, Connecticut General Statutes

**Filing Date:** March 9, 2002

**Hearing:** Waived

**Decision Date:** April 8, 2002

**Staff Assigned:** Steven Lazarus  
Laura Jaworski

**Project Description:** Connecticut Lithotripsy, LLC and New Britain General Hospital (“Applicants”) propose to establish and operate a transportable lithotripsy service to be provided at New Britain General Hospital (“Hospital”). Connecticut Lithotripsy, LLC (“CT Litho”) will provide the lithotripsy unit to the Hospital under a full-turnkey operating agreement. The total capital cost for this proposed service is \$214,761, which includes the fair market value of the Healthtronics Lithotron Kidney Lithotriper and Coach/Van.

**Nature of Proceedings:** On March 9, 2002, the Office of Health Care Access (“OHCA”) received the Applicants’ Certificate of Need (“CON”) application, which seeks authorization to establish and operate a transportable lithotripsy service at New Britain General Hospital. The total capital cost for this proposed service is \$214,761, which includes the fair market value of the Healthtronics Lithotron Kidney Lithotriper

and Coach/Van. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

OHCA’s authority to review and approve, modify or deny this proposal is established by Section 19a-638, C.G.S. The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

## **Findings of Fact**

### **Clear Public Need**

#### **Impact on the Applicants’ Current Utilization Statistics**

#### **Proposal’s Contribution to Accessibility of Health Care Delivery in the Region**

#### **Contribution of the Proposal to the Quality of Health Care Delivery in the Region**

1. New Britain General Hospital is an acute care general hospital located in New Britain, Connecticut. *(CON application, pages 11 and 12)*
2. Connecticut Lithotripsy, LLC is a Connecticut limited liability corporation. CT Litho is owned and governed by its Class A (40%) and Class B (60%) members. Class A members are physicians; Class B membership is 100% owned by the InSight Health Corporation. CT Litho has no subsidiaries or affiliates. *(CON application, page 27)*
3. The municipalities in the Hospital’s primary service area are Berlin, Bristol, New Britain, Newington, Plainville, and Southington. *(CON application, page 13)*
4. Within the Hospital’s primary service area, the only existing provider of lithotripsy services is Bradley Memorial Hospital and Health Center (“BMH”) in Southington. Currently, urologists associated with the Hospital use the lithotripsy services provided by BMH, John Dempsey Hospital, or elsewhere. *(CON application, page 18)*
5. The Applicants’ proposed lithotripsy service will augment the current services provided by the Hospital’s Department of Surgery Urology Section. *(CON application, page 8)*
6. The Hospital is the only Connecticut hospital of its size that does not provide lithotripsy services to its patients. Twenty-two Connecticut hospitals (two-thirds of all hospitals in the state) currently provide lithotripsy service; 12 of the 22 hospitals have fewer licensed beds than the Hospital, and 16 of the 22 hospitals have fewer staffed beds than the Hospital. *(CON application, page 12)*
7. CT Litho will provide the proposed service under a full-turnkey operating agreement. As such, CT Litho will provide the equipment, technical staff, and management of the

service. The Hospital will be the provider of the lithotripsy service to the public.  
(CON application, page 11)

8. The proposed lithotripsy service will be provided two days per month in an operating room within the Hospital's ambulatory surgery unit. (CON application, pages 11 and 33)
9. Based upon (1) a lithotripsy utilization rate of 71.56 procedures per 100,000 population, and (2) the 2000 United States Census population estimates, the Applicants calculate a total lithotripsy demand of 169 procedures for the municipalities located in the Hospital's primary service area. (CON application, pages 14, 15, and 57)
10. In the Hospital's primary service area, the Applicants calculate an annual unmet need of 48 lithotripsy procedures as follows: (CON application, pages 15-17)

#### **Unmet Need for Lithotripsy Procedures**

<b>LITHOTRIPSY PROCEDURES</b>	<b>NUMBER OF PROCEDURES</b>
Lithotripsy Need Based on Population Size	169
Known Incidence of Procedures Performed	(121)
Total Unmet Need for Lithotripsy Procedures	48

11. The Applicants project 21, 86, and 93 lithotripsy procedures performed at the Hospital in Fiscal Years ("FY") 2002, 2003, and 2004, respectively. (CON application, page 21)

#### **Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services Financial Feasibility of the Proposal and its Impact on the Applicants' Rates and Financial Conditions**

12. The Hospital will bill patients for all lithotripsy procedures performed. (CON application, page 11)
13. The Hospital will reimburse CT Litho \$1,600 per lithotripsy procedure. (CON application, page 47)
14. There is no new capital expenditure associated with this proposal. The total capital cost for this proposed service is \$214,761, which includes the fair market value of the Healthtronics Lithotron Kidney Lithotriper and Coach/Van. This equipment was purchased in March 1999 at a cost of \$538,810. As of February 2002, the net book value of the equipment is \$214,761. (CON application, pages 19 and 28)
15. The Hospital will incur expenses associated with the operating room, laboratory, radiology, pharmacy, and IV supplies. (CON application, page 35)

16. The Applicants will develop a free care program that is consistent with the Hospital's program. *(CON application, page 47)*
17. Medicare will reimburse for lithotripsy services using the Ambulatory Payment Classification ("APC") # 0169, adjusted for regional variances in wages, for an adjusted APC payment of \$2,268.16. Medicaid reimbursement will be based on a ratio of cost to charges consistent with the experiences with BMH's lithotripsy program. *(CON application, page 34)*
18. For FY 2003, the Applicants project an excess of revenues incremental to the proposed service of \$5,387. For FY 2004, the Applicants project an excess of revenues incremental to the proposed service of \$6,173. *(CON application, page 268)*

### **Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines**

The following findings are made pursuant to other principles and guidelines set forth in Section 19a-637, C.G.S.:

19. There is no State Health Plan in existence at this time. *(CON application, page 9)*
20. The Applicants' proposal is consistent with the Hospital's long-range plan. *(CON application, page 10)*
21. The Applicants are currently participating in energy conservation, reengineering, group purchasing, application of technology programs, departmental performance benchmarks, task force studies, and a management incentive program to improve productivity and contain costs. The Hospital's affiliation with BMH has also eliminated duplicate purchases and streamlined administrative functions. *(CON application, pages 23 and 24)*
22. The Applicants' proposal will have no effect on the Hospital's current teaching and research responsibilities. *(CON application, page 26)*
23. There are no distinguishing characteristics of the respective patient/physician mix of the Hospital. *(CON Application, page 26)*
24. The Applicants have sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(CON application, page 269)*
25. The Applicants' rates are sufficient to cover the proposal's projected total operating expenses. *(CON application, pages 33-36)*

## **Rationale**

Connecticut Lithotripsy, LLC and New Britain General Hospital are proposing the establishment and operation of a transportable lithotripsy service to be provided at New Britain General Hospital, an acute care hospital whose primary service area includes the municipalities of Berlin, Bristol, New Britain, Newington, Plainville, and Southington. Currently, the Hospital does not provide lithotripsy services; urologists associated with the Hospital use the lithotripsy services provided by Bradley Memorial Hospital and Health Center, John Dempsey Hospital, or elsewhere.

The proposed lithotripsy service will augment the Hospital's service offerings by providing greater continuity of care for patients with kidney stones residing in the Hospital's service area. The proposed service will be provided at the Hospital two days per month in an operating room within the Hospital's ambulatory surgery unit.

The proposal appears to be financially feasible. There is no capital expenditure associated with this project. The total capital cost for this proposed service is \$214,761, which includes the fair market value of the Healthtronics Lithotron Kidney Lithotriper and Coach/Van. The proposed lithotripsy service will function under a full-turnkey operating agreement whereby CT Litho will provide the equipment, technical staff, and management of the service, while the Hospital, as the provider, will bill patients and incur expenses associated with the operating room, laboratory, radiology, pharmacy, and IV supplies. The Hospital will also reimburse CT Litho a fee per procedure. The Applicants are projecting an excess of revenue incremental to the proposed service.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Connecticut Lithotripsy, LLC and New Britain General Hospital to establish and operate a transportable lithotripsy service at New Britain General Hospital, is hereby GRANTED.

## Order

Connecticut Lithotripsy, LLC and New Britain General Hospital are hereby authorized to establish and operate a transportable lithotripsy service at New Britain General Hospital, with no new capital expenditure associated with the proposal, subject to the following conditions:

1. This authorization shall expire on April 5, 2003, unless the Applicants present evidence to OHCA that the transportable lithotripsy service has become operational at New Britain General Hospital by that date.
2. In the event that the Applicants learn of potential cost increases, the Applicants shall file with OHCA a request for approval of the revised CON project.

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

By Order of the  
Office of Health Care Access

April 8, 2002  
Date

Signed by  
Raymond J. Gorman  
Commissioner

RJG/sl:lj