



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Hospital:** Yale-New Haven Hospital

**Docket Number:** 02-505

**Project Title:** Replacement and Repair of Equipment and Space

**Statutory Reference:** Section 19a-639, Connecticut General Statutes

**Filing Date:** March 14, 2002

**Hearing:** Waived

**Decision Date:** March 22, 2002

**Default Date:** June 12, 2002

**Staff Assigned** Kim Martone

**Project Description:** Yale-New Haven Hospital (“Hospital”) proposes to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$7,690,000.

**Nature of Proceedings:** On March 14, 2002, the Office of Health Care Access (“OHCA”) received the Hospital’s Certificate of Need (“CON”) application seeking authorization to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$7,690,000. The Hospital is a health care facility or institution as defined by Section 19a-630, C.G.S.

On January 25, 2002, OHCA determined that the proposed repairs and replacement of equipment are of an emergency nature due to the flood damage in the Department of Radiology as a result of the water main rupture on December 19, 2001. As the capital expenditure associated with the repair and replacement project is necessary for the Hospital to remain in compliance with health, building and life safety codes, OHCA waived the letter of intent timing requirements and hearing requirements.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-639, C.G.S. In reviewing this proposal, 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.

## **Findings of Fact**

### **Clear Public Need**

#### **Impact on the Hospital's Current Utilization Statistics**

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

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

#### **Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services**

1. Yale-New Haven Hospital ("Hospital") is an acute care hospital located in New Haven, Connecticut. *(CON Application, page 14)*
2. On December 19, 2001, the Hospital's Department of Radiation Therapy was flooded when a water main ruptured. The Department is located across the street from the main portions of the Hospital on the first and basement floors of the Hunter Building. The treatment machinery in the basement was affected. *(Letter from Jeanette Schreiber, Esquire dated January 18, 2002)*
3. The Hospital's proposal to repair and replace damaged equipment and repair physical space is of an emergent nature due to the flooding of the Department of Radiation Therapy. *(Letter from Jeanette Schreiber, Esquire dated March 14, 2002)*
4. Of the 77 inpatient and outpatients scheduled for treatment that day, 30 patients began treatment at the Hospital of Saint Raphael and 15 patients were treated at Bridgeport Hospital. Other patients were treated at The William W. Backus Hospital, Lawrence and Memorial Hospital, Norwalk Hospital, and other hospitals convenient for them. *(Letter from Jeanette Schreiber, Esquire dated January 18, 2002)*
5. The physical environment was made safe for patients and staff as follows:
  - Hospital Infection Control personnel recommended replacement of flooring and walls;
  - Turner Construction reconstructed the flooded areas, while minimizing mold and other damage resulting from water; and
  - Work has initially focused on the areas in the basement containing equipment that was repairable and would permit resumption of clinical services.*(Letter from Jeanette Schreiber, Esquire dated January 18, 2002)*

6. The Hospital's casualty insurers and manufacturers of the linear accelerators, simulator and other equipment found the following:
  - Simulator is not repairable.
  - One linear accelerator (C machine) was repaired and has undergone safety testing by the Hospital's physics staff.
  - Second linear accelerator (D machine) is being evaluated.
  - Third linear accelerator (6MV unit) is 35 years old and not repairable.

*(Letter from Jeanette Schreiber, Esquire, dated January 18, 2002 and Letter from Sarah Cohn, Director of Legal Affairs, dated January 23, 2002)*
7. The radiation therapy outpatient clinic was not damaged and services continued in that location. Treatments on the repaired accelerator resumed. At the same time, simulations are being performed on the CT scanner that was not damaged. *(Letter from Jeanette Schreiber, Esquire dated January 18, 2002)*
8. Clinical services are approximately 75% restored to date. *(CON Application, page 2)*

**Financial Feasibility of the Proposal and its Impact on the Hospital's Rates and Financial Condition**

9. The proposal has a total capital expenditure of \$7,690,000 as follows:

<b>Project Components</b>	<b>Cost</b>
Fixed Equipment	\$2,399,970
Moveable Equipment	1,494,858
Equipment Repairs	380,247
Renovation	1,037,600
Contingency	2,377,325
<b>Total Capital Expenditure*</b>	<b>7,690,000</b>

\*Not final: Does not include claims for business interruption.  
*(CON Application, page 2 and Letter dated March 14, 2002 from Jeanette Schreiber, Esquire)*

10. The proposal will be financed through the Hospital's property and casualty insurer. *(CON Application, page 3)*
11. The Hospital's proposal includes the replacement of the simulator and 6MV linear accelerator unit and repairs to the C and D linear accelerators. *(CON Application, page 2 and Letter from Sarah Cohn, Director of Legal Affairs, dated January 23, 2002)*
12. Revenue will be lost for some of the relevant period. The total losses are not available at this time. *(CON Application, page 3)*
13. The Hospital's rates are sufficient to cover the proposed capital and operating costs. *(CON Application, page 3)*

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

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

14. There is no State Health Plan in existence at this time. *(CON Application, page 1)*
15. The Hospital has adduced evidence that this proposal is not consistent with the Hospital's long-range plan. The expenditures are a result of a flood in the Radiation Therapy space. However, replacement equipment purchased is, in some cases, upgraded. These upgrades would have been purchased at some point in the future. *(CON Application, page 1)*
16. The Hospital has improved productivity and contained costs by participating in group purchasing programs and application of technology. *(CON Application, page 2)*
17. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(CON Application, page 2)*
18. The unique patient/physician mix characteristics related to this proposal is the radiation therapy performed at the Hospital is only available at a few other places (i.e. cutaneous T-cell lymphoma and total body irradiation). *(CON Application, page 2)*
19. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(Letter dated January 23, 2002 from Sarah Cohn, Director of Legal Affairs, YNHH)*

## **Rationale**

The Hospital's proposal to repair and replace damaged equipment and repair physical space is of an emergent nature due to the flooding of the Department of Radiation Therapy. Of the 77 inpatient and outpatients scheduled for treatment on December 19, 2002, 30 patients began treatment at the Hospital of Saint Raphael, 15 patients were treated at Bridgeport Hospital, and other patients were treated at The William W. Backus Hospital, Lawrence and Memorial Hospital, Norwalk Hospital, and other hospitals convenient for them. Hospital Infection Control personnel recommended replacement of flooring and walls. Turner Construction reconstructed the flooded areas, while minimizing mold and other damage resulting from water. The physical environment was made safe for patients and staff.

Work initially focused on the areas in the basement containing equipment that was repairable and would permit resumption of clinical services. The Hospital's casualty insurers and manufacturers of the linear accelerators, simulator and other equipment

found that the simulator and the third linear accelerator (6MV unit) are not repairable. One linear accelerator (C machine) was repaired and treatments resumed after undergoing safety testing by the Hospital's physics staff. The second linear accelerator (D machine) is still being evaluated. The radiation therapy outpatient clinic was not damaged and services continued in that location. At the same time, simulations are being performed on the CT scanner that was not damaged. Clinical services are approximately 75% restored to date.

The proposal is financially feasible. The proposal has a total capital expenditure of \$7,690,000. The proposal will be financed through the Hospital's property and casualty insurer. The Hospital's proposal includes the replacement of the simulator and 6MV linear accelerator unit and repairs to the C and D linear accelerators. Even though the Hospital will experience a loss of revenue with unknown total losses, the Hospital's insurance will cover all repair, replacement and renovation costs. Therefore, the Hospital's proposal is in the best interests of consumers and payers of health care services.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Yale-New Haven Hospital to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$7,690,000, is hereby GRANTED.

## Order

Yale-New Haven Hospital is hereby authorized to repair and replace damaged equipment and repair physical space at a total proposed capital expenditure of \$7,690,000, subject to the following conditions:

1. This authorization shall expire on September 22, 2003, unless the Hospital presents evidence to OHCA that the replacement and repair has become completed by that date.
2. The Hospital shall not exceed the approved capital expenditure of \$7,690,000. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA, a request for approval of the revised project budget.
3. The Hospital shall report back to OHCA the final renovation, repair/replacement and contingency costs for the 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

March 22, 2002  
Date

Signed by  
Raymond J. Gorman  
Commissioner

RJG:km