



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** The Stamford Hospital

**Docket Number:** 03-30033-CON

**Project Title:** Replacement Linear Accelerator with IMRT Technology

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

**Filing Date:** June 30, 2003

**Hearing:** Waived

**Decision Date:** August 28, 2003

**Default Date:** September 28, 2003

**Staff Assigned:** Steven Lazarus

**Project Description:** The Stamford Hospital (“Hospital”) proposes to acquire a replacement linear accelerator with IMRT technology, at a total capital expenditure of \$2,882,399.

**Nature of Proceedings:** On June 30, 2003, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) Application from The Stamford Hospital (“Hospital”) to acquire a replacement linear accelerator with IMRT technology, at a total capital expenditure of \$2,882,399. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

The Hospital requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA's Regulations, and claimed that the CON application is non-substantive as defined in Section 19a-643-95(3) of OHCA's Regulations. On July 15, 2003, the Hospital was informed that the CON application was eligible for consideration of waiver of public hearing, and a notice to the public was published in *The Advocate* (Stamford). OHCA received no comments concerning the Hospital's request for waiver of public hearing during the public comment period, and therefore on August 5, 2003, OHCA granted the Hospital's request for waiver of public hearing.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-639, 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 Hospital's Current Utilization Statistics Contribution of the Proposal to the Quality and Accessibility of Health Care Delivery in the Region**

- 1) The Stamford Hospital ("Hospital") is an acute care hospital located at West Broad Street & Shelburne Road, Stamford, Connecticut. (*Letter of Intent, March 7, 2003*)
- 2) The Hospital is proposing to acquire a linear accelerator with IMRT technology, at a total capital expenditure of \$2,882,399. The implementation of the proposal will allow the Hospital to replace one of the two existing linear accelerators at Bennett Cancer Center, which is located on the Hospital's main campus. (*Letter of Intent, March 7, 2003*)
- 3) IMRT represents a major advancement in three-dimensional conformal radiation therapy because it uses computer-generated images to plan and deliver a more lightly focused radiation beam to cancerous tumors than is possible with conventional radiotherapy. IMRT allows clinicians to conform a precise radiation dose to the shape and depth of a cancerous tumor while significantly reducing the adverse effects of these doses on healthy tissue. (*Certificate of Need Application, June 30, 2003, page 10*)
- 4) The Hospital proposes to replace its 12 year old dual energy linear accelerator with a Varian Clinac 21EX model with IMRT capability. The current linear accelerator has outlived its useful life and is becoming difficult to maintain. (*Letter of Intent, March 7, 2003*)
- 5) The proposed linear accelerator unit with IMRT capability will be used primarily to treat patients who have prostate cancer and head and neck cancers. The proposed linear accelerator has the ability to perform respiratory gating, which is a very precise

form of radiation therapy that coordinates beam delivery with the patient's respiratory cycle. *(Certificate of Need Application, June 30, 2003, page 2)*

- 6) The Hospital is the only designated teaching hospital cancer program in Southwestern Connecticut; further, the Hospital provides cancer patients with comprehensive outpatient services as well as a full range of inpatient care within the Hospital. *(Certificate of Need Application, June 30, 2003, page 11)*
- 7) The Hospital's primary service area includes Stamford, Darien, Greenwich, Norwalk, and New Canaan. *(Letter of Intent, March 7, 2003)*
- 8) The Hospital reported its volume of radiation therapy patients for the past three years as follows:

**Table 1: Historical Volume**

<b>Fiscal Year</b>	<b>Radiation Therapy Patients</b>
2001	485
2002	481
2003 (annualized)	384

*(Certificate of Need Application, June 30, 2003, Exhibit B)*

- 9) The Hospital used the following assumptions in determining the number of IMRT procedures expected to be performed at the Bennett Cancer Center:
  - a) Each radiation therapy patient receives 40 treatments per cycle;
  - b) Patient volume will increase at a rate of 5% per year;
  - c) 20% of the radiation therapy patients would be candidates for IMRT therapy.*(Certificate of Need Application, June 30, 2003, pages 3-4)*
- 10) The Hospital is projecting the following radiation therapy patients volume related to the CON proposal: *(Certificate of Need Application, Supplemental Filing, July 18, 2003, Exhibit J)*

**Table 2: Projected Volume**

<b>Fiscal Year</b>	<b>IMRT Therapy</b>		<b>Total Radiation Therapy</b>	
	<b># Patients</b>	<b># Procedures</b>	<b># Patients</b>	<b># Procedures</b>
2004	78	3120	389	15,560
2005	82	3280	408	16,320
2006	86	3440	428	17,120

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

- 11) The Hospital's total capital expenditure of \$2,883,399 for the CON proposal includes the following capital cost components: (*Certificate of Need Application, June 30, 2003, Page 8*)

**Table 3: Hospital's Total Capital Expenditure**

Description	Total
Medical Equipment (Purchase)	\$2,707,399
Building Renovations	175,000
<b>Total Capital Expenditure</b>	<b>\$2,882,399</b>

- 12) The total capital expenditure will be funded through an equity contribution from the Hospital's operating funds of \$1,882,399 and contributions of \$1,000,000. (*Certificate of Need Application, June 30, 2003, Page 9*)

- 13) The Hospital's financial projections report incremental gain from operations as follows: (*Certificate of Need Application, Supplemental Filing, July 18, 2003, Exhibit J8*)

**Table 4: Hospital's Financial Projections**

Fiscal Year	Revenue Over Expense
2004	\$515,000
2005	\$569,000
2006	\$626,000

- 14) The Hospital's projected payer mix during the first three years of implementation and operation of the CON proposal is as follows: (*Certificate of Need Application, June 30, 2003, Page 10*)

**Table 5: Hospital's Three-Year Projected Payer Mix**

Payer Mix	Year 1	Year 2	Year 3
Medicare	38.0%	38.0%	38.0%
Medicaid	9.0%	9.0%	9.0%
TriCare			
<b>Total Government</b>	<b>47.0%</b>	<b>47.0%</b>	<b>47.0%</b>
Commercial Insurers	48.0%	48.0%	48.0%
Self-Pay	5.0%	5.0%	5.0%
Workers Compensation	0.8%	0.8%	0.8%
<b>Total Non-Government</b>	<b>53.0%</b>	<b>53.0%</b>	<b>53.0%</b>
Uncompensated Care			
<b>Total Payer Mix</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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

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

- 15) There is no State Health Plan in existence at this time. (*Certificate of Need Application, June 30, 2003, Page 2*)
- 16) The Hospital has adduced evidence that the proposal is consistent with the Hospital's long-range plan. (*Certificate of Need Application, June 30, 2003, Page 2*)
- 17) The Hospital has improved productivity and contained costs through energy conservation, reengineering, application of technology and group purchasing activities. (*Certificate of Need Application, June 30, 2003, Page 6*)
- 18) The proposal will not result in any change to the Hospital's teaching or research responsibilities. (*Certificate of Need Application, June 30, 2003, Page 7*)
- 19) There are no distinguishing characteristics of the Hospital's patient/physician mix related to the proposal. (*Certificate of Need Application, June 30, 2003, Page 7*)
- 20) The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. (*Certificate of Need Application, June 30, 2003, Page 5*)

## Rationale

The Stamford Hospital ("Hospital") is proposing to acquire a linear accelerator with IMRT technology, at a total capital expenditure of \$2,882,399. The implementation of the proposal will allow the Hospital to replace one of the two existing linear accelerators at Bennett Cancer Center, which is located on the Hospital's main campus. The linear accelerator that is designated to be replaced is 12 years old and has outlived its useful life.

The proposed linear accelerator is a Varian Clinac 21EX model with IMRT capability. IMRT technology represents a major advancement in three-dimensional conformal radiation therapy because it uses computer-generated images to plan and deliver a more lightly focused radiation beam to cancerous tumors than is possible with conventional radiotherapy. This technology reduces the adverse effects of radiation therapy on healthy tissue. The proposed linear accelerator unit with IMRT capability will be used primarily to treat patients who have prostate cancer and head and neck cancers. Additionally, the proposed linear accelerator has the ability to perform respiratory gating, which is a very precise form of radiation therapy that coordinates beam delivery with the patient's

respiratory cycle. Based on the foregoing reasons, OHCA finds that the CON proposal will improve the quality of the Hospital's existing Radiation Therapy services.

The Hospital's primary service area for the proposal includes Stamford, Darien, Greenwich, Norwalk and New Canaan. In FY 2003 the Hospital anticipates providing radiation therapy services to 481 patients. The Hospital anticipates that this volume will increase by 5% per year and that 20% of the radiation therapy patients will be candidates for IMRT therapy. The Hospital is projecting that in FY 2004, 78 patients will receive IMRT therapy, increasing to 86 patients in FY 2006. These projections are based on the Hospital's current utilization statistics and appear to be reasonable.

The proposal is financially feasible. The project has a total capital expenditure of \$2,882,399, which will be funded through Hospital's operating funds and contributions. The Hospital is also projecting gains from operation of \$515,000 for FY 2004, \$569,000 for FY 2005 and \$626,000 for FY 2006. These projections appear to be both reasonable and achievable.

Based upon the foregoing Findings and Rationale, the Certificate of Need Application of The Stamford Hospital to acquire a replacement linear accelerator with IMRT, at a total capital expenditure of \$2,882,399, is hereby GRANTED.

## **Order**

The Stamford Hospital ("Hospital") is hereby authorized to acquire a linear accelerator with IMRT, at a total capital expenditure of \$2,882,399, subject to the following conditions:

1. This authorization shall expire on February 27, 2005. Should the Hospital's project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved capital expenditure of \$2,882,399. 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. This authorization requires the removal of the Hospital's existing Radiation Therapy service equipment items to be replaced for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's service provider locations. Furthermore, the Hospital will provide evidence to OHCA of the disposition of the Radiation Therapy service equipment items to be upgraded, by no later than six months after the new replacement Radiation Therapy service equipment items have become operational.

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

Date signed:  
August 28, 2003

Singed by:  
Mary M. Heffernan  
Commissioner

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