



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Medical Imaging Center, P.C.

**Docket Number:** 03-30041-CON

**Project Title:** Acquisition of a 1.5 Tesla Magnetic Resonance Imaging Unit

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

**Filing Date:** July 31, 2003

**Decision Date:** September 9, 2003

**Default Date:** October 17, 2003

**Staff Assigned:** Steven Lazarus  
Paolo Fiducia

**Project Description:** Medical Imaging Center, P.C. (“Applicant”) proposes to acquire a 1.5 Tesla Magnetic Resonance Imaging Unit at a total capital cost of \$1,554,163.

**Nature of Proceedings:** On July 31, 2003 the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Medical Imaging Center, P.C. for the acquisition of a 1.5 Tesla Magnetic Resonance Imaging Unit at a total capital cost of \$1,554,163.

The Applicant requested a waiver of public hearing for the CON application pursuant to Section 19a-643-45 of OHCA’s Regulations and claimed that the proposal was non-substantive as defined in Section 19a-643-95(3) of OHCA’s Regulations. A notice to the public was published on August 4, 2003 in *The Hartford Courant*. OHCA received no comments concerning the Applicant’s request for waiver of public hearing during the

public comment period and therefore, on August 20, 2003, OHCA granted the Applicant's request for waiver of public hearing.

OHCA's authority to review, 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 of the Proposal on the Hospital's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Medical Imaging Center, P.C. ("Applicant") is a private radiology practice with offices located in Bloomfield, Granby, Rocky Hill, Simsbury, Wethersfield, Windsor and Windsor Locks. *(Certificate of Need Application, July 31, 2003, page 6)*
2. The Applicant currently provides MRI services at its office located at 6 Northwestern Drive in Bloomfield, Connecticut. The Applicant proposes to replace its existing Picker Openview .23 Tesla unit with a Toshiba Excelart 1.5 Tesla short bore high field magnet unit, at a total capital cost of \$1,554,163. *(Letter of Intent, April 2, 2003, page 4 and Certificate of Need Application, July 31, 2003, page 2)*
3. In addition to MRI services, the Applicant offers CT, ultrasound, digital/analog mammography, general radiology, bone density and nuclear medicine services at its Bloomfield office. *(Certificate of Need Application, July 31, 2003, page 2)*
4. The Applicant's primary service area includes towns of Bloomfield, Windsor, Windsor Locks, West Hartford, Enfield, Suffield, Simsbury and East Granby. *(Certificate of Need Application, July 31, 2003, page 3)*
5. The existing and the proposed hours of operation for its MRI operation are Monday through Friday, 8:30 a.m. to 5:00 p.m., with extended evening hours one or two evenings per week until 8:00 p.m., and Saturday from 8:00 a.m. until 4:30 p.m. *(Certificate of Need Application, July 31, 2003, pages 2 & 3)*
6. The Applicant based its need for the replacement high field MRI unit on the following:
  - Increased patient volume;
  - Decreased exam time;
  - Improved Image Quality; and
  - Ability to perform more complex exams*(Certificate of Need Application, July 31, 2003, pages 2 & 3)*

7. The proposed MRI unit will have the ability to perform additional studies including diffusion weighted imaging for stroke patients, abdominal imaging including MRCP, optimal liver scanning and adrenal imaging, MRA including renal and bolus carotids and breast exams. *(Certificate of Need Application, July 31, 2003, page 2)*
8. The proposed replacement MRI unit will decrease the processing time of images, improve image quality and provide state-of-the-art technology in both hardware and software. *(Certificate of Need Application, July 31, 2003, page 3)*
9. The Applicant reports the utilization for the past three years as follows:  
*(Certificate of Need Application, July 31, 2003, pages 12 & 13)*

**Table 1: Historical Utilization**

Year	2001	2002	2003*
Number of Scans	1,347	2,225	1,509

*\*Scans only from January 1, 2003 through July 23, 2003*

10. The Applicant projects the following utilization following implementation of the proposal  
*(Certificate of Need Application, July 31, 2003, page 15)*

**Table 2: Projected Utilization**

Year	2003	2004	2005
Scans Incremental to the Project	78	931	1,034
Total Number of Scans	2,578	3,681	4,059

11. Currently, similar imaging technology does not exist in a freestanding imaging center in the Applicant's primary service area. *(Certificate of Need Application, July 31, 2003, page 3)*
12. A telephone survey by the Applicant revealed a scheduling backlog of 7-10 days at the area hospitals for MRI studies. *(Certificate of Need Application, July 31, 2003, page 3)*

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

13. The Applicant's total capital cost of \$369,103 for the CON proposal is as follows:  
*(Certificate of Need Application, July 31, 2003, Page 7)*

**Table 3: Applicant's Total Capital Cost**

Description	Total
Medical Equipment (Lease)	\$1,185,060
Building Renovations	369,103
<b>Total Capital Cost</b>	<b>\$1,554,163</b>

14. The total capital cost will be funded through lease financing. (*Certificate of Need Application, July 31, 2003, Page 8*)
15. The Applicant's financial projections report revenue with the project as follows: (*Certificate of Need Application, July 31, 2003, page 15*)

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

Fiscal Year	Revenue Over Expense)
2003	\$(239,979)
2004	\$10,954
2005	\$270,426

16. The Applicant's projected payer mix during the first three years of implementation and operation of the CON proposal is as follows: (*Certificate of Need Application, July 31, 2003, Page 9*)

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

Payer Mix	Year 1	Year 2	Year 3
Medicare	39.0%	40.0%	42.5%
Medicaid	2.0%	2.0%	2.0%
TriCare	0.1%	0.1%	0.1%
<b>Total Government</b>	<b>41.1%</b>	<b>42.1%</b>	<b>44.6%</b>
Commercial Insurers	55.0%	53.8%	50.8%
Self-Pay	3.8%	4.0%	4.5%
Workers Compensation	0.1%	0.1%	0.1%
<b>Total Non-Government</b>	<b>58.9%</b>	<b>57.9%</b>	<b>55.4%</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.:

17. There is no State Health Plan in existence at this time. (*Certificate of Need Application, July 31, 2003, Page 2*)
18. The proposal is consistent with Applicant's long-range plan. (*Certificate of Need Application, July 31, 2003, page 2*)
19. The proposal will not change the Applicant's teaching or research responsibilities. (*Certificate of Need Application, July 31, 2003, page 6*)
20. There are no distinguishing characteristics of the patient/physician mix with regard to its diagnostic imaging center. (*Certificate of Need Application, July 31, 2003, page 6*)
21. The Applicant has improved productivity and contained costs through group purchasing. (*Certificate of Need Application, July 31, 2003, page 6*)

22. The Applicant has sufficient technical and managerial competence to provide efficient and adequate service to the public. (*Certificate of Need Application, July 31, 2003, page 5*)
23. The Applicant's rates are sufficient to cover the proposed capital expenditure and operating costs. (*Certificate of Need Application, July 31, 2003, Financial Pro-forma, page 15*)

## Rationale

Medical Imaging Center, P.C. ("Applicant") is a private radiology practice with offices in the towns of Bloomfield, Granby, Rocky Hill, Simsbury, Wethersfield, Windsor and Windsor Locks. The Applicant proposes to acquire a Toshiba Excelart 1.5 Tesla short bore high field magnet unit, at a total capital cost of \$1,554,163, to be located at its Bloomfield office, located at 6 Northwestern Drive. The Applicant's primary service area includes the towns of Bloomfield, Windsor, Windsor Locks, West Hartford, Enfield, Suffield, Simsbury and East Granby. The Applicant currently provides MRI services at its Bloomfield office utilizing a Picker Openview .23 Tesla magnet. Similar imaging technology does not exist currently in a free standing imaging center setting in the Applicant's primary service area. A telephone survey conducted by the Applicant, revealed a scheduling backlog of 7-10 days at the area hospitals for MRI studies.

The Applicant based its need for the replacement high field MRI unit on increased patient volume, decreased exam time, and improved image quality. Acquisition of the replacement high field MRI unit will provide the Applicant with the ability to perform more complex studies such as diffusion weighted imaging for stroke patients, abdominal imaging including MRCP, optimal liver scanning and adrenal imaging, MRA including renal and bolus carotids and breast exams. The Applicant performed 1,347 scans in 2001, 2,225 scans in 2002 and 1,509 scans between January 1, 2003 and July 23, 2003. The Applicant projects an increase in the number of studies performed due to decreased exam time and the ability of the replacement equipment to perform more complex exams. For the first three fiscal years of operation, the Applicant projects total number of scans as 2,578 for 2003, 3,681 for 2004 and 4,059 for 2005.

The proposal is financially feasible. The project has a total capital cost of \$1,554,163, which will be funded through lease financing. The Applicant is projecting loss of revenue with the project in the first year of \$239,979 but projects gains in revenues of \$10,954 for FY 2004 and \$270,426 for FY 2005. These projections appear to be both reasonable and achievable.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Medical Imaging Center, P.C. to acquire a 1.5 Tesla MRI unit to replace its existing .23 Tesla MRI unit at its Bloomfield location, at a total capital cost of \$1,554,163, is hereby GRANTED.

## Order

Medical Imaging Center, P.C. ("Applicant") is hereby authorized to acquire a 1.5 Tesla Magnetic Resonance Imaging Unit to replace its existing .23 Tesla MRI unit located at its Bloomfield office, at a total capital cost of \$1,554,163, subject to the following conditions:

1. This authorization shall expire on August 29, 2004. Should the Applicant's project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved capital cost of \$1,554,163. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised project budget.
3. This authorization requires the removal of the Applicant's existing MRI scanner to be replaced for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant's service provider location. Furthermore, the Applicant will provide evidence to OHCA of the disposition of the MRI scanner to be upgraded, by no later than six months after the new replacement MRI scanner has 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:  
September 9, 2003

Singed by:  
Mary M. Heffernan  
Commissioner

MMH:pf