



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Robert D. Russo, M.D. & Associates Radiology, P.C.

Docket Number: 03-30154-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing MRI Unit

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

Filing Date: July 29, 2003

Hearing: Waived

Decision Date: August 12, 2003

Staff Assigned: Harold M. Oberg

Project Description: Robert D. Russo, M.D. & Associates Radiology, P.C. (“Applicant”) requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment in order to replace its existing MRI unit with a General Electric Signa 1.5 tesla MRI unit, at a total capital cost of \$1,342,000. The Applicant will replace its existing Siemens VIVA .2 tesla MRI unit with the proposed 1.5 tesla MRI unit at its office located at 2595 Main Street in Stratford, Connecticut.

Nature of Proceedings: On July 29, 2003, the Office of Health Care Access (“OHCA”) received the waiver of CON requirements request for replacement equipment from Robert D. Russo, M.D. & Associates Radiology, P.C. in order to replace its existing Siemens VIVA .2 tesla MRI unit with a General Electric Signa 1.5 tesla MRI unit at its office located at 2595 Main Street in Stratford, at a total capital cost of \$1,342,000.

OHCA’s authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c, 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

1. On October 20, 1998, Robert D. Russo & Associates Radiology, P.C. (“Applicant”) received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) under Docket Number 98-1003 for the acquisition, through lease, of an MRI unit related to the operation of an existing imaging center located at 2595 Main Street in Stratford, at a total capital expenditure of \$309,000, plus \$634,150 representing the estimated fair market value of the leased MRI unit, for a total capital cost of \$943,140. *(October 20, 1998 Office of Health Care Access Agreed Settlement, Docket Number 98-1003)*
2. The Applicant is requesting a waiver of CON requirements in order to replace the existing MRI unit acquired under the CON authorization granted by OHCA in Docket Number 98-1003 with a replacement MRI unit, at a total capital cost of \$1,342,000. *(July 29, 2003 Letter of Intent/Waiver Form 2030, Pages 3 and 6)*
3. The Applicant will replace its existing Siemens VIVA .2 tesla MRI unit with a General Electric Signa 1.5 tesla MRI unit at its office located at 2595 Main Street in Stratford. *(July 29, 2003 Letter of Intent/Waiver Form 2030, Pages 2 and 4)*
4. The total capital cost for the replacement MRI unit is \$1,342,000 including minor building renovations of \$70,000, sales tax of \$72,000 and \$1,200,000 representing the estimated fair market value of the General Electric Signa 1.5 tesla MRI unit to be leased for the project. *(July 29, 2003 Letter of Intent/Waiver Form 2030, Page 3)*
5. The Applicant will fund the total capital cost of \$1,342,000 for the replacement MRI unit through its equity funds and through equipment lease financing. *(July 29, 2003 Letter of Intent/Waiver Form 2030, Page 4)*
6. The total capital cost of \$1,342,000 for the replacement MRI unit is below the \$2,000,000 threshold for determining eligibility for waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(July 29, 2003 Letter of Intent Waiver/Form 2030, Page 6)*
7. The total capital cost of \$1,342,000 for the replacement MRI unit is less than the original cost of the MRI unit authorized by OHCA under Docket Number 98-1003, plus an increase of ten percent for each twelve-month period that has elapsed since October 20, 1998. *(July 29, 2003 Letter of Intent/Waiver Form 2030, Page 6)*
8. The Applicant estimates that the replacement MRI unit will commence operation on October 1, 2003. *(July 29, 2003 Letter of Intent/Waiver Form 2030, Page 2)*

Rationale

Robert D. Russo, M.D. & Associates Radiology, P.C. (“Applicant”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment in order to replace its existing Siemens VIVA .2 tesla MRI unit with a General Electric Signa 1.5 tesla MRI unit, at a total capital cost of \$1,342,000. On October 20, 1998, the Applicant received CON authorization from the Office of Health Care Access (“OHCA”) under Docket Number 98-1003 for the acquisition, through lease, of an MRI unit related to the operation of an existing imaging center located at 2595 Main Street in Stratford, at a total capital expenditure of \$309,000, plus \$634,150 representing the estimated fair market value of the leased MRI unit, for a total capital cost of \$943,140.

The total capital cost for the replacement MRI unit is \$1,342,000 representing the estimated fair market value of the General Electric Signa 1.5 tesla MRI unit to be leased as well as the cost of minor building renovations and sales tax. The total capital cost for the replacement MRI unit is below the \$2,000,000 threshold for determining eligibility for waiver of CON requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S.”). Furthermore, the total capital cost for the replacement MRI unit is less than the original cost of the MRI unit authorized by OHCA under Docket Number 98-1003, plus an increase of ten percent for each twelve-month period that has elapsed since it was authorized on October 20, 1998.

Based on the foregoing Findings and Rationale, OHCA has determined that Robert D. Russo, M.D. & Associates Radiology, P.C.’s request for a waiver of CON requirements for replacement equipment in order to replace its existing Siemens VIVA .2 tesla MRI unit with a General Electric Signa 1.5 tesla MRI unit at its office located at 2595 Main Street in Stratford, at a total capital cost of \$1,342,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

Robert D. Russo, M.D. & Associates Radiology, P.C. ("Applicant") is hereby authorized to replace its existing Siemens VIVA .2 tesla MRI unit with a General Electric Signa 1.5 tesla MRI unit at its office located at 2595 Main Street in Stratford, at a total capital cost of \$1,342,000, subject to the following conditions:

1. This authorization shall expire on August 31, 2004. Should the Applicant's MRI unit replacement 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 \$1,342,000. 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 CON project budget.
3. If the Applicant wishes to operate the replacement 1.5 tesla MRI unit at a location other than 2595 Main Street in Stratford, the Applicant is required to seek CON authorization from OHCA to operate the replacement MRI unit at any different location.
4. This authorization requires the removal of the Applicant's existing MRI unit for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant's various service provider locations. Furthermore, the Applicant will provide evidence to OHCA of the disposition of the .2 tesla MRI unit to be replaced by no later than six months after the replacement 1.5 tesla MRI unit 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:
August 12, 2003

Signed by:
Mary M. Heffernan
Commissioner

MMH:ho