



Office of Health Care Access Certificate of Need Application

Final Decision

Hospital: Bradley Memorial Hospital and Health Center

Docket Number: 03-30184-CON

Project Title: Replacement of Mobile Magnetic Resonance Imaging Service with Fixed Magnetic Resonance Imaging Service

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

Filing Date: January 5, 2004

Decision Date: January 29, 2004

Default Date: April 4, 2004

Staff: Laurie Greci

Project Description: Bradley Memorial Hospital and Health Center (“Hospital”) proposes to replace its mobile magnetic resonance imaging service with a fixed magnetic resonance imaging scanner, at a total proposed capital expenditure of \$2,425,500.

Nature of Proceedings: On January 5, 2004, the Office of Health Care Access (“OHCA”) received the Hospital’s Certificate of Need (“CON”) application seeking authorization to replace its mobile magnetic resonance imaging service with fixed magnetic resonance imaging (“MRI”) service at a total proposed capital expenditure of \$2,425,500. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

Notice to the public was published in *The Herald* (New Britain) on January 15, 2004, pursuant to Section 19a-643-45 of OHCA’s Regulations. OHCA received no comments from the public concerning the Hospital’s proposal.

OHCA's authority to review and approve, modify or deny this application 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 Hospital's Current Utilization Statistics

Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. Bradley Memorial Hospital and Medical Center ("Hospital") is an acute care hospital located at 81 Meriden Avenue, Southington Connecticut. (*January 5, 2004, CON Application, page 86*)
2. The town of Southington is the Hospital's primary service area. The towns of Berlin, Bristol, Cheshire, Meriden, New Britain, and Plainville make up its secondary service area. (*January 5, 2004, CON Application, page 7*)
3. The Hospital currently offers magnetic resonance imaging ("MRI") service two days per week through a mobile MRI unit leased from Alliance Imaging. The mobile unit is a Philips 1.5 Tesla Intera. (*September 22, 2003, Letter of Intent, pages 11 and 12*)
4. In June 2004, the Hospital's lease for its existing mobile MRI service will expire. The Hospital proposes to replace its mobile MRI service with a fixed-site MRI unit. (*January 5, 2004, CON Application, page 7*)
5. The Hospital proposes to acquire a Hitachi Altaire 0.7 Tesla Open MRI. The new scanner will be permanently located in a new structure to be constructed on the Hospital's campus in Southington. (*September 22, 2003, Letter of Intent, page 12*)
6. The new facility will be constructed in a courtyard and will occupy approximately 1,850 square feet. The building will be a single-story structure that will align with the first floor of the existing structures. The MRI facility will be adjacent to and accessed through the Hospital's Radiology Department. (*January 5, 2004, CON Application, page 20*)
7. The Hospital's proposal is needed to address several shortcomings of its existing mobile MRI service:
 - The operation of the mobile service is at, or near, capacity.
 - The equipment has a downtime rate of 8%; four times the typical downtime rate of a fixed site unit.
 - The technologists at the Hospital must routinely re-program the mobile unit's exam protocols.

The existing unit lacks the equipment needed to monitor and care for critically ill patients and patients under conscious sedation.

The unit is not always available for urgent exams. Patients then need to be transferred to other facilities to receive a MRI scan.

(January 5, 2004, CON Application, pages 9- 11)

8. The Hospital expects that the number of exam for each procedure will increase by approximately 20% during the first full year of operation, Fiscal Year (“FY”) 2005; exams are expected to increase 10% in FY 2006. In addition, the added volume from new exams will results in a total increase of 27.8%. *(January 5, 2004, CON Application, pages 25 and 26)*
9. The actual and projected utilization statistics for the MRI scans are given in the table below:

Table 1: Actual and Projected MRI Scans at the Hospital

Body Part	Actual			Projected		
	2001	2002	2003	2004	2005	2006
Abdomen	57	57	92	104	125	138
Brain	420	500	448	480	576	634
Breast	0	0	0	0	56	62
Chest	5	9	4	9	10	11
Extremities	385	354	274	343	454	500
Head/Neck	70	87	90	112	151	167
Pelvis	19	16	22	24	41	46
Spine	507	526	486	552	662	727
Total	1,463	1,549	1,391	1,624	2,075	2,285

(January 5, 2004, CON Application, page 26)

10. Patients from Southington received 70.8% of the MRI exams performed at the Hospital in FY 2003. *(January 5, 2004, CON Application, page 28)*
11. MRI services are currently offered at New Britain General Hospital, Bristol Hospital, and MidState Medical Center. There are also freestanding MRI units in Bristol and in New Britain. *(January 5, 2004, CON Application, page 8)*
12. The lack of daily availability of MRI service at the Hospital results in scheduling problems for its patients. Patients who need immediate exams on a day when the unit is not at the Hospital must wait for the return of the unit. This delay is especially significant for the inpatients. *(January 5, 2004, CON Application, page 7)*
13. The proposed hours of operation for the fixed MRI scanner will be 7:00 a.m. to 5:00 p.m. Monday through Friday. The unit will also be available on weekends for urgent exams. *(January 5, 2004, CON Application, page 7)*
14. The Hospital’s existing MRI pad will be retained as a back-up MRI site in case a temporary unit must be brought in during maintenance on the fixed unit and for possible future docking of other scanners. *(January 5, 2004, CON Application, page 19)*

15. The Hospital anticipates commencing operation of the new fixed MRI unit on July 1, 2004. *(January 5, 2004, CON Application, page 20)*

**Financial Feasibility of the Proposal and its Impact on the Hospital's
Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care
Services and Payers for Such Services**

16. The proposal includes the following cost components:

Table 2: Total Proposed Capital Cost

Component	Cost
Imaging Equipment Purchase)	\$1,623,464
Medical Equipment (Purchase)	53,496
Non-Medical Equipment (Purchase)	3,700
Construction/Renovation	500,000
Total Capital Expenditure	\$2,180,660

(January 5, 2004, CON Application, page 18)

17. The imaging and medical equipment has a useful life of 7 years. The non-medical equipment has a useful of 15 years. The construction of the new facility will be depreciated over 25 years. *(January 5, 2004, CON Application, page 242)*
18. During construction of the new structure, the existing mobile MRI unit will continue to provide service without interruption. The proposed construction will have no impact on any of the Hospital's existing operations. *(January 5, 2004, CON Application, page 20)*
19. The Hospital will finance the proposal through its Barnes Trust equity account. The Barnes Trust is a fund created for the purpose of providing for capital improvements to the Bradley Memorial Hospital Corporation. *(January 5, 2004, CON Application, page 21 and January 21, 2004, Facsimile, page 3)*
20. The terms of the Hitachi quote includes a two-year warranty period. The service and maintenance agreement cost in the third year is \$120,000. *(January 5, 2004, CON Application, page 205)*
21. The Hospital projects incremental gains from operations related to the proposal of \$105,363 for FY 2004, \$480,683 for FY 2005, and \$528,028 for FY 2006. *(January 21, 2004, Facsimile, page 3)*

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

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

22. There is no State Health Plan in existence at this time. *(January 5, 2004, CON Application, page 5)*
23. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(January 5, 2004, CON Application, page 6)*
24. The Hospital has improved productivity and contained costs through group purchasing, energy conservation, reengineering and the application of technology. *(January 5, 2004, CON Application, page 14)*
25. This proposal will not result in changes to the Hospital's teaching and research responsibilities. *(January 5, 2004, CON Application, page 16)*
26. There are no distinguishing or unique characteristics of the Hospital's patient/physician mix related to this proposal. *(January 5, 2004, CON Application, page 16)*
27. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(January 5, 2004, CON Application, page 12)*

Rationale

Bradley Memorial Hospital ("Hospital") proposes to acquire a fixed magnetic resonance imaging ("MRI") scanner to replace its current mobile MRI service. The proposal has a total capital expenditure of \$2,425,500.

The Hospital's service area consists of the towns of Southington, Berlin, Bristol, Cheshire, Meriden, New Britain, and Plainville. Approximately 71% of patients that received an MRI scan in Fiscal Year ("FY") 2003 at the Hospital using the mobile service resided in Southington. The Hospital's patients would be greatly served by having MRI service on a daily basis in their hometown.

A fixed MRI service will eliminate the difficulties experienced by the inpatient population, especially those that require monitoring and special attention during their scan; it will also eliminate the need to transfer inpatients to another provider. The technical problems surrounding the mobile service would also be eliminated with the fixed service. The new structure included in the proposal will be accessed from the Hospital's existing Radiology department and eliminate the need for patients to pass through a non-treatment area of the Hospital. Finally, all patients will benefit from the open design of the proposed MRI unit.

Also the timing of the proposal is appropriate, as the lease for the mobile MRI unit will not have to be renewed or terminated early. The demand for MRI services will only continue to grow and two days or service will not meet the future needs of the Hospital's patient population. OHCA finds that the change from mobile to fixed MRI services at the Hospital will improve the quality of care delivered to its patients and improve the accessibility of a basic diagnostic service.

The Hospital projects incremental gains from operations related to the proposal of \$105,363 for FY 2004, \$480,683 for FY 2005, and \$528,028 for FY 2006. If volume projections are achieved, the Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the project. OHCA concludes that the CON proposal is financially feasible and cost-effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of Bradley Memorial Hospital to establish at a total capital expenditure of \$2,425,500 is hereby GRANTED.

Order

Bradley Memorial Hospital and Medical Center ("Hospital) is hereby authorized, at a total capital expenditure of \$2,425,500 subject to the following conditions:

1. This authorization shall expire on January 29, 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 \$2,425,500.

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

Cristine A. Vogel
Commissioner