



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** Greenwich Hospital

**Docket Number:** 03-30201-CON

**Project Title:** Establish Lithotripsy Service Under Greenwich Hospital's License

**Statutory Reference:** Sections 19a-638 and 19a-639, Connecticut General Statutes

**Filing Date:** January 9, 2004

**Decision Date:** January 27, 2004

**Default Date:** April 8, 2004

**Staff Assigned:** Steven Lazarus

**Project Description:** Greenwich Hospital ("Hospital") proposes to establish a lithotripsy service to be operated under its own hospital license. The project's proposed total capital cost is \$425,000, which represents the fair market value of the lithotripsy equipment.

**Nature of Proceedings:** On January 9, 2004, the Office of Health Care Access ("OHCA") received Greenwich Hospital's Certificate of Need ("CON") application seeking authorization to establish a lithotripsy service to be operated under its own hospital license. The total proposed capital cost is \$425,000, which represents the fair market value of the lithotripsy equipment. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

On November 4, 2003, the Hospital was informed that a notice to the public regarding OHCA's receipt of the Hospital's Letter of Intent ("LOI") would be published in the *Greenwich Times*

pursuant to Sections 19a-638 and 19a-636, C.G.S. as amended by Section 1 of Public Act 03-17. 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 Sections 19a-638 and 19a-639, C.G.S. The provisions of these sections, 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**

#### **Proposal's Contribution to Accessibility 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. Greenwich Hospital ("Hospital") is a nonprofit hospital located at 5 Perryridge Road in Greenwich, Connecticut. The Hospital is a member of the Yale-New Haven Health System. *(October 31, 2003, Letter of Intent)*
2. Connecticut municipalities in the Hospital's primary service area include Darien, Greenwich, New Canaan, Norwalk, and Stamford. *(October 31, 2003, Letter of Intent, Attachment 1)*
3. The Hospital proposes to establish a lithotripsy service to be operated under its own hospital license. *(October 31, 2003, Letter of Intent)*
4. Currently, lithotripsy services are provided on the Hospital's campus by Yale-New Haven Hospital ("YNHH") under the YNHH facility license. This service was authorized on January 14, 2000 under Docket Number 99-544. *(October 31, 2003, Letter of Intent, page 8 and January 14, 2000, Final Decision, Docket Number 99-544, pages 3 and 7)*
5. The Hospital proposes to enter into an agreement with UMS United Medical Systems, Inc. ("Vendor") for the provision of the lithotripsy service. UMS United Medical Systems, Inc. currently provides the lithotripsy service that is operated by Yale-New Haven Hospital on the Hospital campus. *(January 9, 2004, CON Application Supplemental Information, page 14)*

6. The Hospital states the proposal will result in administrative simplification, increased patient satisfaction and financial improvement as follows:
  - a. Under the current arrangement, the registration, scheduling and billing functions are under the control of Yale-New Haven Hospital. Registration and patient scheduling procedures are performed by Hospital personnel and submitted to Yale-New Haven Hospital.
  - b. The financial operations of program will improve because duplicative processes will be eliminated.
  - c. Even though the service is provided at the Hospital by Hospital urologists, the scheduling and prescreening calls and billing are managed by Yale-New Haven Hospital. This arrangement can lead to confusion for Greenwich Hospital patients.  
*(January 9, 2004, CON Application, page 1 and Letter of Intent)*
7. The Medicare program requires that lithotripsy services be provider based in order for a hospital to bill for the services. As such, the services must be performed within 35-mile radius of the hospital's main campus. The mobile lithotripsy services offered at the Hospital are 42 miles from the Yale-New Haven Hospital main campus and do not meet the Medicare billing requirements. *(January 9, 2004, CON Application, page 1)*
8. The service area for this CON application is consistent with the Hospital's primary and secondary area. 85% of the urology service volume originates from the towns of Darien, Greenwich, Norwalk, New Canaan and Stamford. *(January 9, 2004, CON Application, Attachment I)*
9. Fifty, 57 and 61 patients received lithotripsy treatments at the Hospital in FY 2001, 2002 and 2003 respectively. *(January 9, 2004, CON Application, page 2)*
10. The Hospital is projecting 62, 63 and 64 lithotripsy service patients per year for the first three years of operation. *(January 9, 2004, CON Application, page 3)*
11. Lithotripsy service is currently offered every other Friday, from 7:40 A.M. to 3:30 p.m. There is no scheduled backlog. The Hospital anticipates no changes in hours of operation. *(January 9, 2004, CON Application, page 3)*
12. Within the Hospital's service area, other providers of lithotripsy service include Danbury, Norwalk, and Stamford Hospitals. As the proposal is to continue to deliver lithotripsy services to its existing patient population, the Hospital does not anticipate that the project will have any impact upon these providers. *(October 31, 2003, Letter of Intent)*

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

13. The proposal's total capital cost is \$425,000, which represents the fair market value of the lithotripsy equipment. *(January 9, 2004, CON Application, page 6)*
14. The Hospital proposes to pay a per case rental fee to the Vendor for the use of the lithotripsy machine. A rental cost is incurred only upon usage of the lithotripsy machine. *(January 9, 2004, CON Application Supplemental Information, page 15)*
15. The Hospital has sufficient financial, managerial, and technical competence to provide efficient and adequate service to the public. *(January 9, 2004, CON Application, page 5)*
16. The Hospital is projecting the following incremental gain from operations related to the proposal:

**Table 1: Financial Projections by Fiscal Year**

Fiscal Year	Revenue Dollars
2004	\$95,000
2005	97,000
2006	100,000

*(January 9, 2004, CON Application, financial proforma)*

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

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

17. There is no State Health Plan in existence at this time. *(January 9, 2004, CON Application, page 1)*
18. The Hospital has adduced evidence that this proposal is consistent with their long-range plans. *(January 9, 2004, CON Application, page 1)*
19. The Hospital has improved productivity and contained costs through energy conservation, reengineering, and the application of technology. *(January 9, 2004, CON Application, page 7)*
20. The proposal will not result in changes to the Hospital's current teaching and research responsibilities. *(January 9, 2004, CON Application, page 7)*
21. There are no distinguishing characteristics of the patient/physician mix of the Hospital. *(January 9, 2004, CON Application, page 7)*

## Rationale

Greenwich Hospital (“Hospital”) proposes to establish lithotripsy service under its own hospital license. The total capital cost associated with this project is \$425,000, which represents the fair market value of the lithotripsy equipment. Lithotripsy service is currently provided on the Hospital’s campus by Yale-New Haven Hospital. This service was authorized on January 14, 2000 under Docket Number 99-544. The Hospital is proposing to provide the same service to the same patient population. The Hospital proposes to use the exiting vendor, UMS United Medical Systems, Inc. (“Vendor”). The Hospital proposes to pay a per case rental fee for the use of the lithotripsy machine. A rental cost is incurred only upon usage of the lithotripsy machine. The fair market value of the lithotripsy equipment is \$425,000.

The implementation of the proposal will result in administrative simplification, increased patient satisfaction, and financial improvement. Under the current arrangement, the registration, scheduling and billing functions are under the control of Yale-New Haven Hospital. Registration and patient scheduling procedures are performed by Hospital personnel and submitted to Yale-New Haven Hospital. The financial operations of program will improve because duplicative processes will be eliminated. Even though the service is provided at the Hospital by Hospital urologists, the scheduling and prescreening calls and billing are managed by Yale-New Haven Hospital. This arrangement can lead to confusion for Greenwich Hospital patients.

Further, the Medicare program requires that lithotripsy services be provider based in order for a hospital to bill for the services. As such, the services must be performed within 35-mile radius of the hospital’s main campus. The mobile lithotripsy services offered at the Hospital are 42 miles from the Yale-New Haven Hospital main campus and do not meet the Medicare billing requirements. This proposal will allow the Hospital to meet the aforementioned criteria and be eligible for Medicare reimbursement for this service.

The Hospital’s volume projections are 62, 63 and 64 patients for the first three years of operation, respectively. The Hospital projects incremental gains from operation related to this project of \$95,000, \$97,000 and \$100,000 for the same time period. Based on the projected utilization for the proposal, these financial projections appear reasonable and achievable.

Based on the foregoing Findings and Rationale, the Certification of Need application of Greenwich Hospital to offer lithotripsy service under the Hospital’s license, is hereby **GRANTED**.

## Order

The request of Greenwich Hospital to establish lithotripsy service under Greenwich Hospital's license, is approved subject to the following conditions:

1. The authorization shall expire on January 27, 2005. Should the Hospital's project not be implemented by that date, Greenwich Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall not exceed the approved capital cost of \$425,000. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised budget.

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

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Date

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Cristine A. Vogel  
Commissioner