



## Office Of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** St. Vincent's Medical Center

**Docket Number:** 04-30333-CON

**Project Title:** Replacement of Electrophysiology Laboratory Equipment

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

**Filing Date:** October 6, 2004

**Decision Date:** November 30, 2004

**Default Date:** January 4, 2005

**Staff Assigned:** Steven Lazarus

**Project Description:** St. Vincent's Medical Center ("Hospital") proposes the replacement of electrophysiology laboratory equipment at a total capital expenditure of \$1,405,129.

**Nature of Proceedings:** On October 6, 2004, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from the Hospital for the replacement of electrophysiology laboratory equipment at a total capital expenditure of \$1,405,129. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes.

A notice to the public was published on July 14, 2004 in *The Connecticut Post* (Bridgeport). OHCA received no responses from the public concerning the Hospital's proposal.

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. St. Vincent's Medical Center ("Hospital") is a 397-bed acute care hospital located at 2800 Main Street, Bridgeport, Connecticut. *(Certificate of Need Application, October 6, 2004, page 8)*
2. The Hospital proposes to replace its existing Electrophysiology Laboratory ("EP") equipment at a total expenditure of \$1,405,129. *(Certificate of Need Application, October 6, 2004, page 8)*
3. The existing EP equipment was originally purchased in late 1998 and became operational in January 1999. The purchase price of this equipment was under the CON threshold. *(Certificate of Need Application, October 6, 2004, page 11)*
4. The existing equipment has been updated over the years, however, it has encountered more frequent breakdowns and has essentially become obsolete. *(Certificate of Need Application, October 6, 2004, page 11)*
5. The existing EP equipment has suffered the following problems:
  - The computer system associated with this equipment operates on an obsolete platform which is quite limiting and labor intensive to operate.
  - Frequent breakdowns have resulted due to overheating and other mechanical problems.
  - General Electric ("GE"), the vendor has placed this equipment on its "watch list" which means that it frequently has mechanical problems and the majority of the equipment on the "watch list" requires replacement. *(Certificate of Need Application, October 6, 2004, page 11)*

6. The records maintained by GE indicate the following downtime statistics:

**Table I:  
Existing EP Equipment Downtime**

Year	# of Hours Down	Reason
2001	32	Most common problem was the gantry not operating properly.
2002	40	The most commonly reported problem was electrical with the power boards in the generator.
2003	56	There were multiple issues including the electrical boards, gantry issues and the fluoro image started to deteriorate.
2004 (Year-to-Date)	88	Multiple issues, as above, including over heating issues that would seize the fluoro and oil leaking for the fluor tube that brought down the system for 24 hours.

*(Certificate of Need Application, October 6, 2004, pages 11 and 12)*

7. The current equipment was not purchased as new equipment, rather it is a refurbished piece of equipment and is expected to have a useful life of 5-7 years. This current equipment has been in use beyond its useful life. *(Certificate of Need Application, October 6, 2004, page 12)*
8. The Hospital currently performs the following EP procedures/studies: EP Studies, Ablations, Cardioversion, Pacemaker Implantation, Bi-ventricular AICD, Loop Recorder and Lead Implant. *(Certificate of Need Application, October 6, 2004, page 13)*
9. The Hospital will not provide any additional EP procedures or studies as a result of installing the new equipment. *(Certificate of Need Application, October 6, 2004, page 13)*
10. The Hospital's service area for EP procedures and studies includes the towns of Bridgeport, Darien, Easton, Fairfield, Milford, Monroe, New Canaan, Newtown, Norwalk, Shelton, Stamford, Strafford, Trumbull and Westport. *(Certificate of Need Application, October 6, 2004, page 12)*
11. The Hospital stated that the proposed EP equipment replacement is intended to serve the existing population of EP patients who are already seeking care at the Hospital. The Hospital anticipates that there will be no impact on any other existing provider in the Hospital's service area. *(Certificate of Need Application, October 6, 2004, page 13)*
12. Hospital basis its need for the replacement EP equipment on:
- Improved reliability,
  - Increased patient access;
  - State-of-the-art technology; and
  - Improved image quality.

*(Certificate of Need Application, October 6, 2004, page 14)*

13. The replacement EP equipment will allow more patients to be treated. The Hospital estimates that once the equipment is fully operational and a “ramp-up” period has been completed, two additional patients per week could be treated, therefore, potentially increasing patient throughput by approximately 100 cases per year.

*(Certificate of Need Application, October 6, 2004, page 13)*

14. Historical volumes at the Hospital for EP indicate that EP studies and ablations grew an average of 35% per year between 1999 and 2002. Ablations grew an average of 50% per year between 1999 and 2002. The table below illustrates the historical volume trends for procedures performed in the EP laboratory between 1999 and 2002.

**Table II:  
 Historical Utilization (EP and Ablations)**

<b>Fiscal Year</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003*</b>
<b>Total Studies</b>	30	26	49	67	157

\* The significant increase in 2003 in EP studies was due to the addition of an EP physician.  
*(Certificate of Need Application, October 6, 2004, page 14)*

15. The Hospital performed 313 studies between July 2003 through June 2004. The Hospital performed a total of 475 studies for FY 2004. This time period included the introduction of device implantations (January 2004). *(Certificate of Need Application, October 6, 2004, page 14 and Financial Proforma, page 361)*

16. The Hospital based projected EP utilization on the following factors:

- Improved efficiency and functionality of the new equipment,
- Historical volume trends,
- Continued increase in EP procedure use, and
- Demographics.

*(Certificate of Need Application, October 6, 2004, pages 13 and 14)*

17. The Hospital projects the following utilization for the EP studies with the proposed replacement EP equipment:

**Table III:  
 Projected Utilization (EP and Ablations)**

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Projection w/o Replacement EP</b>	475	500	551
<b>Incremental Increase</b>	25	75	100
<b>Total</b>	500	575	651

*(Certificate of Need Application, October 6, 2004, Financial Proforma, page 361)*

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

18. The total capital expenditure for the proposed CON is as follows:

**Table IV:**

### **Total Capital Expenditure**

Medical Equipment (Purchase)	\$1,220,129
Construction/Renovation	\$125,000
Other: Information Systems	\$60,000
<b>Total Capital Expenditure</b>	<b>\$1,405,129</b>

*(Certificate of Need Application, October 6, 2004, Page 19)*

19. The total capital expenditure will be funded through Hospital's equity (Operating Funds). *(Certificate of Need Application, October 6, 2004, Page 22)*

20. The Hospital projects an incremental gain from operations of \$15,000, \$30,000 and \$273,000 for FYs 2005, 2006 and 2007, respectively. *(Certificate of Need Application, October 6, 2004, Financial Proforma, page 361)*

## **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.:

21. There is no State Health Plan in existence at this time. *(Certificate of Need Application, October 6, 2004, Page 11)*
22. The proposal is consistent with the Hospital's long-range plan. *(Certificate of Need Application, October 6, 2004, page 11)*
23. The proposal will not change the Hospital's teaching or research responsibilities. *(Certificate of Need Application, October 6, 2004, page 17)*
24. The Hospital states that it has a unique patient/physician mix that reflects cardiac expertise and consists of a significant number of cardiac and cardiac-related patients. *(Certificate of Need Application, October 6, 2004, page 18)*
25. The Hospital has improved productivity and contained costs through group purchasing and application of technology. *(Certificate of Need Application, October 6, 2004, page 17)*
26. The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. *(Certificate of Need Application, October 6, 2004, page 16 and Attachment III)*

27. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs. (*Certificate of Need Application, October 6, 2004, Financial Pro-forma, page 361*)

## Rationale

St. Vincent's Medical Center ("Hospital") proposes to replace its electrophysiology laboratory equipment, at a total capital expenditure of \$1,405,129. The Hospital's primary service area includes towns of Bridgeport, Darien, Easton, Fairfield, Milford, Monroe, New Canaan, Newtown, Norwalk, Shelton, Stamford, Strafford, Trumbull and Westport. The Hospital currently performs EP procedures such as EP studies, ablations, cardioversions, pacemaker implantation, Bi-ventricular AICD, loop recorder and lead implant. The Hospital will not provide any additional EP procedures or studies as a result of installing the new equipment. The existing EP equipment was originally purchased in late 1998 and became operational in January 1999. The equipment purchased in 1998 was a refurbished unit with a useful life of about 5-7 years. The purchase price of this equipment was under the CON threshold. The existing EP equipment has been updated over the years, however, it has encountered more frequent breakdowns and has essentially become obsolete.

The Hospital bases its need for the replacement EP equipment on improved reliability, increased patient access, state-of-the-art technology and improved image quality. Acquisition of the replacement EP equipment will resolve the ongoing problems such as frequency of breakdowns, needed repairs, age of the equipment and the obsolete computer platform on which the current EP equipment operates. Therefore, the proposed EP equipment will enhance quality of the health care delivery in the region.

The Hospital performed 67, 157 and 475 EP studies/cases in FYs 2002, 2003 and 2004, respectively. The Hospital projects 25, 75 and 100 incremental EP studies/cases or total EP studies/cases of 500, 575 and 651 for FYs 2005, 2006 and 2007, respectively. The projected utilization is primarily based on historical utilization. Based on the foregoing reasons, OHCA finds that there is a clear public need for the Hospital's CON proposal and the CON proposal will improve accessibility to EP procedures for its existing population base.

The project is financially feasible. The project has a total capital expenditure of \$1,405,129, which will be financed through Hospital's equity (Operating Funds). The Hospital is projecting a gain from operations of \$15,000, \$30,000 and \$273,000 for FYs 2005, 2006 and 2007. These projections appear to be both reasonable and achievable.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of St. Vincent's Medical Center to replace its electrophysiology laboratory equipment, at a total capital expenditure of \$1,405,129, is hereby GRANTED.

## Order

St. Vincent's Medical Center ("Hospital") is hereby authorized to replace its electrophysiology laboratory equipment, at a total capital expenditure of \$1,405,129, subject to the following conditions:

1. This authorization shall expire on November 30, 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 \$1,405,129. 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 existing electrophysiology laboratory equipment and disposal of the equipment within 30 days of implementing the new electrophysiology equipment. Furthermore, the Hospital will provide evidence to OHCA of the final disposition of the Hospital's existing electrophysiology equipment, by no later than three months after the replacement electrophysiology equipment 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

November 30, 2004

Signed by Cristine A. Vogel  
Commissioner

CAV:sl