



## Office of Health Care Access Certificate of Need Application

### Final Decision

**Applicant:** John Dempsey Hospital

**Docket Number:** 04-30343-WVR

**Project Title:** Request to Waive CON Requirements for the Replacement of the Hospital's Existing CT Scanner

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

**Filing Date:** July 23, 2004

**Decision Date:** August 6, 2004

**Staff Assigned:** Jack A. Huber

**Project Description:** John Dempsey Hospital ("Hospital") requests a waiver of Certificate of Need ("CON") requirements for replacement equipment in order to replace its existing Computed Tomography ("CT") scanner, at a total capital expenditure of \$965,272. While the useful life of the existing unit is limited, the Hospital intends to leave in place the existing CT scanner to allow for the performance of simulation for radiation oncology.

**Nature of Proceedings:** On July 23, 2004, the Office of Health Care Access ("OHCA") received the completed waiver of CON requirements request for replacement equipment from John Dempsey Hospital to replace its existing CT scanner, at a total capital expenditure of \$965,272. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

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 May 22, 1998, John Dempsey Hospital (“Hospital”) received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) under Docket Number 98-510 for the replacement of its initial Computed Tomography (“CT”) scanner, at a total capital expenditure of \$1,300,893. *(May 22, 1998 OHCA Agreed Settlement, John Dempsey Hospital, Docket Number 98-510)*
2. The Hospital is requesting a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S.”) to replace its existing CT scanner, at a total capital expenditure of \$965,272, which was acquired under the CON authorization granted by OHCA under Docket Number 98-510. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Pages 5 and 8 of 20)*
3. The Hospital plans to replace its MX Twin scanning unit with a new CT scanner whose make and model have not yet been determined. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Pages 4 and 8 of 20)*
4. As the useful life of the existing unit is limited, the Hospital requests to leave in place the existing CT scanner to allow for the performance of simulation for radiation oncology. This arrangement will provide for a wider use of CT driven three dimensional conformal treatment planning, thereby allowing for optimized treatment plans, which will maximize the dose to the target and minimize the dose to normal surrounding tissue. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Page 8 of 20)*
5. The total capital expenditure for the replacement CT scanner proposal is \$965,893, and is entirely attributable to the acquisition of the replacement CT scanner. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Pages 3,4 and 8 of 20)*
6. The Hospital will fund the total capital expenditure of \$965,272 for the replacement equipment proposal entirely through a lease financing arrangement. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Pages 4 and 8 of 20)*
7. The total capital expenditure of \$965,272 for the replacement equipment proposal is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Page 5 of 20)*
8. The total capital expenditure of \$965,272 for the replacement equipment proposal is less than the original cost of the equipment to be replaced, plus an increase of ten percent for each twelve-month period that has elapsed since OHCA’s previous CON authorization date of May 22, 1998 under Docket Number 98-510. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Page 5 of 20)*

9. The Hospital anticipates commencing the replacement equipment project on March 15, 2005. *(July 23, 2004 Letter of Intent/ Waiver Form 2030, Page 2 of 20)*

## **Rationale**

John Dempsey Hospital (“Hospital”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S.”) to replace its existing Computed Tomography (“CT”) scanner, at a total capital expenditure of \$965,272. On May 22, 1998, the Hospital received CON authorization from the Office of Health Care Access (“OHCA”) under Docket Number 98-510 for the replacement of its initial CT scanner, at a total capital expenditure of \$1,300,893.

The Hospital plans to replace its MX Twin scanning unit with a new CT scanner whose make and model have not yet been determined. As the useful life of the existing unit is limited, the Hospital requests to leave in place the existing CT scanner to allow for the performance of simulation for radiation oncology. This arrangement will provide for a wider use of CT driven three dimensional conformal treatment planning, thereby allowing for optimized treatment plans, which will maximize the dose to the target and minimize the dose to normal surrounding tissue.

The total capital expenditure of \$965,272 for the replacement equipment proposal is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. The total capital expenditure of \$965,272 for the replacement equipment proposal is less than the original cost of the equipment to be replaced, plus an increase of ten percent for each twelve-month period that has elapsed since OHCA’s previous CON authorization date of May 22, 1998 under Docket Number 98-510.

Based on the foregoing Findings and Rationale, OHCA has determined that John Dempsey Hospital’s request for a waiver of CON requirements for replacement equipment to replace its existing CT scanner, at a total capital expenditure of \$965,272, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

## **Order**

John Dempsey Hospital (“Hospital”) is hereby authorized to replace its existing Computed Tomography (“CT”) scanner, at a total capital expenditure of \$965,272, and to leave in place the existing CT scanner to allow for the performance of simulation for radiation oncology, subject to the following conditions:

1. This authorization shall expire on August 3, 2005. Should the Hospital’s CT scanner replacement project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. 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 CON project budget.
3. The Hospital shall provide OHCA with a copy of the replacement CT scanner contract entered by the Hospital with its selected equipment vendor, within thirty days of the contract signing. The contract documentation shall include information relating to the actual capital expenditure to be incurred by the Hospital for the approved CT scanner replacement project.
4. The Hospital’s existing CT scanner shall only be used for the performance of radiation oncology simulations. The Hospital shall notify OHCA at the time the Hospital discontinues the use of the existing MX Twin CT scanner for radiation oncology simulations and shall provide OHCA with information relating to the final disposition of the MX Twin CT scanner.

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

August 5, 2004

Signed by Cristine A. Vogel  
Commissioner

CAV: jah