



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Day Kimball Hospital

Docket Number: 04-30392-WVR

Project Title: Request to Waive CON Requirements for the Replacement of Day Kimball Hospital's existing CT Scanner

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

Filing Date: December 10, 2004

Hearing: Waived

Decision Date: January 13, 2005

Staff Assigned: Ronald A. Ciesones

Project Description: Day Kimball Hospital ("Hospital") requests a waiver of Certificate of Need ("CON") requirements for replacement equipment in order to replace its existing Computed Tomography ("CT") scanner with a multi slice Somatom Sensation 16 CT scanner, at a total capital expenditure of \$862,861. The Hospital's will replace its existing CT scanner with the proposed multi slice Somatom Sensation 16 CT scanner at 320 Pomfret Street in Putnam, Connecticut.

Nature of Proceedings: On December 10, 2004, the Office of Health Care Access ("OHCA") received the completed waiver of CON requirements request for replacement equipment from Day Kimball Hospital to replace its existing CT scanner with a multi slice Somatom Sensation 16 CT scanner, at 320 Pomfret Street in Putnam, Connecticut, at a total capital expenditure of \$862,861. 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 December 24, 1997, Day Kimball Hospital (“Hospital”) received Certificate of Need (“CON”) authorization from the Office of Health Care Access (“OHCA”) under Docket Number 97-569 for the replacement of its existing Somatom +4 spiral Computed Tomography (“CT”) scanner, at a total capital expenditure of \$719,995. *(December 24, 1997 OHCA Agreed Settlement, Day Kimball Hospital, Docket Number 97-569)*
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 \$862,861, which originally received CON authorization from OHCA under Docket Number 97-569. *(November 3, 2004 Letter of Intent/Waiver Form 2030, Page 3 and December 10, 2004 revised Letter of Intent/Waiver Form 2030, Page 4)*
3. The Hospital plans to install a multi slice SOMATOM Sensation 16 CT scanner from Siemens Medical Solutions USA, Inc. as its replacement CT scanner. *(December 10, 2004 Supplemental CON Waiver Request Filing, Vendor Quote)*
4. The Hospital’s current CT scanner will be traded in towards a new multi slice CT scanner. The benefit of this new multi slice CT scanner equipment upgrade will be increased performance capabilities which will enable the hospital to perform higher quality studies. *(November 3, 2004 Letter of Intent/Waiver Form 2030, Project Description)*
5. The total capital expenditure for the replacement CT scanner proposal is \$862,861 which includes \$841,061 for the purchase of a replacement CT scanner and \$21,800 for building renovations. *(November 3, 2004 Letter of Intent/Waiver Form 2030, Page 3 and December 10, 2004 revised Letter of Intent/Waiver Form 2030, Page 4)*
6. The Hospital will fund the total capital expenditure of \$862,861 for the replacement equipment proposal entirely through an equity contribution. *(Revised Letter of Intent/Waiver Form 2030, Page 4)*
7. The total capital expenditure of \$862,861 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. *(November 3, 2004 Letter of Intent/Waiver Form 2030, Page 5 of 7)*
8. The total capital expenditure of \$862,861 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 original

CON authorization date of December 24, 1997 under Docket Number 97-569.
(November 3, 2004 Letter of Intent/Waiver Form 2030, Page 5 of 7)

9. The Hospital anticipates commencing the replacement equipment project on April 1, 2004. *(November 3, 2004 Letter of Intent/Waiver Form 2030, Page 4)*

Rationale

Day Kimball 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 \$862,861. On December 24, 1997, the Hospital originally received CON authorization from the Office of Health Care Access (“OHCA”) under Docket Number 97-569 for the replacement of its existing Somatom +4 spiral CT scanner, at a total capital expenditure of \$719,995.

The Hospital plans to install a SOMATOM Sensation 16 CT scanner from Siemens Medical Solutions USA, Inc. as its replacement CT scanner. The Hospital’s current CT scanner will be traded in towards the new multi slice CT scanner. The benefit of this new multi slice CT scanner equipment upgrade will be increased performance capabilities which will enable the hospital to perform higher quality studies.

The total capital expenditure for the replacement CT scanner is \$862,861, which includes \$841,061 for the purchase of a replacement CT scanner and \$21,800 for building renovations. The Hospital will fund the total capital expenditure of \$862,861 for the replacement equipment proposal entirely through an equity contribution.

The total capital expenditure of \$862,861 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. Furthermore, the total capital expenditure of \$862,861 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 original CON authorization date of December 24, 1997 under Docket Number 97-569.

Based on the foregoing Findings and Rationale, OHCA has determined that Day Kimball Hospital’s request for a waiver of CON requirements for replacement equipment to replace its existing CT scanner with a multi slice Somatom Sensation 16 CT scanner at 320 Pomfret Street in Putnam, at a total capital expenditure of \$862,861, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

Day Kimball Hospital ("Hospital") is hereby authorized to replace its existing Computed Tomography ("CT") scanner with a multi slice Somatom Sensation 16 CT scanner at 320 Pomfret Street in Putnam, at a total capital expenditure of \$862,861, subject to the following conditions:

1. This authorization shall expire on January 13, 2006. 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. The Hospital shall not exceed the approved total capital expenditure of \$862,861. 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 CON project budget.
3. This authorization requires the removal of the Hospital's existing CT scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's various service provider locations. Furthermore, the Hospital will provide evidence to OHCA of the disposition of the CT scanner to be replaced by no later than six months after the replacement multi slice Somatom Sensation 16 CT scanner 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

January 13, 2005

Signed by Cristine A. Vogel
Commissioner

CAV:rc