



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Danbury Health Care Affiliates, Inc. d/b/a Danbury Diagnostic Imaging, Inc.

Docket Number: 06-30748-WVR

Project Title: Request to Waive CON Requirements for the Replacement of Danbury Hospital's Computed Tomography Scanner

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

Filing Date: May 17, 2006

Hearing: Waived

Decision Date: May 31, 2006

Staff Assigned: Laurie K. Greci

Project Description: Danbury Health Care Affiliates, Inc. d/b/a Danbury Diagnostic Imaging, Inc. ("Applicant") requests a waiver of Certificate of Need ("CON") requirements for replacement equipment in order to replace its existing single-slice computed tomography ("CT") scanner with a multi-slice CT scanner, at a total capital expenditure of \$735,000.

Nature of Proceedings: On May 17, 2006, the Office of Health Care Access ("OHCA") received the waiver of CON requirements request for replacement equipment from the Applicant to replace its single-slice CT scanner with a multi-slice CT scanner, at a total capital expenditure of \$735,000. The Applicant 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. Danbury Health Care Affiliates, Inc. d/b/a Danbury Diagnostic Imaging, Inc. (“Applicant”) is a freestanding not-for-profit comprehensive imaging center located at 20 Germantown Road, Danbury, Connecticut. (*May 17, 2006, Letter of Intent/Waiver Form 2030, page 10*)
2. The Applicant 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 single-slice CT scanner with a multi-slice CT scanner, at a total capital expenditure of \$735,000. (*May 17, 2006, Letter of Intent/Waiver Form 2030, page 6*)
3. On February 16, 2000, the Applicant received CON authorization from the Office of Health Care Access (“OHCA”), under Docket Number 99-549, to purchase a CT scanner at a total capital expenditure of \$462,000. (*February 16, 2000, Docket Number 99-540, page Response to Question 9*)
4. In January 2001, the Applicant installed a Philips Aura, single-slice helical CT scanner at Danbury Diagnostic Imaging. (*May 17, 2006, Letter of Intent/Waiver Form 2030, page 10*)
5. The Applicant proposes to replace the existing CT scanner with a Siemens Somatom Sensation 40-slice configuration scanner (“Siemens Somatom scanner”). (*May 17, 2006, Letter of Intent Waiver Form 2030, Vendor Quote, page 2*)
6. The Applicant stated that the existing CT scanner has been subject to repeated failures in hardware and software. During the past six months there were 17 days of “down-time”. In addition, the Applicant has not been able to accommodate many types of CT scan request from referring physicians due to the inability of the CT scanner to perform state-of-the-art spine, urologic, neurologic, and vascular studies. (*May 17, 2006, Letter of Intent Waiver Form 2030, Project Description, page 10*)
7. The Applicant’s proposed replacement CT scanner will be able to provide:
 - CT pulmonary angiography replacing VQ scan and conventional angiography for pulmonary embolisms;
 - CT aortic angiography for pre- and post- stent-graft aortic repair evaluations;
 - CT urography for hematuria evaluation;
 - Intracranial CT angiography as a noninvasive alternative to conventional catheter angiography; and
 - High quality scans for vascular surgeons and orthopedic physicians.(*May 17, 2006, Letter of Intent/Waiver Form 2030, page 10*)
8. The total capital expenditure for the replacement CT scanner is \$735,000. (*May 17, 2006, Letter of Intent/Waiver Form 2030, page 4*)

9. The Applicant will fund the total capital expenditure of \$735,000 for the replacement equipment through an equity contribution. *(May 17, 2006, Letter of Intent/Waiver Form 2030, page 4)*
10. The replacement expenditure of \$735,000 for the Siemens Somatom scanner is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for each piece of replacement equipment pursuant to Section 19a-639c, C.G.S. *(May 17, 2006, Letter of Intent/Waiver Form 2030, page 6)*
11. The replacement expenditure of \$735,000 for the Siemens Somatom scanner 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 on February 16, 2000.¹ *(May 17, 2006, Letter of Intent/Waiver Form 2030, page 6)*
12. The Applicant anticipates commencing the replacement equipment project upon approval from OHCA. *(May 17, 2006, Letter of Intent/Waiver Form 2030, page 3)*

Rationale

Danbury Health Care Affiliates, Inc. d/b/a Danbury Diagnostic Imaging, Inc. ("Applicant") 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 single-slice Computed Tomography ("CT") scanner at a total capital expenditure of \$735,000. On February 16, 2000, the Applicant received CON authorization from the Office of Health Care Access ("OHCA") under Docket Number 99-549 to purchase a CT scanner for Danbury Diagnostic Imaging, Inc., at a capital expenditure of \$462,000.

The Applicant proposes to replace the existing single-slice Philip Aura CT scanner with a Siemens Somatom Sensation 40-slice configuration scanner ("Siemens Somatom CT"). The Siemens Somatom CT will be capable of performing state-of-the-art spine, urologic, neurologic, and vascular studies as requested by referring physicians.

The Applicant stated that the existing single-slice CT scanner has been subject to hardware and software failures. In addition, it is not capable of many of the scan types requested to be performed by referring physicians. The Applicant's replacement proposal is based on the down-time of the scanner and its inability to perform contemporary scan types.

The total capital expenditure for the replacement CT scanner is \$735,000. The Applicant will fund the total capital expenditure of \$735,000 for the replacement equipment through an equity contribution.

¹ Original Cost of \$462,000 plus ten percent per year for five years = \$744,056.

The replacement expenditure of \$735,000 is below the \$2,000,000 threshold for determining eligibility for a waiver of CON requirements for each piece of replacement equipment pursuant to Section 19a-639c, C.G.S. Furthermore, the replacement expenditure of \$735,000 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 on February 16, 2000 under Docket Number 99-549

Based on the foregoing Findings and Rationale, OHCA has determined that Danbury Health Care Affiliates, Inc. d/b/a Danbury Diagnostic Imaging, Inc.'s request for a waiver of CON requirements for replacement equipment to replace the existing single-slice CT scanner at 20 Germantown Road, Danbury, Connecticut, at a total capital expenditure of \$735,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., and is hereby GRANTED.

Order

Danbury Health Care Affiliates, Inc. d/b/a Danbury Diagnostic Imaging, Inc.'s ("Applicant") is hereby authorized to replace its existing single-slice CT scanner at 20 Germantown Road, Danbury, Connecticut, at a total capital expenditure of \$735,000, subject to the following conditions:

1. This authorization shall expire on May 30, 2007. Should the Applicant's CT scanner replacement project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved total capital expenditure of \$735,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall file with OHCA a request for approval of the revised CON project budget.
3. This authorization requires the removal of the Applicant's existing single-slice CT scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant's various service provider locations. Furthermore, the Applicant will provide evidence to OHCA of the disposition of the existing single-slice CT scanner to be replaced by no later than six months after the replacement multi-slice 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

May 31, 2006

Signed by Cristine A. Vogel
Commissioner

CAV:lkq