



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Advanced Medical Imaging, LLC

Docket Number: 06-30789-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing MRI Scanner

Statutory Reference: Section 19a-639c of the Connecticut General Statutes, as amended by Public Act 06-28, Section 5

Filing Date: July 5, 2006

Hearing: Waived

Decision Date: August 8, 2006

Staff: Jack A. Huber

Project Description: Advanced Medical Imaging, LLC, requests a waiver of Certificate of Need requirements for replacement equipment in order to replace an existing magnetic resonance imaging scanner, at a total capital expenditure of \$1,093,421.

Nature of Proceedings: On July 5, 2006, the Office of Health Care Access (“OHCA”) received the waiver of Certificate of Need (“CON”) requirements request for replacement equipment from Advanced Medical Imaging, LLC (“Applicant”). The Applicant proposes to replace an existing magnetic resonance imaging scanner, at a total expenditure of \$1,093,421.

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 of the Connecticut General Statutes (“C.G.S”), as amended by Public Act 06-28, Section 5. 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 September 20, 2000, the Office of Health Care Access (“OHCA”) approved a Certificate of Need (“CON”), issued under Docket Number: 00-540, to Charlotte Hungerford Hospital and Torrington Radiology, PC, to establish an open-mobile, magnetic resonance imaging (“MRI”) service, at a total capital cost of \$805,400. *(September 20, 2000, Final Decision issued under DN: 00-540, page 6)*
2. The approved scanner was a Hitachi Airis, 0.3 tesla-strength MRI scanner. The unit’s acquisition was designed to augment existing MRI services at the Hospital and was designated for use at an outpatient location, off-campus to the Hospital in Torrington. *(September 20, 2000, Final Decision issued under DN: 00-540, pages 2 and 3, Findings of Fact 3, 5 and 7)*
3. Following the CON authorization, issued under Docket Number: 00-540, Charlotte Hungerford Hospital and Torrington Radiology, PC, formed Advanced Medical Imaging, LLC (“Applicant”), a joint venture partnership whose purpose is to provide outpatient imaging services. The outpatient MRI imaging office, operating at 220 Kennedy Drive in Torrington and approved in the CON under Docket Number: 00-540, has operated under the ownership and control of the Applicant. *(January 2, 2004, CON Determination Report issued under DN: 03-30202, page 1)*
4. On January 2, 2004, OHCA rendered a CON determination under Report Number: 03-30202, informing the Applicant that it did not need to obtain CON approval to establish an outpatient MRI service at 110 Spencer Street in Winsted and at 166 Albany Turnpike in Canton, as the acquisition cost of the proposed mobile MRI scanner was below the \$400,000 CON capital threshold for imaging equipment. *(January 2, 2004, CON Determination Report issued under DN: 03-30202, pages 1 and 2)*
5. The Applicant is requesting a waiver of CON requirements in order to replace the existing open-mobile Hitachi MRI scanner with a high-field MRI scanner. The Applicant is proposing to operate the replacement scanner at its existing Torrington and Winsted offices. *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 2)*
6. Pursuant to Section 19a-639c of the Connecticut General Statutes (“C.G.S”) as amended by Public Act 06-28, Section 5, a proposal may be eligible for a waiver of replacement equipment from the CON process when a provider has previously received Certificate of Need authorization from OHCA for the equipment to be replaced and when the cost or value of the replacement equipment will not exceed \$3 million. *(Public Act 06-28, Section 5, amending Section 19a-639c, C.G.S., effective July 1, 2006)*
7. The Applicant plans to acquire and operate a Phillips, Intra NT, Diamond Select MRI scanner as its replacement equipment. The proposed scanner is a closed-mobile, 1.5 tesla-strength MRI scanner. *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 3)*
8. The Applicant indicates that the image quality of the current MRI scanner is not adequate and that the scanner’s throughput has decreased, thereby causing problems for the operation of the MRI service. *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 5)*

9. The Applicant states that the proposed scanner will offer the following benefits: *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 5)*
 - Improved image quality for all its patients, which will improve the overall quality of patient care received; and
 - Improved throughput, allowing the Applicant to scan a greater number of its patients requiring MRI examination.
10. The total capital expenditure for the proposal is \$1,093,421, which includes \$781,124 for the purchase of the MRI scanner, \$282,653 for the mobile coach and trailers and \$29,644 for equipment and installation fees. *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 2)*
11. The capital expenditure of \$1,093,421 for the replacement MRI scanner is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S., as amended by Public Act 06-28, Section 5. *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 2)*
12. The Hospital will fund the entire replacement project through a conventional loan. *(July 5, 2006, Letter of Intent/Waiver Form 2030, page 3)*
13. The Applicant intends to begin operating the replacement MRI scanner on September 1, 2006. *(July 7, 2006 Letter of Intent Waiver Form 2030, page 3)*

Rationale

Advanced Medical Imaging, LLC (“Applicant”), a joint venture entity established by Charlotte Hungerford Hospital and Torrington Radiology, PC, 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.”), as amended by Public Act 06-28, Section 5. The Applicant is seeking to replace an existing magnetic resonance imaging (“MRI”) scanner that has been permanently stationed at the Applicant’s Torrington office and to operate a Phillips mobile, 1.5 tesla-strength MRI scanner at its Torrington and Winsted offices. The Applicant indicates that the image quality of the current MRI scanner is not adequate and that the scanner’s throughput has decreased and has become problematic. The Applicant stated that the proposed scanner will offer improved image quality and throughput, allowing the Applicant to scan a greater number of its patients.

On September 20, 2000, the Office of Health Care Access (“OHCA”) authorized a CON, issued under Docket Number: 00-540, to Charlotte Hungerford Hospital and Torrington Radiology, PC that established the open, mobile-based magnetic resonance imaging service, at 220 Kennedy Drive in Torrington. Advanced Medical Imaging, LLC has been operating the MRI scanner, approved under Docket Number: 00-540, since the formation of the joint venture. OHCA finds that the Applicant’s request to replace its Torrington office MRI scanner meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., as amended by Public Act 06-28, Section 5.

On January 2, 2004, OHCA rendered a CON determination under Report Number: 03-30202, informing the Applicant that it did not need to obtain CON approval to establish an outpatient MRI service at 110 Spencer Street in Winsted and at 166 Albany Turnpike in Canton, as the acquisition cost of the proposed mobile MRI scanner was below the CON capital threshold for imaging equipment. As the Applicant’s Winsted MRI service did not receive CON authorization to begin its operation, OHCA finds that the Applicant’s request to operate the proposed replacement MRI scanner at its Winsted office does not meet the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S., as amended by Public Act 06-28, Section 5.

The capital expenditure for the proposal is \$1,093,421, which includes \$781,124 for the purchase of the MRI scanner, \$282,653 for the mobile coach and trailers and \$29,644 for equipment and installation fees. The Hospital will fund the entire replacement project through a conventional loan. The capital expenditure of \$781,124 for the replacement scanner is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S., as amended by Public Act 06-28, Section 5.

Based on the foregoing Findings and Rationale, OHCA has determined that Advanced Medical Imaging, LLC’s request for a waiver of CON requirements for replacement equipment in order to replace an existing MRI scanner, at a total capital expenditure of \$1,093,421, is hereby MODIFIED.

Order

Advanced Medical Imaging, LLC (“Applicant”) is hereby authorized to replace its existing MRI scanner, at a total capital expenditure of \$1,093,421, subject to the following conditions:

1. The Applicant’s request to operate the proposed replacement MRI scanner at its Torrington office is **approved**.
2. The Applicant’s request to operate the proposed replacement MRI scanner at its Winsted office is **denied**.
3. This authorization shall expire on September 1, 2007. Should the Applicant’s MRI replacement project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
4. The Applicant shall not exceed the approved capital expenditure of \$1,093,421. 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.
5. The Applicant shall notify OHCA in writing of the initial date of the operation of the Torrington office’s replacement MRI scanner by no later than one month after the new scanner becomes operational.
6. This authorization requires the removal of the Applicant’s existing MRI scanner located in its Torrington office for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant’s various service provider locations. Furthermore, the Applicant shall provide evidence to OHCA of the disposition of the existing magnetic resonance imaging scanner by no later than six months after the replacement MRI scanner has become operational.
7. Should the Applicant propose any change in the magnetic resonance imaging services located in its Winsted or Canton offices, the Applicant shall file with OHCA a Certificate of Need, Letter of Intent regarding the proposed service change.

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 8, 2006

Cristine A. Vogel
Commissioner

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