



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: St. Vincent's Medical Center

Docket Number: 06-30832-CON

Project Title: Acquisition of a Multi-Purpose Interventional Laboratory

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

Filing Date: February 13, 2007

Hearing Date: Not Applicable

Decision Date: May 9, 2007

Default Date: May 14, 2007

Staff Assigned: Steven W. Lazarus

Project Description: St. Vincent's Medical Center ("SVMC") proposes the acquisition of a multi-purpose interventional laboratory, at a total capital expenditure of \$2,711,583.

Nature of Proceedings: On February 13, 2007, the Office of Health Care Access ("OHCA") received a Certificate of Need ("CON") application from SVMC seeking authorization for the acquisition of multi-purpose interventional laboratory, at a total capital expenditure of \$2,771,583. SVMC is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

A notice to the public regarding OHCA's receipt of SVMC's Letter of Intent ("LOI") to file its CON Application was published on September 28, 2007, in *Connecticut Post*. OHCA received no responses from the public concerning SVMC's proposal. Pursuant to 19a-639, three individuals or an individual representing an entity with five or more people had until March 6, 2007, the twenty-first calendar day following the filing of SVMC's CON Application, to request that OHCA hold a public hearing on SVMC's proposal. OHCA received no hearing requests from the public by March 6, 2007.

OHCA's authority to review and 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 SVMC'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 ("SVMC") is an acute care general hospital located at 2800 Main Street, Bridgeport, Connecticut. (*February 13, 2007, CON Application Filing, page 8*)
2. SVMC is proposing the acquisition of a multi-purpose interventional laboratory. (*February 13, 2007, CON Application Filing, page 8*)
3. SVMC's total service area ("TSA") for the proposal consists of the following towns:

Table 1: The Hospital's TSA

| Primary Towns | Secondary Towns |
|---------------|-----------------|
| Bridgeport | Milford |
| Easton | Newtown |
| Fairfield | Norwalk |
| Monroe | Stamford |
| Shelton | Wilton |
| Stratford | Weston |
| Southport | Westport |
| Trumbull | |

(*February 13, 2007, CON Application Filing, page 9*)

4. SVMC offers a full range of cardiac services. Current cardiac services include non-invasive cardiac procedures, cardiac catheterization, angioplasty, coronary artery

bypass surgery, electrophysiology and a wide range of educational programs from heart disease prevention to recovery. SVMC is also affiliated with New York Medical College. *(September 21, 2006, Letter of Intent, Page 5)*

5. SVMC currently has four (4) dedicated procedure laboratories; all of which are currently located on Level 2 of the SVMC's main building. The four procedure laboratories are as follows:
 - Two (2) cardiac catheterization laboratories;
 - One (1) electrophysiology laboratory; and
 - One (1) interventional radiology laboratory.*(February 13, 2007, CON Application Filing, page 11)*
6. According to SVMC, the proposed (fifth) laboratory will be a multi-purpose interventional laboratory which will augment the existing cardiac catheterization, electrophysiology and interventional radiology services. *(February 13, 2007, CON Application Filing, page 15)*
7. The proposed laboratory will be designed and equipped to accommodate both cardiac and non-cardiac catheter-based procedures in order to maximize efficiency, patient through-put and overall use of space. *(February 13, 2007, CON Application Filing, page 15)*
8. The Hospital based the need for the proposed multi-purpose laboratory the following:
 - Historical utilization;
 - Existing laboratories approaching capacity;
 - Increased utilization.*(February 13, 2007, CON Application Filing, page 16)*
9. SVMC's historical utilization for its existing two catheterization laboratories, one electrophysiology laboratory and one interventional radiology laboratory for FY 2004-2006 is follows:

Table 3: Historical Utilization of the Four Laboratories

| Invasive Cardiovascular Services | | FY 2004 | FY 2005 | FY 2006 | % Change ('04-'06) |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------------|
| <i>Catheterization Laboratory</i> | | | | | |
| | Inpatient | 1,588 | 1,603 | 1,797 | |
| | Outpatient | 630 | 681 | 705 | |
| | Total | 2,218 | 2,284 | 2,502 | 13% |
| <i>Electrophysiology Laboratory</i> | | | | | |
| | Inpatient | 273 | 345 | 452 | |
| | Outpatient | 81 | 108 | 173 | |
| | Total | 354 | 453 | 625 | 77% |
| <i>Interventional Radiology</i> | | | | | |
| | Inpatient | 193 | 464 | 483 | |
| | Outpatient | 775 | 1,089 | 1,140 | |
| | Total | 968 | 1,553 | 1,623 | 68% |

Note: Inpatient cardiac catheterization volume source was CT Office of Health Care Access Acute Care Inpatient Discharge Database.
The proposed multi-purpose laboratory will have the ability to perform all the procedures from the three types of laboratories listed in the above table.
(February 13, 2007, CON Application Filing, page 18 and CT Office of Health Care Access Acute Care Inpatient Discharge Database)

10. SVMC's projected utilization catheterization, electrophysiology and interventional radiology for FY 2007-2010 is follows:

Table 4: Projected Utilization

| Invasive Cardiovascular Services | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|---|----------------|----------------|----------------|----------------|
| <i>Catheterization Laboratory</i> | | | | |
| Inpatient | 2,006 | 2,047 | 1,898 | 1,936 |
| Outpatient | 740 | 777 | 859 | 949 |
| Total | 2,746 | 2,824 | 2,757 | 2,885 |
| <i>Electrophysiology Laboratory</i> | | | | |
| Inpatient | 461 | 470 | 479 | 489 |
| Outpatient | 182 | 191 | 207 | 225 |
| Total | 643 | 661 | 686 | 714 |
| <i>Interventional Radiology</i> | | | | |
| Inpatient | 493 | 503 | 514 | 525 |
| Outpatient | 1,159 | 1,179 | 1,223 | 1,269 |
| Total | 1,652 | 1,682 | 1,737 | 1,794 |
| Total Number of Proposed Laboratories | 5 | 5 | 5 | 5 |
| Average Capacity per laboratory | 1,200 | 1,200 | 1,200 | 1,200 |
| Procedures per laboratory | 1,008 | 1,033 | 1,036 | 1,079 |

Note: SVMC based the projected volumes on the following:

- Inpatient cardiac volumes are assumed to increase 2% per year which is consistent with overall inpatient projected growth, except in the case of cardiac catheterization/angioplasty cases which are projected to decrease between '08-'09 due to the projected negative impact of The Stamford Hospital's angioplasty and open heart surgery program which is scheduled to start in 2007.
- Average annual growth rates for its service area for ambulatory services is as follows: Electrophysiology 8.6%, Catheterization/Angioplasty 10.5% and Interventional Radiology 4.2%. However additional factors including short and long term physical capacity, competition in the market place and physician recruitment plans. Therefore SVMC projects the follow growth:
 - Electrophysiology to grow 5% between '07-'08 and 8.6% thereafter.
 - Catheterization/Angioplasty to grow 5% between '07-'08 and 10.5% thereafter; and
 - Interventional Radiology to grow 2% per year '07&'08 and 4.2% per year thereafter.
- SVMC further expects the growth to be limited until the new laboratory is operational.
(February 13, 2007, CON Application Filing, pages 12-15)

11. According to SVMC, approximately 1,200-1,500 cases for interventional radiology can be performed in a single interventional laboratory and a single interventional laboratory can not accommodate all of the procedure volume currently being performed and therefore, a small number of interventional radiology cases performed by vascular surgeons have been done in the main operating room. *(February 13, 2007, CON Application Filing, pages 6)*

12. According to SVMC, based on the mix of cases and the average number of cases per room (1,500 for Catheterization/PTCA, 600 for Electrophysiology and 1,200 for Interventional Radiology) five labs will be sufficient for next several years to accommodate all the cardiovascular procedures.. (February 13, 2007, CON Application Filing, page 13)
13. The proposed multi-purpose laboratory is also part of SVMC's overall physical master facility plan which was authorized by OHCA under CON Docket Number: 06-30823. As part of the master facility development plan, SVMC will create a multidisciplinary procedure, perioperative and endovascular suite on Level 2 of the Main Building in renovated space. Ultimately, the interventional cardiovascular rooms will consist of the five (5) laboratories, including:
- Two (2) dedicated cardiac catheterization laboratories;
 - One (1) electrophysiology laboratory;
 - One (1) interventional laboratory; and
 - One (1) multi-purpose interventional laboratory (for cardiac and peripheral procedures).
- (February 13, 2007, CON Application Filing, page 13)
14. The proposed multi-purpose laboratory (5th laboratory) will be placed in a temporary location on Level 2 of the Main Building adjacent to the existing four laboratories. However, after the completion of the master facility development plan under CON Docket No.: 06-30823, which is expected to be completed in 2009, the proposed multi-purpose laboratory along with the existing four laboratories will be housed on the same Level 2 in the Main Building in a different newly renovated location. (February 13, 2007, CON Application Filing, pages 8 & 15)
15. The existing provider of similar services in SVMC's service area are as follows:

Table 5: Existing Providers

| Provider | Location | Cardiac Catheterization | Electrophysiology | Interventional Radiology |
|-----------------------|------------|-------------------------|-------------------|--------------------------|
| PSA | | | | |
| Bridgeport Hospital | Bridgeport | Yes | Yes | Yes |
| Mel Rosenblatt, M.D. | Fairfield | No | No | Yes |
| SSA | | | | |
| Milford Hospital | Milford | No | No | Yes |
| Norwalk Hospital | Norwalk | Yes (No PTCA) | Yes | Yes |
| The Stamford Hospital | Stamford | Yes | Yes | Yes |

(February 13, 2007, CON Application Filing, page 12)

16. SVMC does not expect the multi-purpose laboratory to have a significant impact on the existing provider in the service area, as the proposed laboratory will be serving existing patients seeking care at SVMC. (February 13, 2007, CON Application Filing, page 12)

17. According to SVMC, the proposed multi-purpose laboratory will allow for rapid scheduling and better patient throughput and will permit SVMC to provide better care to its patients. Regular use of operating room by electrophysiology patients will be reduced which will increase operating room capacity for surgical patients. *(September 21, 2006, Letter of Intent, Page 5)*

Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the SVMC's Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services
Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

18. The total capital expenditure for this proposal is \$2,771,583, which includes:

Table 7: Total Capital Expenditure

| Components | Cost |
|----------------------------------|--------------------|
| Medical Equipment (Purchase) | \$2,321,583 |
| Non-Medical Equipment (Purchase) | 150,000 |
| Construction/Renovation | 300,000 |
| Total Capital Expenditure | \$2,771,583 |

(February 13, 2007, CON Application Filing, page 24)

19. SVMC's total capital expenditure of \$2,771,583 will be funded through SVMC's equity, specifically through operating funds. *(May 26, 2006, Initial CON Application Filing, page 23)*
20. SVMC projects an incremental loss from Operations for FYs 2008 and 2009 of \$311,000 and \$42,000, respectively. These incremental losses are due to depreciation expense for the equipment and renovation costs. The renovation costs are depreciated over only two years since this is a temporary renovation until the master facility plan construction is completed. *(February 13, 2007, CON Application Filing, pages 28 & 288)*
21. SVMC projects an incremental gain from Operations of \$429,000 and \$802,000 for FYs 2010 and 2011. *(February 13, 2007, CON Application Filing, page 288)*
22. SVMC also projects to gain incremental FTE of .030, 0.90, 1.50 and 2.30 for FYs 2008-2011. *(February 13, 2007, CON Application Filing, page 288)*
23. There is no State Health Plan in existence at this time. *(February 13, 2007, CON Application Filing, page 15)*
24. SVMC has adduced evidence that the proposal is consistent with SVMC's long-range plan. *(February 13, 2007, CON Application Filing, pages 15-16)*
25. SVMC's stated that its teaching or research responsibilities would not be affected as a result of the proposal. *(February 13, 2007, CON Application Filing, page 29)*

26. There are no distinguishing or unique characteristics of SVMC's patient/ physician mix related to the proposal. *(February 13, 2007, CON Application Filing, page 29)*
27. SVMC has implemented various activities to improve productivity and contain costs including energy conservation, group purchasing, reengineering and applications of new technology. *(February 13, 2007, CON Application Filing, page 28)*
28. SVMC has sufficient technical, financial and managerial competence to provide efficient and adequate service to the public. *(February 13, 2007, CON Application Filing, pages 26-27 & Attachment VI)*
29. SVMC's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(February 13, 2007, CON Application Filing, page 288)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for proposed services on a case-by-case basis. Certificate of Need ("CON") applications for cardiac services do not lend themselves to general applicability due to the variety and complexity of factors which may affect any given proposal; e.g., the characteristics of the population to be served, the nature of the existing services, and the financial feasibility of the proposed service.

St. Vincent's Medical Center ("SVMC") is proposing the acquisition of multi-purpose interventional laboratory. The proposed multi-purpose interventional laboratory will augment cardiac catheterization, electrophysiology and interventional radiology laboratory services.

SVMC has a major cardiovascular program, offering a full range of cardiac services. Current cardiac services include non-invasive cardiac procedures, cardiac catheterization, angioplasty, coronary artery bypass, electrophysiology and a wide range of educational program from heart disease prevention to recovery. SVMC is also affiliated with New York Medical College.

SVMC currently operates two (2) cardiac catheterization laboratories, one (1) electrophysiology laboratory and one (1) interventional laboratory, for a total of 4 dedicated interventional laboratories. The proposed multi-purpose interventional laboratory will be designed and equipped to accommodate both cardiac and non-cardiac catheter-based procedures in order to maximize efficiency, patient through-put and over all use of space.

SVMC based the need for the proposed multi-purpose interventional laboratory on historical utilization, existing laboratories approaching capacity and increased utilization. SVMC's historical volume for its two catheterization laboratories was 2,212, 2,284 and 2,502 for FYs 2004-2006. This demonstrates a growth of 13% from FY 2004 to 2006. SVMC's historical utilization for its single electrophysiology laboratory was 354, 453 and 625, demonstrating a growth of 77% between FY 2004 and 2006. Lastly, SVMC's interventional radiology laboratory's historical volumes for FYs 2004-2006 were 968, 1,553 and 1,623, respectively. The proposed multi-purpose interventional laboratory will provide SVMC ability to allow for improved scheduling, better patient throughput and will allow SVMC to eliminate the use of its regular operating room by vascular surgeons for interventional radiology procedures, increasing capacity of the regular operating room for surgical patients. The proposed multi-purpose interventional laboratory will improve quality of cardiac catheterization, electrophysiology and interventional radiology service for SVMC's existing patients. Based on the evidence presented, SVMC has demonstrated need for the proposal.

The proposal has a total capital expenditure of \$ 2,771,583 and will be financed from the SVMC's equity, specifically operating funds. SVMC is projecting incremental losses from Operations for FYs 2008 and 2009 of \$311,000 and \$42,000 respectively due to depreciation expense for the equipment and renovation costs. However, SVMC is projecting incremental gain from Operations for FYs \$429,000 and \$802,000 for FY 2010 and 2011, respectively. Although, OHCA cannot draw any conclusions, SVMC's volume and financial projections upon which they are based appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

In summary, the proposed multi-purpose interventional laboratory will allow SVMC to accommodate its growing utilization for its cardiac catheterization, electrophysiology and interventional radiology services. It will further eliminate the use of the regular operating room for interventional radiology procedures, thereby, increasing capacity for surgical patients.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of St. Vincent's Medical Center's proposal for the acquisition of a multi-purpose interventional laboratory at a total capital expenditure of \$2,771,583, is hereby **GRANTED**.

Order

St. Vincent's Medical Center is hereby authorized to acquire a multi-purpose interventional laboratory, at a total capital expenditure of \$2,771,583, subject to the following conditions:

1. This authorization shall expire December 31, 2008. Should SVMC's multi-purpose interventional laboratory not be fully implemented in its temporary location by that date, SVMC's must seek further approval from OHCA to complete the project beyond that date.
2. SVMC shall not exceed the approved capital expenditure of \$2,771,583. In the event that SVMC learns of potential cost increases or expects that the final project costs will exceed those approved, SVMC shall file with OHCA a request for approval of the revised project budget.
3. Within 60 days of SVMC's master facility development plan's completion (under Docket No. 06-30823-CON) and multi-purpose interventional laboratory is relocated to its permanent location, SVMC must notify OHCA in writing the total number of interventional laboratories by specialty.

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 9, 2007

Signed by Cristine A. Vogel
Commissioner

CAV:swl