

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

August 10, 2009

IN THE MATTER OF:

An Application for a Certificate of
Need filed pursuant to Section 19a-639,
C.G.S. by:

Notice of Final Decision
Office of Health Care Access
Docket Number: 08-31280-CON

Greenwich Hospital

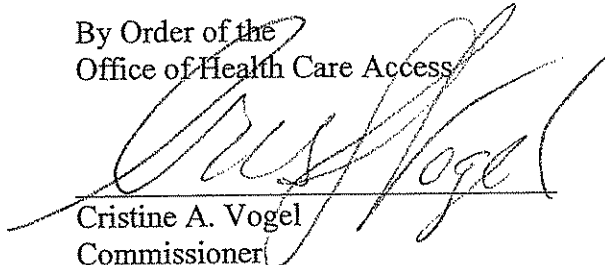
**Acquisition and Operation of a 32-Slice
CT Scanner for Use in the Emergency
Department**

To: Nancy Hamson
Director of Planning
Greenwich Hospital
5 Perryridge Road, Room 3-3307
Greenwich, CT 06830

Dear Ms. Hamson:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-639, C.G.S. On August 10, 2009, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.

By Order of the
Office of Health Care Access


Cristine A. Vogel
Commissioner

Enclosure

CAV: pf



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Greenwich Hospital

Docket Number: 08-31280-CON

Project Title: Acquisition and Operation of a 32-Slice CT Scanner for Use in the Emergency Department

Statutory Reference: Section 19a-639, Connecticut General Statutes

Filing Date: May 28, 2009

Decision Date: August 10, 2009

Default Date: August 27, 2009

Staff: Paolo Fiducia

Project Description: Greenwich Hospital proposes to acquire and operate a new 32-slice General Electric Lightspeed VCT Select computed tomography ("CT") scanner for use in the Emergency Department on the Hospital's main campus. The proposed total capital expenditure of \$1,162,865 will be funded with a donor contribution.

Nature of Proceedings: On May 28, 2009, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of Greenwich Hospital ("Hospital") seeking authorization to acquire and operate a new 32-slice General Electric Lightspeed VCT Select computed tomography ("CT") scanner for use in the Emergency Department on the Hospital's main campus. The proposed total capital expenditure of \$1,162,865 will be funded with a donor contribution. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Pursuant to Section 19a-639, C.G.S., a notice to the public concerning OHCA's receipt of the Hospital's Letter of Intent was published by the Greenwich Times (Greenwich) on December 6, 2008. OHCA received no responses from the public concerning the Hospital's proposal.

Pursuant to Section 19a-639, C.G.S., three individuals or an individual representing an entity with five or more people had until June 18, 2009, the twenty-first calendar day following the filing of the Hospital's CON application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA received no hearing requests from the public.

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 on the Hospital's Current Utilization Statistics Contribution of the Proposal to the Accessibility and Quality of Health Care Delivery in the Region

1. It is found that Greenwich Hospital ("Hospital") is an acute care general hospital, whose main campus is located at 5 Perryridge Road in Greenwich, Connecticut. *(November 26, 2008, Letter of Intent, page 4)*
2. The Hospital contends that it currently operates the following CT scanners:
 - A 64 slice CT scanner located in the Radiology Department at the main campus of the Hospital;
 - An 8 slice CT scanner at the off-site facility located at 2015 West Main Street in Stamford; and
 - A fixed site PET/CT scanner at the Hospital.
(November 26, 2008, Letter of Intent, page 46)
3. The Hospital contends that the 64 slice CT scanner offers services seven days a week, Monday through Sunday from 7:30 a.m. to 9:00 p.m. for all patients and from 9:00 p.m. to 7:30 a.m. for emergent cases. The 8 slice CT scanner offers service five days a week from 8:00 a.m. to 6:00 p.m., and the PET/CT scanner performs PET services five days a week from 7:30 a.m. to 5:00 p.m. *(February 13, 2009, Initial CON application, page 10)*
4. The Hospital indicates that the PET/CT scanner is used to serve as a back up to the 64 slice CT scanner. The Hospital also indicates that is unable to provide OHCA with the number of CT procedures specifically performed on the PET/CT scanner. The Hospital's database system tracks volume by procedure code, it does not track which machine is used to perform a procedure. *(November 26, 2008, Letter of Intent, page 46 and May 29, 2009, Completeness Letter Response 192)*

5. The Hospital contends that the existing 64 slice CT scanner located in the Radiology Department is used for all patients including inpatient, outpatient and emergent patients.

Table 1: Actual Number of CT scans by location of patients

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*
Inpatient	5,588	6,124	6,916	7,479	4,759
Outpatient Excluding ED	10,481	7,925	7,180	6,686	4,798
ED	6,382	7,508	9,114	8,939	6,136
Total	22,451	21,557	23,210	23,104	15,693

*Represents actual volume from October through May.

(February 13, 2009, Initial CON application, page 6 and June 26, 2009, Completeness Response)

6. OHCA finds that based on actual utilization data, the 64-slice CT scanner, volumes have been relatively stable for the past three fiscal years at 23,210 scans, 23,104 scans and annualized 23,544 scans; FY 2007, FY 2008 and FY 2009 respectively. No volumes were available to determine if the PET/CT scanner was utilized for CT scanning.
7. The Hospital contends that ED utilization of the CT scanner accounted for approximately 39.1% of the total CT scan procedures in FY 2009.

Table 2: Actual % of CT scans by department

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*
Inpatient	24.9%	28.4%	29.8%	32.4%	30.3%
Outpatient Excluding ED	46.7%	36.8%	30.9%	28.9%	30.6%
ED	28.4%	34.8%	39.3%	38.7%	39.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*Represents actual volume from October through May.

(February 13, 2009, Initial CON application, page 6)

8. The Hospital contends that the current 64-slice CT scanner will be used to provide services to inpatients and outpatients excluding emergency, and that the proposed 32-slice CT scanner will be located in the ED and will be used to provide services specifically to ED patients.

Table 3: Projected CT scans by equipment

	FY 2010	FY 2011	FY 2012
64-Slice (Inpatient)	7,934	8,173	8,418
64-Slice (Outpatient excluding emergency)	6,820	6,889	6,957
32-Slice (ED only)	9,483	9,768	10,061
Total	24,238	24,829	25,436

Notes: Inpatient annual growth rate = 3%

Outpatient excluding emergency annual growth rate = 1%

ED annual growth rate = 3%

(February 13, 2009, Initial CON application, page 13
and April 27, 2009, Completeness Response, page 174)

9. The Hospital contends that since 2005 the Emergency Department (“ED”) has experienced an increase in the number of patients visits.

Table 4: Actual Number of ED Visits

	ED Visits
FY 2005	35,841
FY 2006	38,329
FY 2007	38,942
FY 2008	40,670
FY 2009*	28,005

*Represents actual ED visits from October through May.

(February 13, 2009, Initial CON application, page 6 and June 26, 2009, Completeness Response)

10. The Applicant identified the following providers in the proposed service area:

Table 5: Providers in the Proposed Service Area

Provider Name & Location	Service Description	Hours of Operation	Utilization
Greenwich Radiology Group Greenwich, CT	2-slice CT	8am–5pm Mon-Fri	FY 08 3,032
Advanced Radiology Consultants Stamford, CT	4-slice CT	Unknown	Unknown
Stamford Hospital Main Campus Stamford, CT	64-slice	24/7	Unknown
Stamford Hospital Tully Center Stamford, CT	16-slice	Unknown	Unknown
Stamford Hospital Darien Center Darien, CT	4-slice	Unknown	Unknown
Norwalk Hospital Norwalk, CT	64-slice & 16-slice	24/7	Unknown
Norwalk Radiology & Mammography Center Norwalk, CT	8-slice	Unknown	Unknown

(April 27, 2009, Completeness Response, page 176)

**Financial Feasibility of the Proposal and its Impact on the Hospital’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**

11. The proposal totals \$1,162,865 in capital expenditures and is itemized as follows:

Table 6: Capital Cost

Description	Component Cost
CT Scanner Purchase	\$809,640
Construction/Renovation	\$321,114
IS Support and Contingency	\$32,111
Total Capital Expenditure	\$1,162,865

(February 13, 2009, Initial CON application, page 18)

12. The Hospital indicates that it has been approached by a donor who will provide a contribution to be used for the purchase of the proposed CT scanner; the purchase of digital x-ray equipment; and the construction, establishment, and maintenance of a CT scan and X-ray imaging suite at the Hospital. *(February 13, 2009, Initial CON application, page 19 and May 26, 2009, Completeness Response, pages 182-189)*
13. The Hospital has provided a pledge agreement executed between the donor and the Hospital stating that the donor agrees to make contributions totaling \$1,750,000 to the Hospital. *(May 28, 2009, Completeness Responses, page 185)*
14. The Hospital indicates that there is no incremental revenue associated with the installation of the proposed CT scanner, because the number of CT scans is not projected to increase with the proposal. However, with the proposal, there are incremental expenses each year for four additional FTEs and depreciation. *(February 13, 2009, Initial CON application, pages 161-2 and April 27, 2009, Completeness Responses, page 178)*
15. The Hospital indicates that despite the loss from operations associated with the proposal, the Hospital projects gains from operations for the total facility in each of the first three years of the proposal. *(February 13, 2009, Initial CON application, pages 161-2)*
16. The Hospital's existing payer mix is not expected to change as a result of this project. The current and projected payer mix for the first three years of operation with the proposed equipment is illustrated in the as following table:

Table 7: Current and Projected Payer Mix with the Proposal

Payer	Current FY 2009 & Projected FYs 2010 through 2012
Medicare	27.0%
Medicaid	1.9%
TriCare (CHAMPUS)	0.0%
Total Government	28.9%
Commercial Insurers	65.2%
Uninsured	4.2%
Workers Compensation	1.7%
Total Non-Government	71.1%
Total Payer Mix	100.0%

(February 13, 2009 Initial CON Application, page 21)

17. There is no State Health Plan in existence at this time. *(February 13, 2009, Initial CON application, page 5)*
18. The Hospital has adduced evidence that this proposal is consistent with its long-range plan. *(February 13, 2009, Initial CON application, page 5)*

19. The Hospital has improved productivity and contained costs by undertaking energy conservation measures regarding its facilities; by participating in activities involving the application of new technology and reengineering; and by employing group purchasing practices in its procurement of supplies and equipment. *(February 13, 2009, Initial CON application, pages 16 and 17)*
20. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(February 13, 2009, Initial CON application, page 17)*
21. The Hospital's current patient/physician mix is similar to that of other acute care hospitals in the region. The proposal will not result in any change to this mix. *(February 13, 2009, Initial CON application, page 17)*

Rationale

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

Greenwich Hospital (“Hospital”) is an acute care general hospital whose main campus is located at 5 Perryridge Road in Greenwich. The Hospital currently operates a 64 slice computed tomography (“CT”) scanner that is located in the Radiology Department at the Hospital’s main campus and is used to provide CT scanning services to its inpatient, outpatient, and emergent patients. Through use of funds pledged by a donor, the Hospital proposes to acquire and operate a new 32-slice General Electric, LightSpeed VCT Select CT scanner for use in the Emergency Department (“ED”) on the Hospital’s main campus. With the proposed 32-slice CT scanner the Hospital will operate a total of two CT scanners on the Hospital’s main campus.

Upon reviewing the historical volumes provided by the Hospital, OHCA finds that the Hospital’s annual CT scan volumes have been relatively stable over the last four years (FY 2005 through FY 2008); however, approximately 39% of the total CT scans performed at the Hospital are currently for patients of the ED. The Hospital has been experiencing an increase in ED visits each year resulting in an increase in CT scans generated from ED patients. The Hospital asserts that the proposed 32-slice CT scanner will be a dedicated unit to be located in the ED and used to provide services specifically to ED patients. OHCA finds that the projected utilization is reasonable based on historical patterns; and also acknowledges that improving the patient flow through the ED provides improved quality and access to emergency services.

The proposal’s estimated total capital expenditure of \$1,162,865 is comprised of \$809,640 for the cost of the proposed 32-slice CT scanner, \$321,113 for construction/renovation of a space to accommodate the new scanner, and \$32,111 for contingencies. These costs will be funded by a donor who has pledged contributions totaling \$1,750,000. According to the signed agreement between the Hospital and the donor, these funds are to be used solely for the purchase of the proposed CT scanner; the purchase of digital x-ray equipment; and the construction, establishment, and maintenance of a CT scan and X-ray imaging suite at the Hospital. Although there is no incremental revenue associated with the proposal, the Hospital continues to project an overall gain from operations for the total Hospital facility in each of the first three years of the proposal.

ORDER

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital ("Hospital") to acquire a new 32-slice computed tomography scanner ("CT") for use in the Emergency Department on the Hospital's main campus, at a total capital expenditure of \$1,162,865, is hereby GRANTED, subject to the following conditions:

1. This authorization shall expire August 10, 2010. Should the Hospital's 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 \$3 million in capital expenditure for the cost of the proposal. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed \$3 million, the Hospital shall notify OHCA in writing.
3. The Hospital will receive funding from a donor for the purchase of the proposed CT scanner to be located in the ED. In the event that the Hospital does not receive funds from the prospective donor, the Hospital shall notify OHCA in writing.
4. With respect to the acquisition of the new computed tomography scanner, the Hospital shall submit to OHCA in writing the following information by no later than one month after the new scanner becomes operational:
 - a) The name of the equipment manufacturer;
 - b) The model name and description of the equipment; and
 - c) The initial date of the operation of the equipment.
5. Should the Hospital propose any change in the array of health care services offered or a change in its complement of existing imaging equipment, the Hospital shall file with OHCA appropriate documentation regarding its change, including either a Certificate of Need Determination Request or a Certificate of Need Letter of Intent.

Should the Hospital fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

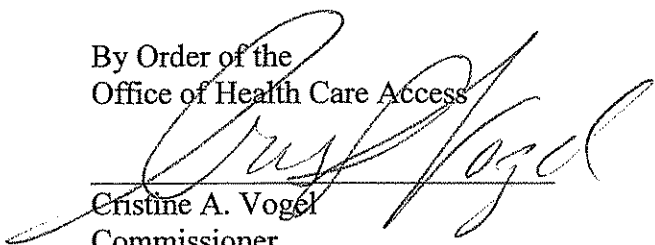
All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

Date

8-10-09

CAV:pf:agf

By Order of the
Office of Health Care Access


Cristine A. Vogel
Commissioner