



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

August 30, 2013

IN THE MATTER OF:

An Application for a Certificate of Need filed
Pursuant to General Statutes § 19a-638
(a) (1) by:

Middlesex Hospital

Notice of Final Decision
Office of Health Care Access
Docket Number: 12-31795-CON

Acquisition of a CT Scanner and a
MRI Scanner Located in Guilford

To:

Harry Evert
Senior Vice President, Strategic Planning and Operations
Middlesex Hospital
28 Crescent Street
Middletown, CT 06457-3650

Dear Mr. Evert:

In accordance with the Connecticut General Statutes Section 4-179, the Proposed Final Decision dated June 28, 2013, by Hearing Officer Kevin T. Hansted, Esq., has been adopted by Deputy Commissioner Davis as the final decision in this matter. A copy of the Final Decision is attached hereto and incorporated herein.

Sincerely,

Kimberly R. Martone,
Director of Operations

KRM: jah

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Jewel Mullen, M.D., M.P.H., M.P.A.
Commissioner



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

In Re: Middlesex Hospital
Docket Number: 12-31795-CON

FINAL DECISION

On June 28, 2013, a Proposed Final Decision was issued in the above matter pursuant to Section 4-179 of the Connecticut General Statutes.

In accordance with Connecticut General Statutes Section 4-179, the attached Proposed Final Decision dated June 28, 2013 by Hearing Officer Kevin T. Hansted, Esq., is hereby adopted as the final decision of the Deputy Commissioner of the Department of Public Health in this matter. A copy of the Proposed Final Decision is attached hereto and incorporated herein.

WHEREFORE, it is the final decision of the Deputy Commissioner that the application of Middlesex Hospital of Middletown, to acquire a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner in Guilford, is hereby denied.

Date

8/30/13

Lisa A. Davis, MBA, BSN, RN
Deputy Commissioner

Handwritten signature of Lisa A. Davis in black ink.



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**Department of Public Health
Office of Health Care Access
Certificate of Need Application**

Proposed Final Decision

Applicant: Middlesex Hospital
28 Crescent Street, Middletown, CT 06457

Docket Number: 12-31795-CON

Project Title: Middlesex Hospital's Acquisition of a Computed Tomography Scanner and a Magnetic Resonance Imaging Scanner located in Guilford, Connecticut

Project Description: Middlesex Hospital is seeking Certificate of Need authorization for the acquisition of a computed tomography scanner and a magnetic resonance imaging scanner, located at 1591 Boston Post Road in Guilford, Connecticut, with an associated total capital expenditure of \$1,429,000.

Procedural History: Middlesex Hospital ("Middlesex Hospital" or "Applicant") published notice of its intent to file a Certificate of Need application in the *New Haven Register* and the *Hartford Courant* on August 15, 16 and 17, 2012. On October 18, 2012, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application from the Applicant for the above-referenced project. On January 22, 2013, OHCA deemed the Certificate of Need application complete.

On February 7, 2013, the Applicant was notified of the date, time, and place of the hearing. On February 9, 2013, a notice to the public announcing the hearing was published in the *New Haven Register* and the *Hartford Courant*. Thereafter, pursuant to Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a, a public hearing regarding the Certificate of Need application was held on February 27, 2013.

Commissioner Jewel Mullen designated Attorney Kevin T. Hansted as the hearing officer in this matter. The hearing was conducted as a contested case in accordance with the provisions of the Uniform Administrative Procedures Act (Chapter 54 of the General Statutes) and Conn. Gen. Stat. § 19a-639a. The public record was closed on March 26, 2013.

FINDINGS OF FACT

1. Middlesex Hospital, a wholly owned subsidiary of Middlesex Health System, Inc., is a not-for-profit, acute care hospital located at 28 Crescent Street in Middletown, Connecticut. Middlesex Hospital is a health care facility or institution as defined by Conn. Gen. Stat. §19a-630. Exhibit A, pp. 8 & 70.
2. Radiologic Associates of Middletown, PC, ("Radiologic Associates" or "RAM") is a for-profit radiology group whose members are a part of Middlesex Hospital's medical staff. The radiologists provide imaging services to Middlesex Hospital and its three outpatient imaging facilities. Exhibit A, p. 8; Transcript of February 27, 2013 Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President for Strategy and Operations, Middlesex Hospital.
3. Radiologic Associates currently owns and operates an outpatient imaging facility (the "Guilford imaging facility") located at 1591 Boston Post Road in Guilford, Connecticut. Exhibit A, p. 35.
4. The Guilford imaging facility provides computed tomography ("CT") imaging, magnetic resonance imaging ("MRI"), ultrasound, mammography, general radiography and bone density imaging services to residents of the shoreline area. Exhibit A, p. 8.
5. Middlesex Hospital is proposing the acquisition of the assets of Radiologic Associates' Guilford imaging facility. The assets include a Toshiba Aquillion, 16-slice CT scanner, a Siemens Symphony, 1.5 tesla-strength MRI scanner and other diagnostic imaging equipment. Exhibit A, pp. 8, 9, 35.
6. After the transfer of ownership of the assets, the Guilford imaging facility will operate as an outpatient department of Middlesex Hospital. Exhibit A, p. 8.
7. Radiologic Associates' radiologists would continue to provide professional radiology services to patients receiving imaging studies at Middlesex Hospital's Guilford imaging facility. Exhibit A, p. 8.
8. Middlesex Hospital claims that the acquisition of the Guilford imaging facility assets will:
 - a. Enable Radiologic Associates' radiologists to focus on the professional services they provide to their patients;
 - b. Ensure effective and efficient patient care coordination for Guilford imaging patients receiving imaging services locally at the Guilford imaging facility;
 - c. Integrate outpatient imaging services available through the Guilford imaging facility into Middlesex Health System's existing network of community-based outpatient services sites; and
 - d. Provide long term sustainability of outpatient services provided at the Guilford imaging facility.
Exhibit A, pp. 8 & 9; Exhibit C, pp. 79 & 80.

9. Middlesex Hospital considers the following towns as comprising its primary service area ("PSA") and secondary service area ("SSA"):
 - a. PSA Towns: Chester, Clinton, Colchester, Cromwell, Deep River, Durham, East Haddam, East Hampton, Essex, Haddam, Higganum, Killingworth, Madison, Marborough, Middlefield, Middletown, Old Saybrook, Portland, and Westbrook: and
 - b. SSA Towns: Guilford, Lyme, Old Lyme and Rocky Hill.
Exhibit A, pp. 8, 12.
10. In the original CON authorization under Docket Number: 01-1002, the proposed service area for the Guilford imaging facility's MRI service included the following towns: Guilford, Branford, Madison, North Branford, Clinton, Killingworth and Westbrook. OHCA's Final Decision, rendered on December 6, 2001, under Docket Number: 01-1002, for the Establishment of Magnetic Resonance Imaging Services at Guilford Radiology.
11. The imaging equipment acquired under this proposal will remain at its current Guilford location. There are no planned changes to the imaging services currently being offered at the Guilford imaging facility. Exhibit A, p. 9.
12. Middlesex Hospital will coordinate scheduling for the Guilford imaging facility along with its other imaging locations and provide information technology connectivity with the Hospital records system for the Guilford location. Exhibit C, p.79.
13. Middlesex Hospital currently operates five CT scanners and four MRI scanners as shown in Table 1.

Table 1: Middlesex Hospital's Existing CT and MRI Scanners

Scanning Locations	Equipment
Middlesex Hospital 28 Crescent Street Middletown, CT 06457	General Electric VCT 64-slice CT scanner* General Electric BrightSpeed 16-slice CT scanner* Siemens Symphony 1.5T MRI scanner
Middlesex Hospital Outpatient Center 534 Saybrook Road Middletown, CT 06457	General Electric Discovery 16-slice CT-PET scanner Siemens Avanto 1.5T MRI scanner
Middlesex Hospital Shoreline Med. Ctr. 260 Westbrook Road Essex, CT 06426	General Electric VCT 64 slice CT scanner Siemens Symphony 1.5T MRI scanner

Middlesex Hospital Marlborough Med. Ctr. 12 Jones Hollow Rd Marlborough, CT 06447	General Electric BrightSpeed 16-slice CT scanner Siemens Symphony 1.5T MRI scanner
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Note: * Both on-campus CT scanners are used interchangeably.
Exhibit A, p. 11.

14. Table 2 shows the current and projected scan volumes for all CT scanners operated by Middlesex Hospital.

Table 2: Middlesex Hospital's Actual and Projected CT Scan Volumes by Scanner

	Actual Volume (Last 3 Completed FYs)*			CFY** Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2010	FY 2011	FY 2012	CFY 2013	FY 2014	FY 2015	FY 2016
2 CT Scanners*** Middlesex Hospital 28 Crescent Street, Middletown, CT	16,045	14,284	13,933	13,687	13,824	13,962	14,101
1 CT Scanner Outpatient Center 534 Saybrook Rd, Middletown, CT	5,431	4,463	3,890	3,800	3,838	3,876	3,915
1 CT Scanner Shoreline Med. Ctr. 260 Westbrook Rd, Essex, CT	7,436	6,374	5,989	6,206	6,268	6,331	6,394
1 CT Scanner Marlborough Med. Ctr. 12 Jones Hollow RD, Marlborough, CT	4,950	4,148	4,215	4,103	4,144	4,185	4,227
CT Scan Totals	33,862	29,269	28,027	27,796	28,074	28,354	28,637

Notes: *Middlesex Hospital's fiscal year ("FY") runs from October 1st to September 30th. RAM fiscal year runs from August 1st to July 31st.

**Current fiscal year ("CFY") volumes are based upon three months of actual data and nine months of projected data.

***Middlesex Hospital's annual CT utilization represents the combined volume of the two on-campus CT scanners, which are reserved for Hospital Emergency and inpatient use only. The Hospital was unable to report volumes by individual CT scanning unit.

Prior to January 2011, a CT scan of the abdomen and pelvis was coded as two procedures; thereafter, it was coded as one procedure.

Exhibit C, pp. 80, 81 & 88. Transcript of February 27, 2013 Public Hearing, Testimony of Ms. Laurel Patt, Radiology Director, Middlesex Hospital.

15. Table 3 shows the current and projected scan volumes for all MRI scanners operated by Middlesex Hospital.

Table 3: Middlesex Hospital's Actual and Projected MRI Scan Volumes by Scanner

	Actual Volume* (Last 3 Completed FYs)			CFY** Volume	Projected Volume (First 3 Full Operational FYs)		
	FY 2010	FY 2011	FY 2012	CFY 2013	FY 2014	FY 2015	FY 2016
1 MRI Scanner Middlesex Hospital 28 Crescent Street, Middletown, CT	1,031	1,100	1,332	***2,645	2,671	2,698	2,725
1 MRI Scanner Outpatient Center 534 Saybrook Rd, Middletown, CT	5,370	5,316	5,213	5,361	5,415	5,469	5,523
1 MRI Scanner Shoreline Med. Ctr. 260 Westbrook Rd, Essex, CT	3,118	2,924	3,039	***3,300	3,333	3,366	3,400
1 MRI Scanner Marlborough Med. Ctr. 12 Jones Hollow RD, Marlborough, CT	1,306	1,243	1,332	1,360	1,374	1,388	1,402
MRI Scan Totals	10,825	10,583	10,916	12,666	12,793	12,921	13,050

Notes: *Middlesex Hospital's fiscal year ("FY") runs October 1 to September 30.

**Current fiscal year volumes are based upon three months of actual data and nine months of projected data.

***The increase in MRI volume at Middlesex Hospital and Shoreline Medical Center locations in FY 2013 reflect increases in days of MRI availability.

Exhibit C, pp. 80, 81 & 88.

16. Middlesex Hospital expects a 1% increase in both CT and MRI volume per fiscal year from 2014 through 2016 at each of its current scanner locations. Exhibit C, p.88.
17. As shown in Table 4, the actual and current CT and MRI scan volumes for the Guilford imaging facility have been trending downward since 2007. CT scanning has decreased by 56% and MRI scanning has decreased by 41%.

Table 4: Guilford Imaging Facility's Actual Scan Volumes

	Actual and Current Volumes						
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	CFY 2013**
CT Scanner* - Total Scans	2,333	2,001	1,768	1,797	1,305	1,047	1,019
MRI Scanner* - Total Scans	1,351	1,185	1,099	950	938	821	800

Notes:*The CT and MRI scanners earmarked for acquisition by Middlesex Hospital received CON authorization under Docket Numbers: 09-31341-WVR and 08-31110-WVR, respectively.

**Guilford imaging facility's utilization statistics are based on an August 1 - July 31 fiscal year.

***Current fiscal year volumes are based upon three months of actual data and nine months of projected data.

Exhibit C, p. 89; Late File 2, p. 3.

18. Middlesex Hospital stated the decline in CT utilization at the Guilford imaging facility in 2011 was attributable to the change in CPT codes that combined abdominal and pelvic scans under one code. Also offered by Middlesex Hospital as a reason was publicity between 2010-2012 regarding the amount of radiation exposure attributable to CT scans caused a decline in volumes. Transcript of February 27, 2013 Public Hearing, Testimony of Ms. Laurel Patt, Radiology Director, Middlesex Hospital, pp. 16 and 19.
19. Middlesex Hospital stated that approximately 37% of the annual decrease in CT scan volume at the Guilford imaging facility for FY 2011 and FY 2012 was attributable to the change in CPT coding, Middlesex Hospital's Late File 1, p. 1.
20. Middlesex Hospital stated that the MRI volume decrease in 2011 and 2012 was attributable to a loss of volume to the Yale-New Haven Hospital's Guilford Shoreline Medical Center. Exhibit A, p. 18.
21. Middlesex Hospital reported the following additional factors also contributed to the decline in MRI scan utilization at the Guilford imaging facility:
 - a. Referring physicians stopped sending patients to the Guilford imaging facility if it was likely that those patients would require hospitalization, as the facility did not have the capability to send images to hospital sites and affiliated physicians;
 - b. Referring specialists wanted specialty trained radiologists' interpretations of the images;
 - c. Lack of access and connectivity to a multi-discipline team of care for patients as follow-up, such as the Middlesex Cancer Center nurse navigators;
 - d. Decrease in referred volume when the Guilford Shoreline Medical Center increased its operating hours in July 2009;
Transcript of February 27, 2013 Public Hearing, Testimony of Dr. Michael Crain, pp. 16 & 19. Middlesex Hospital's Late File 1, pp. 1 & 2.
22. With respect to the declines in both CT and MRI imaging at the Guilford imaging facility, Middlesex Hospital also asserted, "Interconnectivity is really absolutely the only reason for the decline." Transcript of February 27, 2013 Public Hearing, Testimony of Michael Crain, M.D., President of Radiologic Associates of Middletown and Chairman of the Radiology Department at Middlesex Hospital, p. 17.
23. Middlesex Hospital projects that the CT and MRI scan volumes for the Guilford imaging facility will remain flat between FYs 2014 through 2016, as presented in Table 5:

Table 5: Guilford Imaging Facility's Projected CT and MRI Scan Volumes

	Projected Volume (First 3 Full Operational FYs)*		
	FY 2014	FY 2015	FY 2016
CT Scan Total	1,019	1,019	1,019
MRI Scan Total	800	800	800

Notes: *Guilford imaging facility's utilization statistics are based on an August 1 – July 31 fiscal year.

Exhibit C, pp. 89 & 90.

24. The Applicant testified that if Middlesex Hospital was not willing to acquire the Guilford imaging facility, the Hospital would expect that the CT and MRI scanning volumes would continue to decline in the future. Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations.
25. Middlesex Hospital did not indicate that integrating the Guilford imaging facility with the Middlesex Hospital System would lead to an increased number of CT and MRI scans. Middlesex Hospital claimed it has taken a conservative approach with its projection of no CT and MRI scan growth between FY 2014 and FY 2016 and that the acquisition would “just stem the tide of the decrease.” Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations, pp. 21-22.
26. “Volume is not what’s driving this acquisition,” but rather, “...patient care and quality...” Transcript of February 27, 2013, Public Hearing, Testimony of Mr. Harry Evert, Senior Vice-President, Strategic Planning and Operations, p. 25.
27. There are seven CT imaging providers located within or near Middlesex Hospital’s service area towns. While Branford is not within Middlesex Hospital’s primary service area, the town is adjacent to Guilford.

Table 6: CT Providers

Service Area Town	Existing Providers
Guilford	1. YNNH-Temple Radiology, 111 Goose Lane
Branford	2. Radiology Group, PC, 6 Business Park Drive 3. Branford Open MRI, LLC 1208 Main Street*
Madison	4. Madison Radiology, P.C., 2A Samson Rock Dr. 5. Madison Radiology Imaging, LLC, 705 Boston Post Rd #9A
Westbrook	6. Madison Radiology of Westbrook, 5 Pequot Park Road
Colchester	7. Colchester Health Center (Backus Satellite), 163 Broadway

Note: Town and provider names in **bold print** were not identified in Middlesex Hospital’s CON Application’s listing of other CT scanning providers.

*Branford Open MRI operates a fixed single-slice CT scanner.

Exhibit A, pp. 13 & 14.

28. There are six MRI imaging providers located within or near Middlesex Hospital's service area towns.

Table 7: MRI Providers

Service Area Town	Existing MRI Providers
Guilford	1. Madison Radiology Imaging LLC, 705 Boston Post Road 2. YNNH-Temple Radiology, 111 Goose Lane
Branford	3. Branford Open MRI, LLC, 1208 Main Street
Colchester	4. Colchester Health Center (Backus Satellite), 163 Broadway
Middletown	5. Open MRI of Connecticut, 140 Main Street 6. Middlesex Orthopedic Surgeons, 410 Saybrook Road

Note:* Town and provider names in bold print were not identified in Middlesex Hospital's CON application listing of other MRI scanning providers.
Exhibit A, pp. 13 & 14.

29. Middlesex Hospital claims that the proposal will not result in an unnecessary duplication of existing health care services and will have no impact on existing CT and MRI providers because it will not be introducing any new imaging equipment capacity into the market. Exhibit A, pp. 11 & 14.
30. The total capital expenditure associated with the proposal is \$1,429,000 and is itemized as follows:
- | | |
|------------------------------------|-------------------|
| a. Imaging Equipment Purchases | \$979,700 |
| b. Non-Medical Equipment Purchases | \$121,300 |
| c. <u>Intangible Assets</u> | <u>\$328,000*</u> |
| d. Total Capital Expenditure | \$1,429,000 |
- Note:* Intangible assets are the long-term resources of an entity, but have no physical existence. They derive their value from intellectual or legal rights, and from the value they add to the other assets.
Exhibit A, pp. 20, 21.
31. Middlesex Hospital intends to use its equity to fund the asset purchase. Exhibit A, p. 22.
32. As provided in Table 8, Middlesex Hospital projects that after a partial first year incremental loss of approximately \$43,100, the project will realize incremental gains in operations ranging from approximately \$524,300 in FY 2014 to \$372,800 in FY 2016. Ex. C, p. 143.

Table 8: Middlesex Hospital's Financial Projections Incremental to the Project*

Description:	FY 2013	FY 2014	FY 2015	FY 2016
Incremental Revenue from Operations	\$2,386,356	\$3,181,812	\$3,181,812	\$3,181,812
Incremental Total Operating Expense	\$2,429,430	\$2,657,518	\$2,732,044	\$2,809,023
Incremental Gain or (Loss) from Operations	(\$43,073)	\$524,294	\$449,768	\$372,789

Note: *Incremental figures reflect the entire range of imaging modalities that will be offered at the Guilford imaging facility: general radiology, ultrasound, mammography, bone density imaging, CT scanning and MRI scanning.

33. Middlesex Hospital projects an overall gain from operations with the project for fiscal years 2013 through 2016. Ex. C, p. 143

Table 9: Middlesex Hospital's Projected Overall Revenue/Expense with the Project

Description:	FY 2013	FY 2014	FY 2015	FY 2016
Revenue from Operations	\$363,242,485	\$371,388,861	\$380,270,181	\$389,288,581
Total Operating Expense	\$346,320,990	\$359,410,488	\$370,223,558	\$381,395,102
Overall Gain/(Loss) from Operations	\$16,921,495	\$11,978,373	\$10,046,622	\$7,893,478

34. Middlesex Hospital's overall payer mix for FY 2012 consists of approximately 61% government payers and 39% non-government payers, and is not projected to change significantly through FY 2015. The full payer mix is presented in Table 10.

Table 10: Middlesex Hospital's Current and Projected Payer Mix

Payers	FY 2012	FY 2013	FY 2014	FY 2015
Medicare	46.40%	46.14%	46.14%	46.14%
Medicaid	13.88%	13.73%	13.73%	13.73%
CHAMPUS & TriCare	0.36%	0.35%	0.35%	0.35%
Subtotal Government	60.64%	60.22%	60.22%	60.22%
Commercial Insurers	36.41%	36.72%	36.72%	36.72%
Uninsured	1.70%	1.68%	1.68%	1.68%
Workers Compensation	1.25%	1.38%	1.38%	1.38%
Subtotal Non-Government	39.36%	39.78%	39.78%	39.78%
Total Payer Mix	100.00%	100.00%	100.00%	100.00%

Exhibit A, pp. 21 & 22.

35. There will be no change in how the current and proposed patient population will be served. Exhibit A, p. 13.

36. Middlesex Hospital reports that the Guilford imaging facility's actual payer mix for FY 2012 consists of approximately 32% government payers and 68% non-government payers. The full payer mix is presented in Table 11.

Table 11: Guilford Imaging Facility Current Payer Mix

Payers	FY 2012
Medicare	28.50%
Medicaid	3.40%
Subtotal Government	31.90%
Commercial Insurers	57.80%
Uninsured	0.00%
Workers Compensation	10.30%
Subtotal Non-Government	68.10%
Total Payer Mix	100.00%

Exhibit C, p. 88.

37. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any policies and standards not yet adopted as regulation by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1)).
38. OHCA recently published a statewide facilities and services plan. Since the plan was not in circulation more than ninety days at the time the CON application was deemed complete, OHCA has not made any findings as to this proposal's relationship to the plan. (Conn. Gen. Stat. § 19a-639(a)(2)).
39. Middlesex Hospital has not established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3)).
40. Middlesex Hospital has satisfactorily proven that its proposal would be financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).
41. Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would improve the accessibility, quality and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)).
42. Middlesex Hospital has shown that there would be a negligible change to the payer mix and to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6)).
43. Middlesex Hospital has satisfactorily identified the population to be served by its proposal, but has failed to satisfactorily demonstrate that this population has a need as proposed. (Conn. Gen. Stat. § 19a-639(a)(7)).
44. The historical CT and MRI utilization at the Guilford imaging facility does not support this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).

45. Middlesex Hospital has failed to satisfactorily demonstrate that its proposal would not result in an unnecessary duplication of existing imaging services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, the Office of Health Care Access considers the factors set forth in Conn. Gen. Stat. § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services*, 288 Conn. 790 (2008).

Middlesex Hospital is seeking Certificate of Need authorization to acquire a 16-slice CT scanner and a 1.5 tesla-strength MRI scanner from Radiologic Associates. *FF 5*. Radiologic Associates is a for-profit radiology group whose members are a part of Middlesex Hospital's medical staff. The radiologists provide imaging services to Middlesex Hospital and its three outpatient imaging facilities. *FF 2*. Middlesex Hospital is proposing to continue the operation of each scanner, as well as the facility's other pieces of diagnostic imaging equipment at the current facility, located at 1591 Boston Post Road in Guilford. *FF 3 & 11*. Under the proposal, the Guilford imaging facility would operate as an outpatient department of Middlesex Hospital. Radiologic Associates' radiologists would continue to provide professional radiology services at the Guilford imaging facility, Middlesex Hospital and the hospital's three outpatient imaging facilities. *FF 2, 6 & 7*.

The Applicant asserts that the proposed acquisition of the Guilford imaging facility scanners will enable the Radiologic Associates' radiologists to focus on the professional services they provide to patients of the Guilford imaging facility, while at the same time allowing the facility's patients to continue to receive imaging services locally under the auspices of Middlesex Hospital. Middlesex Hospital also claims its proposal will ensure effective and efficient care coordination for the patients receiving care within the Middlesex Health System; and provide sustainability of the outpatient imaging services at the Guilford imaging facility. *FF 8*. Middlesex Hospital will coordinate scheduling for the Guilford imaging facility along with its other imaging locations and provide information technology connectivity with the Hospital records system for the Guilford location. *FF 12*. Given that the radiologists at Radiologic Associates are part of Middlesex Hospital's medical staff, it is unclear why the claimed effective and efficient care coordination and purported increase in patient care and quality cannot be accomplished absent the purchase proposed.

Aside from the integration of the Guilford imaging facility's services into the Middlesex Health System's existing network of community-based outpatient service sites, both CT and MRI scan volumes for the Guilford imaging facility have been trending downward over the last several fiscal years. CT scanning has decreased at that facility by 56% from FY 2007 to CFY 2013 and MRI scanning has decreased by 41% during that same time period. *FF 17*. While Middlesex Hospital gave several explanations for the decline, it did not provide any evidence that the proposed integration will grow, or even sustain current volume at the Guilford imaging facility or that the Guilford imaging facility CT and MRI scanners were necessary to alleviate any possible capacity issues at Middlesex Hospital's other facilities. *FF 18-22, 25*.

Declining utilization for CT and MRI services, coupled with projections that Middlesex Hospital's existing CT and MRI scanning services will likely experience no more than a one percent increase in utilization over the next three fiscal years, clearly indicate a lack of need for Middlesex Hospital to acquire the scanners located at the Guilford imaging facility. *FF 16 & 25.*

Based upon the foregoing, OHCA concludes that Middlesex Hospital has not demonstrated a clear public need to purchase the assets of Radiologic Associates.


Order

Based upon the foregoing Findings and Discussion, I respectfully recommend that the Certificate of Need application of Middlesex Hospital for the acquisition of one computed tomography scanner and one magnetic resonance imaging scanner from Radiologic Associates of Middletown, PC, in Guilford, Connecticut be **DENIED**.

Respectfully submitted,

Date

6/28/13


Kevin T. Hansted
Hearing Officer

*** TX REPORT ***

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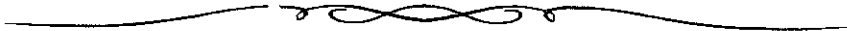
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DATE: 8/30/2013 Time: ~ 12:50 p.m.

NUMBER OF PAGES: 17
(including transmittal sheet)



Comments: Transmitted:
Proposed Final Decision Regarding Middlesex Hospital's Request to
Acquire a 16-Slice CT Scanner and a 1.5 Tesla-Strength MRI Scanner
located in Guilford from Radiologic Associates of Middletown, P.C.
Docket Number: 12-31795-CON

**PLEASE PHONE Jack A. Huber at (860) 418-7069
IF THERE ARE ANY TRANSMISSION PROBLEMS.**