

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

May 15, 2014

IN THE MATTER OF:

An Application for a Certificate of Need filed
Pursuant to Section 19a-638, C.G.S. by:

Notice of Final Decision
Office of Health Care Access
Docket Number: 13-31878-CON

Hartford Hospital

Acquisition of One SPECT-CT Scanner

To:

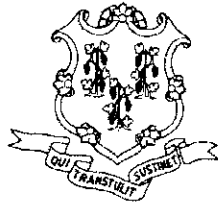
Barbara A. Durdy
Director, Strategic Planning
Hartford Healthcare
181 Patricia Genova Drive
Newington, CT 06111

Dear Ms. Durdy:

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-638, C.G.S. On May 15, 2014, 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.

Kimberly R. Martone
Director of Operations

Enclosure
KRM:amv



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

Final Decision

Applicant: Hartford Hospital
181 Patricia M. Genova Drive, Newington, CT 06111

Docket Number: 13-31878-CON

Project Title: Acquisition of a Single Photon Emission Computed
Tomography/Computed Tomography Camera

Project Description: Hartford Hospital (“Applicant”) is seeking authorization to acquire a new Single Photon Emission Computed Tomography/Computed Tomography (“SPECT/CT”) camera to replace one of the two existing SPECT cameras. The total capital expenditure associated with this proposal is \$850,000.

Procedural History: The Applicant published notice of its intent to file a Certificate of Need (“CON”) application in the *Hartford Courant* on September 10, 11 and 12, 2013. On December 5, 2013, the Office of Health Care Access (“OHCA”) received the CON application from the Applicant for the above-referenced project and deemed the application complete on February 10, 2014. OHCA received no responses from the public concerning the Applicant’s proposal and no hearing requests were received from the public pursuant to Connecticut General Statutes (“Conn. Gen. Stat.”) § 19a-639a. Deputy Commissioner Davis considered the entire record in this matter.

To the extent the findings of facts actually represents conclusions of law, they should be so considered, and vice versa. *SAS Inst., Inc., v. S & H Computer Systems, Inc.*, 605 F.Supp. 816 (Md. Tenn. 1985).

Findings of Fact and Conclusions of Law

1. The Applicant is an 867¹ bed not-for-profit acute care hospital located at 80 Seymour Street and 200 Retreat Avenue, Hartford, CT. Ex. A, pp. 15, 178
2. The Applicant proposes to acquire a SPECT/CT camera to replace its existing SPECT² camera that is currently used for stress testing and myocardial perfusion imaging services in the Nuclear Cardiology Laboratory of Hartford Hospital. Ex. A, pp. 8-9
3. The existing camera, a Phillips 60 SPECT, is 11 years old and at the end of its useful life. Repairs and maintenance are difficult for this generation of SPECT camera due to the limited availability of parts. Ex. A, p. 10
4. The proposed camera is a Siemens Symbia T SPECT/CT camera with a 2-slice CT³ component. Ex. A, p. 9
5. The SPECT/CT camera has IQ-SPECT technology and new iterative reconstruction software that allows for more rapid image acquisition. The technology has the potential to reduce scan time from 20 minutes to less than five minutes. Ex. A, pp. 8, 10 & 25
6. SPECT images may be distorted due to body tissue density, resulting in low quality scans that appear cloudy or obstructed and confound the ability to interpret the studies and diagnose heart disease. The proposed SPECT/CT camera's CT component provides attenuation correction, which adds clarity by removing these defects, resulting in improved diagnostic accuracy, fewer false positive results and unnecessary follow-up testing. Ex. A, p. 8.
7. The proposed SPECT/CT camera will utilize a lower dose of radioactive tracer than the current SPECT camera, thereby reducing radiation exposure to the patient. Ex. A, pp. 8-10.
8. The proposed SPECT/CT camera will be installed at the same location as the old Phillips camera, once modifications are made to the physical space to accommodate the proposed camera. Ex. A, p. 11
9. The population to be served by the proposed SPECT/CT camera is the same population currently served by the SPECT camera. Ex. A, p. 11
10. Patients are referred to the Hartford Hospital Nuclear Cardiology Laboratory from various internal medicine and cardiology practices within the Applicant's primary and secondary

¹ Includes 48 bassinets

² Single Photon Emission Computed Tomography (SPECT) is a variation of computed tomography in which the ray sum is defined by the collimator holes on the gamma ray detector rotating around the patient. SPECT units usually consist of large crystal gamma cameras mounted on a gantry that permits rotation of the camera around the patient. Multiple detectors are used to reduce the imaging time. (*Moby's Medical Dictionary. Missouri: Mosby, Inc., 2006. Print*)

³ The non-diagnostic 2-slice CT component of the camera cannot be used as a stand-alone CT scanner, as it is not approved by the FDA for such use.

service areas. There will be no change in referral patterns as a result of this proposal. Ex. A, p. 14

11. The Applicant projects a slight increase in volume for FYs 2014-2016, compared to FY 2013, due to Connecticut's aging population, which will require more cardiac testing.

Table 1: Historical and Projected Utilization for SPECT/CT Cameras

Scanner	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Phillips Cardio 60*	706	1,043	1,116	1,013	-	-	-
Phillips Cardio MD	706	1,043	1,116	1,013	1,050	1,050	1,050
Siemens Symbia T**	-	-	-	-	1,050	1,050	1,050
Total	1,412	2,086	2,232	2,026	2,100	2,100	2,100

*Existing SPECT camera

**Proposed new SPECT/CT camera

Note: Hartford Hospital does not track the number of scans performed on each of the SPECT cameras. The volume is estimated based on the number of total scans performed and assumes equal utilization between both cameras.

The Applicant's Fiscal Year covers the period of October 1st - September 30th.

Ex. A, pp. 11-12

12. Volumes were low in FY 2010 due to an intermittent shortage of the Tc-99m isotope. When the isotope was not available, patients were imaged with a PET scanner, a more expensive diagnostic test. Ex. A, p. 13
13. As the proposed SPECT/CT is replacing an existing SPECT camera and will serve the same patient population, there will be no impact on existing providers. Ex. A, p. 12
14. When the proposed SPECT/CT camera is installed and available for use, the existing camera will be dismantled. Ex. A, p. 12
15. The proposal's total capital expenditure is itemized below:

Table 2: Total Proposal Capital Expenditure

Imaging Equipment (SPECT/CT Camera)	\$481,500
Construction/Renovation	\$368,500
Total Capital Expenditure	\$850,000

Ex. A, p. 16

16. The proposed acquisition will be funded from the Applicant's operating capital. Ex. A, p. 17

17. Small incremental losses are projected in FY 2014 through FY 2016 and are due solely to the added depreciation⁴ expense resulting from replacing a fully depreciated unit with acquisition of the new SPECT/CT.

Table 3: Projected Incremental Revenues and Expenses

	FY 2014	FY 2015	FY 2016
Revenue from Operations	-	-	-
Total Operating Expenses*	\$46,710	\$93,419	\$93,419
Gain/(Loss) from Operations	(\$46,710)	(\$93,419)	(\$93,419)

*Operating expenses represent the change in depreciation amount.
Ex. A, pp. 210, 213

18. The Applicant projects overall operational gains of \$51.4 million in FY 2014, \$18.2 million in FY 2015 and \$8.8 million in FY 2016.

Table 4: Hartford Hospital Projected Revenues & Expenses with CON

	FY 2014	FY 2015	FY 2016
Revenue from Operations	\$1,144,265	\$1,179,704	\$1,222,011
Total Operating Expenses	\$1,092,865	\$1,161,479	\$1,213,225
Gain/(Loss) from Operations	\$51,399	\$18,224*	\$8,785**

*Decline in gain from operation is due to projected increases in the following expenses: supplies and drugs, salaries and fringe benefits and depreciation.

**Decline in gain from operation is due to projected increases in the following expenses: supplies and drugs and salaries and fringe benefits.

Note: figures are in thousands.

The rates used in the financial projections are based on the Applicant's actual rates for these procedures.

Replacement equipment volumes are based on historical utilization.

Ex. A, pp. 18, 213

19. The Applicant's patient population mix will remain unchanged as a result of this proposal.

Table 5: Patient Population Mix

	Current FY 2012	FY 2014	FY 2015	FY 2016
Medicare*	41%	41%	41%	41%
Medicaid*	12%	12%	12%	12%
CHAMPUS & TriCare	1%	1%	1%	1%
Total Government	54%	54%	54%	54%
Commercial Insurers*	45%	45%	45%	45%
Uninsured	1%	1%	1%	1%
Total Non-Government	46%	46%	46%	46%
Total Payer Mix	100%	100%	100%	100%

* Includes managed care activity.

Ex. A, pp. 17, 211

⁴A method of allocating the cost of a tangible asset over its useful life.

20. There will be no change in access for the patient population served by this proposal, in particular Medicaid patients, except that they will be better served with new and more technologically advanced equipment. Ex. A, p. 211
21. The Applicant has served and will continue to serve all patients regardless of ability to pay or type of health insurance. Ex. A, p. 211
22. 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 regulations adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
23. The CON application is consistent with the overall goals of the Statewide Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2))
24. The Applicant has established that there is a clear public need for its proposal. (Conn. Gen. Stat. § 19a-639(a)(3))
25. The Applicant has satisfactorily demonstrated that its proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))
26. The Applicant has satisfactorily demonstrated that its proposal would improve the quality of health care delivery in the region and also demonstrated improvement in cost effectiveness. (Conn. Gen. Stat. § 19a-639(a)(5))
27. The Applicant has shown that there will be no change in access to the provision of health care services to the relevant populations and payer mix. (Conn. Gen. Stat. § 19a-639(a)(6))
28. The Applicant has identified the population to be served and has satisfactorily demonstrated that this population has a need. (Conn. Gen. Stat. § 19a-639(a)(7))
29. The Applicant's historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))
30. The Applicant has satisfactorily demonstrated that the proposal will not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))
31. The Applicant has satisfactorily demonstrated that the proposal will not result in a reduction or change in access to services for Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))

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, OHCA considers the factors set forth in General Statutes § 19a-639(a). The Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

The Applicant, Hartford Hospital, an 867 bed not-for-profit acute care hospital, is seeking authorization for the acquisition of one SPECT/CT camera to replace one of its two existing SPECT cameras. *FF1-2*. The Applicant's existing Phillips Cardio 60 SPECT camera was purchased in 2002 and is at the end of its useful life. Repairs and maintenance are difficult for this generation of SPECT cameras due to the limited availability of parts. *FF3*

The Applicant's Nuclear Cardiology Laboratory uses a SPECT camera to perform stress testing and myocardial perfusion imaging. *FF2*. During the scanning process, factors relating to different densities of tissue throughout the body may produce artifacts which confound the ability to interpret the studies and diagnose heart disease. *FF6* The proposed SPECT/CT camera has IQ-SPECT technology, that when coupled with the CT attenuation correction, removes these artifacts. This results in shorter image acquisition times, higher image quality, fewer false positive results, eliminates unnecessary follow-up testing and reduces radiation exposure to patients. *FF5-6* Clearly, the Applicant's proposal to replace a SPECT camera with a SPECT/CT camera will benefit its patient population by providing a higher quality, safer, and more cost-effective option for cardiac testing.

The population to be served by the proposed SPECT/CT camera is the same population currently being served. Existing providers will not be impacted by this proposal as no changes to referral patterns are anticipated. *FF9-10* Moreover, there will be no change in the payer mix as a result of the SPECT/CT acquisition. The result will be continued access for the patient population currently being served with the added benefit of new and more technologically advanced equipment. *FF20-21*

The Applicant has projected stable demand for SPECT/CT imaging services for FY2014 through FY2016. *FF11* A review of the historical utilization of the SPECT camera being replaced indicates that the Applicant's projections are reasonable and achievable. The total capital expenditure associated with this proposal is \$850,000. *FF15* Despite slight incremental losses resulting from the added depreciation expenses resulting from the acquisition, the Applicant will realize overall operational gains of \$51.4M in FY 2014, \$18.2M in FY 2015 and \$8.8.0M in FY 2016. *FF17-18* Therefore, the Applicant's proposal is financially feasible.

The Applicant has satisfactorily shown that access to care will be maintained, quality of care will be improved and the combined results of the quality improvements will improve the cost effectiveness of the cardiac testing. All of these benefits are consistent with the overall goals of the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings of Fact and Discussion, the Certificate of Need application of Hartford Hospital for the acquisition of one SPECT-CT camera is hereby **approved**.

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

By Order of the
Department of Public Health
Office of Health Care Access

Date

5/15/14



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

* * * COMMUNICATION RESULT REPORT (MAY. 16. 2014 9:08AM) * * *

FAX HEADER:

TRANSMITTED/STORED : MAY. 16. 2014 9:06AM
FILE MODE OPTION

ADDRESS

RESULT

PAGE

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E-3) NO ANSWER

E-2) BUSY
E-4) NO FACSIMILE CONNECTION



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: BARBARA DURDY
FAX: 860.972.4650
AGENCY: HARTFORD HOSPITAL
FROM: OHCA
DATE: 5/16/14 Time: _____
NUMBER OF PAGES: 2
(including transmittal sheet)

Comments: Docket Number: 13-31878

PLEASE PHONE
TRANSMISSION PROBLEMS

IF THERE ARE ANY

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