



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

March 2, 2006

Michele M. Volpe, Esquire
Bershtein, Volpe & McKeon, P.C.
Attorneys at Law
105 Court Street, Third Floor
New Haven, CT 06511

Re: Certificate of Need Determination, Report Number 05-30662-DTR
Orthopaedic & Neurosurgery Specialists, P.C.
Acquisition of MRI unit for orthopedic and neurosurgery office

Dear Attorney Volpe:

On December 22, 2005, the Office of Health Care Access ("OHCA") received a Form 2020 request for a Certificate of Need ("CON") Determination from you on behalf of Orthopaedic & Neurosurgery Specialists, P.C. ("Applicant" or "ONS") for the acquisition and operation of a MRI unit. OHCA received additional information, as requested, on January 17, 2006 and has deemed the request complete under CON Determination Report Number 05-30662-DTR. Please be advised that OHCA has reviewed this matter and makes the following findings:

1. The Applicant is a medical professional corporation located at 6 Greenwich Office Park, Valley Drive in Greenwich Connecticut. The Applicant proposes to acquire and operate a 1.0 Tesla MRI unit for use at this location.
2. The Applicant is a combined orthopedic and neurosurgical private physician practice which has 10 orthopedic surgeons, 4 neurosurgeons, 2 physiatrists, 1 sports medicine physician, 5 physician assistants and 2 nurses. All of the physicians are either Board Eligible or Board Certified in their specialties and all professionals are licensed to practice in Connecticut.
3. Orthopaedic & Neurosurgery Specialists, P.C. is entirely owned by its physician shareholders who provide services for patients of the practice.
4. No patients from outside the Applicant's practice will be accepted for scanning on the MRI unit.
5. The Applicant will employ the licensed radiology technicians for this service.

6. The Applicants submitted a draft agreement between Greenwich Radiology Group, P.C. (“GRG”) and the Applicant, wherein the Applicant engages GRG to be the provider of the professional radiology services to the Applicant.
7. Greenwich Radiology Group, P.C. will be billing for the professional fee for the MRI scans and the Applicant will be billing for the technical fee under its provider number.
8. Term 2.3(c) of the draft agreement states that GRG will:

“c. Provide management services to ONS which include, but are not limited to supervise MRI studies as they are being performed; setting optimal protocols; supervision of operations; troubleshooting and supervision of the radiology personnel of ONS.”
9. The physicians of Orthopaedic & Neurosurgery Specialists, P.C. are responsible for the care of their patients.
10. The Applicant also operates an on-site radiology suite, which is used for diagnostic radiology services and selected interventional physiatry procedures that treat pain using precisely placed injections guided by a specially equipped fluoroscopic unit. Diagnostic imaging services are provided by radiology technicians employed by the Applicant and are provided only to patients who are under the direct care of the Applicant’s physicians.
11. GRG currently provides interpretive services for the x-rays performed at Orthopaedic & Neurosurgery Specialists, P.C.
12. The radiology services which Orthopaedic & Neurosurgery Specialists, P.C. provide, including MRI scanning, is provided as an ancillary service incidental to the care of the Applicant’s patients.
13. Payers for services may include, but not be limited to insurance companies, Medicare and private pay patients.
14. No non-medical personnel will influence the operation of the MRI unit to any significant degree.
15. The estimated capital expenditure associated with this proposal is as follows:

Lease of MRI unit	\$318,000
(Includes sales tax and delivery and installation)	
Renovations	<u>\$ 73,100</u>
Total Capital Cost	\$391,000
16. The unit to be leased is a GE Gold Xtend Signa 1.0T LX HiSpeed preowned MR System.

17. The renovation costs of \$73,100 include architect, permit, demolition, drywall/installation, ceilings, electrical, HVAC/plumbing, carpentry, painting/wallcovering, shielding, rigging and project supervision. Renovations are ongoing but pursuant to the agreement with the contractor, Contractor Development Corp., the work should be completed prior to April 1, 2006.
18. The high resolution, whole body MRI system acquired is capable of performing quality scanning of the head, body, spine and extremities, consistent with the needs of the Applicant's patient population.
19. The Applicant submitted a Purchase Agreement for the MRI unit which was executed by the GE on May 26, 2005 and by the Applicant on May 27, 2005. The purchase price is \$300,000 which buyer must secure with an initial 10% deposit of \$30,000. \$210,000 is due on shipment and \$60,000 is due upon installation completion.
20. The Applicant provided a copy of the cancelled check for the \$30,000 deposit, dated May 26, 2005 and posted by the bank on June, 6, 2005.
21. The MRI system is currently being stored in two locations, as follows:
 - a. MRI Magnet stored at:
ProPac, Inc. in Charlotte, North Carolina (at a one time cost of \$3,500 per month)
 - b. MRI Electronics stored at:
Industrial Riggers in Waterbury Connecticut (at a cost of \$525 per month)

The Applicant is currently responsible for the payment of these storage costs.

22. The title for the MRI unit was transferred to the Applicant when it was shipped to the storage sites, on December 29, 2005. The Applicant has possession of the ownership of the unit.

Based on the above findings, OHCA has determined that Orthopaedic & Neurosurgery Specialists, P.C. is a central service facility pursuant to Section 19a-630 of the Connecticut General Statutes and 19a-643-12 of OHCA's Regulations and therefore is a health care facility or institution. The acquisition and operation of the proposed MRI unit represents a new service for a health care facility or institution pursuant to Section 19a-638 of the Connecticut General Statutes.

Also based on the above findings, OHCA has determined that Orthopaedic & Neurosurgery Specialists, P.C. made certain binding commitments related to this MRI acquisition prior to the implementation of Public Act 05-93. The Applicant has provided to OHCA satisfactory evidence that it acquired the MRI unit for under \$400,000 prior to July 1, 2005 and further OHCA authorization is not required pursuant to Section 19a-639 of the Connecticut General Statutes. Therefore, the CON that will be filed will be reviewed by OHCA under 19a-638,

C.G.S., but not 19a-639, C.G.S., as amended by Public Act 05-93, [An Act Concerning the Capital Expenditure Threshold For the Regulation of Equipment Acquisitions.](#)

OHCA considers the submission of information received on December 22, 2005 as the completed Letter of Intent for this matter; therefore, the Applicant may file a CON application with OHCA between February 20, 2006 and April 21, 2006. The CON application forms will be mailed to your attention separately.

Please contact Karen Roberts, Compliance Officer at (860) 418-7041 or Susan Cole, Director, Certification, Financial Analysis and Forecasting at (860) 418-7038 with any questions regarding the Certificate of Need Determination. Please contact Kimberly Martone, Supervisor of the Certificate of Need process at (860) 418-7029 with any questions regarding the filing of the Certificate of Need application.

Sincerely,

Signed by Cristine A. Vogel
Commissioner

CAV:kr

Copy: Rose McLellan License and Applications Supervisor, DPH, DHSR