



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: John Dempsey Hospital

Docket Number: 05-30440-CON

Project Title: Acquisition of Picture Archiving Communication System

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

Filing Date: May 3, 2005

Decision Date: June 1, 2005

Default Date: August 4, 2005

Staff: Steven Lazarus

Project Description: John Dempsey Hospital (“Hospital”) proposes to acquire a Picture Archiving and Communication Systems (“PACS”), at a proposed total capital expenditure of \$1,835,709.

Nature of Proceedings: On May 3, 2005, the Office of Health Care Access (“OHCA”) received John Dempsey Hospital’s Certificate of Need (“CON”) application to acquire a PACS at a proposed total capital expenditure of \$1,835,709. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

On March 7, 2005, the notice to the public regarding OHCA’s receipt of the Hospital’s Letter of Intent (“LOI”) to file its CON application was published in *The Hartford Courant* pursuant to Section 19a-639, C.G.S. OHCA received no comments from the public concerning the Hospital’s LOI or CON application.

OHCA's authority to review, 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

Current Utilization Statistics

Contribution to Accessibility and Quality of Health Care Delivery in the Region Impact of the Proposal on the Interests of Consumers of Health Care Services and Payers for Such Services

1. John Dempsey Hospital ("Hospital") is the acute care hospital component of the University of Connecticut Health Center located at 263 Farmington Avenue in Farmington, Connecticut. *(February 14, 2005, Letter of Intent)*
2. The Hospital's primary and secondary service areas include the towns of Avon, Burlington, Bloomfield, Canton, East Hartford, Farmington, Granby, Hartford, New Britain, Newington, Simsbury, West Hartford, Barkhamsted, Berlin, Bristol, Cromwell, East Granby, East Windsor, Glastonbury, Hartland, Harwinton, Litchfield, Manchester, New Hartford, Plainville, Plymouth, Rocky Hill, South Windsor, Southington, Torrington, Vernon, Wethersfield, Winchester and Windsor. *(February 14, 2005, Letter of Intent)*
3. The Hospital proposes to acquire and install a Picture Archiving and Communication System ("PACS"). *(May 3, 2005, CON Application, page 2)*
4. PACS is a medical image managing system designed to store, retrieve, distribute and display medical images in a digital format. *(May 3, 2005, CON Application, page 2)*
5. The Hospital will utilize the proposed PACS for the digital imaging equipment currently in use and for digital equipment that will be employed in the future. The proposed PACS will augment the ability of the Hospital clinicians to view images and use them for diagnosis and in faster treatment. *(May 3, 2005, CON Application, page 2)*

6. The need for the proposed PACS is based on the following factors:
 - a. Ability to capture radiographs in digital formats;
 - b. Provide capability to store and review digital images on-line;
 - c. Eliminate time-consuming processes associated with traditional film-based systems; and
 - d. Eliminate trafficking of physical films between physicians.
(May 3, 2005, CON Application, pages 2&3)
7. The acquisition of the PACS will be required as digital imaging advances through the use of digital technologies such as Magnetic Resonance Imaging Units, Computer Tomography Scanner, Ultrasound and digital x-rays. The Hospital's film-based system will continue to be used for its non-digital imaging equipment. *(February 14, 2005, Letter of Intent)*

**Financial Feasibility of the Proposal and its Impact on the Applicant'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 19a-637, C.G.S.
Principles and Guidelines**

8. The proposal has a total capital expenditure of \$1,835,709. *(May 3, 2005, CON Application, page 8)*
9. The Hospital proposes to fund the total expenditure of \$1,835,709 through the Hospital's equity, which will be through the Hospital's operating funds. *(May 3, 2005, CON Application, page 9)*
10. The Hospital projects incremental losses from operations related to the CON proposal of \$367,142, \$193,933 and \$267,933 for FYs 2006, 2007 and 2008, respectively, which are due to non-cash depreciation and amortization expenses.
11. The Hospital projects gains from operations with the CON proposal of \$5,270,346, \$5,266,244 and \$5,356,049 for FYs 2006, 2007 and 2008, respectively. *(May 3, 2005, CON Application, page 13)*
12. The implementation of this project will result in the following:
 - a. Improvement in technologists' efficiency and productivity,
 - b. Reduction in the usage of films, chemicals, and film processing supplies, and
 - c. Reduction in staff costs associated with elimination of 2 FTEs.
(May 3, 2005, CON Application, pages 2, 3 and 13)

13. There is no State Health Plan in existence at this time. *(May 3, 2005, CON Application, page 2)*
14. The Hospital has adduced evidence that this proposal is consistent with the Hospital's long-range plan. *(May 3, 2005, CON Application, page 2)*
15. The Hospital has improved productivity and contained costs through group purchasing, re-engineering, application of technology and the NICU Transport program. *(May 3, 2005, CON Application, page 6)*
16. The proposal will result in changes to the Hospital's teaching and research responsibilities as the PACS includes an electronic teaching file that provides diagnostic training. *(May 3, 2005, CON Application, page 7)*
17. There are no distinguishing characteristics of the Hospital's patient/physician mix. *(May 3, 2005, CON Application, page 7)*
18. The Hospital has sufficient technical, financial and managerial competence to provide efficient and adequate services to the public. *(May 3, 2005, CON Application, page 4 and Exhibit 3)*

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.

John Dempsey Hospital (“Hospital”) is the acute care hospital component of the University of Connecticut Health Center located in Farmington, Connecticut. The Hospital proposes to acquire a Picture Archiving Communication System. The acquisition of such technology will allow for the digital display, transmission, and storage of diagnostic images.

The Hospital based the need for the PACS proposal on the advantages of this technology. The PACS technology will provide the Hospital with the ability to capture radiographs in digital formats, aid the Hospital in storing and reviewing digital images on-line, eliminate time consuming processes associated with traditional film-based systems, eliminate trafficking of physical films between physicians, as well as improve the technologist’s efficiency and productivity. Based on the above, OHCA finds that the Hospital’s acquisition of the proposed PACS technology will improve accessibility and quality of health services in the region.

The proposed total capital expenditure associated with the project is \$1,835,709. The Hospital proposes to fund the proposed total capital expenditure of \$ 1,835,709 through the Hospital equity, specifically through operating funds. The Hospital projects incremental losses from operations related to the proposal of \$367,142, \$193,933 and \$267,933 for FYs 2006, 2007 and 2008, respectively, which are due to non-cash depreciation and amortization expenses. The Hospital projects gains from operations with the CON proposal of \$5,270,346, \$5,266,244 and \$5,356,049 for the FYs 2006, 2007 and 2008, respectively. Project implementation will result in reduction in the usage of films, chemicals and film processing supplies, as well as savings through staff reductions. Therefore, OHCA finds that the CON proposal will not only improve access to care for the community it serves, but the Hospital’s proposal is also financially feasible and cost effective.

Based on the foregoing Findings and Rationale, the Certificate of Need application of John Dempsey Hospital to acquire a Picture Archiving Communication System, at a total capital expenditure of \$ 1,835,709, is hereby GRANTED.

Order

John Dempsey Hospital is hereby authorized to acquire a Picture Archiving Communication System at a total capital expenditure of \$ 1,835,709, subject to the following conditions:

1. This authorization shall expire on December 31, 2007, unless the Hospital presents evidence to OHCA that the proposal has been completed by that date.
2. The Hospital shall not exceed the approved capital expenditure of \$1,835,709. In the event that the Hospital learns of potential cost increases or expect that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised budget.

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

June 1, 2005

Signed by Cristine A. Vogel
Commissioner

CAV:sl