



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Windham Community Memorial Hospital, Inc.

Docket Number: 06-30896-WVR

Project Title: Request to Waive CON Requirements for the Replacement of an Existing MRI Scanner

Statutory Reference: Section 19a-639c of the Connecticut General Statutes as amended by Public Act 06-28, Section 5

Filing Date: December 20, 2006

Hearing: Waived

Decision Date: January 5, 2007

Staff: Jack A. Huber

Project Description: Windham Community Memorial Hospital, Inc. requests a waiver of the Certificate of Need requirements for the purpose of replacing its existing magnetic resonance imaging scanner, at a total capital cost of \$507,050.

Nature of Proceedings: On December 20, 2006, the Office of Health Care Access ("OHCA") received the waiver of Certificate of Need ("CON") request for replacement equipment from Windham Community Memorial Hospital, Inc. ("Hospital"). The Hospital proposes to replace its existing magnetic resonance imaging scanner, at a total capital cost of \$507,050. The Hospital is a health care facility or institution as defined in Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

OHCA's authority to review and approve, modify or deny the requested waiver of CON requirements for replacement equipment is established by Section 19a-639c of the C.G.S., as amended by Public Act 06-28, Section 5. 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

1. On June 15, 1998, in an Agreed Settlement under Docket Number: 98-502, Windham Community Memorial Hospital, Inc. ("Hospital") received Certificate of Need ("CON") authorization for the acquisition and operation of a replacement magnetic resonance imaging ("MRI") scanner, at a total capital expenditure of \$1,940,415. *(June 15, 1998, Office of Health Care Access, Agreed Settlement, Docket Number: 98-502)*
2. The Hospital is requesting a waiver of CON requirements for the purpose of replacing its existing General Electric Signa LX, 1.5 tesla-strength MRI scanner acquired by the Hospital, which was authorized by OHCA through the Agreed Settlement approved under Docket Number: 98-502. *(June 15, 1998, Office of Health Care Access, Agreed Settlement, Docket Number: 98-502 and December 20, 2006, CON Waiver Form 2040, page 3)*
3. Pursuant to Section 19a-639c of the Connecticut General Statutes ("C.G.S"), as amended by Public Act 06-28, Section 5, a proposal may be eligible for a waiver of replacement equipment from the CON process when a provider has previously received Certificate of Need authorization from OHCA for the equipment to be replaced and when the cost or value of the replacement equipment will not exceed \$3 million. *(Public Act 06-28, Section 5, amending Section 19a-639c, C.G.S., effective July 1, 2006)*
4. The Hospital plans to acquire and operate a General Electric Signa LX, HD EchoSpeed, MRI scanner as its replacement equipment. The proposed scanner is a fixed-based, 1.5 tesla-strength MRI scanner. *(December 20, 2006, CON Waiver Form 2040, page 4)*
5. The Hospital stated the existing MRI scanner needs to be replaced for the following reasons: *(December 20, 2006, CON Waiver Form 2040, page 7)*
 - The equipment is old and has exceeded its useful life for present day Hospital use;
 - The equipment does not have desired resolution capability; and
 - The equipment does not have the ability to perform newer clinical applications.
6. The Hospital stated that the proposed MRI scanner will offer the following improvements: *(December 20, 2006, CON Waiver Form 2040, page 7)*
 - Enhance productivity and throughput;
 - The ability to provide:
 - high definition imaging of the chest, abdomen and pelvis;
 - enhanced spine, neck and brain imaging;
 - optimal high resolution neural imaging;
 - The ability to perform new clinical applications; and
 - Enhance patient comfort during examination.
7. The total capital cost for the replacement MRI unit is \$507,050 representing the fair market value price of the replacement MRI system. *(December 20, 2006, CON Waiver Form 2040, page 3)*

9. The capital cost of \$507,050 of the replacement MRI scanner is below the \$3 million threshold used to determine whether a request is eligible to receive a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S. *(December 20, 2006, CON Waiver Form 2040, page 2)*
10. The Hospital will fund the total capital cost of the proposal through a capital equipment lease. *(December 20, 2006, CON Waiver Form 2040, page 4)*
11. The Hospital intends to begin operating the replacement MRI scanner on or about February 1, 2007. *(December 20, 2006, CON Waiver Form 2040, page 2)*
12. The replacement MRI scanner will serve the Hospital's existing patient population with no anticipated change in the existing payer sources. *(December 20, 2006, CON Waiver Form 2040, page 2)*

Rationale

Windham Community Memorial Hospital, Inc. ("Hospital") is requesting a waiver of Certificate of Need ("CON") requirements for replacement equipment, pursuant to Section 19a-639c, of the C.G.S., as amended by Public Act 06-28, Section 5. The Hospital is seeking to replace its existing magnetic resonance imaging ("MRI") scanner stationed at the Hospital and to operate a General Electric Signa LX, HD EchoSpeed, 1.5 tesla-strength MRI scanner.

The Hospital indicates that the existing equipment has exceeded its useful life for present-day Hospital use and does not have the ability to perform newer clinical applications. The Hospital stated that the proposed scanner will offer improved efficiencies, allowing the Hospital to offer higher quality scans to a greater number of its patients.

The total capital cost for the replacement MRI unit is \$507,050, representing the fair market value price of the replacement MRI system. The Hospital will fund the entire replacement project through a capital lease arrangement. The capital cost of \$507,050 for the replacement scanner is below the \$3 million threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S., as amended by Public Act 06-28, Section 5.

Based on the foregoing Findings and Rationale, OHCA has determined that Windham Community Memorial Hospital's request for a waiver of CON requirements for replacement equipment in order to replace its existing MRI scanner with a 1.5 tesla-strength MRI scanner, at a total capital cost of \$507,050, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. as amended by Public Act 06-28, Section 5, and is hereby granted subject to conditions.

Order

Windham Community Memorial Hospital, Inc. ("Hospital") is hereby authorized to replace its existing magnetic resonance imaging ("MRI") scanner, at a total capital cost of \$507,050, subject to the following conditions:

1. This authorization shall expire on February 1, 2008. Should the Hospital's MRI replacement 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 the approved capital cost of \$507,050. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.
3. With respect to the acquisition of the new MRI scanner, the Hospital shall notify OHCA regarding the following information in writing by no later than one month after the equipment becomes operational:
 - a) The name of the MRI scanning manufacturer;
 - b) The model name and description of the MRI scanner; and
 - c) The initial date of the operation of the MRI scanner.
4. This authorization requires the removal of the Hospital's existing MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Hospital's Connecticut service locations. Furthermore, the Hospital shall provide evidence to OHCA of the disposition of the existing MRI scanner to be replaced by no later than six months after the replacement MRI scanner has become operational.
5. Should the Hospital propose any change in the magnetic resonance imaging services, the Hospital shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

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

January 5, 2007

Signed by Cristine A. Vogel
Commissioner

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