



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Johnson Memorial Hospital

Docket Number: 07-30950-WVR

Project Title: Request to Waive Certificate of Need Requirements for the Replacement of an Existing CT Scanner at Johnson Memorial Hospital

Statutory Reference: Section 19a-639c of the Connecticut General Statutes

Filing Date: March 29, 2007

Hearing: Not Applicable

Decision Date: April 3, 2007

Staff: Laurie K. Greci

Project Description: Johnson Memorial Hospital requests a waiver of the Certificate of Need requirements for the purpose of replacing the existing single-slice computed tomography scanner at a total capital cost of \$1,245,600.

Nature of Proceedings: On March 29, 2007, the Office of Health Care Access ("OHCA") received the waiver of Certificate of Need ("CON") request for replacement equipment from Johnson Memorial Hospital ("Hospital"). The Hospital proposes to replace the existing single-slice computed tomography ("CT") scanner, at a total capital cost of \$1,245,600. 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. 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. Johnson Memorial Hospital ("Hospital") is a general acute-care hospital with its main campus located at 201 Chestnut Hill Road, Stafford Springs, Connecticut. *(March 29, 2007, CON Waiver Form 2040, page 2)*
2. On September 6, 1989, under the Commission of Hospitals and Health Care Docket Number 89-567, the Hospital received authorization to obtain and operate a fixed CT scanner at a total capital cost of \$547,293. *(September 6, 1989, CHHC Docket Number 89-567, Agreed Settlement)*
3. The Hospital is requesting a waiver of CON requirements for the purpose of replacing the existing single-slice CT scanner with a General Electric LightSpeed VCT 64-slice CT scanner, at a total capital cost of \$1,245,600. *(March 29, 2007, CON Waiver Form 2040, page 3)*
4. Pursuant to Section 19a-639c, C.G.S, 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 that will be replaced and when the cost or value of the replacement equipment will not exceed three million dollars.
5. The Hospital stated the existing CT scanner needs to be replaced because it can no longer provide studies which are now considered to be a standard of care within a hospital environment. *(March 29, 2007, CON Waiver Form 2040, page 4)*
6. The Hospital stated that the proposed CT scanner will offer the following improvements:
 - Faster patient throughput;
 - Improved resolution and image quality; and
 - Improve the Hospital's current CT diagnostic capabilities.*(March 29, 2007, CON Waiver Form 2040, page 4)*
7. The total capital cost for the project is \$1,245,600, which consists of the following:
 - \$1,225,000, representing the fair market value of the replacement CT scanner; and
 - \$20,600 for an injector system.*(March 29, 2007, CON Waiver Form 2040, page 3)*
8. The total capital cost of \$1,245,600 for the replacement CT scanner is below the three million dollar 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. *(March 29, 2007, CON Waiver Form 2040, page 2)*
9. The Hospital will fund the proposal with an operating lease. *(March 29, 2007, CON Waiver Form 2040, page 3)*

10. The Hospital will initiate its replacement proposal in August 2007. *(March 29, 2007, CON Waiver Form 2040, page 2)*
11. The replacement CT scanner will serve the Hospital's existing patient population with no anticipated change in the existing payer sources. *(March 29, 2007, CON Waiver Form 2040, page 4)*

Rationale

Johnson Memorial Hospital ("Hospital") is requesting a waiver of Certificate of Need ("CON") requirements for replacement equipment, pursuant to Section 19a-639c, C.G.S. The Hospital is seeking to replace the existing single-slice computed tomography ("CT") scanner located with a General Electric LightSpeed VCT 64-slice CT scanner.

The Hospital stated the existing CT scanner needs to be replaced because it can no longer provide studies which are now considered to be a standard of care within a hospital environment. The Hospital stated that the proposed CT scanner will offer faster patient throughput, improved resolution and image quality, and improve the Hospital's current CT diagnostic capabilities. The replacement CT will allow the Hospital to offer higher quality CT scans to its patients.

The total capital cost for the proposal is \$1,245,600 and consists of \$1,225,600 representing the fair market value of the replacement CT system and \$20,000 for an injector system. The Hospital will fund the replacement project with an operating lease. The capital cost of \$1,245,600 for the replacement CT scanner is below the three million dollar threshold for determining eligibility for a waiver of CON requirements for replacement equipment pursuant to Section 19a-639c, C.G.S.

Based on the foregoing Findings and Rationale, OHCA has determined that Johnson Memorial Hospital's request for a waiver of CON requirements for replacement equipment in order to replace the existing single-slice CT scanner with a General Electric LightSpeed VCT 64-slice CT scanner, at a total capital cost of \$1,245,600, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. and is hereby granted subject to conditions.

Order

Johnson Memorial Hospital ("Hospital") is hereby authorized to replace the existing single-slice computed tomography ("CT") scanner located, at a total capital cost of \$1,245,600, subject to the following conditions:

1. This authorization shall expire on October 3, 2008. Should the Hospital's CT 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 \$1,245,600. 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 CT 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 CT scanning manufacturer;
 - b) The model name and description of the CT scanner; and
 - c) The initial date of the operation of the CT scanner.
4. This authorization requires the removal of the Hospital's existing CT 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 CT scanner to be replaced by no later than six months after the replacement CT scanner has become operational.
5. Should the Hospital propose any change in the computed tomography services, the Hospital shall file with OHCA a Certificate of Need Determination Request regarding the proposed change in service.

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

April 3, 2007

Signed by Cristine A. Vogel
Commissioner

CAV:llkg