



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Lawrence & Memorial Hospital

Docket Number: 07-30967-WVR

Project Title: Request to Waive Certificate of Need Requirements for the Replacement of an Existing Oncology CT Simulator

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

Filing Date: May 15, 2007

Hearing: Not Applicable

Decision Date: May 22, 2007

Staff: Steven W. Lazarus

Project Description: Lawrence & Memorial Hospital ("Hospital") requests a waiver of the Certificate of Need requirements for the replacement of an existing Computed Tomography Simulator at a total capital expenditure of \$1,191,077.

Nature of Proceedings: On May 15, 2007, the Office of Health Care Access ("OHCA") received the waiver of Certificate of Need ("CON") request for replacement equipment from the Hospital. The Hospital proposes to replace the existing computed tomography ("CT") simulator, at a total capital expenditure of \$1,191,077. 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. Lawrence & Memorial Hospital (“Hospital”) is a general acute-care hospital with its main campus located at 365 Montauk Avenue, New London, Connecticut. *(May 15, 2007, CON Waiver Form 2040, page 1)*
2. On September 5, 1991, under the Commission of Hospitals and Health Care Docket Number 90-568, the Hospital received authorization to obtain and operate a fixed Computed Tomography (“CT”) simulator as part of an overall facility development plan, at a total capital expenditure of \$45,633,215. *(September 5, 1991, CHHC Docket Number 90-568, Agreed Settlement)*
3. The Hospital is requesting a waiver of CON requirements for the replacement of an existing CT simulator with a GE Lightspeed RT 16 CT simulator, at a total capital expenditure of \$1,191,077. *(May 15, 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 simulator needs to be replaced because it has reached the end of its life span and consequently the repairs are frequent and replacement parts are no longer available from the manufacturer. *(May 15, 2007, CON Waiver Form 2040, page 36)*
6. The Hospital stated that the proposed CT simulator will offer the following improvements:
 - Improved positioning of the patients;
 - Respiratory gating to feed information to the linear accelerator; and
 - Allow for radiation dose to be controlled to target organs.*(May 15, 2007, CON Waiver Form 2040, page 35)*
7. The total capital expenditure for the project is as follows:
Table 1: Proposed Capital Expenditure

Medical Equipment Purchase	\$15,772
Major Medical Equipment (Purchase)	\$712,330
Mobile Rental	\$135,000
Construction/Renovation	\$327,975
Total Capital Expenditure	\$1,191,077

(May 15, 2007, CON Waiver Form 2040, page 3)
8. The capital expenditure of \$712,330 for the replacement CT simulator 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. *(May 15, 2007, CON Waiver Form 2040, page 3)*

9. The Hospital will fund the proposal through an equity contribution, specifically through operations. *(May 15, 2007, CON Waiver Form 2040, page 3)*
10. The replacement CT simulator will serve the Hospital's existing patient population with no anticipated change in the existing payer sources. *(May 15, 2007, CON Waiver Form 2040, page 36)*

Rationale

Lawrence & 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 its existing computed tomography (“CT”) simulator located with a General Electric LightSpeed RT 16 CT simulator.

The Hospital stated the existing CT simulator needs to be replaced because it has reached the end of its life span and therefore, the repairs are frequent and replacement parts are no longer available from the manufacturer. The Hospital stated that the proposed CT simulator will allow the patients to be positioned in various ways and will allow for respiratory gating to feed information into the linear accelerator, thereby, allow for the radiation dose to be controlled to target the organs during a certain range of breathing.

The total capital expenditure for the proposal is \$1,191,077 and consists of \$712,330 representing the fair market value of the replacement CT simulator. The Hospital will fund the replacement project with an operating lease. The capital expenditure of \$712,330 for the replacement CT simulator 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 Lawrence & Memorial Hospital’s request for a waiver of CON requirements for replacement of the existing CT simulator with a General Electric LightSpeed RT 16 CT simulator, at a total capital expenditure of \$1,191,077, 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

Lawrence & Memorial Hospital ("Hospital") is hereby authorized to replace the existing computed tomography ("CT") simulator, at a total capital expenditure of \$1,191,077, subject to the following conditions:

1. This authorization shall expire on May 21, 2008. Should the Hospital's CT simulator 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 \$1,191,077. In the event that the Hospital learns of potential cost increases or expects that final project costs will exceed those approved, the Hospital shall notify OHCA immediately.
3. With respect to the acquisition of the new CT simulator, 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 simulator's manufacturer;
 - b) The model name and description of the CT simulator; and
 - c) The initial date of the operation of the replacement CT simulator.
4. This authorization requires the removal of the Hospital's existing CT simulator 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 simulator to be replaced by no later than six months after the replacement CT simulator has become operational.
5. Should the Hospital propose any change in the CT simulator 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

May 22, 2007

Signed by Cristine A. Vogel
Commissioner

CAV:swl