



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: Connecticut Children's Medical Center

Docket Number: 07-30998-CON

Project Title: Proposal To Establish a Satellite Ambulatory Radiology Center in Glastonbury to Provide Diagnostic Radiology Services for Infants, Children, and Adolescents

Statutory Reference: Section 19a-638 of the Connecticut General Statutes

Filing Date: January 15, 2008

Decision Date: March 5, 2008

Default Date: April 14, 2008

Staff Assigned: Laurie K. Greci

Project Description: Connecticut Children's Medical Center ("Hospital") is proposing to establish a satellite ambulatory radiology center in Glastonbury to provide diagnostic radiology services for infants, children, and adolescents, at an estimated total capital expenditure of \$331,025. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

Nature of Proceedings: On January 15, 2008, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application of the Hospital seeking authorization to establish a satellite ambulatory radiology center in Glastonbury to provide diagnostic radiology services for infants, children, and adolescents, at an estimated total capital expenditure of \$331,025. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes ("C.G.S.").

A notice to the public regarding OHCA's receipt of the Hospital's CON application was published in the *Hartford Courant* on July 23, 2007. OHCA received no responses from the public concerning the Hospital's proposal.

Pursuant to Section 19a-638 (c) (1), C.G.S., three individuals or an individual representing an entity with five or more people had until February 5, 2008, the twenty-first calendar day following the filing of the Hospital's CON Application, to request that OHCA hold a public hearing on the Hospital's proposal. OHCA did not receive any requests to hold a public hearing.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 19a-638, 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

Impact of the Proposal on the Applicant's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Connecticut Children's Medical Center ("Hospital") is a children's hospital located at 282 Washington Street in Hartford, Connecticut. (*October 2, 2007, Initial CON Submission, page 73*)
2. The Hospital is a freestanding children's hospital that serves children between birth and 18 years of age. (*October 2, 2007, Initial CON Submission, page 8*)
3. The Hospital provides general diagnostic radiology services, including x-rays and ultrasound studies, for outpatients, inpatients, and Emergency Department ("ED") patients. (*November 23, 2007, First Completeness Response, page 3*)
4. The Hospital operates three general radiologic¹ rooms for outpatient and inpatient exams. There is a fourth general radiologic room dedicated to ED patients. ED and inpatient exams are available twenty-four hours a day, seven days a week. Outpatient hours are between 8 a.m. and 5 p.m. Monday through Friday. (*January 15, 2008, Second Completeness Response, page 1*)
5. The Hospital is proposing to establish and operate a satellite ambulatory radiology center ("Radiology Center") in Glastonbury to provide diagnostic radiology services to infants, children, and adolescents. The Radiology Center will be located at 310 Western Boulevard, Building C, Glastonbury. (*October 2, 2007, Initial CON Submission, page 1*)
6. The proposal will provide radiologic studies for patients referred to pediatric medical and surgical specialists on the staff of the Hospital. These surgeons and specialists are members of the Hospital's Faculty Practice Plan ("FPP"). With the service available in Glastonbury patients will be able to obtain basic radiologic evaluations at the same

¹ CT and MRI scanning are performed in separate rooms.

time that the specialty visits are provided. These patients are currently being referred to the Hospital's Hartford campus. *(October 2, 2007, Initial CON Submission, page 4)*

7. The FPP has had a practice site in Glastonbury for the past six years that had been substantially outgrown two years ago. When planning for a larger site, the FPP attempted to stay in the same geographic area in order to support and expand upon the established patient user and physician referral base. The Radiology Center is being co-located at the site to support the FPP specialty practices and to serve patients who reside in that area and already use the Hospital's services. *(November 23, 2007, First Completeness Response, page 4)*
8. FPP physicians who see patients in Glastonbury will refer most of their patients who need radiology services to the Radiology Center. The following specialty medical services are currently provided at 310 Western Boulevard, Glastonbury:

Table 1: Medical Services Available in Glastonbury

Service	Frequency of Availability
Audiology	Daily
Endocrinology	4 sessions per week
Ear, Nose, and Throat	5 sessions per week
Gastroenterology	2 sessions per week
Hematology and Oncology	1 session per week
Neurology	4 sessions per week
Orthopedics	4 sessions per week
Pulmonology	1 session per week
Physical, Speech, and Occupational Therapies	Daily

(November 23, 2007, First Completeness Response, pages 2 and 8)

9. The Glastonbury site is projected to primarily serve the pediatric population that lives within 25 miles of the Glastonbury site. *(October 2, 2007, Initial CON Submission, page 2)*
10. The Hospital stated that there are three areas where the performance of radiological and ultrasound studies between pediatric and adult populations differ:
 - (1) Exams are customized based upon the age, size, and developmental level of the child so that the risks of radiation exposure are minimized.
 - (2) Anxiety, lack of cooperation, fear of the exam, and use of positioning devices each complicate the procedure for children.
 - (3) Radiologic staff is trained to understand the different age groups and is able to provide information and education appropriate for the age of the child.*(November 23, 2007, First Completeness Response, page 2)*
11. Approximately 25% of the diagnostic radiology services performed at the Hospital is for patients from the ED and 75% for all other sections of the Hospital. Between the hours of 8 a.m. and 5 p.m. the Hospital performs an average of 120 radiologic studies. Many of the children being scanned require two staff members and an extended time to due to their disease processes. *(October 2, 2007, Initial CON Submission, page 3)*

12. The Hospital reported that the current wait time for a non-emergent ultrasound study is 6 weeks. The wait time has been six weeks for the past year. The Hospital's target wait time is one week to 10 days. *(November 23, 2007, First Completeness Response, page 11)*
13. The following table reports the units of service for radiologic and ultrasound studies by town and by fiscal year:

Table 2: Radiologic Units of Service by Fiscal Year

Town	Radiologic by Fiscal Year				Ultrasound by Fiscal Year			
	2004	2005	2006	2007*	2004	2005	2006	2007*
Andover	29	37	29	17	4	5	7	10
Bolton	83	72	94	80	13	1	12	14
Bozrah	2	6	14	5	2	0	4	2
Colchester	135	123	133	187	23	30	35	36
Columbia	57	54	52	34	14	24	19	14
Coventry	75	106	126	102	28	23	23	14
East Hampton	100	83	99	125	20	33	23	34
East Hartford	529	550	605	715	114	94	108	112
Glastonbury	269	288	310	258	98	101	101	144
Hebron	64	57	50	40	9	18	12	23
Lebanon	33	51	45	43	16	17	16	16
Lisbon	0	0	2	1	0	0	0	0
Manchester	450	494	519	529	117	106	107	104
Marlborough	68	66	79	65	16	18	26	17
Middletown	215	278	309	293	64	56	62	61
North Stonington	8	8	28	23	1	2	1	0
Norwich	102	99	158	131	22	19	14	26
Portland	86	52	74	54	16	15	23	20
Preston	14	11	32	11	1	4	4	2
South Windsor	254	271	269	233	62	61	75	71
Tolland	158	168	127	150	24	39	40	42
Vernon	1	0	0	0	42	57	39	36
All Other	9,947	10,215	11,407	11,285	2,089	2,274	2,267	2,509
Total	12,679	13,089	14,561	14,380	2,795	3,008	3,018	3,308

*Annualized volume based on first 10 months of the fiscal year.

(November 23, 2007, First Completeness Response, page 6)

14. The Hospital completed the following number of radiologic and ultrasound studies in FY 2007:

Table 3: Radiologic and Ultrasound Studies in FY 2007 by Time and Patient Type

Type of Study	Exam Times and Days	Patient Status*	Number	Average per Day
Radiologic	8 a.m. and 5 p.m., M - F	OP	19,500	90 [♦]
		IP and ED	3,900	
	Other	OP, IP, and ED	14,600	
	Total Number of Radiologic Studies			38,000
Ultrasound	8 a.m. and 5 p.m., M-F	OP, IP, and ED	5,890	22.7 [^]
			310	
	Total Number of Ultrasound Studies			6,200

* OP = outpatient; IP = inpatient; and ED = Emergency Department.

[♦] $(19,500 + 3,900) / (52 \text{ weeks} * 5)$

[^] $5,890/260$

(January 15, 2008, Second Completeness Response, page 2)

15. The Hospital projects the following units of service:

Table 4: Projected Units of Service

Service	Fiscal Year		
	2008	2009	2010
Radiologic	3,000	4,000	5,000
Ultrasound	832	1,560	2,880

Assumptions: The projected studies for FY 2008 for the Hospital and the Center are held at the same number performed in FY 2007. Annual increases are based on marketing projections and volume increases from the FPP. Appointments for ultrasound studies currently have a three to six week waiting time. Initially the Center will provide ultrasound two days per week performing approximately eight studies per day. In subsequent years, ultrasound studies will be performed 4 to 5 days per week with approximately 11 studies per day.

*(October 2, 2007, Initial CON Submission, page 4 and
January 15, 2008, Second Completeness Response, pages 2 and 3)*

16. With increasing inpatient and ED volumes, the Hospital will refer a proportional number of basis studies for ambulatory patients to the new Center based on family preference and first available appointment. *(January 15, 2008, Second Completeness Response, page3)*

17. R. Timothy Brown, MD, will be the Medical Director at the Radiology Center. He is also the Medical Director of the Department of Radiology at the Hospital. *(November 23, 2007, First Completeness Response, page 4)*

**Financial Feasibility and Cost Effectiveness 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 Section 19a-637, C.G.S.
Principles and Guidelines**

18. The total capital expenditure for the proposal is \$331,025. The components of the capital expenditure are given in the following table:

Table 5: Major Expenditure Components

Item	Cost
ACUSON Sequoia S512 Ultrasound System	\$167,200
SHIMADZU RadSpeed™ Radiographic System	78,650
Konica IQue Radiography Reader	53,542
Workstation and PacsCube	28,633
Radiology tables, aprons, and shielding items	3,000
Total Capital Expenditure	\$331,025

(November 23, 2007, First Completeness Response, page 5)

19. The CON proposal’s total capital expenditure of \$331,025 will be financed entirely the equity from operating funds. *(October 2, 2007, Initial CON Submission, page 11)*

20. The Radiology Center will require 1.0 FTE² Radiology Technician, 1.0 FTE Ultrasound Technician, and 0.6 Registration Associate in FY 2008. Additional staff will be required in subsequent years. *(October 2, 2007, Initial CON Submission, page 13)*

21. The Hospital’s incremental revenue from operations, incremental operating expense, and incremental gain from operations during the first three operating years of the proposal are as follows:

Table 6: Financial Projections by Fiscal Year

Description	Fiscal Year		
	2008	2009	2010
Incremental Revenue from Operations	\$403,334	\$630,478	\$966,405
Incremental Operating Expense	263,123	393218	504559
Incremental Gain from Operations	\$140,211	\$237,261	\$461,847

(October 2, 2007, Initial CON Submission, page 16)

22. The Hospital will establish a new cost center named “Radiology – Glastonbury” and the units of service will be defined as radiologic studies performed. *(October 2, 2007, Initial CON Submission, page 9)*

² FTE = Full-time Equivalent.

23. The Hospital will bill for the institutional services. The specialists or radiologists will bill for professional services. *(July 6, 2007, Letter of Intent, page 6)*
24. The Hospital's projected payer mix percentages for the first three years of the operation of the Radiology Center is given in the following table:

Table 7: Projected Payer Mix Percentages

Payer	FY 2008	FY 2009	FY 2010
Medicare	0.1%	0.1%	0.1%
Medicaid	30.3%	29.7%	29.0%
TriCare	0.4%	0.4%	0.4%
Total Government	30.8%	30.2%	29.5%
Commercial Insurers	67.4%	68.0%	68.9%
Uninsured	1.9%	1.8%	1.6%
Total Non-Government	69.3%	69.8%	70.5%
Total All Payers	100.0%	100.0%	100.0%

(October 2, 2007, Initial CON Submission, pages 17 and 18)

25. The Hospital provides services at reduced or no cost to uninsured patients and others who meet the Hospital's Patient Financial Assistance eligibility requirements. *(November 23, 2007, First Completeness Response, page 12)*
26. There is no State Health Plan in existence at this time. *(December 10, 2007, Initial CON Submission, page 2)*
27. The Hospital has adduced evidence that the proposal is consistent with its long-range plans. *(October 2, 2007, Initial CON Submission, page 2)*
28. The Hospital has improved productivity and contained costs through energy conservation, the application of technology, and group purchasing. *(October 2, 2007, Initial CON Submission, page 7)*
29. The Hospital has no teaching or research responsibilities that would change as a result of the proposal. *(October 2, 2007, Initial CON Submission, page 8)*
30. The Hospital's unique characteristic of its patient/physician mix is that it is the only freestanding hospital in the state devoted solely to the care of children. *(October 2, 2007, Initial CON Submission, page 8)*
31. The Hospital has sufficient technical, financial, and managerial competence and expertise to provide efficient and adequate service to the public. *(October 2, 2007, Initial CON Submission, Attachment 2)*
32. The Hospital's rates are sufficient to cover the proposed capital cost and operating costs. *(October 2, 2007, Initial CON Submission, page 13)*

Rationale

The Office of Health Care Access ("OHCA") approaches community and regional need for the proposed service on a case by case basis. Certificate of Need ("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 proposed services.

Connecticut Children's Medical Center ("Hospital"), located on Washington Street in Hartford, provides general diagnostic radiology services, including x-rays and ultrasound studies, for outpatients, inpatients, and Emergency Department ("ED") patients. Exams are customized based upon the age, size, and developmental level of the child so that the risks of radiation exposure are minimized. The Hospital has three general radiologic rooms for outpatient and inpatient exams and a fourth general radiologic room is dedicated to ED patients. ED and inpatient exams are available twenty-four hours a day, seven days a week. Outpatient hours are between 8 a.m. and 5 p.m. Monday through Friday. The Hospital proposes to establish a satellite ambulatory radiology center ("Radiology Center") at 310 Western Boulevard in Glastonbury to provide diagnostic radiology services for infants, children, and adolescents.

The Hospital's Faculty Practice Plan ("FPP") has had a practice site in Glastonbury that became outgrown two years ago. When planning for a larger site, the FPP stayed in the same geographic area in order to support and expand upon the established patient user and physician referral base. The Radiology Center is being co-located with the FPP site in order to serve patients who reside in that area and already use the Hospital's services. Currently there are eight medical specialties as well as physical, speech, and occupational therapies available through the FPP physicians. With radiologic and ultrasound services to be made available in Glastonbury patients will be able to utilize those services at the same time they have a visit with their FPP physicians. These patients are currently being referred to the Hospital's Hartford campus to obtain their radiologic evaluations.

Since FY 2004, the number of radiologic units of service performed at the Hartford campus has increased each year. With increasing inpatient and ED volumes, the Hospital will refer a proportional number of outpatients needing a basic study to the new Center based on family preference and first available appointment. This will allow patients referred to the new Radiology Center and those patients at the main campus to receive their radiologic or ultrasound studies in an expeditious manner. Based on the foregoing reasons, OHCA finds that the Hospital has provided evidence to support the need for the proposed service and that the proposal will improve the accessibility of radiologic and ultrasound services in the greater Glastonbury region.

The CON proposal's total capital expenditure of \$331,025 will be financed entirely the equity from operating funds. The Hospital projects an incremental gain from operations related to the proposal of \$140,211 for FY 2008, \$237,261 for FY 2009 and \$41,847 for FY 2010. Although OHCA cannot draw any conclusions, the Hospital's financial projections appear to be reasonable and achievable. Therefore, OHCA finds that the CON proposal is both financially feasible and cost effective.

Order

Based on the foregoing Findings and Rationale, the Certificate of Need application of Connecticut Children's Medical Center ("Hospital") to establish a satellite ambulatory radiology center at 310 Western Boulevard in Glastonbury and provide diagnostic radiology services for infants, children, and adolescents, at an estimated total capital expenditure of \$331,025, is hereby GRANTED, subject to conditions.

1. This authorization shall expire on March 5, 2009. Should the Hospital not have established the satellite ambulatory radiology center and begun operations 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 total capital expenditure of \$331,025. 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. Should the Hospital propose to terminate and/or add any services or programs to be provided at 310 Western Boulevard, Glastonbury, the Hospital shall file with OHCA appropriate documentation regarding its intent, including either a Certificate of Need Determination Request or a Certificate of Need Letter of Intent.

Should the Applicant fail to comply with any of the aforementioned conditions, OHCA reserves the right to take additional action as authorized by law.

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

Signed by Commissioner Vogel on March 5, 2008

Date

Cristine A. Vogel
Commissioner

CAV:lkg