



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Meriden Imaging Center, Inc.
d/b/a Radiology Associates, Inc.

Docket Number: 08-31109-WVR

Project Title: Request to Waive CON Requirements for the Replacement of the Existing Mobile 1.5 Tesla MRI Scanner with a Fixed 1.5 Tesla MRI Scanner in Wallingford

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

Filing Date: May 7, 2008

Decision Date: May 14, 2008

Staff: Diane Duran

Project Description: Meriden Imaging Center, Inc. d/b/a Radiology Associates, Inc. requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing its existing mobile magnetic resonance imaging (“MRI”) scanner equipment with a fixed MRI scanner, at a total capital cost of \$2,012,000.

Nature of Proceedings: On May 7, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request for replacement equipment from Meriden Imaging Center, Inc. d/b/a Radiology Associates, Inc. (“Applicant”). The Applicant proposes to replace its existing mobile MRI scanner equipment with a fixed MRI scanner, at a total capital cost of \$2,012,000.

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. Meriden Imaging Center, Inc. d/b/a Radiology Associates, Inc. (“Applicant”) operates the Wallingford Diagnostic Imaging Center, a multi-modality imaging center located at 97 Barnes Road, Wallingford, Connecticut. *(February 26, 2008, Initial CON Waiver Form 2040, page 1)*
2. On November 3, 2006 in the Final Decision under the Docket Number 06-30834-WVR, the Applicant was authorized by the Office of Health Care Access (“OHCA”), to acquire and operate a mobile 1.5 Tesla magnetic resonance imaging (“MRI”) scanner in Wallingford, at a capital cost of \$1,665,145, which represented the fair market value of the leased equipment. *(February 26, 2008, Initial CON Waiver Form 2040, page 2 and November 3, 2006, Office of Health Care Access, Final Decision, Docket Number: 06-30834, pages 9 &10)*
3. The Applicant is requesting a waiver of CON requirements in order to replace its existing mobile Siemens Symphony 1.5 Tesla multi-channel, MRI scanner authorized by OHCA. *(February 26, 2008, Initial CON Waiver Form 2040, page 2 and November 3, 2006, Office of Health Care Access, Final Decision, Docket Number: 06-30834, pages 9 & 10)*
4. The Applicant operates one mobile MRI scanner, located at 97 Barnes Road in Wallingford. *(February 26, 2008, Initial CON Waiver Form 2040, pages 2 and 5)*
5. Pursuant to Section 19a-639c of the Connecticut General Statutes (“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 to be replaced and when the cost or value of the replacement equipment will not exceed \$3 million. *(Section 19a-639c, C.G.S.)*
6. On May 8, 2008, OHCA determined that a CON was not required for the Applicant to relocate the Wallingford Diagnostic Imaging Center at 97 Barnes Road in Wallingford to a new location at 890 North Colony Road in Wallingford less than one mile from the current location. *(February 26, 2008, Initial CON Waiver Form 2040, page 5)*
7. The Applicant plans to acquire and operate a fixed Siemens 1.5 Tesla Magnetom Espree, MRI scanner as its replacement equipment at the new location at 890 North Colony Road in Wallingford. *(February 26, 2008, Initial CON Waiver Form 2040, page 2 and April 1, 2008, Additional Completeness Responses, Vendor Quotation, page 2)*
8. The Applicant indicates that its current operating hours for the mobile MRI service are as follows:
 - An average of 42 – 50 hours per week;
 - Monday and Thursday from 7:30 a.m. – 8:00 p.m.;
 - Friday from 7:30 a.m. – 5:30 p.m.;

- Saturday from 7:30 a.m. – 3:30 p.m.; and
- Sunday from 7:30 a.m. – 3:30 p.m. as needed.
(April 1, 2008, Additional Completeness Responses, page 1)

9. The Applicant states that the existing mobile MRI scanner equipment needs to be replaced with a fixed MRI scanner for the following reasons: (February 26, 2008, Initial CON Waiver Form 2040, pages 5 and 6)

- a) The existing equipment is located in a free-standing area adjacent to the Wallingford Diagnostic Imaging Center office and there is no connection to the building that protects the patients from the weather as they travel from the building to the mobile unit;
- b) Patient comfort will be enhanced by having access for non-ambulatory and ambulatory patients and the support area for patient changing, restrooms, registration and patient interviews will be available;
- c) The ground floor accessibility will provide no need to lift or have stair access for a patient and the staff;
- d) The replacement equipment will be in a permanently integrated medical diagnostic suite of related services and support functions;
- e) It will improve images of obese, pediatric and claustrophobic patients; and
- f) It will preclude the need to move patients who may be in pain for coil changes and allow more flexibility to have images of larger body habitus patients.

10. The Applicant states that the volume of MRI scans is as follows: (May 7, 2008, 2nd Additional Responses)

| <u>Calendar Year</u> | <u>MRI Volume</u> |
|----------------------|-------------------|
| 2005 | 1201 |
| 2006 | 1591 |
| 2007 | 2255 |
| 2008 | 1009 year-to-date |

11. The total capital expenditure for the replacement project is \$2,012,000, which consists of the following components:

- a) \$250,000 for site work construction and renovation associated with the installation of the new equipment; and
- b) \$1,762,000 for the associated major medical equipment purchase.

(February 26, 2008, Initial CON Waiver Form 2040, page 3)

12. The capital cost of \$1,762,000, for the replacement fixed MRI scanner equipment 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. (February 26, 2008, Initial CON Waiver Form 2040, page 2)

13. The Applicant will fund the proposal through an operating lease. (February 26, 2008, Initial CON Waiver Form 2040, page 3)

14. The Applicant intends to begin operating the new fixed 1.5 Tesla MRI scanner on December 1, 2008 after CON approval. (*February 26, 2008, Initial CON Waiver Form 2040, page 2*)
15. The Applicant states that the new proposed operating hours for the fixed MRI scanner service are Monday through Saturday from 7:30 a.m. - 6 p.m. (*April 1, 2008, Additional Completeness Responses, page 1*)
16. The proposed fixed MRI scanner equipment will serve the Applicant's existing patient population and with no anticipated changes in the payer mix due to the proposal. (*April 1, 2008, CON Waiver Form 2040, page 6*)

Rationale

Meriden Imaging Center, Inc. d/b/a Radiology Associates, Inc. (“Applicant”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, of the C.G.S. The Applicant is seeking to replace its existing mobile 1.5 Tesla Magnetic Resonance Imaging (“MRI”) scanner with a fixed 1.5 Tesla MRI scanner in Wallingford and to undertake renovations to accommodate the new equipment. The new fixed MRI scanner replacement equipment will be located at 890 North Colony Road in Wallingford.

The Applicant is requesting that the existing mobile MRI scanner be replaced as the existing equipment is located in a free-standing area adjacent to the Wallingford Diagnostic Imaging Center office, and there is no connection to the building that protects the patients from the weather as they travel from the building to the mobile unit. The Applicant indicates that the proposed replacement fixed MRI scanner will be permanently integrated into the medical diagnostic suite of related services and support functions. The Applicant’s new proposed operating hours for the fixed MRI scanner service are Monday through Saturday from 7:30 a.m. - 6 p.m. The fixed MRI scanner on the ground floor will improve patient accessibility by no longer requiring a lift or stair access for a patient and the staff. It will also preclude the need to move patients who may be in pain for coil changes and allow more flexibility to have images of larger body habitus patients.

The capital cost for the proposed replacement fixed MRI scanner equipment is \$1,762,000, which 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. The Applicant will fund the replacement project through an operating lease.

Order

Based on the foregoing Findings and Rationale, OHCA has determined that the Meriden Imaging Center, Inc. d/b/a Radiology Associates, Inc. request for a waiver of CON requirements for replacement equipment in order to replace its existing mobile Magnetic Resonance Imaging ("MRI") scanner with a fixed MRI scanner in Wallingford, at a total capital cost of \$2,012,000, meets the requirements for waiver of the CON process pursuant to Section 19a-639c, C.G.S. and is hereby Approved subject to the following conditions.

1. This authorization shall expire on May 14, 2009. Should the Applicant's replacement project not be completed by that date, the Applicant must seek further approval from OHCA to complete the project beyond that date.
2. The Applicant shall not exceed the approved total capital cost of \$2,012,000. In the event that the Applicant learns of potential cost increases or expects that final project costs will exceed those approved, the Applicant shall notify OHCA.
3. With respect to the acquisition of the new fixed MRI scanner, the Applicant shall notify OHCA regarding the following information in writing by no later than two months after the system becomes operational:
 - a) The name of the system manufacturer;
 - b) The model name and description of the system; and
 - c) The initial date of the operation of the system.
4. This authorization requires the removal of the Applicant's existing mobile 1.5T MRI scanner for certain disposition, such as sale or salvage, outside of and unrelated to the Applicant's Connecticut service locations. Furthermore, the Applicant shall provide evidence to OHCA of the disposition of the existing mobile 1.5T MRI scanner to be replaced by no later than six months after the replacement system has become operational.
5. Should the Applicant propose any change in the magnetic resonance imaging scanner service, the Applicant shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

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 May 14, 2008

Date

CAV:dd

Cristine A. Vogel
Commissioner