



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Jefferson Radiology, P.C.

Docket Number: 08-31196-WVR

Project Title: Request to Waive CON Requirements for the Replacement of a Magnetic Resonance Imaging Scanner in Avon

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

Filing Date: July 11, 2008

Decision Date: July 25, 2008

Staff: Steven W. Lazarus

Project Description: Jefferson Radiology, P.C. (“Practice”) requests a waiver of Certificate of Need (“CON”) requirements for replacement equipment for the purpose of replacing a magnetic resonance imaging (“MRI”) scanner in Avon, at a total capital expenditure of \$2,474,607.

Nature of Proceedings: On July 11, 2008, the Office of Health Care Access (“OHCA”) received the completed waiver of Certificate of Need (“CON”) request from the Practice for replacement equipment for its Avon office. The Practice proposes to replace a MRI scanner in Avon, at a total capital expenditure of \$2,474,607.

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. Jefferson Radiology, P.C. (“Practice”) is a for-profit private radiology practice with multiple office locations including two locations in the town of Avon: 23B Arts Center Court and 100 Simsbury Avenue. *(July 11, 2008, Completed CON Waiver Request and OHCA Final Decision, Docket No.:06-30762)*
2. The Practice is requesting a waiver of Certificate of Need (“CON”) requirements for the purpose of replacing an existing 0.5 Tesla magnetic resonance imaging (“MRI”) scanner at its 23B Arts Center Court, Avon office location and relocating it to its office location at 100 Simsbury Avenue, in Avon. The Practice will dispose of the two existing MRI scanners operating in the town of Avon.
3. The Practice is also requesting use of a temporary mobile MRI scanner during the time period needed to renovate the MRI area and install the proposed replacement MRI scanner. *(July 11, 2008, Completed CON Waiver Request)*
4. The Practice currently operates two MRI scanners in the town of Avon, as follows
 - a. The Practice operates a GE/Gold Seal Signa 5x Platform, 1.0 Tesla MRI scanner at its radiology office located at 100 Simsbury Avenue;
 - b. The Practice, through Office of Health Care Access (“OHCA”), Docket No.: 06-30762-CON, acquired a GE 0.5 Tesla MRI scanner from Marc d’Avignon, M.D.
(July 11, 2008, Completed CON Waiver Request and OHCA Final Decision 06-30762-CON)
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 CON 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. According to the Practice, the existing 0.5 Tesla MRI scanner operating at 23B Arts Center Court in Avon is in very poor condition and has not been used for several months due to poor functioning and suboptimal imaging quality. *(July 11, 2008, Completed CON Waiver Request)*
7. The existing 1.0 Tesla MRI scanner operating at 100 Simsbury Avenue was purchased by the Practice in 2003 but originally manufactured in 1993. The Practice indicated that due to the equipment’s age, it is difficult to find parts in order to keep it in running order. It cannot be upgraded, and the software version is limited in terms of the type of exams that can be performed. *(July 11, 2008, Completed CON Waiver Request)*
8. According to the Practice, in order to accommodate all of the patient volume from the two office locations, the hours of operation at 100 Simsbury Avenue have been extended to 9 pm four days per week and all day on Saturday. *(July 11, 2008, Completed CON Waiver Request)*

9. The Practice stated that as a result of this proposal, the Practice's MRI service equipment will be reconfigured as follows:

- a. The Practice will replace its 0.5 Tesla magnetic resonance imaging ("MRI") scanner acquired under CON Docket No.: 06-30762; which is currently located at the Practice's office at 23B Arts Center Court in Avon;
- b. The Practice will dispose of the existing 0.5 Tesla MRI scanner at 23B Arts Center Court in Avon and also the 1.0 Tesla MRI scanner currently operating at the Practice's office located at 100 Simsbury Road in Avon; and
- c. The replacement Siemens Espree 1.5 Tesla MRI scanner will be located at the Practice's 100 Simsbury Road office in the town of Avon.
(July 11, 2008, Completed CON Waiver Request)

10. The Practice indicates the proposed Siemens Espree 1.5 Tesla MRI scanner will provide the following advantages:

- a. Offer high field imaging exams including neurological, cardiovascular, breast and orthopedic; and
- b. It is characterized by an extra-wide bore opening and extremely short magnet, coupled with the power of a conventional high-field system; therefore, it will allow larger/obese patients to fit comfortably and will minimize the imaging issue of near-field artifacts.
(July 11, 2008, Completed CON Waiver Request)

11. The total capital cost associated with the replacement project is as follows:

Construction/Renovation	\$700,000
Sales Tax	\$100,449
Total Capital Expenditure	\$800,449
Leased MRI Scanner (fair market value)	\$1,674,158
Total Capital Cost	\$2,474,607

(July 11, 2008, Completed CON Waiver Request)

12. The capital cost of \$1,674,158 for the proposed 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. *(July 11, 2008, Completed CON Waiver Request)*

13. The Practice will fund the proposal through a combination of a capital lease and a conventional loan. *(July 11, 2008, Completed CON Waiver Request)*

Rationale

Jefferson Radiology, P.C. (“Practice”) is requesting a waiver of Certificate of Need (“CON”) requirements for replacement equipment, pursuant to Section 19a-639c, C.G.S. The Practice is seeking to replace its existing 0.5 Tesla magnetic resonance imaging (“MRI”) scanner located at 23B Arts Center Court in Avon with a Siemens Espree 1.5 Tesla MRI scanner.

The Practice acquired the GE 0.5 Tesla MRI scanner currently located at 23B Arts Center Court through a CON authorization under Docket No.: 06-30762-CON. As a result of this proposal, the Practice will replace the existing 0.5 Tesla MRI scanner located at 23 B Arts Court, Avon with a Siemens 1.5 Tesla MRI scanner. Once the Practice installs the proposed MRI scanner, it will dispose of the two existing GE MRI scanners (the 0.5 Tesla and the 1.0 Tesla), currently operating in Avon.

According to the Practice the two existing 0.5 Tesla and 1.0 Tesla MRI scanners are near the end of their useful life. The Practice stated that it is difficult to obtain parts for the existing 1.0 Tesla MRI scanner, it can not be upgraded, and the software is limited in the types of exams it can perform. The 0.5 Tesla MRI scanner located at 23B Arts Court Center has been out of operation for several months due to its poor condition and suboptimal imaging. The proposed Siemens 1.5 Tesla scanner will offer the Practice the ability to perform high field imaging exams and is considered to have an extra wide-bore opening and an extremely short magnet; thereby allowing the Practice to accommodate larger/obese patients.

The capital cost for the proposed replacement MRI scanner is \$1,674,158, 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 Practice will fund the replacement project through a combination of a capital lease and conventional loan.

Order

Based on the foregoing Findings and Rationale, the Office of Health Care Access (“OHCA”) has determined that Jefferson Radiology, P.C.’s (“Practice”) request for a waiver of Certificate of need (“CON”) requirements for replacement equipment in order to replace a magnetic resonance imaging (“MRI”) scanner in Avon, at a total capital of \$2,474,607, 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 August 31, 2009. Should the Practice’s replacement project not be completed by that date, the Practice must seek further approval from OHCA to complete the project beyond that date.
2. The Practice shall not exceed the approved total capital cost of \$2,474,607 for the MRI scanner and associated sales tax and renovations. In the event that the Practice learns of potential cost increases or expects that final project costs will exceed those approved, the Practice shall notify OHCA.
3. This authorization allows the Practice to lease a temporary mobile MRI scanner during installation and initial testing of the proposed replacement MRI scanner.
4. The Practice may only operate one MRI scanner in the town of Avon at all times; therefore, the temporary mobile MRI scanner may only be operated during installation of the new replacement MRI scanner. The contractual arrangement for the temporary mobile MRI scanner must be terminated effective the date the new authorized MRI scanner becomes fully operational.
5. This authorization requires the removal, such as sale or salvage, outside of and unrelated to the Practice’s Connecticut service locations, for the following:
 - a) The Practice’s existing 0.5 Tesla MRI scanner located at its 23B Arts Center Court in Avon;
 - b) The Practice’s existing 1.0 Tesla MRI scanner located at 100 Simsbury Avenue in Avon;
 - c) The temporary mobile MRI scanner currently utilized by the Practice at its 100 Simsbury Avenue office in Avon.

Furthermore, the Practice shall provide evidence to OHCA of the disposition of the above listed MRI scanners to be removed by no later than six months after the new MRI scanner has become operational.

6. With respect to the acquisition of the new Siemens 1.5 Tesla MRI scanner, the Practice shall notify OHCA regarding the following information in writing prior to the expiration date noted in Stipulation # 1.

- a) The name of the manufacturer;
- b) The model name and description of the MRI scanner;
- c) The initial date of the operation of the MRI scanner; and
- d) The termination date of the temporary mobile MRI scanner.

7. Should the Practice propose any change in its proposal to replace its MRI scanner, the Practice shall file with OHCA a Certificate of Need Determination Request regarding the proposed service change.

Should the Practice 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 July 25, 2008

Date

Cristine A. Vogel
Commissioner

CAV:swl