



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

February 10, 2011

IN THE MATTER OF:

An Application for a Certificate of Need filed
Pursuant to Section 19a-638, C.G.S. by:

Notice of Final Decision
Office of Health Care Access
Docket Number: 10-31647-CON

Greenwich Hospital


**Acquisition of a Computed Tomography
Simulator in Greenwich**

To:

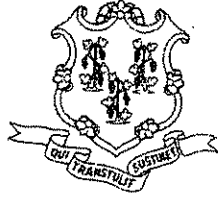
Nancy M. Hamson
Director of Planning
Greenwich Hospital
5 Perryridge Road
Greenwich, CT 06830

Dear Ms. Hamson:

This letter will serve as notice of the Final Decision of the Office of Health Care Access in the above matter, as provided by Section 19a-638, C.G.S. On February 10, 2011, the Final Decision was rendered as the finding and order of the Office of Health Care Access. A copy of the Final Decision is attached hereto for your information.


Kimberly R. Martone
Director of Operations

Enclosure
KRM:lmg



**Department of Public Health
Office of Health Care Access
Certificate of Need Application**

Final Decision

Applicant: Greenwich Hospital

Docket Number: 10-31647-CON

Project Title: Acquisition of a Computed Tomography Simulator in Greenwich

Project Description: Greenwich Hospital (“Hospital”) proposes to acquire a Computed Tomography Simulator (“CT simulator”) to be located at Bendheim Cancer Center (“BCC”), in Greenwich, Connecticut with an associated total capital expenditure of \$1,320,201.

Procedural History: On January 10, 2011, the Office of Health Care Access (“OHCA”) received the Certificate of Need (“CON”) application for the above-referenced project. Notices to the public concerning the Hospital’s CON application were published in *The Greenwich Time* on October 16, 17, and 18, 2010, and in *The Stamford Advocate* on October 17, 18, and 19, 2010. OHCA received no responses from the public concerning the Hospital’s proposal and no requests for a public hearing pursuant to General Statutes §19a-639a (e).

Findings of Fact

1. The Hospital is an acute care not-for-profit hospital located at 5 Perryridge Road, in Greenwich, Connecticut. Ex. A, p. 1.
2. The Hospital proposes to acquire a CT simulator for the BCC to perform onsite three-dimensional (“3-D”) imaging and radiation treatment planning for BCC patients. The CT simulator will not be used for general diagnostic imaging. Ex. A, pp. 3, 9.
3. BCC is an outpatient diagnostic and treatment facility for radiation therapy services located adjacent to the Hospital’s main campus at 77 Lafayette Place, Connecticut. Ex. A, p. 3.
4. The Hospital and Smilow Cancer Hospital (“Smilow”), as members of the Yale New Haven Health System, have entered into an agreement whereby Smilow will provide

consultative and professional services, medical leadership, and coordination of administrative services. Ex. A, p. 218.

5. The proposal will:
 - Provide an onsite simulator to support the linear accelerator¹ at BCC;
 - Eliminate the need for patients to receive scans at multiple locations; and
 - Provide enhanced care and seamless service to patients in a timely manner.Ex. A, p. 219.
6. The CT simulator is used to produce 3-D images of the patient's tumor, along with the surrounding normal tissue, so that the radiation oncologist can accurately map the area to be treated and spare as much of the surrounding healthy tissue as possible during treatment. Ex. A, p. 3.
7. The CT simulator, unlike a diagnostic CT scanner, is equipped with specialized patient localization and planning software that enables the radiation therapy team to accurately set up and mark the patient for treatment. The CT simulator set-up can then be accurately reproduced in the treatment room in order to deliver the prescribed doses according to the treatment plan. Ex. A, p. 3.
8. Currently, cancer patients requiring radiation therapy must go to the Hospital's main campus to receive a treatment planning CT scan. The radiation oncologist cannot conduct a real-time assessment of the scan results or provide input to make any necessary adjustments. These patients must then undergo a verification simulation at BCC. Ex. A, p. 3.
9. Conducting the CT scan on-site allows the clinicians to review the images to ensure that the patient's exact desired areas of anatomy have been captured in the scan and to perform additional scans if adjustment is required. Patients will no longer need to go to the main campus to receive CT scans. Ex. A, p. 3.
10. OHCA finds that an on-site CT simulator will provide more effective and efficient treatment for patients and improve the accessibility and quality of care provided to patients of BCC and the Hospital.
11. The population to be served consists of the Hospital's existing patients. Ex. A, p. 6.

¹ On December 29, 2009, the Hospital installed and began operating a new Varian Novalis TX linear accelerator at the BCC as authorized under Docket Number 06-30874-CON on June 18, 2007.

12. The following table reports the number of radiation patients who received CT simulations at the hospital in FYs 2007 to 2010:

Table 1: Historical Volumes for CT Simulations by Fiscal Year

Fiscal Year	2007	2008	2009	2010
Number of Patients	297	319	191	156
Simulation Volume	1,087	987	725	560

Ex. C, p. 223.

13. The decline in volume after FY 2007 was due to the use of an outdated linear accelerator that was unable to provide the benefits of the current technology to patients. In addition, the BCC's former clinical director opened a new facility in nearby Westchester County, New York in October 2007. Physician referrals moved to the new facility while the Hospital was in a transition phase and seeking a new director. Ex. C., p. 222.
14. The Hospital reported the following information for FY 2009 (actual) and FY 2014 (projected) to determine its market share within the Hospital's service area towns:

Table 2: Population and Cancer Incidences by Service Area

	Connecticut Service Area		New York Service Area		Total Service Area
	Males	Females	Males	Females	
Population:					
FY 2009	174,825	183,538	212,194	230,314	800,871
FY 2014	176,338	185,019	216,424	234,179	811,960
Increase	1,513	1,481	4,230	3,865	11,089
Estimated Number of Cancer Patients*:					
FY 2009	1,033	836	1,225	1,000	4,094
FY 2014	1,042	843	1,250	1,017	4,152
Hospital Patients:					
FY 2009 (% Market Share)					191(4.67%)
FY 2014 (% Market Share)					194 (4.67%)

*Based on cancer incidence rates age-adjusted to the Census 2000 population for the reported state and gender. Ex. C, pp. 219 -220.

15. In July 2010 the Hospital obtained a new clinical director. With the new linear accelerator in operation and the Hospital's close relationship with the Smilow Cancer Hospital, the Hospital anticipates that it will regain its market position. Ex. C, p. 223.

16. Using a modest 2% annual growth rate based on market share and an average of 3.5 simulations per patient, the Hospital projects the following radiation therapy patient and simulation volumes:

Table 3: Projected Volumes for CT Simulations by Fiscal Year

Fiscal Year	2011	2012	2013	2014
Number of Patients	163	179	182	188
Simulation Volume	571	625	638	650

Ex. C, p. 222.

17. The Hospital proposes to purchase a Phillips Brilliance CT Big Bore 16-slice helical CT scanner that will be optimized for radiation oncology CT simulation. The capital expenditure for the CT simulator is \$1,248,301. Ex. A., p. 12.
18. The proposal also requires construction and renovation to accommodate the proposed CT simulator at an expenditure of \$71,900. The total capital expenditure for the Hospital's proposal is \$1,320,201. Ex. A., p. 12.
19. The Hospital projects the following incremental revenues and expenditures with the proposal:

Table 4: Projected Incremental Revenues and Expenditures with the Proposal

Description	Fiscal Year		
	2012	2013	2014
Revenue From Operations	\$283,000	\$296,000	\$311,000
Total Operating Expense	222,000	442,000	450,000
Incremental Gain(Loss) from Operations	\$62,000	(\$146,000)	(\$139,000)

Note: The Hospital's fiscal year runs from October 1 through September 30.

*The Hospital expects to begin utilizing the proposed CT simulator at the start of FY 2012.

Ex. C, pp. 232-233, 238.

20. The Hospital projects overall operating revenues of \$5.9M, \$5.1M and \$5.0M in FYs 2012, 2013, and 2014, respectively. Ex. C, pp. 226, 232, and 233.

21. The Hospital reported the following payer mix for the BCC based patient population:

Table 5: BCC Current and Three-Year Projected Payer Mix

Payer	Fiscal Year				
	2010	2011	2012	2013	2014
Medicare*	44.2%	44.2%	44.2%	44.2%	44.2%
Medicaid*	0.6%	0.6%	0.6%	0.6%	0.6%
CHAMPUS & TriCare	0%	0%	0%	0%	0%
Total Government	44.8%	44.8%	44.8%	44.8%	44.8%
Commercial Insurers*	53.9%	53.9%	53.9%	53.9%	53.9%
Uninsured	1.3%	1.3%	1.3%	1.3%	1.3%
Workers Compensation	0%	0%	0%	0%	0%
Total Non-Government	55.2%	55.2%	55.2%	55.2%	55.2%
Total Payer Mix	100%	100%	100%	100%	100%

*Includes managed care activity
 Ex. C, p. 225.

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in General Statutes § 19a-639 (a) and the Applicant bears the burden of proof in this matter by a preponderance of the evidence. *Goldstar Medical Services, Inc., et al. v. Department of Social Services*, 288 Conn. 790 (2008); *Swiller v. Commissioner of Public Health*, No. CV 95-0705601 (Sup. Court, J.D. Hartford/New Britain at Hartford, October 10, 1995); *Bridgeport Ambulance Serv. v. Connecticut Dept. of Health Serv.*, No. CV 88-0349673-S (Sup. Court, J.D. Hartford/New Britain at Hartford, July 6, 1989); *Steadman v. SEC*, 450 U.S. 91, 101 S.Ct. 999, *reh'g den.*, 451 U.S. 933 (1981); *Bender v. Clark*, 744 F.2d 1424 (10th Cir. 1984); *Sea Island Broadcasting Corp. v. FCC*, 627 F.2d 240, 243 (D.C. Cir. 1980).

The Hospital proposes to acquire a CT simulator to be located at the BCC, with an associated capital expenditure of \$1,320,201. The Hospital and Smilow, as members of the Yale New Haven Health System, have entered into an agreement whereby Smilow will provide consultative and professional services, medical leadership, and coordination of administrative services. FF4.

The Hospital's current patients requiring radiation therapy must go to the Hospital's main campus to receive a treatment planning CT scan and thus, the radiation oncologist cannot conduct a real-time assessment of the scan results or provide input to make any necessary adjustments. FF8. In addition, these patients must then undergo a verification simulation at BCC. FF8. Conducting the CT scan on site allows clinicians to review the images to ensure that the patient's exact desired areas of anatomy have been captured and to perform additional scans, if necessary, thereby, eliminating the need for patients to obtain a CT scan at the main campus. FF9. OHCA finds that an on-site CT simulator will provide more effective and

efficient treatment for patients and improve the accessibility and quality of care provided to patients of BCC and the Hospital.

Although the Hospital anticipates incremental losses as a result of acquiring the CT simulator, overall operating gain projections remain positive in FY 2012, FY 2013 and FY 2014. FF 19. The Hospital's utilization volumes and financial projections upon which the operating gains are based appear to be reasonable. Therefore, OHCA finds that the CON proposal is financially feasible.

Order


Based on the foregoing Findings and Rationale, the Certificate of Need application of Greenwich Hospital for the acquisition of a Computed Tomography ("CT") simulator, with an associated capital expenditure of \$1,320,201, is hereby **GRANTED**, subject to the following conditions:

1. Greenwich Hospital shall submit to OHCA in writing the initial date of operation for the CT simulator acquired for use at the Bendheim Gray Cancer Center.
2. Should the Hospital plan to operate the CT simulator at a location other than the Bendheim Cancer Center, the Hospital shall notify OHCA of the new location, no later than one month after the equipment's relocation.

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
Department of Public Health
Office of Health Care Access

2/10/2011
Date


Jeannette B. DeJesus, MPA, MSW
Deputy Commissioner, OCHA

JBD:lkg