



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELLE
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

October 3, 2006

Carmel A. Shields
Executive Vice President
Shields Health Care Group
Crown Colony Park
700 Congress Street
Quincy, MA 02169

Re: Certificate of Need Determination, Report Number 06-30829-DTR
Management contract between Shields Imaging of Connecticut, LLC and Paul A. Aiello, M.D., P.C.

Dear Ms. Shields:

On September 7, 2006, the Office of Health Care Access ("OHCA") received a response to its August 21, 2006 letter regarding the relationship of Shields Health Care Group ("SHCG") to an MRI unit operated at 46 Prince Street in New Haven. Additional information was received on September 18, 2006. This CON determination inquiry was initiated by OHCA and is being reviewed under Report Number 06-30829-DTR. Please be advised that OHCA has reviewed the information and makes the following findings:

1. An MRI unit is currently located and operated at 46 Prince Street, Suite 109, in New Haven. This location is listed on Shields Health Care Group's website (www.shields.com) as Prince Street Imaging Managed by Shields MRI.
2. SHCG provided a redacted copy of a 2005 Management Agreement between Shields Imaging of Connecticut, LLC (a related entity of SHCG), Paul A. Aiello, M.D., P.C. ("Aiello, P.C.") and Paul A. Aiello, M.D. The following is noted from this Management Agreement:
 - a. Shields Imaging of Connecticut, LLC (the "Manager") shall provide certain business, management and administrative services of a non-clinical nature to Aiello, P.C. The Manager shall provide, in part:
 - i. Billing and collection services;
 - ii. Purchasing (insurance, employee benefits, medical/non-medical inventory);
 - iii. Preparation of budgets and provision of data;
 - iv. Negotiation of managed care contracts on behalf of Aiello, P.C.
 - v. Employment of ancillary personnel and non-physician administrative, clerical, secretarial, bookkeeping and billing and collection personnel.
 - b. Aiello, P.C. shall provide the practice location the services of physician employees and physician independent contractors to meet the medical needs of patients of the practice location (MR reads, MR protocols).

An Equal Opportunity Employer

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- c. Aiello, P.C. shall employ Paul A. Aiello, M.D. (shareholder) as its Medical Director.
 - d. All medical records shall be the property of Aiello, P.C.
 - e. The Manager will not have any authority, directly or indirectly to perform any clinical functions.
 - f. Aiello, P.C. shall pay the Manager a management fee.
3. The provider of the MRI services at 46 Prince Street is and remains Paul A. Aiello, M.D., P.C. No Shields entity has an ownership interest in the MRI service. ¹
 4. Aiello, P.C. is the current owner of the MRI equipment at 46 Prince Street in New Haven.
 5. Shields Imaging of Connecticut, LLC leases the site from Prince Medical, Inc., the Landlord. This independent 3rd party has controlled the site as landlord for a number of years.
 6. The clinical services (technical and professional services) provided at the site are billed and collected in the name of the Aiello, P.C. under the P.C.'s provider number.

Based on the above findings, OHCA has determined that the 2005 management agreement, as provided to and reviewed by OHCA, between Shields Imaging of Connecticut, LLC, Paul A. Aiello, M.D., P.C. and Paul A. Aiello, P.C. does not require Certificate of Need authorization pursuant to Sections 19-638 or 19a-639 of the Connecticut General Statutes.

Please note that this CON determination does not take any action on and is not related to any option of Shields Health Care Group, Shields Imaging of Connecticut or Shields Radiology Associates to purchase ownership in the radiology practice of Paul A. Aiello, M.D., P.C.

If you have any questions concerning this letter, please contact Karen Roberts, Compliance Officer, at (860) 418-7001.

Sincerely,

Commissioner Vogel signed on October 3, 2006

Cristine A. Vogel
Commissioner

CAV:kr

Copy: Paul A. Aiello, M.D

¹ Paul A. Aiello, M.D., P.C. received CON authorization from OHCA under Docket Number 99-548 to obtain this MRI equipment for its New Haven practice location.