



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

July 21, 2004

Paul A. Aiello, M.D.
13 Thor Place
Fairfield, CT 06824-3024

**Re: Certificate of Need Determination; Report Number 04-30340-DTR and
Modification Docket Number 04-22633-MDF; Modification of DN 99-548**

Dear Dr. Aiello:

On April 15, 2004, the Office of Health Care Access ("OHCA") received a letter from Paul A. Aiello, M.D., president of Paul A. Aiello, M.D., P.C. ("Applicant"), which indicates that Paul A. Aiello, M.D., P.C. would like to relocate a MRI unit located at 46 Prince Street in New Haven to 425 Post Road in Fairfield and that the current value of the MRI unit to be relocated is less than \$400,000. On April 21, 2004, OHCA indicated that because the MRI unit operating at 46 Prince Street was authorized by OHCA under Certificate of Need ("CON") Docket Number 99-548 and CON authorizations are site specific, that the relocation to a new town would require a modification of the CON Order under Docket Number 99-548.

On May 17, 2004, OHCA received the Applicant's CON Modification Form 2050, which provided a "letter from the manufacturer of my MRI unit stating that the current value of the MRI unit is less than \$400,000." The 425 Post Road Fairfield location is a new office location for Paul A. Aiello, M.D., P.C. and only MRI services will be provided at the new practice location using this relocated MRI equipment, which is a Hitachi Airis II Open MRI unit. On June 3, 2004, OHCA requested that the Applicant provide a complete breakdown of all capital costs associated with relocating this imaging equipment to a new location. On June 29, 2004, the Applicant provided the requested additional associated capital costs. OHCA takes note of the following pertinent facts in this matter:

1. On May 6, 2004, the Applicant received a letter from a representative of Hitachi Medical Systems America, Inc. which was provided to OHCA on May 17, 2004. This letter states that the unit located at 46 Prince Street in New Haven is an AIRIS MRI unit manufactured by Hitachi and "has consistently been maintained by Hitachi Medical Systems America, Inc. since its installation". Hitachi is "therefore familiar with the configuration and condition of this system and HMSA is of the opinion that the trade-in value of the used AIRIS II as of this date hereof is \$375,000." This letter from Hitachi to the Applicant was "for appraisal purposes only".

2. When the Applicant filed additional information to OHCA on June 29, 2004, the Applicant included a letter which revised the Applicant's stated estimation of the value of the MRI unit from \$375,000 as stated in the Hitachi letter to \$300,000 based on a letter from Med Exchange International, Inc., which is a buyer and seller of used medical equipment. The Med Exchange International letter indicates that it would "be willing to offer you \$300,000.00 during the first quarter of 2005 for your Hitachi Airis II Open Mri System".
3. Also in the June 29, 2004 submission from the Applicant to OHCA, the Applicant provided the requested breakdown of additional costs associated with locating this MRI unit at the new location in Fairfield. The additional costs total \$80,000, which includes the cost of moving the existing shielding (\$12,000), the cost to relocate and install the MRI unit (\$35,000) and other related or associated capital costs or expenditures (\$33,000).

Please note that OHCA does not accept the letter submitted by the Applicant from Med Exchange International as reflecting the actual value of the equipment since the letter provided to the Applicant from Hitachi states that its value is \$375,000. The value provided by Hitachi appears a more reasonable estimation of the value of this equipment as Hitachi is the manufacturer and maintainer of this particular piece of equipment and is stating its value. When the \$375,000 value of the equipment is added to the other associated capital costs for locating and operating this equipment at 425 Post Road in Fairfield the total exceeds the \$400,000 capital expenditure threshold set forth in Section 19a-639(c) of the Connecticut General Statutes.

Based on the above, OHCA concludes that this matter must be reviewed under Section 19a-639(c) of the Connecticut General Statutes as a new Certificate of Need application. This matter will not be reviewed or acted upon by OHCA under Section 4-181a(b) of the Connecticut General Statutes as a modification of a previous Certificate of Need final decision. The CON under Docket Number 99-548 will not be modified for this relocation as a new CON is required. The matter under Modification Docket Number 04-22633-MDF is considered withdrawn by OHCA.

This document specifically takes action upon a Certificate of Need determination matter under Docket Number 04-30340-DTR. OHCA concludes that a new Certificate of Need is required to locate and operate this imaging equipment at 425 Post Road in Fairfield as the equipment value and associated capital costs exceed the statutory threshold for imaging equipment set forth in Section 19a-639(c).

OHCA considers the submission of information received on June 29, 2004 as the complete Letter of Intent for this matter; therefore the Applicant may file a CON application with OHCA between August 28, 2004 and October 27, 2004. The CON application is being mailed to your attention separately.

Paul A. Aiello, M.D.
CON Det.; RN 04-30340-DTR
Modification DN 04-22633-MDF

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If you have any questions regarding the above, please contact Karen Roberts, OHCA Compliance Officer at (860) 418-7001.

Sincerely,

Signed by Cristine A. Vogel
Commissioner

CAV: kr

cc: Rose McLellan, Licensing Examination Assistant, DHSR, DPH
Karen P. Conway, Esq., Bershtein, Volpe & McKeon, P.C.