

Greer, Leslie

From: Martone, Kim
Sent: Friday, June 19, 2015 12:59 PM
To: Hansted, Kevin
Cc: Riggott, Kaila; Greer, Leslie
Subject: FW: CVR CON Determination Request form 2020
Attachments: CON Determination 2020.pdf

From: Bradley Staehle [<mailto:staehlemd@hotmail.com>]
Sent: Friday, June 19, 2015 12:16 PM
To: Martone, Kim
Cc: BS MD
Subject: CVR CON Determination Request form 2020

Ms. Martone,

Attached is a digital copy of form 2020 regarding a proposed transition of our practice.

The notarized original copy will follow by FedEx.

Please send me a response via email confirming receipt including confirmation you were able to open and view the attachment.

Have a nice weekend.

Sincerely,

Bradley H. Staehle, M.D.
Connecticut Valley Radiology
19 Woodland St. Suite 15
Hartford, CT 06105
(860)-522-1101



**State of Connecticut
Office of Health Care Access
CON Determination Form
Form 2020**

All persons who are requesting a determination from OHCA as to whether a CON is required for their proposed project must complete this Form 2020. The completed form should be submitted to the Director of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. PETITIONER INFORMATION

If this proposal has more than two Petitioners, please attach a separate sheet, supplying the same information for each Petitioner in the format presented in the following table.

| | Petitioner | Petitioner |
|--|---|------------|
| Full Legal Name | Connecticut Valley Radiology, P.C. | |
| Doing Business As | Same | |
| Name of Parent Corporation | N/A | |
| Petitioner's Mailing Address, if Post Office (PO) Box, include a street mailing address for Certified Mail | 19 Woodland Street, Suite 15 Hartford, CT 06105 | |
| What is the Petitioner's Status: P for profit and NP for Nonprofit | P | |
| Contact Person at Facility , including Title/Position: This Individual at the facility will be the Petitioner's Designee to receive all correspondence in this matter. | Bradley H. Staehle, M.D. | |

| | | |
|--|---|--|
| Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail | 19 Woodland Street, Suite 15 Hartford, CT 06105 | |
| Contact Person's Telephone Number | 860-522-1101 | |
| Contact Person's Fax Number | | |
| Contact Person's e-mail Address | staehlemd@hotmail.com | |

SECTION II. GENERAL PROPOSAL INFORMATION

- a. Proposal/Project Title: Transfer of Imaging Equipment to Wholly Owned Subsidiary
- b. Estimated Total Project Cost: \$ 0
- c. Location of proposal, identifying Street Address, Town and Zip Code: 19 Woodland Street, Suite 15, Hartford, CT 06105; and 701 Cottage Grove Road, Building D, Suite 110, Bloomfield, CT 06002
- d. List each town this project is intended to serve:
Bloomfield, Windsor, Windsor Locks, Granby, East Granby, Suffield, Simsbury, West Hartford, Hartford, East Hartford, Newington, South Windsor, Wethersfield and Avon.
- e. Estimated starting date for the project: July 13, 2015

SECTION IV. PROPOSAL DESCRIPTION

Please provide a description of the proposed project, highlighting each of its important aspects, on at least one, but not more than two separate 8.5" X 11" sheets of paper. At a minimum each of the following elements need to be addressed, if applicable:

1. If applicable, identify the types of services currently provided and provide a copy of each Department of Public Health license held by the Petitioner.
2. Identify the types of services that are being proposed and what DPH licensure categories will be sought, if applicable.
3. Identify the current population served and the target population to be served.

Bradley H. Staehle, M.D. and Lori B. Gomez, D.O. are the owners of CVR, a professional corporation. CVR is a private physician radiology practice that has provided x-ray, MRI, CT, fluoroscopy, mammography, ultrasound and bone densitometry services in the Greater Hartford area for more than 40 years. CVR currently owns and operates two CT scanners and two MRI scanners (the "Imaging Equipment"). CVR is not a health care facility or institution and thus is not licensed by the Connecticut Department of Public Health.

Due to events occurring in the health care industry and as part of its efforts to ensure continuity of care, CVR proposes a restructuring of its practice that includes the transfer of its Imaging Equipment to a new wholly-owned subsidiary of CVR, referred to herein as "NewCo." As a wholly-owned subsidiary, NewCo would initially be indirectly owned solely by CVR's existing owners (Drs. Staehle and Gomez). Thereafter, Drs. Staehle and Gomez plan to admit additional physician members, or entities owned solely by physicians, to NewCo. NewCo will remain the owner of the Imaging Equipment. New members of NewCo will not acquire the Imaging Equipment or other assets of NewCo by purchase, lease, donation or other comparable arrangement.

Conn. Gen. Stat. §19a-638(a)(10) requires a CON for the acquisition of CT scanners, MRI scanners, PET scanners and PET-CT scanners. Department of Public Health, Office of Health Care Access ("OHCA") regulations define an acquisition as "the acquisition through purchase, lease, donation or other comparable arrangement of a computed tomography scanner, magnetic resonance imaging scanner, positron emission tomography scanner, positron emission tomography-computed tomography scanner, linear accelerator or equipment that utilizes technology that has not previously been utilized in the state." Regs. Conn. State Agencies § 19a-630-1(1). The internal restructuring to move the Imaging Equipment to a wholly owned subsidiary of CVR is not an acquisition. It is simply an intercompany arrangement where existing imaging equipment is transferred to an affiliated entity. Such transfers occur regularly in the industry and have never required CON approval. This analysis is consistent with OHCA's recent determination that Housatonic Valley Radiological Associates, P.C. ("HVRA PC") was not required to seek CON approval to transfer its MRI and CT scanners to two wholly owned subsidiaries. See OHCA Docket No. 14-31970-DTR.

Further, the subsequent acquisition of membership interests in NewCo will not result in the acquisition of the Imaging Equipment. The new physician members, or entity members owned solely by physicians, will not acquire any of the Imaging Equipment by purchase, transfer, lease, donation or comparable arrangement. Exclusive ownership of the Imaging Equipment will remain with NewCo and will not change after additional physician, or physician entity, members are admitted to NewCo. Per the Connecticut Limited Liability Company Act, no member has any specific interest in property transferred to or otherwise acquired by a limited liability company. Conn. Gen. Stat. § 33-647. Such members have only the right to participate in the company's profits and losses.

In addition, Conn. Gen. Stat. §19a-638(a)(2) requires a CON for transfers of ownership in health care facilities. However, neither CVRG nor Newco is a "health care facility" as that term is defined in Conn. Gen. Stat. § 19a-630(11). Accordingly, the acquisition of an ownership interest in NewCo is not a transfer of ownership requiring a CON. It is also important to note that neither the transfer of Imaging Equipment to NewCo nor the subsequent addition of new

physician, or physician entity, members to NewCo falls within Conn. Gen. Stat. §19a-638(a)(3) which requires a CON for the transfer of ownership of a group practice to any entity other than a physician or group of physicians.

The circumstances of this proposal are virtually identical to those found in recent OHCA determinations regarding the admission of physicians and physician entities to radiology practices. In Docket No. 15-31993-DTR, the Farmington Imaging Center, LLC was not required to seek a CON with respect to its proposed sale of membership interests. In Docket No. 14-31970-DTR (also mentioned above), HVRA of Danbury, LLC and HVRA of New Milford, LLC were not required to seek a CON with respect to the admission of new members in those organizations. Finally, in OHCA Docket No. 15-31997-DTR, Medical Specialty Group, P.C. ("MSG"), an entity owning MRI and CT scanners, sought a determination regarding whether a CON was required in connection with the sale of shares of stock in MSG to other physicians. Like in the prior determinations, OHCA determined that a CON was not required because MSG was not a health care facility and because the MRI and CT scanners would remain the property of MSG.

For the foregoing reasons, CVR respectfully submits that OHCA determine that the above proposal does not require CON approval.

SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)

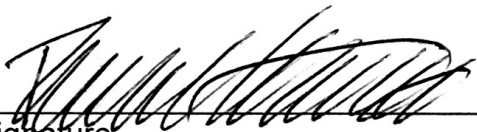
Petitioner: Connecticut Valley Radiology, P.C.

Project Title: Transfer of Imaging Equipment to Wholly Owned Subsidiary

I, Bradley H. Staehle, M.D., President

of Connecticut Valley Radiology, P.C. being duly sworn, depose and state that the
(Organization Name)

information provided in this CON Determination form is true and accurate to the best of my
knowledge.



Signature

6/19/2015

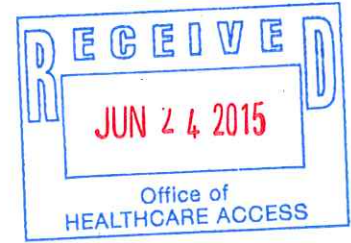
Date

Subscribed and sworn to before me on 6/19/15



~~Notary Public~~/Commissioner of Superior Court

My commission expires: _____



State of Connecticut Office of Health Care Access CON Determination Form Form 2020

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| Doing Business As | Same | |
| Name of Parent Corporation | N/A | |
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| What is the Petitioner's Status: P for profit and NP for Nonprofit | P | |
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| | | |
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| Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail | 19 Woodland Street, Suite 15 Hartford, CT 06105 | |
| Contact Person's Telephone Number | 860-522-1101 | |
| Contact Person's Fax Number | | |
| Contact Person's e-mail Address | staehlemd@hotmail.com | |

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For the foregoing reasons, CVR respectfully submits that OHCA determine that the above proposal does not require CON approval.

SECTION V. AFFIDAVIT

(Each Petitioner must submit a completed Affidavit.)


Petitioner: Connecticut Valley Radiology, P.C.

Project Title: Transfer of Imaging Equipment to Wholly Owned Subsidiary

I, Bradley H. Staehle, M.D., President

of Connecticut Valley Radiology, P.C. being duly sworn, depose and state that the
(Organization Name)

information provided in this CON Determination form is true and accurate to the best of my
knowledge.

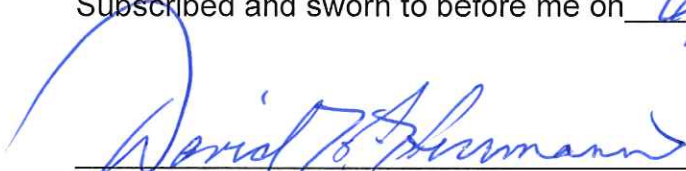


Signature

6/19/2015

Date

Subscribed and sworn to before me on 6/19/15



~~Notary Public/Commissioner of Superior Court~~

My commission expires: _____

Greer, Leslie

From: Hansted, Kevin
Sent: Tuesday, June 30, 2015 2:47 PM
To: Greer, Leslie
Cc: Martone, Kim
Subject: FW: Determination Report #15-32005-DTR

Leslie, please add the below to the record.

Thank you,

Kevin T. Hansted
Staff Attorney
Department of Public Health
Office of Health Care Access
410 Capitol Ave., MS #13HCA
P.O. Box 340308
Hartford, CT 06134
Phone: 860-418-7044

☀ Please consider the environment before printing this message

CONFIDENTIALITY NOTICE: This email and any attachments are for the exclusive and confidential use of the intended recipient. If you are not the intended recipient, please do not read, distribute or take action in reliance on this message. If I have sent you this message in error, please notify me immediately by return email and promptly delete this message and any attachments from your computer system. We do not waive attorney-client or work product privilege by the transmission of this message.

From: Bradley Staehle [<mailto:staehlemd@hotmail.com>]
Sent: Tuesday, June 30, 2015 2:00 PM
To: Hansted, Kevin
Subject: RE: Determination Report #15-32005-DTR

Dear Attorney Hansted,

Thank you for your prompt response to our submission.

In response to your question, CVR would transfer the imaging equipment by means of a tax free exchange, whereby CVR would transfer the equipment to the LLC in exchange for 100% of the issued and outstanding membership interests in the LLC.

I hope you find this response helpful. Thank you again.

Bradley H. Staehle, M.D., President
Connecticut Valley Radiology, P.C.

From: Kevin.Hansted@ct.gov
To: staehlemd@hotmail.com
CC: Kimberly.Martone@ct.gov

Subject: Determination Report #15-32005-DTR

Date: Fri, 26 Jun 2015 18:45:09 +0000

Dear Dr. Staehle,

I am in receipt of your request for a determination regarding the transfer of certain imaging equipment currently owned by CVR to a newly formed wholly-owned subsidiary of CVR. Upon formation of the new subsidiary, what arrangement will be utilized to transfer the imaging equipment from CVR to the new subsidiary?

Thank you,

Kevin T. Hansted
Staff Attorney
Department of Public Health
Office of Health Care Access
410 Capitol Ave., MS #13HCA
P.O. Box 340308
Hartford, CT 06134
Phone: 860-418-7044

 Please consider the environment before printing this message

CONFIDENTIALITY NOTICE: This email and any attachments are for the exclusive and confidential use of the intended recipient. If you are not the intended recipient, please do not read, distribute or take action in reliance on this message. If I have sent you this message in error, please notify me immediately by return email and promptly delete this message and any attachments from your computer system. We do not waive attorney-client or work product privilege by the transmission of this message.



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

July 1, 2015

VIA FACSIMILE ONLY

Bradley H. Staehle, M.D.
Connecticut Valley Radiology, P.C.
19 Woodland Street
Suite 15
Hartford, CT 06105

RE: Certificate of Need Determination Report Number 15-32005-DTR
Transfer of Imaging Equipment to Wholly Owned Subsidiary

Dear Dr. Staehle:

On June 19, 2015, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") Determination request on behalf of Connecticut Valley Radiology, P.C. ("Petitioner") with respect to the transfer of imaging equipment to a wholly owned subsidiary.

The Petitioner is a private physician radiology practice that provides x-ray, MRI, CT, Fluoroscopy, mammography, ultrasound and bone densitometry services in the Greater Hartford area. The Petitioner currently owns and operates two CT scanners and two MRI scanners (the "Imaging Equipment"). The Petitioner seeks to restructure its practice and transfer ownership of the Imaging Equipment to a new wholly-owned subsidiary ("NewCo") via a tax-free exchange. NewCo will initially be indirectly owned solely by the Petitioner's existing owners, Drs. Staehle and Gomez. Thereafter, NewCo will admit additional physician members. NewCo will continue to own the Imaging Equipment after the new physician members are added.

Pursuant to Connecticut General Statutes § 19a-638(a)(2), a CON is required for the transfer of ownership of a health care facility. However, the Petitioner does not, and NewCo will not, meet the definition of a health care facility as specified in Connecticut General Statutes § 19a-630(10). Therefore, **no CON is required** for the addition of new physician members.

Pursuant to Connecticut General Statutes § 19a-638(a)(10), a CON is required for the acquisition of an MRI or CT. The Petitioner currently owns the Imaging Equipment. Subsequent to the restructuring, NewCo will own the Imaging Equipment. Consequently, the Petitioner is relinquishing ownership of the Imaging Equipment and NewCo is acquiring ownership of the Imaging Equipment. Therefore, a **CON is required** for the Petitioner's proposal regarding the Imaging Equipment, regardless of the addition of new physician members.

Sincerely,

Kimberly R. Martone
Director of Operations

C: Rose McLellan, License and Applications Supervisor, DPH, DHSR

An Equal Opportunity Provider

(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)

410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308

Telephone: (860) 418-7001 Fax: (860) 418-7053 Email: OHCA@ct.gov

Olejarz, Barbara

From: Olejarz, Barbara
Sent: Wednesday, July 01, 2015 10:35 AM
To: 'staehlemd@hotmail.com'
Subject: Determination
Attachments: 32005.pdf

7/1/15

Attached is a determination by the Office of Health Care Access regarding transfer of imaging equipment to wholly owned subsidiary.

Barbara K. Olejarz

Administrative Assistant to Kimberly Martone
Office of Health Care Access
Department of Public Health
410 Capitol Ave., MS#13HCA
Hartford, CT 06134
Phone: 860 418-7005
Email: Barbara.olejarz@ct.gov

