



Supplemental CON Application Form
Acquisition of Equipment
Conn. Gen. Stat. § 19a-638(a)(10),(11)

Applicant: Eastern Connecticut Health Network, Inc. and Prospect Medical Holdings, Inc.

Project Name: Acquisition of Rockville General Hospital's off-site MRI and CT scanner as part of the Proposed Asset Purchase of Eastern Connecticut Health Network, Inc. by Prospect Medical Holdings, Inc.

Affidavit

Applicant: Eastern Connecticut Health Network, Inc. and Prospect Medical Holdings, Inc.

Project Title: Acquisition of Rockville General Hospital's off-site MRI and CT scanner as part of the Proposed Asset Purchase of Eastern Connecticut Health Network, Inc. by Prospect Medical Holdings, Inc.

I, Peter J. Karl, President and Chief Executive Officer
(Name) *(Position – CEO or CFO)*

of Eastern Connecticut Health Network, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the
Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut
General Statutes.

Signature

Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court

My commission expires: _____

Affidavit

Applicant: Eastern Connecticut Health Network, Inc. and Prospect Medical Holdings, Inc.

Project Title: Acquisition of Rockville General Hospital's off-site MRI and CT scanner as part of the Proposed Asset Purchase of Eastern Connecticut Health Network, Inc. by Prospect Medical Holdings, Inc.

I, Samuel S. Lee, Chief Executive Officer
(Name) *(Position – CEO or CFO)*

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the
Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut
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1. Project Description: Acquisition of Equipment

Overview of Project:

Evergreen Imaging Center (“EIC”) is a diagnostic testing facility in South Windsor, Connecticut that provides a range of imaging services including general radiography, ultrasound, computed tomography (“CT”) scanning and magnetic resonance imaging (“MRI”).

EIC, which has been in operation since May 25, 2006, was originally established as a joint venture partnership between Eastern Connecticut Health Network, Inc. (“ECHN”) and Eastern Connecticut Imaging, P.C. (“ECI”) (Docket Number 03-30172-CON). On March 8, 2012, ECHN and ECI received regulatory approval to transfer ownership and control entirely to ECHN (Docket Number 11-31736-CON). Effective June 4, 2012, EIC became a department of Rockville General Hospital (“RGH”), a subsidiary of ECHN.

ECHN has now entered into an agreement (the “Asset Purchase”) with Prospect Medical Holdings, Inc. (“PMH”) with the intent to sell substantially all of ECHN’s assets to PMH or one or more affiliates of PMH. As part of the proposed Asset Purchase, PMH will acquire the off-site MRI and CT scanner operated by RGH at EIC.

Following the Asset Purchase, there will be no change in operations or services offered by EIC as a result of ECHN transferring its interests to PMH. EIC will continue to offer the same level of care to the same communities that have historically been served by EIC. The Applicants do not anticipate any changes to the patient population to be served or to the payor mix at EIC or any adverse impact on the communities’ access to MRI and CT services.

- a. Provide the manufacturer, model and number of slices/tesla strength of the proposed scanner (as appropriate to each piece of equipment).

Response:

MRI: Siemans Magnatom Symphony (1.5 Tesla, short-bore, closed)

CT: Somatom Emotion 6 (6-slice)

- b. List each of the Applicant’s sites and the imaging modalities currently offered by location.

Response:

EIC is located at 2800 Tamarack Avenue in South Windsor, CT.

Imaging services provided at this location include CT, general radiography (x-ray), MRI and ultrasound.

2. Clear Public Need

- a. Complete **Table A** for each piece of equipment of the type proposed currently operated by the Applicant at each of the Applicant’s sites.

TABLE A
EXISTING EQUIPMENT OPERATED BY THE APPLICANT

Provider Name/Address	Service	Days/Hours of Operation	Utilization (SCANS) <i>July 2014 – June 2015</i>
Rockville General Hospital d/b/a Evergreen Imaging Center 2800 Tamarack Avenue, Suite 002 South Windsor, CT 06074	CT (6-Slice)	Monday – Friday 8:00 am to 4:30 pm	1,799
	MRI (1.5 T, Closed)	Monday – Friday 8:00 am to 4:30 pm	1,274

- b. Provide the rationale for locating the proposed equipment at the proposed site;

Response:

The Applicants are proposing to transfer the existing MRI and CT scanner at the Tamarack Avenue location to a subsidiary of PMH that will continue to operate RGH as part of part of the proposed Asset Purchase. The need to establish MRI and CT services in South Windsor was clearly demonstrated in Docket Number 03-30172-CON. The current need for the acquisition of the imaging equipment by PMH will be driven by changes to ECHN at the corporate level related to the proposed Asset Purchase. Following the Asset Purchase, there will be no change in the location of services or the specific services offered by EIC as a result of ECHN transferring its interests to PMH.

3. Actual and Projected Volume

- a. Complete the following tables for the past three fiscal years (“FY”), current fiscal year (“CFY”), and first three projected FYs of the proposal, for each of the Applicant’s existing and proposed pieces of equipment (of the type proposed, at the proposed location only). In **Table B**, report the units of service by piece of equipment, and in **Table C**, report the units of service by type of exam (e.g. if specializing in orthopedic, neurosurgery, or if there are scans that can be performed on the proposed scanner that the Applicant is unable to perform on its existing scanners).

TABLE B
HISTORICAL, CURRENT, AND PROJECTED VOLUME, BY EQUIPMENT UNIT

Equipment	Actual Volume (Last 3 Completed FYs)			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume (First 3 Full Operational FYs) ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
CT	1,812	1,584	1,771	1,338	1,784	1,784	1,784	1,784	1,784
MRI	1,949	1,313	1,270	951	1,268	1,268	1,268	1,268	1,268

TABLE C
HISTORICAL, CURRENT, AND PROJECTED VOLUME, BY TYPE OF SCAN/EXAM

CT Scan Volume	Actual Volume (Last 3 Completed FYs)			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume (First 3 Full Operational FYs) ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	119	112	126	81	108	108	108	108	108
Abdomen/Pelvis	595	461	546	428	571	571	571	571	571
Chest/Thorax	346	307	343	285	380	380	380	380	380
Head/Neck	640	600	660	454	605	605	605	605	605
Lower Extremity	17	12	13	15	20	20	20	20	20
Pelvis	24	26	29	16	21	21	21	21	21
Thoracic/Lumbar	59	57	41	41	55	55	55	55	55
Upper Extremity	10	9	13	18	24	24	24	24	24
Total	1,812	1,584	1,771	1,338	1,784	1,784	1,784	1,784	1,784

MRI Scan Volume	Actual Volume (Last 3 Completed FYs)			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume (First 3 Full Operational FYs) ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	30	34	31	35	47	47	47	47	47
Chest/Thorax	120	112	89	61	81	81	81	81	81
Head/Neck	615	437	439	279	372	372	372	372	372
Lower Extremity	424	291	254	220	293	293	293	293	293
Pelvis	26	22	29	18	24	24	24	24	24
Thoracic/Lumbar	562	303	308	243	324	324	324	324	324
Upper Extremity	172	114	120	95	127	127	127	127	127
Total	1,949	1,313	1,270	951	1,268	1,268	1,268	1,268	1,268

¹ Current fiscal year actual volume from October 1, 2014 through June 30, 2015.

² Actual volume for the first nine months of the current fiscal year annualized over twelve months.

³ First year of the proposal (following Asset Purchase) will be FY 2017.

- b. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected volume by scanner and scan type.

Response:

The average monthly volume experienced during the first nine months of FY 2015 was annualized over twelve months to determine the volume projection for FY 2015. Volume projections by scanner and scan type assumes that utilization will remain constant at FY 2015 levels through FY 2019.

- c. Explain any increases and/or decreases in the volume reported in the tables above.

Response:

MRI and CT volumes experienced a decline from FY 2012 to FY2013. Following the transition of EIC to RGH, reimbursement levels for imaging services at EIC became more consistent with those of a hospital outpatient department. Around that same time, efforts by insurance carriers to direct patients to “preferred providers” increased dramatically. Patients have become more aware of the cost of care as a result of higher co-pays and high-deductible health plans. This increased awareness, combined with insurance carrier efforts to direct patients to lower cost providers, has resulted in a decline in volume for hospital-based services, including MRI and CT services.

- d. Provide a breakdown, by town, of the volumes provided in **Table D** for the most recently completed FY.

Response:

Please see Table D below for the CT and MRI scan volume for FY 2014 by town.

TABLE D
UTILIZATION (SCANS) BY TOWN (FY 2014)

Town	CT	MRI	Town	CT	MRI
Andover	12	17	Manchester	354	266
Ashford	8	9	Mansfield	13	10
Avon	2	0	Marlborough	1	2
Berlin	0	2	Middletown	2	2
Bloomfield	5	3	Montville	1	1
Bolton	41	26	New Britain	1	0
Bozrah	0	1	New Haven	0	1
Bristol	3	0	Newington	3	5
Brooklyn	1	0	Norwich	2	0
Canton	1	0	Old Saybrook	1	0
Chaplin	1	0	Plainville	2	1
Cheshire	0	1	Portland	0	1
Colchester	4	3	Rocky Hill	4	4
Columbia	5	5	Simsbury	3	2
Coventry	43	28	Somers	7	6
Cromwell	4	1	South Windsor	531	296
Danbury	1	0	Southington	1	1
East Granby	3	1	Stafford/Union	18	24
East Haddam	1	0	Stratford	1	0
East Hampton	0	1	Suffield	2	7
East Hartford	81	71	Tolland	45	44
East Lyme	1	2	Torrington	1	2
East Windsor	71	42	Vernon	219	164
Eastford	1	2	Voluntown	1	0
Ellington	96	79	Wallingford	1	1
Enfield	28	14	Waterbury	4	0
Essex	0	1	Watertown	0	1
Farmington	1	0	West Hartford	5	5
Glastonbury	19	22	Wethersfield	4	3
Granby	3	2	Willington	6	15
Haddam	0	2	Windham	3	4
Hamden	0	1	Windsor	21	15
Hampton	3	3	Windsor Locks	17	13
Hartford	13	10	Woodstock	1	0
Hebron	16	12	Other State	23	12
Lebanon	3	0			
Lyme	2	1	Total	1,771	1,270