



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 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 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 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
General Statutes.

Signature Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court

My commission expires: _____

1. Project Description: Acquisition of Equipment

Overview of Project:

Rockville General Hospital (“RGH”) in Vernon, Connecticut provides a broad range of imaging services on its hospital campus including computed tomography (“CT”), interventional radiology, mammography, magnetic resonance imaging (“MRI”), nuclear medicine, ultrasound, ultrasound biopsies and general radiography (x-ray).

Eastern Connecticut Health Network, Inc. (“ECHN”), the parent company of RGH, 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, a PMH subsidiary that will continue the operations of RGH will acquire the MRI, and CT scanner currently operated by RGH on the hospital campus.

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

<i>Equipment</i>	<i>Manufacturer</i>	<i>Model</i>	<i>Slices/Strength</i>
CT	Siemens	Somatom Emotion	16-Slice
MRI	Siemens	Symphony Maestro Class	1.5 Tesla (fixed, closed)

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

Response:

RGH is located at 31 Union Street in Vernon, Connecticut.

Imaging services provided at this location include:

- CT scans
- General radiography (x-ray)
- Interventional radiology
- Mammography
- MRI
- Nuclear medicine
- Ultrasound
- Ultrasound biopsies

RGH also provides bone densitometry, mammography, stereotactic biopsies, ultrasounds and ultrasound biopsies at its Women’s Center for Wellness located at 2600 Tamarack Avenue in South Windsor, Connecticut. Additionally, RGH provides CT, MRI, ultrasound and x-ray services at Evergreen Imaging Center in South Windsor.¹

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 ⁽¹⁾	Utilization (SCANS) <i>July 2014 – June 2015</i>
Rockville General Hospital 31 Union Street Vernon, CT 06066	CT (16-slice)	Monday-Friday 8:00am to 6:00pm	8,175
	MRI (1.5 T, Closed)	Monday-Friday 9:00am to 4:00pm	1,508

(1) CT services are available for inpatient and emergent patients twenty-four hours per day, seven days a week.

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

¹ Please see the separate Supplemental CON Application Form for more information on the Acquisition of RGH’s off-site MRI and CT scanner as part of the proposed Asset Purchase of ECHN by PMH.

Response:

The Applicants are proposing to transfer the existing MRI and CT scanners at the Union Street location to a subsidiary of the PMH that will continue the operations of RGH as part of part of the proposed Asset Purchase. 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 RGH 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

TABLE B-1: HISTORICAL, CURRENT AND PROJECTED VOLUME BY PIECE OF EQUIPEMENT- CT

Patient Type ⁽¹⁾	Actual Volume			CFY Actual Volume ⁽²⁾	CFY Annualized Volume ⁽³⁾	Projected Volume ⁽⁴⁾			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Emergent	3,665	3,540	3,813	2,982	3,976	3,976	3,976	3,976	3,976
Inpatient	1,815	1,806	1,705	1,357	1,809	1,809	1,809	1,809	1,809
Outpatient	2,514	2,532	2,288	1,811	2,415	2,415	2,415	2,415	2,415
Total:	7,994	7,878	7,806	6,150	8,200	8,200	8,200	8,200	8,200

TABLE B-2: HISTORICAL, CURRENT AND PROJECTED VOLUME BY PIECE OF EQUIPEMENT- MRI

Patient Type ⁽¹⁾	Actual Volume			CFY Actual Volume ⁽²⁾	CFY Annualized Volume ⁽³⁾	Projected Volume ⁽⁴⁾			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Emergent	127	116	123	103	137	137	137	137	137
Inpatient	234	272	194	189	252	252	252	252	252
Outpatient	1,385	1,249	1,118	829	1,105	1,105	1,105	1,105	1,105
Total:	1,746	1,637	1,435	1,121	1,495	1,495	1,495	1,495	1,495

- (1) Scan volume attributed to patient type as designated at time of discharge.
- (2) Current fiscal year actual volume from October 1, 2014 through June 30, 2015.
- (3) Actual volume for the first nine months of the current fiscal year annualized over twelve months.
- (4) First year of the proposal (following Asset Purchase) will be FY 2017.

TABLE C – COMPUTED TOMOGRAPHY (CT)

TABLE C-1: HISTORICAL, CURRENT AND PROJECTED VOLUME BY TYPE OF SCAN - CT

Emergent	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	16	11	16	9	12	12	12	12	12
Abdomen/Pelvis	1,283	1,223	1,297	993	1,324	1,324	1,324	1,324	1,324
Chest/Thorax	299	288	338	273	364	364	364	364	364
Head/Neck	1,951	1,926	2,070	1,613	2,151	2,151	2,151	2,151	2,151
Lower Extremity	34	42	34	44	59	59	59	59	59
Pelvis	17	10	11	7	9	9	9	9	9
Thoracic/Lumbar	53	28	33	30	40	40	40	40	40
Upper Extremity	10	11	12	11	15	15	15	15	15
Other	2	1	2	2	3	3	3	3	3
Total	3,665	3,540	3,813	2,982	3,976	3,976	3,976	3,976	3,976
Inpatient	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	21	14	20	25	33	33	33	33	33
Abdomen/Pelvis	528	525	532	428	571	571	571	571	571
Chest/Thorax	392	407	365	308	411	411	411	411	411
Head/Neck	643	688	654	490	653	653	653	653	653
Lower Extremity	46	42	32	35	47	47	47	47	47
Pelvis	22	11	15	4	5	5	5	5	5
Thoracic/Lumbar	71	61	38	29	39	39	39	39	39
Upper Extremity	13	4	9	6	8	8	8	8	8
Other	79	54	40	32	43	43	43	43	43
Total	1,815	1,806	1,705	1,357	1,809	1,809	1,809	1,809	1,809
Outpatient	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	144	122	141	88	117	117	117	117	117
Abdomen/Pelvis	764	680	758	556	741	741	741	741	741
Chest/Thorax	688	685	647	527	703	703	703	703	703
Head/Neck	478	531	495	427	569	569	569	569	569
Lower Extremity	19	26	27	19	25	25	25	25	25
Pelvis	39	24	24	16	21	21	21	21	21
Thoracic/Lumbar	67	58	51	34	45	45	45	45	45
Upper Extremity	18	18	25	14	19	19	19	19	19
Other	297	388	120	130	173	173	173	173	173
Total	2,514	2,532	2,288	1,811	2,415	2,415	2,415	2,415	2,415

TABLE C-1: HISTORICAL, CURRENT AND PROJECTED VOLUME BY TYPE OF SCAN - CT

Total	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	181	147	177	122	163	163	163	163	163
Abdomen/Pelvis	2,575	2,428	2,587	1,977	2,636	2,636	2,636	2,636	2,636
Chest/Thorax	1,379	1,380	1,350	1,108	1,477	1,477	1,477	1,477	1,477
Head/Neck	3,072	3,145	3,219	2,530	3,373	3,373	3,373	3,373	3,373
Lower Extremity	99	110	93	98	131	131	131	131	131
Pelvis	78	45	50	27	36	36	36	36	36
Thoracic/Lumbar	191	147	122	93	124	124	124	124	124
Upper Extremity	41	33	46	31	41	41	41	41	41
Other	378	443	162	164	219	219	219	219	219
Total	7,994	7,878	7,806	6,150	8,200	8,200	8,200	8,200	8,200

- (1) Scan volume attributed to patient type as designated at time of discharge.
- (2) Current fiscal year actual volume from October 1, 2014 through June 30, 2015.
- (3) Actual volume for the first nine months of the current fiscal year annualized over twelve months.
- (4) First year of the proposal (following Asset Purchase) will be FY 2017.

TABLE C – MAGNETIC RESONANCE IMAGING (MRI)

TABLE C-2: HISTORICAL, CURRENT AND PROJECTED VOLUME BY TYPE OF SCAN – MRI

Emergent	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	0	0	0	0	0	0	0	0	0
Chest/Thorax	0	0	0	0	0	0	0	0	0
Head/Neck	66	60	76	68	91	91	91	91	91
Lower Extremity	11	9	11	7	9	9	9	9	9
Pelvis	0	1	0	2	3	3	3	3	3
Thoracic/Lumbar	45	46	34	25	33	33	33	33	33
Upper Extremity	5	0	2	1	1	1	1	1	1
Other	0	0	0	0	0	0	0	0	0
Total	127	116	123	103	137	137	137	137	137
Inpatient	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	13	17	15	14	0	0	0	0	0
Chest/Thorax	0	0	0	1	1	1	1	1	1
Head/Neck	153	174	119	126	168	168	168	168	168
Lower Extremity	31	28	20	18	24	24	24	24	24
Pelvis	1	0	5	4	5	5	5	5	5
Thoracic/Lumbar	34	47	30	24	32	32	32	32	32
Upper Extremity	2	6	5	2	3	3	3	3	3
Other	0	0	0	0	0	0	0	0	0
Total	234	272	194	189	252	252	252	252	252
Outpatient	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	62	74	74	50	0	0	0	0	0
Chest/Thorax	3	3	10	6	8	8	8	8	8
Head/Neck	568	523	485	341	455	455	455	455	455
Lower Extremity	236	209	185	140	187	187	187	187	187
Pelvis	28	13	17	11	15	15	15	15	15
Thoracic/Lumbar	346	312	257	212	283	283	283	283	283
Upper Extremity	138	109	89	69	92	92	92	92	92
Other	4	6	1	0	0	0	0	0	0
Total	1,385	1,249	1,118	829	1,105	1,105	1,105	1,105	1,105

TABLE C-2: HISTORICAL, CURRENT AND PROJECTED VOLUME BY TYPE OF SCAN – MRI

Total	Actual Volume			CFY Actual Volume ¹	CFY Annualized Volume ²	Projected Volume ³			
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Abdomen	75	91	89	64	85	85	85	85	85
Chest/Thorax	3	3	10	7	9	9	9	9	9
Head/Neck	787	757	680	535	713	713	713	713	713
Lower Extremity	278	246	216	165	220	220	220	220	220
Pelvis	29	14	22	17	23	23	23	23	23
Thoracic/Lumbar	425	405	321	261	348	348	348	348	348
Upper Extremity	145	115	96	72	96	96	96	96	96
Other	4	6	1	0	0	0	0	0	0
Total	1,746	1,637	1,435	1,121	1,495	1,495	1,495	1,495	1,495

- (1) Scan volume attributed to patient type as designated at time of discharge.
- (2) Current fiscal year actual volume from October 1, 2014 through June 30, 2015.
- (3) Actual volume for the first nine months of the current fiscal year annualized over twelve months.
- (4) 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 assume 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:

Recent efforts by insurance carriers to direct patients to “preferred providers” have increased dramatically in recent years. 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) - CT

Town	CT	MRI	Town	CT	MRI
Andover	24	4	Killingly	1	3
Ashford	65	10	Lebanon	9	1
Avon	1	0	Ledyard	2	3
Berlin	1	1	Manchester	412	65
Bloomfield	9	0	Mansfield	80	15
Bolton	42	7	Marlborough	3	4
Bristol	3	0	Meriden	6	2
Brookfield	1	0	Middletown	8	5
Burlington	1	0	Montville	3	0
Canterbury	0	2	New Britain	8	1
Canton	9	0	New London	2	0
Chaplin	11	0	Newington	17	3
Cheshire	1	0	Norwalk	1	0
Clinton	5	0	Norwich	2	0
Colchester	5	4	Old Saybrook	2	0
Columbia	9	4	Orange	1	0
Coventry	221	26	Plainfield	3	0
Cromwell	2	0	Plainville	1	0
Deep River	1	0	Pomfret	1	1
East Granby	5	1	Portland	2	0
East Haddam	1	0	Preston	1	0
East Hartford	112	23	Putnam	3	0
East Haven	1	0	Rocky Hill	7	1
East Lyme	1	0	Salisbury	1	0
East Windsor	212	27	Simsbury	9	0
Eastford	0	1	Somers	103	15
Ellington	1,045	230	South Windsor	289	31
Enfield	116	13	Southington	2	0
Farmington	2	2	Sprague	2	0
Glastonbury	25	3	Stafford /Union	246	70
Granby	6	1	Stratford	2	0
Griswold	1	0	Suffield	8	5
Groton	3	0	Tolland	919	129
Guilford	3	1	Vernon	3,202	636
Hampton	6	0	Voluntown	2	0
Hartford	42	7	Wallingford	1	0
Hebron	13	3	Waterbury	6	3

Town	CT	MRI
Watertown	2	0
West Hartford	9	0
Wethersfield	7	3
Willington	148	31
Windham	20	5
Windsor	21	2
Windsor Locks	35	6
Wolcott	1	0
Woodbridge	3	0
Woodstock	2	0
Other State	184	25
Total	7,806	1,435