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December 3, 2024

**VIA ELECTRONIC DELIVERY**

Donna Jerry  
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State of Vermont  
Green Mountain Care Board  
144 State Street  
Montpelier, VT 05602

**Re: Request for Jurisdictional Determination, Southwestern Vermont Medical Center – Cardiac CT Scanner**

Dear Donna:

This firm submits this letter on behalf of Southwestern Vermont Medical Center (“SVMC”), pursuant to 18 V.S.A. § 9434(b)(2) and Green Mountain Care Board (“GMCB”) Rule 4.000 § 4.207, requesting a jurisdictional determination as to SVMC’s purchase of a Cardiac CT Scanner. This would be a new piece of equipment for SVMC, as they to date have not had a Cardiac CT Scanner.

**I. Rationale for Proposed Project**

SVMC proposes to install a Computed Tomography (“CT”) scanner with cardiac imaging capability (“Cardiac CT Scanner”) in an effort to:

- deliver high quality care closer to home;
- allow Vermonters to receive specialized care in Vermont rather than being required to travel out-of-state to receive care; and
- lower the per capita total cost of care.<sup>1</sup>

Cardiac CT scanning has become best practice for initial diagnosis of diseases of coronary vasculature; most notably, blockages of veins serving the heart. There are two general clinical scenarios for cardiac CT imaging, which saves lives and reduces healthcare spending.

**A. Emergency Setting.**

Currently, all cardiac patients in SVMC’s Emergency Department are transported by ambulance or helicopter to out-of-state institutions where diagnostic testing rules in/out catheterization or cardiac stent insertion. Acquiring a Cardiac CT Scanner would allow diagnostic determination at

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<sup>1</sup> The cost of care at SVMC is lower than that of other hospitals in the region (see [Appendix 1](#)).

SVMC; preventing expensive transportation and allowing some patients to remain in Vermont for care.

**B. Outpatient Setting.**

Currently, patients from southern Vermont are referred by SVMC’s cardiologist for outpatient cardiac CT imaging out-of-state - typically Albany Medical Center or St. Peter’s Hospital. SVMC’s Cardiac CT Scanner would maintain the continuity of care at SVMC and the medical information within one medical record. Also, outpatient cardiac imaging at SVMC would save Vermonters money relative to the charges from out-of-state institutions and thereby lower the per capita total cost of care.

Currently, \$6M in medical cardiology out-migrates from SVMC’s service area for care, mostly to the Albany, New York area. Cardiac CT imaging comprises a portion of this out-migration. Patients who are referred out-of-state for diagnostic imaging often get captured by out-of-state providers and institutions for follow-up or maintenance care, further increasing the total cost of care. This project aligns with the Act 167 Oliver Wyman report to expand cardiac services at SVMC and repatriate back to Vermont cardiac care that is currently out-migrating to higher cost institutions. The SVMC Cardiac CT Scanner would repatriate some of this care to Vermont and stem the out-migration of patients to more costly and inconvenient sites of care.

**II. Estimated Cardiac CT Scanner Volume**

Claims data suggests that 150-200 Cardiac CT scans are conducted each year on patients from SVMC’s service area. This volume of care aligns with published estimates from population studies.<sup>2</sup>

SVMC anticipates conducting 150-200 Cardiac CT scans annually. When not imaging cardiac patients, the new scanner will be utilized to perform a portion of the CT scans being completed by SVMC’s current 13 year-old scanner, thereby extending its useful life.

<i>Percent of Volume</i>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Volumes Studies</u>						
CPT Code Cardiac						
75571	80%	120	140	160	180	200
75572	10%	15	18	20	23	25
75573	5%	8	9	10	11	13
75574	5%	8	9	10	11	13
<b>Total Volume Cardiac CTs</b>	<b>100%</b>	<b>150</b>	<b>175</b>	<b>200</b>	<b>225</b>	<b>250</b>
Non-Cardiac CT scans						
<i>Various CPT codes</i>		1,800	1,827	1,854	1,882	1,910

SVMC’s current CT scanner volume parallels the increase in Emergency Department volume over the last few years, as CT scanning has become the industry standard for diagnosis of several acute conditions. The

<sup>2</sup> Banashefski et al. (2023) Cardiac coronary tomography angiography (CCTA) use across geographic regions in the US and the UK: a cross-sectional study.

Donna Jerry  
December 3, 2024

current aged scanner does not have the imaging capability (resolution) or capacity to do cardiac imaging. Installing the Cardiac CT Scanner will provide redundancy when the current aged scanner needs repair or an upgrade.

Below is the current SVMC CT scanner’s volume for reference.

	FY2021	FY2022	FY2023	FY2024	FY2025 Budget
CAT SCAN INPATIENT	2328	2577	2335	2360	2494
CAT SCAN OUTPATIENT	11295	12153	12828	14395	13937

### III. **Anticipated Project Cost**

#### A. **Capital Expenditures**

\$899,140 - Technology purchase

\$887,643 - Renovation

**\$1,786,783 Total Anticipated Capital Expenditure**

**(\$53,217 below the CON threshold of \$1,840,000)**

The project involves two components—the purchase of the Cardiac CT Scanner and attendant renovations to the space where it will be located:

#### 1. **Technology purchases**

• Canon Genesis cardiac CT scanner <sup>A</sup>	\$756,110
• MedRad injector	\$36,630
• 2-year service agreement	<u>\$106,400</u>
Total	\$899,140

<sup>A</sup> The scanner includes artificial intelligence enabled software for enhanced image processing and image capture efficiency. Upgrades to Information technology infrastructure are included in the renovation cost.

#### 2. **Renovations**

• Renovation of 900 sq. ft.	\$887,643
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<sup>B</sup> Renovation includes upgrades to room air handling, electrical infrastructure, and information technology infrastructure. Renovation cost estimate includes 10% contingency against cost inflation.

A breakdown of the renovation costs appears in [Appendix 2](#). See [Appendix 3](#) for current state schematics and the design layout for the new scanner.

#### B. **Annual Operating Expenses**

The Annual Operating Expenses, which include staffing, are reflected in the Pro Forma Summary on page 5 of this letter.

Donna Jerry  
December 3, 2024

SVMC will add the following positions to staff the Cardiac CT Scanner:

Staff	
CT Scan Technologist	0.50
CT Scan Technologist	0.50
Tech Assitant	0.25
<b>Total Payroll FTEs</b>	<b>1.25</b>

	Year 1	Year 2	Year 3
<b>Salaries and wages</b>	105,500	109,720	114,109
<b>Employee benefits</b>	31,650	32,916	34,233

SVMC has thoroughly vetted the project’s cost estimate to ensure that all expenses associated with the project are included in the total cost of \$1,786,783, which includes a 10% contingency. Quotes were not sculpted in an effort to manage the project cost to be below the Certificate of Need threshold of \$1,840,000 for a hospital equipment purchase and installation.<sup>3</sup> SVMC recognizes that the project cost is very close to the CON threshold – less than the CON threshold by \$53,217 (see [Appendix 2](#)). SVMC is confident the project will be delivered with a final project cost below the CON threshold.

**IV. Sources of funds**

SVMC has already raised the majority of the funds required for this project. SVMC will continue to raise funds for the CT scanner and further reduce the equity contribution required to deliver the project. The fundraising target for the project is \$1.1M

**Sources of Funds for SVMC Cardiac CT Scanner**

Source of funds	Cardiac CT Scanner Budget
Fundraising	
Individual Pledge	\$ 1,000,000
Gifts received	16,265
Funds raised as of 10/21/2024	<u>1,016,265</u>
SVMC Equity Contribution	<u>770,518</u>
<b>Total Source of Funds</b>	<b><u>\$ 1,786,783</u></b>
Project Total Cost	\$ 1,786,783

<sup>3</sup> February 2024 Certificate of Need Bulletin 004 ([2024 CON Bulletin 004 - Revised Monetary Jurisdictional Thresholds.pdf \(vermont.gov\)](#))

**V. Financial Impact to SVMC**

The financial impact of this project to SVMC will be near break-even. The impetus for this project is not financial. Rather, this project will provide patients with better, high quality care, closer to home and save Vermonters money (lowering the per capita total cost of care - see [Appendix 1](#) for cost comparison to other hospitals).

The operational losses generated by this project (approximately \$100,000 annually) will be off-set by expense management efforts underway in other areas of the organization.

Included in the operating expenses in the financial pro forma is the service agreement for maintenance of the Cardiac CT Scanner (\$106,400 over the first 2 years) and operational expenses to maintain additional image storage and provide electrical power. Staff training on the new Cardiac CT Scanner has also been included in the equipment purchase cost and total project cost.

***Southwestern Vermont Medical Center  
Cardiac CT Scanner Pro Forma- Summary***

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Volume</u>					
Cardiac CT scans	150	175	200	225	250
Non-cardiac CT scans	1,800	1,827	1,854	1,882	1,910
<u>Operating revenues</u>					
Technical Revenue	\$335,406	\$352,937	\$358,214	\$377,471	\$383,203
Professional Revenue	\$172,529	\$179,664	\$185,802	\$194,222	\$201,250
<i>Net patient service revenues net of provision for bad debts</i>	<i>507,934</i>	<i>532,601</i>	<i>544,016</i>	<i>571,693</i>	<i>584,453</i>
Other operating revenues	0	0	0	0	0
<i>Total operating revenues, net of provision for bad debts</i>	<i>507,934</i>	<i>532,601</i>	<i>544,016</i>	<i>571,693</i>	<i>584,453</i>
<u>Operating expenses</u>					
Salaries and wages	105,500	109,720	114,109	118,673	123,420
Employee benefits	31,650	32,916	34,233	35,602	37,026
Supply expenses	28,002	28,749	29,501	30,260	31,024
Purchase services, utilities, insurance and other	165,200	165,200	324,800	324,800	324,800
Other Expenses	25,309	26,079	112	125	139
Dartmouth Hitchcock PSA	0	0	0	0	0
Provider tax	30,476	30,476	31,956	32,641	34,302
Depreciation and amortization	65,501	131,001	131,001	131,001	131,001
Utilities/telephone	7,500	7,800	8,112	8,436	8,774
Interest					
<i>Total operating expenses</i>	<i>459,137</i>	<i>531,941</i>	<i>673,824</i>	<i>681,539</i>	<i>690,486</i>
<b><i>Income (loss) from operations</i></b>	<b><i>\$48,797</i></b>	<b><i>\$660</i></b>	<b><i>(\$129,807)</i></b>	<b><i>(\$109,846)</i></b>	<b><i>(\$106,033)</i></b>

**VI. Conclusion**

The proposed project will allow SVMC to offer a service for which individuals are currently seeking care at higher cost institutions outside SVMC's Health Service Area. The addition of a Cardiac CT Scanner will contribute improved patient care access and coordination.

Both the project's total capital costs and the total annual operating expenses are below the monetary jurisdictional thresholds for Certificate of Need review. SVMC does not believe the project is subject to Certificate of Need review and respectfully seeks the Board's guidance.

Donna Jerry  
December 3, 2024

If you have any questions or require further information, please let me know. We thank you for your consideration.

Primmer Piper Eggleston & Cramer PC

*/s/ Shireen T. Hart*

Shireen T. Hart

cc: Tara Bredice (tara.bredice@vermont.gov)

**APPENDIX 1**

SVMC is a good value for patients and Vermont (VT Medicaid) by comparison to where patients currently obtain cardiac CT scans. Data from FY2022 National Academy for State Health Policy's Hospital Cost Tool.

Hospital Name	Cost to patients for a generalized unit of care
ALBANY MEDICAL CENTER HOSPITAL	\$ 21,025
RUTLAND REGIONAL MEDICAL CENTER	\$ 16,302
BRATTLEBORO MEMORIAL HOSPITAL	\$ 13,391
BERKSHIRE MEDICAL CENTER	\$ 12,802
ST. PETERS HOSPITAL	\$ 12,443
SOUTHWESTERN VERMONT MEDICAL CENTER	\$ 10,061

**APPENDIX 2**

**Detailed Project and Construction Budget**

**Project budget**

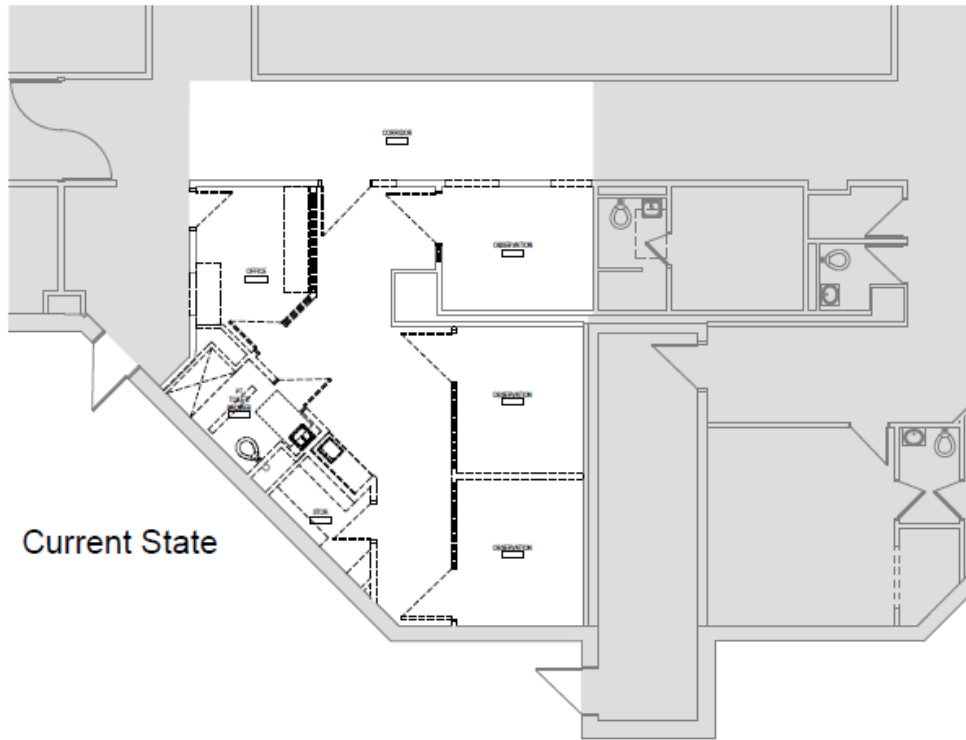
	Cost
Renovation	\$ 887,643
Cardiac CT scanner	\$ 756,110
Injector	\$ 36,630
2 years of service	\$ 106,400
<b>Total Project</b>	<b>\$ 1,786,783</b>
<b>CON Threshold</b>	<b>\$ 1,840,000</b>
<b>Over (under) threshold</b>	<b>\$ (53,217)</b>

**Construction budget**

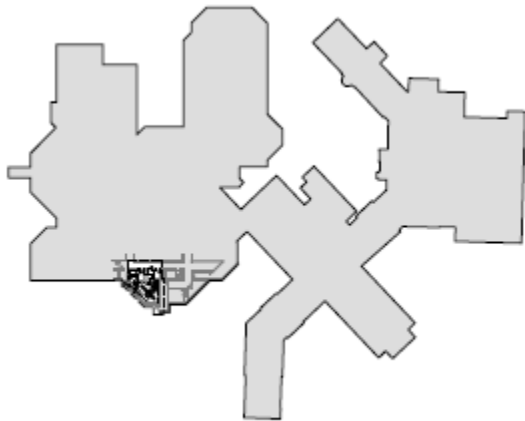
<b>Cardiac CT Scan Renovation and Fit-out</b>	
<b>\$887,643</b>	<b>Quote /Estimate</b>
<b>Construction Cost</b>	
Luczynski Brothers (incl. Initial Containment with STARC Wall)	\$315,348
<b>Other - F/F/E</b>	
Console and fixtures	\$7,000
<b>Sprinkler</b>	
Included with LB	
<b>Electrical Work</b>	
Hathaway Estimate 11-4-24	\$148,000
<b>Plumbing &amp; Mechanical</b>	
Colonie Mechanical	\$150,000
DEM Mechanical	\$90,000
<b>HVAC work and design</b>	
TRANE Estimate 11-4-24	
<b>Flooring</b>	
Included with LB	
<b>I.T.</b>	
House Music and Speakers	\$1,500
<b>Architect / Consultant</b>	
mbh architecture	\$75,000
Skanska CM (4 month build + 1 month CT install)	\$5,000
<b>Licensing and Permits</b>	
State of VT Division of Fire Safety	\$13,600
<b>Cleaning</b>	
MCS	\$1,500
<b>Sub Total</b>	<b>\$806,948</b>
<b>10% Contingency</b>	<b>\$80,695</b>
<b>Total</b>	<b>\$887,643</b>



**APPENDIX 3**



① PARTIAL FIRST FLOOR DEMOLITION PLAN  
SCALE: 1/8" = 1'-0"

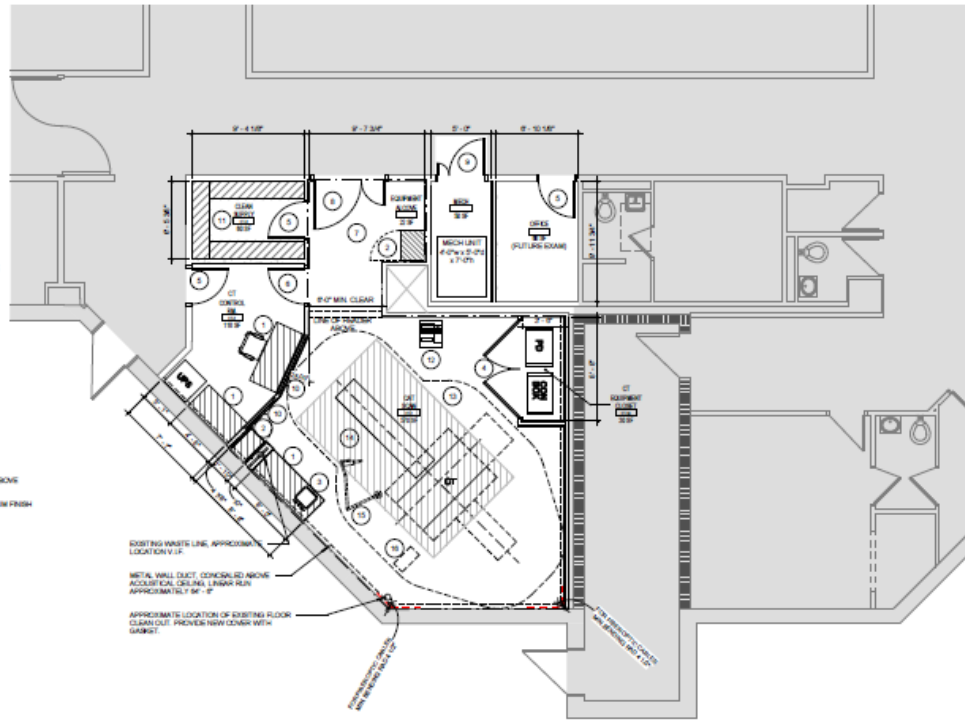


FIRST FLOOR KEY PLAN - N.T.S.

### Future State

**LEGEND**

- DENOTES SECTION (SHIELDING SWALLOW TO BE ACHIEVED WITH 1/8" GAP) LEAD TO OTHER WALL, DOORS, DOORS AND GLAZING THAT FORM THE ENVELOPE. EXTENT AND METHOD TO BE CONFIRMED/REVIEWED BY PHYSICIST.
- CT - CANNON ACQUISITION GENESIS CT SCANNER WITH 4" CLEARANCE
- UPS - POWER SUPPLY (OTHERS)
- PD - POWER DISTRIBUTION BOX (CANON)
- CON BOX - CONTROL BOX (CANON)
- ① PLASTIC LAMINATE WORK COUNTER
- ② PLASTIC LAMINATE ENTRY CABINET
- ③ HAND WASHING SINK
- ④ 36" - 48" x 72" DOORS WITH LOW/NO/SL. HIGH & LOW IN EACH
- ⑤ 24" x 72" FLUSH WOOD DOOR
- ⑥ 24" x 72" WOOD DOOR WITH HALF GLASS VISION LITE
- ⑦ 8" FINISH CEILING AT ROOM ENTRANCES FOR MECHANICAL UNITS ABOVE
- ⑧ 48" x 72" ACTIVE LEAF WITH 24" x 72" INACTIVE LEAF, PG PALADUM FINISH
- ⑨ 24" x 72" ACTIVE LEAF WITH 12" x 72" INACTIVE LEAF
- ⑩ OBSERVATION WINDOW (LEAD LINED GLASS)
- ⑪ THREE SETS OF FIVE ADJUSTABLE BEARING SHIELDS, 10" DEEP, ON HEAVY DUTY BEARING AND BRACKETS, 21 LINER FEET
- ⑫ SCANNER FIXES BY OTHERS WITH 2 SECURITY CAMERAS ON CEILING
- ⑬ CLEAN ROOM CEILING TUBS AT ROOM CT-1. MINIMUM FINISH CEILING HEIGHT 8' 0"
- ⑭ MINIMUM THICKNESS OF CONCRETE SLAB SUPPORTING CT SCANNER IS 8" - CONTRACTOR SHALL CORE DRILL TO VERIFY THICKNESS OF EXISTING CONCRETE SLAB IN PLACE - IF THE EXISTING SLAB IS ASKED BENEATH HATCHED (LESSER THAN 8") THIS AREA OF SLAB SHALL BE DEMOLISHED AND REPLACED
- ⑮ CEILING MOUNTED INJECTOR ARM (APPROXIMATE LOCATION)
- ⑯ CEILING MOUNTED WED GAGES (APPROXIMATE LOCATION)  
 1. MED JAR  
 2. COUVER  
 3. VACUUM



PROJECT SCOPE	
	AREA WITHIN SCOPE OF WORK (APPROXIMATELY 1,000 SF)
	AREA NOT WITHIN SCOPE OF WORK