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RECEIVED

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**Division of Licensing and
Regulatory Services**

August 17, 2010

Phyllis Powell, Director
Certificate of Need Unit
Division of Licensing and Regulatory Services
Department of Health and Human Services
State House, Station 11, Augusta, ME 04333-0011

Re: Request for Confirmation of Exemption from CON Review
MaineGeneral Medical Center ("MGMC")
PT/OT Services, Diagnostic Imaging Services

Dear Phyllis:

In connection with MGMC's plan to provide hospital outpatient services at its physician office building on Civic Center Drive, I am writing to confirm that these services are exempt from CON review. I already spoke with Steve Keaten regarding the project but I am also seeking written confirmation of non-reviewability.

Background

MGMC plans to consolidate existing services into a new physician office building located on Civic Center Drive.

The majority of the building is physician office and includes relocation of the physician practices for Augusta Family Practice, Workplace Health and Orthopedics. However, to support the physician practices, MGMC would like to provide hospital services consisting of: (i) existing diagnostic imaging services, occupying space totaling an estimated 1,006 square feet; and (ii) existing physical therapy and occupational therapy services, occupying space totaling an estimated 9,908 square feet (collectively, the "Civic Center Project").

MGMC will not be introducing any new health services. Rather, MGMC already offers both services in Augusta and will only be relocating them to the new building. By consolidating the services in one location, MGMC intends to improve patient access to care. Further, by relocating these services next to the physician practices (e.g., orthopedics), MGMC will enhance the coordinated care for patients.

The costs for the Civic Center Project are as follows:

Civic Center Project Description	Estimated Cost
Construction Costs:	
▪ Diagnostic Imaging Services	\$151,022
▪ Physical and Occupational Therapy Services	\$1,487,376
Total Construction Costs	\$1,638,398
Furniture, Fixtures, and Equipment	\$150,000
Architectural and Engineer Fees	\$23,798
TOTAL	\$1,812,196

By providing these outpatient services, at minimal costs, MGMC will be able to better meet the health care needs of the residents and communities in its service area. It is MGMC's intent to offer these services beginning in March, 2011, but design and construction on the hospital services portion of the building will commence as soon as possible. The completion date for the project is expected to be 2011.

Discussion

1. New Health Service. As a result of the Civic Center Project, MGMC will not be adding health services that were not previously offered by MGMC on a regular basis within the last 12 months. In fact, MGMC currently provides the same health care services that will be provided at the new building.

Accordingly, the outpatient services at the new Civic Center building will not be new health services.

2. Capital Expenditures. The total capital expenditures, in the aggregate, for the hospital outpatient services at the Civic Center location are \$1,812,196. Because the total costs are below the CON capital expenditure threshold of \$3.1 million, we understand the Civic Center Project does not require a CON.

Additionally, the Civic Center Project is not related whatsoever to any other MGMC project.

Accordingly, capital expenditures associated with the Civic Center Project do not exceed the established threshold value.

3. Major Medical Equipment. As part of its Civic Center Project, MGMC will not be acquiring any single unit of medical equipment, or a single system of components with related

functions, that exceeds the major medical equipment CON threshold of \$1.6 million. In fact, the total value of *all* new equipment MGMC plans to purchase for the outpatient services is \$150,000, the cost of a new c-arm for imaging..

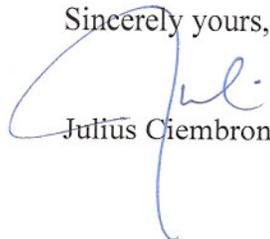
Accordingly, no single piece of major medical equipment to be purchased exceeds the established threshold value.

Notably, one piece of x-ray equipment designated for the Civic Center Project is a replacement of an existing x-ray machine that will no longer be used. The costs for the replacement x-ray machine (approximately \$350,000) are statutorily exempt from CON review. Accordingly, the costs for the replacement x-ray machine should not be included in calculating the reviewable capital expenditures for the outpatient services.

It is our understanding that the Civic Center Project does not require CON review and, therefore, there is no anticipated date of a CON application. I am requesting a letter from your office confirming exemption from CON review.

Thank you for your attention to this matter and, if you should have any questions, please do not hesitate to call me.

Sincerely yours,



Julius Ciembroniewicz

cc: Steve Keaten, CON Analyst