

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers (UMHHC)  
Computed Tomography (CT) Scanner Acquisitions  
and Site Preparation Projects

Action

Requested: Approval to Proceed with Projects

Background:

The UMHHC provides general and specialty diagnostic imaging services through its Department of Radiology. Six CT scanners are in operation across the facilities, including the University Hospital, Emergency Department and Mott Children's Hospital. The demand for CT services increased by 46% between 1997 and 2001, reflecting the technology's increasing acceptance as a basic diagnostic tool. Current activity exceeds thresholds for the State of Michigan Certificate of Need standards, permitting application for an incremental scanner.

The cost to site the new scanner is estimated at \$850,000, and includes relocation of an existing Radiology film interpretation reading room for abdominal studies. This will permit placement of the scanner in 1,985 gross square feet of space that is already lead-lined, a prerequisite for a CT scanner. The reading room will be moved elsewhere within Radiology and enlarged to permit use by multiple divisions within Radiology, facilitating frequent faculty collaboration.

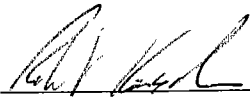
In addition, UMHHC plans to upgrade three existing CT scanners, for a full complement of state-of-the-art scanners. Site preparation cost to replace two of the scanners within 1,365 gross square feet in existing scanner rooms is \$300,000 each. The remaining replacement will require only equipment switchout. The total cost to purchase the three CT upgrades and one incremental scanner as a package, \$3,700,000, is approximately 20% less than the historical purchase price for individual purchases of CT technology. The equipment cost is not included in the cost of the project being presented.

The total site preparation cost as indicated above is estimated at \$1,450,000. The scope of site preparation projects includes architectural, mechanical and electrical work necessary to accomplish these installations. We anticipate no additional parking spaces will be required for these projects. The project will be funded from the Hospitals and Health Centers' capital fund. The project is expected to be completed in fall of 2002. Applications for four Certificates of Need will be submitted to the Michigan Department of Consumer and Industry Services (MDCIS).

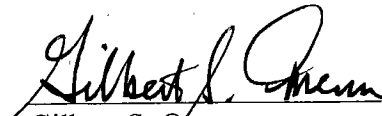
APPROVED BY THE REGENTS ON  
MAR 14 2002

We recommend the Regents approve the University of Michigan Hospitals and Health Centers' Computed Tomography Scanner Acquisition and Site Preparation Projects as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budgets.

Respectfully submitted,



Robert Kasdin  
Executive Vice President  
and Chief Financial Officer



Gilbert S. Omenn  
Executive Vice President  
for Medical Affairs

March 2002