HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #12-27A ST HLTH PLNG & DEV. AGENCY Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title:	Establishment of X-Ray Services
Project Address:	1010 S. King Street, Suite B-8 – Honolulu, HI 96814
Applicant Facility/Organization:	InVision LLC
Name of CEO or equivalent:	Eric Hannum
Title:	President
Address:	1010 S. King Street #109 – Honolulu, HI 96814
Phone Number: (808) 593-8080	Fax Number: (808) 593-1018
Contact Person for this Application:	Max Clini
Title:	Director of Marketing
Address:	1010 S. King Street #109 – Honolulu, HI 96814
Phone Number: (808) 282-9186	Fax Number: (808) 593-1018

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature	Date
Max Clini	Director of Marketing
Name (please type or print)	Title (please type or print)

1. **TYPE OF ORGANIZATION**: (Please check all applicable)

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Public	
Private	X
Non-profit	
For-profit	X
Individual	
Corporation	
Partnership	
Limited Liability Corporation (LLC)	X
Limited Liability Partnership (LLP)	
Other: _____	

2. **PROJECT LOCATION INFORMATION**

A. Primary Service Area(s) of Project: (please check all applicable)

Statewide:	
O`ahu-wide:	X
Honolulu:	X
Windward O`ahu:	
West O`ahu:	
Maui County:	
Kaua`i County:	
Hawai`i County:	

3. **DOCUMENTATION** (Please attach the following to your application form):

A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent). **[See ATTACHMENT "A"]**

B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.).

- **Amendment to existing Department of Health Radiation Permit**
- **City & County Planning Electrical Permit**

C. Your governing body: list by names, titles and address/phone numbers

- **Art Gladstone, Chair – (808)522-4000**
- **Antony Clarke, Secretary – (949)355-5212**
- **Carrie Tsutsui, Treasurer – (808)522-4000**
- **Eric Hannum, VP – (808)277-6816**
- **Rusty Ho, VP – (808)225-7442**

D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:

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- Articles of Incorporation: **[On File]**
- By-Laws: **[On File]**
- Partnership Agreements:
- Tax Key Number: **[On File]**

4. **TYPE OF PROJECT.** This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over $400,000)	New/Upgraded Medical Equip. (over $1 million)	Other Capital Project (over $4 million)	Change in Service	Change in Beds
Inpatient Facility					
Outpatient Facility				**(X)**	
Private Practice					

5. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.

- NOT APPLICABLE (N/A) -

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
N/A	**N/A**	**N/A**	**N/A**

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

		AMOUNT:
1.	Land Acquisition	N/A
2.	Construction Contract	$55,000
3.	Fixed Equipment	$95,000
4.	Movable Equipment	N/A
5.	Financing Costs	N/A
6.	Fair Market Value of assets acquired by lease, donation, etc.	$74,400
	TOTAL PROJECT COST:	**$224,400**

B. Source of Funds

1.	Cash	$ 50,000
2.	State Appropriations	
3.	Other Grants	
4.	Fund Drive	
5.	Debt	$ 100,000
6.	Other: (FMV of leased space paid by monthly payment)	$ 74,400
	TOTAL SOURCE OF FUNDS:	**$224,400**

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7. **CHANGE OF SERVICE: If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please reference the Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.**

This project is an additional service. The proposed project involves a new X-Ray machine at the Medical Arts Building located at 1010 S. King Street, Suite B8 Honolulu, Hawai'i.

8. **IMPLEMENTATION SCHEDULE:** Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project:

a) Date of site control for the proposed project: October 1, 2012
b) Dates by which other government approvals/permits will be applied for and received: Existing certificates and licenses will be transferred on or before Dec 1, 2012. Building permit pending approval Nov 15, 2012
c) Dates by which financing is assured for the project: Nov 1, 2012
d) Date construction will commence: Nov 26, 2012
e) Length of construction period: 2 weeks
f) Date of completion of the project: Dec 7, 2012
g) Date of commencement of operation: December 10, 2012

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the certificate of need.

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9. EXECUTIVE SUMMARY: Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificate of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

The proposed project is a new service located at an existing facility. InVision Imaging will be leasing space at the lower level of its existing location: 1010 S. King Street, Suite B8 (Medical Arts Building). Subject space was formerly administered as an X-ray radiology clinic by Dr. George Tokushi. A newly purchased X-Ray machine will be deployed to provide diagnostic radiology services for patients of physicians located at the Medical Arts Building.

a) Relationship to the State of Hawaii Health Services and Facilities Plan.

By providing and improving additional imaging capabilities for Honolulu patients closer to home, this project is consistent with the goal and objective of the State of Hawai'i Health Services and Facilities Plan (HSFP) to "increase cost effective access to necessary health care services" and to "promote regionalization of services where appropriate" (Chapter 1, HSFP 2009).

As X-ray scanning technology is one of the most useful tools physicians utilize to make accurate diagnosis to determine the appropriate treatment for patients – including the elderly - this project is also consistent with both the Statewide Health Coordinating Council (SHCC) goals to "...ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost" (Chapter 3, HSFP 2009) and the Honolulu Subarea Concil (HSAC) goals to "...control escalating costs in the senior care industry and other needed services" (Chapter 3, HSFP 2009).

b) Need and Accessibility

X-ray diagnostic service was previously provided by Dr. Tokushi at the current location but was discontinued several years ago upon his retirement. The re-introduction of this service will improve quality of care and accessibility of service to patients visiting their physicians in the building, thus allowing providers the ability to reach accurate diagnosis in a more expedient manner. X-ray service will be highly accessible for all patients visiting private physicians within the 1010 South Beretania Street location known as the Medical Arts Building. Many of these patients are elderly and experience difficulty accessing diagnostic x-ray services at Straub Clinic & Hospital primarily located as in-patient setting. Referring physicians and their patients will be able to access quality care on site with enhanced ability to diagnose quickly.

InVision will continue to provide care to <u>all</u> residents of the area including Medicare, Medicaid, QUEST and all underserved groups such as Elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

c) Quality of Service/Care

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InVision is Medicare and Medicaid certified and will continue to comply with all State and Federal regulations. InVision is also accredited by the American College of Radiology (ACR). Diagnostic services will continue to be provided by board certified radiologists. InVision has employed an X-ray technologist certified by the American Registry of Radiologic Technologists.

High quality diagnostic services will be maintained via InVision's quality assurance and program – designed to implement the highest levels of service recommended by ACR.

d) Cost and Finances (include revenue/cost projections for the first and third year of operation)

The x-ray is projected to have a positive financial performance on a go-forward basis beginning in the year 2013. InVision Imaging is committed to optimal utilization of the x-ray, including continued open access to independent physicians, hospitals and other health care providers. X-rays charges and reimbursement rates will be based upon customary and current Medicare and Private Payors measurements.

The financial projections are in **"ATTACHMENT B"**. The project is cost-effective as it utilizes an already outfitted and well-equipped X-ray space. The Landlord has also constructed advantageous lease terms as it too recognizes the need for X-ray services to the rest of the tenant community at the Medical Arts Building.

e) Relationship to the existing health care system

The project will not impact or change the relationship of service to the existing health care system as it is simply re-establishing an X-ray service previously provided by Dr. Tokushi. The re-introduction of this service at the same location will expand access of x-ray services to the community by providing an outpatient location for all patients regardless of age, gender, or socioeconomic status being treated by Honolulu physicians.

f) Availability of Resources.

InVision has arranged and secured 3rd party financing to pay for capital costs related to the purchase and installation of the X-ray equipment via First Hawaiian Bank. InVision also has the financial, clinical staff and administrative support to operate and maintain the X-ray service including sufficient funds from operating capital to staff the service as needed. InVision has hired an X-ray Tech with more than 5 years experience in the field and will leverage its current administrative staff to support this addition of service.
The cash needed to consummate and complete subject project is derived via the company's retained earnings.

10. Eligibility to file for Administrative Review. This project is eligible to file for Administrative review because: (Check all applicable)

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___ It involves bed changes, which will have a capital expense of $1,000,000 or less, and which will have an increased annual operating expense of less than $500,000.

___ It involves service changes which will have a capital expense of $1,000,000 or less, and which will have an increased annual operating expense of less than $500,000.

___ It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.

___ It is a change of ownership, where the change is from one entity to another substantially related entity.

___ It is an additional location of an existing service or facility.

_X_ The applicant believes it will not have a significant impact on the health care system.