



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE  
GOVERNOR OF HAWAII

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DIRECTOR OF HEALTH

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January 16, 2004

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Robert J. Walker  
President/CEO  
Castle Medical Center  
640 Ulukahiki Street  
Kailua, HI 96734

Dear Mr. Walker:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-35A for the establishment of a stationary Magnetic Resonance Imaging (MRI) service at a capital cost of \$1,600,000.

As provided under Section 11-186-99.1 of the Hawaii Administrative Rules (HAR), the Agency has determined that:

1. This proposal is eligible for administrative review as it meets the criterion in Section 11-186-99.1(b)(6), i.e.: "any proposal which is determined by the agency not to have a significant impact on the health care system."
2. In accordance with the criteria in Section 11-186-15, HAR:
  - a. The applicant states that its proposal is consistent with the H2P2 goals of increasing the span of healthy life for Hawaii's residents, reducing health disparities among Hawaii's residents, and achieving equitable, effective access at a reasonable cost for all Hawaii residents to health services that are responsive to the holistic needs of community's members.
  - b. The applicant states that "MRI services at Kaiser, Kapiolani, Kuakini, Pali Momi, Queen's, St. Francis-Liliha, St. Francis-West and Straub are all well in excess of the H2P2 minimum threshold (1,500 procedures). The MRI unit used by Castle is shared with Wahiawa and St. Francis-West. Combined, this unit performed 3,965 procedures in 2002."
  - c. The applicant projects that based upon the current demand for MRI procedures at Castle Medical Center, 2,080 MRI procedures will be performed in year 1 of the proposed service.
  - d. The applicant projects that the number of MRI procedures performed in year 2 and year 3 of the proposed service will be 2,288 and 2,517 respectively.

- e. The applicant states that "In addition, the current mobile MRI unit will not be underutilized by servicing only St. Francis-West Hospital and Wahiawa General Hospital. The combined number of MRI procedures for these two hospitals has been exceeding the minimum threshold since 1999. In 2002, the combined number of MRI procedures was already at 2,598, and this number should continue to grow."
- f. The applicant states that "The services will be accessible to all patients who need MRI services. Services will be provided without discrimination based on race, ethnicity, income, religion, gender or any other category."
- g. The applicant states that it is accredited by the Joint Commission on Accreditation of Healthcare Organizations, licensed by the State of Hawaii Department of Health, and is in good standing with the Medicaid and Medicare healthcare programs.
- h. The applicant states that "Castle will comply with State and Federal regulations for delivery of care, maintenance of service equipment, and maintenance of clinical environment."
- i. The applicant states that its proposal will require 1 FTE radiologist, 1 FTE Receptionist /Clerk and 3 FTE Technologists.
- j. The applicant states that "All radiologists will be licensed in the State of Hawaii and certified by the American Board of Radiology. Technologists will be certified radiologic technologists licensed in the State of Hawaii with additional training in MRI. . . . Radiologists and technologist (sic) will be expected to meet or exceed all state and national registry requirements for continuing medical education (CME)."
- k. The applicant states that "Castle will adhere to the guidelines as promulgated in the ACR standards. Castle will seek ACR Accreditation for the MRI unit after installation."
- l. The applicant projects that for year one of the proposal net revenue will be \$1,692,104 and EBIDTA will be \$873,518. The applicant projects that for year three of the proposal net revenue will be \$2,172,128 and EBIDTA will be \$1,091,732.
- m. The applicant states that "Castle is currently anchor healthcare facility for the Windward communities. The proposed MRI unit will enhance Castle's diagnostic services by allowing Castle patients access to a valuable diagnostic tool twenty-four hours a day, seven days a week."
- n. The applicant states that "The proposed MRI unit will be funded with cash Castle has set aside for this project."

- o. The applicant states the proposed MRI service will require a total of 5 FTE staff. Castle's Radiology Department will provide 1 Radiologist from its current staff and will recruit 3 FTE technologists and 1 FTE receptionist.
- p. The applicant states that "Castle has an active recruiting program and has successfully recruited, hired and retained technologists and receptionists. Castle is confident that it can recruit the technologists and a receptionist needed to operate the proposed MRI unit."

There is no compelling public interest which will be served by requiring the application to go through the standard review process.

#### Conditional Certification

#### ORDER

The State Health Planning and Development Agency hereby APPROVES and ISSUES a CONDITIONAL Certificate of Need to Castle Medical Center for the proposal described in Cert. #03-35A. The conditions are that:

1. On or before March 15, 2004, the applicant provides written confirmation from Heavenly Images, Inc. DBA Mobile MRI (Mobile) that, upon the commencement of operations by Castle Medical Center under Cert. #03-35A, Mobile will discontinue its mobile MRI services to Castle Medical Center subject to the provisions of the transition plan referred to in condition number 2 below; and
2. On or before March 15, 2004, the applicant shall submit to the Agency, for Agency approval, a plan for the transition from using the mobile MRI services currently provided at Castle Medical Center to the proposed stationary MRI services in Cert. #03-35A.

These modifications are required for the application to successfully meet the criterion in Section 11-186-15 (10) HAR.

As provided under Section 323D-46, HRS and Section 11-186-77 HAR, the Agency establishes February 4, 2004 as the date by which the applicant must certify, in writing, that it accepts these conditions otherwise this application shall be deemed to be DENIED as provided under Section 11-186-77 HAR.

The Agency has determined that the applicant has proven by a preponderance of evidence that its proposal, if modified as specified in the above Order, meets the Cert. criteria in Section 11-186-15, HAR:

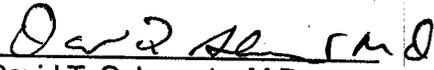
As required under Section 323D-43(b), Hawaii Revised Statutes (HRS), the Agency finds that, if modified as specified in the above Order:

1. There will be a public need for this proposal.

2. The cost of the service will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

The maximum capital expenditure allowed under this approval is \$1,600,000.

Please be advised that pursuant to Section 323D-47, HRS and Section 11-186-99.1(g) HAR, any person may, for good cause shown, request in writing a public hearing for reconsideration of the Agency's decision within ten working days from the date of this decision. Accordingly, if no person makes such a timely request for reconsideration, this decision shall become final immediately after the deadline for making such a request has expired.

  
David T. Sakamoto, M.D.  
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Administrative Review Decision was duly served upon the applicant by sending it by certified mail, return receipt requested, in the United States Postal Service addressed as follows on January 16, 2004:

Robert J. Walker  
President/CEO  
Castle Medical Center  
640 Ulukahiki Street  
Kailua, HI 96734

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



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David T. Sakamoto, M.D.  
Administrator