

## STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE  
GOVERNOR OF HAWAII

CHIYOME L. FUKINO, M.D.  
DIRECTOR OF HEALTH

DAVID T. SAKAMOTO, M.D., M.B.A.  
ADMINISTRATOR

1177 Alakea St. #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

February 1, 2006

### CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Robert Saito, M.D.  
President  
Hawaii Radiologic Associates, Ltd.  
688 Kinoole St., Suite 103  
Hilo, Hawaii 96720

Dear Dr. Saito:

The State Health Planning and Development Agency has evaluated Certificate of Need application #05-30A from Hawaii Radiologic Associates, Ltd. for the addition of a 2<sup>nd</sup> CT scanner to be located at 77-311 Sunset Drive, Kailua-Kona, at capital cost of \$950,000.

Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that:

1. This proposal is eligible for administrative review as it meets the criteria in Section 11-186-99.1(b)(6): "any proposal which is determined by the agency not to have a significant impact on the health care system" and Section 11-186-99.1(b)(5): "an additional location of an existing service or facility".
2. Hawaii Radiologic Associates, Ltd. (the "applicant") has proven by a preponderance of the evidence that its proposal meets the Certificate of Need criteria in Section 11-186-15, HAR:
  - a. The applicant states that "The Proposed CT Scanner is consistent with many of the goals and objectives of H2P2. For example, it will assist in the early detection and diagnosis of treatable diseases, will help reduce morbidity and pain through timely and appropriate treatment, and is a cost-effective means of diagnosis."
  - b. The applicant states the H2P2 utilization threshold applicable to the expansion of existing services is 5,000 HECTs or 4,500 CT procedures. The applicant states that in 2004, its existing Hilo CT scanner performed 5,173 procedures.
  - c. The applicant also states that "There are now 4 CT Scanners on the Island of Hawaii, and each of these scanners is already performing in excess of the minimum threshold."
  - d. The applicant states that "The services will be accessible to all patients who need CT services. Services will be provided without discrimination based on race, ethnicity, income, religion, gender or any other category."

- e. The applicant states that "HRA has provided outpatient services in Hilo since 1972, in Kona since 1992 and at its Women's Imaging Center since 1999. HRA currently offers CT services at the Hilo facility, general diagnostic radiology and ultrasound at all 3 of the above named sites, and MQSA /American College Radiology (ACR) accredited mammography at both its Kona and Hilo Women Imaging Centers."
- f. The applicant states that "All radiologists will be licensed in the State of Hawaii and certified by the American Board of Radiology. The CT technologist will be certified by the American Registry of Radiologic Technology with additional certification as a CT technologist with appropriate state licensure."
- g. The applicant states that "HRA is a member in good standing with the ACR. HRA will adhere to the guidelines for CT scanning and radiological practice as established by the ACR."
- h. The applicant projects that for year one of the proposal, total operating revenue will be \$1,209,287 and total expenses will be \$986,237. The applicant projects that for year three of the proposal, total operating revenue will be \$1,957,924 and total expenses will be \$1,257,190.
- i. The applicant states that "Every existing scanner on the Island of Hawaii is already performing in excess of the minimum threshold, and there should be minimal impact on utilization of the existing scanners."
- j. The applicant states that it has entered into an agreement with Kona Community Hospital giving the hospital an option to participate in the proposed project at a later date.
- k. The applicant states that it will require an additional .75 FTE Radiologist and 1.5 FTE technologists for the proposal. The applicant states that two physician candidates from the mainland are currently being interviewed for the Radiologist position and that it has added five new radiation technologists from the Radiation Technologist program at Kapiolani Community College (Hilo). The applicant states that the said program will graduate another 13 students in the spring of 2006 and anticipates no difficulty in recruiting the additional radiology technologists needed from future classes.
- l. The applicant states that the capital funds necessary for this proposal (950,000 for remodeling and equipment acquisition) are available from loans approved by Central Pacific Bank and Bank of Hawaii.

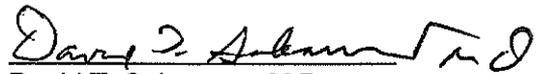
There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Section 323D-43(b), Hawaii Revised Statutes (HRS), the Agency finds that:

- 1. There is 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.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Hawaii Radiologic Associates, Ltd. for the proposal described in application #05-30A. The maximum capital expenditure allowed under this approval is \$950,000

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 February 1, 2006:

Robert Saito, M.D.  
President  
Hawaii Radiologic Associates, Ltd.  
688 Kinoole St., Suite 103  
Hilo, Hawaii 96720

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AND DEVELOPMENT AGENCY



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