



## HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

### ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #07-09A

Applicant: InVision, LLC  
55 Merchant Street, 24<sup>th</sup> floor  
Honolulu, Hawaii 96813

Phone: 808 535-7837

Project Title: Acquisition of outpatient open MRI services  
Project Address: 1010 S. King Street, Honolulu, Hawaii

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

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

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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.).

**-Radiology License from the State of Hawaii**

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

**[SEE ATTACHMENT "B"]**

- 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:

- Articles of Incorporation: **[SEE ATTACHMENT "C"]**
- By-Laws: **[SEE ATTACHMENT "C"]**
- Partnership Agreements: **[See ATTACHMENT "D"]**
- Tax Key Number: **2-1- 42- 10, 23 and 24**

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 Total	Bed	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**

<b>A. List All Project Costs:</b>	<b>AMOUNT:</b>
1. Land Acquisition	N/A
2. Construction Contract	N/A
3. Fixed Equipment	N/A
4. Movable Equipment	N/A
5. Financing Costs	N/A
6. Fair Market Value of assets acquired by lease, rent, donation, etc. (i)	N/A <b>\$400,000</b>
<b>TOTAL PROJECT COST:</b>	<b>\$400,000</b>

**B. Source of Funds**

1. Cash	<b>\$400,000</b>
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	_____
6. Other: (fair market value of acquisition (i))	<b>\$400,000</b>
<b>TOTAL SOURCE OF FUNDS:</b>	<b>\$400,000</b>

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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 neither an establishment of a new service or a new location of an existing service. The proposed project involves a change of ownership of an existing outpatient based open MRI located on S. King Street across the Thomas Square Park from Straub Clinic and Hospital. The current owner is Straub Clinic and Hospital. The new owner will be InVision, LLC who will be acquiring the open 0.7 Tesla MRI located at 1010 S. King Street. InVision, LLC will become the new operators of the open MRI.

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: **March 19, 2007**
  - b) Dates by which other government approvals/permits will be applied for and received: **Existing certificates and licenses will be transferred on or before March 19, 2007**
  - c) Dates by which financing is assured for the project: **N/A**
  - d) Date construction will commence: **N/A**
  - e) Length of construction period: **N/A**
  - f) Date of completion of the project: **April 11, 2007**
  - g) Date of commencement of operation: **April 11, 2007**

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.

**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 change of ownership of an existing service. InVision, LLC, is a for-profit corporation based in Hawaii and is a joint venture between Hawaii Pacific Health Partners, Inc. and Pacific Imaging Associates, Inc.. InVision, LLC will be the sole owner and operator of the existing MRI. InVision, LLC will pay Straub Clinic & Hospital \$400,000 to acquire the 0.7 Tesla located at 1010 South King Street and other miscellaneous moveable equipment. Straub Clinic & Hospital will also be assigning its current lease where the MRI is currently operated to InVision, LLC.

**a) Relationship to the Hawaii Health Performance Plan (H2P2), also known as the State of Hawaii Health Services and Facilities Plan.**

The proposed project only involves a change in ownership of an existing service. The relationship of an open MRI to the Hawaii Health Performance Plan (H2P2) was previously addressed in the original Certificate of Need application (#02-14) with subsequent review and approval. InVision, LLC will continue to follow the guidelines of the H2P2.

**b) Need and Accessibility**

The proposed project only involves a change in ownership of an existing service. The need for the open MRI was addressed with the original Certificate of Need application (#02-14) at the initial launching of this service. The change of ownership will not have any impact on the need for this service or on accessibility of this service.

**c) Quality of Service/Care**

The change in ownership will not result in any degradation of quality of service or care. InVision, LLC has the clinical and administrative personnel and resources to meet or exceed the quality of service and care as committed to in the original Certificate of Need application (#02-14). The members of the LLC, Hawaii Pacific Health Partners, Inc and Pacific Imaging Associates, LLC have more than 10 years combined experience performing these services. Both have a proven track record in delivering and maintaining quality medical services.

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

The open MRI is projected to improve financial performance on a go-forward basis beginning in year 1. InVision, LLC is committed to optimal utilization of MRI services, including continued access of the MRI to independent physicians, hospitals and other health care providers. The financial projections are in "ATTACHMENT E". The project is cost effective as it utilizes existing space, equipment, infrastructure and other resources.

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**e) Relationship to the existing health care system**

The project is expected not to impact the existing health care system as it is simply a continuation of an existing service. The proposed project only involves a change in ownership of the open MRI. The need and justification for the open MRI was reviewed and approved with the original Certificate of Need application (#02-14). The change of ownership will not change the relationship of the service to the existing health care system.

**f) Availability of Resources.**

InVision, LLC has the \$400,000 available in cash for the purchase of the MRI equipment from Straub Clinic & Hospital through both equity participation from its partners (Hawaii Pacific Health Partners, Inc. and Pacific Imaging Associates, Inc.) and through working capital via financing. InVision, LLC also has the financial, clinical staff and administrative support to operate and maintain the open MRI including sufficient funds from operating capital to fund expected losses until the service achieves a positive margin (expected by year 3).

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

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

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