



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 07-10

Applicant: Advanced Medical Imaging, LLC
941 Kamehameha Highway, #208
Pearl City, Hawaii 96782
Phone: 808-454-5200 ext200

Project Title: Establishment of Magnetic Resonance Imaging (MRI),
Computed Tomography (CT) and X-ray services

Project Address: 95-1147 Ukuwai Street, Bldg. C, #5, Mililani, Hawaii

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

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- Public _____
- Private X
- Non-profit 07 MAY 29 P1 :48
- For-profit _____
- Individual _____
- Corporation _____
- Partnership STATE PLAN & DEV. AGENCY
- 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 (secondary service area)
 - Honolulu: _____
 - Windward O`ahu: _____
 - West O`ahu: _____
 - Maui County: _____
 - Kaua`i County: _____
 - Hawai`i County: _____
 - Central Oahu: X (primary service area)

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 1)
- 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.)
 - Building Permit from City and County of Honolulu
 - Radiology Facility License from State of Hawaii Department of Health
- C. Your governing body: list by names, titles and address/phone numbers
 - (See Attachment 2)
- D. If you have filed a Certification 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 3)
 - By-Laws
 - Partnership Agreements (See Attachment 4 – Operating Agreement)
 - Tax Key Number (project's location) (9-5-049-010)

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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 ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility						
Outpatient Facility					X	
Private Practice						

5. **TOTAL CAPITAL COST:** est. \$5,807,522

6. **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.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

7. **CHANGE IN 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 consult 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.

Establishment of outpatient MRI, CT scanning, and X-ray services in Central Oahu (Mililani)

8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

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A. List All Project Costs:		AMOUNT:
1.	Land Acquisition	_____
2.	Construction Contract (\$785,000 loan from Toshiba) (\$164,822 TRG capital investment)	\$ 949,822
3.	Fixed Equipment	\$3,206,435
4.	Movable Equipment	\$ 73,774
5.	Financing Costs	\$ 241,691
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	\$1,335,800
7.	Other: _____	_____
TOTAL PROJECT COST:		\$5,807,522

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

Cost estimates identified by construction specialists; architect and equipment
vendors.

C. Source of Funds		AMOUNT:
1.	Cash	_____
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: <u>Site Expense (Rent)</u>	\$1,335,800
7.	Lease/Loans	\$4,471,722
TOTAL SOURCE OF FUNDS:		\$5,807,522

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9. **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:

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- a) Date of site control for the proposed project: March 2007
- b) Dates by which other government approvals/permits will be applied for and received:
Applied for: June 2007
Received: October 2007
- c) Dates by which financing is assured for the project: March 2007
- d) Date construction will commence: January 2008
- e) Length of construction period: 3 - 4 months
- f) Date of completion of the project: April 2008
- g) Date of commencement of operation: May 2008

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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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- 10. **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. ~~Of a new location is proposed, please attach an easy to read map that shows your project site.~~

EXECUTIVE SUMMARY
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Advanced Medical Imaging, LLC, hereafter referred to as ("AMI"), seeks approval for establishment of outpatient MRI, CT scanning, and X-ray services in Mililani on the island of Oahu. [See Attachment 5- Site Map]. This facility will provide immediate and improved access for diagnostic imaging to the community.

AMI is owned by The Radiology Group, Inc., hereafter referred to as ("TRG"). [See Attachment 3- Articles of Organization, Correction Page]. TRG is a radiology physician group who has served the community with interpretive services at Oahu area hospitals since October 1978.

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

This proposal supports H2P2 by improving the overall health of the community with early detection and diagnosis. The goal will be to provide patients with imaging services in a caring and compassionate manner while insuring that cost containment is maintained. Promotion of non-invasive treatment plans will be aided with access to prompt patient findings that require the latest technology available in diagnostic imaging. Prompt diagnosis will provide referring physicians with the necessary findings to implement prompt and appropriate treatment options. Early identification of a medical condition is critical in reducing the likelihood of pain and morbidity, reducing the effects of chronic disease, and improving health related quality of life.

- b) Need and Accessibility

The proposed Imaging Center will be a modern, easily accessible facility sited in the central Oahu community of Mililani. AMI will provide the most current generation MRI, CT, X-ray and Ultrasound specifically designed for out-patient comfort and use.

Based on projected estimates for demand, MRI and CT providers on the island of Oahu are operating at or exceeding the current thresholds as referenced in H2P2. Island wide demand based on the number of exams annually per 1000 population presents a positive opportunity for this facility to establish its own patient base within an adequate time period, without impact to other sites.

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Imaging services will be available to all patients on a non-discriminatory basis without exception.

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c) Quality of Service/Care

AMI accreditation will be provided by the American College of Radiology and licensed in the state of Hawaii. All professional and technical staff will be certified and licensed by the appropriate government agencies. AMI will conduct its operations in compliance with all mandated and applicable state and federal regulations. AMI will be developing additional operating guidelines to insure quality and safety for all patients and staff.

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

The estimated cost projection for this project is \$5,807,522. Included is \$949,822 for site improvements, \$3,206,435 for fixed equipment, \$73,774 for movable equipment, \$241,691 for financing and \$1,335,800 for site acquisition. Year one (1) operating revenue (net patient revenue) is projected at \$757,194 and operating expenses at \$646,873.

e) Relationship to the Existing Health Care System

AMI will provide patients with convenient, timely access and capacity within the community and will supplement and not duplicate services. The objective is to support referring physicians by providing early diagnosis. Possible delays in receipt of services will be further minimized.

As MRI and CT continue to advance both technically and clinically, nationwide it is anticipated demand and utilization will increase at a record pace to maintain a requirement for a higher standard of care.

A crucial component for the equipment selected for AMI will employ the latest technical capability available, while maintaining the highest rated environment for patient comfort.

f) Availability of Resources

Financing via lease/loans have been identified and secured along with a long-term lease arrangement for the site. No financial issues or obstacles exist with regard to this proposal.

An internal evaluation for qualified staff has been completed and will not be an issue in this project. Mandatory and on-going internal training programs will be included in the AMI operational plan to allow all employees the opportunity to improve and excel. AMI does not anticipate any impact on the current staffing in Hawaii, since employee recruitment has been identified from other resources.

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