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HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: 10-04

Date of Receipt:

APPLICANT PROFILE

Project Title: Establishment of Portable Diagnostic Radiology (X-ray, Ultrasound and
Electrocardiograph)
Services

Project Address: 1380 Lusitana Street, Honolulu, Hawaii 96813

Applicant Facility/Organization: Koolau Radiology Inc.

Name of CEO or equivalent: Richard DeJournett M.D.

Title: Medical Director

Address: 1380 Lusitana Street, Honolulu , Hawaii 96813

Phone Number: 808 599-4471 Fax Number: 808 523-3849

Contact Person for this Application: Raynette Raymond

Title: Business Manager

Address: 1380 Lusitana Street, Honolulu, Hawaii 96813

Phone Number: 808 599-4471 Fax Number: 808 523-3849

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

17 February, 2010
Date

Richard DeJournett M.D.
Name (please type or print)

Chief Medical Officer
Title (please type or print)

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

- Public _____
- Private X
- Non-profit _____
- For-profit X
- Individual _____
- Corporation X
- Partnership _____
- Limited Liability Corporation (LLC) _____
- 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: _____
- Windward O`ahu: _____
- West O`ahu: _____
- Maui County: _____
- Kaua`i County: _____
- Hawai`i County: _____

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

- B. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent) See Exhibit A
- C. 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.) N/A
- D. Your governing body: list by names, titles and address/phone numbers See Exhibit B
- E. 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 Exhibit C
 - By-Laws Professional Corporation, By-Laws not applicable
 - Partnership Agreements : None
 - Tax Key Number (project's location) Home office, Queen's Physicians Office Building I , 1-2-1-035-010-0000-001

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					

2. 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
Not Applicable			
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

**A. List All Project Costs:
AMOUNT:**

1.	Land Acquisition		N/A
2.	Construction Contract		N/A
3.	Fixed Equipment		N/A
4.	Movable Equipment	\$85,000.00	
5.	Financing Costs		N/A
6.	Fair Market Value of assets acquired by Lease, rent, donation, etc.		N/A
7.	Other		N/A

TOTAL PROJECT COST: 85,000.00

B. Source of Funds

1.	Cash		
2.	State Appropriations		-
3.	Other Grants		-
4.	Fund Drive		
5.	Debt	\$85,000.00	
6.	Other		

TOTAL SOURCE OF FUNDS: \$85,000.00

7. **CHANGE OF SERVICE:** Koolau Radiology has provided Diagnostic Radiology services at the Queen's Physicians Office Building I since 1981. At this time improvements in imaging technology would allow us to offer our Diagnostic Radiology services to all of Oahu's skilled nursing facilities, intermediate care facilities as well as home bound or long term care restricted patients. These services include portable X-ray, ultrasound and electrocardiographic procedures.
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 Home office of Koolau Radiology Inc. at Queen's POB I has been ongoing since 1981 with continued lease extensions up to 2020
 - b) Dates by which other government approvals/permits will be applied for and received Koolau Radiology Inc radiation facilities license is current.
Tax ID# 99-0192021
Medicare # H53628
Medicaid # 043449-01
 - c) Dates by which financing is assured for the project Financing is assured through on going business relationship line of credit with Central Pacific Bank
 - d) Date construction will commence N/A
 - e) Length of construction period N/A
 - f) Date of completion of the project N/A
 - g) Date of commencement of operation
Within thirty days of application approval

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 tificate 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.

a) Relationship to the State of Hawai'i Health Services and Facilities Plan We will provide diagnostic X-ray, ultrasound and electrocardiography services that will improve healthcare for nursing facility and private home bound residents. The goals we strive for will support the State's General Principals in the following fashion:

1. Promote and support the health care delivery system by providing an additional on-site health care imaging and diagnostic service organization which will supplement and increase capacity of services available to the ever increasing elderly population on the island of Oahu. The Honolulu County Profile Health Planning Data Tool in May 2003 indicated that the resident population aged sixty-five years and over will double by the year 2025 further impacting the need for health care services for the elderly. The Hawaii State Department of Business, Economic Development & Tourism indicates in its report *Population and Economic Projections for the State of Hawaii to 2025* that the Honolulu County Profile anticipates in the next 15 years an increase of 113,279 in the population over 65 years of age. Koolau Radiology will stand ready to add the availability of its diagnostic imaging equipment to long-term care facilities such as nursing homes, assisted living facilities, skilled nursing facilities, as well as home and hospice based patients. This service will reduce the necessity of transporting the aged and disabled patient population to service centers removed from their place of residence. By providing services in the place of residence the utilization of health care workers to supervise and assist the delivery of patients to service facilities will be prevented and the expense avoided. This will to serve to alleviate and address the shortage of health care workers in senior care service facilities. Improving the utilization of health care personnel will also serve to control the escalating cost of services in long term care facilities.

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Koolau Radiology will be providing a level of specialty care imaging and diagnostic services that will serve to expand the emergency care options available to non-hospitalized long term care patients. Services provided on site will obviate the need for more expensive services provided at hospital based facilities when they are not absolutely necessary.

Routine outpatient diagnostic services such as Tuberculosis screening exams and electrocardiographic examinations will be provided on site without requiring movement of patients within their facility of residence or transportation of patients to another off-site location.

2. When approved for service Koolau Radiology, Inc. will expand the healthcare work force by employing currently unemployed professional and supporting service personnel. This additional service capacity on Oahu will improve the access of nursing facilities to health care imaging services and improve the speed of reporting patient results to primary care physicians by utilization of telemedicine devices and report deliver in a timely manner.

3. Koolau Radiology will provide an alternative and additional service with access to high quality telemedicine computer radiographic, sonographic and electrocardiographic devices at a cost that is not substantially different from what is currently delivered.

4. Approval of this application will provide an additional diagnostic radiologist to those currently providing services. Access to healthcare will thereby be expanded.

5. The additional service capacity provided will support the delivery of non-emergent screening radiographic procedures (Tuberculosis screening, pre-operative assessments) for the institutional confined patients who, due to enclosed living conditions, are at higher risk for developing communicable diseases.

6. A comprehensive marketing endeavor will be implemented to expand the awareness and availability of this valuable on-site health care delivery service.

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Relating to Specific Health Areas of Concern we note the following:

1. The approval of this application would improve the health care systems access to an additional on-site delivery system that supports long-term care nursing facilities across Oahu.
2. Koolau Radiology stands ready for delivery of imaging services to aid in emergent care wherever applicable and appropriate on Oahu. In the event of a significant emergency we are capable of further mobilization and transport of our equipment to neighbor islands.

Regional Priorities Honolulu County

1. Portable Imaging services will fill the needs for long term care facilities. Nursing homes, skilled nursing facilities, assisted living facilities, home and community-based services will be within the scope of care. Our goal is to provide care in a timely and cost efficient manner. The ability to provide imaging services without removing the patient from these facilities support the quality of life for these homebound individuals.
2. Supplying additional portable imaging services at these senior care facilities will allow nursing staff and/or family members to perform their routine daily activities without interruption of having to accompany a patient to a hospital or outpatient imaging department. On-site care increases availability of workforce at each facility. Cost effective access to necessary health care services is provided by delivering the needed diagnostic services to the patient's bedside in their facility of residence. On site service is the most efficient way to provide needed information without added risks to the well being of senior patients.
3. Currently the provision of all portable imaging services are provided by a single vendor who in the advent of ill health to the vendor or to equipment malfunction would leave the nursing facility residents without any viable option other than transportation to the nearest hospital Emergency Room. This would of necessity result in significantly increased costs and discomfort to the patients as well as straining the budget and personnel of the resident's nursing home. Availability of a second provider would reduce the need for transport or urgent care costs.

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b) Need and Accessibility The need for a second provider of mobile x-ray imaging was established with the approval of CON "04 -14" in 2004. According to the Honolulu County Profile report, titled *Health Planning Data Tool* the estimated number of residents age 65 and older has increased from 162,950 in 2000 and is projected to be 195,974 this year 2010. Numbers progressively increases to an estimated 309,253 by the year 2025. These numbers strongly support the need for a second provider of mobile imaging services now and in the future.

Oahu has an estimated 1639 beds in Intermediate Care and SNF/ICF facilities currently according to SHPDA's 2000 Skilled Nursing/Intermediate Care Facilities Utilization Summary report. The average occupancy is listed as 93% or approximately 1524 patients. In our previous experience service provided in 2005 and years prior we averaged a utilization of 12% of X-ray service calls per occupied bed for the facilities that we covered. In addition to the x-ray services provided previously we now propose to add electrocardiography and ultrasound services. Utilization will of course not be known until the services become available.

Currently the demand is growing as the baby boomer generation expands the elderly population. By expanding the coverage to include smaller nursing home facilities in addition to the larger centers the population served is increased. A single vendor cannot supply all of the 32 present facilities needing service without some inevitable delays which would of necessity obligate physicians to opt for emergency room visits that might otherwise have been avoided. These expenses fall upon an already burdened health care system. Having the option of a second available vendor is prudent and practical. Technologists in the current economic environment are willing and eager to be gainfully employed in this venture.

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Portable x-ray services will be accessible primarily to the elderly residents in a private home or nursing facility. Services will also extend to all residents of the community including those with disabilities, women, children, racial and ethnic minorities, and low-income persons that have been prescribed portable x-ray services. The island of Oahu has 32 skilled or intermediate health care facilities that provide care for approximately 2275 patients. All but 3 of these facilities have no capacity to provide for in-house diagnostic exams including X-ray, ultrasound and electrocardiography (EKG). The only service options available to these facilities lacking diagnostic technology is to transport by ambulance to outpatient service facilities or hospitals at their own expense, or to request on-site service from a portable service vendor. Currently there is only a single vendor providing the X-ray component of these services. Accessibility to service is therefore limited and at times would be unavailable.

When Koolau Radiology previously provided portable services the demand and necessity for their performance was consistent and sustained. However when the radiologic technologist employed by Koolau Radiology chose to leave our employment and initiate similar services (04 -14) on his own it left our organization without sufficient service personnel to provide for the needs of our in-office patients and the nursing facilities patients. At that time radiologic technologists were in short supply and the position could not be filled and the service sustained.

c) Quality of Service/Care Koolau Radiology provides diagnostic services from licensed and certified radiologic technologists and ultrasonographers. All imaging services are reviewed and reported by a licensed Diagnostic Radiologist. Newly introduced digital x-ray services combined with telemedicine delivery of images to the radiologist greatly improves the timely provision of critically needed diagnostic information. Once captured and analyzed, reports can be issued to requesting facilities in minutes rather than delayed by hours. Images will be stored on our in-house picture archiving PACS system and are available to referring physicians over the internet with secure access codes. This improved access to health care images and information is a quantum leap in the provision of health care to nursing home residents or to patients residing at home.

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d) Cost and Finances The lack of the necessity of moving ill or injured patients by ambulance to hospital facilities greatly reduces the cost of health care delivery. Not only is the ambulance expense eliminated, but elimination of the care facility attendants time and expense is saved by the facilities.

Revenue/Cost projections for first and third year of operation:
See Exhibit D: Proforma

e) Relationship to the existing health care system The addition of Koolau Radiology's service to the present system of available services will supplement and improve access to health care services for nursing home residents and availability of reports and images to referring physicians from their offices or any other internet access site.

f) Availability of Resources Koolau Radiology Inc. has employed adequate licensed technologist personnel and physicians to provide this service and will add additional employees as needs arise and change. Their current non-technical personnel handle administrative, scheduling and clerical functions. The commitment to service from personnel currently in place is available and the opportunity appreciated.

PACS system for image storage and electronics are currently on site and in use.

Mobile X-ray, ultrasound, EKG and digitizing systems will be purchased upon completion and approval of this application.

Capital resources including up to \$100,000 of start up capital from corporation, personal funds and private investors in the community are immediately available.

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.