



**HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY  
ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: # 11-07A  
To be assigned by Agency

Date of Receipt:

**APPLICANT PROFILE**

Project Title: Addition of 2<sup>nd</sup> Magnetic Resonance Imaging (MRI) Unit

Project Address: 98-1005 Moanalua Road, Aiea, HI 96701

Applicant Facility/Organization: Pali Momi Medical Center

Name of CEO or equivalent: Jen Chahanovich

Title: Chief Operating Officer (COO)

Address: Executive Offices  
98-1079 Moanalua Road, Aiea, HI 96701

Phone Number: (808) 485-4434 Fax Number: (808) 485-4400

Contact Person for this Application: Michael Robinson

Title: Executive Director, Government Affairs

Address: 55 Merchant Street, 26<sup>th</sup> Floor, Honolulu, HI 96813

Phone Number: (808) 535-7124 Fax Number: (808) 535-7111

**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

Warren Chaiko

Name (please type or print)

2/14/11  
Date

Vice President, Design & Construction

Title (please type or print)

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

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

**RECEIVED**

11 MAR 10 P 3:46  
X  
ST HLTH PLNG  
& DEV. AGENCY

2. PROJECT LOCATION INFORMATION

A. Primary Service Area(s) of Project: (please check all applicable)

- Statewide: \_\_\_\_\_
- O'ahu-wide: \_\_\_\_\_
- Honolulu:   X
- Windward O'ahu: \_\_\_\_\_
- West O'ahu:   X
- 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 Addendum 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.).

**-Certificate of Need, State Health Planning & Development Agency**  
**-Building Permit, Honolulu Department of Planning & Permitting**  
**-Department of Health Certificate.**

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

**-See Addendum 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 Addendum C**
  - By-Laws: **See Addendum D**
  - Partnership Agreements: **Not Applicable**
  - Tax Number: **(1)980116049:0000 (por)**

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				<b>X</b>	
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
<b>N/A</b>	<b>N/A</b>		<b>N/A</b>	<b>N/A</b>
<b>TOTAL</b>				

**6. PROJECT COSTS AND SOURCES OF FUNDS**

<b>A. List All Project Costs:</b>	<b>AMOUNT:</b>
1. Land Acquisition	\$ _____
2. Construction Contract	\$ <u>\$560,000</u>
3. Fixed Equipment	\$ _____
4. Movable Equipment	\$ <u>\$1,660,000</u>
5. Financing Costs	\$ _____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	\$ <u>89,969</u>
7. Other: Architectural/Planning	\$ <u>75,000</u>
<b>TOTAL PROJECT COST:</b>	<b>\$ <u>\$2,384,969</u></b>

<b>B. Source of Funds</b>	
1. Cash	\$ <u>2,295,000</u>
2. State Appropriations	\$ _____
3. Other Grants	\$ _____
4. Fund Drive	\$ _____
5. Debt	\$ _____
6. Other: FMV of Lease	\$ <u>89,969</u>
<b>TOTAL SOURCE OF FUNDS:</b>	<b>\$ <u>\$2,384,969</u></b>

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 an additional location of an existing service. The service to be added is a 2<sup>nd</sup> Magnetic Resonance Imaging (MRI) device to be located at 98-1005 Moanalua Road, Aiea, HI 96701.

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: **September 2011**
- b) Dates by which other government approvals/permits will be applied for and received: **September 2011**
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence: **September 2011**
- e) Length of construction period: **4 months**
- f) Date of completion of the project: **December 2011**
- g) Date of commencement of operation: **March 2012**

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.

**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.

Pali Momi Medical Center (PMMC) seeks approval to put into service an additional MRI scanner. The additional MRI scanner will improve patient access and meet the growing demands placed on our current machine due to increasing out-patient demand. PMMC currently has a 1.5T MRI scanner in place providing MRI services since 2002. The proposed additional MRI scanner is a wide open bore 3.0 Telsa MRI scanner which will improve patient comfort, more accurate imaging, and more efficient service delivery for our out-patients.

An additional MRI scanner will also improve overall access for both our physicians and patients by creating additional capacity to perform additional procedures such as comprehensive breast imaging via breast MRI. The additional MRI scanner will be located at 98-1005 Moanalua Road, Aiea, HI 96701 adjacent to the Pali Momi Medical Center.

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

First, by providing and improving additional imaging capabilities for West O'ahu patients closer to home, this project is consistent with the goal and objective of the State of Hawai'i Health Services and Facilities Plan (HSFP) to "increase cost effective access to necessary health care services" and to "promote regionalization of services where appropriate" (Chapter 1, HSFP 2009).

Second, the proposed addition of an MRI scanner is also consistent with the established standards of service thresholds for the project's service area. For the expansion of existing MRI units/services, the stated HFSP threshold is that "...the provider's utilization is an average of at least 3,200 MRI procedures per year per unit" (Chapter 2, HSFP). The utilization of PMMC's existing MRI unit was 6,806 in 2010 and is currently 6,842 (annualized) for 2011. This current utilization exceeds the HFSP thresholds by approximately 113.8%.

Third, this project is also consistent with both the Statewide Health Coordinating Council West O'ahu Statewide Area Council (SHCC) to "...ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost" (Chapter 3, HSFP 2009) and the West O'ahu Subarea Concil (SAC) to "...improve and increase access to acute care, critical care, specialty care, emergency care options, and routine outpatient diagnostic services." (Chapter 3, HSFP 2009). The increased capacity and capabilities provided by the additional MRI scanner will provide both greater options and improved diagnostic options for West O'ahu patients.

**b) Need and Accessibility**

Pali Momi as a not-for-profit hospital has always provided care for inpatients, outpatients and emergency visits irrespective of a patients' ability to pay. Pali Momi has also been pro-active over the years in investing in the facility to bring greater benefit to patients by providing increased capacity, enhanced quality and a higher

RECEIVED

11 MAR 10 3 26

ST. HENRY'S  
HONOLULU

West Oahu area. The investment in a second MRI reflects Pali Momi's commitment to excellence in providing comprehensive diagnostic services and improving patient care and outcomes for our patients. The primary service area is Central and West Oahu, although patients from the neighboring islands and Pacific Basin will also be served. The project will leverage recently acquired leased space, professional and support staff, and other Pali Momi resources thereby adding a MRI scanner in the least costly manner. Continuity of care is enhanced through improved capacity in diagnostic services and reduced throughput delays for scheduled procedures.

The addition of a MRI scanner will respond to the need and accessibility of imaging services for West Oahu area patients. Oahu's anticipated population growth in the West Oahu area is expected to result in increased demand for diagnostic procedures. From 2000 to 2010, Pali Momi Medical Center women's center procedures increased by 285% to 25,815 and admissions have increased by 34.95% over the same time period. Between fiscal year 2009 and fiscal year 2010 Pali Momi MRI scanning procedures have increased by 6.5%. Increases in women's center visits and in-patient acuity makes availability to an MRI a necessity to provide timely care to our patients. The new MRI will meet the projected growth in demand for both high risk breast cancer screening as well as for general surgery.

Pali Momi will continue to provide care to all residents of the area including: Medicare, Medicaid, QUEST and all underserved groups.

**c) Quality of Service/Care**

The proposed project meets the quality of service/care criteria for several reasons. The second MRI scanner will utilize Pali Momi licensed and trained professionals that are located at the JCAHO accredited Pali Momi facility. All required licenses and certifications will be obtained and maintained for this project. Pali Momi has been recognized in "U.S News and World Report" as one of the America's Best Hospitals for the provision of care to patients with Coronary Artery Disease. Additionally, Pali Momi has also been previously awarded First Place for outstanding performance for quality by HMSA and awarded an Annual Performance Achievement Award from the American Heart Association.

Quality of diagnostic services and subsequent care to the West Oahu community will be improved due to the efficiencies, better accessibility, and enhanced scheduling flexibility achieved through having two MRI scanners.

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

The project will have minimal impact on the overall costs of health services in the community as it will be funded from internal resources and the project's financial projections reflect a positive margin by year 1. The cost of and charges for providing the services will be similar to the existing MRI scanner and will therefore have minimal impact on the community (including payers and patients). The project will also generate cost savings by enhanced availability and timeliness of diagnostic services for inpatients which will reduce inpatient length of stays and cost of care. The additional MRI unit will also reduce costs of care to the patient by eliminating travel time by West Oahu residents into downtown Honolulu and reduce the need for multiple visits. Three year revenue/cost projections are provided (see **Addendum E**).

RECEIVED

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

The project is not expected to have a significant (if any) impact on the existing health care system as it is in response to current and existing demand for Pali Momi MRI scanning services. Pali Momi's current MRI scanning volumes of 6,842 (annualized) exceed the SHPDA minimum threshold for expansion of an existing MRI unit of 3,200 per year.

JUN 10 2 34 PM  
HAWAIIAN  
& DEV. AGENCY

**f) Availability of Resources.**

Pali Momi has sufficient trained professionals, management, systems and other resources to fully support the proposed second MRI scanner. The Pali Momi Imaging Department is under direction of the Pali Momi Chief Operating Officer and is currently staffed with 6 professional staff comprised of 4 MRI technicians and 2 imaging assistant. Current staff will be utilized and 2 additional MRI technologists and 1 imaging assistant will be hired. Pali Momi has financial resources from current hospital operating funds to pay for this project after start-up.

**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.