

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE GOVERNOR OF HAWAII

LORETTA J. FUDDY, A.C.S.W., M.P.H. DIRECTOR OF HEALTH

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December 28, 2012

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Scott Halliday President National Medical Development, Inc. 5001 N.E. 25th Avenue, Suite 202 Seattle, WA 98105

Dear Mr. Halliday:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #12-26A from Hawaii PET Imaging, L.L.C. (the "applicant") for the expansion of its X-ray services to 98-1247 Kaahumanu Street, Space No. 101, Aiea, Hawaii, at a capital cost of \$250,000 (the "Proposal").

- 1. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that the Proposal is eligible for administrative review as it meets one or more of the criteria in Subsection 11-186-99.1(b), HAR.
- 2. The applicant states that "We seek to establish a location that is accessible to the elderly and low income residents of the area, and continuing to provide jobs to healthcare workers on Oahu recently terminated by HMC West... Further, we shall continue in this Facility to use the Hawaii PET Imaging, L.L.C. management and education to support and further healthcare education and prevention initiatives."
- 3. The applicant states that "This facility also assists in providing the capacity and access to the important primary care services in the area, and building, addressing one of the SHCC "Important health Areas of Concern"."
- 4. The applicant states that "According to the State of Hawaii Department of Business, Economic Development and Tourism, "2011 State of Hawaii Date Book" the area that this facility will provide services to was by far the fastest growing in the State...and is projected to continue high of levels of growth in the future."
- 5. In written testimony received by the Agency on November 1, 2012, Daniel M. Harada, M.D. states "There is a true need for these proposed x-ray services in our office building located at 98-1247 Kaahumanu Street, Aiea, Hawaii, 96701. Many of our patients are not ambulatory and require extensive pre-scheduling and transportation coordination just to make an office appointment... Imaging studies on campus will greatly improve patient care by making earlier diagnosis and provide timely treatment for better outcomes. It is a real negative impact on their care when they are then forced to find

these basic outpatient tests at other locations and often the test results are not as immediately available to us as their physician, as they will be when located in the same building as my practice."

- 6. The applicant states that "The need for these services will continue to increase with the current expansion of the area's population."
- 7. The applicant states that "The proposed x-ray services will be available to all on a non-discriminatory basis consistent with HPI's policy of imaging all patients with a physician's order without regard to ability to pay, including low income people, racial and ethnic minorities, women, people with disabilities, the elderly and other underserved."
- 8. The applicant states that "The facility will be accredited by the American College of Radiology and licensed by the State of Hawaii. The HPI Radiologists are certified by the American Board of Radiology and are licensed physicians in Hawaii."
- 9. The applicant states that "All current HPI technologists are certified by the American Registry of Radiologic Technologists, and licensed by the State of Hawaii. As HPI currently operates, the physicians and technologists are continually expected to meet or exceed all state and national registry requirements for continuing medical education ("CME")."
- 10. The applicant states that "The facility will operate in accordance with all applicable state and federal guidelines and the standards of the accrediting body, and will have the HPI policies and procedures to insure the quality and safety of patient care."
- 11. The applicant states that "The project will help to keep health care costs down by facilitating the provision of primary care to elderly and low-income persons in the neighborhoods surrounding the new medical complex. By improving the area's primary care physicians' effectiveness in detecting and treating orthopedic and neurological, and primary care diagnosed health problems in a timely manner, the proposed facility will help patients avoid more costly treatment and nursing and home care that may be needed if these chronic health problems are allowed to go untreated."
- 12. The applicant states that "Lease payments will be made from operating revenue and the proposal is financially feasible starting in year two of the proposal."
- 13. The applicant states that "Through the use of a single provider for local, on-site x-ray services, it is anticipated that the area's physicians can achieve improved patient care outcomes both because of the ability to obtain the results of diagnostic radiology services on a more timely basis without exacerbating patient discomfort and because of the more collaborative relationship that will be improved between our radiology specialists and the physicians providing services in the complex."
- 14. The applicant states that "There is no negative impact on area Hospitals or imaging providers because x-ray services are not usually considered "profitable" because of the low reimbursement per test."

- 15. The applicant states that "The facility and equipment will be leased. There are no financial obstacles to this project."
- 16. The applicant states that "Financial resources are readily available thru HPI existing Lines of Credit and reserves."
- 17. The applicant states that "We anticipate needing only one x-ray technician and one staff member, which will be identified, trained, and managed by HPI management."

Conclusions and Order

Pursuant to Title 11, Chapter 186, HAR, the Agency has determined that:

- (a) The Proposal is eligible for administrative review as it meets one or more of the criteria in HAR 11-186-99.1(b).
- (b) The applicant, Hawaii PET Imaging, L.L.C., has proven by a preponderance of the evidence that the Proposal meets the Certificate of Need criteria in HAR 11-186-15.
- (c) There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Subsection 323D-43(b), HRS, the Agency finds that:

- 1. There is a public need for the Proposal.
- 2. The cost of the Proposal 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 the and ISSUES a Certificate of Need to Hawaii PET Imaging, L.L.C. for the Proposal described in Application #12-26A. The maximum capital expenditure allowed under this approval is \$250,000.

Please be advised that pursuant to Section 323D-47, HRS, 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.

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Administrator