



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE
GOVERNOR OF HAWAII

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April 23, 2013

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 #13-03A from Hawaii PET Imaging, L.L.C. (the "applicant") for the expansion of its Positron Emission Tomography(PET/CT) services to 98-1247 Kaahumanu Street, Suites 101&102, Aiea, Hawaii, at a capital cost of \$2,100,000 (the "Proposal").

1. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that this proposal is eligible for administrative review as it meets the criterion in Subsection 11-186-99.1(b) (5), i.e.: "An additional location of an existing service or facility."
2. The applicant states that "This additional outpatient PET-CT is in response to local requests to provide the same level of PET-CT services that we currently provide in Honolulu. This will be the only PET-CT in Central/West Oahu, providing the highest quality outpatient PET-CT access to all types of patients, especially those that require less traveling time due to illness, disability, or other factors that often complicate their ability to travel to downtown Honolulu for this needed care."
3. The applicant states that "HPI facilities were one of first to seek and receive accreditation by the American College of Radiology and all HPI facilities are licensed by the State of Hawaii. This new outpatient facility will again seek the same accreditation, continuing our commitment to quality."
4. The applicant states that "The facility will operate, as all HPI facilities, in accordance with all applicable state and federal guidelines and the standards of the American College of Radiology which require adherence to extensive policies and procedures to insure the quality and safety of patient care."
5. The applicant states that "HPI currently employs extra technical staffing (including those in training) to enable us to provide full time PET-CT services including staffing this added PET-CT."

6. The applicant states that "The capital costs of are financed by a loan from the manufacturer... and working capital from existing HPI reserves."
7. The applicant states that "Our new PET-CT will bring many capabilities to the Central/West Oahu Healthcare region that currently don't exist. Our facility will be able to offer the highest quality, most advanced PET-CT in an outpatient, patient comfort based, setting. It will provide our patients a substantially more convenient location so it will promote, support, and broaden the healthcare system, at no significant affect or cost to other providers."
8. In written testimony dated April 11, 2013, Dr. Thomas Pollard states "I am writing to express my deep concern with Hawai'i Pet Imaging's (HPI) recent certificate of need application seeking to expand PET/CT services into Aiea... concerning is the impact this service addition will have upon fragmenting care and jeopardizing existing non-profit hospital based programs. The current trend of enabling for profit providers to carve out profitable services is not good in the community's long run interest and over the long run will negatively impact the depth and breadth of care currently being provided at programs such as Kuakini Medical Center."
9. In written testimony dated April 11, 2013, Hugh Hazenfield, M.D., Chief Medical Officer at Pali Momi Medical Center states "The addition of capital intensive services such as PET-CT by stand-alone for-profit providers will jeopardize the ability to recover the capital investments already made and compromise the future viability of existing hospitals who serve as the safety net for our community's most critical service needs."

Conclusions and Order

The Agency finds that the Proposal meets the certificate of need criteria in HAR 11-186-15(a) (4) - (8) inclusive, and HAR 11-186-15(a)(12). The criterion in HAR 11-186-15(a)(2) is not applicable to this Proposal.

However, the Agency finds that the applicant has not proven by a preponderance of the evidence that its Proposal meets the criterion in HAR 11-186-15(a)(10), namely, "The relationship of the proposal to the existing health care system of the area." Having taken into consideration the records pertaining to the criterion in HAR 11-186-15(a)(10), including application #13-03A on file with the Agency, all of the oral and written testimony, exhibits and related filings submitted by the applicant and other affected persons, the Agency finds that the Proposal is likely to have a negative impact on the existing health care system of Oahu.

Accordingly, the State Health Planning and Development Agency hereby **DISAPPROVES** and **DENIES** a Certificate of Need to Hawaii PET Imaging, L.L.C. for the Proposal described in Certificate of Need application #13-03A.

As the Proposal fails to meet the criterion in HAR 11-186-15(a) (10), it is not necessary for the Agency to make any findings as to the application's relationship to the remaining criteria [HAR 11-186-15(a) (1), (3), (9), and (11)].

Please be advised that pursuant to Section 323D-47, HRS and Section 11-186-99.1(g) HAR, 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.



Romala Sue Radcliffe
Romala Sue Radcliffe
Administrator