



RECEIVED

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

17 JAN 18 P 4 :12

Application Number: #17-01A
To be assigned by Agency

Date of Receipt:

STATE HEALTH PLANNING & DEV. AGENCY

APPLICANT PROFILE

Project Title: Aquisition of PET & CT Private Practice

Project Address: 500 Ala Moana Blvd., Ste 5B, Honolulu, HI 96813

Applicant Facility/Organization: Hawaii Pacific Imaging, LLC

Name of CEO or equivalent: Max Clini

Title: President

Address: 500 Ala Moana Blvd., Ste 5B, Honolulu, HI 96813

Phone Number: (808) 275-2008 Fax Number: (808) 275-2009

Contact Person for this Application: Max Clini

Title: President

Address: 500 Ala Moana Blvd., Ste 5B, Honolulu, HI 96813

Phone Number: (808)275-2008 Fax Number: (808)275-2009

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.

Handwritten signature of Max Clini

Signature

Handwritten date: JAN 18, 2017

Date

MAX CLINI

Name (please type or print)

PRESIDENT

Title (please type or print)

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

Public \_\_\_\_\_  
Private   X    
Non-profit \_\_\_\_\_  
For-profit   X    
Individual \_\_\_\_\_  
Corporation \_\_\_\_\_  
Partnership \_\_\_\_\_  
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    
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):

A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)

- **See Appendix 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.)

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

- **See Appendix 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 Appendix C**
- By-Laws **Not Applicable**
- Partnership Agreements **See Appendix D**
- Tax Key Number (project's location)

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					

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**

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
<b>TOTAL</b>			

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

**A. List All Project Costs:**

**AMOUNT:**

1.	Land Acquisition	_____
2.	Construction Contract	_____
3.	Fixed Equipment	_____
4.	Movable Equipment	<u>\$120,000</u>
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>\$200,000</u>
7.	Other: _____	_____

**TOTAL PROJECT COST: \$320,000**

**B. Source of Funds**

1.	Cash	<u>\$120,000</u>
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: Fair market value of leased space to be paid by Monthly rent	<u>\$200,000</u>

**TOTAL SOURCE OF FUNDS: \$320,000**

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.

The proposed project is neither an establishment of a new service or a new location of an existing service. This project involves the acquisition of an existing PET& CT clinic, owned by Dr. Richard DeJournett, located at 500 Ala Moana Blvd., Ste 5B Honolulu, HI 96813.

Dr. DeJournett will be retiring in the near future and in anticipation of his retirement he has engaged Hawaii Pacific Imaging for its operational, administrative and management expertise to help administer the current outpatient clinic known as InSight Imaging. Dr. DeJournett will transition along with his private practice to Hawaii Pacific Imaging as Medical Director to assure a harmonious transfer for his patients without any significant changes to staffing or services.

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, **Mar 2017**
- b) Dates by which other government approvals/permits will be applied for and received, **May 2017**
- c) Dates by which financing is assured for the project, **May 2017**
- d) Date construction will commence, **N/A**
- e) Length of construction period, **N/A**
- f) Date of completion of the project, **May 2017**
- g) Date of commencement of operation **May 2017**

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.

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.

Hawaii Pacific Imaging, LLC (HPI) requests approval from the State Health Planning and Development Agency to acquire a radiology private practice.

Dr. DeJournett will be retiring soon and is transitioning management of his outpatient facility to Hawaii Pacific Imaging, the current clinic's administrator. This will ensure continuity for the patients served by this practice.

HPI intends to adopt the 'doing business as' name of the current location: "InSight Imaging". By maintaining the same brand and services the patient population will continue to be attended to seamlessly.

**a) Relationship to the State of Hawai'i Health Services and Facilities Plan**

- *Promote and support the long-term viability of the health care delivery system*

Quality and access are always top priorities to ensure the sustainability of Hawaii's health care delivery system. As an island State, there are natural limitations to our health resources, particularly in the field of PET/CT.

Preserving and conserving an array of services helps to safeguard the long term viability of health care in Hawaii. Dr. DeJournett's impending retirement may negatively impact existing PET/CT capacity for the Hawaii community at large as well as his current patient population. Dr. DeJournett will transition as Medical Director to Hawaii Pacific Imaging along with his private practice. This will ultimately ensure the most optimal continuity of PET/CT radiology services to his current patients, as well as provide enhanced access to high quality specialty care and specialized services for future patients.

- *Expand and retain the health care workforce to enable access to the appropriate level of care in a timely manner*

As part of the transition plan, Dr. DeJournett will be retained as Medical Director with Hawaii Pacific Imaging and the entire current staff will be retained as well to perform in their current roles and ensure continuity of care. Should the Agency authorize and approve subject application, additional staff will also be hired, as needed.

- *Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost*

The proposed PET/CT outpatient clinic will maintain the same level service by extending similar or better options. Additional capital investment will allow the new clinic to offer the same radiology services for similar or higher standards of quality care. The experienced team will bring additional resources in the area of human resources, finance, purchasing, IT, legal, etc.

- *Strive for equitable access to health care services*

The proposed clinic will continue to fulfill its mission to provide quality health care to all the people of Hawaii. Access to services at the clinic will be available to all patients, in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

- *Ensure all projects are appropriate for regional and statewide continuum of care*

The proposed PET/CT outpatient clinic will help to meet the objectives towards achieving individual optimum health by providing accurate and early disease detection which will aid in early therapeutic treatment intervention and minimizing the need for hospital admission, avoid unnecessary surgery, and preserving general health function of individuals. This will further help to achieve the goals of increasing the span of health lives for Hawaii's residents and achieving equitable and effective access at reasonable cost.

Current and new patients will benefit from the continuity as well as coordination of care that this clinic will extend to primary care and specialists via support services such as insurance pre-authorization and patient transport and logistical support.

**Specific to the Honolulu SAC Priorities:**

Not Applicable

**Specific to the West Oahu SAC Priorities:**

- *Improve and Increase Access*

The proposed clinic will continue to provide the West Oahu community with easy access to its high quality specialized radiology services by extending transportation services to and from the facility free of charge. This service will be available to all patients, in particular elderly, low income persons, racial and ethnic minorities, persons with disabilities and other underserved groups.

- *Increase Community Engagement*

The existing clinic under the guidance and administration of Hawaii Pacific Imaging has developed a working partnership with the University of Hawaii Cancer Center (UHCC). In order to participate in this partnership the clinic underwent a stringent qualification process to be recognized as an ACRIN PET Core Laboratory. This onerous distinction will allow the clinic to aid the UHCC with its cancer research for years to come. HPI management is intent in growing its participation on this front to help further cancer research, bring

additional financial resources to the State of Hawaii and help in the hire of more specialized healthcare professionals in the area of research.

- *Improve Education and Increase Preventative Medicine*

The proposed clinic will continue to sustain community-based educational efforts which focus on informing the public about lifestyle choices to reduce the risk of cancer occurrence and novel therapies to improve survival rates. An example of this includes the support and participation in the Annual Prostate Cancer Forum at the University of Hawaii Cancer Center.

**Specific to the Windward SAC Priorities:**

- *Improved Bed Availability*

Not Applicable

- *Have Adequate Access*

The proposed clinic will continue to offer cutting edge Information Technology in the way of communicating its diagnostic findings with referring physicians and clinics. The clinic was an early adapter of the BEAM platform which allows it to electronically connect to all major hospital and clinic centers in the State of Hawaii. This seamless interconnectivity allows treating providers with access to the most up-to-date information in an expedient and efficient manner.

- *Education and Prevention*

The clinic will continue to collaborate with other entities such as the University of Hawaii Cancer Center to improve the level of community understanding of cancer prevention and latest treatment opportunities. It will also continue to support industry efforts to educate our provider community with the latest in the world of cancer care.

**b) Need and Accessibility**

According to the State of Hawaii Department of Health, cancer is the second leading cause of death in Hawaii. Every year more than 6,000 Hawaii residents are diagnosed with an invasive form of cancer and more than 2,000 residents lose their lives from the disease.



The most common cancers diagnosis in Hawaii and the applicability of the PET/CT and CT modality as a critical diagnostic tool is shown here:

Diagnosis (Males)	PET/CT	Diagnosis (Females)	PET/CT
Prostate		Breast	√
Lung	√	Colorectal	√
Colorectal	√	Lung	√
Stomach	√	Uterine	√
Melanoma	√	Leukemia	

Of the 10 most commonly diagnosed cancers, 8 of them are most often diagnosed by the CT and PET/CT modality to aid in the most appropriate therapeutic treatment regimen.

In addition, there are significant disparities among the varied populations segments of Hawaii. For example, Native Hawaiian women have higher rates of breast cancer than other population groups.

The Hawaii Department of Health Chronic Disease Prevention & Management Branch has formed the Hawaii Comprehensive Cancer Control Coalition which developed a plan to reduce Hawaii's cancer burden. The vision of the coalition is "No More Cancer" and its four top priorities are: Prevention, Early Detection, Equitable Access to Care and Quality of Life.

This proposed clinic will address two of the main coalition priorities by helping the community with early detection along with equitable access to all patients including the elderly, low income persons, racial and ethnic minorities, persons with disabilities both on Oahu as well as outer Islands.

Current and new patients will benefit from the continuity of services, as well as coordination of care for patients both on Oahu and neighbor Islands for whom most often transportation and logistical support will be provided.

There is a need for this service as evidenced by the existence of Dr. DeJournett's practice over the years. Dr. DeJournett's practice has performed 1,189 procedures in the last 12 months. Access to such procedures have been and will continue to be available to all patients, in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

### **c) Quality of Service/Care**

Hawaii Pacific Imaging, LLC adheres to the Continuous Process Improvement Plan. This plan will be utilized at the proposed imaging clinic. The purpose of the Continuous Process Improvement Plan is to systematically measure, assess/reassess and improve

the performance of all clinical and administrative functions, particularly those tied to patient safety and service.

Furthermore, the proposed clinic is accredited by the American College of Radiology (ACR) and will continue to meet all guidelines necessary to maintain this distinguished national quality benchmark. The ACR Positron Emission Tomography (PET) Accreditation program was developed and is directed by the Committee on Nuclear Medicine Accreditation of the Commission on Quality and Safety. This requirement was established by the Medicare Improvement for Patients and Providers Act of 2008 (MIPPA). Compliance to this program includes: appropriate HIPPA protocols when handling patient records, procedures for documenting qualifications of facility's personnel for licenses and certifications, equipment quality controls and respective surveys, and patient safety protocols.

As is the case today, all patients will continue to be welcome at the proposed clinic regardless of disease complexity, insurance coverage or their ability to pay.

HPI will continue to maintain the highest levels of imaging protocols that will meet or exceed the requirements placed by the industry quality standards governing bodies to include: the American College of Radiology (ACR) and the Nuclear Regulatory Commission (NRC).

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

For the first full year of operation, net revenue is projected at \$3,004,375, with direct expenses of \$2,797,896, resulting in an operating profit of \$206,479. In year 3 the operation is projecting net revenue at \$3,095,182, with direct expenses of \$2,910,931, resulting in an operating profit of \$184,251.

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

The proposed PET/CT imaging clinic will not alter the relationship to the existing health care system. Hawaii Pacific Imaging, LLC will continue existing operations in the same physical location. The proposed clinic will provide a continuity of specialized PET/CT imaging services for the patients served by Dr. DeJournett's private practice. The proposed facility will continue to offer high quality, outpatient imaging services in a setting that will promote and support the overall healthcare system at minimal impact to other providers.

**f) Availability of Resources.**

Hawaii Pacific Imaging, LLC have the financial, clinical and administrative staff to manage and operate a physician practice. HPI has hired a physician who has completed board certification in both Radiology and Nuclear Medicine, a rare distinction. In addition, Dr. DeJournett will transition for a period of time to ensure continuity of care.

Additional staff will also be hired as needed. HPI has sufficient cash from operations to fund the transition of patients and provide operating capital.

**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.