



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #19-08A
To be assigned by Agency

Date of Receipt:

APPLICANT PROFILE

Project Title: InVision, LLC, Expansion of MRI Services

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

Applicant Facility/Organization: InVision, LLC

Name of CEO or equivalent: Eric Hannum

Title: President

Address: 1010 South King Street, Suite 109, Honolulu, HI 96814

Phone Number: 277-6816

Fax Number: 593-1018

Contact Person for this Application: Eric Hannum

Title: President

Address: 1010 South King Street, Suite 109, Honolulu, HI 96814

Phone Number: 277-6816

Fax Number: 593-1018

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: [Handwritten Signature]

Date: MAY 17th, 2019

Eric Hannum

President

Name (please type or print)

Title (please type or print)

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

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

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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.)

- A building permit will need to be obtained for improvements to the leased space.

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) 1-2-1-29-1

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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.

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	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		X	
Private Practice					

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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
N/A	N/A	N/A	N/A
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS RECEIVED

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	'19 MAY 17 AM 55	<u>N/A</u>
2.	Construction Contract		<u>\$400,000</u>
3.	Fixed Equipment	ST HLTH PLNG & DEV. AGENCY	<u>\$1,220,000</u>
4.	Movable Equipment		<u>\$130,000</u>
5.	Financing Costs		<u>N/A</u>
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.		<u>\$510,000</u>
7.	Other: _____		<u>N/A</u>

TOTAL PROJECT COST: \$2,260,000

B. Source of Funds

1.	Cash		<u>\$850,000</u>
2.	State Appropriations		<u>N/A</u>
3.	Other Grants		<u>N/A</u>
4.	Fund Drive		<u>N/A</u>
5.	Debt		<u>\$900,000</u>
6.	Other: Fair market value of leased space to be paid by Monthly rent		<u>\$510,000</u>

TOTAL SOURCE OF FUNDS: \$2,260,000

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.

This application request is to provide an additional 3T MRI scanner to meet the current and anticipated future demand for InVision's MRI services pursuant to HAR § 11-186-5(3)(Y). This is an expansion of the existing service, and the new MRI scanner will be located in a new space.

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, **June 2019 or upon approval**
- b) Dates by which other government approvals/permits will be applied for and received, **July 2019**
- c) Dates by which financing is assured for the project, **May 2019**
- d) Date construction will commence, **July 2019**
- e) Length of construction period, **12 weeks**
- f) Date of completion of the project, **October 2019**
- g) Date of commencement of operation **November 2019**

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.

InVision, LLC (InVision) requests approval to expand its service with the addition of a third MRI scanner. The additional scanner will improve patient access and meet the growing demands placed on our current systems due to increasing patient needs. InVision currently has two 3.0 Tesla MRI scanners which are both exceeding threshold levels. The proposed additional MRI scanner is a cutting-edge open bore 3.0 tesla MRI scanner which will provide more accurate images and improve patient access and comfort. To facilitate this expansion, the third MRI will be installed at a new facility located at 500 Ala Moana Blvd, Suite 5C, Honolulu, HI 96813.

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STATE HEALTH PLAN
COUNTY OF HAWAII

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

First, by providing additional, higher quality imaging capabilities for Oahu patients, 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." (Chapter 1, HSFP 2009). MRI scans provided in the outpatient setting are much less expensive than in an inpatient setting.

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 HSFP threshold is that " ...the provider's utilization is an average of at least 3,200 MRI procedures per year per unit." (Chapter 2, HSFP). InVision's utilization has exceeded the utilization thresholds since at least 2013, when its two units provided 7,710 procedures (an average of 3,855 each). In 2014, InVision's two units provided 10,122 procedures (an average of 5,061 each). In 2015, InVision provided 10,984 procedures with its two units (an average of 5,492 each). The number of procedures provided in 2016 fell slightly to 10,742, but still averaged 5,371 per unit—well in excess of the utilization threshold. The utilization of InVision's existing MRI units then grew substantially in 2017 to 11,615 (an average of 5,807 per unit). In 2018, InVision provided 11,360 procedures with its two units—an average of 5,680 procedures per unit. The current utilization of InVision's MRI units is nearly 180% of the HSFP threshold. While other MRI providers may not be quite as busy as InVision, the utilization threshold for expansion of an existing service focuses on the provider's own utilization. InVision's utilization far exceeds the thresholds established in the HSFP.

Third, as MRI scanning technology is one of the most useful tools available to physicians to make accurate and timely diagnosis and determine the appropriate treatment for patients – including the elderly – this project is also consistent with the Statewide Health Coordinating Council (SHCC) goals 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 Honolulu Subarea Council (HSAC) goal to "...control escalating costs in the senior care industry and other needed services" (Chapter 3, HSFP 2009). By providing increased access to high quality MRI scanning technology in an outpatient setting, the expansion of InVision's services as proposed will provide the elderly (and all patients) an alternative to higher cost MRI scanning services in the hospital.

The increased capacity and capabilities provided by the additional MRI scanner will provide greater access, and improved diagnostic options for all Oahu patients.

b) Need and Accessibility

InVision has been operating in excess of the utilization thresholds for a number of years, and has had to turn away many patients due to capacity issues. InVision is

currently booked four weeks in advance. When patients cannot wait that long for their scan, they end up settling for lower tesla strength MRI exams in the hospital setting which can negatively affect the quality of their diagnosis. The advancements in MRI technology have made the 3.0T MRI the "gold standard" for complex and intricate studies.

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Additionally the proposed new 70 cm ultra-short bore 3.0T MRI will have the added benefit of being able to accommodate larger patients (up to 500 pounds) and provide additional comfort to those with claustrophobia. InVision needs this expansion in order to meet the needs of the growing population of Hawaii Pacific Health patients choosing to receive their MRI scans through InVision rather than at one of the HPH hospitals or clinics. InVision will continue to provide care to all residents of the area, including Medicare, Medicaid, Quest and all underserved groups.

c) Quality of Service/Care

InVision is Medicare and Medicaid certified and will continue to comply with all State and Federal regulations. InVision is also accredited by the American College of Radiology. Diagnostic services will continue to be provided by board certified radiologists. InVision will continue to employ MRI technologists certified by the American Registry of Radiologic Technologists.

The expansion of InVision's MRI services by the addition of the new MRI scanner will improve the quality of diagnostic services and subsequent medical care for patients due to increased capacity, improved efficiencies, better accessibility and enhanced scheduling flexibility.

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

The third MRI is projected to have a positive financial performance on a go-forward basis beginning with 1,550 projected scans in year 1. By year 3, InVision expects to provide over 2,000 scans with this additional unit. InVision is committed to optimal utilization of the MRI, including continued open access of the MRI to independent physicians, hospitals and other health care providers.

The project is cost-effective with financial projections demonstrated below;

	Volume (MRI)	Revenue (\$,000)	Costs (\$,000)	Net (\$,000)
Year 1	1,550	720	785	(65)
Year 2	1,690	820	785	35
Year 3	2,050	935	825	110

e) Relationship to the existing health care system

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The project will have no negative impact on the existing health care system, as the MRI service expansion is required to meet InVision's existing and projected demand—including the growing demands of HPH patients, as HPH increases its share of the primary care market. InVision has seen a 30% growth in the number of prostate MRI scans over the past two years. In addition, InVision's plans include the addition of cardiac stress test MRIs and other cutting-edge applications that will be made possible by this advanced technology. The proposed service will continue to offer high quality, outpatient imaging services in a setting that will promote and support the overall healthcare system with minimal impact to other providers.

f) Availability of Resources.

InVision has been preapproved by the Bank of Hawaii, its lender for over eleven years, for the financing to pay for the capital costs related to the purchase and installation of the third MRI. InVision also has the financial, clinical staff and administrative support to operate and maintain the third MRI including sufficient funds from operating capital to staff the services needed. InVision will not need to hire any additional MRI and administrative staff to support the expansion of service, as it has a full-time MRI technologist and a full-time front office staff person that can be deployed to the new location.

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.