



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

Application Number: # 22-02A
To be assigned by Agency

Date of Receipt: STATE HEALTH PLANNING & DEV. AGENCY

APPLICANT PROFILE

Project Title: Acquisition of Membership Interest and PET-CT, CT, and X-Ray Services – Avanti Imaging LLC,

Acquisition of Membership Interest and MRI and X-Ray Services – Invision, LLC

Project Address: 500 Ala Moana Boulevard Suite 5B, 5C, Honolulu, HI 96813
1010 South King Street, Honolulu, HI 96814

Applicant Facility/Organization: Honolulu Imaging Center, LLC

Name of CEO or equivalent: Art Gladstone

Title: President

Address: 55 Merchant Street, 27th Floor, Honolulu, HI 96813

Phone Number: (808) 535-7202 Fax Number: (808) 535-7412

Contact Person for this Application: Michael Robinson

Title: Vice President, Government Relations & Community Affairs

Address: 55 Merchant Street, 27th Floor, Honolulu, HI 96813

Phone Number: (808) 535-7124 Fax Number: (808) 535-7412

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

Date

Art Gladstone

President

Name (please type or print)

Title (please type or print)

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

- 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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ST. HELEN'S
& DEV. ASSOCIATION

2. **PROJECT LOCATION INFORMATION**

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

- Statewide: _____
- O`ahu-wide: X
- Honolulu: X
- Windward O`ahu: _____
- West O`ahu: _____
- Maui County: _____
- Kaua`i County: _____
- Hawai`i County: _____

3. **DOCUMENTATION** (Please attach the following to your application form):

Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent): **[See Attachment A]**

A. 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.)

- **Hawai'i State Licensure**
- **American College of Radiology accreditation**
- **Federal Nuclear Regulatory Commission license**
- **Medicaid Certification**
- **Medicare Certification**

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

- **On File**

C. 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 **On File**
- By-Laws: **On File**
- Partnership Agreements: **N/A**
- Tax Key Number (project's location): (1) 2-1-43: 10, 23 & 24, (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		
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.

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

6. PROJECT COSTS AND SOURCE OF FUNDS

A. List All Project Costs:

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AMOUNT:

- | | | |
|----|---|---------------------|
| 1. | Land Acquisition | _____ |
| 2. | Construction Contract | _____ |
| 3. | Fixed Equipment | _____ |
| 4. | Movable Equipment | _____ |
| 5. | Financing Costs | _____ |
| 6. | Fair Market Value of assets acquired by lease, rent, donation, etc. | _____ |
| 7. | Other: FMV of acquired assets | <u>\$30,500,000</u> |

TOTAL PROJECT COST: \$30,500,000

B. Source of Funds

- | | | |
|----|----------------------|---------------------|
| 1. | Cash | <u>\$30,500,000</u> |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt | _____ |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: \$30,500,000

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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.**

Honolulu Imaging Center, LLC ("HIC") is filing this application for approval to acquire the membership interests and assets of Invision, LLC ("Invision") located at 1010 South King Street, Honolulu, HI, 96814 and 500 Ala Moana Blvd, Suite 5C, Honolulu, HI 96813 and Avanti Imaging, LLC dba Insight Imaging ("Insight") located at 500 Ala Moana Blvd, Suite 5B, Honolulu, HI, 96813. Invision currently owns equipment to provide MRI and X-Ray services. Insight currently owns equipment to provide PET-CT, CT and X-Ray services.

The application does not involve the establishment of a new service and only involves an acquisition of membership interests and assets to enable continued delivery of existing services. HIC will become the provider of MRI, PET-CT, CT, and X-ray services currently provided by Invision and Insight at their existing locations.

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: 02/04/22, 04/02/22
- b) Dates by which other government approvals/permits will be applied for and received: October 01, 2022
- c) Dates by which financing is assured for the project: N/A
- d) Date construction will commence: N/A
- e) Length of construction period: N/A
- f) Date of completion of the project: October 01, 2022
- g) Date of commencement of operation: October 01, 2022

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.

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STATE HEALTH SERVICES & FACILITIES PLAN

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.

a) **Relationship to the State Health Services and Facilities Plan (HSFP).**

The MRI, PET-CT, CT and X-Ray services to be acquired and operated by HIC met the priorities of the State Health Services & Facilities Plan (HSFP) as stated in the previous certificate of need applications below:

Table 1

Application	Approval Date	Applicant	Other Party	Title	Location
02-14	9/10/2002	Honolulu Open Medical Imaging, LLC	N/A	Establishment of an Outpatient MRI Service	1010 S. King Street
07-09A	4/16/2007	Invision LLC	Straub Clinic Hospital (Seller)	Acquisition of outpatient MRI	1010 S. King Street
12-10A	6/14/2012	Invision LLC	N/A	Addition of MRI at 1010 S. King Street	1010 S. King Street
12-27A	12/13/2012	Invision LLC	N/A	Addition of X-Ray services at 1010 S. King Street	1010 S. King Street
19-08A	6/15/2019	Invision LLC	N/A	Expansion of MRI Services	500 Ala Moana Blvd, Suite 5C

Application	Approval Date	Applicant	Other Party	Title	Location
17-01A	1/4/2017	Hawaii Pacific Imaging (dba Insight Imaging)	Richard Daloumerr, MD (Seller)	Acquisition of PET CT & CT Private Practice	500 Ala Moana Blvd, Suite 5B
21-01A	1/2/2021	[1] Avant Imaging (dba Insight Imaging)	N/A	Establishment of X-Ray Services at 500 Ala Moana Blvd, Suite 5B	500 Ala Moana Blvd, Suite 5B

[1] Hawaii Pacific Imaging renamed to Avant Imaging LLC 4/18/19

The acquisition by Honolulu Imaging Center, LLC ("HIC") will not affect the project's relationship to the HSFP.

b) **Need and Accessibility**

The acquisition will not have an impact on the need or accessibility of these services. The need and accessibility of the acquired assets related to the approved services was addressed in the original certificate of need applications identified above in Table 1. The facilities and services will continue to be accessible to all residents and visitors on O'ahu, including the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

c) **Quality of Service/Care**

The facilities will continue to comply with applicable federal and state statutes and regulations governing the delivery of care, maintenance of service equipment and the clinical environment. The acquisitions will not affect the existing quality of care and services delivered by Invision and Insight. HIC will maintain quality assurance policies to ensure quality of care and patient safety.

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

The proposed acquisitions are expected to remain profitable from Year 1 of acquisition. See attached statement of financial projections Year 1 to Year 3. [See Attachment E]. The cost and finances criteria were met in the original certificate of need applications listed above in Table 1. The application will not affect the project's relationship to cost and finances criteria.

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e) Relationship to the existing health care system

The proposed acquisition is not expected to have any negative effect on the existing health care system as it is a continuation of an existing service.

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f) Availability of Resources

The proposed project will utilize existing equipment and resources on-site, including the current staff. No additional employees are required as a result of the proposed acquisition. HIC has sufficient financial resources to fund the acquisition and to provide operating capital.

STATE HEALTH PLANS & DEV. AGENCY

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.