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**ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

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Application Number: # 23-02A  
To be assigned by Agency

Date of Receipt:  
STATE HEALTH PLANNING & DEV. AGENCY

**APPLICANT PROFILE**

Project Title: Establishment of Positron Emission Tomography/Computed Tomography (PET-CT) Scanner Services

Project Address: 3288 Moanalua Road, Honolulu, HI 96819

Applicant Facility/Organization: Kaiser Foundation Hospitals

Name of CEO or equivalent: Greg Christian

Title: President, Kaiser Foundation Hospitals – Hawaii Market

Address: 711 Kapiolani Street, Honolulu, HI 96817

Phone Number: (808) 286-9410 Fax Number: (808) 432-5391

Contact Person for this Application: Chris Lutz

Title: Outside Medical Services Director

Address: 3288 Moanalua Road, Honolulu HI, 96819

Phone Number: (808) 342-3060 Fax Number: (808) 432-7736

**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

January 9, 2023  
Date

Greg Christian  
Name (please type or print)

President, Kaiser Foundation Hospitals - Hawaii Market  
Title (please type or print)

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

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- Public \_\_\_\_\_
- Private   X
- Non-profit   X
- For-profit \_\_\_\_\_
- Individual \_\_\_\_\_
- Corporation   X
- Partnership \_\_\_\_\_
- Limited Liability Corporation (LLC) \_\_\_\_\_
- 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)

Not Applicable - the entire project will be completed within the existing Kaiser Permanente (KP) Moanalua Medical Center.

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.)

Building Permits – City & County of Honolulu  
Certificate of Occupancy – City & County of Honolulu  
Fire Marshall's Approval – City & County of Honolulu, Fire Prevention Bureau  
Department of Health Licensure as a radiation facility from DOH Noise, Radiation, and Indoor Air Quality Branch  
Nuclear Regulatory Commission licensure

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

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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:

Kaiser Permanente has filed a CON Application during the current calendar year.

- Articles of Incorporation – See **Attachment B**
- By-Laws – See **Attachment C**
- Partnership Agreements – Not Applicable
- Tax Key Number (project's location) – 1-1-012-033

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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.

	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		X		X	
Outpatient Facility					
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 - No Changes to Beds.**

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

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6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

- |    |  |             |
|----|--|-------------|
| 1. | Land Acquisition   | _____       |
| 2. | Construction Contract  | \$2,009,267 |
| 3. | Fixed Equipment  | \$1,625,116 |
| 4. | Movable Equipment  | \$83,712    |
| 5. | Financing Costs  | _____       |
| 6. | Fair Market Value of assets acquired by<br>lease, rent, donation, etc. | _____       |
| 7. | Other: _____   | _____       |

TOTAL PROJECT COST: \$3,718,095

B. Source of Funds

- |    |                      |             |
|----|----------------------|-------------|
| 1. | Cash                 | \$3,718,095 |
| 2. | State Appropriations | _____       |
| 3. | Other Grants         | _____       |
| 4. | Fund Drive           | _____       |
| 5. | Debt                 | _____       |
| 6. | Other: _____         | _____       |

TOTAL SOURCE OF FUNDS: \$3,718,095

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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.

New provider of PET-CT service.

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 – Not Applicable - the entire project will be completed within the existing KP Moanalua Medical Center.
- b) Dates by which other government approvals/permits will be applied for and received – Upon approval of this CON, the KP will apply for other government approvals/permits as required.
- c) Dates by which financing is assured for the project – Financing is immediately available.
- d) Date construction will commence – May 2025
- e) Length of construction period – 4 months
- f) Date of completion of the project – September 2025
- g) Date of commencement of operation – October 2025

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.

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

## Executive Summary

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Kaiser Foundation Hospitals (herein referred to as "Kaiser Permanente" or "KP") requests approval from the State Health Planning and Development Agency to implement a PET-CT scanner and associated clinical space at the Moanalua Medical Center. 23 FEB -9 P 3:08

According to the State of Hawaii Department of Health, cancer is the second leading cause of death in Hawai'i. Every year more than 7,000 Hawai'i residents are diagnosed with an invasive form of cancer and more than 2,000 residents lose their lives from the disease. In Hawai'i, related health care spending reaches upward of \$500 million annually. Of the 10 most 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.

Kaiser Permanente currently has CT and MRI systems on O'ahu at its Moanalua Medical Center and at its Mapunapuna Medical Office at 2828 Pa'a Street, Honolulu. These support inpatient, emergency department, and outpatient imaging needs. The combined PET-CT scanner will enhance Kaiser Permanente's cancer program through the improvements that the modality will provide (1) in the detection, diagnosis, and staging of tumors, (2) in the determination of the extent of the disease and localization of disseminated tumors which will reduce unnecessary biopsies and surgeries, and (3) in the determination of optimal treatment planning for patients and in monitoring the patients on their response to the treatment protocols.

PET-CT provides the most accurate diagnosis and staging of cancer. Currently, there are significant delays in receiving PET-CT for Kaiser Permanente members who are newly diagnosed with cancer. In 2022, only 17% of Kaiser Permanente members received a routine PET-CT within the target wait time of 14 days, and only 26% of members received an urgent PET-CT within the target wait time of 7 days. Adding this service on site would expedite care for Kaiser Permanente members newly diagnosed with cancer and lead to significantly improved cancer care coordination. In addition, there have been and will continue to be rapid innovations in the types of PET imaging agents that are targeted to detect specific types and severity of cancers. As the preeminent integrated care delivery organization in the State of Hawai'i, it is critical for Kaiser Permanente to have easy access to these new innovations to provide state-of-the-art care for its members. This capability is being planned for implementation on a similar timeframe as the Kaiser Permanente Cancer Center, and it will provide significant synergies with the Cancer Center.

Hawaii Permanente Medical Group (HPMG) already has a PET-certified radiologist on staff, and it will hire a second PET-certified radiologist to support this service. The Kaiser Permanente Diagnostic Imaging Department currently has 4 nuclear medicine cameras and provides nuclear medicine services for cardiology, orthopedic, gastroenterology, and oncology. The unit will be located within the Kaiser Permanente Diagnostic Imaging Department at the Moanalua Medical Center. The estimated cost is \$3,718,095.

Diagnostic Imaging administrative space (for PACS Admin and DI reading) will be renovated to create the PET-CT space. These functions will be relocated to administrative areas thereby making the DI space more efficient for patient care.

**Certificate of Need Criteria:**

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

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Kaiser Permanente, a health care delivery system that is comprehensive, cost-effective, well-coordinated, and responsive to member needs is proposing to internalize PET-CT scanner services at its Moanalua Medical Center. Kaiser Permanente's proposal meets the CON Criterion for relationship to the State of Hawai'i Health Services and Facilities Plan (HSFP) as follows:

1. Supports SHPDA's stated purpose to promote accessibility for all the people of the State to quality health care services at reasonable cost by offering an integrated PET-CT scanner service for Kaiser Permanente members and patients throughout the State of Hawaii and improving the availability of this modality for research applications which can benefit all the people of the state.
2. Supports the HSFP goals of increasing cost-effective access to necessary health care services, promoting the financial viability of the health care delivery system, and encouraging optimization of services and expensive technology by ensuring that supply meets the need and costs are reasonable by providing prompt, seamless, and same site access to imaging services to patients within their own healthcare delivery system and in an acute hospital setting. The proposed service will greatly improve Kaiser Permanente's diagnostic imaging capabilities (including early detection), therapy planning, treatment monitoring, and research related studies on cancer and other diseases. Research findings have shown that the earlier cancer is diagnosed and treated, quality of life and survival rates are greater.
3. Supports the State-wide Health Coordination Council's priorities of:
  - promoting and supporting the long-term viability of the health care delivery system by ensuring that the uneven supply and growing demand for cancer-related imaging services are addressed.
  - expanding and retaining the health care workforce to enable access to the appropriate level of care in a timely manner by increasing radiology professional and support staff and resources.
  - ensuring that any proposed service will at least maintain overall access to quality health care at a reasonable cost by extending to the proposed project Kaiser Permanente's national and state brands, track record and resources addressing affordability, quality, service, and access.
  - striving for equitable access to health care services by locating this project in close proximity to some of the most vulnerable populations to cancer incidence on O`ahu, and, by serving as the only PET-CT west of Honolulu's town urban-core, ensuring that additional populations have equitable access to this service.
  - ensuring that all projects are appropriate for the regional and statewide continuum of care by bringing together Kaiser Permanente's members, patients and professional providers across the State on an even more coordinated basis, and, as this project will be the first PET-CT unit to be located outside of Honolulu's town urban-core, by ensuring that more patients have access to services close to their residence or place of employment.
4. Supports the Honolulu (HONSAC) priority of controlling escalating costs in the senior care industry and other needed services. The proposed project will provide more access and

availability of needed and supportive services to the areas' elderly population that have difficulty traveling to distanced services. This will reduce and/or eliminate travel, its cost and complications. Seniors are especially vulnerable to escalating costs surrounding travel, the increasing complicated coordination of physician office visits, subsequent referrals, and travel to diagnostic equipment for diagnosis, and return visits to physician offices for treatment. Having this service available to them when they are on-site at the Moanalua Medical Center campus for outpatient and/or inpatient services will assist seniors and all patients in avoiding the costly duplication of office visits and reduce important time between diagnosis and treatment prescription. This will not only improve patients' health care, but also assist them and Kaiser Permanente in reducing or limiting these escalating and associated costs. Establishing the proposed service will help Kaiser Permanente accommodate the increasing demand for these services without being forced to send volumes outside at a higher cost.

5. Supports the West Oahu SAC priorities of improving and increasing access to:
  - Specialty care in radiology and oncologic services. The proposed project will increase the size of the KP's oncology department, providing the space, resources and staff needed to support current and future needs for cancer care. Since there are no current PET-CT services west of Honolulu's town urban-core, this project will also increase access to specialty care in Radiology and oncologic services to residents of Leeward, Central and West O`ahu.
  - Routine outpatient diagnostic services. PET-CT is a useful outpatient diagnostic procedure for staging or restaging malignant disease and metastases and evaluation of treatment.
  - Services for uninsured and underinsured. As a tax-exempt, nonprofit, public charity hospital, Kaiser Permanente has provided care for inpatients, outpatients, and emergency patients regardless of a patient's ability to pay. As a hospital-based service, the implementation of PET-CT services will also provide additional services especially to those patients needing assistance in access and cost containment.
6. Supports the Windward SAC priority of having adequate access to and from the facilities of care using emerging technologies including that Kaiser Permanente's proposed state-of-the-art proposed PET-CT unit will be strategically situated to serve densely populated communities, to accommodate residents of other Hawaii islands travelling to O`ahu for such services via Honolulu's main airport, and to be accessible to public transportation.
7. Additionally, as SHPDA recognized in its approval of CON Application No. 22-07A, Kaiser Permanente supports the State's Plan in many ways including by addressing workforce shortages by opening training, recruitment and educational pipelines already present within our local system, as well as national resources.

Kaiser Permanente's mission is "to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve." Kaiser Permanente provides a coordinated, comprehensive cancer program, responsive to community and regional needs. In considering the critical elements of a well-functioning health care delivery system, Kaiser Permanente believes its proposed project to establish a PET-CT scanner service through the acquisition of a combined PET-CT scanner will complete the spectrum of imaging modalities that Kaiser Permanente Medical Center should provide to its patient population, especially its cancer patients.



Positron emission tomography (PET) imaging is the standard of care for much of oncology, and the use of PET imaging has resulted in earlier detection, more timely treatment, and in many cases, improved outcomes.

Kaiser Permanente's PET-CT scanner will improve quality for Kaiser Permanente members by ensuring timely diagnosis and staging of cancer. It will ensure that Kaiser Permanente members from across the state will receive cancer care in an expeditious fashion, improving outcomes and reducing anxiety.

Hawaii Revised Statute §323D-12 mandates that HSFP must include standards for utilization of health care facilities. Capacity (utilization) thresholds for certain standard categories of health care services are established to guide the initial determination of need for a service area. Prior to the establishment of a new PET-CT unit, HSFP provides that there be a minimum utilization by existing providers in the service area and the utilization of the new unit should be projected to meet a minimum utilization rate by the third year of operation. In addition, sub-optimum utilization may be proposed if the benefits clearly outweigh the costs to the community of duplicating or under-using services, facilities, or technologies.

SHPDA's utilization requirement for a new PET scanner is: "For a new unit/service, the minimum annual utilization for each provider in the service area is 600 procedures per unit, and the utilization of the new unit/service is projected to meet the minimum utilization by the third year of operation."

Kaiser Permanente forecasts PET-CT volume to be 1,446 procedures per year in year 3 of operation (the new PET-CT unit will be for Kaiser members only and this demand forecast is specifically for Kaiser Permanente members across the State of Hawai'i). This projection would be more than the required 600 procedures per unit required to add a new PET-CT unit/service.

In 2019 and 2020, the three primary providers in the State of Hawai'i (Honolulu Imaging Center, InSight Imaging, and the Queen's Medical Center – Punchbowl) were well above the target of 600 procedures per unit, and on average, the four existing PET-CT providers averaged 1,400 procedures per unit in 2021.

**Positron Emission Tomography-Computed Tomography (PET-CT) Utilization per Year**

Facility	2019	2020	2021
InSight Imaging	1,682	2,087	2,564
The Queen's Medical Center – Punchbowl	1,776	1,697	1,996
Honolulu Imaging Center (fka Hawaii Advanced Imaging Institue)	1,386	956	~873 (655 as of 9/2021)
Kuakini Medical Center	224	169	165
Total	5,068	4,909	~5,598
Average	1,267	1,227	1,400

Kaiser Permanente acknowledges that one of the four existing providers is currently performing below the recommended threshold of 600 scans per year. However, Kaiser Permanente believes this may be attributed to that provider's business decision to limit the volume of those services largely to its own hospital and office building outpatient providers, while maintaining fees and charges higher than community average. Moreover, Kaiser Permanente's proposed project lies outside the traditional boundaries of the service area of existing providers and their referral patterns, a factor which supported SHPDA's approval of CON Application No. 14-13.

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Furthermore, the HSFP states that: "Sub-optimum utilization may be proposed if the benefits clearly outweigh the costs to the community of duplicating or under-using services, facilities, or technologies. Benefits are defined as the form of improved access for the service area(s) population combined with significant improvement in quality and/or significant reduction in cost to the public."

Kaiser Permanente's project meets the suboptimization utilization criteria as the benefits of its project clearly outweigh the costs to the community by providing the following benefits.

- Improved Access for the service area combined with significant improvement in quality

First, this project will improve the quality of care delivered to Kaiser Permanente patients by making the images available on-site. Currently all PET imaging is done outside of Moanalua. The Institute of Medicine's Crossing the Quality Chasm report (referenced by SHPDA in CON Application No. 14-13) conceptualized high-quality care by identifying six aims for the 21st-century health care system. One of the 6 aims is timeliness, as reducing wait times and delays for both those who receive and those who give care can improve patient outcomes. In addition, the IOM recommends the development of systems that enable real-time analysis of data from cancer patients in a variety of care settings to allow for best outcomes. Bringing PET to Moanalua Medical Center would allow for immediate access to both the report and the source images on PACS through the existing electronic medical record at Moanalua Medical Center.

Second, this project will significantly improve the quality of care to Kaiser Permanente patients by improving their coordination of care. PET can determine if a patient is a candidate for surgery. In other cases, chemotherapy and/or radiation are given until the tumor becomes removable by a surgeon. These cases require a constant exchange of information between surgeon, oncologist and radiation therapist. This dialogue is facilitated by tumor conferences. Informed discussion requires current data; often only source images (not just the written reports) are required for critical decision-making. The Institute of Medicine (IOM) has defined good quality care as 'providing patients with appropriate services in a technically competent manner, with good communication, shared decision making, and cultural sensitivity.' The location of this service at Kaiser Permanente's facility will better facilitate the dialogue between clinicians and thereby improve the quality of care delivered to Kaiser Permanente patients.

Third, with all existing PET-CT providers located in Honolulu and concentrated within 3 miles of each another, the proposed project will improve accessibility to those Kaiser Permanente patients seeking to find service closer to their workplace and home.

- Address the documented needs of an actual population rather than basing care design on statistical generalizations

This project will meet the needs of actual oncology patients seeking care at KP and especially those patients living/working in Moanalua, Salt Lake, Māpunapuna, Fort Shafter, Red Hill, and Hālawā Valley as well as Leeward, Central and West O'ahu. Most importantly, this technology would expedite the treatment planning process for Kaiser Permanente's patients and the benefits are summarized below:

Importance to have in the community: Patient's benefiting from PET scan are generally those with advanced malignancy (cancer(s) having begun to spread to other organs) or in patients with tumors requiring multi-modality treatment (a combination of surgery, chemotherapy and radiation). Patients facing these diseases are often debilitated requiring suctioning of bodily secretions, supplemental oxygen or feeding tubes for nutritional support. Others are too fatigued to easily navigate transportation issues for diagnostic studies.

Importance of having the source images available: Currently all PET imaging is done outside of Moanalua Medical Center. For practitioners at Moanalua Medical Center, such important data is made available by fax, email scanning or US mail. While adequate for written reports, facsimile or email technology is insufficient to transmit color images needed to make certain treatment decisions. CD copies of the data (in DICOM format) require either patients to hand carry, courier or US mail to deliver the scan results. In the era of electronic health records, obtaining actionable data from existing PET facilities is despairingly slow. Bringing PET to Moanalua Medical Center would allow for immediate access to both the report and the source images on PACS through the existing electronic medical record at Moanalua Medical Center.

Importance of PET at Moanalua Medical Center for coordination of care: PET has the ability to determine if a patient is a candidate for surgery. In other cases, chemotherapy and/or radiation is given until the tumor becomes removable by a surgeon. These cases require a constant exchange of information between surgeon, oncologist and radiation therapist. This dialogue is facilitated by tumor conferences. Informed discussion requires current data; often only source images (not just the written reports) are required for critical decision-making.

- Encourage innovation in improving health care services that contribute to enhancing a community's health status

In providing PET-CT services at KP, all KP facilities will have reports and images immediately integrated into the patients' electronic medical record and thus results will be able to be reviewed by referring physicians and multidisciplinary teams' real time.

- Create opportunities for price reduction through competition, without sacrificing quality or cost-effectiveness of care

For Kaiser Permanente, this project will have significant net positive impact on health care costs, with a projected reduction in cost of 26% over 10 years.

At the same time, improving access to care is key to achieving Kaiser Permanente's mission as is evaluating the cost of any capital investment and operations for a new service/unit. Kaiser Permanente's PET-CT scanner will improve quality for Kaiser Permanente members by ensuring timely diagnosis and staging of cancer. It will ensure that Kaiser Permanente members from across the State will receive cancer care in an expeditious fashion, improving outcomes and reducing anxiety.

Internalizing PET-CT will improve access to all Kaiser Permanente members, inclusive of all racial and ethnic minorities, persons with disabilities, and other underserved groups. Kaiser Permanente members from across the State will have improved access to PET-CT. Kaiser Permanente arranges for transportation from the Neighbor Islands (flights and ground transportation) so Neighbor Island members can receive streamlined care on O'ahu. RECEIVED  
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With Kaiser Permanente, patients have certainty around their medical costs because they effectively prepay for care through their monthly health plan premiums. A critical part of Kaiser Permanente's mission – providing affordable health care services – is accomplished through its integrated health care delivery system that produces high quality care and continuity of care for patients within a highly efficient and well-managed system that allows Kaiser Permanente to keep costs down for members and allow reinvestment into its infrastructure and programs.

Kaiser Permanente coordinates cancer care through the continuum (outpatient, inpatient, home). Kaiser Permanente initiates the coordination of care during the staging workup when a patient first has a suspicious finding on imaging. Kaiser Permanente coordinates subsequent work up steps, such as biopsy and further imaging including PET-CT, to determine the extent of the disease. Because time is of essence, Kaiser Permanente works to determine the diagnosis as soon as possible to start treatment.

With the factors noted above, the impact to a particular provider needs to be weighed against the known benefits that Kaiser Permanente's patients will receive because of this service. In particular, the suboptimum annual utilization for the one provider in the service area of 600 procedures per unit should be disregarded with respect to this application since the suboptimum criteria mentioned above applies to Kaiser Permanente's proposed project.

Irrespective of the actual number and location of PET-CT units outside of the immediate area of the proposed location which may be operating below the 600 procedures per unit per year threshold, sub-optimum utilization outside of the immediate area is particularly appropriate with respect to a PET-CT unit since the benefits of improved access, patient compliance with treatment regimen, quality of care, best clinical practice, hospital discharge to outpatient modalities and cost-reduction are so significant. Simply put, no responsible physician at KP Moanalua Medical Center would willingly refer a hospital patient for imaging outside of KP's integrated network and outside of the hospital campus. Indeed, it is almost 5 miles and at least a 9-minute non-rush hour, one-way drive between the proposed Moanalua location and the next closest PET-CT unit at the Kuakini Medical Center, 347 N Kuakini St, Honolulu, HI 96817 (the unit at The Queen's Medical Center, 1301 Punchbowl St, Honolulu, HI 96813 is even further away). When one adds in the scheduling and waiting issues related to any public transportation or Handi-Van service, a Moanalua location would make a material difference in the life of a patient living/working in Moanalua, Salt Lake, Māpunapuna, Fort Shafer, Red Hill, and Hālawā Valley, as well as Leeward, Central and West O'ahu, both clinically and emotionally.

#### **b. Need for and Accessibility of the proposal**

Kaiser Permanente's service area is the State of Hawai'i. This service will be available to all Kaiser Permanente members in the state. Kaiser Permanente serves members on all islands in the State of Hawai'i.

The target population is Kaiser Permanente Hawaii members who require PET-CT. This includes Kaiser Permanente members who are newly diagnosed with cancer and require PET-CT to diagnose and stage the cancer.

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Forecasted PET-CT Volume by Year for Kaiser Permanente Members in State of Hawai'i

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Forecasted volume	1,213	1,300	1,370	1,424	1,446	1,468	1,490	1,512	1,533	1,554
Volume per 1000	4.77	5.08	5.28	5.40	5.40	5.40	5.40	5.40	5.40	5.40

Demand forecast is based on current utilization per 1000 members multiplied by population and then inflated by 7% per year from 2022 – 2025, which is based on 5-year annual growth rate per 1000 from 2016 – 2021.

Supply requirement is estimated at one PET-CT Machine from 2022 – 2035. Supply Methodology is based on historical volume and forecasting that out into future years (rate is forecasted to increase by an average of 4.3% per year from 2023-2025, 1.4% from 2026-2029, and 1.3% from 2030-2031).

This service does not currently exist at a Hawaii Kaiser Permanente facility.

Future Utilization of PET-CT by Year for Kaiser Permanente Members in State of Hawai'i

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Forecasted volume	1,446	1,468	1,490	1,512	1,533	1,554	1,576	1,597	1,619	1,642
Forecasted Machine Utilization	53%	53%	54%	55%	56%	57%	57%	58%	59%	60%

Machine Utilization was based on the following assumptions of machine capacity:

Internal Machine Capacity	Value
Days Per Week	5
Machine Hours Per Day	8
Weeks Per Year	49
Room Efficiency (Exclude Turnaround)	70%
<b>Total Annual Hours Per Machine</b>	<b>1,372</b>
Procedure Length (Minutes)	30
<b>Annual Internal Procedure Capacity</b>	<b>2,744</b>

Currently wait times are approximately one month for PET-CT for KP members. With PET-CT internalized, wait times will be within one week for routine reviews and 48 hours for expedited STAT readings.

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Referral Priority	Metric	2017	2018	2019	2020	2021	2022
Emergency & Urgent	% Performed In 7 Days	76%	63%	62%	57%	48%	26%
	Avg. Days Ordered to Performed	6.0	7.0	10.4	9.6	10.5	16.4
Routine	% Performed In 14 Days	43%	40%	33%	43%	32%	17%
	Avg. Days Ordered to Performed	32.3	28.7	35.8	32.2	34.0	39.1

SOURCE OF PAYMENT	MOST RECENT YEAR (indicate time period) 2021		FIRST YEAR OF OPERATION 2026		SECOND YEAR OF OPERATION 2027	
	Units of Service	Units of Service	Units of Service	Units of Service	Units of Service	Units of Service
	Number	Percent	Number	Percent	Number	Percent
Medicare	575	48%	691	48%	702	48%
Medicaid	112	9%	135	9%	137	9%
Commercial Insurance	515	43%	620	43%	629	43%
Private Pay						
Other						
<b>TOTAL</b>	<b>1202</b>	<b>100%</b>	<b>1446</b>	<b>100%</b>	<b>1468</b>	<b>100%</b>

SOURCE OF PAYMENT	MOST RECENT YEAR (indicate time period)		FIRST YEAR OF OPERATION		SECOND YEAR OF OPERATION	
	Amount of Revenue	Percent	Amount of Revenue	Percent	Amount of Revenue	Percent
Medicare	NA		NA		NA	
Medicaid	NA		NA		NA	
Commercial Insurance	NA		NA		NA	
Private Pay						
Other						
<b>TOTAL</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>

Per the State of Hawaii's Department of Business, Economic Development and Tourism's "Population and Economic Projections for the State of Hawaii to 2045" June 2018 report, the resident population of Hawaii is projected to increase from 1.43 million in 2016 to 1.65 million in

2045, an average growth rate of 0.5 percent per year over the projection period. This projection together with the National Cancer Institute's 2020 view that national cancer-attributed medical care costs are substantial and projected to increase dramatically by 2030, due to population changes alone, clearly positions PET-CT in a steep growth pattern.

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Moreover, based on national benchmarks, the State of Hawai'i is currently underserved by PET-CT, with rates per 1000 approximately half of the United States as a whole. Kaiser Permanente will increase the capacity of this service for the State of Hawai'i, benefitting Kaiser Permanente members as well as the state as a whole. Given that Hawai'i PET-CT procedures per thousand is less than the national average is an indication that there is additional room for PET-CT growth that is potentially constrained by the lack of providers in the state.

#### PET-CT Rates per 1000 People

	2019	2020
State of Hawai'i	3.46	3.56
United States	6.7	6.7

*Source:*

*State of Hawai'i data is from the SHPDA*

*United States data is from OECD (Organization for Economic Co-operation and Development)*

Oncology services are the key drivers in PET-CT utilization, representing 90% of all service referrals. Lung cancer, breast cancer, colorectal cancer, and lymphoma cases are the primary cancer types driving future growth rates. Breast cancer, lung cancer and colorectal cancer are the top three cancer sites at KP making this technology a critical component of patient care. In addition, care of patients with thyroid and pancreatic cancers would be better served. When a patient is diagnosed with cancer, staging is required to accurately diagnose the extent or spread of disease and to appropriately plan treatment therapy. Proper staging is essential in determining the choice of therapy and in assessing overall prognosis.

All existing PET-CT providers are located in Honolulu and within 3 miles of each other. Kaiser Permanente is seeking to add service outside of the Honolulu town urban-core area specifically to serve its patient population as the commute to Honolulu adds additional time, cost, and access barriers to many patients and families seeking this service.

Kaiser Permanente's mission is "to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve." Based on Kaiser Permanente members' utilization of imaging services, there is a demonstrated need for Kaiser Permanente to be able to offer these services directly to members as part of its integrated delivery system. Kaiser Permanente's integrated care system enables quality outcomes by ensuring that our members receive the right care, at the right time, in the right setting. Care is coordinated across the continuum and all Kaiser Permanente providers have access to complete medical histories and bi-directional communication capabilities with all care team members through the member's electronic medical record. This makes coordinating care with an interdisciplinary team much simpler and results in better outcomes for patients. In the event of an emergency that cannot safely be managed in the home, the inpatient teams in the emergency room and hospital can provide the care that is needed with full access to that individual's health status and care plan which is not possible outside of this integrated system.

The existing PET-CT providers are unable to provide Kaiser Permanente's core operating model benefit of enhanced communication, integrated documentation across settings of care and/or wholistic coordination across its integrated continuum of care.

Internalizing PET-CT will improve quality of care for Kaiser Permanente members in multiple ways:

Significant improvements in ability to do accurate staging, including baseline and subsequent scans to assess response to therapy for hematologic and oncologic cancers, providing timely care.

PET enables KP to get an accurate stage of the cancer, which improves the ability to do accurate staging and the appropriate treatment in a timely fashion. It can help determine occult oncologic primaries. For surgeons, it helps determine if surgery is appropriate. Multiple specialties require PET for the management of cancer patients.

PET is done at the time of diagnosis or for treatment management. Ideally, the patient should receive it within 5-7 days for outpatient. Currently, it can take one month or longer for patients to receive an outpatient PET scan (through external vendors).

For KP members who are inpatient, there are no options for inpatient PET scans. PET scans are being omitted for patient care when it is the standard of care per the National Comprehensive Cancer Network guidelines. Therefore, patients that require urgent imaging to initiate therapeutics are not receiving appropriate evaluation. Current PET facilities are in free standing buildings so safety for hospitalized patients is a concern. As a result, KP will start treatment without the baseline PET scan. This is not optimal because, without the baseline, we don't know immediately how the patient is responding to the treatment.

PET is often a gateway to surgery. For example, for colorectal cancer, the PET will confirm that there is no distant disease, and the colorectal surgeon can operate on the patient immediately. Without the PET, this surgery is delayed.

PSMA is a newly FDA approved method for managing prostate cancer patients. Patients will receive diagnostic or a therapeutic PET for certain indications. Due to increased demand and lack of capacity Kaiser Hawaii has been delayed in implementing this treatment in Hawai'i. Patients need to be referred out to the Mainland for this currently.

Significant improvements in Care Coordination for patients with newly diagnosed cancer.

Kaiser Permanente has developed a system and created a team to provide care coordination to patients newly diagnosed with cancer. For a newly diagnosed patient, Kaiser Permanente can coordinate all other services to be completed within 4-5 days.

The delay and logistical challenges in obtaining a PET-CT outside causes significant challenges in care coordination. This problem is exacerbated for patients coming from neighbor islands. They are scheduled for multiple appointments: MRI, biopsy, port and PET. The services done internally can be completed within a few days, but the PET will take many more weeks. As a result, the care coordination is disjointed and cumbersome for the patient who needs to make two trips to O'ahu instead of one.



For patients needing to go to the mainland for specialized care, such as transplants, (MD Anderson, Mayo, COH), there can be delays in sending the images from the vendor. Internalizing PET will significantly improve care coordination for patients needing care on the mainland.

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Significant improvement in receiving PET images and reports into KP EMR.

With internalized PET, the images and reports will be loaded directly into KP's EMR (KP's HealthConnect). Currently, there are safety issue due to delays in receiving results and reports.

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Consistency in the images for patient who receive multiple PETs over time.

It is ideal to use the same scanner for follow-up exams. Currently due to lack of access, patients may need to go to a different vendor for the follow-up exam. This can create inconsistency in the images. A single machine will ensure that patients have consistency in the images and the best care over time.

Internalizing PET-CT will improve access to all Kaiser Permanente members, inclusive of all racial and ethnic minorities, persons with disabilities, and other underserved groups. Kaiser Permanente members from across the State will have improved access to PET-CT. Kaiser Permanente arranges for transportation from the neighbor islands (flights and ground transportation) so neighbor island members can receive streamlined care on O'ahu. This project will also enhance accessibility to Leeward, Central, West O'ahu, and neighbor island patients to receive PET-CT services by eliminating the need to travel into Honolulu's town urban-core for this procedure.

The specific target population affected by this proposal includes Kaiser Permanente members primarily on O'ahu that are diagnosed with cancer. Kaiser Permanente is not seeking as part of this proposal to expand imaging services to non-members who typically would not be seeking services within its delivery system. However, should capacity permit, Kaiser Permanente will support community demand if needed.

**c. Quality of Service/Care**

Providing high quality, cost-effective health care is the guiding principle at Kaiser Permanente. Kaiser Permanente is proactive and diligent in the pursuit, maintenance, and improvement of quality of care and quality of service. Kaiser Permanente (KP) has received continuing approval by The Joint Commission (TJC)—see **Attachment D** for the most recent TJC accreditation report. Kaiser Permanente has also been awarded accreditation by the National Committee for Quality Assurance (NCQA). KP Hawaii continues its annual recognition as a Patient-Centered Medical Home by NCQA, a modeled approach that is also culturally appropriate and team-based primary care while collaborating with various specialties within the Kaiser network of providers while delivering high-quality and cost-effective care. In 2022, KP Hawaii was the only Health Plan in Hawai'i to receive the highest Medicare rating of 5-Stars.

Kaiser Permanente Medical Center is licensed as an acute care hospital through the State of Hawaii Department of Health. The following is a list of quality accolades achieved by the Kaiser Permanente Moanalua Medical Center:

- The Joint Commission Accreditation
- The Joint Commission Certified Primary Stroke Center designation

- The Joint Commission Advanced Certification in Palliative Care
- Commission of Cancer certification
- Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program Accreditation
- American Heart Association Get With The Guidelines — Stroke Gold Plus, Target: Stroke Elite Honor Roll, Target: Type 2 Diabetes Honor Roll
- American Heart Association Get With The Guidelines — Heart Failure Gold Plus, Target: Heart Failure Honor Roll, Target: Type 2 Diabetes Honor Roll
- American Heart Association Get With The Guidelines – CAD, Mission: Lifeline STEMI Gold Plus
- Newsweek's 2022 Best Maternity Hospital list
- Women's Choice Awards for Obstetrics, Stroke Care and Cancer Care
- US News & World Report 2022-2023 Best Hospital for Maternity Care

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The PET-CT program will be managed by the KP Imaging Department. Kaiser Permanente's Imaging Department adheres to the licensing standards and guidelines developed by the Society of Nuclear Medicine, the Nuclear Regulatory Commission, Food and Drug Administration, and American College of Radiology. The department is certified/recognized by the American Registry of Radiologic Technologists (ARRT) and Nuclear Medicine Technology Certification Board (NMTCB).

Kaiser Permanente will maintain PET-CT patient/staff ratios consistent with those in the industry in general.

Position	FTE	Ratio
Physician (Nuc Med/Radiologist)	0.8	1:1500
Nuc Med Tech	0.4	1:3000
Service Rep / Appointment Clerk	0.4	1:3000

The PET-CT Radiologist will have one of the following credentials:

1. American Board of Nuclear Medicine Certification
2. American Board of Radiology Nuclear Radiology Subspecialty

Upon receiving Authorized User Certification from the American Board of Radiology, radiologists will continue to participate in Continuing Education focused on both Diagnostic Radiology and Nuclear Medicine.

The Nuclear Medicine technologists are licensed by the State of Hawaii. Also, the Nuclear Medicine technologists are registered with either the Nuclear Medicine Technology Certification Board (NMTCB) or American Registry of Radiological Technologists (ARRT) requiring minimum experience and ongoing continuing education. The Nuclear Medicine technologists who will be assigned to operate the PET-CT scanner have received or will be scheduled to receive additional training on this equipment; all staff members are required to be trained on all new equipment and required to pass competency on procedures and equipment annually.

Kaiser Permanente's Imaging Department and the Nuclear Medicine section are required to comply with the organization-wide Performance Improvement Plan and to relate the initiatives in providing quality care to the patients served by the Imaging Department and the Nuclear Medicine section. The Imaging Department conducts quarterly assessments of the quality of care provided to the patients and uses best practice guidelines from the American College of Radiology and the Society of Nuclear Medicine.

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Kaiser Permanente also participates in Quality Assurance programs, Disease Management programs, and is a well-known 5 Star organization for quality. In addition, the Moanalua Medical Center is TJC Certified in Primary Stroke Center and in Advanced Palliative Care.

The following policy and procedure are in place to monitor and evaluate the quality of Diagnostic Imaging procedures. The CT Quality Control Process will be updated to include PET-CT. See Attachment E for:

- CT Quality Control Process
- Diagnostic Imaging Quality Management Program.

KP will operate in accordance with all applicable state and federal guidelines and the standards for the American College of Radiology (ACR) which require adherence to extensive policies and procedures to ensure the quality and safety of patient care. KP will additionally seek American College of Radiology (ACR) PET accreditation.

No separate licensing is required for operating the PET-CT at the Moanalua Medical Center.

The most recent CMS survey was in 2012—see Attachment F.

**d. Cost and Finances**

For Kaiser Permanente, this project will have significant net positive impact on health care costs, with a projected reduction in cost of over \$16 million or 26% over 10 years.

**Cost Analysis (2026 – 2035)**

	Total Cost 2026-2035
Internalized PET-CT	\$(45,306,734)
Contracted PET CT	\$(61,279,125)
% Reduction in Cost	26%

The total project cost is \$3,718,095 which includes \$1,625,116 for the purchase of the combined PET-CT scanner and \$2,009,267 for the renovation of existing space in Kaiser Permanente's Medical Center.

Kaiser Permanente projects that the net savings/excess funds from operations for Year 1 of the proposed project will be \$1,328,507 above annual operating/internal costs of -\$2,575,478; Kaiser

Permanente projects that the net savings/excess funds from operations for Year 3 of the proposed project will be \$1,527,970 above annual operating/internal costs of -\$2,730,204.

The startup costs for the project will be entirely funded by cash reserves of KP. No new debt is required to fund this project. Kaiser Permanente has sufficient cash reserves for the financing and implementation of the proposed project.

The following table shows the operating costs and net savings for the first three years of operations.

	2026	2027	2028
<b>Operational Costs</b>			
Internal Scan Volume	1,415	1,434	1,454
Variable Labor Costs	\$648,598	\$667,581	\$686,987
Fixed Labor Costs	\$50,121	\$50,873	\$51,636
Non-Payroll Costs (Isotopes, etc.)	\$1,114,506	\$1,164,078	\$1,215,620
Service Contract Costs	\$225,102	\$231,855	\$238,810
Total Operational Costs	\$2,038,327	\$2,114,387	\$2,193,053
Internal Cost	2026	2027	2028
Capital Expense (depreciated over 10 year)	-\$537,151	-\$537,151	-\$537,151
Operating Cost			
Variable Labor Costs	\$648,598	\$667,580	\$686,987
Variable Labor Costs	\$50,120	\$50,872	\$51,635
Non-Payroll Costs (Isotopes, etc.)	\$1,114,506	\$1,164,077	\$1,215,620
Service Contract Costs	\$225,101	\$231,854	\$238,810.46
Total Internal Operating Cost	-\$2,038,327	-\$2,114,386	-\$2,193,054
Total Internal Cost	-\$2,575,478	-\$2,651,537	-\$2,730,204
External Cost Avoided	-\$3,903,985	-\$4,077,627	-\$4,258,174
Net Savings	\$1,328,507	\$1,426,090	\$1,527,970

**STATEMENT OF REVENUE AND EXPENSES**

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Internal Cost	2026	2027	2028
Capital Expense (depreciated over 10 year)	-\$537,151	-\$537,151	-\$537,151
Operating Cost			
Variable Labor Costs	\$648,598	\$667,580	\$686,987
Variable Labor Costs	\$50,120	\$50,872	\$51,635
Non-Payroll Costs (Isotopes, etc.)	\$1,114,506	\$1,164,077	\$1,215,620
Service Contract Costs	\$225,101	\$231,854	\$238,810.46
<b>Total Internal Operating Cost</b>	<b>-\$2,038,327</b>	<b>-\$2,114,386</b>	<b>-\$2,193,054</b>
<b>Total Internal Cost</b>	<b>-\$2,575,478</b>	<b>-\$2,651,537</b>	<b>-\$2,730,204</b>
<b>External Cost Avoided</b>	<b>-\$3,903,985</b>	<b>-\$4,077,627</b>	<b>-\$4,258,174</b>
<b>Net Savings</b>	<b>\$1,328,507</b>	<b>\$1,426,090</b>	<b>\$1,527,970</b>

Note: Because Kaiser Permanente is not a "fee for service" organization, it will not receive any net revenue from internalizing PET-CT. Kaiser Permanente is a prepaid Health Maintenance Organization and receives revenues primarily from member dues. See Attachment G for Audited Financial Statements.

	2026	2027	2028
<b>Projected Volume (scans per year)</b>	1,415	1,434	1,454
<b>Payroll (cost per hour)</b>			
0.4 FTE Nuc Med Tech	\$90.10	\$91.45	\$92.82
0.8 FTE Physician (Nuc Med/Radiologist)	\$373.43	\$379.03	\$384.72
0.4 FTE Service Rep / Appointment Clerk	\$42.97	\$43.62	\$44.27
<b>Payroll (total cost)</b>			
0.4 FTE Nuc Med Tech	\$90.10	\$91.45	\$92.82

0.8 FTE Physician (Nuc Med/Radiologist)	\$373.43	\$379.03	\$384.72
0.4 FTE Service Rep / Appointment Clerk	\$42.97	\$43.62	\$44.27

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The following list shows the critical equipment item (>\$1000).

- ANESTHESIA MACHINE, SCGO, 4 DRAWER
- VCV CARDIAC BYPASS
- ISOFLURANE ALADIN2 CASSETTE
- SEVOFLURANE ALADIN2 CASSETTE
- SUPRANE (DESFLURANE) CASSETTE
- CAMERA, PATIENT STATUS, SYSTEM - MR CCTV SYSTEM WITH 17 INCH
- DEVICE, INTEGRATED DATA COLLECTION, NEURON
- FLOWMETER, GASES, O2, 15 LPM, 7700 SERIES FLOWMETER
- SCANNER, POSITRON EMISSION TOMOGRAPHY
- TRUEV PET - MCT
- FLOWMOTION OPTION (AWP)
- HI-REZ PET PROCESSING - (AWP)
- ULTRAHD-PET OPTION (AWP)
- CT SAFIRE (AWP) - MCT
- PET GANTRY UPS - MCT
- COOLING SYSTEM WATER/AIR
- MI PET RIEDEL CHILLER START-UP BY SBT

Staffing Needed in Year 1

Position	FTE	Annual Cost
Physician (Nuc Med/Radiologist)	0.8	\$384,000
Nuc Med Tech	0.4	\$90,000
Service Rep / Appointment Clerk	0.4	\$36,000
Total		\$510,000

Variable Cost per Scan (add in Fixed cost based on a %).

	2026	2027	2028
Cost per Scan	\$1,822	\$1,850	\$1,879

Community costs are between \$2892 per scan and \$4944 per scan.

Kaiser Permanente evaluated a mobile PET-CT trailer, which would be located at the Moanalua Medical Center. This option was less desirable for the following reasons:

1. It would only have one work-up room (limiting its efficiency).

2. It would be difficult for patients to access, requiring patients to traverse the Hospital and walk outside the building.
3. Overall costs were very similar to the full internalization option.

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Support from existing Kaiser Permanente infrastructure and the benefits of bringing the Kaiser Permanente integrated care model into the PET-CT space will allow the program to become operational in a short period of time. Kaiser Permanente will leverage the existing infrastructure and management structure of Southern California and Hawaii.

Allowing Kaiser Permanente to internalize a service such as PET-CT is in line with its philosophy, its history, and its integrated health care delivery system. Kaiser Permanente offers an all-encompassing continuum of care that can improve lives and outcomes in our patient-friendly setting for cancer patient-members. Failure to control the cost of such service undermines Kaiser Permanente's ability to keep coverage affordable and premiums reasonable for participating O'ahu residents and employers.

Kaiser Permanente's proposed establishment of a PET-CT scanner service will have a minimal impact on the overall costs of health care services for the Hawaii community as it will be funded by Kaiser Permanente's available capital resources. Kaiser Permanente's proposed project will be cost-effective as it will (1) utilize existing facility space; (2) utilize current imaging staff in Kaiser Permanente's Imaging Department, and (3) utilize radioactive isotopes which will be purchased from The Queen's Medical Center as Kaiser Permanente has no plans to duplicate the cyclotron services already provided by Queen's.

This project will eliminate the current practice of requiring a KP patient to commute outside of the Moanalua Medical Center and the additional time, cost, and often stress to the patients and families seeking service for this diagnostic procedure. For the Health Care System as a whole, the KP PET-CT unit will provide much needed additional capacity. In addition, earlier diagnosis of cancer will reduce complications resulting in lower overall costs to the system.

**e. Relationship to the Existing Health Care System**

This project will add capacity to the overall health care system. Kaiser Permanente members will no longer need to receive PET-CT at other community providers. This will improve access for all patients in the State of Hawai'i.

Based on national benchmarks, the State of Hawai'i is currently underserved by PET-CT, with rates per 1000 approximately half of the United States as a whole. See table "PET-CT Rates per 1000 People" in Section b "Need and Accessibility" above in this application. As a result, Kaiser Permanente Members experience significant delays in receiving PET-CTs. Kaiser Permanente will increase capacity for this service for the State of Hawai'i, benefitting Kaiser Permanente members as well as the State as a whole.

Since there are no current PET-CT services west of Honolulu's town urban-core, the proposed project will create a positive impact for health care services for Kaiser Permanente's patients and physicians in the community. This project will complement existing cancer services currently provided at KP for Kaiser Permanente's patients.

In providing PET-CT services at KP, KP facilities state-wide would have reports and images immediately integrated into patients' electronic medical records and thus results will be able to be reviewed by referring physicians and multidisciplinary teams' real time.

As a nonprofit, tax-exempt public charity hospital, KP has always provided care for inpatients, outpatients, and emergency patients regardless of a patient's ability to pay. As a hospital-based service, the implementation of PET-CT services will also provide additional margin to ensure that KP is able to continue to provide much needed services in the community.

The predominant patient population served by Kaiser Permanente is the elderly population (persons 65 and older); this population is the most rapid growing segment of Hawaii's population and is the segment of the population that has an increasing incidence of cancer. The proposed new PET-CT scanner service will fill a gap in services that Kaiser Permanente provides to its target patient population and will enhance the comprehensiveness of Kaiser Permanente's cancer program."

The new PET-CT scanner service will strengthen the research capabilities for Kaiser Permanente as it continues to conduct its sponsored research initiatives in longitudinal studies, multigenerational studies, and the area of aging.

For Kaiser Permanente members, PET-CT will be consolidated at the Moanalua Medical Center and coordinated on-site with other aspects of cancer care. PET-CT capability is critical for Kaiser Permanente due to the increase in demand for this type of procedure in oncology, cardiology, neurology, and other specialties. In addition, there will continue to be rapid innovations in the types of PET imaging agents that are targeted to detect specific types and severity of cancers. Currently, the wait times for PET-CT in Hawai'i are much too long delaying the staging of cancer and care for KP Hawaii members. As the preeminent integrated care delivery organization in the State of Hawai'i, it will be essential for Kaiser Permanente to have easy access to this capability to provide coordinated care for our members.

Kaiser Permanente's mission is "to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve." Internalizing PET-CT will improve access to all Kaiser Permanente members, inclusive of all racial and ethnic minorities, persons with disabilities, and other underserved groups. Kaiser Permanente members from across the State will have improved access to PET-CT. Kaiser Permanente arranges for transportation from the Neighbor Islands (flights and ground transportation) so Neighbor Island members can receive streamlined care on O`ahu.

Currently wait times are approximately one month for PET-CT for KP members. With PET-CT internalized, wait times will be within one week for routine and 48 hours for expedited STAT readings. See Referral Priority chart in Section b "Need and Accessibility" above in this application.

#### **f. Availability of Resources**

Kaiser Permanente has the financial resources to secure all equipment and staffing resources required for this proposed project.

The existing imaging staff of Kaiser Permanente's Imaging Department will be utilized for the operations of the proposed PET-CT scanner service."



Kaiser Permanente Southern California and Hawaii combined have made substantial investments in cancer care and imaging services, with a centralized regional structure in place to oversee the program both locally and with additional support from Southern California. Kaiser Permanente will leverage the existing infrastructure and management structure of Southern California and Hawaii. Kaiser Permanente has established recruiting and training pipelines both locally and nationally to ensure that anyone hired into this space will be successful in taking care of this critical population. Kaiser Permanente does not anticipate any challenges in filling needed positions. Kaiser Permanente has significant human resources available to hire or train from within to staff the Kaiser Permanente cancer and imaging operations.

Kaiser Permanente will expand and retain the health care workforce through increased exposure and training in the fields of cancer care and imaging services. This expansion and retention of the health care workforce will enable access to the appropriate level of care in a timely manner. Kaiser Permanente will actively participate in education and training in the fields of medicine and related nursing, social work, and spiritual care. Kaiser Permanente will partner with the education providers on O'ahu to offer preceptorships and other learning opportunities in these areas.

Hawaii Permanente Medical Group (HPMG) already has a PET-certified radiologist on staff, and it will hire a second PET-certified radiologist to support this service with one of the following credentials:

1. American Board of Nuclear Medicine Certification
2. American Board of Radiology Nuclear Radiology Subspecialty

This increase in resources will ensure that scans are read in a timely manner for Kaiser Permanente members.

The following table shows the FTEs required for this new service:

Position	FTE	Ratio
Physician (Nuc Med/Radiologist)	0.8	1:1500
Nuc Med Tech	0.4	1:3000
Service Rep / Appointment Clerk	0.4	1:3000

Kaiser Permanente has space within the existing Moanalua Medical Center for this new service.

**Eligibility to file for Administrative Review.** This project is eligible to file for administrative review because: (Check all applicable)

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- \_\_\_\_\_ 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.
- X   The applicant believes it will not have a significant impact on the health care system.

Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), this proposal is eligible for administrative review as it meets the criterion in HAR Subsection 11-186-99.1 (b) (6), i.e.: "Any proposal which is determined by the agency not to have a significant impact on the health care system." Kaiser Permanente notes:

- The new PET-CT unit is limited to Kaiser members only.
- The additional capacity will allow for greater community-wide access, improved system quality, enhanced network services, and greater overall affordability.
- Prior applications submitted by Kaiser Permanente for new services have been accepted and approved using the administrative review process. See Certificate of Need Application #s 22-07A (Kaiser Foundation Hospitals: Establishment of hospice services at 2828 Paa Street, Honolulu, Hawaii) and 3-13a (Kaiser Foundation Hospital, Inc. for the internalization of inpatient dialysis at 3288 Moanalua Road, Honolulu, HI).
- The concern of provider cherry-picking of just profitable imaging services which led to denials of CON applications for new services is not present in this case. See Certificate of Need Application #s 14-17a (Hawaii PET Imaging, LLC: Expansion of Positron Emission Tomography (PET-CT) services to 98-1247 Kaahumanu Street, Suite 109/111, Aiea, Hawaii), 13-07a (Hawaii PET Imaging, L.L.C.: Expansion of Magnetic Resonance Imaging (MRI) services to 94-307 Farrington Highway, Suite A-11, Waipahu, Hawaii), 13-03a (Hawaii PET Imaging, L.L.C.: Expansion of Positron Emission Tomography (PET-CT) services to 98-1247 Kaahumanu Street, Suites 101&102, Aiea, Hawaii) and 12-12a (Hawaii PET Imaging, L.L.C.: Expansion of Magnetic Resonance Imaging (MRI) services to 94-229 Waipahu Depot Road, Suite 101, Waipahu, Hawaii). Unlike the applicant in those cases, Kaiser Permanente is not an "outpatient" "stand-alone for-profit provider" whose new service "will further fragment care and pull profitable services out of an integrated acute care setting." Instead, it is a "quality acute

hospital with 24 hour access and availability" as well as one of the "existing not-for-profit hospitals which serve as the safety net for our community's most critical service needs." KP's Moanalua Medical Center will continue to embrace "access to care for all patients - both insured and uninsured - [as well as] the challenge to any not-for-profit hospital ... to rely on its ability to subsidize the unprofitable services it provides with the few remaining profitable services it can perform."

Accordingly, administrative review eligibility for this application is reasonable and appropriate.