



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of
Health and Social Services**

Certificate of Need Program

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March 2, 2021

Mr. Ward Hinger, CEO
Imaging Associates, LLC
3650 Piper Street, Suite 1A
Anchorage, AK 99508

RE: Request for Determination dated 2-10-2021

Dear Mr. Hinger,

In a letter dated February 10, 2021, Imaging Associates, LLC ("IA") formally requested a determination ("RFD") under 7 AAC 07.031 as to whether a Certificate of Need ("CON") is required to establish an independent diagnostic testing facility ("IDTF"), as defined in AS 18.07.111 and 7 AAC 07.900(23).

The RFD states IA proposes to purchase an existing IDTF from Providence Imaging Center ("PIC"), currently located at 17101 Snowmobile Lane in Eagle River, AK, and relocate this existing IDTF to a new location at 12001 Busines Boulevard, Eagle River, AK. The proposed project plan includes purchasing the assets of PIC, specifically their CT Scanner and X-ray system. Your proposal also includes purchasing the "book of business" from PIC as part of the sale.

You state in the RFD IA plans to purchase the existing IDTF from PIC and relocate, update and expand the current services provided by PIC. IA's proposed project plan includes replacing the CT and X-ray units due to the age of the units. IA also proposes to expand current imaging services to include mammography and ultrasound. You state in the RFD:

"It is our understanding that the cost associated with upgrading CT and X-Ray as well as adding Ultrasound and Mammography does not need to be included in the determination".

Per 7 AAC 07.010 (h)(5)(B), remodeling *"does not include routine maintenance or routine replacement of equipment"*. Based on IA's RFD submittal, it appears IA's intent is to purchase PIC's IDTF, relocate existing services, and as part of establishing its new IDTF service, IA intends to replace existing PIC equipment.

Per 7 AAC 07.010 (a)(6)(A), an expenditure does not apply “...*when the expenditure only involves remodeling of an existing facility unless the remodeling includes an expansion of the facility*”. While IA’s proposed project plan includes expanding services that are not currently provided by PIC, namely mammography and ultrasound, these costs are not subject to CON and not applicable to this RFD.

Based on IA’s initial RFD dated 2-10-2021, and for the purposes of determining whether the proposed project requires a CON, the department requests further information to make its determination. Please submit the following:

- a) a proposed project plan that includes a timeline of the project;
- b) an itemized expenditures list that corresponds to the transfer of assets from PIC to IA as part of the proposed sale of the IDTF;
- c) definition(s) and assigned cost(s) specific to “book of business”; and
- d) comparable property leasing values for the square footage at 12001 Business Boulevard, Eagle River, Alaska.

Please provide the requested information within thirty (30) days from the date of this letter. If you have any questions regarding the information requested, please do not hesitate to contact me.

Kind regards,

Alexandria Hicks

Alexandria Hicks, CON Program Coordinator

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