



DIAGNOSTIC HEALTH
ANCHORAGE™

October 6, 2012
Karen Lawfer
Certificate of Need Coordinator
Section of Health Planning and Systems Development
Division of Health Care Services
Department of Health and Social Services
P.O. Box 110610
Juneau, AK 99811-0610

RE: Determination of CON for PETCT

Dear Mrs. Lawfer:

Diagnostic Health Alaska, a multi-modality outpatient imaging center based in Anchorage, is planning to operate a mobile PETCT unit at the facility located on Lake Otis Parkway. It is our understanding a CON will not be required given the construction, installation, and purchase of the PETCT unit will not exceed the \$1.35 million threshold.

The imaging center is interested in bringing in a mobile imaging unit to assist with the demand for additional studies from both the local community and the Veterans Administration of Anchorage. Adding this valuable technology to our existing services will improve the delivery of patient care in the community. The center is ACR as well as Joint Commission accredited and has been servicing the Anchorage patient community for over 25 years.

The mobile PET/CT unit is owned by the parent company of Diagnostic Health, Alliance Healthcare Services, and is valued at approximately \$375,000. Our location at a medical office building on Lake Otis Parkway in Anchorage has utilized mobile imaging equipment in the past to support patient needs. There will be some required modifications to the existing location at a cost of approximately \$60,000. The total project cost is expected to be about \$435,000. In addition we have secured a contract for the provision of radiopharmaceuticals required for this procedure, a copy can be provided upon request. The expected implementation of this project would be November 2012.

Please provide your response to our request for a determination of CON at your earliest convenience.

Thank you for your consideration

Sincerely,

David Kondas

David Kondas
Vice President of Operations
West Zone
Alliance Healthcare Services



DIAGNOSTIC HEALTH
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November 5, 2012

Karen Lawfer
Certificate of Need Coordinator
Section of Health Planning and Systems Development
Department of Health and Social Services
P.O. Box 110610
Juneau, AK 99811-0610

RE: Determination of CON for PETCT

Dear Mrs. Lawfer:

As a follow up to our attached letter sent to you on (insert date original letter) and voicemail messages at your office, Diagnostic Health Alaska, a multi-modality outpatient imaging center based in Anchorage, is planning to operate a mobile PETCT unit at the facility located on Otis Lake Parkway effective December 1, 2012. It is our understanding that a CON will not be required given the construction, installation, and purchase of the PETCT unit will not exceed the \$1.35 million threshold.

The imaging center is scheduled to operate a mobile imaging unit to assist with the increasing demand for studies from both the local community physicians as well the Veterans Administration of Anchorage. Adding this valuable technology to our existing services will improve the delivery of patient care in the community. The center is ACR as well as Joint Commission Accredited and has been servicing the Anchorage patient community for over 25 years.

The mobile PET/CT unit is owned by the parent company of Diagnostic Health, Alliance Healthcare Services, and is valued at approximately \$375,000. Our location at a medical office building on Otis Lake Parkway in Anchorage has utilized mobile imaging equipment in the past to support patient needs. We have scheduled the minor modifications to the existing location at a cost of approximately \$60,000. The total project cost is expected to be about \$435,000. In addition we have secured a contract for the provision of radiopharmaceuticals required for this procedure, a copy can be provided upon request. The expected implementation of this project is approaching fast with anticipated date of December 1, 2012.

We would very much appreciate attention to our letter and providing your response to our request for a determination of CON no later than November 15, 2012 to accommodate our schedule for final preparation before winter arrives.

Thank you for your consideration and if you have additional questions please contact me at 330-327-6452.

Sincerely,

DW Kondas

David Kondas
Vice President of Operations
West Zone
Alliance Healthcare Services

Lawfer, Karen S (HSS)

From: David Kondas [dkondas@allianceimaging.com]
Sent: Wednesday, January 30, 2013 7:08 AM
To: Lawfer, Karen S (HSS)
Cc: Brent Chaffee; Patty Hutson
Subject: FW: Alaska PETCT CON
Attachments: PETCT 125_20130130083846.pdf; DIAGNOSTIC HEALTH MOBILE UNIT rev1.pdf

Karen,
In follow up to the discussion with Brent Chaffee from Alliance Healthcare regarding the Diagnostic Health Anchorage PETCT program I have attached a recent quote for the fair market value of our PETCT scanner to include the mobile trailer. The mobile PETCT is owned by Alliance Healthcare, parent company for Diagnostic Health. In addition, you will find the attached quote for the cost of running power as well as IT networking to the trailer at the location. Combined this would make our total project cost approximately \$389,968.
Please feel free to give me a call should you have any other questions.
Dave

David Kondas
Vice President of Operations
West Zone
Alliance Imaging
Cell- 330-327-6452
dkondas@allianceimaging.com

From: Brent Chaffee
Sent: Friday, January 25, 2013 6:18 PM
To: David Kondas; Gina Bonica
Cc: Patty Hutson; Norm Amann
Subject: RE: Alaska PETCT CON

Hi Dave,

I just spoke to Karen Lawfer. She indicated that was in the process of responding to you with a request for some additional information:

- Certified cost estimates (and whether this is a sale or lease)
- Confirmation whether the \$375,000 value number for the unit includes the value of the trailer and/or any other equipment needed when parked
- If leased, what is the useful life calculation for the unit (including trailer).

Bottom line is that she doesn't have experience with a mobile PETCT unit, and needs some help understanding the differences between it and a fixed machine for purposes of evaluating/confirming total cost.

She confirmed that you can send the info via email.

Don't hesitate to give me a call if you'd like to discuss.

Have a great weekend, everyone.
Brent



January 30, 2013

Ms. Laurie C. Zatyko
Asset Manager
Alliance Imaging, Inc.
100 Bayview Circle
Newport Beach, CA 92658

SUBJECT: PETCT 125

Dear Laurie,

With regard to the profile you provided, Nationwide Imaging Services opinion is the Fair Market Value of the PETCT 125 is listed below.

\$365,000.00

This evaluation is based on systems that are available on the market today.

If you need further information, please do not hesitate to call.

Sincerely,
NATIONWIDE IMAGING SERVICES, INC.

Marc Regan
VP of Marketing and Sales

**Nationwide imaging Services, Inc. is not committing to purchasing this above referenced system at \$365,000.00

NJ Warehouse
1111 Industrial Pkwy
Brick, NJ 08724
Tel: (732) 262-3115

NJ Headquarters
638 Mantoloking Road
Brick, NJ 08723
Tel: (732) 262-3115 Fax: (732) 262-3105

Florida Office
11176 Creek Haven Dr.
Riverview, FL 33569
Tel: (732) 262-3115

Email: Sales@nationwideimaging.com

www.NationwideImaging.com



10-23-12

PROJECT NAME: Diagnostic Health Mobile Unit Power

SCOPE OF WORK: Installation of a 150-amp, 480-volt disconnect and Russellstoll DF2504FRAB0 female connector/receptacle.

Alcan Electrical & Engineering Inc will provide and install the following:

1. Necessary conduit, conductors, fittings and supports
2. 150-amp, 480-volt disconnect

INCLUSIONS:

1. Trenching, backfill and compaction
2. Landscaping
3. Install Russellstoll DF2504FRAB0 female connector/receptacle, owner provided
4. Engineering
5. MOA electrical permit
6. Required ground thawing
7. Asphalt cut and patch, patching will need to be completed in the Spring of 2013

EXCLUSIONS:

1. Builders All Risk Insurance
2. Cutting, patching and painting

CLARIFICATIONS: Price is based on site survey. Any changes to the above scope will be done on a Time and Material basis at a rate of \$101.00 per man-hour with 25% mark-up on materials. Power will be derived from the existing 150-amp spare breaker in the MDP. .

At your request all work will be performed on a Time and Material Basis.

Thank you for the opportunity to provide a quotation for this work.

Price: \$24,968.00

Skipp Bringmann
VP

Lawfer, Karen S (HSS)

From: David Kondas [dkondas@allianceimaging.com]
Sent: Tuesday, March 12, 2013 12:10 PM
To: Lawfer, Karen S (HSS)
Cc: Kosin, Jared C (HSS)
Subject: RE: Diagnostic Health CON letter of determination

Karen,
The answers to your questions are below. Thanks
Dave

Thank you for your explanations to date with regard to the PET/CT unit Diagnostic Health is planning to install.

In order to complete my analysis I would like to verify the following:

1. The unit, while it is called mobile (as it will not be placed inside a building) will be permanently housed at 4100 Lake Otis Parkway in Anchorage and there are currently no plans to move the unit to other locations to deliver services. Does that cost also include additional shielding that may be needed (if any) to operate the unit safely with regard to surrounding occupied spaces? The unit will essentially be permanent. There are no current plans to move the system to other locations to deliver service. The shielding is built into the unit itself, so no other costs would be needed.
2. The cost for "site preparation and electrical upgrades" is estimated at \$24,968.00 by Alcan Electrical and Engineering. Is this site preparation to permanently site the unit at 4100 Lake Otis? Does Item #1 Trenching, backfill, and compact in the estimate address the weight of the unit as well as the leveling requirements? All costs for having the unit on site at 4100 Lake Otis are included in the \$24,968. The weight of the unit and leveling requirements have been addressed at no additional cost.
3. Traditionally, mobile PET/CT units do not carry an on-board restroom (hot toilet). Is that the case with this unit? Does Diagnostic Health Anchorage currently have facilities for patients to enter the facility to void after the incubation period? Is this planned as a dedicated patient hot toilet for the PET/CT unit or will it also be used following other procedures? There are no on board restrooms for the patients. The patient flow at Diagnostic Health will be such that the patients incubate in a shielded room within the facility, 4100 Lake Otis, and use a restroom dedicated for PETCT on the days we schedule patients. The radioactive material has a very short half life and the restrooms will be cleared for regular use on the days when no PETCT patients are scheduled. The primary activity that will take place on the unit will be limited to scanning the patients. All admitting and discharge activity will also occur within the building itself at 4100 Lake Otis.

From: David Kondas [mailto:dkondas@allianceimaging.com]
Sent: Tuesday, March 05, 2013 5:32 PM
To: Lawfer, Karen S (HSS)
Cc: Kosin, Jared C (HSS)
Subject: Re: Diagnostic Health CON letter of determination

Karen,
All of these items are part of the mobile PETCT project specific to service at Diagnostic Health Anchorage. At the present time this is the only location we are servicing so it could be considered the cost of having the unit at that site. I could not comment on whether these costs would carryover to other locations as that would depend on multiple unknown

factors. I can comment that this is the normal cost to prepare a location for mobile service when no mobile service of any kind (MRI, CT, etc.) has been offered in the past.

Let me know if you have any other questions.

When do you anticipate a final response to our letter?

David Kondas
Vice President of Operations
West Zone
Alliance Imaging
Cell- 330-327-6452

On Mar 5, 2013, at 8:54 PM, "Lawfer, Karen S (HSS)" <karen.lawfer@alaska.gov> wrote:

David,

In reviewing the information you have provided I have additional questions regarding the ALCAN estimate provided:

Alcan Electrical & Engineering Inc will provide and install the following:

1. Necessary conduit, conductors, fittings and supports
2. 150-amp, 480-volt disconnect

INCLUSIONS:

1. Trenching, backfill and compaction
2. Landscaping
3. Install Russellstoll DF2504FRAB0 female connector/receptacle, owner provided
4. Engineering
5. MOA electrical permit
6. Required ground thawing
7. Asphalt cut and patch, patching will need to be completed in the Spring of 2013.

COST: \$24,968.00

Is this for the mobile unit? In other words does this cost involve the mobile unit (the truck) or is this a cost for the storage of the mobile unit, or a cost that is required for each site the mobile unit will visit and provide services?

While Items #3-5 are normally items one would expect with regard to this project, can you expand on the items listed as the INCLUSIONS?

From: David Kondas [<mailto:dkondas@allianceimaging.com>]

Sent: Monday, March 04, 2013 9:57 AM

To: Lawfer, Karen S (HSS); Brent Chaffee; Gina Bonica; Streur, William J (HSS)

Subject: Diagnostic Health CON letter of determination

Karen,

Are there any updates on the CON letter of determination for Diagnostic Health Anchorage? The original filing for the letter of determination was in late October 2012, this request has been in process for over 4 months at this point. If there is something we can do to assist in moving this along we would be happy to help. Please give me a call at your earliest convenience to discuss the status of this review. Regards,

David Kondas
Vice President of Operations
West Zone
Alliance Imaging
Cell- 330-327-6452
dkondas@allianceimaging.com

This message contains information which may be confidential and privileged. Unless you are the addressee (or authorized to receive for the addressee), you may not use, copy, or disclose this message or any information contained in this message. If you have received this message in error, please notify the sender by reply e-mail and delete this message. Thank you.