

April 25, 2006

Karleen Jackson  
Commissioner  
Department of Health & Social Services  
P.O. Box 110601  
Juneau, Alaska 99811-0601

Dear Commissioner Jackson:

This letter is in response to your April 19, 2006 correspondence, regarding the Imaging Associates of Providence (IAP) physician office we are opening in Wasilla, Alaska.

IAP did not request a determination from the Department regarding whether a Certificate of Need (“CON”) would be required because the statute governing the program is clear – physician offices are unequivocally exempted from the process. Under AS §18.07.111(8)(B), “the offices of private physicians or dentists whether in individual or group practice,” are specifically removed from the definition of covered health care facilities.

Our office, to be opened in June of 2006, is a physician office. It is not a health care facility as contemplated by AS §18.07.11(8). Thus our office, similar to all other physician offices in Alaska, is not subject to the CON program.

It might be helpful for us to share some information regarding our medical practice. We are a group of Board Certified radiologists, with sub-specialty training in interventional radiology, nuclear imaging, MRI, Body imaging and Breast imaging, and will be delivering a variety of professional services to our patients. Similar to other physicians, we require office space and tools to deliver these clinical services. As radiologists, like other specialties such as cardiologists and orthopedists, we also require access to specialized tools including imaging equipment. MRI machines, CT scanners and X-Ray equipment are tools that facilitate the timely diagnosis and appropriate treatment of patients.

The Centers for Medicare & Medicaid Services (“CMS”) has recognized that Radiologists rarely perform Evaluation and Management (“E&M”) in their offices but they do need access to specialized imaging equipment and specifically addressed the issue. To determine what constitutes a radiology physician office, CMS created a general test. We found the CMS distinction between an IDTF and a radiology physician practice to be a very helpful guide. (Please see attached documentation from CMS.)

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CMS states that a radiologist or group of radiologists are not required to enroll as an IDTF if all of the following conditions are met:

- The practice is owned by radiologists, a hospital or both;
- The owning radiologist(s) and any employed or contracted radiologist(s) regularly perform physician services, (e.g., test interpretations) at the location where the diagnostic tests are performed;
- The billing patterns of the enrolled facility indicate that the facility is not primarily a testing facility and that it was organized to provide the professional services of radiologists (e.g., (1) the enrolled facility should not be billing for a significant number of purchased interpretations, (2) the facility should rarely bill for the technical component of a diagnostic test, (3) the facility should bill for a substantial percentage of all interpretations of the diagnostic tests performed by the practice), and;
- A substantial majority of the radiological interpretations are performed at the practice location where the diagnostic tests are performed.

We meet each and every one of these criteria:

Our radiology practice is equally owned by the Radiology group and Providence Alaska Medical Center. The practice is fully managed by the Radiologists. A Radiologist will be on-site during regular office hours actively treating patients, performing tests, interpretations, and interventional procedures. The practice will global bill, will never bill for a technical component only, and does not anticipate billing for “purchased interpretations,”

In conclusion, we are physicians and we will be utilizing our office space to deliver needed health care services to the Mat-Su Valley. As physician offices are specifically excluded from the Certificate of Need program, its rules, including requests for determinations, are not applicable.

The remaining questions asked by Mr. Stephens are not germane to the issue in our opinion. However, if the State has any other questions about our plans, we will not hesitate to answer them. Please contact me if you have further questions.

Sincerely,

Chakri Inampudi, M.D.  
Medical Director  
Imaging Associates of Providence