



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of
Health and Social Services

CERTIFICATE OF NEED PROGRAM

3601 C Street, Suite 978
Anchorage, Alaska 99503
Main: 907.334.2464
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February 11, 2014

Certified, Return Receipt Requested

John McCormick, MD
Cable & McCormick, a Professional Corporation
d/b/a Diagnostic Imaging of Alaska
4100 Lake Otis Pkwy. Ste 304
Anchorage, AK 99508

RE: Request for Determination dated January 28, 2014

Dr. McCormick,

Thank you for your letter dated January 28, 2014 in which you request a determination 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), of approximately 3,400 square feet with a refurbished 2006 Upright MRI for full body MRI services in Wasilla, Alaska.

Per 7 AAC 07.031(c), the Department requires additional information to make its determination as to whether a CON is necessary for your project. Please consider this letter, and the questions below, as an official request for additional information.

1. You refer to your acquisition of the MRI as a lease. There appears to be lump sum payments of \$800,000 and annual service payments of \$120,000. What lease payments, if any, are there?
2. If you believe this is a lease, please explain its structure (i.e. schedule of payments, duration, etc). Again, if you believe this is a lease, please explain why there is a "Terms of Sale" and a listed system price of \$1,550,000?
3. What is the cost of installing the MRI? Do your certified cost estimates reflect this cost?
4. What are the costs of any other equipment or furnishings in the project?

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5. In your letter dated 11/11/13, you stated: "The proposed project would exceed \$1.4 million." Your current project estimate is below \$1.4 million. Can you explain why it is now below \$1.4 million when three months ago, it was expected to exceed that amount?

7 AAC 07.031(c) requires that you provide the additional information requested by the Department no later than 30 days after the date of this letter or the Department will terminate the request for determination. If you have any questions, feel free to contact me.

Sincerely,



Alexandria Hicks

CON Coordinator, DHSS