



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
Fax: 907.334.2220

Certified, Return Receipt Requested

March 7, 2014

**Dr. Jeffrey Zuckerman, M.D.
Radiology Interpretation Services, Inc.
Post Office Box 70277
Fairbanks, Alaska 99707**

Dr. Zuckerman,

Thank you for your letter of February 24, 2014 requesting a determination of whether a certificate of need (CON) is required to establish an independent diagnostic testing facility (IDTF) as defined in AS 18.07.111, of approximately 3,085 leased square feet and a purchase of a Toshiba 1.5 Titan wide bore MRI and a Toshiba 16 slice Aquillon CT system in Fairbanks, Alaska. You expect to be operational approximately 120 days from entering into contractual arrangements with associated vendors related to your project.

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. The letter requesting determination states that "leasehold improvements to the space [are estimated] at a cost of \$81,502." However, the certified cost estimate from Architect David A. Whitmore states that "the cost of the leasehold improvements is estimated to be \$188,004." What is the estimated cost of leasehold improvements?
2. The letter requesting determination states that the "total cost of the project is estimated to be \$1,379,987[.]" The certified cost estimate states that the "aggregate total cost of the proposed project is \$1,350,000 (sic)." What is the total estimated cost of the project? Can you explain why the certified cost estimate for the total project is lower than the cost provided in the letter requesting determination, especially in light of the fact that the certified cost estimate includes a cost for leasehold improvements that is over \$100,000 more than the cost included in the letter requesting determination?
3. The letter requesting determination states that the net present value of the property lease is \$133,839. How did you come to this conclusion? Can you provide supporting documentation for this conclusion (i.e. what is the structure of the lease, what are the total

Jeffrey Zuckerman, M.D.

March 7, 2014

Page 2

lease payments under the terms of the lease, what is the useful life of the asset, and what is the existing age of the asset)?

4. You state that other equipment and furnishings "have an estimated cost of \$6,286." Can you provide a more detailed description of what equipment and furnishings are included in this cost?
5. The quotation supplied with the request for determination states that "This quotation shall remain valid for 30 days (not to exceed 60 days) from date of submission." Do you believe that this quotation is still valid even though more than 60 days have passed?

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