



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

CERTIFICATE OF NEED PROGRAM

3601 C Street, Suite 978  
Anchorage, Alaska 99503  
Main: 907.754.3428  
Fax: 907.334-2220

January 26, 2017

Ward Hinger  
CEO Imaging Associates LLC  
3650 Piper St, Suite A  
Anchorage AK 99508

RE: Request for Review and Approval dated December 28, 2016

Dear Mr. Hinger,

The Certificate of Need (CON) Program is in receipt of your letter dated December 28, 2016, wherein you asked the CON Program to review and accept recent activities undertaken by Imaging Associates (IA) in Palmer, Alaska, pursuant to their Certificate of Need dated May 5, 2009. This request is being sought due to specific language in their CON: "Notwithstanding any other laws or standards allowing installation or operation of major diagnostic testing equipment, Imaging Associates of Providence LLC shall not expend funds for lease, equipment, or construction without first obtaining approval by the Department of Health and Social Services." I am approving the changes to the Palmer facility for the following reasons.

You stated in your letter that in 2011, IA purchased operations associated with Alaska Open Imaging in Wasilla, Alaska. These operations were located at 1751 East Gardner Way Wasilla AK<sup>1</sup> and located close to one of IA's existing diagnostic centers located at 2280 South Woodworth Loop, Palmer, Alaska.<sup>2</sup> You state that over time, it became apparent that both locations (which were less than 8 miles apart) were not necessary due to underutilization of diagnostic services at the 1751 Gardner Way facility. As such, in the fall of 2013, IA started taking steps to consolidate the two operations into one, which was to be located at the South Woodworth Loop facility. IA believed the South Woodworth Loop site would better serve referral sources, physicians, and their patients. It would also allow IA to operate more efficiently by streamlining the provision of costly diagnostic services.

---

<sup>1</sup> This facility was originally owned and operated by Alaskan Open Imaging. This facility did not have a CON because it was operating prior to the amendment to include Imaging Facilities under the CON program and was grandfathered in when the law changed.

<sup>2</sup> This facility does have a CON, which was received as a result of litigation. See, In the Consolidated Matters of Imaging Associates of Providence, OAH Nos. 06-0743/0764-DHS.

Mr. Ward Hinger  
Page 2

You admit in your letter that IA has already expended funds to expand its facility in Palmer and your request for approval is late. However, after thorough evaluation, I have determined that had you made your request timely, the department would have approved the modifications made.

While there are no specific guidelines outlining how the department is to evaluate any modifications of the facility under the Certificate of Need program, I have concluded that the consolidation of the two facilities decreases the overall footprint of services offered by IA, and the number/type of equipment in operation by IA.

In accordance with AS 18.07.031-111 and 7 AAC 07.001-900, and after review of the information submitted with your request for consideration, the department finds that you have reduced your footprint, costs, and the number of imaging services offered in the Mat-Su valley. This effort is in line with the general premises of the CON program that there is sufficient capacity to meet the need for medical services without impacting access and quality of care. See AS 18.07.041. While the expansion of the Palmer facility is approved, the language in the original CON remains in effect and any additional or further construction or acquisition of equipment is subject to timely submission (e.g., before any efforts are taken, not after) and will be subject to review and approval by DHSS.

As such, you will not be required to undertake any further CON processes or activities as it relates to your current facility and condition. However, the tenants of the original CON remain in effect and any additional or further construction or acquisition of equipment will be subject to CON.

Sincerely,

  
Alexandria Hicks, CON Coordinator

cc: Jon Sherwood, Deputy Commissioner  
Stacie Kraly, Chief Assistant Attorney General