



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 12-33A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Establishment of ASC Limited to Plastic Surgery, Reconstructive and Cosmetic Surgery

Project Address: Queen's Physicians Office Building II
1329 Lusitana St. #401, Honolulu HI 96813

Applicant Facility/Organization: Surgical Specialties, LLC

Name of CEO or equivalent: Marco Rizzo, MD

Title: Member

Address: Queen's Physicians Office Building II
1329 Lusitana St. #401, Honolulu HI 96813

Phone Number: 808-533-2900 Fax Number: 808-531-8991

Contact Person for this Application: Marco Rizzo, MD

Title: Member

Address: Queen's Physicians Office Building II
1329 Lusitana St. #401, Honolulu HI 96813

Phone Number: 808-533-2900 Fax Number: 808-531-8991

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Marco Rizzo
Signature

1/19/13
Date

Marco Rizzo, MD
Name (please type or print)

Member
Title (please type or print)

1. TYPE OF ORGANIZATION: (Please check all applicable)

- Public _____
- Private _____
- Non-profit _____
- For-profit _____
- Individual _____
- Corporation _____
- Partnership _____
- Limited Liability Corporation (LLC) _____
- Limited Liability Partnership (LLP) _____
- Other: _____

2. PROJECT LOCATION INFORMATION

A. Primary Service Area(s) of Project: (please check all applicable)

- Statewide: _____
- O`ahu-wide: _____
- Honolulu: _____
- Windward O`ahu: _____
- West O`ahu: _____
- Maui County: _____
- Kaua`i County: _____
- Hawai`i County: _____

3. DOCUMENTATION (Please attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)- Lease document,-see attached
- B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.)
 - License-State of Hawaii, Department of Health
 - Medicare Certification- Pending site Inspection from AAAASF.
- C. Your governing body: list by names, titles and address/phone numbers
Marco Rizzo, MD
Shirley Rizzo, Administrator
Queen's Physicians Office Building II
1329 Lusitana St. #401, Honolulu HI 96813
Telephone: 808-533-2900
- D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:
 - Articles of Incorporation- attached
 - By-Laws: Operating agreement -attached
 - Partnership Agreements: None
 - Tax Key Number (project's location) (1) 2-1-037-002 (portion of)

4. TYPE OF PROJECT. This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service	Change in Beds
Inpatient Facility					
Outpatient Facility				X	
Private Practice					

5. BED CHANGES. Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	
2.	Construction Contract	
3.	Fixed Equipment	\$175,000.00
4.	Movable Equipment	\$115,000.00
5.	Financing Costs	
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	\$455,000.00
7.	Other: _____	_____

TOTAL PROJECT COST: \$745,000.00

B. Source of Funds

1.	Cash	\$290,000.00
2.	State Appropriations	
3.	Other Grants	
4.	Fund Drive	
5.	Debt	
6.	Other: Fair market value of lease assets To be paid by monthly rent	\$ 455,000.00

TOTAL: \$745,000.00

7. CHANGE OF SERVICE: If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please reference the Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

Establishment of ambulatory surgery services limited to Plastic, Reconstructive and Cosmetic surgery in Honolulu.
Reference HAR § 11-186-5(3)(C)

8. IMPLEMENTATION SCHEDULE: Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project:

- a) Date of site control for the proposed project, April 2010
- b) Dates by which other government approvals/permits will be applied for and received, May-June 2013
- c) Dates by which financing is assured for the project, N/A
- d) Date construction will commence, N/A
- e) Length of construction period, N/A
- f) Date of completion of the project, N/A
- g) Date of commencement of operation May-June 2013

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the certificate of need.

9. EXECUTIVE SUMMARY: Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificate of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

- i. Relationship to the State of Hawai'i Health Services and Facilities Plan.
- ii. Need and Accessibility
- iii. Quality of Service/Care
- iv. Cost and Finances (include revenue/cost projections for the first and third year of operation)
- v. Relationship to the existing health care system
- vi. Availability of Resources.

Executive Summary

Marco Rizzo, M.D surgical practice and Surgical Specialties, LLC, are located at: Physicians Office Building II, 1329 Lusitana Street Suite 401 Honolulu, HI 96813

The purpose of the application for the Certificate of Need is for a request for the licensed by State of Hawaii Department of Health to complete participating in the Medicare program.

This facility is currently accredited by The American Association for Accreditation of Ambulatory Surgery Facilities. Medicare enrollment - ASC preliminary assessment has been done (see attached letter from Palmetto GBA).

a) Relationship to the State of Hawai'i Health Services and Facilities

The proposed ASC has entered the required transfer agreement with Queen's Medical Center in the event of a medical emergency the ASC personnel will arrange for the transfer of and accompany the patient with adequate records to QMC. See attached

The facility also will commit to offer space and qualified service in the event of pandemic or national disaster and participates with Queen's Health System if needed or requested.

The facility also will commit to offer support, training and recruitment for all health care personnel working to maintain high standards of quality service, for the benefit of the area.

The propose ASC service are dedicated to Plastic Reconstructive and Cosmetic surgery. It will advance the Statewide Health Coordinating Council's ("SHCC") priority to promote and support the long term viability of the health care delivery system by providing a less costly alternative to outpatient plastic surgery in hospital-based facilities and free up such facilities for procedures that truly need hospital based care.

b) Need and Accessibility

Surgical Specialties LLC, service area includes all of Oahu. It is located at: Physicians Office Building (POB) II, 1329 Lusitana Street Suite 401 Honolulu, HI 96813

Which is easily accessible via public transportation and has handicap accessible parking in the adjacent 9-story, 805-stall parking spaces.

A substantial number of the procedures performed at the facility will be for Skin cancer removal and reconstruction of face and neck.

Like in most sunny states, the incidence of skin cancer in Hawaii is high; the aging population is adding another risk factor to the equation.

Being the face and neck the most affected area of skin cancer, due to the constant exposure to the sun. Some important organs could be threatened, like (Eyelids, nose, lips etc.). Early detection and surgical excision are still the best treatments for these types of skin cancer. But because the potential of facial disfiguring, reconstruction is done at the same time or immediately after, and that is what our specialty Plastic Surgery does.

Our Facility will be providing those services to patients with those conditions; then elderly patients will mostly benefit from this quality service and an overall cost control.

Approximately 50% of all procedure performed at the ASC will be mostly diagnostic by skin biopsy, skin cancer excision and repair either simple or complex depends on the situation.

There is a need for this service proven as evidence by 540 procedures that were done in the past years of Dr. Rizzo's practice.

The proposed ASC estimates that it might perform close to 130 procedures, from simple to complex, during the first year and the subsequent year an increase 5% per year thereafter.

The proposed ASC will be accessible to service, for all of the residents of Oahu, in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

The proposed ASC will provide services to patients covered by Medicare and Medicaid and will dedicate a portion of its operating revenue for charity care.

C) Quality of Service/Care

The proposed facility is certified by AAAASF – see attached certification by AAAASF.

Medicare Certification-pending site inspection see attached letter from Palmetto GBA.

The proposed ASC will comply with State and Federal regulations for the delivery of care, maintenance of equipment and maintenance of the clinical environment. It will seek license by the Department of Health, and certification by Medicare.

Dr. Rizzo is certified by the American Board of Plastic Surgery and licensed by the Hawaii Medical Board.

Dr. Rizzo is an active member of the medical staff of Queen's Medical Center and Kuakini Medical Center.

Dr. Rizzo has been assisted by a registered nurse and a qualified operating room technician. Staff competency has been and will continue to be maintained by regular in-service education. (See attached copy of list in-service in education completion).

Written quality assessment and risk management and improvement plan is in place and ongoing quality review is conducted.

The ASC will provide a less intimidating and treating environment for Dr. Rizzo's patients, who will benefit by having their procedures performed in a familiar setting by a health care professional with whom they have developed a supportive relationship.

d) Cost and Finance (include revenue/cost projection for the first and third year of operation)

The operating revenue for the first year of operation is projected at \$ 537,262.35 and operating expenses for the same period are projected at \$ 443,583.67, resulting in a net operating profit of \$ 93,678.68. By the third year of operation, revenue is expected to increase to \$ 564,065.46 with total expensive \$ 487,942.03 resulting in an operating profit of \$ 76,123.43. (These numbers are based on Dr. Rizzo's current income and expenses and we expect to grow 5% by third year but expenses will increase 10% due to inflation).

e) Relationship to the Existing Health Care System

The Proposed ASC will operate as an extension of Dr. Rizzo's current office practice. However, in light of the small number of procedures he performs, i.e. less than 150 per year, the new ASC is expected have no impact on other health care providers and the existing health care system.

f) Availability of Resources

Dr. Rizzo surgical practice has been in the current location since the building was constructed in 1990.

All the fixed equipment has been already paid in cash.

No further capital will be required except for the monthly lease payment.

The proposed ASC expects to continue the employments of the current staff, already in place and does not anticipate the need for additional personnel in the near future.

10. Eligibility to file for Administrative Review. This project is eligible to file for Administrative review because: (Check all applicable)

- It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.
- It is a change of ownership, where the change is from one entity to another substantially related entity.
- It is an additional location of an existing service or facility.
- The applicant believes it will not have a significant impact on the health care system.