



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-09A

Applicant: The Queen's Medical Center

Project Title: Renovation of Neurology Unit

Project Address: 1301 Punchbowl Street, Honolulu HI

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

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

2. **PROJECT LOCATION INFORMATION**

A. Project will be located in:

- State Senate District Number: 13
- State House District Number: 25
- County Council District Number: 6
- Neighborhood Board District Number (O`ahu only): 13

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

- Statewide: _____
- O`ahu-wide: X
- 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) **Attached as Exhibit 1-A**
- 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.) **Attached as Exhibit 1-B**
- C. Your governing body: list by names, titles and address/phone numbers **Attached as Exhibit 1-C**
- 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
 - By-Laws **All Attached as Exhibit 1-D**
 - Partnership Agreements
 - Tax Key Number (project's location)

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			X		
Outpatient Facility					
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.

Not Applicable

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL		ST. HUBERT & DEV. AGENCY	

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	<u>-0-</u>
2.	Construction Contract	<u>\$4,023,700</u>
3.	Fixed Equipment	<u>\$ 559,800</u>
4.	Movable Equipment	<u>\$ 427,500</u>
5.	Financing Costs	<u>-0-</u>
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>-0-</u>
7.	Other: _____	<u>-0-</u>

TOTAL PROJECT COST: \$5,011,000

B. Source of Funds

1.	Cash	<u>\$5,011,000</u>
2.	State Appropriations	<u>-0-</u>
3.	Other Grants	<u>-0-</u>
4.	Fund Drive	<u>-0-</u>
5.	Debt	<u>-0-</u>
6.	Other: _____	<u>-0-</u>

TOTAL SOURCE OF FUNDS: \$5,011,000

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.

The Queen Emma Tower 5th Floor nursing unit is currently a cardiac monitoring unit. After renovations, it will become a neurology and neurosurgery specialty unit, consolidating those patients into one location. Cardiac patients will move to the 6th floor, which is being built as a separate project.

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,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence,
- e) Length of construction period,
- f) Date of completion of the project,
- g) Date of commencement of operation

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.

- a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

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.

 X The applicant believes it will not have a significant impact on the health care system.

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move up to the 6th floor. The 5th floor will become a neurology and neurosurgery specialty unit, consolidating those patients into one location.

Relation to the State Plan (H2P2)

H2P2's goal to "achieve equitable and effective access at reasonable cost for all Hawaii's residents ..." and its objective of "reducing morbidity and pain through timely and appropriate treatment" will be supported by the proposed project by enabling The Queen's Medical Center to upgrade its facilities and maintain its current acute care bed capacity.

H2P2's regional priorities include: a) for Honolulu Subarea – "increased geriatric care ...", b) for West Oahu – "heart disease and stroke", and c) for Windward Oahu – "hypertension conditions". This proposed project supports these priorities by creating a neurology and neurosurgery specialty unit.

H2P2's Chapter VII – Heart Disease and Stroke states "The incidence of age-related diseases will increase ..." and "It is believed that the occurrence of heart disease and stroke will continue at or above the present level". By creating a neurology and neurosurgery specialty unit, this proposed project will enable The Queen's Medical Center to meet this current and future community need.

Need and Accessibility

In the year 2000, hospitals on Oahu reported 50,782 admissions with 359,854 inpatient days for medical/surgical beds. The Queen's Medical Center provided the services to meet a significant portion of that need with an occupancy rate of 71.91% for medical/surgical beds. (SHPDA 2000 Utilization Report)

Older sections of the Medical Center's facilities require significant renovations to meet current building codes and Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards. Although renovating these older areas would satisfy regulatory requirements, it would only be a temporary fix. In conjunction with the Queen Emma Tower 6th floor renovation, this project represents a longer-term solution to the Medical Center's problem with its aging facilities. Without this project, the Medical Center risks future reductions in acute care bed capacity as renovations to meet life safety code standards will still need to be done.

This proposal will enable The Queen's Medical Center to continue to provide the current level of accessibility to tertiary acute care to the residents of Oahu, the Neighbor Islands and visitors to Hawaii, including the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

Quality of Service/Care

The Queen's Medical Center is licensed by the Hawaii State Department of Health, accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and certified by Medicare. The Medical Center is certified as a Level II Trauma Center by the American College of Surgeons and is approved to participate in residency training by the Accreditation Council of Graduate Medical Education. Other affiliations include: Voluntary Hospitals of America, Healthcare Association of Hawaii, Hawaii Health Information Corporation, University of Hawaii John A. Burns School of Medicine, University of Hawaii School of Nursing, various University of Hawaii allied health programs, and Hawaii Pacific University nursing program.

The Queen's Medical Center utilizes the performance improvement process to improve the quality of patient care. Initiatives are identified both on an organizational level, i.e., improving care of the asthma/pneumonia patient based on established national standards of care, as well as at the unit level. These initiatives are implemented and reported to both leadership and staff. Quality indicators are tracked throughout the organization and include infection rate, restraint use, falls, medication errors.

The proposed project will improve quality of care by consolidating neurology and neurosurgery patients in a single unit. It will concentrate specialized practitioners in a single area and increase the opportunity to use best practices.

Cost and Finances

The proposed project is an opportunistic renovation of an existing nursing unit. It will not change the existing rate schedule. For Year 1 of operations, net revenue is projected at \$4,216,500 with direct expenses of \$3,003,200. For Year 3 of operations, net revenue is projected at \$4,516,800 with direct expenses of \$3,186,000.

Relationship to Existing Health Care System

The proposed project would improve the existing health care system by improving the quality of care at The Queen's Medical Center. By taking advantage of the required closure of the nursing unit to do renovations, this project will help to maintain accessibility to the current level of services to the community. Because no changes will be made to the acute care bed capacity or services provided by the Medical Center, this project is not expected to affect other providers.

Availability of Resources

The proposed project will be funded by available cash balance. Existing personnel are available to staff the nursing unit.