



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

## ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-36A

Applicant: Kaiser Foundation Hospital, Inc.

Project Title: Addition of a Cardiac Catheterization unit

Project Address: 3288 Moanalua Road  
Honolulu, HI

REPLACEMENT PAGE

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:

  14  

State House District Number:

  31  

County Council District Number:

  7  

Neighborhood Board District Number (O`ahu only):   20  

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) **NA**
- 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.)
- C. Your governing body: list by names, titles and address/phone numbers \*
- 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
  - Partnership Agreements
  - Tax Key Number (project's location)

\* On File with SHPDA

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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.

N/A

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
<b>TOTAL</b>			

**6. PROJECT COSTS AND SOURCES OF FUNDS**

**A. List All Project Costs:**

**AMOUNT:**

1.	Land Acquisition	_____
2.	Construction Contract	<u>795,000</u>
3.	Fixed Equipment	_____
4.	Movable Equipment	<u>250,000</u>
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: <u>Imaging System and IT Infrastructure</u>	<u>2,500,000</u>

**TOTAL PROJECT COST: 3,545,000**

**B. Source of Funds**

1.	Cash	<u>3,545,000</u>
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: _____	_____

**TOTAL SOURCE OF FUNDS: 3,545,000**

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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.

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Addition of a Cardiac Catheterization Laboratory

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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:

**See Attached**

- 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.

**See Attached**

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

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**8. IMPLEMENTATION SCHEDULE:**

- a) Date of site control for the proposed project:  
Kaiser Permanente Moanalua Medical Center, December 1, 2002
- b) Dates by which other government approvals/permits will be applied for and received:  
May 22, 2003, will start building permit process
- c) Dates by which financing is assured for the project: Dec. 1, 2002
- d) Date construction will commence: October 1, 2003
- e) Length of construction period: 2 Months
- f) Date of completion of the project: December 23, 2003
- g) Date of commencement of operation: December 23, 2003

**9. EXECUTIVE SUMMARY:**

Kaiser Foundation Hospital requests approval from the State Health Planning and Development Agency (SHPDA) to purchase a second Cardiac Catheterization unit (Philips BiPlane Imaging Unit; Witt Physiological Monitoring Unit; EPS System) for the Kaiser Permanente Moanalua Medical Center.

The field of invasive cardiology has, over the past 5 years, experienced tremendous growth in the technology and treatment options for patients with cardiac disease. Currently, with a sole single-plane cardiac catheterization laboratory, the available services have been limited to adult diagnostic catheterization and selective percutaneous coronary intervention, due to access and capacity constraints. A second cardiac catheterization laboratory would be required to mitigate capacity and utilization issues; and would enable Kaiser to provide more comprehensive cardiac care to adult and pediatric patients.

Relationship to the Hawai'i Health Performance Plan (H2P2)

Kaiser Permanente, a health care delivery system that is comprehensive, cost-effective, well coordinated, and responsive to community needs is proposing to add an additional Cardiac Catheterization Lab at the Medical Center. This proposal will help to achieve the goals of increasing the span of healthy life for Hawai'i's residents, reduce health disparities among Hawai'i's residents, and achieve equitable and effective access at reasonable cost.

## Chapter II, Vision and Guiding Principles, Part G, Capacity Threshold

*Adult Cardiac Catheterization Lab: For expansion of existing service/unit, the provider's annual utilization is at least 1,125 diagnostic-equivalent cardiac catheterization procedures. Maximum capacity of a cardiac catheterization laboratory is 1,250 diagnostic equivalents per year, based on 5 equivalent procedures per day for 250 days per year.*

In 2000 Kaiser Permanente completed 1,237 procedures with only one cardiac catheterization lab. This exceeds the capacity threshold guideline for expansion as indicated in the H2P2.

### Need and Accessibility

Coronary Artery Disease (CAD) is the highest cause of mortality in the United States. With our aging population, and the growing prevalence of CAD in the age group between 30-40 years, we will be seeing a tremendous growth in the percentage of our membership who requires coronary care, diagnostic angiography and percutaneous coronary intervention.

Table 1 below shows the number of cardiac catheterization procedures completed since 2000 and forecasted to 2004 (assuming only 1 lab and current operations).

**TABLE 1**

	<u>Procedures</u>	<u>Percent Increase</u>	
2000	1,237		
2001	1,408	13.8%	
2002 (projected*)	1,468	4.3%	
2003 (projected*)	1,499	2.1%	
2004 (projected*)	1,534	2.3%	

\* Based on 2001 rate per 1000 members times forecasted membership.

The normal current lab operations are Monday to Friday from 7:00 a.m. to 3:30 p.m. It averages anywhere from 5-7 cases/day. In addition to normal working hours, there are over 600 hours of overtime YTD, in order to meet the increase in demand. This does not capture the delays and backlog of outpatient or emergency procedures. While expanding the schedule may help to meet the demand for services, running at these levels will ultimately shorten the useful life of the machine. Therefore, a second unit is required to accommodate future volumes and avoid expensive outsourcing costs.

Based on national benchmarks (from the American College of Cardiology national database), for our population of 230,000, we should be performing approximately 2,300 diagnostic catheterizations per year. Adding to this failure to provide sufficient invasive cardiac service, other essential invasive procedures are currently not available internally including: Primary Percutaneous Transluminal Coronary Angioplasty (PPTCA), Electrophysiological studies (EPS), catheter ablation procedures, and the diagnostic evaluation of pediatric patients for congenital heart disease. These inadequacies within our invasive cardiac service due to lack of access and limited procedure capacity undermine our

ability to provide a comprehensive and optimal health care for our entire spectrum of members with heart disease.

Atrial fibrillation is one of the highest utilization DRG's in the hospital. Atrial fibrillation patients have historically been associated with frequent readmissions and high morbidity, including hemorrhagic and thrombotic CVA. EPS and ablative therapy would allow definitive treatment options in this subgroup population of patients who have in the past been treated symptomatically.

Pediatric patients with congenital anomalies have been referred out in the past. The institution in Hawaii currently performing pediatric cardiac catheterization does not have the ability to provide nitric oxide therapy during the diagnostic cath. Kaiser Permanente is the only facility that would be able to provide this service.

Because the existing cardiac catheterization laboratory has exceeded its capacity and is limited to the types of procedures that can be performed, high volumes of procedures will need to be outsourced. Based on projected volumes, total savings (outside cost and internal savings) could reach \$236 million over a 10 year period.

#### Quality of Service/Care

Providing high quality, cost-effective health care is the guiding principle at Kaiser Permanente. Kaiser Permanente is proactive and diligent in the pursuit, maintenance, and improvement of quality of care and quality of service. Last year, Kaiser Permanente received continuing approval by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). Kaiser Permanente was also awarded full accreditation by the National Committee for Quality Assurance (NCQA).

#### Cost and Finances

Kaiser Permanente has determined that it will need a minimum capital investment of \$3.5 million to purchase and implement an additional Cardiac Catheterization Lab at Moanalua Medical Center. Membership dues will not be raised as a direct result of this project and no new debt will be required, as Kaiser Permanente will finance this project through retained earnings that have been set aside for capital improvements.

A statement of revenues and expenses for the first, second and third year of operation is included as Exhibit D-1. Revenues are derived primarily from

Health Plan dues, which are not capitated by medical service or operating facility. Project expenses are direct costs associated with the proposed Cardiac Cath Lab.

Relationship to the Existing Health Care System

The additional Cardiac Catheterization Laboratory at the Moanalua Medical Center will improve the existing health care system by insuring that adequate capacity is available to meet the increasing service demand for Cardiac Catheterization procedures.

Availability of Resources

The proposed project will require an addition of 2.29 FTE patient care staff. This includes 1.65 FTE Registered Nurse, 0.5 FTE Anesthesiologist, and a 0.14 FTE cardiac catheterization specialist. Kaiser Permanente will use existing staff and hire the additional required staff to implement the proposed project. Kaiser Permanente does not anticipate any problems in recruiting.

Kaiser Permanente will fund this proposed project through its capital generation program supported by operating revenues, and through long-term debt of the nationwide Program. No new debt will be required for the proposed project.

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