

HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 03-02

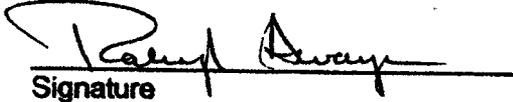
Applicant: Island Cardiology Centers-West, LLC
c/o St. Francis Medical Center
2230 Liliha St., Honolulu, HI 96817
Phone: 808-547-6011

Project Title: Establishment of Cardiac Catheterization Laboratory

Project Address: 91-2141 Ft. Weaver Rd.
Ewa Beach, HI

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.


Signature

Raleigh Awaya

Name (please type or print)

4/10/03
Date

Chief Operating Officer & EVP

Title (please type or print)

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

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

2. PROJECT LOCATION INFORMATION:

A. Project will be located in:

State Senate District Number: 20

State House District Number: 42

County Council District Number: 1

Neighborhood Board District Number (O'ahu only): 23

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

Statewide:

O'ahu-wide: X

Honolulu: _____

Windward O'ahu: _____

West O'ahu: X

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 Certification 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)**Attached as Exhibit 1-D**

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. TOTAL CAPITAL COST: \$1,800,000

- 6. **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			

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 consult 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.

Category of New Service for St. Francis-West: Cardiac Catheterization Laboratory.

Reference: Certificate of Need Rules Section 11-186-5 category of service (1)(4)(A) "Cardiac Catheterization".

This cardiac catheterization lab, the first on the campus of St. Francis Medical Center West (SFMC-W), will be located on the fifth floor of the hospital. The Lab becomes the next step towards completing the services envisioned for St. Francis Medical Center West back in 1982 with the original CON for the hospital. This Lab will serve both inpatients and outpatients.

8. **PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)**

A. List All Project Costs:

AMOUNT:

- | | |
|--------------------------|-------------------|
| 1. Land Acquisition | <u>-0-</u> |
| 2. Construction Contract | <u>\$ 700,000</u> |
| 3. Fixed Equipment | <u>\$ 900,000</u> |
| 4. Movable Equipment | <u>\$ 50,000</u> |

5.	Financing Costs	<u>\$ 150,000</u>
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>-0-</u>
7.	Other: _____	<u>\$ -0-</u>

TOTAL PROJECT COST:
\$1,800,000

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

Construction costs were estimated from architects and preliminary contractor bids. Equipment costs were estimated from vendor price lists and quotes.

C. Source of Funds		AMOUNT:
1.	Cash	<u>\$ 250,000</u>
2.	State Appropriations	<u>-0-</u>
3.	Other Grants	<u>-0-</u>
4.	Fund Drive	<u>-0-</u>
5.	Debt	<u>\$1,450,000</u>
6.	Other: Partner contribution 1/3 each	<u>\$ 100,000</u>
TOTAL SOURCE OF FUNDS:		<u>\$1,800,000</u>

9. **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:

Attached as Exhibit 1-E

- 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, and
- 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.

- 10. 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.

There is a gap in care for cardiac patients who experience heart attacks within the immediate area around St. Francis Medical Center – West (SFMC-W). The State of Hawaii's second busiest Emergency Department is located at SFMC-W, it is crucial for the hospital to have comprehensive cardiac catheterization services available. There are two general types of cardiac catheterization services. Diagnostic, where early signs of heart attack or heart disease have been detected and the cardiac cath is used to identify blockages that can lead to heart attacks; and interventional, when a heart attack is imminent or has already happened, balloons and other devices are used to open the blocked arteries. Time is the single most important factor for success with interventional cardiac cath when a heart attack has already occurred.

Island Cardiology Centers – West is requesting approval for a full service Cardiac Catheterization Laboratory to be located on the fifth floor of St. Francis Medical Center – West hospital. This will provide for cardiac services envisioned in the certificate of need, when first filed in 1983. The original certificate of need for the hospital (CON application #83-03) was approved with the following sections:

"The ...master-planned campus, ... has been coordinated to assure the availability of various levels of care from primary to tertiary..." . 'Cardiac care' is one of the services to be offered. (page G-4; G.1c.)

The listing of Emergency Services contains, ...'cardiac...with cardiac monitoring'... . (page A-3; A.1.a.)

The description of the hospital bed distribution ...'both intensive and coronary care areas'... (page A-6; A.1.b.)

and of Special Programs to be provided ... 'cardiology'. (page A-7)

a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan

In Chapter II of H2P2, many of the goals and objectives are supported by this proposed cath lab. Among these "Achieve equitable and effective access at reasonable cost for all Hawaii residents...;" "Establish regionalized health care delivery systems...." This proposed cath lab will keep costs down through aligned incentives for all partners. The cath lab will be occupying a portion of the 5th floor of the SFMC-W, and allows the Medical Center to expand access to its treatment options and diagnostic capabilities. The patients who utilize SFMC-W now are the patients who will utilize this proposed cath lab. Chapter II of H2P2 also calls for "reducing morbidity and pain through timely and appropriate treatment." "Supporting collaborative relationships between... health care providers..." Untreated or under-treated coronary artery disease leads to death or chronic, often debilitating heart disease. Timely intervention to prevent that outcome will be enhanced by the addition of a cath lab at SFMC-W. This cath lab, by its very nature, is a partnership that fosters collaborative relationships between healthcare providers. The improvement in a team approach to common, but complex problems of quality care and supply chain management, among others, can not be understated.

Chapter II, Section G discusses capacity thresholds used to guide the development of new services and technologies. The minimum average capacity threshold for adult cardiac catheterization labs is 1,000 diagnostic equivalents for all labs in the service area and a projected minimum of 750 procedures in the proposed lab by year three of operations. Two cardiac catheterization laboratories on Oahu do not meet the minimum threshold. These two labs applied for and were approved for machines that are limited to just diagnostic procedures and not do interventional procedures. This results in a lower utilization rate for these two machines. In contrast, all cath labs that do both interventional and diagnostic procedures are over capacity.

Utilizing the two hospital based discharge diagnosis most often leading to cardiac catheterization, chest pain and acute MI, Hawaii Health Information Corporation (HHIC) data; and cardiac catheterization utilization by population, American College of Cardiology, (ACC) data; there are an estimated 500 to 1,000 additional cases on Oahu. Therefore our conservative utilization estimate is that we would see about 500 to 750 procedures by the third year of operation. A conservative approach is reasonable as a percentage of the population will be military or Kaiser members.

Chapter III in H2P2 addresses Sub Area Councils (SAC) priorities. Among the West Oahu SAC's values and priorities are several that are supported through this proposed cath lab. The values of integrated care; "Providing a seamless continuum of comprehensive, community-focused care delivery." Equitable; "Providing equal access to a full spectrum of care, to all persons seeking care." This proposal in partnership with

SFMC-W will provide the same access to care that is available at SFMC-W. This cath lab will expand the continuum of care that is available at SFMC-W from the EMS services in the community to the beginning of tertiary cardiac services. *The priorities listed in Chapter III for West Oahu include as number 1 and number 2 on the list: "a. Priority Chapters. Diabetes and Other Chronic Disabling Conditions; Heart Disease and Stroke..." and "b. Existing Services. Should be strengthened in all areas, with improved access and outreach, encouraging people to use available services."* (H2P2 page III-6,7) This proposed cath lab will significantly strengthen SFMC-W in the Medical Center's ability to diagnose and treat the number one killer in Hawaii, Heart Disease.

Chapter VII in H2P2, Heart Disease and Stroke; outlines the strategies for reducing the impact of coronary vascular disease (CVD) in our State. There are many outcome guidelines listed, three apply directly to this proposal. *"Decrease the time from onset of symptoms for Acute Myocardial Infarction (AMI) or stroke to presentation to the emergency department..." further "Decrease time from the emergency department (ED) arrival to treatment with thrombolytic therapy for AMI... unless contraindicated..." and "increase the number of persons receiving thrombolytic therapy when appropriate."* *The clinical guidelines established are the ACC and AHA practice guidelines for AMI.* (H2P2 page VII-7,8). This short time for effective treatment can be referred to as the "golden hour" of the initial stages of a heart attack. As an average, 1/3 of the expected 1000 cardiac cath procedures from within this "golden hour" around SFMC-W will need intervention. Hawaii statistics validate this: There were 344 hospital discharges for acute MI (heart attack) that originated from Leeward Oahu (HHIC data). Given the 40 minute average transit time to a Honolulu interventional cardiac lab from SFMC-W the "Golden hour" is precariously short. A cath lab positioned at the medical center serving the West Oahu population centers will extend the "golden hour" and decrease the time it takes to get appropriate therapy.

b) Need and Accessibility

National averages indicate that the utilization of cardiac catheterization lab services runs about 1000 procedures per 100,000 population (ACC reported data). The population within the "Golden Hour" of SFMC-W is approximately 110,000 (DBEDT reported census data); therefore it is reasonable to expect about 1000 cardiac cath lab procedures from the area within the "Golden Hour" area surrounding the hospital. And that about 1/3 of these patients will need interventions due to heart attack, see preceding paragraph. The data published in H2P2 states 9326 (cath lab procedures) were performed in 1996. (H2P2 page VII-11). This validates the ACC expected procedures per population for Hawaii.

This proposed cardiac catheterization lab, located at St. Francis Medical Center – West, will be accessible to all residents of the area, including low income persons, racial and ethnic minorities, women, people with disabilities, and other underserved groups, and the elderly.

c) Quality of Service/Care

St. Francis Medical Center - W is JCAHO accredited and this new service will likewise apply for accreditation. Further, it will be certified as an ambulatory surgery center performing cardiac catheterization by the Centers for Medicare/Medicaid Services (CMS). From the commencement of operations ICC-W will adhere to SFMC-W quality programs and policies.

All Staff will be nationally certified and or licensed as appropriate to the job requirements. A registered nurse will be in attendance during all procedures to monitor the patient and provide for individual patient care. All staff types (RN, CVT, RT) are required to attend continuing education to maintain competencies in the specialty areas. This takes place both in Hawaii and on the mainland. Overall staffing is three staff members present with the physician during each procedure.

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

The total cost of this project is \$1,800,000. \$1,450,000 comes from new debt, the remainder is cash contributions from National Medical Development, St. Francis Medical Center – W, Cardiovascular Associates and Island Cardiac Centers. The expenses for the first year are budgeted at \$1,767,186. The revenue for the first year is expected to be \$1,797,000 that would provide a small surplus in the first year of operations. By year three the expenses are budgeted to be: \$2,412,312 and revenue is expected to be \$3,000,000. That would create a budget surplus of \$587,688. The detailed statement of balance sheet and revenue and expenses are attached as Exhibits D-1 and D-2.

e) Relationship to the Existing Health Care System

St. Francis West has the second busiest emergency department in the State and there is a crucial need for it to have comprehensive cardiac cath capabilities. This will allow SFMC - W to more appropriately serve as an anchor hospital for the Oahu wide Emergency Medical System (EMS) allowing EMS to provide "Golden Hour" cardiac catheterization response services island-wide.

In addition, a transfer agreement to provide seamless, integrated care is in place with SFMC-Liliha to provide care required beyond the current scope of the cath lab or SFMC-W, such as open heart surgery. This lab will be open to all qualified and credentialed physicians no

matter where their primary practice is located. This will be a cath lab of inclusion, serving the population of West Oahu in the local setting.

f) Availability of Resources

The sister cardiac cath lab to this project, Island Cardiac Centers at SFMC – Liliha, will provide start-up staffing, on-call response and training of initial staff for the start up. Initial management of this cath lab project will also come from the Liliha cath lab. The Liliha cath lab has an existing training program with qualified, personnel in the queue to be available at start up.

Formal recruitment, if necessary, will be through search firms specializing in cardiovascular staff and will be local first and mainland second in priority.

Financial resources are available to fund this project and are outlined in following sections.