



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

## ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 03-16A

Applicant: Castle Medical Center  
640 Ulukahiki Street  
Kailua, HI  
Phone: 808-263-5500

Project Title: Expansion of operating room services

Project Address: 642 Ulukahiki Street  
Kailua, 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: \_\_\_\_\_

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**2. PROJECT LOCATION INFORMATION**

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

- Statewide: \_\_\_\_\_
- O'ahu-wide: \_\_\_\_\_ X
- Honolulu: \_\_\_\_\_
- Windward O'ahu: \_\_\_\_\_ X
- 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)

*The designated suite is located in the Harry & Jeanette Weinberg Medical Plaza & Wellness Center building on the Castle Medical Center campus and is owned by Castle Medical Center.*

**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.)

- *DOH, Department of Health licensure*
- *DPP Building Permit*

**C. Your governing body:** list by names, titles and address/phone numbers

- *Year 2003 list included*

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) ~ 4-2-006:004

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See attached.

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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				Reconfiguration and expansion of an existing service	
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
<b>TOTAL</b>			

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

**A. List All Project Costs:**

**AMOUNT:**

1.	Land Acquisition	_____
2.	Construction Contract	<u>\$500,000</u>
3.	Fixed Equipment	<u>\$ 64,000</u>
4.	Movable Equipment	<u>\$500,000</u>
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: _____	_____

**TOTAL PROJECT COST: \$1,064,000**

**B. Source of Funds**

1.	Cash	<u>\$ 1,064,000</u>
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: _____	_____

**TOTAL SOURCE OF FUNDS: \$1,064,000**

**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.

This project is an expansion and reconfiguration of an existing service. Currently all ambulatory surgical procedures are performed in the

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hospital's operating rooms. The addition of this location will allow specific ambulatory surgical procedures to be relocated to the new location thereby allowing better use of the existing operating suites.

**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,

*The site building exists on the campus of Castle Medical Center and is owned by Castle Medical Center.*

- b) Dates by which other government approvals/permits will be applied for and received,

*May 30, 2003 – Certificate of Need administrative application  
June 25, 2003 – DOH licensure application  
August 15, 2003 – Building Permit application*

- c) Dates by which financing is assured for the project,

*Funding will be provided through our capital budget. This proposal has been reviewed and approved by Senior Management of Castle Medical Center, will be presented at our Board of Trustees meeting on May 21, 2003 and for final corporate approval on June 9, 2003.*

- d) Date construction will commence ~ *September 1, 2003*

- e) Length of construction period ~ *Two months*

- f) Date of completion of the project ~ *October 31, 2003*

- g) Date of commencement of operation ~ *November 10, 2003*

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.

*Castle Medical Center's proposal is directed at the reconfiguration and expansion of the existing ambulatory surgical service and operating room service. Currently CMC performs all ambulatory surgical procedures and inpatient surgeries in the main operating room suites. CMC has five operating room suites, which are over capacity according to the capacity thresholds. Moving specific outpatient surgical procedures into an outpatient setting of the medical center will relieve the burden on the overcrowded main operating rooms.*

*This proposal allows for the addition of two procedure rooms with associated space such as reception, preparation, recovery and discharge areas. Initially endoscopy and bronchoscopy cases will be the primary procedures relocated to the new suites. CMC performed 1,504 endoscopy and 40 bronchoscopy cases in calendar year 2002 - utilizing an entire operating room suite. It is expected that these numbers will increase by a minimum of 5% per year. Should the main operating suites continue to function above capacity thresholds other outpatient procedures such as specific minor orthopedic and gynecology surgeries would also be relocated. The main operating suites will continue to service all CMC inpatients and ambulatory surgical patients requiring procedures not designated for the new suites.*

*As the medical center experiences a continued high census the demand for operating room time increases. All indications lend themselves to the need for the medical center to adequately plan for sensible expansion of services to address the needs of the community with an emphasis on timely access, diagnostics, treatment and discharge.*

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

*Castle Medical Center has been known to partner with the communities in promote a healthy lifestyle to eliminate preventable illness, disability, and premature death through many educational, exercise, and other programs that promote a healthy spirit and body. While it must still provide care to those who need healing, Castle Medical Center is quick to recognize that improvements to the delivery of care in behalf of these kinds of patients must be addressed whenever possible.*

*This proposal serves to improve the consumers' and communities' access both physically and within a timely manner to a service that should be delivered in a system that is efficient in itself because it is a one-day service for outpatient procedures. The current volume of the outpatient cases has affected the access and use of the operating suites, recovery and discharge areas in a manner contrary to the initial service delivery quality.*

*Adding to the surgical services at the medical center with this other site will support comprehensive delivery to the patient and family with increased cost effectiveness because the procedures do not require the use of surgical rooms that are constructed for inpatient based surgeries thus freeing that use time for an inpatient or other outpatient procedure that requires those resources.*

*The efficiency by which these outpatient procedures will be completed will allow physicians to provide preventive health care diagnosis or care especially for malignant neoplasm, which is one of the top six health risks prevalent in the Windward area population.*

b) Need and Accessibility

*The present operating room service exceeds the H2P2 threshold of 1,600 hours per room utilization per year (approximately 1,900 hours per room currently). This includes the over 3,000 outpatient cases performed last year. Relocating specific procedures will allow for relief and maintenance of continued expected growth. While initially only one of the additional rooms will be in operation. As the demand grows the second room will become operational.*

*Castle Medical Center currently provides and will continue to provide services for all residents of the area, and in particular low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups, and the elderly.*

c) Quality of Service/Care

*Castle Medical Center must comply with many State and Federal regulations for delivery of care as well as maintenance of the service equipment and clinical environment. We are accredited by the Joint Commission of Accredited Healthcare Organizations (JCAHO), licensed by the State of Hawaii Department of Health, participate in good standing with the Medicaid and Medicare healthcare programs, and provide patient care through well-defined processes for caregivers.*

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

*This project is financed in cash.  
Please refer to the attached Pro Forma.*

e) Relationship to the existing health care system

*Castle Medical Center is the current anchor healthcare facility for the Windward communities. The addition to our existing surgical services will help to relieve volumes that are already functioning at over capacity and effectively improve response to the patients' OR needs.*

*This addition will offer physicians access to an 8-hours a day / 5-hours a week service and allow the physicians to expedite the treatment and recovery of patients.*

f) Availability of Resources

*The service will be located in a suite on the second floor of the Harry & Jeanette Weinberg Medical Plaza & Wellness Center building that is adjacent to the Castle Medical Center building. Funding for the construction of the suite and the operations of the program will be made through budgeted capital and operating funds of Castle Medical Center.*

*It will be managed and supported by the existing management personnel; the Director of Perioperative Services and Senior Management of Castle Medical Center. Castle Medical Center will reassign the appropriate staff with the proper credentials to provide this care. Castle Medical Center has three RN's, two gastrointestinal technicians, one business associate, and six surgeons to adequately staff this service. Should the second room become necessary to open additional personnel will need to be hired.*

**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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