



## HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

### ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 05-15A

Applicant: Queen's Medical Center  
1301 Punchbowl Street  
Honolulu, Hawaii 96813  
Phone: 808-538-9011

Project Title: Addition of X-Ray, Bone Density Screening and  
Mammography services

Project Address: Queen's Health Care Center-Hawaii Kai Clinic  
377 Keahole Street  
Honolulu, HI 96825

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: \_\_\_\_\_
- Honolulu:   X
- 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)      \* See Appendix 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.)
  - \* Mammography Accreditation by the American College of Radiology (ACR) \*
- C. Your governing body: list by names, titles and address/phone numbers
  - \* See Appendix B \*
- 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      \* See Appendix C \*
  - By-Laws      \* See Appendix D \*
  - Partnership Agreements      \* Not Applicable \*
  - Tax Key Number (project's location)      39008023

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.

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	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Services JUN 20	Change in Beds 57
Inpatient Facility				ST. HLTH. PLNG. & DEV. AGENCY	
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.

**\* Not Applicable \***

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:**

		<b>AMOUNT:</b>
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1.	Land Acquisition	<u>-0-</u>
2.	Construction Contract	<u>-0-</u>
3.	Fixed Equipment	<u>547,000</u>
4.	Movable Equipment	<u>-0-</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>
<b>TOTAL PROJECT COST:</b>		<u><b>547,000</b></u>

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**B. Source of Funds**

1.	Cash	<u>547,000</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>
<b>TOTAL SOURCE OF FUNDS:</b>		<u><b>547,000</b></u>

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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**General X-Ray, Bone Density Screening, Mammography**

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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:

- A. Date of site control for the proposed project: **April 2004**
- B. Dates by which other government approvals/permits will be applied for and received:
- a) **Mammography Accreditation by ACR: January 2006**  
    **(American College of Radiology)**
- C. Dates by which financing is assured for the project: **Not Applicable**
- D. Date construction will commence: **Not Applicable**
- E. Length of construction period: **Not Applicable**
- F. Date of completion of the project: **Not Applicable**
- G. Date of commencement of full operation: **February 2006**

**Note:** The delay between certificate of need approval and commencement of operations is due to an expansion project at The Queen's Health Care Center – Hawaii Kai Clinic which is being done at a cost that is below the \$4 million threshold and is not subject to certificate of need review.

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.

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The Queen's Medical Center is seeking approval to implement general x-ray, bone density screening, and mammography services at The Queen's Health Care Center – Hawaii Kai Clinic, an outpatient ambulatory clinic, located in the Hawaii Kai Shopping Center at 377 Keahole Street at a cost of \$547,000. This project is an expansion of existing services currently provided by The Queen's Medical Center at its downtown Honolulu campus at 1301 Punchbowl Street. Because The Queen's Health Care Center – Hawaii Kai Clinic is committed to the property lease (see Appendix A) whether imaging services are implemented or not, the cost of the lease is not included in this project's cost.

The Queen's Health Care Center has been in Hawaii Kai since 1987 providing primary care and specialty services in the areas of OB-GYN, General Surgery, Oncology, Podiatry, Geriatrics, Nutritional Counseling, and Cardiology. Staffed with 1.5 FTE Family Practice physicians, the clinic has over 6,000 patient visits per year. In 2005, the clinic will be expanding into a new location within the same Hawaii Kai Shopping Center complex to accommodate 6 full-time physicians. The change of location and its associated capital costs are exempt from certificate of need.

General x-ray, bone density screening, and mammography services will be implemented, upon SHPDA approval, to better serve our patients. By providing these services on-site, diagnosis can be made quickly and treatment initiated earlier, resulting in improved patient outcomes and satisfaction. It will increase the accessibility of care to patients by providing these services in a convenient, patient-friendly setting.

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

The addition of general x-ray, bone density screening, and mammography services at The Queen's Health Care Center - Hawaii Kai Clinic will provide our patients and physicians with faster and more convenient diagnostic capabilities. This supports the H2P2 goal to "increase the span of healthy life for Hawaii's residents". And it is aligned with H2P2's objectives of "early detecting and diagnosing of treatable diseases", "reducing the effects of chronic disease and prolonging healthy related quality life" and "reducing morbidity and pain through timely and appropriate treatment".

The diagnostic images will be captured in digital format and transmitted electronically to radiologists at The Queen's Medical Center for "readings". This supports H2P2's desired characteristics of a contemporary health care system by "supporting collaborative relationships between local, regional and state health care providers in order to provide the most appropriate care coverage to our communities".

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This project supports the H2P2 Statewide Priorities of “increasing access to cost-effective health care services” and “the development of care delivery systems for the elderly and chronically ill population.” Having mammography and bone density screening services in an easy-to-access community setting will encourage early detection and treatment of breast cancer and osteoporosis, while having general x-ray services on site will enable earlier diagnosis and treatment initiation. Hawaii’s population is aging faster than the rest of the nation with approximately 18.3% of the population 60 years or older in 2004. Within 5 miles of the clinic, the population is older than the state as a whole with 22.6% of the population 60 years or older in 2004 (Appendix E). The addition of diagnostic imaging services at the clinic will improve accessibility to Hawaii’s care delivery system for this segment of the population by reducing the transportation/mobility barriers that increase with aging.

**B. Need and Accessibility**

The population within 5 miles of The Queen’s Health Care Center in Hawaii Kai was over 60,000 in 2004. Fifty-one percent are female and 22.6% are 60 years of age or older. The Queen’s Health Care Center - Hawaii Kai Clinic has over 6,000 patient visits per year and refers a significant number of those patients to The Queen’s Medical Center for diagnostic imaging services. It is estimated that in the first full year of service, FY 2007, almost 4,100 clinic visits will include diagnostic imaging procedures and will increase to over 4,900 by FY 2009.

In 2003, breast cancer was second only to lung cancer as the leading cause of cancer death among women in Hawaii. Death from breast cancer can be reduced substantially if the tumor is detected at an early stage. Mammography is the most effective method for detecting these early malignancies. The second edition of “Toward a Health Hawaii 2010”, published by the Hawaii Outcomes Institute and sponsored by the Hawaii State Department of Health, reported that of the 13 communities surveyed on Oahu in 2002, the Hawaii-Kai/Kahala/Waialae community had the highest percentage of respondents, 40.9%, who had “no mammograms in the past two years” compared to 29% for Oahu overall and the 30% benchmark of Healthy People 2010 (Appendix F). Providing mammography at The Queen’s Health Care Center - Hawaii Kai Clinic will support the state’s efforts in achieving this national benchmark.

Osteoporosis is a disease that weakens bones, increasing the risk of sudden and unexpected fractures. It is a major public health threat for more than 28 million Americans, 80% of whom are women. Women over the age of 50 have the greatest risk, with higher incidences occurring in Caucasian and Asian women. A high percentage of the population within 5 miles of The Queen’s Health Care Center - Hawaii Kai Clinic is in this high risk category. Providing bone density screening at the clinic will support the early detection and treatment of osteoporosis in this community.

The Queen's Health Care Center - Hawaii Kai Clinic is accessible to all residents and visitors to Oahu, including the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

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The Queen's Medical Center is licensed by the Hawaii State Department of Health, accredited by the Joint Commission on Accreditation of Healthcare Organizations (JACHO) and certified by Medicare. Queen's is approved to participate in residency training by the Accreditation Council of Graduate Medical Education. Diagnostic imaging and mammography services are accredited by the American College of Radiologists (ACR). 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 and departmental level. These initiatives are implemented and reported to both leadership and staff. Quality indicators are tracked throughout the organization.

The proposed project will improve quality of care by: 1) enabling earlier diagnosis and initiation of treatment, 2) reducing the pain and suffering associated with untreated disease/injury, 3) improving patient outcomes through early intervention and prevention, 4) encouraging patients to seek diagnostic and screening services by providing these services within their community in an easy-to-access, patient-friendly setting.

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

The proposed project is the implementation of general x-ray, bone density screening, and mammography services at The Queen's Health Care Center - Hawaii Kai Clinic at a capital cost of \$547,000. For the first full year of imaging operations, FY 2007, net revenue is projected at \$326,900 with direct expenses of \$519,800. For the third full year of imaging operations, FY 2009, net revenue is projected at \$406,000 with direct expenses of \$571,700. Although these services by themselves will not be profitable, they will enhance quality of service and help to better satisfy physician and patient needs. Service fees will remain the same as those charged at the Medical Center, thereby reducing overall costs to patients through lower transportation needs and time savings. The Medical Center will benefit in several ways that are not reflected in the financial analysis: 1) it will avoid administrative costs related to the registering and scheduling of clinic referrals for these services, 2) it will increase capacity for growth at the Medical Center without costly renovations to expand existing service areas, 3) it will enhance the recruitment of physicians to practice at the clinic, and 4) it will attract more patients to the clinic and to the Medical Center. The avoidance of

administrative and renovation costs at the Medical Center will offset this project's shortfall in the long run.

**E. Relationship to the existing health care system**

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The Queen's Health Care Center – Hawaii Kai Clinic has been in Hawaii Kai since 1987. The addition of general x-ray, bone density screening, and mammography services will improve the existing healthcare system in the Hawaii Kai community by enhancing the on-site diagnostic capabilities of the clinic. Overall costs to patients will be reduced through lower transportation needs and time savings. The Queen's Medical Center will avoid administrative costs related to the registering and scheduling of clinic referrals for these services. The Medical Center will also increase capacity for growth in these services at the downtown campus without costly renovations. By enhancing the recruitment of physicians to practice at the clinic, community access to healthcare services will be improved. The proposed project will have minimal impact to other providers.

**F. Availability of Resources**

The proposed project will be funded by available cash balance. An additional 3.0 FTEs of radiology technicians will be required. Although there is a shortage of radiology technicians, The Queen's Medical Center has been successful in recruiting and retaining qualified radiology technicians, both locally and from the mainland. Staffing coverage will be supplemented and supported by Medical Center personnel. Since imaging "reads" will be done remotely at The Queen's Medical Center, no physician radiologists will be needed at the clinic.

**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.

X  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.