



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number #06-17A

Applicant: Straub Clinic and Hospital
888 S. King Street
Honolulu, HI
Phone: 808 535-7124

Project Title: Closure of the Pearlridge Straub Clinic & Hospital Pharmacy

Project Address: 98-151 Pali Momi Street, Aiea, HI

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

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

2. **PROJECT LOCATION INFORMATION**

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

Statewide: _____

O`ahu-wide:	<u> X </u>
Honolulu:	<u> X </u>
Windward O`ahu:	_____
West O`ahu:	<u> X </u>
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). **[Not Applicable]**
- 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.).
- None
- C. Your governing body: list by names, titles and address/phone numbers
- **[On File]**
- 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: | [On File] |
| ▪ By-Laws: | [On File] |
| ▪ Partnership Agreements: | N/A |
| ▪ Tax Key Number: | (1) 9-8-16:031 |

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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.

- NOT APPLICABLE (N/A) -

Type of Bed	Current Total Bed	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
N/A	N/A	N/A	N/A

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

- | | |
|---|-----|
| 1. Land Acquisition | N/A |
| 2. Construction Contract | N/A |
| 3. Fixed Equipment | N/A |
| 4. Movable Equipment | N/A |
| 5. Financing Costs | N/A |
| 6. Fair Market Value of assets acquired by
lease, donation, etc. | N/A |
| 7. Other: Purchase Price | |

TOTAL PROJECT COST

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B. Source of Funds

- | | |
|--|----------|
| 1. Cash | \$N/A |
| 2. State Appropriations | _____ |
| 3. Other Grants | _____ |
| 4. Fund Drive | _____ |
| 5. Debt | _____ |
| 6. Other: (fair market value of acquisition) | \$ _____ |

TOTAL SOURCE OF FUNDS:

\$0

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 the closure of a retail pharmacy located at Straub Clinic & Hospital – Pearlridge Clinic.

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: N/A
- b) Dates by which other government approvals/permits will be applied for and received: N/A
- c) Dates by which financing is assured for the project: N/A
- d) Date construction will commence: N/A
- e) Length of construction period: N/A
- f) Date of completion of the project: June 22, 2006
- g) Date of commencement of operation: N/A

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.

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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.

The proposed project is a change of an existing service. The Straub Clinic & Hospital operates a retail pharmacy which serves only the patients served at the Pearlridge Clinic. Due to rising salary and pharmaceutical costs, the hospital is unable to maintain this service and is requesting to cease operations.

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

The closure of the out-patient pharmacy fits well with the Hawaii Health Performance Plan (H2P2). A main objective of H2P2 include:

- Having a system that is comprehensive, cost-effective, well coordinated and responsive to community needs.

The closure of the pharmacy will allow the hospital to re-allocate resources to serve the needs of more acute patients.

b) Need and Accessibility

The proposed project will not adversely affect patient access to pharmacy service. Pharmacy services are available across the street at both the Pearlridge Shopping Center and at the Kapi'olani Medical Center at Pali Momi (KMCPM). Patients who have filled out a prescription will be notified of this change and location to facilitate this transition. Moreover, this transition will enable financial resources to be allocated to needed medical services provided at the clinic including obstetrics, pediatrics, neurology, urology and cardiology.

c) Quality of Service/Care

Straub Clinic and Hospital has the clinical and administrative resources to ensure a seamless transition of these services. Both Longs Drugs and KMCPM have more than adequate pharmaceutical stock and availability to service the needs of existing clinic patients. An expected savings of at least \$400K a year will be realized from the discontinuation of these services. These monies will be reinvested to ensure that much needed medical services – mentioned above – can continue to be provided at the Straub Clinic at Pearlridge.

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

This project has no relevant revenue/cost implications as it is a closure of service.

e) Relationship to the existing health care system

The project will not impact or change the relationship of service to the existing health care system as it is the closure of a service that is widely available. There are more than adequate alternative retail pharmacy locations to service the needs of our patients within walking distance to the clinic.

f) Availability of Resources.

Not Applicable. No resources are required for this project.

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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