

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: 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) **[not required – project located on KMCWC facility]**
- 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.).

-Certificate of Need, State Health Planning & Development Agency, Plan Review Use

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

- [On file with SHPDA]

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 with SHPDA**
- By-Laws: **On File with SHPDA**
- Partnership Agreements: **Not Applicable**
- Tax Key Number: **2-8-011-004**

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) | | (X) |
| Outpatient Facility | | | | | |
| 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 | Total | Proposed Beds for your Project | Total Combined Beds if your Project is Approved |
|------------------|-------|--------------------------------|---|
| Medical/Surgical | 30 | 0 | 30 |
| Critical Care | 17 | 0 | 17 |
| Obstetric | 54 | 12 | 66 |
| Pediatric | 60 | 0 | 60 |
| Neonatal ICU | 46 | 24 | 70 |
| TOTAL | 207 | 36 | 243 |

6. PROJECT COSTS AND SOURCES OF FUNDS**A. List All Project Costs:****AMOUNT:**

| | | |
|----|--|---------------|
| 1. | Land Acquisition | _____ |
| 2. | Construction Contract | \$ 28,568,000 |
| 3. | Fixed Equipment | \$ 2,416,368 |
| 4. | Movable Equipment | \$ 3,624,552 |
| 5. | Financing Costs | \$ |
| 6. | Fair Market Value of assets acquired by lease, rent, donation, etc. | _____ |
| 7. | Other: Architectural/Planning | \$ 1,714,080 |

TOTAL PROJECT COST: \$36,323,000

B. Source of Funds

| | | |
|----|----------------------|--------------|
| 1. | Cash | \$36,323,000 |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt | _____ |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: \$36,323,000

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 involves the renovation and expansion of the Kapi'olani Medical Center for Women & Children (KMCWC) Neonatal Intensive Care Unit (NICU) and Pediatric Intensive Care Unit (PICU). This proposed project will result in the (a) addition of 24 NICU beds; and (b) addition of 12 Obstetric beds.

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: **COMPLETED**
Site located within existing campus.
- b) Dates by which other government approvals/permits will be applied for and received: Apply: January 2011 Receive: January 2012
- c) Dates by which financing is assured for the project: August 2013
- d) Date construction will commence: September 2013
- e) Length of construction period: 27 months
- f) Date of completion of the project: December 2015
- g) Date of commencement of operation: January 2016

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.

This application involves the expansion and renovation of Kapiolani Medical Center for Women & Children (KMCWC) Neonatal Intensive Care Unit (NICU), Pediatric Intensive Care Unit (PICU) and bed addition to the Obstetric (OB) unit. The proposed renovation will modernize the facility and provide additional space to better facilitate family centered care concepts. This proposed project will result in the (a) addition of 24 NICU beds; and (b) addition of 12 Obstetric beds. The proposed renovation will convert the existing 46 open beds to 70 private rooms. The renovation will increase the current NICU from 7,749 sf to 36,856 sf. 12 more beds will also be added to the OB unit.

Additionally, the project will involve the renovation and expansion of the Pediatric Intensive Care Unit (PICU). The PICU will be converted from 14 open bay beds to 14 private patient rooms. The PICU renovation will increase the current unit from 4,267sf to 14,003 sf. No additional beds will be added. The project will ultimately result in 36 additional beds. The project will have a capital cost of \$36,323,000.

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

The proposed bed changes are responsive to two chapters within H2P2.

First the proposed renovations address the critical elements of a health care delivery system outlined in Section F of the H2P2 Chapter II (Guiding Principles). Access will be improved by increasing the amount of obstetric and neo-natal intensive care beds made available to patients. Patient safety and quality will be improved through the provision of increased space and a technologically enhanced care environment which accounts for all patient acuity levels. Cost effectiveness will also be improved through greater clinical/space utilization efficiencies and re-allocation of staffing and bed types to best accommodate current needs.

Second, the proposed renovation will address H2P2 Chapter X, (Maternal, Infant and Child Health). H2P2 identifies the provision of "Efforts to improve maternal health have the double benefit of improving the outcome of the woman and ensuring the best possible start in life for the infant(s)." The additional Obstetric beds will provide greater bed capacity for women giving birth. The renovation and expansion of the NICU, PICU & OB unit will assure that mothers are provided with the safest environment during birth irrespective of any risk factors. Since healthy outcomes begin with healthy births – the proposed project will improve healthy outcomes for the lifetime of Hawaii's children.

b) Need and Accessibility

The proposed bed changes will meet future demand for NICU and OB services. According to the Department of Business & Economic Development & Tourism (DBEDT) "Population & Economic Projections for the State of Hawaii to 2035", the number of births is expected to increase by 20.1% from 2010 through 2035.

From 2000 to 2005, the Hawaii State population increased by 4.6%. The increase in population has been matched by an increase in the OB average daily census at KMCWC from 39 (FY 2000) to 47 (FY 2005). In 2008, the average daily census was 52 which utilizes approximately 97% of the currently approved SHPDA OB beds at KMCWC. The increase of 12 more OB beds (to 66) will accommodate the current and projected future demand of OB beds for the region.

The NICU unit has also experienced growth in its services. From 2000 to 2008, the number of live births at KMCWC increased by 19.3% from 5,501 to 6,565. The increase in births over the same year was matched

by an increase in the average daily census from 38 to as much as 46 over this time period. The volumes have resulted in approximately 92% of the intermediate and critical care beds for premature infants being utilized. More importantly, the daily variation of these admissions is quite large. In 2008 alone, there were 2 instances when the NICU was at 139% occupancy with 64 admitted patients. The increase of 24 additional NICU beds to 70 will accommodate the daily occupancy variances as well as the community's longer term needs.

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The primary service area is Honolulu and Oahu-wide. The secondary markets are the other counties throughout the State as well as patients from the Pacific Basin. KMCWC also provides care to Kaiser and Tripler Army Medical Center (TAMC) patients requiring specialized procedures such as (e.g. Extracorporeal Membrane Oxygenation, head cooling). KMCWC will continue to provide care to all residents of the area including: Medicare, Medicaid, QUEST, low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups.

c) Quality of Service/Care

The proposed renovations will ensure that superior clinical outcomes and excellence are maintained. The proposed bed changes will create additional OB and NICU bed capacity that will enhance patient accessibility to care. The proposed bed changes at KMCWC will enhance the ability of physicians to provide state of the art care to Hawaii's neonatal, pediatric and adult female patients. KMCWC is the state's only provider of specific life-saving therapies such as ECMO (Extracorporeal Membrane Oxygenation) and CVVH (Continuous Venous to Venous Hemofiltration).

The addition of 24 NICU beds are necessary as part of the overall plan to create a new state-of-the-art, 70 single-room Newborn Intensive Care Unit. Quality of care and patient safety for each infant and family will be the goal for the creation and design of this unit. Furthermore, the additional beds will make available space to provide technologically advanced care for the premature and/or critically ill infant.

Single room design offers many advantages for patient safety, patient/family satisfaction, and patient care and supports the vision and philosophy of our family-centered care model. Single rooms improve patient confidentiality, decrease noise levels, facilitate social support for the families, and improve staff communication with families. In addition; single rooms offer parents a more comfortable place to stay with their baby during the acute stages of illness and promote rooming in, education and training in preparation for discharge.

In conjunction with the addition of 24 NICU beds, the hospital is also requesting to add 12 additional obstetric beds. As the only maternity specialty hospital in Hawaii and the Pacific Basin, we provide comprehensive services to all pregnant women and specifically women with high risk pregnancies. The additional rooms will provide enough space to accommodate our present and growing numbers of deliveries and will prevent the overflow of mothers and babies to other areas within the hospital. These rooms will be large enough to accommodate extended family, including sibling visitation supporting our family-centered care model.

Kapi'olani Medical Center for Women & Children (KMCWC) is the state's only facility specializing in the care of women and children, and is a major teaching facility affiliated with the University of Hawaii, John A. Burns School of Medicine which assists and allows us to actively participate in clinical research, trials and protocols thus being early adopters of new therapies and treatments. KMCWC is fully accredited and approved by the Joint Commission on Accreditation of Hospitals, American Medical Association, and American College of Surgeons.

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

The direct contribution of these services will contribute positively to the overall operations of KMCWC. With the addition, net operating income is projected to be \$21,530,255 in Year 1 of operations and \$23,527,006 by Year 3 of operations. The proposed project will be funded by internal resources.

e) Relationship to the existing health care system

The proposed bed changes are expected to strengthen the existing health care system. KMCWC is the only pediatric tertiary care hospital in the Pacific Basin providing Level III-B care for premature infants. Its ability to provide state-of-the art care will affect the medical outcomes for all women and children in the service area. The proposed bed changes will enhance availability for physicians throughout the community ultimately providing greater scheduling convenience for patients throughout the State of Hawaii. The proposed bed changes will also enhance desirable outcomes for the care of obstetric, pediatric and newborn care.

f) Availability of Resources.

KMCWC has sufficient financial resources, trained professionals, management, systems and other resources to fully support the proposed bed changes. The bed changes will require a change in the mix of FTES and additional hiring of staff.