



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

## ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #11-02A Date of Receipt:  
To be assigned by Agency

### APPLICANT PROFILE

Project Title: Addition of 4<sup>th</sup> Computed Tomography (CT) Unit

Project Address: 1301 Punchbowl St., Honolulu, Hawaii 96813

Applicant Facility/Organization: The Queen's Medical Center

Name of CEO or equivalent: Arthur A. Ushijima

Title: The Queen's Health Systems President & CEO, The Queen's Medical Center President

Address: 1301 Punchbowl Street, Honolulu, Hawaii, 96813

Phone Number: 547-4688 Fax Number: 537-7990

Contact Person for this Application: Calvin Saito

Title: Vice President, Strategic Planning and Marketing, The Queen's Health Systems

Address: 1099 Alakea Street, Suite 1100, Honolulu, Hawaii, 96813

Phone Number: 535-5461 Fax Number: 535-5442

### 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.

Arthur A. Ushijima  
Signature

11/8/2010  
Date

Arthur A. Ushijima  
Name (please type or print)

QHS President & CEO, QMC President  
Title (please type or print)

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: \_\_\_\_\_

2. **PROJECT LOCATION INFORMATION**

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

- Statewide: \_\_\_\_\_
- O`ahu-wide: \_\_\_\_\_ **X**
- Honolulu: \_\_\_\_\_
- 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 is located on QMC campus \***
- 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.)
  - \* **Building Permit, Honolulu Department of Planning & Permitting**
  - \* **Radiology Facility License, State of Hawaii Department of Health**
- C. Your governing body: list by names, titles and address/phone numbers
  - \* **See Appendix A**
- 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 B**
  - By-Laws \* **See Appendix C**
  - Partnership Agreements \* **Not Applicable \***
  - Tax Key Number (project's location) **21035003**

**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		<b>X</b>			
Outpatient Facility		<b>X</b>			
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:**

**AMOUNT:**

1.	Land Acquisition	_____
2.	Construction Contract	<u>\$660,000</u>
3.	Fixed Equipment	<u>\$1,100,000</u>
4.	Movable Equipment	<u>\$100,000</u>
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other:	_____

**TOTAL PROJECT COST: \$1,860,000**

**B. Source of Funds**

1.	Cash	<u>\$1,860,000</u>
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: _____	_____

**TOTAL SOURCE OF FUNDS: \$1,860,000**

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 of existing services. The service to be added is a 4<sup>th</sup> computed tomography (CT) scanner to be located on The Queen's Medical Center (QMC) campus at the Physicians Office Building III (POB III).**

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: **February 2011**
  - c) Dates by which financing is assured for the project: **N/A**
  - d) Date construction will commence: **February 2011**
  - e) Length of construction period: **6 months**
  - f) Date of completion of the project: **August 2011**
  - g) Date of commencement of operation: **August 2011**

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.

**QMC is seeking approval to implement a GE LightSpeed Volume Computed Tomography (VCT) system on the Queen's campus at 1301 Punchbowl St at a cost of \$1,860,000. This project is an expansion of existing CT services currently provided at QMC.**

**QMC currently operates three CT scanners which are centrally located within the medical center and are utilized by emergency patients, inpatients and outpatients. Because inpatients and emergency patients are given priority, there is limited capacity**

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for scheduling outpatient procedures, resulting in scheduling delays and reduced access for patients.

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The three existing CT scanners are operating at capacity. On average, utilization is 11,523 CT procedures per year per unit, exceeding the 8,500 procedures capacity threshold for expansion of existing service as set forth in the State of Hawaii Health Services and Facilities Plan (HSFP 2009).

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Upon CON approval, the GE LightSpeed VCT system (see Appendix D) will be implemented in POB III to better serve our outpatient needs. The POB III CT scanner will improve accessibility of care to outpatients while providing services in a convenient, patient-friendly setting. Diagnosis of patients can be made more quickly and treatment initiated earlier, resulting in more timely services, improved patient outcomes and customer satisfaction.

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan.

This project supports the State of Hawaii Health Services and Facilities Plan (HSFP) goal to "increase cost effective access to necessary health care services" (Chapter 1, HSFP 2009). The addition of a 4<sup>th</sup> CT scanner will better serve our ED and inpatients in need of rapid diagnosis and life saving treatment by increasing capacity and timely access to CT services in the main imaging department. By providing CT services in POB III, outpatient scheduling conflicts/delays will be reduced and earlier diagnosis and treatment will be facilitated.

To guide in the determination of need for a service area, Chapter 2 of the HSFP includes capacity thresholds for certain categories of health care services. For the expansion of existing CT units/services, HSFP specifies that the provider's utilization be an average of at least 8,500 CT procedures per year per unit. QMC's three existing CT scanners satisfy this threshold requirement with an average utilization of 11,523 CT procedures per year per unit.

**This project is in alignment with the priorities identified in Chapter 3 of the HSFP. Priorities of the Statewide Health Coordinating Council (SHCC) include “to ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost” and “to strive for equitable access to health care services”. Priorities of the West Oahu SAC are “to improve and increase access for acute care, critical care, emergency care and routine outpatient diagnostic services”. The addition of the 4<sup>th</sup> CT will enable QMC to better meet the needs of patients for emergency services, inpatient acute/critical care services and outpatient diagnostic services. The expanded CT capacity will reduce scheduling conflicts, delays and cancellations. Timely access to CT services is critical to facilitate rapid diagnosis and treatment for all the patients we serve.**

**b) Need and Accessibility**

**Life expectancy in Hawaii is among the longest in the nation. In 2000, Hawaii’s life expectancy at birth was 80.8 years, three years longer than the U.S. average. As the population ages and the utilization of healthcare services increases, demand for advanced imaging services is expected to grow.**

**The top three causes of death in Hawaii in 2007 were heart disease, cancer, and stroke. In FY 2009 QMC admitted over 6,000 cardiac, neurological and oncology patients. QMC has the only Joint Commission certified Primary Stroke Center in the state. The proposed CT scanner will facilitate early detection and diagnosis of these treatable diseases.**

**As the largest and busiest emergency department in the state and as Hawaii’s only designated trauma center, Queen’s provides a unique and essential service for the people of Hawaii. Timely access to CT services is critical to facilitate rapid diagnosis and treatment for the patients we serve. Like many hospitals across the country, QMC is seeing a steady increase in ED visits. In FY 2010 there were 52,000 visits to Queen’s ED. On average, 150 patients are seen each day. Over 50% of QMC inpatients are admitted through the ED. Inpatient admissions are also on the rise. QMC admitted 24,900 patients in FY 2010. The additional patient volume has increased**

demand for CT services, resulting in scheduling conflicts, delays and cancellations. Because inpatients and emergency patients are given priority, outpatients are most affected by the limited capacity that results in scheduling conflicts, delays and cancellations.

QMC's three existing CT scanners are operating at capacity. For the expansion of existing CT units/services, HSFP specifies that the provider's utilization be an average of at least 8,500 CT procedures per year per unit. QMC's current average utilization is 11,523 CT procedures per year per unit.

POB III is located on the Lauhala and Beretania corner of the Queen's campus, providing easy access to public transportation and easy drop off and pick up from the main entrance of the building. With over 300 physicians occupying three physician office buildings on campus, QMC is home to the single largest concentration of physicians in the state. The CT scanner in POB III will provide our patients and physicians with timely access to CT services to facilitate rapid diagnosis and treatment.

The Queen's Medical Center 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.

c) Quality of Service/Care

QMC is licensed by the Hawaii State Department of Health, accredited by the Joint Commission on Accreditation of Healthcare Organizations (TJC) and certified by Medicare. QMC's diagnostic imaging services are accredited by the American College of Radiologists (ACR). Staff radiologists are certified by the American Board of Radiology and are licensed physicians in Hawaii. Queen's Cancer Center is one of only 30 community cancer centers across the U.S belonging to the NCI Community Cancer Centers Program (NCCCP). Queen's has received Magnet designation from the American Nurses Credentialing Center (ANCC), one of just 6% of hospitals in the country to receive this designation.

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 services by providing these services in an easy-to-access, patient-friendly setting.

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

For the first full year of operations, net revenue is projected at \$595,369 with direct expenses of \$108,593. For the third full year of operations, net revenue is projected at \$760,227 with direct expenses of \$215,286.

- e) Relationship to the existing health care system

POB III is located on the QMC campus. The addition of a CT scanner in POB III will improve the current system of care by enhancing on-site diagnostic capabilities for our patients. QMC campus-based outpatient CT services that are separate from inpatient and emergency imaging will improve outpatient access to care. The reduction in scheduling conflicts, delays and cancellations, will facilitate more timely diagnosis and treatment and, ultimately, better outcomes for our patients. Shifting outpatient CT services to POB III will improve the patient experience, providing patients and physicians with an easy-to-access location that is dedicated to serving outpatients. The proposed project will have minimal impact to other providers.

- f) Availability of Resources

The Queen's Medical Center has the financial, clinical and administrative staff to fully support the proposed POB III CT scanner. The Queen's Imaging Department is currently staffed with 79 professional staff including 16 CT technicians. Current

staff will be utilized and 1.5 additional CT technician FTEs and 1 additional Imaging extender FTE will be added.

QMC has sufficient cash from operations to fund the project with no additional financial capital required after start-up.

**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