



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

RECEIVED

'15 NOV 25 P2:35

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #15-21A
To be assigned by Agency

Date of Receipt:

STATE HEALTH
& DEV. AGENCY

APPLICANT PROFILE

Project Title: Conversion of 28 Skilled Nursing Facility Beds to 28 Medical/Surgical Beds and the Addition of 2 Medical/Surgical Beds

Project Address: 1301 Punchbowl Street

Honolulu, HI 96813

Applicant Facility/Organization: The Queen's Medical Center-Punchbowl

Name of CEO or equivalent: Arthur A. Ushijima

Title: President

Address: 1301 Punchbowl Street, Honolulu, HI 96813

Phone Number: 691-4688 Fax Number: 691-7990

Contact Person for this Application: Paula Yoshioka

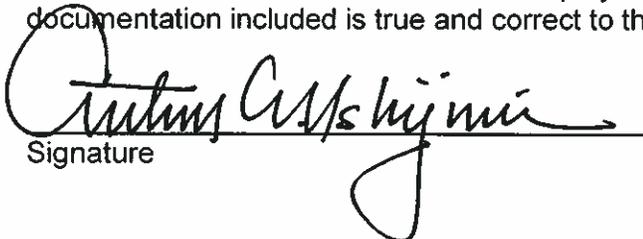
Title: Senior Vice President, Corporate Development, The Queen's Medical Center-Punchbowl

Address: 1301 Punchbowl Street, Honolulu, HI 96813

Phone Number: 691-7996 Fax Number: 691-7990

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.


Signature

11/24/2015
Date

Arthur A. Ushijima
Name (please type or print)

President
Title (please type or print)

RECEIVED

'15 NOV 25 P2:36

ST. HULIOP
& DEV. AGENCY

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 applicable as the project is currently located on the campus of the Queen's Medical Center-Punchbowl.
- 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.):
The renovation will require approval from the Department of Health – Office of Health Care Assurance/Centers for Medicare and Medicaid Services for licensing purposes and City & County of Honolulu standard building permits for renovation work.
- 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: N/A
 - Articles of Incorporation: .
 - By-Laws: On file with agency.
 - Partnership Agreements: On file with agency.
 - Tax Key Number (project's location): On file with agency.

RECEIVED

'15 NOV 25 P2:36

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
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	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
SNF	28	-28	0
Medical/Surgical	363	+30	393

RECEIVED

TOTAL	391	+2 ¹⁵ NOV 25 P 2 :36	393
-------	-----	---------------------------------	-----

6. PROJECT COSTS AND SOURCES OF FUNDS ST. MARY'S & DEV. AGENCY

a) List All Project Costs:

AMOUNT:

- 1. Land Acquisition _____
- 2. Construction Contract \$3.6m
- 3. Fixed Equipment _____
- 4. Movable Equipment _____
- 5. Financing Costs _____
- 6. Fair Market Value of assets acquired by lease, rent, donation, etc. _____
- 7. Other: _____

TOTAL PROJECT COST: \$3.6m

b) Source of Funds

- 1. Cash \$3.6m
- 2. State Appropriations _____
- 3. Other Grants _____
- 4. Fund Drive _____
- 5. Debt _____
- 6. Other: _____

TOTAL SOURCE OF FUNDS: \$3.6m

RECEIVED

*15 NOV 25 P2:36

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.

QMCP will convert 28 SNF beds to 28 Med/Surg beds and add 2 Med/Surg 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: Not applicable as QMCP currently has site control of the current Pauahi 5 Unit.
- b) Dates by which other government approvals/permits will be applied for and received: QMCP will request licensing approval from Department of Health Office of Health Care Assurance upon approval of this CON by SHPDA.
- c) Dates by which financing is assured for the project: N/A.
- d) Date construction will commence: July 20, 2016
- e) Length of construction period: 6 weeks
- f) Date of completion of the project: August 30, 2016
- g) Date of commencement of operation: Upon licensure by OHCA

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.

The Queen's Medical Center-Punchbowl (Queen's), the only tertiary, quaternary hospital facility in Hawaii and the Pacific Rim, will be undertaking a major renovation project to update the air handling system at the facility. The hospital air handling system is between 20-30 years old, has been evaluated as at near end of life status and must be replaced to ensure compliance with regulatory requirements, such as those promulgated by the Joint Commission. The renovation will also help to ensure that patients are treated in a safe and comfortable environment. These renovations are scheduled to begin in July, 2016 and must be completed in order to avert later,

RECEIVED

more serious issues—such as the shutdown of the entire air handling system—that could cause a catastrophic disruption to access to acute care services on Oahu.

'15 NOV 25 P2:36

In order to carry out the renovations, Queen's will need to systematically relocate patients on a short-term basis from traditional patient care units to the current Pauahi 5 Unit (P5) as unit air handlers are installed. Currently, P5 has 28 beds designated as skilled nursing facility (SNF.) In order to complete this renovation project, Queen's will need to re-designate these 28 beds to medical-surgical beds in order to accommodate the relocated acute care patients. The plan is to work methodically through the units of the hospital. This process of replacing critical end of life AC systems on acute care units is projected to take approximately two to three years.

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

The project fulfills priorities included in the State of Hawaii's Health Services and Facilities Plan (HSFP). The project meets the Statewide Health Coordinating Council (SHCC) priority of promoting and supporting the long-term viability of the health care delivery system by ensuring that residents from across the state who need acute care services are accommodated. The project will also fulfill the goal of ensuring overall access to quality health care.

b) Need and Accessibility

In order to ensure compliance with federal regulatory requirements and provide a safe, comfortable place of care, Queen's needs to replace its air handling system. The Joint Commission requires hospitals to maintain "ventilation, temperature, and humidity levels suitable for the care, treatment, and services provided." Moreover, guidance from nationally-recognized groups such as the American Society of Heating, Refrigerating and Air-Conditioning Engineers promulgate best practices for hospitals to follow. These guidelines indicate that, generally, hospitals should keep the facility at relative low humidity (i.e., between 20-60 percent) and at a comfortable temperature (i.e., between 68-75 degrees.) The only way to follow these best practice guidelines in Hawaii is through the use of air conditioning, which is supplied by the air handling system. The air handling renovation project is imperative in ensuring that Queen's meets regulatory requirements, best practice guidelines, and general standards for operating a comfortable, safe facility.

In order to complete this renovation project, Queen's will need to temporarily close acute care units over a two to three year period. The closures to patient care units will be short-term, and will be done methodically and consecutively to ensure efficiency. While the renovations are being completed, it is imperative that the 28 beds on P5 are available to help ensure that patients from across the state have access to needed acute care services. Queen's is the largest acute care, tertiary and quaternary facility in the state, and provides a number of top-tier services that are unique to the facility. The facility often runs well above the threshold of 75 percent set forth by SHPDA regarding occupancy rates. Occupancy rates are particularly high at Queen's during the flu season, which is imminent. The flu season results in admissions of generally older and frailer patients. Figure 1 shows the consistency with which Queen's runs above the threshold set by your agency, and the spike in acute care bed need during the months of the flu season.

RECEIVED

NOV 25 2 57

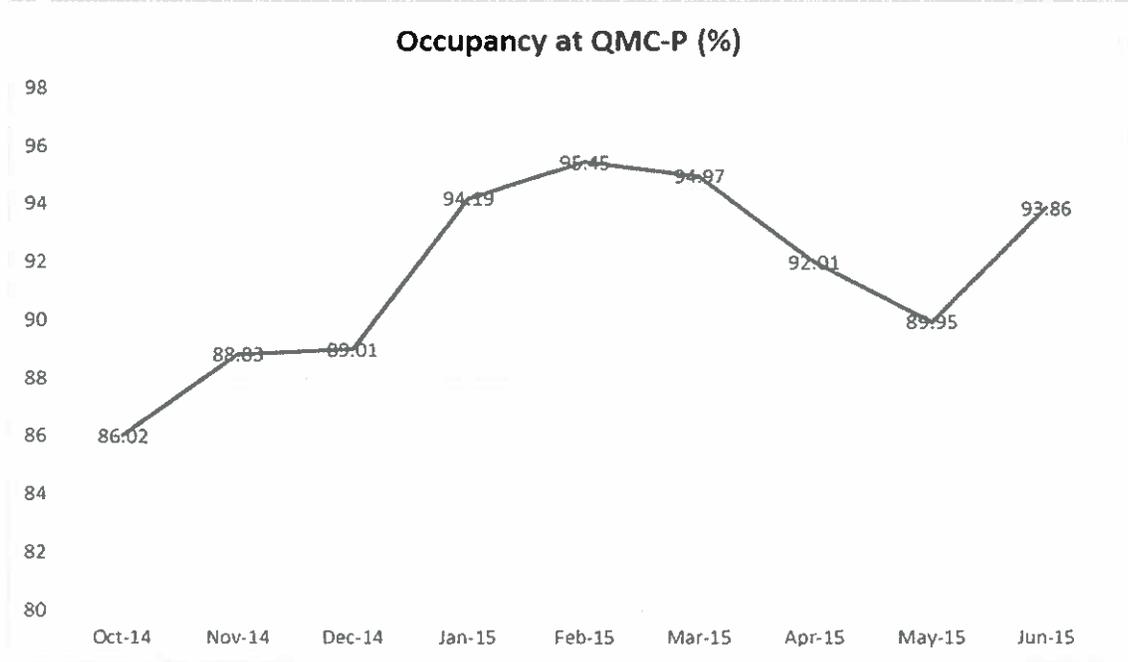
STATE & DEV. AGENCY

This project will serve the whole population of the state, in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups. The mission of Queen's is "to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawaii." A core tenet of the hospital is to ensure that underserved populations have access to needed health services. This project is in line with that mission and tenet.

Considering the length of the licensing process carried out by the Office of Health Care Assurance, Queen's would like to secure a re-designation of these beds as medical/surgical beds at the earliest opportunity. This will keep the much-needed renovation project on schedule. As noted in Figure 1, the occupancy of the hospital surges during the winter months, when the flu spreads. Having access to these beds during this trying time will help to alleviate the pressure on the entire hospital system in the state by freeing up beds for patients not only suffering from the flu, but who may require other acute care services only offered at a facility like Queen's.

For current P5 patients, plans have been made to mitigate any effects of the beds being re-designated. Initially, the hospital will discharge patients as appropriate. If it is determined that patients require a SNF-level of care, staff will work to find an appropriate placement for the patient outside of the hospital. If a placement cannot be located, Queen's will make accommodations to care for the patient within the hospital. In this way, Queen's will avoid disruptions to care.

Figure 1.



c) Quality of Service/Care

Queen's is licensed by the Hawaii State Department of Health, accredited by the Joint Commission, and certified by Medicare. Queen's is approved to participate in residency training by the Accreditation Council of Graduate Medical Education.

RECEIVED
15 JUL 23 12 37

Queen's is also the first in the state to attain a Magnet® designation by the American Nurses Credentialing Center, the highest institutional honor for hospital excellence from the group. The superior level of quality provided at this hospital has been recognized with numerous other accreditations, certifications and awards.

Queen's 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.

Queen's strives to ensure safe, quality care and excellent service for every patient. Accordingly, there are policies and procedures in place at Queen's to ensure that all patients admitted to Queen's receive high quality care. These policies, procedures, and standards will continue to be applied during and after implementation of this project. Prior to operating the re-designated beds, Queen's will also ensure that all licensure and certificate requirements are met, if necessitated by the change.

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

It is estimated that the cost of renovating the current SNF beds into medical-surgical beds will be approximately \$3.6 million. Queen's has the cash on hand to cover the expenses related to the renovation of P5 and the air handling system. There are no projected revenue and cost projections for this project. The purpose of this project is to make sure that care is not disrupted. The re-designated beds will be used to accommodate the acute care patients that would have been placed in a unit closed as part of the air handling system renovation project. Therefore, the project is cost and revenue neutral, since its purpose is not to expand, but rather to accommodate, acute care services in the hospital.

e) Relationship to the existing health care system

This application will not have a significant impact on the existing health care system. Approving the re-designation of the P5 beds to be available as acute care beds will avert disruptions to care, since the renovation project will necessitate relocating patients with acute care needs. This project will accommodate patients across the state in need of acute care services, fulfilling the state's goal of overall access to quality health care. The re-designation of beds is the most cost effective way to ensure capacity within the community, and will also provide patients across the state with access to Queen's services.

f) Availability of Resources.

Queen's has the necessary funds required to establish and support the proposed services. There may need to be some personnel adjustments on both the clinical and non-clinical side. However, any adjustments in personnel would involve current employees of Queen's and would not pose any barrier to quickly and efficiently operationalizing quality services.

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.