



ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 12-13A
To be assigned by Agency

Date of Receipt:

APPLICANT PROFILE

Project Title: **Additional Linear Accelerator in Existing Service Location**

Project Address: The Cancer Center of Hawaii – Liliha
Weinberg Medical Pavilion
2226 Liliha Street #B2
Honolulu, HI 96817

Applicant Facility/Organization: The Cancer Center of Hawaii, LLC

Name of CEO or equivalent: Jerry Correa
Title: Chairman, Board of Directors
Address: 2226 Liliha St. Ste. 227
Honolulu, HI 96817

Phone Number: (808) 547-8004
Fax Number: (808) 547-8018

Contact Person for this Application: Dail F. Lodge
Title: Executive Director
Address: 2226 Liliha St. Ste. 212
Honolulu, HI 96817

Phone Number: (808) 551-2109
Fax Number: (808) 547-8018

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

Date

Dail F. Lodge
Name (please type or print)

Executive Director
Title (please type or print)

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

- Public _____
- Private X
- Non-profit _____
- For-profit X
- Individual _____
- Corporation _____
- Partnership _____
- Limited Liability Corporation (LLC) X
- 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: 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 Attachment "A"]

4. 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.).

- o Certificate of Need, State Health Planning & Development Agency
- o Building Permit, City and County of Honolulu Department of Planning and Permitting

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

[See Attachment "B"]

B. 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 Attachment "C" (Articles of Organization)]
- **By-Laws**
[See Attachment "D" (Operating Agreement)]
- **Partnership Agreements**
[N/A]
- **Tax Key Number (project's location)**
[(1) 1-8-018:025]

5. 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			X	
Private Practice					

6. 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
TOTAL	NA	NA	NA

7. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	_____
2. Construction Contract	\$641,533
3. Fixed Equipment	\$425,000
4. Movable Equipment	_____
5. Financing Costs	_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7. Other: Relocation/Installation	\$351,244
TOTAL PROJECT COST:	\$1,417,777

B. Source of Funds	
1. Cash	_____
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	\$1,417,777
6. Other: Finance	_____
TOTAL SOURCE OF FUNDS:	\$1,417,777

8. **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.

The additional Linear Accelerator is an expansion of an existing Service and will be located in the same office. Construction costs are related to the renovation of current space to accommodate the requisite radiation shielding for the additional Linear Accelerator.

9. **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 – Current
- b) Dates by which other government approvals/permits will be applied for and received – August 1, 2012
- c) Dates by which financing is assured for the project - Current
- d) Date construction will commence – August 6, 2012
- e) Length of construction period – 10 Weeks
- f) Date of completion of the project – November 2, 2012
- g) Date of commencement of operation – November 9, 2012

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.

10. **EXECUTIVE SUMMARY:** Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificates of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

The Cancer Center of Hawaii, LLC (CCH) seeks approval for the implementation of an additional Linear Accelerator to our currently existing service. CCH received SHPDA approval on June 1, 2012 to upgrade/replace its current Linear Accelerator to modern day equivalent.

In order to meet future patient demand for services, this additional Linear Accelerator is needed to improve patient access to Radiation Treatment Services through the provision of additional treatment capacity within our Center as our current Treatment System is consistently operating at near maximum capacity.

The additional System also allows for an increased array of treatment options through additional, upgraded technical capabilities such as On Board Imaging (OBI) and Cone Beam CT (CBI). Appropriate utilization of these technically advanced

capabilities allow for real-time tumor localization immediately prior to treatment which can allow for a reduction of the requisite treatment margins of defined tumor volumes.

Combined with the additional ability to decrease treatment delivery times through the utilization of technically advanced treatment delivery processes, the additional machine capabilities may thereby enhance both treatment accuracy and patient experience.

A) Relationship to the State of Hawai`i Health Services and Facilities Plan

The proposed addition of a second Linear Accelerator Treatment System at our Liliha site is consistent with the delineated Certificate of Need criteria to "increase cost-effective access to necessary health care services" through significantly increasing the advanced technological treatment capabilities provided through the established, known and recognized Cancer Center of Hawaii, LLC.

The proposed addition of a second Linear Accelerator Treatment System is also consistent with the established standards of service thresholds for the project's service area. For the expansion of existing units/services, the stated HFSP threshold is that "the provider's unit utilization rate is at least 8,600 procedures per unit per year" (Chapter 2, HSFP). The 2011 use statistics (10,039 Procedures) demonstrated a 117% utilization rate of the requisite threshold.

The proposed addition of a second Linear Accelerator Treatment System is also consistent with Certificate of Need criteria to assure "costs are reasonable" through significantly increasing the capacity of the available treatment capabilities at the Liliha site.

This proposal will advance the Statewide Health Coordinating Council's (SHCC) priority of ensuring the maintenance of overall access to quality healthcare at a reasonable cost by increasing the Treatment capacity and capabilities immediately available within an established, known and recognized Cancer Treatment Facility at currently established and reasonable costs.

This Proposal will also advance the Honolulu Subarea Council's (HONSAC) priority of controlling escalating costs in the senior care industry and other needed services. While Cancer can certainly occur at any age, it is more frequently addressed concurrently with advancing age. Thus, increasing the access to the Cancer Treatment capabilities available with a currently established Cancer Treatment Facility will help control the escalating healthcare costs in the senior care industry.

B) Need and Accessibility

Radiation Therapy is an important component on the cancer therapy continuum and The Cancer Center of Hawaii, LLC currently offers several high technology External Beam Radiation Therapy (EBRT) treatment options including 3D Radiotherapy and Intensity Modulated Radiotherapy (IMRT).

These treatment options are provided utilizing a single Linear Accelerator. Radiation Oncology treatment delivery technology has expanded significantly in recent years offering multiple new treatment capabilities and options thereby requiring equipment upgrades to be considered on a regular and timely basis.

Thus, the proposed project is necessary do to the age of the existing Treatment System as well as to improve the level of accessibility by our current patient population to the latest technological advancements.

The Cancer Center of Hawaii regularly provides Radiation Therapy Services to all residents of the State of Hawaii and elsewhere (e.g. migrants from the Pacific Islands) including the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities and various underserved groups.

Thus, the approval of the proposed project will assist the Applicant in continuing to make Radiation Therapy Services accessible to each of these individual subgroups in a manner as safe, painless and tolerable to such individuals as reasonably possible.

C) Quality of Service/Care

Proposed project will enable the Applicant to deliver improved and increased services and care at the Liliha Facility. In the interest of promoting quality health care, each Physician is either eligible or currently Board certified in Radiation Oncology as are the Radiation Physics Staff. Additionally, staffing level throughout the Center abide by the American College of Radiology (ACR) recommendations for comparable facilities.

The proposed state-of-the-art equipment will enable the Applicant to increase and improve the quality of care at the Liliha Facility by improving the technology to increase the speed, accuracy and cost-effectiveness of current treatment capabilities. Added capabilities include the ability to decrease the Radiation dose delivery time while improving the accuracy of treatment by providing On-Board Imaging (OBI) and CT (OBCT). These capabilities allow for increase accuracy of treatment by providing a means to efficiently assure the treatment is properly localized immediately prior to treatment on a PRN basis.

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

The proposed project is expected to have a positive financial impact on the Health System. The Lease payments and all associate operating costs are expected to funded from the current, and anticipate generated, cash flow. It is anticipated that the project will yield a positive cash flow within the first year of operation as indicated in the revenue/cost projections attached. (See Attachment E)

E) Relationship to the existing health care system

The proposed project is expected to strengthen the existing Health Care System by enhancing the Liliha Facility's ability to provide requisite Radiation Oncology Services in a most efficient manner.

F) Availability of Resources

The proposed project will utilize existing space, personnel and other resources while entailing construction costs of \$641,533 to renovate the existing space to accommodate the additional Linear Accelerator. Both the equipment and construction costs will be funded out of a financing arrangement with GE Capital. The equipment financing payments, employee wages and other operating costs will be funded through the anticipated cash flow at the Liliha facility. (See Attachment F)

11. 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.