



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 12-23A
To be assigned by Agency

Date of Receipt:
STATE HEALTH PLANNING & DEV. AGENCY

APPLICANT PROFILE

Project Title: Construction of New Emergency Services Building

Project Address: 86-260 Farrington Highway
Waianae, HI 96792

Applicant Facility/Organization: Waianae District Comprehensive Health and Hospital Board, Incorporated

Name of CEO or equivalent: Richard P. Bettini

Title: President and Chief Executive Officer

Address: 86-260 Farrington Highway / Waianae, HI 96792

Phone Number: 808-697-3457 Fax Number: 808-697-3687

Contact Person for this Application: Marianne Glushenko

Title: Assistant Director

Address: 86-260 Farrington Highway / Waianae, HI 96792

Phone Number: 808-697-3457 Fax Number: 808-697-3479

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: [Handwritten Signature]

Date: 9-25-2012 (revised)

Name: Richard P. Bettini

Title: President and Chief Executive Officer

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

- Public \_\_\_\_\_
- Private \_\_\_\_\_
- Non-profit \_\_\_\_\_
- For-profit \_\_\_\_\_
- Individual \_\_\_\_\_
- Corporation \_\_\_\_\_
- 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: \_\_\_\_\_
- 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)
- 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.)
- C. Your governing body: list by names, titles and address/phone numbers
- 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
  - By-Laws
  - Partnership Agreements
  - Tax Key Number (project's location)

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.

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	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.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
<b>TOTAL</b>	(Not applicable)	(Not applicable)	(Not applicable)

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

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AMOUNT:

1.	Land Acquisition		_____
2.	Construction Contract		\$9,900,000
3.	Fixed Equipment		_____
4.	Movable Equipment		\$1,500,000
5.	Financing Costs		_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.		_____
7.	Other: Architect and engineering fees, <u>special inspections</u> , building permits, and legal and administrative costs.		\$ 787,695
	<b>TOTAL PROJECT COST:</b>		\$12,187,695

B. Source of Funds

1.	Cash		_____
2.	State Appropriations		\$5,750,000
3.	Other Grants		_____
4.	Fund Drive		\$6,437,695
5.	Debt		_____
6.	Other: _____		_____
	<b>TOTAL SOURCE OF FUNDS:</b>		\$12,187,695

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 11-5686-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

(Not applicable)

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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, (Existing)
- b) Dates by which other government approvals/permits will be applied for and received, June 2013 and September 2013
- c) Dates by which financing is assured for the project, March 2013
- d) Date construction will commence, September 2013
- e) Length of construction period, 12 months
- f) Date of completion of the project, September 2014
- g) Date of commencement of operation November 2014

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.

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

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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.

## SECTION 9. EXECUTIVE SUMMARY RECEIVED

### 24-hour Emergency Services Building to Serve Leeward Oahu

#### Brief Summary

The Waianae Coast Comprehensive Health Center (WCCHC) is constructing a new emergency services building to serve the emergency medical and disaster preparedness needs for the Waianae Coast and surrounding communities in Leeward Oahu. It will replace WCCHC's aging, 40-year-old emergency services building. The new building is scheduled to be completed September 2014.

#### a. Relationship to the State of Hawaii Health Services and Facilities Plan

The WCCHC emergency services building directly relates to a number of goals, key issues and priorities found in the State of Hawaii Health Services and Facilities Plan including the following:

1. Focuses on increasing cost-effective access to necessary health care services by providing 24-hour access to emergency care that is less expensive to provide than at a hospital emergency room.
2. Promotes regionalization of services by providing 24-hour access to residents of the isolated Waianae Coast.
3. Addresses the increasing demands of providing quality health care to Hawaii's increasingly aged population.
4. Directly relates to the specific statewide health area of concern of establishing a statewide emergency and trauma system since WCCHC, which is already a part of the state emergency response system, will be able to provide even more effective and efficient care from its new emergency services building.
5. Directly relates to the specific West Oahu Subarea Health Planning Council (SAC) priority of improving and increasing access to emergency care options.

#### b. Need and Accessibility

The current WCCHC emergency room is one of the most heavily utilized on Oahu. For the period July 1, 2011 – June 30, 2012, 11,550 patients were seen in the emergency room through a total of 18,602 visits. This includes 2,547 patients who made a total of 3,015 visits during the hours of midnight to 8:00 a.m.

The Health Center's 24-hour emergency services include 24-hour lab and radiology services. Imi Koke (our walk-in clinic) is supported by emergency department staff to see patients who present for urgent care from 8am to 8pm Monday thru Friday thereby freeing up the emergency room for more serious cases.

Of the total number of visits, 63% were visits by patients covered under QUEST/Medicaid and 8% of visits were by uninsured patients. Trauma, chest pain, congestive heart failure, respiratory distress, labor, mental illness and substance abuse, physical abuse and other severe signs/symptoms make up one-third of the visits to the emergency room.



The Health Center's current 24-hour emergency room and radiology room is no longer adequate to address the specialized needs of the more than 18,000 annual emergency room patient visits. The building that currently houses emergency services, radiology and urgent care is over 40 years old, has major structural flaws and outdated systems and is consequently seriously affecting the safety and well being of patients and staff. The current space is inefficient and cannot handle the volume of patients requiring care and the flow of services required in an emergency room setting. The new building will address and resolve these issues and is designed to be a state-of-the art emergency services department that will provide the highest level of quality care available.

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The Waianae Coast Comprehensive Health Center serves the medically underserved community of Waianae and surrounding communities in the Leeward and Central regions of the island of Oahu. Serving the community since 1972, the Health Center will be celebrating its 40th anniversary in 2012. From its start as a one doctor office, the Health Center is the largest, and oldest, of the fourteen community health centers in the State of Hawaii. The strength of the Health Center lies in the strong foundation set by its founders, the vision and expertise of its Board of Directors, the sense of ownership by its staff, patients and community, the years of service and commitment of its management team, and the relationships forged at the community, state and national level.

In 2011, the Health Center served 29,724 patients, the majority being Native Hawaiian (52%), followed by Asian & other Pacific Islanders (26%), and Caucasians (15%). Data shows 68% of patients are at 100% of the federal poverty level or below, 12% are uninsured, and 57% are receiving coverage under QUEST, the State Medicaid program.

The Waianae Coast is an economically distressed community with a population of 42,259, ranking highest on the island of Oahu for households receiving financial aid and food stamps; those at less than 100% and 200% of poverty level; unemployment; infant mortality, and teen births.

The Health Center serves as a safety net for uninsured, medically underserved patients on the Waianae Coast. As a federally qualified health center, no one is ever turned away from receiving services regardless of their ability to pay. The demographics of the Health Center's patient population are comprised of the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities and other underserved groups. All residents in the area have access to the services provided by the Health Center.

c. Quality and Service/Care

The building that currently houses emergency services, radiology and urgent care is over 40 years old, has major structural flaws and outdated systems and is consequently seriously affecting the safety and well being of patients and staff. The current space is inefficient and cannot handle the volume of patients requiring care and the flow of services required in an emergency room setting. The new building will address and resolve these issues and is designed to be a state-of-the art emergency services department that will provide the highest level of quality care available.

The Health Center has an active and robust quality improvement program. Quality and performance improvement activities of the Health Center represent an integrated multidisciplinary effort by all of its employees.

Medical providers, clinical and non-clinical management, mid-management, and program managers, are active in addressing quality management components at the Health Center through the following committees:



- Peer Review Committee
- Quality Improvement Committee
- Recruitment Committee
- Data Integrity Committee
- Family Practice Specialty Committee
- Pediatrician Specialty Committee
- Women's Health Committee

- HIPAA Committee
- Disaster Preparedness Committee
- Team Office Managers
- Health and Safety Committee
- Systems Committee
- Clinical Leadership Team
- Leadership Team

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Improvement of the overall organization is addressed through the Quality Improvement Committee, the Data Integrity Committee, the Board of Directors, the Leadership Team and the Clinical Leadership Team.

Prior to the start of construction of the new Emergency Services Building, the Emergency Room and Radiology department will move into a temporary location in the soon to be completed Integrated Adult Medical and Pharmacy Services Building. This building is located next door (40 feet) to their current building. This temporary move will ensure that the quality of care and services will continue without interruption throughout the duration of the construction project.

The Health Center is certified to provide services under Medicaid and Medicare.

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

Below are two tables that provide the information requested.

**TABLE 1. Design & Construction Costs**

WCCHC EMERGENCY SERVICES BUILDING	TOTAL PROJECT	1ST FLOOR 13,800 SF	2ND FLOOR 8,200 SF
<b>A &amp; E Costs (RFP AIA Contracts)</b>	492,945	310,555	182,390
<b>Construction Costs - Estimated</b>	9,900,000	6,237,000	3,663,000
<b>Other hard costs</b>	45,000	28,350	16,650
<b>Other soft costs</b>	249,750	157,343	92,408
<b>Equipment</b>	1,500,000	1,000,000	500,000
<b>TOTAL</b>	12,187,695	7,733,248	4,454,447

**TABLE 2. Revenue/Cost Projections for 1<sup>st</sup> and 3<sup>rd</sup> Year of Operation**

*Please see the following two tables on pages 5 and 6 of this Executive Summary:*

*Table 2A – Statement of Operations Pro Forma the First Year of Operations*

*Table 2B – Statement of Operations Pro Forma the Third Year of Operations*

The losses projected for years 1 and 3 are largely attributable to depreciation and amortization costs, resulting in a positive cash flow. The Health Center is financially able and committed to continuing to subsidize this critical service for the residents of the Waianae Coast as it has demonstrated for more than 30 years.

e. Relationship to the existing health care system

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With the closing of the emergency room at Hawaii Medical Center West, the Health Center's emergency room is the only such provider for emergency and disaster response for the entire Leeward side of Oahu. Besides being equipped to handle severe emergencies, the Health Center is also part of the state emergency response system in times of disasters or threats to national security.

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f. Availability of Resources

Below is a table listing the various funding sources that will pay for the design and construction of the emergency services building. Existing staffing patterns will meet the operating needs of delivering services within the new building.

WCCHC EMERGENCY SERVICES BUILDING FUNDING

State CIP Funding (ASO #07-239) <sup>1</sup>	\$ 3,750,000
State CIP Funding (2012 Legislature) <sup>2</sup>	\$ 2,000,000
Fund Drive <sup>3</sup>	\$ 6,437,695
sub-total	\$ 10,250,000
<b>TOTAL</b>	<b>\$ 12,187,695</b>

<sup>1</sup> Contract has been fully executed.

<sup>2</sup> These funds were appropriated by the 2012 Legislature. The Health Center has initiated the process that will result in the Department of Health submitting a request to the Governor to release these funds after which a contract will be executed.

<sup>3</sup> The Health Center has a long history of receiving significant support from foundations, corporations, vendors, and community members including funding for the Harry and Jeanette Weinberg Family Medical Building (completed 2009) and the Integrated Adult Medical and Pharmacy Services Building (currently under construction to be completed in 2013). The Health Center's Board of Directors includes individuals who have many years of experience raising significant amounts of money from foundations and corporations and they have taken the lead to ensure the success of our recently launched capital campaign to raise the funds. In addition, the critical need for this new Emergency Department Building provides a compelling focus for this fund drive.