

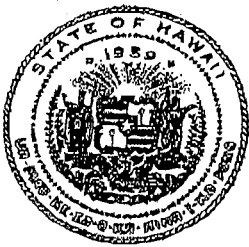
HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

EMERGENCY APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-06E

Applicant: Maui Memorial Medical Center
221 Mahalani St., Wailuku, Maui, HI
Phone: 808-242-2469

Project Title: Establishment of an inpatient hemodialysis service
221 Mahalani St., Wailuku, Maui, HI



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~~ADMINISTRATIVE~~ APPLICATION - CERTIFICATE OF NEED PROGRAM

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Application Number: 02-06E
To be assigned by Agency

Date of Receipt:

STATE HEALTH PLANNING
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APPLICANT PROFILE

Project Title: Inpatient Dialysis Service -- Emergency Application

Project Address: 221 Mahalani St.
Wailuku, HI 96793

Applicant Facility/Organization: Maui Memorial Medical Center

Name of CEO or equivalent: John Schaumburg

Title: Chief Executive Officer

Address: 221 Mahalani St., Wailuku, HI 96793

Phone Number: (808) 242-2080 Fax Number: (808) 244-2443

Contact Person for this Application: Gerald Matsui

Title: Director of Business Development and Community Affairs

Address: 221 Mahalani St., Wailuku, HI 96793

Phone Number: (808) 242-2469 Fax Number: (808) 242-2443

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.

Gerald S. Matsui
Signature

5/3/2002
Date

John Schaumburg

Name (please type or print)

Chief Executive Officer

Title (please type or print)

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

Public X
 Private
 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. Project will be located in:

State Senate District Number: 9 State House District Number:
5 (senate)

County Council District Number: (Waialuku) Neighborhood Board District
 Number:
 (O`ahu only)

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

Statewide:
 O`ahu-wide:
 Honolulu:
 Windward O`ahu:
 West O`ahu:
 Maui County: X
 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) N.A.
- 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.) N.A.
- C. Your governing body: list by names, titles and address/phone numbers ATTACHMENT 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 N.A.
 - By-Laws Attachment B
 - Partnership Agreements N.A.
 - Tax Key Number (project's location) 2-3-8-0-46-013

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				XX	
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.

NOT APPLICABLE

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

6. **PROJECT COSTS AND SOURCES OF FUNDS**

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	<u> </u>
2.	Construction Contract (renovations)	<u>10,000</u>
3.	Fixed Equipment	<u> </u>
4.	Movable Equipment *	<u>110,300</u>
5.	Financing Costs	<u> </u>
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	<u> </u>
7.	Other: <u>Training</u>	<u>1,500</u>

TOTAL PROJECT COST: 121,800

B. Source of Funds

1.	Cash	<u>121,800</u>
2.	State Appropriations	<u> </u>
3.	Other Grants	<u> </u>
4.	Fund Drive	<u> </u>
5.	Debt	<u> </u>
6.	Other: <u> </u>	<u> </u>

TOTAL SOURCE OF FUNDS: 121,800

* includes: dialysis units, reverse osmosis
equipment, test equipment, recliner

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.

Addition of inpatient dialysis service

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: See page 7

- a) Date of site control for the proposed project,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence,
- e) Length of construction period,
- f) Date of completion of the project,
- g) Date of commencement of operation

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.

See page 7

- a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as 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.

10. Eligibility to file for Administrative Review. This project is eligible to file for Administrative review because: (Check all applicable)
(NOT APPLICABLE -- This is an emergency application)

_____ 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.

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8. Implementation Schedule

Maui Memorial Medical Center (MMMC) will internalize the provision of acute inpatient dialysis services on May 10, 2002.

MMMC has allocated \$10,000 for renovations. Minor renovations will be required, since the stationary units will be established in the same place now used by St. Francis Health Care System ("St. Francis") for dialysis service. Renovations would be such things as plumbing repairs, cabinets, floor repairs and electrical fixtures.

- d) Date construction would commence: May 8, 2002
- e) Length of construction period: 38 days
- f) Date of completion of the project: June 15, 2002
- g) Date of commencement of operation: May 10, 2002

9. Executive Summary

St. Francis has been the provider for Acute inpatient dialysis service at MMMC. The service agreement contract terminates on May 8, 2002, at which time MMMC would like to be the provider of service with its own staff and equipment.

Currently, St. Francis has a room on the second floor of MMMC with 2 stationary dialysis units for MMMC inpatients. St. Francis also operates a "roaming" dialysis unit within the facility to provide bedside dialysis to those inpatients who are in isolation units or in such serious or critical condition that they cannot be safely transported to the stationary units. St. Francis also provides chronic outpatient dialysis services in a separate building on the MMMC campus, as well as at other locations on the island.

Under this proposal, MMMC will use the same room on the second floor, with 2 stationary units, and will have 1 "roaming" unit for patients that cannot be moved to one of the stationary units. The major difference from the current arrangement is that the equipment and staff will belong to MMMC.

There are about 2 to 4 inpatients per day that need acute dialysis. MMMC plans to acquire 4 dialysis machines, even though the maximum number of machines in use at any given time (stationary plus roaming) will be 3. The extra unit is necessary to provide backup for downtime, maintenance and unexpected equipment failure.

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In order to enhance the existing healthcare system on Maui, especially the system of dialysis services which will consist of St. Francis providing chronic outpatient dialysis while MMMC provides acute inpatient dialysis, MMMC makes the following commitments:

- The hospital's inpatient service will consist of no more than three stations, 2 fixed and 1 "roaming."
- MMMC shall not employ, recruit, nor attempt to recruit any existing St. Francis dialysis staff.
- MMMC agrees to meet with St. Francis to consider collaborating to plan for joint staff recruitment efforts to alleviate the shortage of nursing staff on Maui, and will meet on a regular basis to examine the possibility of other collaborative efforts for Maui.

Emergency Situation

MMMC is applying for an Emergency Certificate of Need. Acute inpatient dialysis is a routine and necessary procedure for an acute care hospital. For some patients, the availability of the service is literally a life-or-death situation. MMMC projects more than 900 annual procedures in FY 2003. Our nephrologists estimate that 10 to 20% of the acute dialysis patients are critical and cannot be transported to any other facility for dialysis.

The agreement between MMMC and St. Francis expires on May 8, 2002. So that all dialysis patients are better served, St. Francis will continue to provide chronic outpatient dialysis to Maui patients while MMMC will provide acute inpatient service. However, with the imminent expiration of the agreement, MMMC needs to begin the immediate provision of inpatient service. MMMC believes that the absence of such service would constitute "a state of affairs involving an actual substantial injury to public health or where there is a clear and present danger of such an injury occurring."

A. Relationship to the H2P2 Criteria

The proposal in this application relates well to the provisions of the H2P2. MMMC is a full service acute care facility, and as such must continue to have a full range of acute inpatient services, including acute inpatient dialysis.

The critical elements of a health care delivery system, as defined in the H2P2, are access, quality management, cost-effectiveness, continuity of care and constituent participation. All these elements are addressed through the provision of acute inpatient dialysis service at MMMC.

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- Access to dialysis service is assured to all inpatients, including emergency patients.
- Quality is assured through the hospital's standard quality control programs.
- Cost-effectiveness is assured through the provision of a full range of necessary diagnostic and therapeutic services at MMMC. Without inpatient dialysis, patients needing the service would have to undergo costly transport to Honolulu facilities, and some patients, being unable to be transported, would have an increased risk of mortality.
- Continuity of care is assured through the provision of the service at Maui's only medical center, with its comprehensive range of medical professionals and inpatient services.
- Constituent participation is assured through the input of various consumer and provider groups in the function of the medical center.

The proposal also relates will to the values and priorities of the Maui County "Tri-Isle" Subarea Health Planning Council as identified on pages III-9 to III-12 of the H2P2.

B. Need and Accessibility Criteria

The proposal relates well to these criteria. The Maui community needs to have acute inpatient dialysis provided to patients at MMMC. Such dialysis service is a routine and necessary service for any major full service acute care hospital, and MMMC is the only such facility on Maui. In FY 2001, 965 full care acute dialysis procedures were provided to inpatients at MMMC. For the first nine months of FY 2002 (ending March 30, 2002) there were 670 procedures, which equates to an annualized rate of 893 procedures.

In summary, the need of the Maui Community for acute inpatient dialysis procedures is about 900 procedures per year. This need can only be met on-island at MMMC. Our nephrologists estimate that 10 to 20% of the patients needing service are critical and cannot be moved, even by air ambulance, to another island for the service.

The services at MMMC are accessible to all patients. MMMC has provisions to assure that services are provided to all residents of the area, including low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups and the elderly.

C. Quality of Service/Care Criteria.

The proposal relates well to these criteria. The inpatient dialysis service at MMMC has been provided by St. Francis since the inception of the service in the mid-1980s. During that time, MMMC has contributed to the quality of the service in various ways, such as through the credentialing of the physicians providing the professional component, through provisions of the agreements with St. Francis, and through its umbrella of accreditation and certification procedures. MMMC is accredited by the Joint Commission of Accreditation of Healthcare Organizations, licensed by the Department of Health and certified by Medicare. MMMC has ongoing quality improvement programs, and a history of providing quality service.

D. Cost and Finances Criteria.

The proposal meets these criteria. The capital cost of the project, as noted on page 4 of this application will be \$121,800, including \$110,300 for the equipment. The capital cost will be funded out of operating funds and there will be no debt involved.

Attachment C to this application is a revenue and expense projection which shows that the service is financially feasible by the year 2004, i.e., the annual operating revenues (estimated at \$283,500) are sufficient to cover the operating expenses (\$271,339).

E. Relationship to the Existing Health Care System Criteria.

The proposal relates well to these criteria. MMMC is the only full service acute hospital on the island of Maui and the only provider of inpatient and emergency services. It is the only place on Maui where the system can provide acute dialysis to inpatients.

MMMC and St. Francis have agreed to collaborate to provide a full range of quality acute inpatient and chronic outpatient dialysis services on Maui. This proposal is for the inpatient component of that system. This close collaboration between the two providers will assure that the residents of Maui are well-served by a sound and comprehensive system of dialysis services.

The proposal will also provide MMMC with a positive cash flow, thus enhancing the facility's ability to provide other services the community needs, but which are not self-supporting.

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F. Availability of Resources.

The proposal meets these criteria. The necessary capital resources are minimal and available. The resources to operate the service are available, since the revenues will exceed the expenses.

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The service will require an FTE total of 3.5 staff: 2.5 R.N.s, and 1.0 tech. These staff are already employed and trained. Professional physician services will be provided by 2 board-certified nephrologists, one a Kaiser physician and one a physician in private practice, who is also the Chief Medical Officer at MMMC. Both physicians are currently credentialed and on staff.

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