



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-22A

Applicant: Gamma Knife Center of the Pacific, Inc.

Project Title: Change in ownership of Gamma Knife Center

Project Address: 2230 Liliha Street
Honolulu, HI

REPLACEMENT PAGE

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. Project will be located in:

- State Senate District Number: 14
- State House District Number: 27
- County Council District Number: VI
- Neighborhood Board District Number (O`ahu only): 14

B. 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. Lease agreement: See Attached
- B. Permits: Shielding-Department of Noise and Radiation (State), Radiation-Nuclear Regulatory Commision.
- C. Governing body: Dr. Maurice Nicholson, CEO/Medical Director, Margery Bronster, Esq., Randall Preiser, Dr. Leon Liem, Assistant Medical Director
- D. See Attached
 - Articles of Incorporation
 - By-Laws
 - Tax Key Location: 2230 Liliha Street, Honolulu, HI 96817

REPLACEMENT PAGE

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 Services	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. **NOT APPLICABLE**

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

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6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

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1.	Land Acquisition	_____
2.	Construction Contract	_____
3.	Fixed Equipment	<u>2,700,000</u>
4.	Movable Equipment	<u>71,000</u>
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: _____	_____

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TOTAL PROJECT COST: 2,771,000

B. Source of Funds

1.	Cash	<u>71,000</u>
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt (Conventional Loan)	<u>2,700,000</u>
6.	Other: _____	_____

TOTAL SOURCE OF FUNDS: 2,771,000

REPLACEMENT PAGE

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.

No Change in Service, Change of ownership

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:

Change of ownership, target date Oct. 1, 2002.

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:**

Overview: The change that is currently being made by the Gamma Knife Center of the Pacific is the termination of our service agreement with Saint Francis Medical Center. As a result of this change, the Gamma Knife Center will be responsible for providing its own nurse, physicist, and billing. The original service agreement was between Saint Francis and Neuro Technologies Int., however, in December of 1998, complete ownership was transferred from Neuro Technologies Int. to the Gamma Knife Center of the Pacific, Inc. As well at this time, the service agreement then became valid between Saint Francis and the Gamma Knife Center of the Pacific, Inc.

- a) **Relationship to H2P2:** The Gamma Knife Center of the Pacific (GKCP) relates to the Hawaii Health Performance Plan (H2P2); in that it strives to increase the span of healthy living for Hawaii residents, reduce health disparities, while maintaining accessibility and reasonable cost. The GKCP services specifically relate to Chapter 5 of the H2P2, in that we provide a unique and effective treatment of cancer (brain) through our multi-disciplinary cancer team, including physicians, and other health care professionals.

- b) **Need and Accessibility:** Because this is a new service to the State, there are no existing guidelines determining the need for such a service, nor is there any comparable service currently in place in the State. We are currently treating an average of 11 patients per month, which has grown in the last three years from an original average of 5 per month. Based on a current population base of around 1.8 million persons, Hawaii could generate 216 cases per year (based on statistics by Elekta Inc.). The service is accessible to all residents in the community, and in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and any other undeserved group.

- c) **Quality of Service/Care:** The GKCP is currently compliant with JCHO through our location at The Saint Francis Medical Facility, even with the change of C.ON. ownership. The services provided in the past by Saint Francis were that of a qualified physicist, and a nurse. The Gamma Knife Center is now currently providing its own physicist and nurse. The physicist that was employed by Saint Francis is now currently on our staff, providing the same quality service as before, yet now focused entirely on Gamma Knife procedures. The physicist is also certified as a Radiation Safety Officer, thus ensuring that our bunker (which houses the machine) complies with State safety regulations. The Gamma Knife Center currently has a new full time nurse on staff, who is a certified Registered Nurse. Prior to hiring the nurse, we required her to pass a competency test put on by Saint Francis. She continues to follow the Quality Service Plan that is dictated by Saint Francis for all nursing staff operating at its facility. The Gamma Knife Center also has access to Saint Francis's emergency cart, which has all necessary equipment and drugs necessary in case of a cardiac arrest. The Gamma Knife Center currently has an agreement with Saint Francis to allow us access to their nurses and physicists as backup, should the need arise. To date, the GKCP has treated over 340 patients. GKCP currently has 10 neurosurgeons and 5 radiation oncologists certified to perform Gamma Knife treatments, these physicians remain the same as prior to the change in our service agreement, and continue to provide the same quality service and care as before. Currently 18-20 local physicians attend a weekly conference presentation of cases. Our service area includes Hawaii and the Pacific.

d) Statement of Revenue and Expenses:

Treatments projected:	65	95	120
Description	Year 1	Year 2	Year 3

REPLACEMENT PAGE

Net Operating Revenue	1,296,750	1,895,250	2,394,000
Operating Expense			
Hospital Services	143,000	209,000	264,000
Use of Equipment	1,148,550	1,678,650	2,120,400
Total Operating Expense	1,291,550	1,887,650	2,384,400
Add: Depreciation	0	0	0
Interest	0	0	0
Funds from Operations	5,200	7,600	9,600
Debt Financing			
Principle	0	0	0
Interest	0	0	0
Total Debt Financing	0	0	0
Excess (Deficit) Funds From Operations	5,200	7,600	9,600

e) **Relationship to the existing health care system:** GKCP is currently the only Gamma Knife in the state of Hawaii and the immediate Pacific Basin (there are Gamma Knives in Japan). We are an open facility, with relationships to Tripler Hospital, Queens, Straub, Kuakini, and a facility in American Samoa.

f) **Availability of Resources:** GKCP has a management staff of 5 persons, and a medical staff of 15 physicians. Two new staff members were required, a physicist and a nurse, both have since been hired to full time positions. All 15 physicians are the same as previous to this application. There are no financial resources required as no capital outlay is needed for the change of ownership.

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.

REPLACEMENT PAGE

- 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.

REPLACEMENT PAGE