



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

## ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-34A

Applicant: Straub Clinic & Hospital

Project Title: Addition of a Computed Tomography Scanner

Project Address: 888 South King Street  
Honolulu, HI

REPLACEMENT PAGE

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. Project will be located in:

State Senate District Number:   12  

State House District Number:   25  

County Council District Number:   6  

Neighborhood Board District Number (O`ahu only):  11/sub.4 

B. 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 required – project to be located in Straub facility)**
- 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.)
  - **Certificate of Need from the State Health Planning & Development Agency**
  - **A building permit from the State of Hawaii**
  - **Department of Health Certificate**
- C. Your governing body: list by names, titles and address/phone numbers **(filed with SHPDA – November 22, 2002, Cardiac Catheterization Application)**

- 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 (**filed with SHPDA 11/22/2002**)
  - By-Laws (**filed with SHDPA 11/22/2002**)
  - Partnership Agreements (**not applicable**)
  - Tax Key Number (project's location) **2-1-42-10, 23 and 24**

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		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>			

RECEIVED  
 NOV 27 11 26 AM '02  
 STATE PLIC  
 2002/11/27

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

**A. List All Project Costs:**

RECEIVED  
'02 NOV 27 P1:26  
ST. HILTY. PLANNING  
& DEV. AGENCY

**AMOUNT:**

- |    |  |                            |
|----|--|----------------------------|
| 1. | Land Acquisition   | _____                      |
| 2. | Construction Contract  | _____                      |
| 3. | Fixed Equipment  | <b><u>\$ 1,100,000</u></b> |
| 4. | Movable Equipment  | _____                      |
| 5. | Financing Costs  | _____                      |
| 6. | Fair Market Value of assets acquired by<br>lease, rent, donation, etc. | _____                      |
| 7. | Other: <b><u>Facility Renovation</u></b>                               | <b><u>150,000</u></b>      |

**TOTAL PROJECT COST: \$ 1,250,000**

**B. Source of Funds**

- |    |                      |                            |
|----|----------------------|----------------------------|
| 1. | Cash                 | <b><u>\$ 1,100,000</u></b> |
| 2. | State Appropriations | _____                      |
| 3. | Other Grants         | _____                      |
| 4. | Fund Drive           | _____                      |
| 5. | Debt                 | _____                      |
| 6. | Other: _____         | _____                      |

**TOTAL SOURCE OF FUNDS: \$ 1,100,000**

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.

**The service to be added is a second computed tomography (CT) scanner to be located at Straub Clinic & Hospital. Reference: Certificate of Need Rules Section 11-186-5 category of service (1)(3)(E) "Computed Tomography Stationary".**

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,
- 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.

Implementation Schedule	Target Date	Notes
a) Site Control	N/A	(to be in current Straub facility)
b) Government Approvals/Permits	1/31/2003	Certificate of Need Building Permit Dept. of Health Certificate
c) Financing	1/31/2003	Straub has available cash for equipment and facility renovation
d) Construction Start	2/3/2003	
e) Construction End	5/16/2003	
f) Completion of Project	5/31/2003	
g) Commencement of Operations	6/2/2003	

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 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.

**Straub Clinic & Hospital seeks approval for an additional CT scanner to improve access and service to its patient population due to current utilization and demand. The second CT scanner will help alleviate the backlog on the current CT scanner for both inpatients and outpatients, reduce scheduling difficulties and improve overall access for both our physicians and patients.**

**The additional CT scanner will be located on the second floor makai side of Straub Clinic & Hospital adjacent to the current CT scanner. The proposed and current CT scanners are both Toshiba Aquilion multi-slice models.**

**a) Relationship to H2P2.**

**The proposed project addresses the critical elements of the health care delivery system and its underlying desirable characteristics. The proposal is responsive to H2P2's overall vision / priorities and specific objectives related to access, quality management, cost-effectiveness, and continuity of care.**

**The additional CT scanner will provide better access for Straub's patient population which will enhance the H2P2 objectives of early detection and diagnosis, improved treatment and better outcomes. The project reflects Straub's commitment to excellence in comprehensive diagnostic services, utilizing Straub's team of physicians and other health care professionals in improving patient care and outcomes. The project will leverage existing facility space, professional and support staff, and other Straub resources thereby adding a CT scanner in the least costly manner. Continuity of care is enhanced through improved capacity in diagnostic services and reduced throughput delays for both urgent and scheduled procedures.**

**b) Need and Accessibility.**

**Straub's current CT scanner annual volume of 12,605 far exceeds the minimum threshold of 4,500 CT procedures required for expansion of an existing service unit (H2P2, Chapter II, page 5, #1).**

The project meets the need and accessibility criteria due to the current CT scanner volume at Straub. The second CT scanner will serve all residents of the area, and in particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups. The primary service area is Oahu, although patients from the neighbor islands and Pacific basin will also be served.

c) Quality of Service/Care.

The project meets the quality of service/care criteria for several reasons. The second CT scanner will utilize Straub licensed and trained professionals, Straub credentialed physicians, and will be located in Straub - an accredited (JCAHO) facility. All required licenses and certifications will be obtained and maintained for this project. Straub has an excellent reputation and is well known in the community for quality care including national recognition by HCIA-Sachs as one of the "Top 100" hospital in the US for heart care.

Quality of diagnostic services and subsequent care at Straub will be improved due to the efficiencies, better accessibility, and enhanced scheduling flexibility achieved through having two CT scanners on site.

d) Cost and Finances.

The second CT scanner will have minimal impact on the overall costs of health services in the community as it will be funded entirely from Straub's existing capital and the financial projections (attached) reflect a positive margin starting in year one. The project is cost-effective as it utilizes existing space and other resources within Straub. The cost of and charges for providing the services will be similar to the existing CT scanner and will therefore have minimal, if any, impact on the community (including payers and patients). The project will enhance availability and timeliness of diagnostic services for inpatients which may reduce inpatient length of stays and thereby reduce the cost of care.

Five year revenue/cost projections (attached).

e) Relationship to Existing Health Care System.

The project is not expected to have a significant (if any) impact on the existing health care system. The utilization of the current CT scanner by Straub patients is in excess of the threshold as set forth in H2P2. The additional CT scanner is not anticipated to have any negative clinical, operational and/or financial impact on the current catheterization lab. The current CT scanner's annual volume is 12,000+ procedures and the projected incremental volume due to the additional CT scanner is 4,000+. It is anticipated that some equalization of the combined volume (16,000+) will occur between the two CT

scanners. If evenly split, 8,000+ procedures per CT scanner is still in excess of the 4,500 threshold as set forth in H2P2.

Nearby hospital based CT scanners are all running in excess of the minimum threshold as set forth in H2P2 (source: SHPDA utilization reports, Table 18, CT Scanner Utilization, CY 2001). The primary use of the second CT scanner will be for the existing Straub patient population. Demand is expected to increase for all CT scanners on Oahu due to the aging population and associated rise in diagnostic (and most other) services.

The project is the least costly and most effective method for Straub to meet the current and expected need for CT scanner based diagnostic services. The project takes advantage of current Straub space, resources and its existing, well-functioning radiological services department to provide the most effective and least expensive solution.

f) Availability of Resources.

Straub has sufficient trained professionals, management, systems and other resources to fully support the proposed second CT scanner. The project will utilize existing space within Straub. The project costs will be funded entirely with internal capital with no additional financial capital required after start-up.

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.

  x   It is an additional location of an existing service or facility.

  x   The applicant believes it will not have a significant impact on the health care system.