



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 03-26A

Applicant: Kapiolani Medical Center for Women and Children
1319 Punahou St., Honolulu, HI
Phone: 808-547-4008

Project Title: Expansion and renovation of operating room services

Project Address: 1319 Punahou St., Honolulu, HI

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: _____

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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) **[not required – project located on KMCWC 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, State Health Planning & Development Agency
- Building Permit, Honolulu Department of Planning & Permitting
- Department of Health Certificate.

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

-See Attached

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: **See Attached.**
- By-Laws: **See Attached.**
- Partnership Agreements: **Not Applicable**
- Tax Key Number: **2-8-011-004**

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.

- NOT APPLICABLE (N/A) -

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

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	_____
2.	Construction Contract	\$591,000
3.	Fixed Equipment	\$125,000
4.	Movable Equipment	\$530,000
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: Architectural/Planning	\$24,000

TOTAL PROJECT COST: \$1,270,000

B. Source of Funds

1.	Cash	\$1,270,000
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: _____	_____

TOTAL SOURCE OF FUNDS: \$1,270,000

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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.

This project is an expansion and reconfiguration of an existing service. The proposed expansion project will add one (1) new operating room primarily to address the increasing volume. It will also enable minimally invasive surgical and diagnostic techniques enabling physicians to screen for diseases such as colorectal cancer, remove foreign bodies, and to treat many diseases and conditions with less trauma (and recovery time) for the patient.

The addition and minor repairs of the existing space will also ensure KMCWC compliance with JCAHO, OSHA and DOH rules and standards. More adequate storage and recovering space in the isolation room will be created in addition to increased passageways for better circulation.

Finally, the renovations will improve patient satisfaction. The renovated space will provide a separate room for patient registration, a television, and improved overhead lighting for reading.

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: **COMPLETED**
Site located within existing campus.
- b) Dates by which other government approvals/permits will be applied for and received: **August 2003 to October 2003**
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence: **October 2003**
- e) Length of construction period: **4 Months**
- f) Date of completion of the project: **February 2004**
- g) Date of commencement of operation: **February 2004**

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.

Kapi'olani Medical Center for Women & Children (KMCWC) seeks approval to (1) construct an additional OR suite and (2) renovate existing operating rooms located in the hospital to facilitate better patient treatment and recovery. The renovation/addition of operating rooms will be located in the hospital basement.

The proposed renovations will also bring the KMCWC operating rooms up to date to comply with mandatory Department of Health, OSHA, and JCAHO regulations.

a) Relationship to the Hawaii Health Performance Plan (H2P2), also known as the State of Hawaii Health Services and Facilities Plan.

The proposed project is responsive to three chapters within H2P2.

First the proposed renovations address the critical elements of a health care delivery system outlined in Section F of the H2P2 Chapter II (Guiding Principles). The proposed renovations will greatly improve access, quality management and cost effectiveness for surgery procedures when completed. Access will be improved by increasing the amount of available surgery rooms made available to patients. Quality management will be improved through improved surgical capabilities including invasive surgery (e.g. laparoscopic surgery) resulting in shorter recovery time for patients. Cost effectiveness will also be improved through greater clinical/space utilization efficiencies provided in the renovation (e.g. renovation of the Perianesthesia Care Unit).

Second, the proposed renovation will address H2P2 Chapters V, (Cancer) Chapter X (Maternal Infant and Child Health). H2P2 identifies the provision of "...access to effective diagnostic work-up, medical and surgical interventions in treatment of cancer, and support programs that promote continuity of comprehensive services and follow up..." as a primary goal in the treatment of Cancer. The additional operating room will provide greater capacity for gynecological and breast cancer surgery and the overall renovation will provide the facility to support the "one stop" model of women's care integral to comprehensive women's cancer care.

Third, the Operating Room renovation will respond to identified H2P2 priorities to address Chapter X (Maternal, Infant & Child Health). Addressing "Quality", H2P2 suggests attention be given to "Support a health care delivery system which fosters knowledgeable and skilled pediatric medical personnel and advanced technical equipment and facilities" in order to improve the level of pediatric health in Hawaii. The proposed renovation will provide allow medical specialists state of the art equipment and environment to perform Pediatric General Surgery, Pediatric Orthopedics, and Pediatric Cardiology.

b) Need and Accessibility

Hawaii's anticipated population growth and increased gynecology incidence is expected to result in increased surgical procedures. The new operating room will meet the projected growth in demand for both advanced minimally invasive procedures and general surgeries for adults, as well as allowing state-of-the art services for children.

Population growth is projected to be the greatest among the elderly between 1995 and 2025. The number of female residents ages 65 and older is expected to grow from 81,000 to 161,000 (99%). KMCWC, through information provided by an external consultant, projects that the number of diagnoses of oral, breast, prostate, and uterine cancers will increase by about 9% from 2001 – 2006. In addition to the aging population, the pediatric population (0 -17) in Hawaii is predicted to increase by 56% from 1995 to 2025.

Presently all of the (8) KMCWC operating rooms exceed the H2P2 threshold average number of hours (1,600) and percent utilized (80%). During the year 2002 a total of 6,267 surgeries (1,889 inpatient/4,378 outpatient) were performed resulting in 15,703 hours or an average of 1,963 hours per room. This is equivalent to a 98% utilization rate which exceeds the minimum (80%) established in H2P2 based on a 250 days/8 hour per day operating room schedule outlined (Chapter II, Page 8).

An additional 9th operating room will enable KMCWC to accommodate by year (3) a projected 8,018 procedures (2,915 Inpatient/ 5,103 outpatient) - totaling 19,291 hours. This averages 2,143 hours per each of the 9 operating rooms which will exceed the minimum threshold of 1,500 hours per room required for expansion of a blended inpatient/outpatient room (H2P2, Chapter II, page 8). Note that the additional operating room and renovations will also allow KMCWC to exceed the minimum threshold in Years 1 and 2.

Public data regarding operating room utilization is not available. However data gathered from Straub Clinic & Hospital (2,588 Inpatient/2,780 Outpatient, 11,325 hours averaging 2,265 hours per each of the 5 operating rooms) suggests that capacity of other operating rooms within the service area exceeds the minimum threshold average (1,600 hours) per room per utilization year (H2P2, Chapter II, page 8) established by SHPDA.

The primary service area is Honolulu and Oahu-wide, although patients from the neighbor islands and Pacific Basin will also be served. KMCWC will continue to provide care to all residents of the area including: Medicare, Medicaid, QUEST, low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups.

c) Quality of Service/Care

The proposed renovations will ensure that world class clinical outcomes and excellence are maintained. The proposed construction will create additional operating room capacity that will enhance patient accessibility including minimally invasive procedures. The proposed renovations at KMCWC will enhance the ability of physicians to provide state of the art care to Hawaii's pediatric and adult female patients.

Kapi'olani Medical Center for Women & Children (KMCWC) is the state's only specialty care facility for women and children, and is a major teaching facility affiliated with the University of Hawaii, John A. Burns School of Medicine. KMCWC is fully accredited and approved by the Joint Commission on Accreditation of Hospitals, American Medical Association, and American College of Surgeons.

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

The additional Operating Room and renovation of existing rooms will have minimal impact on the overall costs of health services in the community as it will be entirely from KMCWC's existing capital and budget. Furthermore, the financial projections (attached) reflect the current positive margins with continuing positive margins after the additional OR and renovation in year one. The project is cost-effective as it utilizes existing space and other resources within KMCWC.

e) Relationship to the existing health care system

The project is expected to strengthen the existing health care system. KMCWC is the only pediatric tertiary care hospital in the Pacific Basin. Its ability to provide state-of-the art care will affect the medical outcomes for all women and children in the service area. The proposed renovations provide a facility that will be made available for physicians throughout the community which will ultimately provide greater scheduling convenience for patients throughout the State of Hawaii.

This project will also have desirable outcomes for the care of women's cancer care. The ability to introduce the components of comprehensive women's oncology care at one location (Gynecology and Breast surgery) is a service that is not available.

f) Availability of Resources.

KMCWC has sufficient trained professionals, management, systems and other resources to fully support the proposed. The Center is currently managed by the Director of Perioperative Services and Senior Management of KMCWC and staffed with a 1.5 OR RN, 1.5 Technician, 1 Peri-Anesthesia Care Unit RN, .5 Surgicenter RN, and 1 Anesthesia Assistant. An additional RN and Technician will be hired to support the new OR. KMCWC has financial resources from current hospital cash funds to pay for this project.

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.