



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 03-40A

Applicant: Wilcox Memorial Hospital
3420 Kuhio Hwy., Lihue, HI
Phone: 808-245-1103

Project Title: Renovation of existing operating rooms and relocation of its
two Kukui Grove operating rooms to the hospital campus

Project Address: same

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: _____

REPLACEMENT PAGE

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: X
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 Wilcox 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: **3.7.001.030**

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)	(X)	(X)	
Outpatient Facility			(X)		
Private Practice					

REPLACEMENT PAGE

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				

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	N/A
2.	Construction Contract	\$6,400,000
3.	Fixed Equipment	\$ 755,000
4.	Movable Equipment	\$1,310,000
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: Architectural/Planning	\$ 485,000

REPLACEMENT PAGE

TOTAL PROJECT COST: \$8,950,000

B. Source of Funds

1.	Cash	\$8,750,000
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	\$ 200,000
5.	Debt	_____
6.	Other: _____	_____

TOTAL SOURCE OF FUNDS: \$8,950,000

03 SEP 15 11:13
2003

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 involves the relocation of an existing service (outpatient operating room) to another location which under Section 11-186-6(b), requires a certificate of need application. The proposed project also involves purchase of medical equipment to upgrade and improve surgical procedures. The proposed project will neither add nor delete a medical 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:

- 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: Jan 2004
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence: Feb 2004
- e) Length of construction period: 12 Months
- f) Date of completion of the project: Feb 2005
- g) Date of commencement of operation: Mar 2005

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.

REPLACEMENT PAGE

03 DEPT 15 11:11 AM
RECEIVED

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.

This project involves (a) the relocation of the existing off-site outpatient operating rooms Ambulatory Surgery Center (ASC) from the Kukui Grove site (4366 Kukui Grove, Suite 102) to the Wilcox Memorial Hospital (WMH) campus; and (b) equipment upgrade/renovation of three existing operating rooms within the hospital.

First, the operating room expansion/upgrade is to improve the quality of health care on Kauai by providing Kauai patients and providers access to state-of-the art surgical equipment and procedures including minimally invasive procedures. The equipment upgrades will 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.

Second, The upgrade will also allow for greater work-flow efficiency through the consolidation of out-patient and in-patient operating rooms into a single location. The proposed renovations will provide greater access to services for Kauai's community and provide them with expanded options to receive their medical care without leaving the island.

The replacement/upgrade of the operating rooms will be located within the WMH campus. This project will neither add nor delete current operating room capacity.

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

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 providing increased convenience for physicians and patients to receive surgical care within a hospital setting. Quality management will be improved through improved surgical capabilities including invasive surgery (e.g. laparoscopic surgery) resulting in shorter recovery time for patients.

Need and Accessibility

Wilcox Memorial Hospital is the only facility providing both outpatient/inpatient surgery in the east and north Kauai County area. Currently, many outpatient surgeries are performed at the Ambulatory Surgery Center (ASC) located only 3 miles offsite from WMH at the Kukui Grove site. The relocation of the two operating rooms to the WMH campus will enhance patient accessibility to these services by bringing this services closer to ancillary medical services associated with surgery preparation and recovery.

The primary service area is the island of Kauai. WMH 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.

b) Quality of Service/Care

The proposed upgrade will ensure that superior clinical outcomes and excellence are maintained. Quality of Operating Room procedures will be achieved and maintained through expansion and enforcement of Wilcox's internal quality assessment and improvement programs and external licensing and accreditation procedures. Quality will also be ensured through the use of specifically trained medical and technological staff. All necessary licensing and accreditation (such as DOH license and JCAHO accreditation) for the operating rooms will continue.

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

The operating room relocation/renovation will have minimal impact on the overall costs of health services in the community as it will be funded from WMH's existing capital budget and fundraising sources. Furthermore, the financial projections (**see attached**) reflect the current positive margins with continuing positive margins after the relocation/upgrade in year one. The project is cost-effective as it utilizes existing space and other resources within WMH. The vast majority of the costs are related to renovation/upgrade of Wilcox's current operating room area and new equipment for the operating room. An estimated \$20,000 is required for relocation costs (included in the \$6.4 million "Construction Contract", page 4).

d) Relationship to the existing health care system

The project is expected to strengthen the existing health care system. WMH is the only regional hospital providing both outpatient and inpatient surgery in east and north Kauai County and its ability to provide state-of-the art care affects the medical outcomes for all patients in the services area. The proposed upgrade enables physicians to provide a broader range of surgical procedures including minimally invasive procedures. This will provide Kauai residents with access to improved surgical procedures and reduce the need to go off-island. This project and capital commitment were discussed and planned during the merger of Wilcox, Kapiolani and Straub (merger occurred December 2001). Hospitals periodically need to make major capital investments in patient care to assure quality, patient safety and standard of care. This project is part of Wilcox's on-going capital budget and will not result in higher fees or costs for the community.

e) Availability of Resources.

WMH has sufficient trained professionals, management, systems and other resources to fully support the proposed project. WMH has sufficient financial resources to fund the entire project from cash – a fund drive is planned but is not critical to assure completion of the project.

The Center is currently managed by the Director of Surgery and Senior Management of WMH. It will continue to be staffed with by 10 Registered nurses, 9 specialty trained nurses, 5 surgical technicians, and 7 support staff. WMH has financial resources from current hospital cash funds to pay for this project. Additional staff is not required for this project.

REPLACEMENT PAGE

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.

RECEIVED
JULY 19 2000
STATE OF TEXAS