



## HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

### ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 04-02A

Applicant: Peter A. Galpin, MD  
200 Kalepa Place, #203  
Kahului, HI 96732  
Phone: 808-877-7710

Project Title: Establish an outpatient surgicenter

Project Address: same  
Phone: same

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

- Public \_\_\_\_\_
- Private \_\_\_\_\_
- Non-profit \_\_\_\_\_
- For-profit \_\_\_\_\_
- Individual **xxx**
- Corporation \_\_\_\_\_
- Partnership \_\_\_\_\_
- Limited Liability Corporation (LLC) \_\_\_\_\_
- Limited Liability Partnership (LLP) \_\_\_\_\_
- Other: Proprietorship **xxx**

7-11-10  
 10/11/10  
 10/11/10  
 & L.L.C. 10/11/10

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: **xxxxxx**
- Kaua`i County: \_\_\_\_\_
- Hawai`i County: \_\_\_\_\_

3. DOCUMENTATION (Please attach the following to your application form):

A. Site Control documentation: **lease attached**

B. A listing of all other permits or approvals from other government bodies:

**State License, pending CON, Medicare certification is not being applied for.**

C. Your governing body: **Dr. Peter Galpin** see above

D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following: **N/A**

**This is a non-incorporated sole-proprietor business, without partners, in an existing structure.**

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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<br>(over \$400,000) | New/Upgraded Medical Equip.<br>(over \$1 million) | Other Capital Project<br>(over \$4 million) | Change in ownership | Change in service/<br>establish new service/facility | Change in Beds |
|---------------------|--|---|---|---------------------|--|----------------|
| Inpatient Facility  |  |   |   |                     |  |                |
| Outpatient Facility |  |   |   |                     | <b>XXX</b>   |                |
| Private Practice    |  |   |   |                     |  |                |

5. **TOTAL CAPITAL COST:**     **none**

6. **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> |                   |                                |   |

7. **CHANGE IN 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 consult 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.

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**Currently the American Society of Plastic Surgeons (ASPS) requires that office facilities that perform cosmetic surgery be licensed in their states. As such, this application is needed to be able to apply for license in the State of Hawaii. This is not really a change in service, I have been performing surgery here on Maui for over ten years, but this seemed the most appropriate choice given the options above.**

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8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

| A. List All Project Costs:                      | AMOUNT:           |
|---|-------------------|
| 1. Land Acquisition                             | none              |
| 2. Construction Contract                        | none              |
| 3. Fixed Equipment                              | \$5000            |
| 4. Movable Equipment                            | \$5000            |
| 5. Financing Costs                              | none              |
| 6. Fair Market Value of assets acquired by rent | \$ 132,000        |
| 7. Other: _____                                 | none              |
| <b>TOTAL PROJECT COST:</b>                      | <b>\$ 142,000</b> |

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

**This is an existing facility, and the original set up cost, have long since been paid off.**

| C. Source of Funds          | AMOUNT:          |
|-----------------------------|------------------|
| 1. Cash                     | \$ 10,000        |
| 2. State Appropriations     | _____            |
| 3. Other Grants             | _____            |
| 4. Fund Drive               | _____            |
| 5. Debt                     | _____            |
| 6. Other: <u>rent</u> _____ | <u>\$132,000</u> |

TOTAL SOURCE OF FUNDS: \$ 142,000

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9. Implementation Schedule:

This is an existing operating facility. However, I would expect licensure to be completed within six months of receipt of a CON.

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10. EXECUTIVE SUMMARY:

a) See Attached

STATE OF NEW YORK  
& DEPARTMENT OF

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.

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STATE OF CALIFORNIA  
DEPARTMENT OF HEALTH SERVICES

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## EXECUTIVE SUMMARY

### REASON FOR REQUEST

This CON request is for an existing operation room (OR) in a private practitioner's office. The American Society of Plastic Surgeons (ASPS) is requiring that all members who have office OR's are required to obtain licensing and certification for those facilities. This facility has been in place and active for over ten years, but still will need a CON to proceed with licensing.

### SCOPE OF PROJECT

There is one office operating room currently used primarily for cosmetic surgery. There are currently two other similar facilities on Maui that have both been granted CON's.

#### A) Relationship to The State Plan

Upon reading the state plan, it would appear this facility falls under the scope of supplying quality, cost effective care. It has been in operation for over ten years supplying care to patients regardless of insurance status, economic position, or employment status. It will meet all the same standards as existing facilities around the state (Licensure, JAHCO certification).

#### B) Need and Accessibility

The facility is centrally located within the area served and meets all ADA guidelines. The facility has been ongoing for more than a decade, demonstrating that the need for a private surgical facility for Dr. Galpin's patients is real and relevant.

#### C) Quality of Care and Service

Obtaining this CON is the first step toward licensure by the State and JAHCO certification.

#### D) Cost and Finances

As an integral part of an active practice, it is impossible to segregate the cost for the operating room. It is part of the continuum of service supplied to patients in the practice. There were \$63,150 in supply charges generated in the year preceding 6/30/03. Original set-up costs/loans have all been repaid, so there is no ongoing or proposed new financing.

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**E) Relationship to Existing Healthcare System**

This facility has been in operation for over ten years. It has no impact on other facilities, as these are primarily patients that are paying cash for non-covered services.

**F) Availability of Resources**

There are two other facilities similar to this on Maui. One in Dr. Schlesinger's office, and one in Dr. Yu's office. Both have been given CON's. There are two other surgical facilities on Maui: Maui Memorial Medical Center, and HealthSouth/Aloha Surgical Center.



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**APPLICATION NARRATIVE**  
**Existing Office Operation Room For Dr. Peter Galpin's Office**

**Relationship to State Plan Criterion (H2P2)**

**A: Vision and Guiding Principles**

i. Goals and Objectives

H2P2 describes several goals which this facility has continued to supply over the last ten years:

- Achieve effective and equitable access at reasonable cost (C-1).
- Reduce morbidity and pain through timely and appropriate treatment (C-2).
- Establish regionalized healthcare delivery systems that..... are cost effective and foster improved access to quality health services (C-2).

This facility aids in the accomplishment of these goals by giving patients access to timely and cost effective care. While the primary reason for this facility has been to service my cosmetic surgery patients, as the only fellowship trained Hand Surgeon in Maui County, I am needed to supply emergent care for a variety of traumatic injuries. Having this facility available allows these patients often to be treated without the expense of an emergency room visit or hospital charge. This lightens the financial burden of health care for these patients, especially the uninsured.

ii. Basic Principles

H2P2 describes several levels of care primary to tertiary. This facility has continued to supply care at the primary and secondary level. Having access to this facility has allowed patients to be seen and receive definitive secondary (surgical) care at the same visit. This often avoids the need for further, more expensive tertiary care.

Cosmetic patients require the privacy, convenience, and cost controls inherent in this facility.

iii. Characteristics of a Health System

H2P2 describes several characteristics of a health care system. Amongst those are: increasing access to quality care in a cost effective

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manner, collaborative relationships between... providers in order to supply the most appropriate care coverage.

This facility has continued to supply timely care for a wide variety of cosmetic, reconstructive and hand problems that would otherwise require treatment at a more time/resource consuming level. Often the collaborative relationship with other providers allows them to call my office with the patient in front of them and arrange for them to be seen by me, and treated without the delays involved in accessing the more complex tertiary system. This is not only cost effective, but also allows the patients to complete their treatment faster and with less anxiety than if treatment were required at a tertiary facility.

Again, while the primary focus of this facility is to provide a level of care and attention that cosmetic patients demand, my other patients reap the same benefit.

iv. Elements of a Health Delivery System

H2P2 describes five elements to a health delivery system: access, quality management, cost effectiveness, continuity of care, constituent participation. This facility has continued to help in all of these areas.

By being able to provide timely care outside a tertiary setting, this facility allows convenient access not just to my cosmetic patients, but also the other patients who might otherwise have long waits with painful problems at other facilities.

The cost effectiveness of this facility goes beyond just the money saved by providing secondary care at a less expensive venue. It also greatly enhances the loss of time both for the provider and patients. As I supply emergency coverage 365 days a year, if patients can be treated at this facility, it prevents the rescheduling of patients and other surgeries.

By allowing greater access to my practice, continuity of care is enhanced. It often allows me to begin interaction with a patient, institute a care plan and continue with the follow-up at the first visit. This avoids the inconvenience and delay for patients being seen in the ER, then referred to their primary care provider, who then refers the patient to me, sometimes delaying definitive care for 24 hours or more.

As this is a small facility, geared toward a cosmetic practice, we are very consumer oriented, responsive and flexible. We encourage the input of our patients to evolve the level of service that they are looking for.

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**B. Vision and Guiding Principles Part G**

The purpose of H2P2 Part G is to determine whether the capacity of a service area supports the proposed new or expanded service. As this facility is neither new nor expanded, and provides services primarily for cosmetic patients who a completely self-paid, capacity figures may not be needed. However, it is accepted with in the Plastic Surgery community that an adequate ratio of Plastic Surgeons in the community are 1: 50,000. In Maui County we supply services to around 120,000 people (residents and tourists). There are two full time (exclusively on Maui) and one "part-time" (partially on other islands). This would mean we are currently at this threshold capacity, which this facility has been servicing.

Part G also discusses licensure, and certification. The purpose of this CON application at this time is that The American Society of Plastic Surgeons (ASPS) now requires licensure of facilities where conscious sedation may be used. As such, my facility needs to be licensed by the State of Hawaii. In order to obtain this license, I must have a CON. Once licensing is complete it is my intention to proceed with JAHCO accreditation of the facility. I myself am certified by The American Board of Plastic Surgery (Certificate #5183).

**C. Chapters III – XI**

While many of the priorities of H2P2 have to do with chronic disease, and public health issues, the are certain areas of applicability to this project.

In Chapter III, many of the values sought at both the state level county level have been and will continue to be served by this project. A common theme in these values is a combination of accountability, access, cost effectiveness and an acknowledgement of patient individuality.

Access to this office surgery facility allows patients the convenience, confidentiality, and quality of an individualized experience.

Chapter V deals with the goals and vision for improving cancer care. AS part of this, the cost effective delivery of surgical services is important. While this facility is used primarily for the performance of cosmetic procedures, the additional benefit of having this type of facility, is that it allows the removal of small skin cancers, and their reconstruction, without the delay and increased cost of scheduling these procedures in an outpatient setting.

The other chapters have little applicability to this facility.

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**B: Need and Accessibility**

## 1) Service Area

This facility has served the ongoing needs of Maui County, and the emergent need of visitors. The population of Maui County is estimated to be 120,000 people.

## 2) Estimates of Needs and Demands

This facility performs on average 150 cases per year (averaged over six years). This practice has about a 4% growth rate over this same period to date. It would be estimated that this would plateau over the next six years.

## 3) Future Utilization

As noted above, estimating a 4% growth rate/yr over the next six years, during that period, facility utilization will increase to 190 cases/yr.

## 4) Accessibility

This facility is open to all patients of Dr Galpin, regardless of ethnic, racial, social, or economic status depending upon the medical appropriateness of this facility for their individual cases. As Dr. Galpin is paraplegic, and confined to as wheelchair, the office is functionally accessible to people of disability.

**C: Quality Criteria**

## 1) Quality of Care

A. This facility has increased the quality of care for patients on Maui by increasing access to timely surgical care.

B. This facility fully monitors patients undergoing procedures (see sample of monitoring form). Additionally, once CON and Licensure are complete, we will be seeking JAHCO certification, and will full implement all QA programs according to JAHCO guidelines.

C. The above monitoring has been in place since the development of the facility, and mirrors monitoring criteria at other out patient facilities.

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## 2) Staffing

- A) FTE's: three. One MD, one fully licensed RN and one administrative employee. As only one patient is treated at a time, this gives a clinical; staff to patient ratio of 2:1.
- B) Both clinicians are ACLS certified. The doctor is certified by the American Board of Plastic Surgery, licensed by the State of Hawaii, and has full surgical privileges at MMMC. The RN is fully licensed by the State of Hawaii.
- C) The doctor maintains his CME at levels required by the American Society of Plastic Surgeons (150cme's over each three year period).

## 3) Certificates

Obtaining a CON is the first step in a program of licensure and certification. The facility will then become licensed by the State of Hawaii, and subsequently submit to JAHCO certification.

## 4) Memberships and Affiliations

As noted above the facility will become fully licensed and certified. The doctor currently is an active member of: Hawaii Medical Assoc, Hawaii Plastic Surgery Society (past vice-president), Maui County Medical Society (past vice-president), American Society of Plastic Surgeons, American Association for Hand Surgery, D. Ralph Millard Plastic Surgery Society, Northwest Society of Plastic Surgeons.

## 5) Medicare Reports

This facility will not be certified by Medicare.

## D. Cost and Financial Criteria

### 1) Source of Financial Base

Revenues generated by Dr. Galpin support this facility. As it is an integral part of the practice, there is no way to segregate income solely from the operating room. This facility has been in operation on Maui for the last ten years. However, a P&L statement for the year July 2002 – June 2003 is attached.

### 2) Financial Feasibility

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- A. Project Cost: As this is an ongoing operation, no new debt or investment will be incurred. Recurring expenses (such as consumables, labor etc.) will be covered by fees.
- B. Three Year Projection: The practice has grown at a rate of about 4%/yr. Please see attachment: "Three Year Projection".
- C. New Debt: There will be no new debt incurred for this project as it is an ongoing operation established ten years ago.
- D. New Equipment: none

### 3) Staffing Requirements

The staffing requirements will remain unchanged at:

Clinical Staff: 2 FTE's

Administrative Staff: 1 FTE

Personnel Costs (7/1/02 – 6/30/03):

As the operating room is an integral portion of the existing practice, there is no way to segregate the personnel costs for the operating room alone. However, total personnel costs for the entire practice (exclusive of physician salary) are: \$102,211.15

## **E. Relation to Existing Health Care System**

### 1) Improvement to Existing Health Care System

This facility is already part of the existing health care system. However, It provides access and care for a wide variety of cases, both cosmetic, and reconstructive. Given that it is run entirely by one physician, the ability to take care of uninsured patients at this facility significantly decreases their cost of service. Loss of this facility would shift the burden of these procedures to higher-level facilities, with the attendant increased costs of these facilities.

### 2) Effect on Other Health Care Providers

As the cases done at this facility are primarily cosmetic cases that fall outside the scope of existing facilities, the continued operation of this facility will have no impact on outside providers.