



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

JUL 22 10:44

Application Number: #09-10A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Deletion of 21 SNF beds; addition of 12 med/surg beds
Project Address: 221 Mahalani Street
Wailuku, Hawaii 96793
Applicant Facility/Organization: Maui Memorial Medical Center
Name of CEO or equivalent: Wesley Lo
Title: Chief Executive Officer
Address: 221 Mahalani Street, Wailuku, HI 96793
Phone Number: (808) 244-9056 Fax Number: (808) 442-5112
Contact Person for this Application: Wesley Lo
Title: Chief Executive Officer
Address: 221 Mahalani Street, Wailuku, HI 96793
Phone Number: (808) 244-9056 Fax Number: (808) 442-5112

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature (with handwritten signature)

Date: 7/20/09

Wesley Lo
Name (please type or print)

Chief Executive Officer
Title (please type or print)

1. **TYPE OF ORGANIZATION:** (Please check all applicable)

Public	<u>  X  </u>
Private	<u>      </u>
Non-profit	<u>      </u>
For-profit	<u>      </u>
Individual	<u>      </u>
Corporation	<u>  X  </u>
Partnership	<u>      </u>
Limited Liability Corporation (LLC)	<u>      </u>
Limited Liability Partnership (LLP)	<u>      </u>
Other: _____	<u>      </u>

2. **PROJECT LOCATION INFORMATION**

A. Primary Service Area(s) of Project: (please check all applicable)

Statewide:	<u>      </u>
O`ahu-wide:	<u>      </u>
Honolulu:	<u>      </u>
Windward O`ahu:	<u>      </u>
West O`ahu:	<u>      </u>
Maui County:	<u>  X  </u>
Kaua`i County:	<u>      </u>
Hawai`i County:	<u>      </u>

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 applicable, the facility already exists**
- 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.) **Hospital License from the Department of Health (DOH) -- will have to be amended to reflect bed changes.**
- C. Your governing body: list by names, titles and address/phone numbers **ATT. A**
- 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 **ATT B.**
  - By-Laws
  - Partnership Agreements
  - Tax Key Number (project's location) **2-3-8-0-46-013**

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					
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
Medical/surgical	140	+12	152
Critical care	29	0	29
Obstetric	23	0	23
Psychiatric	18	0	18
SNF	21	-21	0
<b>TOTAL</b>	231	-9	222

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

<b>A. List All Project Costs:</b>	<b>AMOUNT:</b>
1. Land Acquisition	_____
2. Construction Contract	_____
3. Fixed Equipment	_____
4. Movable Equipment	_____
5. Financing Costs	_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7. Other: _____	_____
<b>TOTAL PROJECT COST:</b>	<b><u>\$0</u></b>

**B. Source of Funds**

1. Cash	_____
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	_____
6. Other: _____	_____
<b>TOTAL SOURCE OF FUNDS:</b>	<b><u>\$0</u></b>

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.

**Maui Memorial Medical Center (MMMC) will delete SNF 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. **N.A. The site is the existing site of MMMC**
  - b) A listing of all other government approvals/permits which will be applied for and received. **Licensure change will be applied for immediately after the CON is approved.**
  - c) Dates by which financing is assured for the project. **N.A.**
  - d) Date construction will commence. **N.A.**
  - e) Length of construction period. **N.A.**
  - f) Date of completion of the project. **N.A.**
  - g) Date of commencement of operation. **Immediately upon approval of the CON (assume September 1, 2009).**

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
- 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.

**See page 6**

**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.

**9. Executive Summary**

Maui Memorial Medical Center (MMMC) is requesting approval to change its SHPDA-approved bed count by deleting 21 dedicated SNF beds and adding 12 medical/surgical (med/surg) beds. Under CON #03-27A, MMMC was approved to convert a 21 bed med/surg unit to 28 SNF beds. In that application, we stated that the SNF use was only temporary, and that we would return the beds to med/surg use in the future. Although the CON was approved for 28 beds, the facility could only be licensed by the Department of Health for 21 beds. Later, we only operated 18 beds in the unit since 3 of the beds were found to be beyond a firewall and inappropriate for inpatient use. These 18 SNF beds will be converted back to 18 med/surg beds, as was stated in our original CON application.

However, we have also had to reduce 6 other med/surg beds in other parts of the facility, which we would like to incorporate in this application, so that the total change in our SHPDA-approved med/surg count would be +12.

This change of beds is consistent with current needs and our long-standing plans. Our need for med/surg beds has grown, with an 88% occupancy level in 2007. If the 18 beds are designated as med/surg, we can meet spikes in the acute census, while

continuing to care for LTC patients throughout the facility. As noted above, when we established the SNF beds, we stated our intent to return them to med/surg use in the future.

MMMC continues to have waitlisted long-term care (LTC) patients at both the SNF and ICF levels, and we will continue to serve them. There are some SNF patients, such as dialysis, psychiatric or wound care patients, who cannot be served in other Maui facilities, and we will continue to care for them in this unit.

However, our med/surg patients continue to increase, and the specific designation of beds as SNF beds limits our flexibility to use them as needed. Basically, we will continue to serve the same patients we are now serving, acute and long-term, in the same beds throughout the facility, with the same staff. However, our ability to place and care for all these patients will be improved with the flexibility provided by re-designating the SNF beds to med/surg.

In summary, the advantages of this project are:

- MMMC will be able to more efficiently manage the care of the increasing number of acute (med/surg) patients.
- MMMC will still be able to care for long-term (SNF and ICF) patients, and will be able to place them in the most appropriate beds available throughout the facility.

There are no capital expenditures involved. There will be no impact on operating revenue or expenses, since we will continue to serve the same patients we are now serving, with the same staff.

#### **A. Relationship to the Hawaii Health Services and Facilities Plan (HSFP).**

This proposal is consistent with the latest HSFP as approved by the Statewide Health Coordinating Council (SHCC) on June 25, 2009. It will allow MMMC to meet increasing acute needs while at the same time continuing to serve long-term care patients.

The HSFP contains the following capacity threshold regarding med/surg beds:

For new or additional SHPDA-approved medical-surgical beds, the minimum annual occupancy rate for each provider in the service area must be 75% based on the licensed medical-surgical beds.

The only provider of med/surg services in the Maui Island service area is MMMC. According to SHPDA's 2007 utilization statistics, MMMC had a med/surg utilization rate of 88.65% in that year. Therefore this proposal is consistent with this HSFP capacity threshold.

SNF patients at MMMC will not be affected, since we will continue to care for them, (as well as ICF patients) albeit not in beds specifically designated as SNF.

The proposal is consistent with the following General Principles established by SHCC in the HSFP:

3. Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost.
5. Ensure all projects are appropriate for the regional and statewide continuum of care.

The proposal will maintain access for both acute and LTC patients, and will continue to maintain the regional continuum of care.

The proposal is also consistent with the following priority of the Maui County/Tri-Isle SAC: "provide adequate number of acute care beds throughout the county."

### **B. Need and Accessibility**

Need. The Maui community's need for med/surg beds continues to grow, with MMMC being the only provider of such beds on the island. According to SHPDA utilization statistics for 2007, MMMC's med/surg occupancy rate was 88.65%, with an average daily census of 120.6 (of a reported 136 beds in operation). There are times when the number of med/surg patients spike, taxing our ability to care for them within our approved bed count.

If the 18 SNF beds are converted to med/surg, we will be better able to meet acute needs while at the same time continuing to meet LTC needs.

Accessibility. The services of MMMC are accessible to any person needing care. MMMC provides service to all patients, including low-income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups and the elderly.

### **C. Quality of Service/Care**

MMMC is licensed by the State, certified by Medicare and accredited by The Joint Commission (JC), formerly known as the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). Providing high quality, cost-effective health care is a guiding principle at MMMC. MMMC is proactive and diligent in the pursuit, maintenance, and improvement of quality of care and quality of service. We will continue to provide high quality care under this proposal and will have improved flexibility in the appropriate use of our beds.

Our staff has all necessary licensure and certification requirements, and will maintain its expertise through appropriate training and education.



#### **D. Cost and Finances**

There is no capital cost involved in this project, since it is a simple re-designation of existing beds.

Operating revenues and expenses will remain the same for the Medical Center, since we will be serving the same patients with the same staff, albeit in a more flexible use of beds facility-wide.

#### **E. Relationship to the Existing Health Care System**

MMMC is the only on-island provider of med/surg beds. Since we expect a modest improvement to our services, through the appropriate and flexible use of existing resources, there will be a consequent improvement to the existing health care system.

There should be no impact on other providers in the system. Notably, MMMC will still continue to serve waitlisted LTC patients, especially those who cannot be served in other facilities, such as LTC patients needing dialysis and LTC patients with psychiatric problems.

#### **F. Availability of Resources**

No additional resources will be required to implement this project. There is no capital cost since it is merely the re-designation of existing beds. As noted above, operating revenues and expenses will remain the same for the Medical Center, and no new staff will be needed; since we will be serving the same patients with the same staff.