

HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM


Application Number: # 16-14A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Emergency Room Expansion Relocation & Addition of X-ray Services
Project Address: 1319 Punahou Street, Honolulu, HI 96816
Applicant Facility/Organization: Kapi'olani Medical Center for Women & Children
Name of CEO or equivalent: Martha Smith
Title: Chief Executive Officer
Address: 1319 Punahou Street, Honolulu, HI 96816
Phone Number: (808) 983-8071 Fax Number: (808) 983-8256
Contact Person for this Application: Michael Robinson
Title: Vice President, Government Relations & Community Affairs
Address: 55 Merchant Street, 27th Floor, Honolulu, HI 96813
Phone Number: (808) 535-7124 Fax Number: (808) 535-7412

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

Martha Smith
Name (please type or print)

11/18/16
Date

Chief Executive Officer
Title (please type or print)

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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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STATE PLANNING & DEV. AGENCY

2. PROJECT LOCATION INFORMATION

a) 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):

- Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)
 - [N/A project located on existing Kapiolani facility]
- a) 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.)
 - Building Permits
 - Medicare Survey and Certification
 - Radiation safety license (DOH)
- b) Your governing body: list by names, titles and address/phone numbers
 - [See Attachment A]
- c) 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 Attachment B]
 - By-Laws: [See Attachment C]
 - Partnership Agreements: Not Applicable
 - Tax Key Number: 2-8-011-004, 005

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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.

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	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service & LICENSES	Change in Beds
Inpatient Facility			X	X	
Outpatient Facility			X	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
N/A	N/A	N/A	N/A

6. PROJECT COSTS AND SOURCES OF FUNDS

a) List All Project Costs:		AMOUNT:
1.	Land Acquisition	_____
2.	Construction Contract	9,300,000
3.	Fixed Equipment	700,000
4.	Movable Equipment	2,000,000
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other:	_____
TOTAL PROJECT COST:		<u>\$12,000,000</u>

b) Source of Funds		
1.	Cash	\$12,000,000
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: _____	_____
TOTAL SOURCE OF FUNDS:		<u>\$12,000,000</u>

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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 involves the expansion and relocation of emergency room services and the addition of X-ray services.

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
- b) Dates by which other government approvals/permits will be applied for and received: March 01, 2017
- c) Dates by which financing is assured for the project: Not Applicable
- d) Date construction will commence: April 01, 2017
- e) Length of construction period: 12 Months
- f) Date of completion of the project: March 01, 2018
- g) Date of commencement of operation: April 01, 2018

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.

This project involves the relocation and expansion of the emergency room at Kapi'olani Medical Center for Women & Children ("Kapi'olani") from its current location facing Punahou Street to its new location at the hospital's Diamond Head tower located on Bingham Street. The proposed project also includes the addition of X-ray services in newly created emergency room area.

a) Relationship to the State Health Services and Facilities Plan (HSFP).

The proposed project meets the general principals of the Statewide Health Coordinating Council (SHCC) by promoting and supporting the long-term viability of the health care delivery system and specific areas of concern including the statewide emergency and trauma system.

The expansion of additional emergency treatment beds will support the long-term viability of the health care delivery system by assuring that additional capacity is provided to meet the demand for emergency services among our female and pediatric population.

The project will also strengthen the trauma system as it will enhance Kapi'olani's ability to serve in its current role as the Pediatric Trauma Resource for the State-wide trauma system. The relocation of the emergency department onto the Diamond Head Tower on Bingham street will result in improved emergency vehicular access to the emergency room and delivery of trauma services. The provision of additional X-ray service will also strengthen access to diagnostic services to both pediatric trauma cases and general emergency room services for women and children.

Need and Accessibility

The proposed emergency department relocation and X-ray services will improve patient accessibility to emergency care and diagnostic imaging. The relocation of the emergency room to Bingham Street will facilitate greater emergency vehicle access to the emergency room for all pediatric and adult female patients.

The Kapi'olani emergency department provides acute medical care for women and children requiring treatment for sickness or injury that can permanently impair or endanger the life of an individual. The Kapi'olani emergency department provides specialized emergency care for all ages across a child's and woman's entire lifespan. The emergency room has an average yearly census of 44,000 patients per year and is projected to exceed 45,000 by 2019. As the sole emergency department in the Pacific with board certified pediatric emergency physicians on duty 24/7, Kapi'olani is an essential resource for Hawai'i's children as approximately two-thirds of those treated are pediatric patients.

Kapi'olani's current emergency department has 16 treatment beds and is located on a busy street corner located at the corner of Punahou and Bingham street. The planned expansion and relocation of the emergency department will result in 24 private rooms with separate waiting areas for pediatric and adult patients. The relocation of the emergency room from its current location to the Diamond Head Tower from will also improve vehicular ingress and egress into the emergency room whose entrance is currently located on a busy corner of Punahou and Bingham Street. The new location at the Diamond Head Tower will result in a larger driveway and more convenient access to the emergency services.

The proposed project will also improve the workflow, quality and experience of the patients and families seen in the emergency through the addition of X-ray services. Approximately 10,000 of the 44,000 patients accessing emergency services annually in the emergency department require an X-ray. When complete, the proposed renovation will have a significant impact in our ability to provide our community the family centered care that we strive for.

Kapiolani will provide its services available to all Hawaii residents, including low-income individuals racial and ethnic minorities, individuals with disabilities, the elderly and underserved groups.

b) Quality of Service/Care

The proposed project will improve the quality of service and care delivered through its relocation onto Bingham street, expansion of treatment beds, and addition of X-ray services. The addition of X-ray services will provide greater access to emergency room patients requiring diagnostic radiological services. These features will greatly enhance the patient experience and improve our capability to meet the growing needs of the community by providing privacy, comfort, and the ability to deliver safer patient care by improving overall efficiency

The project will result in the X-ray room being placed immediately adjacent to the ED which will allow for more efficient service. In addition, patient privacy is ensured, because the X-ray room is within the ED, thus allowing the patient to not have to be exposed to travelling through a public hallway to the Imaging department for the procedure. The addition of a newer X-ray machine will also result in improved and faster imaging allowing for patient comfort, lower radiation dosage (patient safety) and reliability.

Kapi'olani Medical Center for Women & Children is the state's only facility specializing in the care of women and children, and is a major teaching facility affiliated with the University of Hawaii, John A. Burns School of Medicine which assists and allows us to actively participate in clinical research, trials and protocols thus being early adopters of new therapies and treatments. KMCWC is fully accredited and approved by the Joint Commission on Accreditation of Hospitals, American Medical Association, and American College of Surgeons. Kapiolani complies with state and federal regulations for the delivery of care and the maintenance of the clinical environment. KMCWC is also the state's only provider of specific life-saving therapies such as ECMO (Extracorporeal

Membrane Oxygenation) and CVVH (Continuous Venous to Venous Hemofiltration). KMCWC also supports Hawaii's statewide trauma system in its role as the sole designated pediatric trauma resource center

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

The total cost for the proposed project is approximately \$12,000,000. Kapiolani is an affiliate of Hawaii Pacific Health and has approved funding for the renovation project from cash reserves. The project is also expected to be profitable from Year 1 of operation.

The number of emergency room visits is expected to be 44,727 in year 1 and is projected to increase to 45,100 by Year 3. The projected net income related to the emergency room visits is provided below.

Year 1	Projected
Net Patient Revenue	\$22,921,004
Operating Expense	\$11,971,196
Net Income	\$10,949,808
Year 3	Projected
Net Patient Revenue	\$24,045,884
Operating Expense	\$12,526,309
Net Income	\$11,519,575

The number of X-ray procedures is expected to be 9,963 in year 1 and is projected to increase to 10,046 by Year 3. The projected net income related to the X-ray services is provided below.

Year 1	Projected
Net Patient Revenue	\$1,402,485
Operating Expense	\$1,300,076
Net Income	\$102,409
Year 3	Projected
Net Patient Revenue	\$1,471,314
Operating Expense	\$1,359,147
Net Income	\$112,168

See attached statement of financial projections Year 1 to Year 3. [See Attachment D]

c) Relationship to the existing health care system

The proposed bed changes are expected to strengthen the existing health care system. Kapiolani is the only pediatric tertiary care hospital in the Pacific Basin and serves as the Pediatric Trauma Resource for the Hawai'i State trauma system. The expansion and relocation of the emergency department and the addition of X-ray services will support Kapi'olani's ability to support both its role to service women and pediatric population and its role within the State trauma system.

d) Availability of Resources

Kapiolani has sufficient financial resources, trained professionals, management, systems and other resources to fully support the proposed relocation and addition of X-ray services. The proposed project changes will not result in the hiring of additional staff.

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.