



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

**ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: # 17-06A Date of Receipt:  
To be assigned by Agency

**APPLICANT PROFILE**

Project Title: Emergency Room Expansion

Project Address: 67-1125 Mamalahoa Highway, Kamuela, HI 96743

Applicant Facility/Organization: North Hawaii Community Hospital

Name of CEO or equivalent: Cindy Kamikawa

Title: President

Address: 67-1125 Mamalahoa Highway, Kamuela, HI 96743

Phone Number: (808) 881-4400 Fax Number: (808) 881-4404

Contact Person for this Application: Paula Yoshioka

Title: Senior Vice President, Corporate Development, The Queen's Medical Center-Punchbowl

Address: 1301 Punchbowl Street, Honolulu, HI 96813

Phone Number: (808) 691-7996 Fax Number: (808) 691-7990

**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.

Cindy Kamikawa  
Signature

08/15/2017  
Date

Cindy Kamikawa  
Name (please type or print)

President  
Title (please type or print)

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: \_\_\_\_\_

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: \_\_\_\_\_  
Hawai`i County: \_\_\_\_\_ X

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

A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)

N/A

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.)

- Building Permits
- Medicare Survey and Certification

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

Please see attached, Attachment I.

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: Please see attached, Attachment II.
- By-Laws: Please see attached, Attachment III.
- Partnership Agreements: N/A

- Tax Key Number (project's location): 6-7-002-013

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					
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.

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	\$25,000,000
3.	Fixed Equipment	_____
4.	Movable Equipment	_____
5.	Financing Costs	_____
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: _____	_____

**TOTAL PROJECT COST: \$25,000,000**

**B. Source of Funds**

1.	Cash	_____
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	\$25,000,000
5.	Debt	_____
6.	Other: _____	_____

**TOTAL SOURCE OF FUNDS: \$25,000,000**

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 will expand emergency department services at North Hawaii Community Hospital (NHCH), located at 67-1125 Mamalahoa Highway, Kamuela, HI 96743.

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: January 2019
  - c) Dates by which financing is assured for the project: June 2018
  - d) Date construction will commence: January 2019
  - e) Length of construction period: 12 months
  - f) Date of completion of the project: January 2020
  - g) Date of commencement of operation: Upon licensure by OHCA

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.

The North Hawaii Community Hospital (NHCH) is a 35-bed acute care nonprofit community hospital, located in Kamuela on Hawaii Island. NHCH serves more than 30,000 residents in North Hawaii as well as many visitors to the island. NHCH opened in 1996 and in January 2014, became a part of The Queen's Health Systems (Queen's). The mission of Queen's is to provide in perpetuity, quality health care services to Native Hawaiians and the people of Hawaii.

In addition to improving the health and wellness of the people of North Hawaii, NHCH is also focused on promoting and improving access through outreach, education, technology, and physician recruitment. The current NHCH Emergency Department (ED) with 6 treatment rooms is over capacity and NHCH plans on expanding ED services to 13 treatment rooms and an addition triage space, in order to increase and meet the need for access to 24/7 emergent care in the community and improve patient experience.

The expanded ED will be a new, freestanding structure with a corridor connection back to the hospital. There will be 11 universal treatment rooms, providing low- to medium-level acuity and two trauma treatment rooms, providing high-level acuity. The site of the expanded ED will be on the eastern side of the existing NHCH site, adjacent to the existing ED wing.

**a) Relationship to the State of Hawai'i Health Services and Facilities Plan.**

The expansion of ED services at NHCH meets that goals and principals of the Health Services and Facilities Plan by supporting and improving upon the care delivery network and accessibility of emergent health care services for the growing community in North Hawaii.

NHCH is committed to improving the health and wellness of the people of North Hawaii, by increasing access to high quality, cost-effective health care services and strengthening the current health care system by providing adequate capacity. The expansion of the ED with 13 treatment beds will enhance the health care system by increasing, promoting, optimizing and ensuring the viability of emergent health care services.

**b) Need and Accessibility**

Current demand for emergent services exceeds the present ED space and with long average lengths of stay, expanded ED services at NHCH will provide improved patient care and flow, and meet the needs of the community. Estimated census projections for the NHCH ED will increase from 14,000 in 2016 to 17,000 in 2025. Currently, there is only one urgent care provider in Waimea, which is not open after 7pm, and no readily available primary care provider access after-hours.

Hawaii Island has significant disparities in access to healthcare due to provider shortages, limited health services, and substantial challenges in transportation. The service area of NHCH is extensive and includes the Waimea, Hawi, and North Kona areas as well as the Waikoloa, east Honoka'a, and Pohakuloa Military Training Area. When NHCH does not have the capacity to serve its community and goes on divert, patients must travel a significant distance to either Hilo or Kona to receive medical treatment. The increased capacity of the expanded emergency department at NHCH will facilitate greater access to emergent health care services for this large service area and connect patients with specially trained emergency medicine providers to deliver high quality services and compassionate care.

All those within the area served by the NHCH emergency department, particularly the elderly, low-income patients, racial and ethnic minorities, women, persons with disabilities, and other underserved groups, will have greater access to life-saving emergent services.

**c) Quality of Service/Care**

NHCH is licensed by the Hawaii State Department of Health, accredited by the Joint Commission, and certified by Medicare. NHCH is also one of three hospitals with Level III trauma services on island.

The NHCH ED is staff 24/7 by physicians and registered nurses who are trained in emergency medicine. As a Level III Trauma center, NHCH also provides 24-hour coverage of general surgeons and anesthesiologists, prompt assessment, resuscitation, emergency operations and stabilization.

The expanded ED will improve patient experience, quality, and patient safety by optimizing and promoting cost-effective operations. The community will also be provided greater capacity for appropriate levels of care in an accessible setting which protects patient confidentiality, and increases timeliness of services to meet the increased need.

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

It is estimated that the total costs for the expansion will be approximately \$25 million. The expanded ED is expected to open in the fourth quarter of 2020. For the first full year of operation, FY2021, projected revenue is expected to be \$588,000 and operating costs are expected to be \$1.4 million. In year three of operation, projected revenue is expected to be \$1.5 million and costs are expected to be \$2.2 million.

The negative contribution margin in the first and third year of operations are projected to level off by year FY26, with revenue off-setting costs. Queen's is committed to increasing access to care for the community and is prepared to reprioritize within the system to provide for full funding of the NHCH ED.

**e) Relationship to the existing health care system**

The expanded emergency department is expected to strengthen capacity, increase access, and align care delivery with the existing health care system.

**f) Availability of Resources.**

NHCH has sufficient financial resources required to equip, staff, and operate the proposed expanded emergency department. Staffing for the expanded ED will flex based on the number of visits and utilization. NHCH has ample staffing processes in place to cover active demand from the community and address flex volumes.

Queen's has a dedicated department for fundraising efforts across the system and has experience raising funds to support programs and services such as emergency, neurology, transplant, and oncology. For the NHCH ED expansion, Queen's is on track to meet the \$25 million fund drive goal.

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.