



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 17-09A REDEVELOPMENT Date of Receipt:
To be assigned by Agency

'17 NOV -1 P1 :46

APPLICANT PROFILE

Project Title: Acquisition of additional Cardiac Catheterization Unit and Construction of a New Hybrid Suite

Project Address: 888 South King Street, Honolulu, HI 96813

Applicant Facility/Organization: **Straub Clinic & Hospital**

Name of CEO or equivalent: **Art Gladstone**

Title: **Chief Executive Officer (CEO)**

Address: **Executive Offices
888 South King Street, Honolulu, HI 96813**

Phone Number: (808) 522-3109 Fax Number: (808) 522-4111

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) 535-7111

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

Date

Art Gladstone

CEO, Straub Clinic & Hospital

Name (please type or print)

Title (please type or print)

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

Public	_____
Private	<u> X </u>
Non-profit	<u> X </u>
For-profit	_____
Individual	_____
Corporation	<u> X </u>
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:	<u> X </u>
Windward O`ahu:	_____
West O`ahu:	_____
Maui County:	_____
Kaua`i County:	_____
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) 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.).

- Certificate of Need, State Health Planning & Development Agency
- Building Permit, Honolulu Department of Planning & Permitting
- Department of Health Radiation License

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

-See Attachment 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: See Attachment B
- By-Laws: See Attachment C
- Partnership Agreements: Not Applicable
- Tax Key Number: 2-1-42-10, 23 and 24

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		
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.

- NOT APPLICABLE (N/A) -

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
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	\$ N/A
2.	Construction Contract	<u>\$3,400,000</u>
3.	Fixed Equipment	<u>\$2,700,000</u>
4.	Movable Equipment	<u>\$ 500,000</u>
5.	Financing Costs	\$ N/A
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	\$ N/A
7.	Other:	

TOTAL PROJECT COST: \$6,600,000

B. Source of Funds

1.	Cash	<u>\$6,600,000</u>
2.	State Appropriations	\$ N/A
3.	Other Grants	\$ N/A
4.	Fund Drive	\$ N/A
5.	Debt	\$ N/A
6.	Other:	\$ N/A

TOTAL SOURCE OF FUNDS: \$6,600,000

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 is a capital project to construct a hybrid operating suite ("Hybrid"). The project will result and enable the addition of a new location of existing cardiac catheterization services at Straub Medical Center.

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: **October 2017**
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence: **May 2017**
- e) Length of construction period: **208 days. Complete on Feb 2018**
- f) Date of completion of the project: **February 2018**
- g) Date of commencement of operation: **March 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.

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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.

Straub Medical Center ("Straub") seeks approval to build a new Hybrid operating suite ("Hybrid") which will result in an additional location for cardiac catheterization procedures to be performed.

a) Relationship to the State of Hawaii Health Services and Facilities Plan.

This project meets the following priorities and objectives of the Health Services and Facilities Plan.

First, by providing additional cardiac catheterization capabilities to Honolulu patients closer to home, this project is consistent with the goals and objectives of the State of Hawai'i Health Services and Facilities Plan (HSFP) to "increase cost effective access to necessary health care services" and to "promote regionalization of services where appropriate" (Chapter 1, HSFP 2009).

Second, the proposed addition of a second cardiac catheterization lab is also consistent with the established standards of service thresholds for the project's service area. For the expansion of an existing cardiac catheterization service provider, the stated HSFP threshold is that "...the provider's utilization is an average of at least 1,200 diagnostic equivalent procedures per unit per year" (Chapter 2, HSFP). Straub's current annual cardiac catheterization volume per unit of 1,388 diagnostic equivalent units exceeds the minimum threshold requirements.

Third, this project will meet Statewide HSFP priority of enabling projects that are appropriate for regional and statewide continuum of care. The delivery of specialized cardiac catheterization services at this additional location will further ensure access to this service who may not have access to the service living in other regions.

b) Need and Accessibility

Each year, heart disease – which includes coronary heart disease, heart attack, congestive heart failure, and congenital heart disease – claims more than 610,000 lives in the United States a year, and over 2,500 lives in Hawai'i, accounting for 24% of all deaths in Hawai'i every year. The increased demand for cardiovascular care resources necessitates that health care providers assess their ability to meet the needs of the community they serve. Straub currently operates two Cardiac Catheterization Units (CCU) and performs an average of 1,388 per CCU which exceeds the current threshold of 1,200 as required in the HSFP.

The Hybrid will serve all residents of Hawai'i with the primary service area being Honolulu, Oahu although patients from the neighbor islands will also have access to these services. Straub as a not-for-profit hospital has always provided care for inpatients, outpatients and emergency visits irrespective of a patients' ability to pay. Straub will continue to provide care to all residents of the area including: Medicare, Medicaid, QUEST and all underserved groups and particular the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

c) Quality of Service/Care

Quality of diagnostic services and subsequent care to the Oahu community will be improved due to the efficiencies, greater accessibility, and enhanced scheduling flexibility achieved through the Hybrid. The proposed project meets the quality of service/care criteria and improve patient care for the following reasons.

First, the Hybrid will improve patient care and facilitate faster recovery by reducing the need to move patients to a different room for separate treatment and thereby reducing risk and time during surgery. Second, the Hybrid will enable state of the art high resolution imaging systems to improve the speed and accuracy and diagnosis of cardiac conditions. The improved technology will enable live "real time" intraoperative image guidance allowing physicians with the ability to evaluate, intervene and assess the results of complex and minimally invasive and open surgical cases. These improvements will result in patients to experience less trauma, less scarring, and reduced hospitalization time for the patient.

With respect to quality, Straub Medical Center was recognized with the Healthgrades Patient Safety Excellence Award for 3 years in a row (2015, 2016, 2017) for excellent performance in safeguarding patients from serious, potentially preventable complications during their hospital stay. Hospitals awarded are among the top 10% of the nation for patient safety and is based upon data from the Medicare Provider analysis and Review (MedPAR) database and software from the Agency for Healthcare Research and Quality (AHRQ). Straub was also recognized for its cardiac services by Healthgrades as a Five-Star Recipient for Defibrillator Procedures in 2018.

The Hybrid will utilize Straub's licensed and trained professionals that are located at the JCAHO accredited Straub facility. All required licenses and certifications will be obtained and maintained for this project.

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

The project will have minimal impact on the overall costs of health services in the community as it will be funded from internal resources and the project's financial projections reflect a positive direct margin by year 3. The cost of and charges for providing cardiac catheterization services in the Hybrid will be similar to Straub's existing cardiac catheterization unit (CCU) and will therefore have minimal financial impact on the community (including payers and patients). The Hybrid will also reduce costs of care and improve patient safety by eliminating patient recovery time due to reduced post-surgery intensive care and shortened length of stay. Three year revenue/cost projections are provided (see Attachment D).

e) Relationship to the existing health care system

The proposed project will strengthen the existing health care system as it is in response to current and existing demand for cardiac catheterization services. Straub's current CCU diagnostic equivalent procedures of 1,388 exceed the SHPDA minimum threshold for expansion of an existing CCU unit of 1,200 diagnostic equivalent procedures per year.

f) Availability of Resources.

Straub has sufficient trained professionals, management, systems and other resources to fully support the proposed second CCU. Current staff will be utilized and 2 additional CCU technologist and 1 registered nurses will be hired. Straub has financial resources from current hospital operating funds and retained earnings to pay for this project's initial capital requirements and working capital after start up.

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.