



**HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY  
ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: # 18-09A Date of Receipt:  
To be assigned by Agency

**APPLICANT PROFILE**


Project Title: Outpatient Clinic at Ka Makana Ali'i  
Project Address: 91-5431 Kapolei Parkway, Kapolei, Hawaii  
Space M-106  
Applicant Facility/Organization: Straub Medical Center  
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, 27<sup>th</sup> 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

08.07.18  
Date

Art Gladstone  
Name (please type or print)

CEO, Straub Clinic & Hospital  
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:	_____
Windward O`ahu:	_____
West O`ahu:	<u>  X  </u>
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):

**-See Attachment 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.).

**-Radiology Facility License, Department of Health  
-Building Permit, Honolulu Department of Planning & Permitting**

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

**- See Attachment B**

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 C**
- By-Laws: **See Attachment D**
- Partnership Agreements: **Not Applicable**
- Tax Key Number: **9-1-016-142**

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.

- 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
<b>TOTAL</b>			

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

**A. List All Project Costs:**

**18 AUG 29 P2 22** AMOUNT:

- |    |   |  |
|----|---|--|
| 1. | Land Acquisition  | \$ N/A   |
| 2. | Construction Contract   | <b>ST HLTH PLNG<br/>&amp; DEV. AGENCY</b><br><u>\$ 5,000,000</u> |
| 3. | Fixed Equipment   | <u>\$ 350,000</u>  |
| 4. | Movable Equipment   | <u>\$ 400,000</u>  |
| 5. | Financing Costs   | \$ N/A   |
| 6. | Fair Market Value of assets acquired by lease, rent, donation, etc. | <u>\$ 580,000</u>  |
| 7. | Other:  |  |

**TOTAL PROJECT COST: \$6,330,000**

**B. Source of Funds**

- |    |  |                    |
|----|--|--------------------|
| 1. | Cash   | <u>\$5,750,000</u> |
| 2. | State Appropriations   | \$ N/A             |
| 3. | Other Grants   | \$ N/A             |
| 4. | Fund Drive   | \$ N/A             |
| 5. | Debt   | \$ N/A             |
| 6. | Other: Fair Market Value of leased space paid by monthly rent. | <u>\$ 580,000</u>  |

**TOTAL SOURCE OF FUNDS: \$6,330,000**

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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.

The proposed project is the addition of a new service Ka Makana Ali'i shopping center located at 91-5431 Kapolei Parkway, Kapolei, Hawaii. The proposed outpatient clinic will provide primary acute care, obstetrics, gynecology and other specialty care, emergent care options, x-ray services, onsite laboratory services and routine outpatient diagnostic services to West O'ahu.

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: **June 30, 2017**
- b) Dates by which other government approvals/permits will be applied for and received: **September 2018**
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence: **November 2018**
- e) Length of construction period: **5 Months**
- f) Date of completion of the project: **April 2019**
- g) Date of commencement of operation: **May 2019**

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation

**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.

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& DEV. AGENCY

The proposed outpatient clinic will provide primary acute care, obstetrics, gynecology and other specialty care, emergent care options, x-ray services, onsite laboratory services and routine outpatient diagnostic services to West O'ahu.

**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, the Clinic is consistent with both Statewide Health Coordinating Council (SHCC) general principles to (1) promote and support equitable access to health care services and (2) promote and support the long-term viability of the health care delivery system. The project will meet these general principles by providing access to primary care services, specialty physicians, and urgent access to West O'ahu residents. The provision of additional primary care services to Honolulu will also work to SHCC's general principle to promote the long term viability of the health care delivery by reducing avoidable emergency room visits.

Second, the Clinic will meet SHCC's goal to expand and retain the health care workforce to enable access to the appropriate level of care in a timely manner. The Clinic's location in West O'ahu, will provide additional opportunities for the West O'ahu workforce to find employment closer to home and patients in the area.

Third, the Clinic will meet the West O'ahu Subarea Health Planning Council (SAC) priorities of improving and increasing access by making available primary acute care, obstetrics, gynecology and other specialty care, emergent care options, and routine outpatient diagnostic services to West O'ahu.

**b) Need and Accessibility**

The proposed Clinic at Ka Makana Ali'i will help address the physician shortages on the island of O'ahu. According to the John A. Burns School of Medicine Area Health Education Center (AHEC) (Kelley Withy, MD, PhD, 2018 *Hawai'i Physician Workforce Assessment Project*, October 2017), primary care shortages on O'ahu increased from 142 to 187 net physicians. Within the total projected O'ahu County shortages approximately 162.81 are General and Family Practitioners, 10.69 Obstetricians and 10.99 Pediatricians. The addition of the Clinic in West O'ahu will provide the community access to 6.0 FTE primary care physicians in addition to access to sports medicine and visiting subspecialists.

The Clinic's primary service area will be West Oahu, Oahu although patients from other O'ahu areas 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**

Creating a Healthier Hawai'i is the mission of Hawai'i Pacific Health and its hospital affiliates. Expansion of primary care services

First, expanded access to primary care in West O'ahu will provide greater access to preventative care and a medical home for patients. The value of primary care to quality of serve are many. First, the Clinic will enable patients to bring a wide range of health problems without the need to access such as the emergency room setting. Second, the Clinic will provide appropriate referrals for services from other health professionals. Third, the Clinic will facilitate the creation of a medical home between patients and clinicians and fosters participation and encourage engagement about their health and managing their own care. Fourth, the Clinic will provide opportunities for disease prevention and health promotion as well as early detection of problems.

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 Clinic, as an affiliate of Hawai'i Pacific Health will utilize Straub's licensed and trained professionals as well as access to the medical professionals from Hawai'i Pacific Health's affiliated entities including Kapi'olani Medical Center, Straub Medical Center, and Pali Momi Medical Center.

**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. Additionally through the provision of primary care, the project will reduce health care costs over the long run by promoting preventative health and providing reducing unnecessary emergency room visits and inpatient admissions. The three year revenue/cost projections are provided (**see Attachment E**).

**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 primary, specialty care and urgent access. The Clinic will provide greater access to primary care and specialty care to strengthen the existing health care system through early detection and early intervention. Straub Medical Center is an affiliate of Hawai'i Pacific Health and therefore patients seeking care at the Clinic will have the benefit of the specialists available at Straub Medical Center, Kapi'olani Medical Center, and Pali Momi Medical Center.

**f) Availability of Resources.**

Straub and Hawai'i Pacific Health has access to sufficient trained professionals, management, systems and other resources to fully support the proposed Clinic. Staff will consist of 7.0 FTE Physician, 2.0 FTE Radiology, 1.0 FTE Nurse Practitioner, 2.0 Registered Nurses, 1.0 FTE Licensed Practical Nurse, 11.0 FTE Medical Assistants, 1.0 Behavioral Health Specialists, 1.0 FTE Care Coordinator, and 7.0 Patient Service Representatives. Hawai'i Pacific Health 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.