



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

RECEIVED

19 JAN -7 AIO 06

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 18-15A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Renovation of The Queen's Medical Center West Oahu

Project Address: 91-2141 Fort Weaver Road
Ewa Beach, HI 96706

Applicant Facility/Organization: The Queen's Medical Center

Name of CEO or equivalent: Arthur A. Ushijima

Title: President, The Queen's Medical Center/ President & CEO, The Queen's Health Systems

Address: 1301 Punchbowl Street, Honolulu, HI 96813

Phone Number: (808) 691-4688 Fax Number: (808) 691-5038

Contact Person for this Application: Paula Yoshioka

Title: Vice President, Government Affairs and External Relations

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.

Signature

12/14/2018

Date

Arthur A. Ushijima
Name (please type or print)

President, QMC/President & CEO, QHS
Title (please type or print)

RECEIVED

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: _____

19 JAN -7 AIO 06

ST HLTH PLNG & DEV. AGENCY

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: X
- 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.)

- Building Permits
- Medicare Survey and Certification
- Certificate of Need

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

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

RECEIVED

- Tax Key Number (project's location): 91017123

19 JAN -7 AM 06

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.

ST HLTH PLNG & DEV AGENCY

	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			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

RECEIVED

6. PROJECT COSTS AND SOURCES OF FUNDS

19 JAN -7 AIO 07

A. List All Project Costs:

AMOUNT:

- | | | |
|----|--|---------------------|
| 1. | Land Acquisition | _____ |
| 2. | Construction Contract | <u>\$19,200,000</u> |
| 3. | Fixed Equipment | <u>\$570,000</u> |
| 4. | Movable Equipment | <u>\$3,230,000</u> |
| 5. | Financing Costs | _____ |
| 6. | Fair Market Value of assets acquired by
lease, rent, donation, etc. | _____ |
| 7. | Other: _____ | _____ |

ST HLTH PLNG
& DEV. AGENCY

TOTAL PROJECT COST: \$23,000,000

B. Source of Funds

- | | | |
|----|----------------------|---------------------|
| 1. | Cash | <u>\$23,000,000</u> |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt | _____ |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: \$23,000,000

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.

N/A

RECEIVED

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:

19 JAN -7 NO 07

- a) Date of site control for the proposed project,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence
- e) Length of construction period
- f) Date of completion of the project
- g) Date of commencement of operation

ST HLTH PLNG & DEV. AGENCY

See Attachment IV

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.

In partnership with the West Oahu Community, The Queen's Medical Center-West Oahu (QMCWO) opened on May 20, 2014 and extends the mission of The Queen's Health Systems (Queen's) to the fastest growing region in Hawaii. QMCWO is a full service emergency hospital that serves the central and western regions on the island of Oahu and is an additional location and division of The Queen's Medical Center (QMC), which continues the mission of Queen's to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawaii.

In order to meet the growing health care needs of the West Oahu community, QMCWO will optimize their bed capacity by renovating the Hospital's 5th floor and increasing capacity for medical/surgical beds by 24 as well as renovating the 3rd and 4th floors of our Clinical Services Center (CSC) building for outpatient services. Under the previously approved July 2012 Certificate of Need (CON) #12-16A, QMCWO was allowed to have 113 medical/surgical beds. The 5th floor renovation will increase QMCWO's licensed bed count for medical/surgical beds to 94, within the SHPDA approved 113 medical/surgical beds.

The 3rd floor of the CSC building will continue to house specialty outpatient services for cardiology, neurology, general surgery, gastroenterology, and otolaryngology (ENT). The 4th floor will provide space for administrative offices but also house physical therapy and orthopedics outpatient services.

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

RECEIVED

This project supports and is aligned with the Health Services and Facilities Plan's Statewide and West Oahu Subarea Health Planning Council priorities. The renovations will strengthen health care delivery services for the West Oahu community and are essential to ensure that QMCWO attends to the growing health care needs in the region and lays the foundation for developing an integrated health care system, which will optimize the delivery health care services. By increasing outpatient services and hospital bed capacity, the renovations facilitate expanded opportunity for health care professionals to serve and promote access to quality health care services. After the renovations are completed, QMCWO have additional physicians to service the specialty outpatient clinics in the CSC building. These outpatient services include but are not limited to, general surgery, cardiology, orthopedics, neurology, and gastroenterology.

JUL 19 10 07 AM '07
STATE HEALTH
DEPT AGENCY

The renovations of the CSC 3rd and 4th floor and the hospital 5th floor will increase access to high quality, cost-effective health care services and strengthen the current health care system by providing adequate capacity. Through the mission Queen's, QMCWO strives to provide quality health care services to improve the well-being of Native Hawaiians and all the people of Hawaii. Access to services will be available to all patients, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

The increased capacity for acute care with the 5th floor renovations and the increased access for specialty outpatient services with the 3rd and 4th floor renovations align with and support the West Oahu SAC priorities. These QMCWO renovations will increase community engagement, allow for continued partnerships with community providers, and facilitate increased collaboration, optimal alignment with the health care system so that patients will have access to stronger and integrated system that delivers care in an improved timely and more cost-effective manner. Over the past four years QMCWO has been experiencing increasing inpatient admissions. The hospital 5th floor renovations will improve, increase access and capacity of acute care services for the West Oahu community. The planned outpatient specialty services to be offered in the CSC building and the increased medical/surgical bed capacity on the hospital 5th floor will strengthen the health care delivery system and ensure the long-term viability of the continuum of care for the West Oahu region.

b) Need and Accessibility

QMCWO is located west of Honolulu and serves the communities of Aiea, Pearl City, Mililani, Wahiawa, Waipio, Waipahu, Ewa Beach, Kapolei, Makakilo, Nanakuli and Waianae. According to the 2010 U.S. Census, West Oahu is the fastest growing region on the island and by 2030, it is expected to be home to 50% of Oahu's residents. The West Oahu community continues to experience a high need for hospital-based care. 2010 data from the Hawaii Health Information Corporation shows that West Oahu residents accounted for 37% of Oahu's acute inpatient discharges and emergency room visits. As the only full service emergency hospital in the region, QMCWO plays a critical role in supporting the health and well-being of the West Oahu community.

Over the past four years, QMCWO has experienced increases in inpatient admissions along with significant growth in outpatient volumes. For renovations of the 3rd and 4th floors of the CSC building, conservative projects based off of current volumes, show increasing need across outpatient specialty care service lines. See Attachment V.

RECEIVED
19 JAN -7 AM 07

Over the past three fiscal years, QMCWO has seen an average change in percent of acute admissions of 5%. The West Oahu population is growing at about 1.3%, higher than other parts of Oahu and with significant development occurring within the region, there is a growing need for health care. The Emergency Department (ED) has also experienced increasing volumes as the community in West Oahu continues to grow. In FY 2017, QMCWO saw over 60,000 visit to the Emergency Department, which is about 5,000 ED visits per month. The QMCWO surpassed the original projected volumes for operations since the first day it opened and is currently at capacity. By broadening the ability of QMCWO to attend to the needs of the health care needs in West Oahu, the campus renovations will extend our mission to provide quality health care services and elevate the health of Native Hawaiians and the entire West community.

c) Quality of Service/Care

QMC is licensed by the Hawaii State Department of Health, accredited by The Joint Commission, and certified by Medicare. As the major tertiary and quaternary referral center for neuroscience, cardiovascular, cancer, orthopedics, surgery, behavioral health, and emergency medicine, QMC provides the highest standards of care to our patients and community. QMC is approved to participate in medical residency training by the Accreditation Council for Graduate Medical Education and QMC has achieved Magnet recognition from the American Nurses Credentialing Center. QMC was also awarded a five-star rating by the Centers for Medicare & Medicaid Services for overall hospital quality. The rating reflects 57 measures across 7 comprehensive areas: Mortality, Readmission, Safety of Care, Patient Experience, Efficient Use of Medical Imaging, Timeliness of Care, and Effectiveness of Care.

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

The renovations will have little to no impact on the overall costs of health services to the community since funding will come from Queen's internal resources. The renovations for QMCWO campus went through our internal budgeting process and was approved in April 2018. Queen's has the capital resources necessary to fund this project so that our West Oahu Community has improved access to health care services.

Estimates for the first full year of operations show a positive impact for the 5th floor hospital projections. For the 3rd and 4th floor of the CSC building, projection for the first full year of operations and third year of operations show declining costs with positive impacts in 6th year of operations. These estimates are based on revenue and cost estimates only. Downstream volumes are based on assumptions from current Queen's data and referral information. We generated a per-case cost and revenue analysis to calculate additional downstream impacts from the outpatient services. See Attachment VI

RECEIVED

e) Relationship to the existing health care system

The proposed project will strengthen and optimize the existing health care system for the West Oahu community by increasing access to specialty outpatient services and broadening the ability of QMCWO to provide inpatient care.

f) Availability of Resources.

ST HLTH PLNG & DEV. AGENCY

QMCWO's has access to sufficient resources and necessary funds required to equip, staff, management personnel, and operate services proposed to be provided for the hospital 5th floor increased bed capacity and the specialty outpatient services on the 3rd and 4th floor of the CSC building. Queen's maintains experienced human resources professionals who ensure that the appropriate personnel and medical professionals are hired as needed for the continuity of quality health care services and access to care at all our hospital campuses and facilities.

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.

X The applicant believes it will not have a significant impact on the health care system.

RECEIVED

19 JAN -7 AIO 07

ST HLTH PLNG
& DEV. AGENCY