



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

Application Number: # 18-16A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Kapaa Clinic Expansion
Project Address: Kaua'i Village Shopping Center
4-831 Kuhio Highway, Suite 332 & 372
Kapaa, HI 96746
Applicant Facility/Organization: Kaua'i Medical Clinic
Name of CEO or equivalent: Jen Chahanovich
Title: Chief Executive Officer
Address: 3-3420 Kuhio Highway
Lihue, Kaua'i, HI 96766

Phone Number: (808) 245-1122 Fax Number: (808) 245-1171

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.

Jen Chahanovich
Signature

1/16/19
Date

Jen Chahanovich
Name (please type or print)

Chief Executive Officer
Title (please type or print)

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STATE HEALTH PLANNING & DEV. AGENCY

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: X
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.).

**-Building Permit, Honolulu Department of Planning & Permitting
-Radiation facility license**

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: **(4) 4-3-008: 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	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
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	\$ N/A
2. Construction Contract	\$ <u>3,800,000</u>
3. Fixed Equipment	\$ <u>1,000,000</u>
4. Movable Equipment	\$ <u>600,000</u>
5. Financing Costs	\$ N/A
6. Fair Market Value of assets acquired by Lease.	\$ <u>215,000</u>
7. Other: Architectural Planning	\$ <u>900,000</u>
TOTAL PROJECT COST:	\$ <u>6,615,000</u>

B. Source of Funds	
1. Cash	\$ <u>6,400,000</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 lease paid by monthly rent.	\$ <u>215,000</u>
TOTAL SOURCE OF FUNDS:	\$ <u>6,615,000</u>

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 involves the expansion of existing primary care clinic services to be relocated to the Kaua'i Village Shopping Center. The proposed outpatient clinic will provide primary care, access to specialty care, urgent access, x-ray, laboratory, mammography, ultrasound and routine outpatient diagnostic 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: **12/14/18**
 - b. Dates by which other government approvals/permits will be applied for and received: Building permit **12/19/18**
 - c. Dates by which financing is assured for the project: **N/A**
 - d. Date construction will commence: **12/14/18**
 - e. Length of construction period: **8 months**
 - f. Date of completion of the project: **7/31/19**
 - g. Date of commencement of operation: **8/1/19**

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.

Kauai Medical Clinic ("KMC") seeks approval to expand and operate an outpatient clinic ("Clinic") to be located at Kaua'i Village Shopping Center at 4-831 Kuhio Highway, Kapaa, Kaua'i. The proposed outpatient clinic will provide primary care, access to specialty care, urgent access, x-ray, laboratory, mammography, ultrasound and routine outpatient diagnostic services.

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 Kauai residents. The provision of additional primary care services 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 Kauai County will provide continued opportunities for Kauai's workforce to find employment on island.

Third, the Clinic will meet the Kaua'i County/Kaua'i Subarea Health Planning Council priorities of sustaining a comprehensive system of care by strengthening access to primary care to the island of Kaua'i through an enhanced facility. The primary care clinic as an outpatient facility will also improve patient and family satisfaction by enabling more convenient access to care.

b) Need and Accessibility

The proposed Kapaa clinic expansion at its new location at 4-831 Kuhio Highway will improve patient access by providing additional space to accommodate expansion of primary care services currently being provided at 1105 Kuhio Highway in Kapaa, Kauai.

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 2018), Kaua'i currently experiences a shortage of General Internal Medicine physicians of 8.4 FTEs. The addition of the Clinic in Honolulu will provide the community continued access to 4.0 primary care physicians by year 3.

The Clinic's primary service area will be Kauai County. Kaua'i Medical Clinic as a not-for-profit entity will continue to provide care irrespective of patients' ability to pay. KMC 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

Kaua'i Medical Clinic ("KMC") together with Wilcox Medical Center ("Wilcox"), comprises Wilcox Health and are affiliates of Hawai'i Pacific Health, one of the state's largest health care providers. KMC is Kaua'i's largest multispecialty medical group. More than 90 physicians and midlevel providers offer primary and specialty care at clinic locations in 'Ele'ele, Kapa'a, Kōloa and Līhu'e. The Clinic will utilize KMC'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 on O'ahu.

Creating a Healthier Hawai'i is the mission of Hawai'i Pacific Health and its hospital affiliates. The expansion of primary care services will improve quality on Kaua'i in a number of ways. First, expanded access to primary care in Kauai will provide greater access to preventative care and a medical home for patients. The value of primary care to improving quality 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, the American Heart Association has recognized Wilcox with its Get with the Guidelines award for Stroke (S), Gold Plus and Honor Roll Elite Plus. Wilcox also has received the Healthgrades five-star recipient for the treatment of heart attack in 2018; is the only medical center in the state to be named a Top 100 Rural and Community Hospital by the National Rural Health Association; and received an "A" in the Leapfrog Hospital Safety Grades.

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 1. 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, urgent access and outpatient diagnostic services. The Clinic will provide greater access to primary care to strengthen the existing health care system through early detection and early intervention. KMC 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.

KMC 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 4.0 Physicians, 1.8 Registered Nurses, 4.0 Licensed Practical Nurse/Medical Assistants, 0.5 Behavioral Health Specialist, and 5.0 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.