



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 18-17A
To be assigned by Agency

Date of Receipt: ST HLTH PLNG & DEV. AGENCY

APPLICANT PROFILE

Project Title: Establishment of CT Services

Project Address: 4800 Kawaihau Rd
Kapaa, HI 96746

Applicant Facility/Organization: Samuel Mahelona Memorial Hospital/HHSC- Kauai Region

Name of CEO or equivalent: Lance Segawa

Title: Regional CEO

Address: 4643 Waimea Canyon Rd., Waimea, HI 96796

Phone Number: 808-338-9222 Fax Number: 808-338-9420

Contact Person for this Application: Sherry Lauer, RN

Title: Regional Chief Quality Officer

Address: 4643 Waimea Canyon Rd., Waimea, HI 96796

Phone Number: 808-338-9489 Fax Number: 808-338-9420

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.

Lance K. Segawa
Signature

1/22/2018

Date

Lance Segawa

Name (please type or print)

CEO

Title (please type or print)

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

- Public _____
- Private _____
- Non-profit _____
- For-profit _____
- Individual _____
- Corporation _____
- Partnership _____
- Limited Liability Corporation (LLC) _____
- Limited Liability Partnership (LLP) _____
- Other: _____

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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: _____

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

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)
- 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.)
- C. Your governing body: list by names, titles and address/phone numbers
- 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
 - By-Laws
 - Partnership Agreements
 - Tax Key Number (project's location)

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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 ST. HEALTH & DEV. AGENCY	Change in Beds
Inpatient Facility				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.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:
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1.	Land Acquisition	_____
2.	Construction Contract	_____
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:		<u>\$2,300,000.00</u>

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\$800,000

B. Source of Funds

1.	Cash	_____
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	<u>2,300,000.00</u>
6.	Other: _____	_____
TOTAL SOURCE OF FUNDS:		<u>2,300,000.00</u>

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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.

Addition of a CT Scanner to supplement Diagnostic Radiology 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,
- 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

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.

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

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10. **Eligibility to file for Administrative Review.** This project is eligible to file for Administrative review because: (Check all applicable)

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_____ 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.

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_____ 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.

CON Application Executive Summary

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Samuel Mahelona Memorial Hospital (SMMH) will purchase and operate a CT scanner as part of its efforts to improve access and the quality of care provided to residents living on the Eastside (Kapaa) and Northshore (Princeville) of Kauai. The need for the CT scanner services was identified as a top priority by the Hawaii Health Systems Corporation – Kauai Region (HHSC), the Kauai Regional Board, and was based on physician testimony provided by the Hawaii Emergency Physicians Associated (HEPA). The existing Radiology Department will be expanded and renovated to accommodate the CT scanner equipment.

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

The proposed CT scanner is critical in the diagnoses and treatment of numerous ailments and diseases and is essential in maintaining the current standards of care. This proposal for the addition of CT scan services at SMMH is in alignment with the Hawaii Health Services and Facilities Plan (2009)

The addition of CT scanning services in the Kapaa and North Shore communities will ensure that our communities have access to the necessary diagnostic tools to achieve optimum health. These services are an important element in the health care environment in that it adds value to all constituents by improving access, quality, and efficacy in a cost-effective manner. As a critical access hospital, it is expected that SMMH is able to provide adequate access for the service area population with a significant improvement in quality of care and/or a significant reduction of cost to the public to ensure that healthcare services are meeting the current standards of care. As stated in the Plan, "Benefits are defined as the form of improved access for the service area(s) population combined with significant improvement in quality and/or significant reduction in cost to the public." SMMH CT will not meet the CT threshold and thus, consideration for exception is being made. The population size of SMMH's service area is too small to ever meet the threshold standard to justify a CT. However, concerns about access and quality of care (CT is a standard of care for hospitals) outweighs the suboptimum utilization data.

By SMMH having a CT scanner it will:

1. Promote and support the long-term availability of the health care delivery system.
2. Expand and retain the health care workforce to enable access to the appropriate level of care in a timely manner.
3. Ensure that any patient in need of CT scan will have overall access to quality health care at a reasonable cost.
4. Offer equitable access to health care services: services will be available within the community, thus, saving time and resources by eliminating an hour of travel in both directions.

Need and Accessibility

According to the U.S. Census Bureau, the estimated population of Kauai is 72,159 people with an estimated growth rate of 2.43 people per year. In 2018, Kauai had a 7.8 % growth in tourism,

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approximately 1,279,968 visitors. SMMH is the only critical care hospital on the eastside in Kapaa, Kauai, and with a population of 10,699 permanent residents, it's located in one of the most densely populated areas.

Currently, no CT scan services are available to the entire Eastside (Kapaa) and Northshore (Princeville) of Kauai; requiring, approximately 17,000, residents to travel 28 miles to either Lihue (Wilcox Hospital) or to 52 miles Waimea (Kauai Veterans Memorial Hospital); —an unsafe distance to achieve treatment. When the current infrastructure on Kauai is factored in—one road in and one road out— it can require up to an hour to travel to Lihue (Wilcox Memorial Hospital) from Kapaa and up to an hour and a half from the Northshore (Princeville) to Lihue. In the event of a road closure, natural disaster, or just an influx of tourists in the community, both residents and visitors alike are not able to receive the highest standards of care.

Every day residents in our community are transferred to receive a CT scan. With the current process, the patient incurs the cost of an EMS transfer and two emergency visit charges; which is not only a high cost to the state, but to the patient left with the bill. A CT Scanner at SMMH will also decompress the Wilcox Emergency Department, thereby allowing physicians, nurses, and hospital staff to address patient needs in a timelier manner.

The addition of the CT Scanner will not only serve the community at large and help to decompress the demand on the Wilcox Emergency Department, it will also provide value for the Kupuna at the SMMH long-term care facility. If a Kupuna on blood thinners falls, it is imperative that they are provided with a CT scan to rule out spontaneous bleeds. Patients visiting the SMMH Emergency Department presenting with persistent headaches, dizziness, abdominal pain, recurring blood in stools, or a mass found on a chest x-ray are other examples of patients who would benefit from having diagnostic CT Scanning services available in their own community.

The Emergency Department at SMMH is often obliged to transfer patients to other facilities solely for the purpose of obtaining diagnostic CT scan services. A patient with a severe headache or change in mental status may be experiencing an intracranial bleed or ischemic stroke, a medical emergency most commonly seen in the elderly. With CT scan capabilities, SMMH will develop and actively participate in the stroke collation for the state of Hawaii to ensure that ischemic stroke protocol is produced for the prompt delivery of thrombolytics, which often results in a dramatic and complete return of the patient's brain function, enhances quality of life—thus saving lives and reduces health dollars spent in the long run.

Samuel Mahelona Memorial Hospital projects that the need and demand of the residents in our primary service area for CT scans is, approximately 1000 procedures per year, which is the estimated number of emergency and non-emergency scans now being performed on these residents by other hospitals/facilities on the island. These services, like all of SMMH's services, will be offered to all residents of the area, and in particular the Kupuna, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

Quality of Service/Care

Samuel Mahelona Memorial Hospital has a history of providing quality service to patients and referring physicians; therefore, the proposed CT scanner will enhance SMMHs existing services and allow it to have a more comprehensive imaging department. SMMH will have policies and procedures in place to ensure that all staff is adequately trained; equipment and processes will meet and/or exceed all safety requirements, and quality initiatives will be tracked and reported regularly.

Cost and Finances

The first-year projection of 250 CT scan procedures is about 25% of the total number of CT scans provided to our residents ($250/1000=25.0\%$), SMMH projects 500/1000 or 50% of the procedures in the third-year of operation, earning SMMH a profit of \$71,420.00. Please see attached worksheet to justify numbers. SMMH participates with all available insurers, including Medicare and Medicaid and its charges area are comparable with those of other facilities throughout the state. SMMH expects that this service will continue to be profitable from year three and every year after that.

Relation to the Existing Health Care System

The proposed CT scanner will offer new diagnostic applications that currently do not exist at SMMH.

Availability of Resources

SMMH currently has the staff and expertise necessary to operate the proposed CT scanner. There is one radiology tech on each shift and when outpatient procedures are scheduled, another tech will be available to assist. The manager and two staff member will receive 40 hours of training on the mainland through the vendor, Toshiba. Toshiba will also be responsible for training the other staff and provide ongoing scanner support.

SMMH is in the process of requesting funding from the State of Hawaii for Capital Improvement Projects, including the proposed CT scanner.