



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

Application Number: # 19-19A Date of Receipt: \_\_\_\_\_  
To be assigned by Agency

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**APPLICANT PROFILE**

Project Title: Establishment of Open Heart Program

STATE HEALTH PLNG & DEV. AGENCY

Project Address: 98-1079 Moanalua Road, Aiea, HI 96701

Applicant Facility/Organization: Pali Momi Medical Center

Name of CEO or equivalent: Art Gladstone

Title: Chief Executive Officer

Address: Executive Offices  
98-1079 Moanalua Road, Aiea, HI 96701

Phone Number: (808) 485-4434 Fax Number: (808) 485- 4400

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

\_\_\_\_\_  
Date

Art Gladstone

Chief Executive Officer

\_\_\_\_\_  
Name (please type or print)

\_\_\_\_\_  
Title (please type or print)

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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: \_\_\_\_\_

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2. PROJECT LOCATION INFORMATION

A. Primary Service Area(s) of Project: (please check all applicable)

- Statewide: \_\_\_\_\_
- O`ahu-wide: \_\_\_\_\_
- Honolulu:   X
- 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.).

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

- 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: **1-9-8-16: 57**

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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.

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	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
<b>TOTAL</b>			

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6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	N/A
2.	Construction Contract	\$ <u>410,000</u>
3.	Fixed Equipment	\$ <u>25,000</u>
4.	Movable Equipment	\$ <u>1,500,000</u>
5.	Financing Costs	N/A
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	N/A
7.	Other: Architectural/Planning	\$ <u>150,000</u>

**TOTAL PROJECT COST:**

**\$2,085,000**

B. Source of Funds

1.	Cash	\$ <u>2,085,000</u>
2.	State Appropriations	\$ _____
3.	Other Grants	\$ _____
4.	Fund Drive	\$ _____
5.	Debt	\$ _____
6.	Other: FMV of Lease	\$ _____

**TOTAL SOURCE OF FUNDS:**

**\$ 2,085,000**

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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.

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This project is an additional location of an existing service. The service to be added is a cardiac open heart program to be located at 98-1079 Moanalua Road, Aiea, HI 96701.

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: **February 2022**
- C. Dates by which financing is assured for the project: **N/A**
- D. Date construction will commence **May 2022**
- E. Length of construction period: **12 weeks**
- F. Date of completion of the project: **July 2022**
- G. Date of commencement of operation: **August 2022**

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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.

Pali Momi Medical Center (PMMC), an affiliate of Hawai'i Pacific Health, seeks approval to provide open heart services (OHS) to improve access to cardiac surgical services for Central and West Oahu patients. This service is currently provided by Straub Medical Center (SMC) another affiliate of Hawai'i Pacific Health. This project is an expansion of the existing service at SMC to also be provided at PMMC.

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

This project is consistent with the goals and objectives of the SHPDA's Health Services and Facilities Plan (HSFP). First, by providing additional open heart cardiac surgical capabilities in Central and West O'ahu, this project is consistent with the goals and objectives of the State of Hawai'i Health Services and Facilities Plan (HSFP) goal to "increase cost effective access to necessary health care services" and to "promote regionalization of services where appropriate" (Chapter 1, HSFP 2009).

Second, this project is also consistent with both the Statewide Health Coordinating Council objectives (SHCC) to "...ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost" (Chapter 3, HSFP 2009) and the West O'ahu Subarea Council (SAC) to "...improve and increase access to acute care, critical care, specialty care, emergency care options, and routine outpatient diagnostic services." (Chapter 3, HSFP 2009). The increased capacity and capabilities provided by the expanded open heart surgical program will provide both greater options and improved cardiac care options for Central and West O'ahu patients.

The stated HFSP threshold to establish new cardiac surgical procedures is "...a minimum annual utilization for each provider in the service area... [of] 350 adult or 130 pediatric open-heart operations per year, and the new unit/service is projected to meet a utilization rate of at least 200 adult or 100 pediatric open-heart operations in the third year of operation." [Chapter 2, HFSP, 2000].

The HFSP also states that the thresholds serve as guides to the initial determination of need for the service area and are not to solely determine the approval or disapproval of a proposed project. The HFSP has stated:

It is recognized that some service areas may not meet the required threshold for a health care service. Sub-optimum utilization may be proposed if the benefits clearly outweigh the costs to the community of duplicating or under-using services, facilities or technologies. Benefits are defined as the form or improved access for the services area(s) population with significant improvement in quality and/or significant reduction in cost to the public. [see HFSP, page 31 (2009)]

The HFSP has also stated that benefits may include improved access for the service area combined with significant improvements in quality of care. In addition, beyond regional factors, thresholds may be modified to: [see HFSP, page 31 (2009)]

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- Incorporate current and best clinical practices
- Allow for the cost-effective transition and capital investment in moving traditional inpatient services to outpatient modalities;
- Allow for the cost-effective introduction of modern technology to replace existing technology;
- Address the documented needs of an actual population rather than basing care design on statistical generalizations;
- Create opportunities for price reduction through competition, without sacrificing quality or cost-effectiveness of care; and
- Encouraging innovation in improving health care services that contribute to enhancing a community's health status.

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This service is currently provided by Pali Momi's sister facility and Hawaii Pacific Health co-affiliate, Straub Medical Center. In 2018, SMC reported 189 open heart procedures. In 2019, the annualized number of procedures at SMC increased 8.9% to 206.

Clinical data from the SHPDA Utilization report indicates that in 2018, other open heart programs performed the following numbers of open heart surgeries:

Provider	Location	Number of Open Heart Surgeries
Kuakini Medical Center	Honolulu	13
Queen's Medical Center	Honolulu	419
Adventist Castle Medical Center	Windward	50

Although the proposed project does not meet the suggested threshold requirements with respect to other cardiac surgery providers, the project does meet the sub-optimization criteria for suboptimal utilization. The West O'ahu region is one of the fastest growing areas in the State of Hawaii. The demand for open heart services is expected to increase in the West and Central Oahu neighborhoods as evidenced by Pali Momi's current and historical patient transfers to Honolulu medical centers, the majority being acute coronary syndrome and acute myocardial infarction (heart attack) diagnosed patients, including those deemed emergency cases. The American College of Cardiology Foundation/American Heart Association (ACCF/AHA) has designated emergency CABG (open heart surgery) to be "recommended in patients with acute MI in whom primary PCI has failed or cannot be performed and coronary anatomy is suitable for CABG". (ACCF/AHA Guideline for CABG, Circulation, 2011). A delay in access to open heart surgery may increase patient morbidity and mortality, and in addition, imposes undue stress to the patient and family members, as well as longer hospital length of stay and ensuing medical costs. The benefits of this added service at Pali Momi will result in decreased length of stays, reduced delays in care, decreased medical costs, and decreased risk for adverse cardiovascular outcomes for the open heart surgery patient population.



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**b) Need and Accessibility**

Pali Momi as a not-for-profit hospital has always provided care irrespective of a patients' ability to pay. Pali Momi has also been proactive over the years in investing in the facility to bring greater benefit to patients by providing increased capacity, enhanced quality and a higher level of customer service in anticipation of the growth of the Leeward, Central and West Oahu area. The primary service area is Central and West O'ahu. However, Pali Momi cares for patients from all parts O'ahu, the neighbor islands, and the Pacific Basin.

Cardiovascular disease remains the leading cause of death for men and women in the State of Hawai'i ([health.hawaii.gov/heart-disease-stroke](http://health.hawaii.gov/heart-disease-stroke)). Being centrally located at Pali Momi is ideal to provide care for the growing areas of O'ahu where Pali Momi has continued to develop and expand cardiovascular care to the community of West O'ahu. In 2007 Pali Momi recognized that patients with acute myocardial infarction were receiving suboptimal care, requiring to be transferred to medical centers in Honolulu to receive appropriate care, resulting in prolonged transport times and needless delays that adversely impacted patient outcomes. As a response to this need, Pali Momi developed the first and the only West O'ahu cardiac interventional program was to care for these patients which has grown exponentially from its inception. In 2010 or the first full year of operation, twenty-five patients with acute myocardial infarction were treated with percutaneous coronary interventions and 150 diagnostic catheterizations were performed. Now in the program's tenth year of operation, the number of emergency acute myocardial infarction patient volume has increased to approximately 75 cases per year, 400 percutaneous coronary interventions and 1000 diagnostic cardiac catheterizations per year. Over the past decade Pali Momi has also added and expanded other cardiovascular services in response to increasing community care needs: pacemaker and implanted cardiac defibrillators, electrophysiology studies and ablations for complex arrhythmias, as well as peripheral vascular studies and intervention.

Pali Momi was the first in state to provide CardioMEMS for heart failure patients, and the first in state to provide the Impella and Tandem Heart percutaneous ventricular assist devices to support critically ill heart attack and heart failure patients. The rapid and exponential growth in every service provided continues to demonstrate the high demand and critical need to provide advanced cardiovascular services to the communities of West and Central O'ahu.

Currently the only advanced services Pali Momi does not provide is open heart surgery. As a result Pali Momi continues to refer cases to medical centers in Honolulu, often resulting in increased hospital length of stays, delayed care, increased risk for adverse cardiovascular outcomes, and increased medical costs (Table 1). Referral volumes for open heart surgery have increased since the initiation of our cardiovascular program and often overload the ability of receiving hospitals to accommodate these patients. With the number of housing developments in West O'ahu growing, and continued population growth in West Oahu, patient volumes are anticipated to continue to increase, placing more strain on receiving medical centers to provide timely care for critically ill patients requiring open heart surgery services.

Per the Laulima database the average number of West and Central O'ahu residents undergoing open heart surgeries at a Honolulu facility is 300 per year (Table 2). Given the proven track record of growth in all areas of Pali Momi cardiovascular services, the excellent quality and patient outcomes, and the historical volume of patients transferred to Honolulu,



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we expect open heart surgery volumes to increase year over year after initiation of our program, resulting in timely access to care, while mitigating unnecessary treatment delays, improving patient outcomes and decreasing medical costs.

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**Table 1. PMMC patients transferred to Honolulu facilities for Open Heart Surgery**

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2016	2017	2018
86	101	106
% Change from Prior Year	+17%	+4%

**Table 2. No. of open heart surgery patient discharges from Honolulu facilities, residing in West and Central O'ahu**

2016	2017	2018
293	314	299
% Change from Prior Year	+7%	-4%

The addition of an open heart surgery program is needed in response to the current and future demand for these services, as demonstrated by the annual growth of Pali Momi patients needing open heart surgery, and also the forecasted population growth in West O'ahu, which is the highest anticipated population growth area (2018 State of Hawai'i Databook).

The increased demand for cardiovascular care resources necessitates that health care providers assess their ability to meet the needs of the community they serve. This project meets the need and accessibility criteria due to the current cardiac catheterization, percutaneous coronary interventional, and emergency heart attack volumes at Pali Momi Medical Center, the volume of patients transferred to Honolulu, and the expected increase in the number of patients with cardiovascular diseases.

Pali Momi will serve all residents of the West and Central O'ahu areas. The primary service area is O'ahu, although patients from the neighbor islands will also have access to these services. Pali Momi will continue to provide care to all residents of the area including: Medicare, Medicaid, QUEST and all underserved groups.

**c) Quality of Service/Care**

Pali Momi is committed to establishing and perpetuating high quality patient care services and programs and has demonstrated ongoing ability to achieve such over the past 30 years. Pali Momi continues to be nationally recognized for high quality and safe patient care and services. In 2019 Pali Momi was recognized by The Leapfrog Group with an "A" grade for hospital safety; received the 2019 Healthgrades award for Outstanding Patient Experience, and the 2019 American Heart Association Gold Award for Stroke Care. Pali Momi continues to demonstrate its care for the community by establishing necessary services that are closer to the people who live in the communities it serves, Examples are the programs that were specifically developed to address patient care needs: cardiac interventional, STEMI (heart attack), and electrophysiology programs, the Joint Commission accredited Primary Stroke Center, the Hawai'i state designated Level III Trauma program, and the first Comprehensive Care Center in West and Central O'ahu. Our cardiac care program, our cardiologists, and

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the cardiac care team have been recognized for the high-quality care and outcomes from patients, patient family members, payors and the American Heart Association. The program also voluntarily participates in the National Cardiovascular Data Registry to internally and externally benchmark process measures and quality outcomes.

Pali Momi Medical Center and Straub Medical Center are health care partners under Hawai'i Pacific Health. Both medical centers utilize, share and leverage resources to ensure that patient care services are delivered, and process and quality outcomes are measured on a consistent level. Cardiologists and cardiovascular surgeons are privileged at both campuses. The electronic medical record and digital images are highly accessible, making collaborative procedural planning and patient care discussions comprehensive, documented, and accessible by all pertinent clinical care stakeholders.

The Straub Medical Center cardiovascular surgery program, established in the 1970's under the guidance of Dr. Richard Mamiya, has been and continues to be a highly regarded program in the state of Hawai'i. For the past 27 years, under the direction of the program medical director and cardiovascular surgeon, Dr. Mark Grattan, the program has cared for complex cardiovascular patients with outstanding patient experience and quality care outcomes. In 2019 Straub has been recognized as a Top 100 hospital by Healthgrades, receiving a five-star rating in multiple clinical areas including general surgery, as well as receiving the Outstanding Patient Experience Award. Straub measures its cardiovascular surgery program outcomes through participation in the Society of Thoracic Surgeons (STS) Adult Cardiac Surgery Database and is only one of two cardiovascular surgery programs in Hawai'i sharing quality data publicly (Castle Adventist Health is the other program).

Pali Momi Medical Center's cardiovascular surgery program planning, all areas and all stages, will be completed in partnership with the knowledge and guidance of Straub Medical Center's clinical experts including the medical director. Individual clinician and clinical teams will undergo extensive didactic and skills-based training through the Hawai'i Pacific Health clinical care academies and the simulation laboratories, as well as clinical rotations and case study reviews. Pali Momi Medical Center will track patient care processes and clinical outcomes through internal and external data collection and benchmarking, such as the STS Adult Cardiac Surgery Database.

**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 margin by year 2. The cost of and charges for providing the services will be similar to the existing open heart program at Straub Medical Center and will therefore have minimal impact on the community (including payers and patients). The additional open heart program will also reduce costs of care and improve patient safety by eliminating travel time by West and Central Oahu residents into downtown Honolulu. 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 open heart services in West and Central O'ahu that are currently being referred to Honolulu facilities. The development of clinical services at Pali

Momi will also provide additional employment opportunities and thereby strengthen the health care workforce in the West and Central O'ahu community.

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**f) Availability of Resources.**

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Pali Momi has sufficient trained professionals, management, systems and other resources to fully support the proposed open heart cardiac surgical services. The proposed program will be also be supported by the addition of 3 Registered Nurses; 1 Cardiac Educator, and 2 Physician Assistants. Pali Momi 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.

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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.
- 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.