



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

Application Number: # 20-03A **RECEIVED**
Date of Receipt: _____
To be assigned by Agency

APPLICANT PROFILE

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Project Title: **Straub Medical Center Modernization & Reconstruction**

Project Address: **888 South King Street, Honolulu, HI 96813** **ST HLTH PLNG AGENCY**

Applicant Facility/Organization: **Straub Clinic & Hospital**

Name of CEO or equivalent: **Martha Smith**

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, 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.

Signature

Date

Martha Smith

CEO, Straub Clinic & Hospital

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 20 MAR 20 110 :32
- Non-profit X
- For-profit _____
- Individual _____
- Corporation X ST HLTH PLNG & DEV. AGENCY
- 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: X
- 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) 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.).
 - Plan Review Use (PRU) Permit, Honolulu Department of Planning & Permitting
 - 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: **2-1-42-09, 10, 22, 23 and 24**

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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 PLNG & SERVICE AGENCY	Change in Beds
Inpatient Facility		X	X		
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

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	20 MAR 20 AIO 32	AMOUNT:
1. Land Acquisition		\$ N/A
2. Construction Contract	ST HLTH PLNG & DEV. AGENCY	\$ 115,000,000
3. Fixed Equipment		\$ 9,000,000
4. Movable Equipment		\$ 3,000,000
5. Financing Costs		\$ N/A
6. Fair Market Value of assets acquired by lease, rent, donation, etc.		\$ N/A
7. Other:		\$ N/A
TOTAL PROJECT COST:		<u>\$ 127,000,000</u>

B. Source of Funds

1. Cash		\$ 77,000,000
2. State Appropriations		\$ N/A
3. Other Grants		\$ N/A
4. Fund Drive		\$ 50,000,000
5. Debt		\$ N/A
6. Other:		\$ N/A
TOTAL SOURCE OF FUNDS:		<u>\$ 127,000,000</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.

This is a capital project to rebuild and modernize the Straub Medical Center ("Straub") facility. The project will create the necessary space required to enable greater efficiencies for patient care and to accommodate the health care delivery models of the future.

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: **June 2025**
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence **July 2025**
- e) Length of construction period: **36 months**
- f) Date of completion of the project: **June 2028**
- g) Date of commencement of operation: **July 2028**

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.

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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Straub Medical Center ("Straub") seeks approval to rebuild and modernize its facility. The project will create the necessary space requirements to enable greater efficiencies for patient care and accommodate the health care delivery models of the future.

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

This project meets the following priorities and objectives of the statewide and regional priorities of SHPDA's Health Services and Facilities Plan (HSFP, 2009).

First, by rebuilding and modernizing Straub, this project is consistent with the goals and objectives of the State of Hawai'i Health Services and Facilities Plan (HSFP) to "increase cost effective access to necessary health care services" and to "promote regionalization of services where appropriate" (Chapter 1, HSFP 2009). This completed project will enable more efficient access to patients requiring acute care services, hospitalization, and diagnostic and treatment procedures.

Second, rebuilding and modernizing Straub is also consistent with the Statewide Health Coordinating Council (SHCC) general principle to "[p]romote and support the long-term viability of the health care delivery system." (Chapter 3, HSFP 2009). The proposed project will ensure that Straub's physical facilities are designed to accommodate the health care delivery models of the future.

Third, this project is in alignment with the SHCC's general principle in support of projects that are "...appropriate for the regional and statewide continuum of care." For more than a century, Straub has provided patients access to a full compendium of medical services through its 400 physicians across 30 medical specialties. The proposed project will provide the necessary plant infrastructure to provide services in the acute care services segment of the continuum of care.

b) Need and Accessibility

Straub's physical plant limitations have not allowed for the care to be delivered at Straub to meet the changing delivery of patient care as envisioned for the 21st century. At Straub, the medical care is currently being delivered in facilities that are nearly 90 years old and based on medical practice that met the needs of that time period. Straub's physical plant developed organically with the development of the Strode Clinic in 1933. The Milnor building was added to Straub in 1950 followed by the addition of the Palma building in 1963. Straub's physical plant has not undergone a comprehensive master-plan and rebuilding to modernize its facility since the completion of the hospital building in 1973. This has resulted in physical space limitations – such as the creation of non-flexible space - that were based on care models previously focused on in-patient admissions and which we anticipate will shift towards outpatient care modalities.

To address these limitations the proposed project will result in the development of a new Straub Medical Center Tower. The proposed rebuild and modernization project will enable the creation of flexible space in line with care models envisioned for the future to facilitate

the delivery of team based care, an emphasis on outpatient services and the facilitation of remote access.

Straub will continue to provide care to all residents of the area including Medicare, Medicaid, QUEST, low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups.

c) Quality of Service/Care

Founded in 1921, Straub Medical Center is a fully-integrated not-for-profit health care provider with a 159-bed hospital in Honolulu, a network of neighborhood clinics and a visiting specialist program that reaches throughout the State of Hawai'i. With more than 400 employed or contracted physicians who are leaders in their fields, Straub provides its patients with expert diagnoses and treatments for more than 32 different medical specialties, including bone and joint, heart, cancer, endocrinology/diabetes, family medicine, gastroenterology, geriatric medicine, internal medicine, women's health, vascular and urology. Straub is home to the Pacific Region's only multi-disciplinary burn treatment center. The hospital consistently brings new technologies and innovative medical practices to Hawai'i, such as minimally invasive cardiac surgery and total joint replacement. Straub is an affiliate of Hawai'i Pacific Health, the state's largest health care network.

Straub is a licensed hospital by the Hawai'i State Department of Health, Medicare certified, and accredited by the Joint Commission. In 2020, Straub was the only Hawai'i hospital to be recognized by Healthgrades as one of the Nation's best hospitals. Straub has also won numerous awards in recognition for quality of services and care including; Healthgrades 2009-19 Outstanding Patient Experience Award; Healthgrades Patient Safety Excellence Award, 2015-17 for being in the top 5 percent in the nation in patient safety; Leapfrog Group's "A" Hospital Safety Score; CMS 5 Star Rating in 2016-17, and 2019.

The reconstruction of the facility will improve the quality of care by ensuring that the newly constructed space will accommodate the most modern equipment and care modalities. This includes flexible space to accommodate greater utilization of outpatient modalities, flexible spaces to adapt to changing equipment needs and standards, and better designed patient care areas to enable better clinician and patient information exchange for diagnostic and treatment.

Patient care and quality will not be affected during the modernization and reconstruction activities of the Straub facility. Plans to ensure continuous access to Straub Medical Center's services will be implemented through project completion.

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. The project's financial projections reflect a positive net margin by year 3. Three year revenue/cost projections are provided (see Attachment D). The proposed project will not increase healthcare costs from existing trends as the modernization efforts will result in both service and operational efficiencies as well as address anticipated maintenance priorities required of the current aged facility.

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e) Relationship to the existing health care system

The proposed project will not have a significant impact on the health care delivery system as it is simply a rebuild and modernization of the existing physical plant. It will in fact strengthen the existing health care system as it will provide a more efficient and modern care setting for current and future patients. Additionally, the new facility will promote access and quality by creating a physical space that will facilitate the delivery of new models including team based care, a shift to outpatient services and remote access. The completed project will increase access to specialty outpatient services with a more patient friendly facility and a facility to support more efficient inpatient care.

f) Availability of Resources.

As an affiliate of Hawai'i Pacific Health (HPH), Straub has sufficient financial resources, trained professionals, management, systems and other resources to fully support the project. Straub has sufficient internal resources to ensure completion of the project. No additional staff will be required to support the modernization and reconstruction of the Straub Medical Center. The \$77M of funding from cash will be sourced from hospital operations. The \$50M sourced from a fund drive will be generated from a Capital Campaign led by Hawaii Pacific Health's Philanthropy Department. It is not anticipated that there will be an issue raising the required monies through a fund drive as the HPH Philanthropy Department has experienced prior fundraising success and raised similar amounts in support of the Kapiolani Medical Center Phase I rebuild of the NICU at the Diamond Head Tower.

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.