

HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

22 SEP -6 P3:41

<u>ADMINISTRATIVE</u> APPLICATION - CERTIFICATE OF NEED PROGRAM

Sil	4111	
& CE	V. AG	FNPV

Application Number: ## 22-10 A Date of Receipt:

To be assigned by Agency		
APPLICANT PROFILE		
Project Title: Relocation of Oncology Services and Deletion of 67 Medical/Surgical Beds		
Project Address: 3288 Moanalua Road, Honolulu, HI 96819		
Applicant Facility/Organization: Kaiser Foundation Hospitals		
Name of CEO or equivalent: Greg Christian		
Title: President, Hawaii Market, Kaiser Foundation Hospitals and Health Plan		
Address: 711 Kapiolani Street, Honolulu, HI 96831		
Phone Number: (808) 286-9410 Fax Number: (808) 432-5391		
Contact Person for this Application:		
Phone Number: (808) 432-5210 Fax Number: (808) 432-5391		
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. 9-1-77 Date		

Greg Christian
Name (please type or print)

President, Hawaii Market, Kaiser Foundation Hospitals and Health Plan
Title (please type or print)

RECEIVED

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:	
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) Not Applicable - the entire project will be completed within the existing Kaiser Permanente Moanalua Medical Center. 	
	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 – City & County of Honolulu Fire Marshall's Approval – City & County of Honolulu, Fire Prevention Bureau OHCA Licensure Approval – Department of Health	
	 C. Your governing body: list by names, titles and address/phone numbers See Appendix 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 Provided in 2022 By-Laws Provided in 2022 Partnership Agreements Not Applicable Tax Key Number (project's location) TMK: 1-1-012-033 	

4. TYPE OF PROJECT. This section helps our reviewer's understand what type of project you are proposing. Please place an "x" in the appropriate box.

			*22 SEP -	6 P3:41	
	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project	Change in Service	Change in Beds
Inpatient Facility			X		х
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
Med/Surg	219	-67	152
Critical Care	36		36
Obstetric	30		30
Pediatric	18		18
Neonatal ICU	20		20
TOTAL	323	-67	256

6. PROJECT COSTS AND SOURCES OR FUNDS / F []

A. List	All Project Costs: 22 SEP -6 P3:41	AMOUNT:
1.	Land Acquisition	
2.	Construction Contract ST HERPERS	\$5,257,364
3.	Fixed Equipment	
4.	Movable Equipment	\$ 263,609
5.	Financing Costs	
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	
7.	Other:	··
	TOTAL PROJECT COST:	\$5,520,973
B. Sour	TOTAL PROJECT COST:	\$5,520,973
B. Sour		\$5,520,973 \$5,520,973
	ce of Funds	.,,
1.	ce of Funds Cash	.,,
1. 2.	ce of Funds Cash State Appropriations	.,,
1. 2. 3.	Cash State Appropriations Other Grants	.,,

TOTAL SOURCE OF FUNDS: \$5,520,973

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.

Not Applicable. No change of service is being requested. The Applicant is respectfully requesting approval to expand existing oncology services within the current facility of Moanalua Medical Center to meet current and future needs for care.

- 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: Not Applicable
 - b) Dates by which other government approvals/permits will be applied for and received: January 2023
 - c) Dates by which financing is assured for the project: Not Applicable
 - d) Date construction will commence: January 2024
 - e) Length of construction period: 5 months
 - f) Date of completion of the project: May 2024
 - g) Date of commencement of operation: July 2024

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.

Executive Summary

Kaiser Foundation Hospitals (herein referred to as "Kaiser Permanente") requests approval from the State Health Planning and Development Agency to remodel 12,514 square feet at the Moanalua Medical Center for the relocation and expansion of Oncology Services. Oncology services for Kaiser Permanente's 161,393 members on Oahu are provided at the Moanalua Medical Center. The current Oncology Department is significantly undersized with over 12,000 square feet of needs compressed into 5,000 square feet of space. As a result, many services have been shifted to other areas of the Medical Center. This proposed project would relocate those services to a larger area (an existing floor) within the Moanalua Medical Center in order to alleviate space constraints, meet growing needs for care, and create a patient-centric environment for cancer care. The expanded capacity for oncology services, remodeled facility and enhanced services will enable more patients to be seen in an outpatient setting, reducing the need for inpatient care. It is anticipated that this relocation and expansion of services will

help Kaiser Permanente attract and retain physicians, nurses and other clinician cancer care program.

The estimated cost of the proposed project, which will remodel existing inpatient hoppital spage 1 is \$5,520,973. The proposed project will reduce the total number of Medical/Surgical beds by 67: a reduction of 36 beds for the relocation of oncology services and a decrease of 31 beds to align the State Health Planning and Development Agency bed counts with licensed beds and actual use. The total number of acute care beds at the Moanalua Medical Center will decrease from 323 to 256, significantly above the current Average Daily Census (ADC) of 143 and above the beds needed in the past and expected to be needed in the future. The ADC has been below 200 for more than ten years and is expected to remain below 150 for at least the next decade.

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

Kaiser Permanente's proposal meets the CON criterion for relationship to the State of Hawai'i Health Services and Facilities Plan (HSFP) including:

Promote and support the long-term viability of the health care delivery system. Kaiser Permanente has served the people of Hawaii for over 60 years. As Kaiser Permanente membership has grown and the need for oncology services has increased, space constraints in the Oncology Department have intensified, requiring services and staff to be shifted to other floors. The proposed project will relocate and expand the Oncology Department from approximately 5,000 square feet to a remodel area of approximately 12,000 square feet, which will provide sufficient capacity to meet the future Oncology services demand. It will consolidate oncology services and staff in one patient-centered location, increasing member convenience, reducing unnecessary exposure of immunecompromised patients, and enhancing staff collaboration and team-based care. The remodel will also incorporate new design standards, which are expected to improve efficiency and reduce operating costs, key to the future success of Kaiser Permanente Hawaii.

At the same time, the overall need for acute care inpatient beds at the Moanalua Medical Center has declined as more Kaiser Permanente members have been able to access inpatient care on neighbor islands, care has shifted to outpatient venues and home, and better outcomes have resulted in fewer inpatient stays and days. As a result, Kaiser Permanente's Average Daily Census has declined from 186 in 2018 to 143 in 2022, significantly below the 256 acute care beds that will remain following this project.

Expand and retain the health care workforce to enable access to the appropriate level of care in a timely manner.

Today, 10 physicians and physician assistants and 26 other team members, including nurses, pharmacists, researchers, and social workers, support the Oncology Department. The proposed location will accommodate the health care workforce needed to provide timely access to oncology services now and in the future. The expanded capacity will allow patients to be seen in the outpatient oncology department, reducing the need for inpatient, urgent and emergent care. The modern, patient-centered design not only improves care and supports collaboration but is expected to help attract and retain clinicians.

✓ Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost.

Kaiser Permanente's mission is "to provide high-quality, affordable health care services and [] to improve the health of our members and the communities we serve." Improving access to care is key to achieving that mission as is evaluating the cost of any capital investment. Kaiser Permanente analyzed several years of outpatient and inpatient data toppletemping uses 3.1 rates and identify trends, using this information to project future visit volumes and estimate future staffing and space needs. The proposed project will improve access to current services, while providing access to new services, such as new classes and support programs. Kaiser Permanente is committed to keeping health care affordable and isv. AGENCY focused on limiting operating expenses and optimizing capital investments.

- Strive for equitable access to health care services (i.e., remove financial barriers, increase availability of physicians)
 - Kaiser Permanente's mission is "to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve." Access to Oncology services will continue to be available, with improved access to all Kaiser Permanente members, inclusive of all racial and ethnic minorities, persons with disabilities, and other underserved groups. The proposed patient-centric expanded Oncology Department will not only increase patient access, but it will help attract and retain oncology physicians and staff. With Kaiser Permanente, patients have certainty around their medical costs because they effectively prepay for care through their monthly Health Plan premiums. A critical part of Kaiser Permanente's mission - providing affordable health care services - is accomplished through its integrated health care delivery system that produces high quality care and continuity of care for patients within a highly efficient and well-managed system that allows Kaiser Permanente to keep costs down for members and allow reinvestment into our infrastructure and programs.
- Ensure all projects are appropriate for the regional and statewide continuum of care. Kaiser Permanente is not only embracing, but is influencing, the future of health care. The proposed project anticipates increases in the need for Oncology services and changes in oncological care and leverages continuing declines in need for inpatient services as more care is provided in outpatient settings and at home.
- Encourage and support health education, promotion, and prevention initiatives. The proposed project will expand the Oncology Department, creating additional space for family and team consultations, classes, and support groups. Informed by recent studies and scientific literature, Kaiser Permanente strives to provide essential education and support to families in Hawaii. One study, led by a Kaiser Permanente researcher, Dr. Maile Taualii, demonstrated that misunderstandings, fear, and lack of knowledge play a significant role in seeking care by families in Hawaii¹. By expanding educational programs, raising awareness and creating a space for entire families to be involved in disease prevention and treatment Kaiser Permanente hopes to remove barriers and expand lifesaving health care to the people of Hawaii.

The newly designed department will support increasing access and monitoring for earlier cancer detection and expanding programs for home care, including telehealth and

Available at: https://digitalscholarship.unlv.edu/jhdrp/vol14/iss3/3

¹ Layi, Gabriela A.; Cassel, Kevin; Taualii, Maile; Berenberg, Jeffrey L.; and Bantum, Erin O. (2021) "Understanding disparities in clinical trials for Native Hawaiian men," Journal of Health Disparities Research and Practice: Vol. 14: Iss. 3, Article 3.

education. Additional consult rooms will provide patients in clinical trials converted and timely access to researchers. A larger infusion area will allow patients undergoing active infusion therapies to benefit from concurrent supportive therapies, such as Healing Touch. A separate waiting area will provide access to computers, educational materials and inexpensive wigs. An adjoining conference room will allow community organizations and other departments within Kaiser Permanente to share important resources and education.

Expand awareness of available human, financial, programmatic resources. Kaiser Permanente is committed to providing high-quality, affordable health care services. The proposed project will help recruit and retain Oncology physicians, nurses, and support staff.

Kaiser Permanente's proposal also achieves several Subarea Health Planning (SAC) Council Priorities for Honolulu County, including the West Oahu SAC Priority:

Improve and increase access to specialty care.
The proposed project will more than double the size of the Oncology Department, providing the space needed to support current and future needs for cancer care. By increasing the number of examination, consult and conference rooms, as well as the number of infusion chairs, the expanded oncology department will improve access to individual and family consults, specialty care procedures, chemotherapy and infusion, research, education and support groups.

b) Need and Accessibility

Oncology services for Kaiser Permanente's 161,393 members on Oahu are provided at the Moanalua Medical Center. The current Oncology Department is significantly undersized with over 12,000 square feet of needs compressed into 5,000 square feet of space. As a result, many services have been shifted to other areas of the Medical Center. Relocating the Oncology Department into a newly remodeled 12,000 square foot space not only improves access and reduces barriers to current services, but also provides sufficient space to meet increasing needs for oncology care and accommodate important new services, including family visits, support groups and education.

In recent years, as the population has aged and as outcomes for cancer care have improved, the number of visits to oncology services has increased. More cancer patients are surviving with many types of cancer considered chronic and treated over many years. In 2021, the Moanalua Medical Center provided over 15,000 examinations and consults and over 9,000 chemotherapy and infusion visits. Given the changes in the population and in cancer care, the number of visits is expected to grow by 20% between now and 2030. The newly remodeled space will accommodate the projected future visits and will provide consultation rooms for patient consults and family consults involving one or several team members, including the physician, pharmacist, researcher, and case manager. A new conference room will provide space for more than a dozen classes and groups, including support groups, art therapy and nutrition education.

With 4 additional exam rooms, 9 additional chemotherapy and infusion chairs, 3 new consult rooms, a conference room and separate waiting area, the expanded Oncology department will improve access to consultations, chemotherapy and infusion, education and support services. The new location, like the current location, is conveniently located just off the first-floor lobby of

the Moanalua Medical Center, just steps from the entrance to the hospital, patient drop parking and curbside access for the HandiVan. A public bus stop is located less than 200 feet from the entrance to the hospital.

While the need for outpatient oncology services is forecasted to increase in coming years, the need for inpatient care is expected to decrease as more care shifts to outpatient venues and home, and better outcomes result in fewer inpatient stays and days. With this project, the number of Medical/Surgical beds at the Moanalua Medical Center will be reduced by & Tay. AGENCY reduction of 36 beds for the relocation of oncology services and a decrease of 31 beds to align the State Health Planning and Development Agency bed counts with licensed beds and actual use. The new supply of acute care beds, a total of 256, however, is significantly above the current Average Daily Census (ADC) of 143 and above the beds needed in the past and expected to be needed in the future. The ADC at Moanalua Medical Center has been below 200 for more than ten years and is expected to remain below 150 for at least the next decade.

Kaiser Permanente is committed to health equity and reducing health disparities for all people regardless of race, ethnicity, age, sexual identity, disability, socioeconomic status, and geographic location. Kaiser Permanente has been serving Hawaii's low-income population for over 50 years, offering Health Coordination Services for Quest since the program's inception in 1994 and currently providing care to over 33,000 Quest members on Oahu. The Oncology team works closely with Health Coordination Services to connect Quest members to social services and assist members with accessing community programs and resources such as federally subsidized smart phones and data plans to support participation in virtual programming. In the new and larger location, Kaiser Permanente can improve and expand oncology services to low-income members by providing space where members can use computers, access the internet, obtain wigs, meet with social workers and other team members, and connect with community organizations and services.

Kaiser Permanente Hawaii, like the state it serves, is racially diverse. For example, more than 40% of Kaiser Permanente's Quest members identify as Native Hawaiian or partially Native Hawaiian. Kaiser Permanente has infused cultural competency throughout covered services, including oncology, training all providers and staff on unconscious bias and other culturally responsive practices, so that every interaction a member has within Kaiser Permanente is with someone who has received training on how best to communicate with all members. Oncology patients not only have access to translation services and many bilingual personnel, but they also receive treatment and home care plans which account for and respect individual cultural backgrounds and beliefs.

Studies show that culturally safe, sensitive and competent cancer care leads to improved therapeutic outcomes and may decrease disparities in medical care. The centralized staff, teambased care, family involvement and community support possible in the larger and newly designed space will improve services and care and may improve outcomes for all oncology patients receiving care at Moanalua Medical Center, including the elderly, low-income individuals, persons with disabilities and racial minorities.

c) Quality of Service/Care

Providing high quality, cost-effective health care is the guiding principle at Kaiser Permanente. Kaiser Permanente is proactive and diligent in the pursuit, maintenance, and improvement of quality care and service. Quality Assurance programs, Disease Management programs, and

accreditation by The Joint Commission and the National Committee for Quality Assertice VED ensure that high-quality, cost-effective care is provided in accordance with approved guidelines for all regulatory and accrediting agencies.

22 SEP -6 P3:42

Kaiser Permanente began implementation of its panel support tool, Mana Ku (the power of complete health care) in 2006. Manu Ku extracts information from the electronic health record to help physicians manage their panels and ensure patient-centered care is delivered to all members, whether they come in for care or not. This tool enables physicians to easily identify patients that have one or more care gaps (recommended screening, lab, or drug therapies to be administered based on a patient's condition and age). Because the tool provides better care management, Kaiser Permanent's consistent use of this tool yields significant quality results.

Kaiser Permanente's pursuit of uncompromising quality goals not only ensures the appropriate structure and process of care are in place, but improves outcomes on an ongoing, continuous basis both for patients and the entire community. This approach applies to all locations and will be further enhanced with the construction of the proposed Oncology Services project.

Kaiser Permanente's Oncology program has been QOPI (Quality Oncology Practice Initiative) Certified since 2014. This certification process creates a culture of excellence and self-examination that helps practices deliver the best care to patients. This certification demonstrates our Oncology's program commitment to quality to patients, payors, and the medical community.

The Moanalua Medical Center recently received the Best Hospitals Women's Choice Award Seal for Cancer Care. The award takes into consideration the unique needs, preferences and high standards set by women when selecting a hospital and is objectively based on a hospital's clinical performance and patient experience scores.

Kaiser Permanente will ensure compliance with required licensure and certification requirements (listed in 3B) including a Certificate of Need from the State Health Planning and Development Agency for the Proposed Facility. Also, as required in the past, individual staff members will maintain current, unencumbered licenses according to State of Hawaii law.

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

Kaiser Permanente has determined that this proposed project will require a capital investment of \$5.5 million. This project will be funded through its national capital projects funding program. This project has been approved by Kaiser Permanente's leadership and funding has been allocated for it.

Since operating revenues are derived primarily from Health Plan dues which are not categorized by the various components of services or by the location of those services, Kaiser Permanente is unable to provide an analysis of the revenue/cost projections for the first and third year of operation. As thoroughly explained in this Application, the proposed project relocates and consolidates Oncology services with minimal change to current operating expenses and no change to revenues.

e) Relationship to the Existing Health Care System

RECEIVED

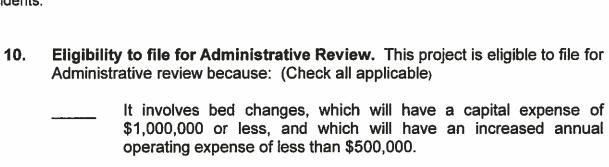
The proposed project will relocate and expand Oncology Services, modernizing an existing facility providing care to Kaiser Permanente members. While it will improve care and services and expand programs and support for Kaiser Permanente oncology patients and their families, p 3:42 increasing capacity to meet current and future needs, creating a space that facilitates patient-centered, team-based care, and supporting the shift from inpatient to outpatient care, it will not have a significant impact on the existing health care system external to Kaiser Permanente DEV. AGENCY

Kaiser Permanente is committed to keeping health care affordable and is focused on limiting operating expenses and optimizing capital investments. Multiple options were considered and evaluated, and the cost, net present value and advantages and disadvantages of these options were compared. The proposed option had the lowest capital costs, the most favorable net present value and best met the needs of members and Kaiser Permanente. By repurposing existing space and retaining much of the structure of the floor, Kaiser Permanente significantly limited capital costs, optimized the use of a current facility and consolidated care for cancer patients. In addition, the remodel incorporates new design standards, which are expected to improve efficiency and quality and enhance patient experience.

f) Availability of Resources

Resources, including funds for capital and operating needs, have been budgeted and are available. Currently, 10 physicians and physician assistants and 26 other team members, including nurses, pharmacists, researchers, and social workers, support the Oncology Department. These team members will begin working at the new location upon opening. Additional team members will be added to meet future needs.

In addition to its dedicated oncology team, Kaiser Permanente has multiple mechanisms to provide educational pipeline pathways to maintain and expand the Oncology Department. Kaiser Permanente Hawaii has its own internal medicine residency program, prioritizing residents interested in Kaiser Permanente's integrated care model and commitment to disease prevention and health promotion. The Oncology Department is active in training residents; third-year residents are required to rotate through outpatient Oncology. Kaiser Permanente Hawaii is also proud to be an educational rotation for the new Kaiser Permanente School of Medicine in California, encouraging new providers to return or relocate to Hawaii, addressing the islands' physician shortage. The proposed project creates the space needed to train residents and medical students participating in required and elective rotations. Kaiser Permanente Hawaii also serves as an educational partner for the John A Burns School of Medicine, providing funding, educational training and mentorship for physicians, aiming to be a permanent home for providers seeking to provide top quality care and treatment for Hawaii's residents.



	It involves service changes which will have a capital expense of IVED \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
	"22 SEP -6 P3:42
	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.
2	It is an additional location of an existing service or facility.
<u>X</u>	The applicant believes it will not have a significant impact on the health care system.

APPENDIX A – Governing Body

RECEIVED

Address:

711 Kapiolani Blvd. #400, Honolulu HI 96813 Phone: (808) 432-0000

Andrew Giles, Hospital Chief Operating Officer Miki Arume, Organizational Development Leader

22 SEP -6 P3:42

Greg Christian, President, HI Health Plan and Hospital James Adams, Executive Director, HI Finance Leader Chris Hause, VP, Marketing, Sales, Service, Administration Cyndee Uchima, Director, HR Business Partner Susan Wilson, Assistant Administrator, Quality Jenn Goldberg, VP, Regional Counsel, SCAL/HI Greg Carlson, Executive Director, Information Officer Jesse Rich, Sr Director, Strategic Planning and Projects Gregory Gause, Manager, HI National Facilities Services Maria Kaneshiro, HI Compliance Officer Sam Balukoff, VP, Hospital Administrator Kathleen Roche, Chief Nurse Executive Tracy Rodriguez, Manager, Delivery System Strategy Maribel Avila-Kunkel, VP, Ambulatory Care and Clinical Services Laura Lott, Sr. Director, Communications & Public Relations Jonathan Ching, Director Government Relations Shelly Mason, Assistant Administrator, Continuum of Care Ross Takara, Executive Director, Pharmacy

ST BLIN PLAG & DEV. AGENCY