



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 23-05A Date of Receipt:
To be assigned by Agency

STATE HEALTH PLANNING & DEV. AGENCY

APPLICANT PROFILE

Project Title: Establishment of Out Patient Surgery Center - The Queen's Medical Center - West Oahu

Project Address: 91-2141 Fort Weaver Rd
Ewa Beach, HI 96706

Applicant Facility/Organization: The Queen's Medical Center

Name of CEO or equivalent: Robin Kalohelani

Title: Vice President of Operations, The Queen's Medical Center

Address: 91-2141 Fort Weaver Rd, Ewa Beach, HI 96706

Phone Number: 808-691-3607 Fax Number:

Contact Person for this Application: Jacce Mikulanec

Title: Director of Government Affairs, Queen's Health System

Address: 1301 Punchbowl St., Honolulu, HI 96813

Phone Number: 808-691-7994 Fax Number:

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.

Handwritten signature of Robin Kalohelani

7/26/23
Date

Robin Kalohelani
Name (please type or print)

Vice President, Operations, ACNO
Title (please type or print)

1. TYPE OF ORGANIZATION: (Please check all applicable) '23 AUG 17 P1 :51

- 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) 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.)
 - CMS Survey and Certification
 - Building Permit from the City & County of Honolulu
- C. Your governing body: list by names, titles and address/phone numbers
 - Attached
- 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: Attached
 - By-Laws: Attached
 - Partnership Agreements: N/A
 - Tax Key Number (project's location): 91017123

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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	Change in Beds
Inpatient Facility					
Outpatient Facility		X	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.

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

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TOTAL		'23	AUG 17 P 1:51
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6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

- | | | |
|----|--|-----------------------|
| 1. | Land Acquisition | <u> N/A </u> |
| 2. | Construction Contract | <u>\$7,168,139.00</u> |
| 3. | Fixed Equipment | <u>\$1,050,408.00</u> |
| 4. | Movable Equipment | <u>\$1,575,612</u> |
| 5. | Financing Costs | <u> N/A </u> |
| 6. | Fair Market Value of assets acquired by
lease, rent, donation, etc. | <u> N/A </u> |
| 7. | Other: _____ | _____ |

TOTAL PROJECT COST: \$9,794,159

B. Source of Funds

- | | | |
|----|----------------------|------------------|
| 1. | Cash | <u>9,794,159</u> |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt | _____ |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: 9,794,159

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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.

Queen's Medical Center- West Oahu (QMCWO) proposes to construct a new ambulatory surgical center within the existing QMCWO footprint (CSC Building, 1st Floor) to include three operating rooms, two procedure rooms, and twenty-one post bays, as well as nursing stations, storage, decontamination rooms, and other support staff areas.

Proposed in-scope services and surgical procedures will include gastrointestinal (upper and lower, diagnostic, and screening), ophthalmology (cataracts, pterygium, cornea transplant), pain management (injections, RFA, etc.), otorhinolaryngological-ENT (ear tubes, tonsillectomy), orthopaedic (carpal tunnel, wrists, minor hand cases), OBGYN (tubal ligations, hysteroscopies, IUD placement), podiatry (ulcer debridement, soft tissue mass excision), urology (circumcision, hydroelctomy, TURBT), cardiology (transesophageal echo - TEE), interventional radiology (port insertion, port removal, cascular access for hemodialysis, IVC placement/removal).

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 August 31, 2023
 - c) Dates by which financing is assured for the project N/A
 - d) Date construction will commence August 31, 2023
 - e) Length of construction period August 2023-February 2024
 - f) Date of completion of the project February 2024
 - g) Date of commencement of operation April 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.

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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.

The Queen's Medical Center-West O'ahu (QMCWO) extends the mission of The Queen's Health Systems (Queen's) to the fastest growing region in Hawai'i, West O'ahu. QMCWO is a full service emergency hospital that serves the central and western regions on the island of O'ahu and is division of The Queen's Medical Center (QMC). This application seeks approval to construct a new ambulatory/same-day surgical center within the existing QMCWO footprint (CSC Building, 1st Floor) to include three operating rooms, two procedure rooms, and twenty-one post bays, as well as nursing stations, storage, decontamination rooms, and other support staff areas.

With the continued population growth expected in the West Oahu region we expect increased utilization of services provided in the proposed SDS facility. This will have the added benefit of providing out-patient services within a region that has demonstrated need and has a focus on underserved communities. Furthermore, by establishing these services within the West Oahu region, there is a higher probability of utilization due to patients not being required to travel into the urban Honolulu core which presents challenges related to unpredictable traffic and transferring to a region that the patient may not feel comfortable in. This proposed facility also allows better use of our existing operating room (OR) as a majority of procedures currently undertaken in the main OR could now be undertaken in the proposed outpatient facility thus opening up great access to scheduling procedures that can only be provided in an inpatient setting. Of particular importance is the ability to provide greater endoscopy services for our community; as this need grows throughout the island of Oahu and the state, there is increasing need to provide capacity. This proposed facility will increase our capacity to provide endoscopy services which will complement the recruitment of additional physicians which have come onboard. The project will also improve our ability to accommodate an anticipated increase in demand for colorectal cancer screenings due to the American Cancer Society's recent lowering of the recommended screening age to 45 years old (for Hawaii this could encompass an additional 80,000 residents).

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

The proposed project described in this application aligns with the priorities of the Health Services and Facilities plan and the objectives and is consistent with both the Statewide Health Coordinating Council's (SHCC) general principles to (1) Promote and supports the long-term viability of the health care delivery system; and, (2) Ensure equitable access and ensures that the project is appropriate for regional and statewide continuum of care, (3) strives for equitable access to health care services (i.e., remove financial barriers, increase the availability of physicians), (4) promotes regionalization

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of services. This project will not significantly impact health care delivery in a negative way.

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This proposed project supports the West Oahu Subarea Health Planning Council goals of improved access to acute care and specialty care, and also correlates with the goal for increased community engagement - we address this specifically by working with stakeholder groups to expand awareness of current and future healthcare services and partnering with U.H. West Oahu and Leeward Community College for medical education training and internship opportunities - with focuses on nursing, physician assistants, medical assistants physical therapy, pharmacy, and general medicine.

b) Need and Accessibility

QWO is a full service emergency hospital that serves the central and western regions on the island of O'ahu. According to the 2010 U.S. Census, it is projected that nearly 50% of O'ahu's population will reside in West O'ahu. The primary services area of the proposed surgical facility consists of West Oahu with a target population composed of individuals residing primarily in West Oahu with some individuals coming from Central Oahu.

Existing facilities at QWO are inadequate to meet the growing and anticipated demand for services at the current facility and thus this project will enable expansion of services and incorporate modern equipment to meet the needs in the community. As QWO continues planning for future campus expansion, this project would serve as an interim solution to increase access to outpatient surgeries and procedures, including preventive health care such as colon screening as previously mentioned. At the same time, this would open capacity in QWO's main operating room for more complex surgical services such as general surgery, orthopedics, and urology.

The proposed project will be located within the existing QWO footprint. The site has ample parking and is easily accessed from Fort Weaver Road. The project will provide services for all residents of the service area, including low income persons, ethnic minority groups, underserved populations, women, people with disabilities, and seniors.

c) Quality of Service/Care

The Queen's Health System continuously pursues excellence in quality health care. Expansion of services to meet the needs of the community includes planning to ensure we maintain cost-effective, high-quality services. Patient care at the proposed SDS facility will be provided by credentialed physicians and RNs. In addition to being fully accredited by The Joint Commission, QWO is recognized as a Magnet facility by the American Nurses Credentialing Center (ANCC). Magnet designation indicates successful alignment of strategic goals and patient outcomes, focused on nursing excellence. QWO has maintained an "A" safety grade from The Leapfrog Hospital Safety Grade program since the fall of 2021. Surgical quality indicators are tracked and reported monthly for each QHS entity.

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

The completion and opening of services for the proposed same-day surgical facility is expected in FY 2025.

For proposed same day surgical services, the first full year of operation (FY2025) projected revenue is expected to be \$13,500,000 and operating costs are expected to be \$3,000,000 . In year three of operation, projected revenue is expected to be \$20,000,000 and costs are expected to be \$14,000,000.

e) Relationship to the existing health care system

Due to its location in the Ewa plain, where few same -day-surgery facilities are available, this proposed project is expected to have minimal negative impact on the operations of other same day surgery providers in the region and on Oahu in general. It is anticipated that the proposed project will furthermore improve QWO ability to attract and retain surgeons in this PSA and is another component of QWO's broader masterplan buildout that will improve and expand its facility and contribute positively to the long term maintenance and improvement of Oahu's health care system.

f) Availability of Resources.

The Queen's Health Systems has sufficient resources required and necessary funds required to equip, staff, manage personnel, and operate services at the proposed same day surgery facility at QWO. The project will be funded through cash contributions.

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.

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 X The applicant believes it will not have a significant impact on the health care system.

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