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Malulani Health Systems submits Certificate of Need for new Maui County Hospital

WAILUKU, Hawaii (October 14, 2005) —Maui County moved a step closer to getting a much-needed second hospital that will complement the tri-isles' only existing—and already overcapacity—acute-care facility. On September 27, 2005, Malulani Health Systems, Inc., submitted a Certificate of Need (CON) application to the State Health Planning and Development Agency (SHPDA), seeking approval to build the Malulani Health and Medical Center in the South Maui town of Kihei, one of the state's fastest-growing communities and a major tourism center.

Maui physician, Ronald C. Kwon, President and Chairman of the Board of Malulani Health Systems, announced the CON application, noting that several years of research, planning and negotiations had preceded its submission.

If approved, the Malulani Health and Medical Center is scheduled to open in 2009, and will include the following major components:

- A 150-bed acute-care hospital with 25 critical-care beds; 110 medical/surgical beds; 15 labor, delivery and recovery beds with a Level II nursery; and a 20-bay emergency department;
- An ambulatory pavilion housing advanced diagnostic and therapeutic service;
- A six-suite operating room (one suite equipped for open-heart surgery) and a two-room endoscopy suite;
- A comprehensive imaging center with CT, MRI and PET Scanners;
- Cardiac catheterization and electrophysiology labs, and an angiography suite for treating acute coronary and stroke patients.

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The Malulani Health and Medical Center will be located on 40 acres adjacent to the Maui Research and Technology Park, where staff will be able to take advantage of state-of-the-art information technology and the park's supercomputer. A planned telemedicine program will provide a 24-hour link to practitioners in West Maui, Hana, Upcountry, Molokai and Lanai; and also a link to specialists on Oahu and the Mainland.

Contracts with local helicopter companies to provide onsite medevac services with a heliport next to Malulani's emergency department, will help the hospital to dramatically reduce transport time for trauma, stroke, cardiac, obstetric and other critically ill patients for whom minutes can literally mean life or death. These critical and life-saving services can make the Malulani Health and Medical Center the "community and referral hospital" for West Maui, Hana, Upcountry, Lanai and Molokai.

The Malulani Health and Medical Center is named in honor of Maui's first hospital, which opened in 1884 under the auspices of Hawaii's Queen Kapiolani and Mother Marianne, the Franciscan nun who served with Father Damien at Kalaupapa. If the CON is approved, Malulani Health and Medical Center will be historic in its own right: a health-care facility that integrates Western, complementary and alternative medicines; an all-digital, state-of-the-art facility on a campus whose contemplative gardens and ponds will nourish the psyche as the body repairs. Malulani will serve residents and visitors regardless of their ability to pay, while generating an estimated \$10 million annually for the state and county through provider, property and income taxes.

And in an age when natural and man-made disasters have overwhelmed medical providers—from Hurricane Katrina to the Indonesian tsunami, from a SARS incident that closed a 500-bed hospital in Toronto, to the threat of an avian-flu pandemic—a second comprehensive medical

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center, geographically separate from the existing facility, and accessible in less than 30 minutes by ground or air from all parts of Maui County, can offer residents and visitors alike peace of mind, knowing that life-saving services will be available during a worst-case scenario.

Why Maui needs Malulani

“Maui is the only major Hawaiian island without at least two acute-care hospitals. . . . Bed shortages at Maui Memorial occur on a regular basis, potentially endangering the well being of critically ill patients. . . . Residents must go to Oahu to receive medical care that should be provided on Maui. This increases costs and creates unnecessary burdens on Maui County residents,” as noted in the Malulani Health and Medical Center CON application.

In 1996, Maui had the highest occupancy rate for acute-care beds of any Hawaiian island: 76.1 percent. The most recent data (2002) shows the existing Maui Memorial Medical Center’s medical/surgical-unit occupancy at 89 percent; Maui Memorial physicians say occupancy often exceeds 100 percent.

According to a state study, between 1990 and 2000, Maui’s was the fastest-growing county in Hawaii, accounting for 27 percent of the state’s population growth. By 2015, Maui County will have an estimated 167,000 residents, up from the current 140,533. And while growth will occur in every age group, the number of older residents, who typically require more frequent and acute medical care, will grow much faster: by 33.6 percent among 45- to 64-year-olds, 67 percent among seniors 65 to 74 years old, and 41.5 percent among seniors 75 and older.

Malulani Health Systems contracted with Aegis Advisers, a Houston-based consulting firm that works exclusively with health-care organizations, as part of its planning process. A study

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prepared by Aegis Advisers, and included in the CON application, projects a strong increase in demand for services in all medical specialties. By 2015, the number of emergency-room bays alone will need to increase by 60 percent to accommodate the need.

Although Maui Memorial Medical Center is undergoing an expansion, the Wailuku facility is limited by the amount of land it has to build on, and has historically been hampered by a chronic lack of adequate funding. In comparison, the Malulani Health and Medical Center has significant financial backing, and a site with ample room for growth.

In addition to the Malulani campus, the CON application states that “40 adjacent acres will be developed by other parties and contain support facilities such as medical office buildings, outpatient kidney dialysis, a hyperbaric decompression and wound treatment facility, resident hospice and palliative treatment center, complementary and alternative medicine treatment pavilion, and ‘Greenhouse’ elder-care facility.”

It will take all that to meet the county’s projected needs, and as Dr. Kwon points out, neither Malulani nor Maui Memorial will have the capacity to meet those needs alone.

“Malulani is planned to supplement the existing system, as well as add services that have never been available on Maui before, such as acute cardiac intervention with angioplasty and open heart surgery,” said Dr. Kwon. “The capital investment required to plan, build, equip, finance, and run Malulani Health and Medical Center—estimated at \$211.8 million—is the price any organization will incur to build and equip a facility capable of providing state-of-the-art facilities. We understand that the State of Hawaii cannot assume this burden. Therefore, we have developed a financially sustainable model to bring needed health facilities to Maui’s residents and visitors,” he added.

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To strengthen its financial viability, Malulani Health Systems announced a partnership with Triad Hospitals, a respected and successful hospital network that owns or operates more than 50 hospitals and nearly a dozen outpatient surgical centers in the southern and western United States. Triad also provides management and consulting services to more than 180 independent community hospitals and health systems throughout the country. Triad will supply 80 percent of the funding needed for Malulani's land acquisition, construction, equipment, technology and working capital; and will share 50/50 representation on the new medical center's board of directors, ensuring that, through its Maui directors, the local community has equal say in the operations and policies of the facility.

Once its CON application is approved, Malulani will proceed with its fund-raising campaign for the remaining 20 percent. "For an island that raised \$37 million for an arts and cultural center, \$40 million for a new medical center should be very doable," said Kwon.

Is there a doctor in the house?

Staffing is an often-cited concern in the debate over a second acute-care hospital for Maui County. If doctors, nurses, and support staff are in short supply now, what will happen when Malulani opens its doors in 2009? While acknowledging this concern, Dr. Kwon sees Malulani and its partner, Triad Hospitals, as part of the solution.

"Developing a pool of health professionals will be one of the key initiatives Malulani Health and Medical Center management will pursue between CON approval and opening. We will work aggressively with Maui Community College and other local and state programs to increase the numbers of nurses and allied-health professionals graduating each year. And Triad, which has a track record of staffing high-quality, high-performance organizations, will be recruiting for us on the Mainland," said Kwon.

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The lack of choice in hospitals and the condition of existing facilities on Maui may contribute to the current staffing shortage. Kwon adds, “The chance to work in a state-of-the-art, tertiary-care hospital on Maui will be very attractive.” The CON application cites four populations from which Malulani may be able to increase the number of health-care professionals on Maui: current residents who will graduate from medical, nursing, and allied-health programs in the next four years; Hawaii residents outside of Maui County who will be attracted to the new hospital; recent graduates from the U.S. Mainland and other countries; and mature practitioners who would welcome the opportunity to continue working while enjoying the improved quality of life Maui offers.

Building a better hospital experience

At Malulani, all patients will have private rooms that are large enough to accommodate family members who wish to stay with and comfort their loved ones. State-of-the-art ventilation and fire safety systems will not only ensure that contagious diseases are contained, but also will protect and sustain life during an emergency. Electronic medical records and order entry, and rapid access to lab and x-ray reports will decrease medical errors, improve outcomes, shorten lengths of stay, and enable doctors and nurses to spend more time with their patients.

“Maui, voted the best island and resort destination in the world, deserves to have a medical facility of the same order” said Kwon.

The State Health Planning and Development Agency (SHPDA) is currently reviewing Malulani’s Certificate of Need application, and may recommend revisions to the plan. After SHPDA accepts the final document, it becomes public record and will be posted on the agency’s website, www.SHPDA.org.

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The Malulani Health and Medical Center is a partnership between Triad Hospitals and Malulani Health Systems, a Hawaii 501(c)3 not for profit charitable corporation. For more information, please contact Malulani Health Systems at (808) 244-5022 or by email at Malulani@malulani.org. Or visit online at www.malulani.org.

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