

**THE THIRTIETH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES**

Type of Grant Request:

Operating Capital

Legal Name of Requesting Organization or Individual: Db:

Castle Medical Center

Adventist Health Castle (AHC)

Amount of State Funds Requested: \$ 700,000

Brief Description of Request (Please attach word document to back of page if extra space is needed):

AHC is requesting \$700,000 in 2022 Grant-In-Aid funding for our Kailua Primary Care Expansion Project, which will allow us to significantly expand access to integrated primary care and behavioral health services with enhanced care coordination for underserved residents of AHC's Windward O'ahu service area by adding 4,902 square feet of newly renovated primary care clinic space.

Amount of Other Funds Available:

State: \$ 0

Federal: \$ 0

County: \$ 0

Private/Other: \$ 1,869,128

Total amount of State Grants Received in the Past 5 Fiscal Years:

\$ 0

Unrestricted Assets:

\$ \$180,396,110.99

New Service (Presently Does Not Exist): Existing Service (Presently in Operation):

Type of Business Entity:

501(C)(3) Non Profit Corporation

Other Non Profit

Other

Mailing Address: 640 Ulukahiki Street

City: Kailua

State: HI

Zip: 96734

Contact Person for Matters Involving this Application

Name: Annie Valentin

Title: Director of Philanthropy

Email: valentea@ah.org

Phone: 808-263-5288

Federal Tax ID#: XXXXXXXXXX

State Tax ID# XXXXXXXXXX


Authorized Signature

Ryan Ashlock, President

Name and Title

1/18/22

Date Signed

Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing

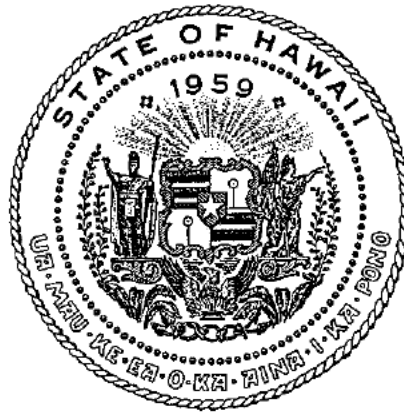


RYAN ASHLOCK, PRESIDENT

PRINT NAME AND TITLE

2/5/22

DATE



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

CASTLE MEDICAL CENTER

was incorporated under the laws of Hawaii on 01/21/1960 ;
that it is an existing nonprofit corporation; and that,
as far as the records of this Department reveal, has complied
with all of the provisions of the Hawaii Nonprofit Corporations
Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the seal of the
Department of Commerce and Consumer
Affairs, at Honolulu, Hawaii.

Dated: December 29, 2021

Director of Commerce and Consumer Affairs

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

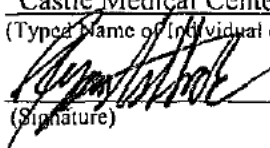
- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.

- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

<u>Castle Medical Center dba Adventist Health Castle</u> (Typed Name of Individual or Organization)	
 (Signature)	<u>1/5/22</u> (Date)
<u>Ryan Ashlock</u> (Typed Name)	<u>President</u> (Title)

Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Certification – Please attach immediately after cover page

1. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2021.

See attached.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with Section 42F-103, Hawaii Revised Statutes.

See attached.

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes.

(1) The name of the requesting organization or individual;

Castle Medical Center dba Adventist Health Castle (AHC)

(2) The public purpose for the grant;

AHC is requesting \$700,000 in 2022 Grant-In-Aid funding for our Kailua Primary Care Expansion Project, which will allow us to significantly expand access to integrated primary care and behavioral health services with enhanced care coordination for underserved residents of AHC's Windward O'ahu service area, and in the process help to address a critical shortage of primary care providers serving O'ahu communities.

(3) The services to be supported by the grant;

The requested grant will support expanded access to AHC's integrated primary care and behavioral health services, as well as an onsite pharmacist to provide medication therapy management services, through the addition of 4,902 square feet of newly renovated primary care clinic space consolidated throughout the third floor of the Kailua Professional Center building (located at 30 Aulike Street, Ste 202, Kailua, HI 96734).

(4) The target group; and

AHC's Kailua Primary Care Expansion Project will primarily serve patients residing in our Windward O'ahu service area, with an emphasis on vulnerable and underserved individuals who currently face barriers to accessing comprehensive primary care services. These will include patients living with or at risk of developing chronic diseases, such as diabetes, behavioral health conditions, and complex care patients being treated with multiple medications.

(5) The cost of the grant and the budget.

Cost of grant - \$700,000 in 2022 Grant-In-Aid funds requested
Project Budget - \$2,569,128

II. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

Overview

As a full-service medical center offering a wide range of inpatient, outpatient and home-based services, Adventist Health Castle (AHC) operates a 160-bed, acute-care regional medical center with more than 1,000 employees and staffed by more than 300 physicians. Located just outside of Kailua, AHC serves all of O'ahu and is the primary health care facility for the Windward side of the island. AHC is owned and operated by Adventist Health, a Seventh-day Adventist health care system. Our mission has been and remains "Living God's love by inspiring health, wholeness, and hope," and provides the foundation from which we deliver holistic, compassionate health care for the residents of O'ahu. Our team members endeavor to live out our mission, from every board member to every supporting staff member. The principles of our mission are what motivated our founding and genesis, and they continue to inspire our daily efforts.

Current Services

Our medical providers include more than 300 physicians representing a wide range of specialties and subspecialties. AHC recorded 7,863 inpatient discharges, 73,325 outpatient visits, 34,464 ER visits, 1,675 Behavioral Health visits, and 973 births via our Vera Zilber Birth Center as reported for the year 2019.¹ AHC provides a full spectrum of inpatient and outpatient services, including: Asthma Care, Bariatrics, Birth Center, Cardiac Catheterization Laboratory, Cardiovascular Services (Heart), Diabetes Care, Digestive Health, Ear Nose and Throat, Emergency Care, Home Care Services, Imaging Services (X-ray), Infusion Center, Intensive Care (ICU), Joint and Spine

¹ *Adventist Health Castle 2020 Annual Quality Report, pp 1-76.*

Center, Laboratory Services, Lithotripsy (Kidney Care), Mental Health, Occupational Therapy, Pharmacy, Physical Therapy, Primary Care, Speech Therapy, Spiritual Care, Surgical Services, Tobacco/Nicotine Dependence, Urgent Care, Urology, Weight Loss Surgery, and Wellness and Lifestyle Medicine Center. We would note that our newly renovated imaging suite at our hospital will help to improve access to some of the vital preventative screenings, in coordination with providers at the proposed clinic expansion project site, which is very much needed given the general health status of our target population, as described below.

2. The goals and objectives related to the request;

Our key goals for the proposed project are to expand access to integrated primary care and behavioral health services, improve continuity of care and reduce stigma for mental health conditions through warm hand-offs to specialty treatment, enhance provider and patient experience, and encourage prevention and self-management of treatable diseases and chronic conditions, while also helping to address the acknowledged shortage of primary care providers on O’ahu. AHC’s Kailua Primary Care Expansion Project will increase the number of primary care exam rooms at the Kailua Professional Center from the current four to a planned 15 exam rooms, providing greater patient access to care and a stronger platform for AHC to recruit new providers from the University of Hawaii Family Medicine Residency Program, as well as attracting native Hawaiian physicians and mid-level providers back from the U.S. mainland to serve local communities in which they were born and raised.

The dearth of comprehensive primary care services and providers on O’ahu has been well documented, including recently in the November 2021 ‘Report to the 2022 Legislature’ produced by the University of Hawai’i. The proposed project will help to address this critical issue through the complete renovation of the 3rd floor of the Kailua Professional Center (KPC) located at 30 Aulike St, Kailua HI, 96734. The building is located immediately two blocks north of accessible Highway 61 and approximately three blocks west of Kailua Bay. The current KPC primary care clinic location presently only accommodates four (4) primary care providers at any given day or time. The renovation of the space will expand current capacity to nine (9) primary care providers initially, and as many as 13-18 providers within a five- to six-year ramp-up period. We also will recruit an onsite pharmacist to provide medication therapy management for our patients, with a special focus on vulnerable and underserved individuals who currently face barriers to accessing comprehensive primary care services. These will include patients living with or at risk of developing chronic diseases, such as diabetes, behavioral health conditions, and complex care patients being treated with multiple medications.

3. The public purpose and need to be served;

The public purpose of our proposed project and the need to be addressed was clearly illustrated in the recent above-cited report to the Legislature, which stated: “The greatest area of statewide (physician) shortage is primary care, with 163 FTEs needed in total

across all islands."² Confounding the need for additional providers: of the physicians licensed to practice in the state of Hawai'i only one-third are currently even providing patient care. The study also reported the average physician age in Hawai'i is 54.6 years, compared to the average age of physicians in the US of 51 years. Almost half (48%) of our state of Hawai'i physician workforce is aged 55 or over, and 22% of our Hawai'i physicians are already 65 or over. In summary, our state's physician providers are older, and mass retirement is an impending and exacerbating factor affecting our future supply of providers to meet an unyielding demand by an aging population. Consequently, under this proposed primary care expansion project, we aim to recruit physicians following the strategies presented in the U of H Report to the 2022 Legislature (pp. 8-9), but also to design a modern, efficient work place that will be attractive to younger physicians.

In a 2021 University of Hawai'i John A. Burns School of Medicine commentary, the author stated: "The Hawai'i Physician Workforce Crisis Task Force is working with federal legislators to increase Medicare payments to Hawai'i's physicians, as well as working with the local legislature to exempt physicians from having to pay their patients' general excise taxes for their Medicare and Medicaid visits. 'Hospitals don't have to pay this double tax, but independent (primary care) offices do. Finding jobs for spouses who move to Hawai'i is also important so that families stay here. This (effort) is being tackled by the Hawaii Physician Recruiters Group,' said Director of the Hawai'i/Pacific Basin Area Health Education Center Dr. Kelley Withy. She also stated tripling the UH School of Medicine student slots is being considered to address all Hawai'i-county physician needs." These are positive and necessary long-term strategies, but the immediate health crisis resulting from a shortage of primary care providers requires more immediate, impactful responses, such as the proposed project.

While the main focus of this proposal is to address barriers to accessing timely, high quality primary care services, AHC also offers a comprehensive network of experienced, board-certified specialty physicians as well as credentialed, licensed nurse practitioners and physician assistants to help patients live out a healthy lifestyle and receive the comprehensive care they deserve. Should patients require specialty or complex care coordination, our physicians can coordinate or co-manage care with specialists within our network of care. In fact, in addition to our primary care employed physicians, AHC offers additional medical resources through its affiliation with Castle Health Group, a physician organization with more than 120 specialist providers across 28 specialties.

4. Describe the target population to be served; and

The population intended to be served by the proposed project reside mainly in three O'ahu zip codes: 96734, 96795, and 96825, which are the communities of Kailua (pop 51,511), Waimanalo (pop 46,690), and northeastern Honolulu County (pop 29,066).

² *Ibid*, p7. It is worth noting this shortage equates to the need for an additional 339,040 hours of provider care, annually. The need will only increase, with the aging 'boomer' population and our continuing population growth.

Service Area General Demographics³

The total population of our project service area is 127,267. Within that total, 67.5% are of a racial/ethnic minority group (of which 35.6% identified as 'Asian'), and 35.9% reported as 'white.' As to households with limited or no English language proficiency, 3.6% of all persons reported as such. As to age demographics, 18.5% are age 17 or younger, 61.4% are between the ages 18 and 64, and 20.1% are ages 65 and older. Households reporting no broadband (internet) access numbered 11.0%. Only 3.9% of households have less than a high school education (approximately 96.0% literacy). Veterans compose 9.9% of persons residing in our service area.

Service Area Economic Demographics

There are 17,517 persons residing in the service area who are classified as within 200% of the Federal Poverty Guideline (FPG), and 6.2% report being within 100% of the FPG. As to the medically uninsured, 2.4% or 3,062 persons report as such. Regarding health insurance status, 10,696 or 9.1% of the service area population are enrolled in the Medicaid or other public insurance program, whereas 88.3%, or 103,563 persons, report enrollment in Medicare or a private insurance program. Finally, 35.6% of the service area population reported as 'Not Employed.'

Service Area Health Demographics

As to health status, 11.3% of the population reported experiencing a disability. Adults (ages 18+) who are binge drinkers in our service area population numbered 19.5% of the population. The number of smokers in the adult population is 11.9%. Adults who were ever told they have diabetes numbered 10.1% of the population, while adults who were told they have high blood pressure numbered 29.2% of the population. Also, adults who have been told they are 'obese' numbers 22.7% of the service area population. Adults with no flu vaccine numbered 56.1% of the population, while those with no pneumonia vaccine numbered 56.7%. Adults with no dental visit in the past year numbered 21.4% of the population. Adults who have delayed or not sought health care in the previous year due to cost numbers 7.1% of the population, and further, 14.2% of the population have no usual source of health care, which all speaks to the need for a greater supply of primary care with our health care delivery approach.

Service Area vs State vs National Demographics⁴

For comparative purposes, we have presented select data as reported above in table format with brief, associated comment, comparing our three-zip code service area with State of Hawai'i and US populations.

³ Data in this section was retrieved from the Department of Health and Human Services, HRSA 'UDS Mapper' program, which draws largely from US Census Bureau American Community Survey 2015-2019 data.

⁴ Primary Care Needs Assessment Data Tracker 2021, State of Hawai'i, Department of Public Health, 2021, <https://www.hawaiihealthmatters.org/indicators/index/dashboard?alias=PCNA>

TABLE 1 Select Race and Age Demographics <i>As a percent of base population</i>	AHC3-zip Service Area	State of Hawaii	US
Native Hawaiian or Other Pacific Islander	28.5%	26.2%	0.4%
Black	1.9%	2.2%	13.4%
White	35.9%	25.5%	76.3%
Under age 18	18.5%	21.2%	22.3%
Ages 65 and older	20.1%	19.0%	16.5%

Sources: UDS Mapper/US Census ACS 2015-2019 & Primary Care Hawai'i, Needs Assessment Data Tracker 2021, State of Dept of Public Health, 2021, <https://www.hawaiihealthmatters.org/indicators/index/dashboard?alias=PCNA>

In **Table 1 above**, our service area has a higher percentage of Native Hawaiians residing in our area than the state population overall, and certainly in the US general population. Perhaps most importantly, though, is that our service area population is older than the state and US populations, as a percent of total population. Older adults have different health care needs than younger age groups, and this will affect the demands placed on the health care system in the future. Older adults are more likely to suffer from chronic illnesses (e.g., cancer, heart disease, diabetes) than younger people. The economic impacts of aging are related in Table 2 narrative below. The data above and the sources for the data indicate a trend of aging within our service area.

TABLE 2 Income Demographics <i>As a percent of base population or other</i>	AHC3-zip Service Area	State of Hawaii	US
Poverty, 100% of FPG	6.2%	9.9%	14.1%
Uninsured, health coverage	2.4%	4.1%	9.4%
Medicaid, public health insurance	9.1%	19.7%	23.4%
Unemployed workers (ages 25-64), civilian	3.2%	3.8%	4.8%
Households w/ children on assistance	15.6%	25.3%	26.3%
Per Capita Income	\$ 41,456	\$ 35,567	\$ 34,103
Median Housing *	\$ 848,700	\$ 615,300	\$ 217,500

Sources: UDS Mapper/US Census ACS 2015-2019 & Primary Care Hawai'i, Needs Assessment Data Tracker 2021, State of Dept of Public Health, 2021, <https://www.hawaiihealthmatters.org/indicators/index/dashboard?alias=PCNA>; *St Louis Fed, FRED Economic Data, October 26, 2021

In **Table 2 above** the data indicates a relatively positive environment. There is an underlying story here, however, that supports the expansion of primary care facilities and an increased number of primary care providers. The most concerning is the aging trend in our service area, the implications that has on demand for services, and the fact that out-of-pocket costs for health care require more resources for an aging population, and have implications for areas with extremely high housing costs.

Unlike older adults in other high-income countries, those in our nation face significant financial barriers to getting health care, despite Medicare's universal coverage. These barriers may affect use of health services as well as health outcomes. Based on analysis of findings from the Commonwealth Fund's 2021 International Health Policy Survey of Older Adults,⁵ key findings were that one-fifth of older Americans spent more than \$2,000 out of pocket on health care per year. Only a small share of older adults in most of the other surveyed countries had such high out-of-pocket health costs. Similarly, a higher share of older Americans reported forgoing health care because of cost. The study also reported rates of skipping dental care because of costs were similar for older adults in nations that do not offer coverage of such services, including the U.S. Our concern, and a reasonable conclusion, are that older Hawaiians like those that live in our three-zip code service area pay more for health care and are more likely to not get care for cost-related reasons. Affordability remains a concern and should continue to be a focus of our service planning, most germane being the front-line prevention Adventist Health practices and provides. So, the higher per capita incomes reflected in Table 2 for our service area do not necessarily reflect wealth, but rather pressures for higher wages and incomes to afford extraordinary housing expenses, affecting our aging service area population.

In **Table 3 below** we present common health indicators for our population (as already presented in an above section), as well as contrasting data for the state's population and the US population.

TABLE 3 Health Indicators <i>As a percent of base population or other</i>	AHC 3-zip Service Area	State of Hawaii	US
Adults Ever Told Have Diabetes	10.1%	10.5%	10.8%
Adults Ever Told Have High Blood Pressure	29.2%	30.7%	32.3%
Adults Who Are Obese	22.7%	25.0%	32.4%
Adults with No Dental Visit in Past Year	21.4%	24.7%	27.3%
Adults Who Have Delayed/ Not Sought Care Due to Cost	7.1%	8.2%	12.6%
Adults with No Usual Source of Care	14.2%	16.4%	13.0%
Adults Who Are Binge Drinkers	19.5%	8.3%	6.5%
Adults Who Smoke	11.9%	12.3%	16.0%

Sources: UDS Mapper/US Census ACS 2015-2019 & Primary Care Hawai'i, Needs Assessment Data Tracker 2021, State of Dept of Public Health, 2021, <https://www.hawaiihealthmatters.org/indicators/index/dashboard?alias=PCNA>;

We note our service area's health indicators in Table 3 above for diabetes, high blood pressure, obesity, dental care, and smoking are all competitive from a data perspective with state of Hawai'i residents and, in some cases, favorable in contrast to state and

⁵ "When Costs Are a Barrier to Getting Health Care: Reports from Older Adults in the United States and Other High-Income Countries," 2021 International Health Policy Survey of Older Adults, October 1, 2021.

national populations. We would attribute these data points to healthy practices among our service area residents. Concerning, however, is the over consumption of alcoholic beverages among are target population. This behavior can be addressed in the primary care setting, and with the already documented need for additional primary care practitioners, we believe an expansion of primary care treatment facilities with accompanying providers can help to address the problem of alcohol abuse among our service area residents.

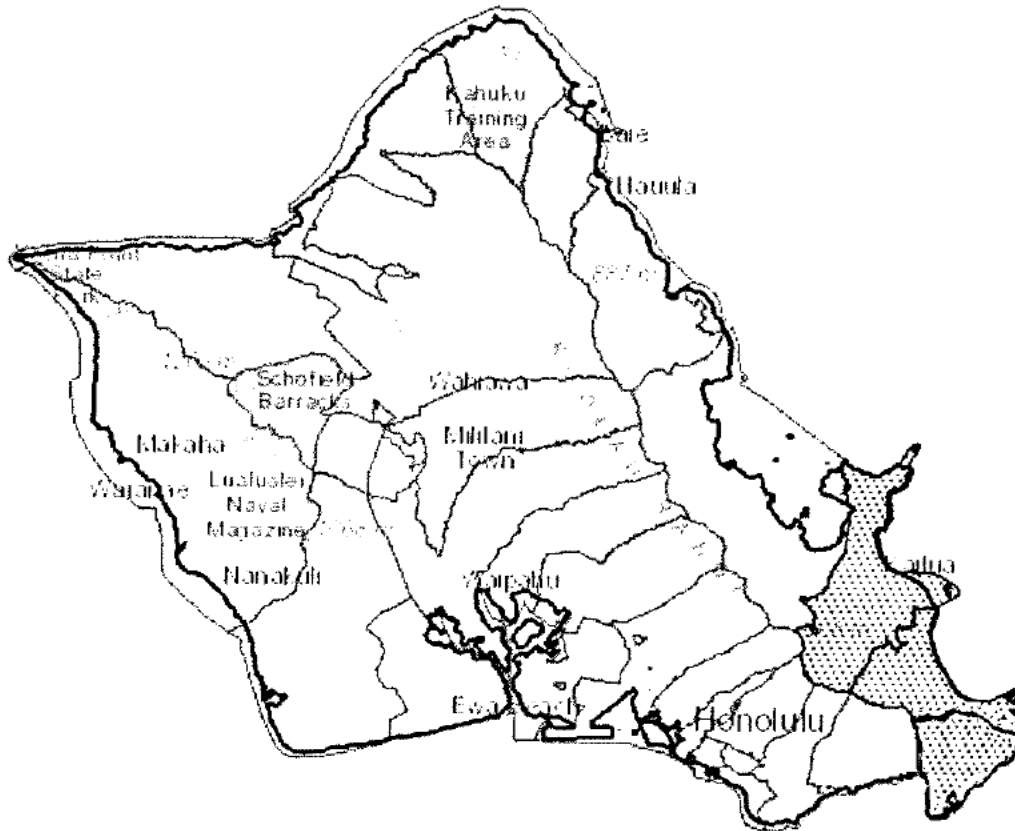
TABLE 4 Mortality Rates <i>Rate of death per 100,000</i>	AHC 3-zip Service Area	State of Hawaii	US
Heart Disease Rate	127.2	122.5	126.4
Stroke Rate	35.6	36.0	37.0
Cancer Rate	134.5	120.6	158.5
All Causes Rate	572.4	551.2	733.1

Sources: UDS Mapper/US Census ACS 2015-2019 & Primary Care Hawai'i, Needs Assessment Data Tracker 2021, State of Dept of Public Health, 2021, <https://www.hawaiihealthmatters.org/indicators/index/dashboard?alias=PCNA>

In **Table 4 above** we have presented mortality rates for our service area versus state and national populations. Our service area population has higher death rates in contrast to our state's population in heart disease and cancer, as well as all causes. Statistics like this can be evidence for better, more available primary care services, as premature death can be avoided when prevention, education, and regular, basic health care is available and accessed. It is our aspiration to expand the availability of preventative health care in the three-zip code service area. Through the requested Grant-In-Aid funding support for our project, we will help to reduce the incidence of premature death and improve overall health and quality of life for residents of O'ahu.

5. Describe the geographic coverage.

The geographic coverage ('beneficiary area') for this project is primarily comprised of zip codes 96734, 96795, and 96825, which are the communities of Kailua (pop 51,511), Waimanalo (pop 46,690), and northeastern Honolulu County (pop 29,066). The majority of our patients to be served by the proposed project reside in this area, however, it should be noted that our patient population includes individuals residing throughout O'ahu, and we serve many residents of the city and county of Honolulu, as well. For reference, we have highlighted (grayscale shaded) the three identified zip codes in the lower, right portion of the map provided below.



III. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

In fulfillment of our standing commitment to primary care service delivery, AHC currently provides primary and preventive care services at three locations on O'ahu: 30 Aulike Street, Kailua, HI 96734; 46-001 Kamehameha Hwy, Kāne'ohe, HI 96744; and 55-510 Kamehameha Hwy, Lā'ie, HI 96762. The existing clinic location in Kailua currently is staffed by four (4) primary care providers. Our plan under this proposal is to renovate the entire third floor of the Kailua Professional Center building with the goal of staffing the renovated space with nine (9) primary care providers initially, with plans to expand to 13-18 providers within five to six years. The newly renovated clinic will have capacity to serve 20-30 patients per provider per day, with approximately 19,800 unique patients served within the first year of operations, and up to 39,600 unique patients annually over time. The existing Kailua clinic site currently operates from 7:00 am to 7:00 pm,

five days per week. Under the newly renovated clinic, we are planning to operate on weekends as well. The improvements will cost approximately \$2.5 million, though the estimates at time of this proposal's submittal are preliminary. The renovation will expand the existing primary care clinic to nearly five times the existing space, resulting in 6,200 total square feet from the current 1,300, and 15 exam rooms (including two specialty exam rooms) versus the current four. The project, which is estimated to take 12-18 months to complete, will be implemented by AHC's project management team – led by Senior Project Manager Darcy Howard (see Project Organization and Staffing section) – in coordination with AHC's leadership team, including executive management and our facilities, finance, and medical operations departments.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

AHC will develop a master work plan and schedule for the proposed scope of work to be managed by our project team. We have already engaged Arthur Y. Mori & Associates, Inc. (Architects AIA) to draft a preliminary floor plan for the clinic space renovation. The proposed annual timeline for completion of the Kailua Primary Care Expansion Project, to commence upon notice of award, is as follows:

Planning and Design Phase (July 2022-December 2022):

- Finalize project architectural and engineering designs, including mechanical, engineering and plumbing
- Building permit application(s) submitted, provide any needed design revisions/updates to permitting agencies, permits obtained
- Renovation bids solicited/contracts finalized and executed

Construction Phase (January 2023-June 2023):

- Facility renovation/alteration activities
- Acquire/deploy medical equipment
- Acquire/deploy IT equipment
- Implement security system and procedures
- Acquire/deploy furniture, artwork, and signage

Close-Out Phase (July 2023-September 2023):

- Occupancy and move-in, including licensing, health plan notifications, and seeing first patients at newly renovated clinic location.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

AHC has extensive experience in applying evidence-based Lean Six Sigma principles to

improve coordination and quality of care, patient and staff satisfaction, and patient-centered care outcomes in the health care setting, which will also be used to help ensure the successful completion of the proposed project and achievement of stated objectives and outcomes. The core framework of the Lean Six Sigma methodology includes the A3 approach – Plan, Do, Check, Act (PDCA) – which AHWM will utilize for implementation, evaluation, and continuous improvement of project-related activities.

During the “Plan” phase, objective data is used to identify ways and opportunities to institute practice change. During the “Do” phase, project team members incorporate their understanding of and vision to address identified challenges and barriers to implement the proposed activities. The “Check” phase allows for review and analysis of outcomes related to project activities at regular intervals to determine if the desired results have been achieved, and if not, how project activities and/or processes could be altered or enhanced to more effectively support stated project goals. If the desired results have been achieved, the “Act” phase allows the project team to identify opportunities to expand successful activities to ultimately benefit more patients.

In addition to tracking and reporting the measures of effectiveness listed below, AHC will ensure the renovation project activities remain on schedule and all milestones and deliverables are met through regular communication – including virtual and in-person meetings – between the project management team and AHC leadership. A master work plan will be developed, monitored, and updated as needed, with conservative time frames for each project phase to ensure that any potential challenges can be addressed and resolved prior to agreed-upon deadlines. When planning/permitting activities have been completed and actual renovation work commences, site visits will occur at regularly scheduled intervals to confirm the quality and timeliness of the work to be performed, as well as adherence to the master work schedule.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

Our primary measure of effectiveness to be reported for the proposed project will be the successful completion of all project construction activities (to be supported by requested 2022 Grant-In-Aid funding) within 12 months of the notice of award.

We also project that all required clinic staff, including nine (9) physicians initially, will be hired, onboarded, and commence work at the new clinic site upon completion of facility renovation activities. The total number of primary care providers will expand to 13-18 at the clinic site within five to six years. Within the first full year of operation, we expect the newly renovated primary care clinic will serve an estimated 19,800 unique patients

(2,200 per physician), expanding to serve up to 39,600 total patients within five to six years.

Using our electronic health record and practice management systems, AHC commits to tracking and reporting the total number of patients served and patient visits by service type, as well as relevant health outcome measures for those who receive primary care services at the Grant-In-Aid funded location. If requested, AHC will also provide demographic information on the patients served, as well as billing and payer mix data for services provided. We also plan to administer patient and provider experience surveys to help measure the quality and effectiveness of AHC's augmented primary care services, and identify where process improvements could be implemented.

IV. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a. Budget request by source of funds (Link)
 - b. Personnel salaries and wages (Link)
 - c. Equipment and motor vehicles (Link)
 - d. Capital project details (Link)
 - e. Government contracts, grants, and grants in aid (Link)

All applicable budget forms have been completed and are attached.

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2023.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$0	\$0	\$700,000	\$0	\$700,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2023.

AHC has committed to providing the balance of funds needed to complete the proposed project. However, we will pursue any other available public or private funding for which we are eligible in fiscal year 2023.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

Not applicable.

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2023 for program funding.

Please see the attached listing of all government contracts and/or grants.

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2021.

\$180,396,110.99

V. Experience and Capability

1. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

While this is AHC's first application for Chapter 42F Grant-In-Aid funding, we have been successful in securing and administering significant grant awards in support of other capital projects. Notably, AHC received a \$2 million grant from the Harold K.L. Castle Foundation, with a period of performance spanning 2010-2018, to assist our \$24 million comprehensive hospital facilities renovation/renewal project. The HKL Castle Foundation funds specifically assisted with the creation of a 3,500 square foot pharmacy to serve 20,000 patients annually; an expanded emergency department to serve 30,000 patients annually; upgrades to our radiology department to serve 33,600 patients annually; constructing a seven-station chemotherapy station to serve 1,000 patients annually; and building a women-oriented imaging center with x-ray, ultrasound, mammography, and testing services in one convenient location to serve 7,200 patients annually. AHC has also completed the following capital enhancement projects within the past three years:

- AHC opened a state-of-the-art dental clinic in the La'ie Village Shopping Center in December 2019, as part of our commitment to provide crucial oral health care services to the North Shore community;
- Our vision to transform the health experience and outcomes of the Windward O'ahu population was further realized in early 2018 with the renovation and modernization of the four-story Castle Professional Center in Kane'ohe, which included a new outpatient rehabilitation clinic, lab, imaging department, pharmacy, primary care clinic, and urgent care, as well as upgrades to the lobby, corridors, restrooms, courtyard, elevators and parking lot.
- AHC acquired the next generation of robotics-assisted systems for knee replacement surgery and is the sole health care provider on O'ahu where this newest technology is available. The new NAVIO technology offers the benefits of

earlier robotics-assisted systems—a precise, minimally invasive procedure with a shorter hospital stay, smaller scar, improved outcomes and quicker recovery period than traditional knee replacement surgery.

2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

The newly renovated clinic offices to be supported by the requested Grant-In-Aid funding will be located on the third floor of the Kailua Professional Center building at 30 Aulike Street, Ste 202, Kailua, HI 96734. AHC already has operational control of the facility, and the consolidation of primary care offices in one location will not only offer more convenient access for our patients, particularly those who are elderly and/or mobility or transportation challenged, but will also function as an integrated care service hub for other AHC clinics dispersed throughout our service area. Current plans for the 4,902 square foot primary care delivery site include 13 ADA-compliant exam rooms; two (2) specialty care exam rooms; two (2) provider stations; two (2) patient privacy rooms; two (2) bathrooms; a medical consult room; and spacious reception, waiting, and intake areas. The proposed project location will be more than adequate to accommodate nine (9) family practice primary care physicians initially, as well as other clinical and support staff as described in the Project Organization and Staffing section below, with plans to expand to 13-18 primary care physicians within five to six years. The clinic location is currently scheduled to operate 7:00 am and 7:00 pm, five days per week initially, with plans to expand to weekend hours in the near future.

VI. Personnel: Project Organization and Staffing

1. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

The project lead for the Kailua Primary Care Expansion Project will be Senior Project Manager Darcy Howard, who is responsible for managing the design and project delivery performance for multiple strategic and routine projects as assigned, within one or more sites. Mr. Howard interfaces with hospital personnel, local and regional leadership to develop and administer construction projects in accordance with local, state and federal regulations and organization guidelines. He manages AHC's project management team, oversees approved construction projects, develops scope, schedule and budget for potential projects, executes against scope, schedule and budget commitments, benchmarks project performance to industry best practices, and adheres to Key Performance Indicators (KPIs).

Mr. Howard has more than 30 years' experience in architecture, project design, and construction management. He is a Licensed Professional Architect in three states, including Hawaii, and holds a bachelor's degree from the Boston Architectural Center School of Architecture. He has also earned numerous specialty certificates and accreditations, including from the American Institute of Architects, Leadership in Energy and Environmental Design (LEED), and Building Design and Construction (BD+C). Mr. Howard has led the successful design and/or implementation of dozens of high-profile new construction, expansion, and renovation projects spanning multiple industries, including health care. Notable medical facilities for which he has provided project design/management services include Cleveland Clinic Abu Dhabi Hospital and Clinic, Stanford University Hospital and Clinics, University of Massachusetts Medical Center, and Mt. Diablo Medical Center (Concord, CA).

Once completed, AHC's newly renovated primary care clinic offices located on the third floor of the Kailua Professional Center will be staffed with nine (9) family practice primary care physicians immediately, with plans to expand this number of providers to approximately 13 physicians within two to three years, and ultimately as many as 18 within five to six years. Our current staffing plan is to hire or assign 2.0 FTE nurse practitioners and 1.1 FTE medical assistants for every 1.0 FTE physician, and 1.35 FTE front desk staff for every 2.0 FTE physicians. We will also employ a practice administrator, practice lead, phlebotomist, and pharmacist at this primary care delivery site. By providing integrated primary care and behavioral health services in one convenient location, we will have the capacity to meet the health care needs of approximately 2,200 unique patients per provider, initially serving a projected 19,800 patients per year and expanding up to 39,600 total patients who utilize our clinic site as their primary care medical home within five to six years following the completion of the proposed renovation project.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

See attached organizational chart.

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Interventional Cardiologist	\$655,000
Interventional Cardiologist	\$615,000
Gastroenterologist	\$610,000

VII. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

Not applicable.

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

Not applicable.

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not applicable.

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2022-23 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2022-23, but
- (b) Not received by the applicant thereafter.


As described earlier, AHC has committed to providing the balance of funds needed to complete the proposed project, so no further grant support will be required beyond the fiscal year 2022-23 budget period. We also anticipate that the expansion of primary care services and resulting growth in billable patient visits will provide sustaining revenue beyond the grant period of performance. Additionally, AHC has developed strong relationships with community partners and receives philanthropic contributions from a broad base of individual, corporate, and foundation supporters. We have a robust strategy in place to expand our current funding from public and private sources in order to further diversify our revenue sources and build a financial foundation that is not dependent on limited funding streams. AHC will continue to cultivate and pursue opportunities to optimize direct philanthropic support, in-kind contributions, and other

forms of assistance to provide long-term support for our operations, while reducing our reliance on short-term grant funding.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2022 to June 30, 2023

Applicant: Castle Medical Center dba Adventist Health Castle

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				317,020
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				317,020
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
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20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				292,108
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	700,000			1,260,000
TOTAL (A+B+C+D+E)	700,000			1,869,128
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	700,000	Annie Valentin, Director of Philanthropy 808-263-5288		
(b) Total Federal Funds Requested		Name (Please type or print) Phone		
(c) Total County Funds Requested		Signature of Authorized Official Date		
(d) Total Private/Other Funds Requested	1,869,128	 1/5/22		
TOTAL BUDGET	2,569,128	Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2022 to June 30, 2023

Applicant: Castle Medical Center dba Adventist Health Castle

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Professional Services				\$ -
Project Management - Darcy Howard, Senior Project Manager				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS: Cost of Professional Services is \$220,080; Cost of Sr. Project Manager is \$96,940. Neither will be funded by the State.				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2022 to June 30, 2023

Applicant: Castle Medical Center dba AH Castle

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Medical Equipment	38.00	\$2,777.83	\$ 105,557.54	
Furniture	90	\$926.00	\$ 83,340.00	
IT Equipment	136	\$524.24	\$ 71,296.64	
Artwork/Plants/Signage	6	\$5,319.00	\$ 31,914.00	
			\$ -	
TOTAL:	270		\$ 292,108.18	

JUSTIFICATION/COMMENTS:

State will not be asked to fund equipment for this project

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				

JUSTIFICATION/COMMENTS:

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2022 to June 30, 2023

Applicant: Castle Medical Center dba AH Castle

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2020-2021	FY: 2021-2022	FY:2022-2023	FY:2022-2023	FY:2023-2024	FY:2024-2025
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION			700,000	1,260,000		
EQUIPMENT						
TOTAL:			700,000	1,260,000		
JUSTIFICATION/COMMENTS: Capital funds request to State will be matched by funds from Adventist Health Castle						

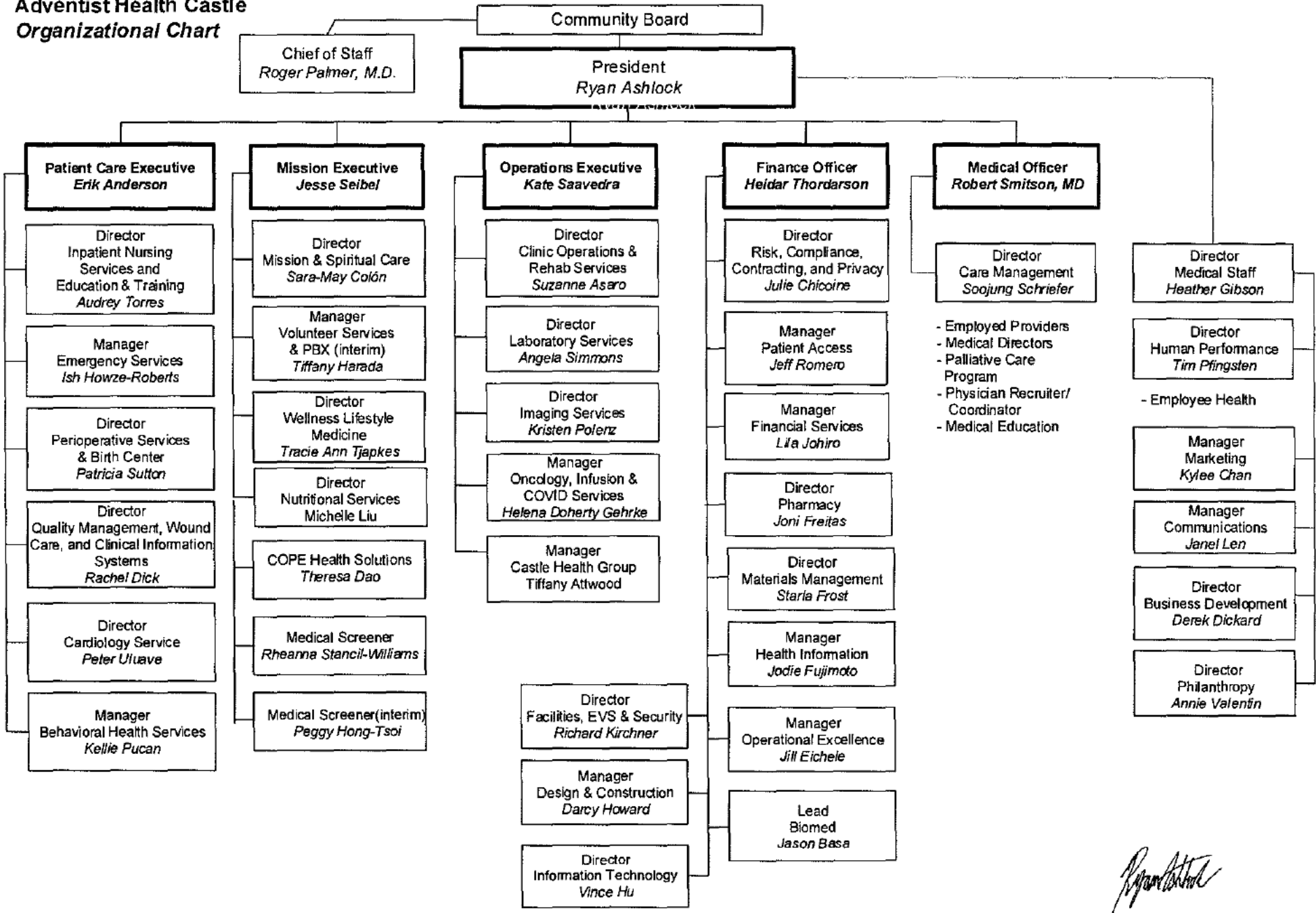
GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: Castle Medical Center dba Adventist Health Castle

Contracts Total: Ongoing

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S./State/Hawaii/ Honolulu/ Kauai/ Maui County)	CONTRACT VALUE
2	Participation in 340B discount drug program	1/30/2006	Dept of Human Services	Hawaii	In kind
3	COVID vaccine admin agreement	12/1/2020	State of HI DOH (FEMA)	Hawaii	\$25/per vaccination
4	Procurement expenditure - trauma designation	7/26/2018	State of HI DOH	Hawaii	350,000
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**Adventist Health Castle
Organizational Chart**



President Signature