



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

BENJAMIN J. CAYETANO
GOVERNOR OF HAWAII

MARILYN A. MATSUNAGA
ADMINISTRATOR

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August 19, 2002

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Susan Merrill
Regional Hospital Administrator
Kaiser Foundation Hospital
3288 Moanalua Road
Honolulu, HI 96819

Dear Ms. Merrill:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #02-17A for the addition of a second MRI unit at the Kaiser Permanente Moanalua Medical Center at a capital cost of \$3,633,000.

As provided under Section 11-186-99.1 of the Hawaii Administrative Rules (HAR), the Agency has determined that:

1. This proposal is eligible for administrative review as it meets the criterion in Section 11-186-99.1(b)(6), i.e.: "any proposal which is determined by the agency not to have a significant impact on the health care system."
2. The Agency has determined that the applicant has proven by a preponderance of evidence that its proposal meets the Cert. criteria in Section 11-186-15, HAR:
 - a. The applicant states that its proposal is consistent with the goals of the Hawaii Health Performance Plan (H2P2).
 - b. The applicant reports that it performed 5679 MRI procedures in calendar year 2000 and states that this is "more than double the capacity threshold guideline" (2,750 procedures) set forth in H2P2 for the expansion of an existing MRI service.
 - c. The applicant states that the number of MRI procedures performed for the calendar years 1999, 2000 and 2001 have increased by 17.9%, 14.3% and 15% respectively and projects a 16.5% increase for calendar year 2002. The applicant states that its present MRI unit has exceeded its capacity.
 - d. The applicant states that its facility is accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the National Committee for Quality Assurance (NCQA).

- e. The applicant projects that operating expenses will be \$1,110,401 in Year 1 of the proposal and \$1,448,956 in Year 3. The applicant states that that operating revenues are derived primarily from its health plan dues, which are not capitated by medical service or operating facility.
- f. The applicant states that its proposal will need a minimum capital investment of \$3.6 million to purchase equipment and implement its proposal. The applicant states that membership dues will not be raised as a direct result of this project and no new debt will be required. The applicant states that it will finance its proposal through retained earnings that have been set aside for capital improvements.
- g. The applicant states that its proposal will improve the existing health care system by insuring that adequate capacity is available to meet the increasing service demand for MRI procedures.
- h. The applicant states that its proposal will require 2.4 FTE Technologists, 1.4 FTE Registered Nurse, 1.0 FTE Receptionist and .5 FTE Radiologist. The applicant states that it does not anticipate any problems in recruiting.

There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Section 323D-43(b), Hawaii Revised Statutes (HRS), the Agency finds that:

1. There is a public need for this proposal.
2. The cost of the service will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Kaiser Foundation Hospital for the proposal described in Cert. #02-17A. The maximum capital expenditure allowed under this approval is \$3,633,000.

Please be advised that pursuant to Section 323D-47, HRS and Section 11-186-99.1(g) HAR, any person may, for good cause shown, request in writing a public hearing for reconsideration of the Agency's decision within ten working days from the date this decision. Accordingly, if no person makes such a timely request for reconsideration, this decision shall become final immediately after the deadline for making such a request has expired.

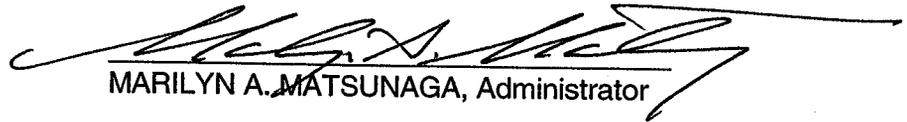

MARILYN A. MATSUNAGA
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Administrative Review Decision was duly served upon the applicant by sending it by certified mail, return receipt requested, in the United States Postal Service addressed as follows on August 19, 2002:

Susan Merrill
Regional Hospital Administrator
Kaiser Foundation Hospital
3288 Moanalua Road
Honolulu, HI 96819

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


MARILYN A. MATSUNAGA, Administrator