



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE
GOVERNOR

MARILYN A. MATSUNAGA
ADMINISTRATOR

1177 Alakea St. #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

June 30, 2003

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Robert J. Walker
President/CEO
Castle Medical Center
640 Ulukahiki Street
Kailua, HI 96734

Dear Mr. Walker:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-16A for the expansion of operating room services at Castle Medical Center at a capital cost of \$1,064,000.

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 "will support comprehensive delivery to the patient and family with increased cost effectiveness because the procedures do not require use of surgical rooms that are constructed for inpatient based surgeries." The applicant states that this will free the inpatient operating room services for inpatient or other outpatient procedures that require those resources.
 - b. The applicant states that it currently performs all ambulatory surgical procedures and inpatient surgeries in one of the five main hospital operating suites and that each operating suite's utilization is approximately 1900 hours per year.
 - c. The applicant states that its proposal to add two suites in an outpatient setting on the hospital campus will relieve the burden on the main operating rooms and will allow the hospital to free the main suites for inpatient or other outpatient procedures that require those resources.
 - d. The applicant states that it will continue to provide its services to all residents of the area, and in particular low-income persons, racial and ethnic minorities, women, people with disabilities, other underserved groups, and the elderly.

- e. The applicant states that its facility is accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO), licensed by the State Department of Health and participates in good standing in the Medicare and Medicaid programs.
- f. The applicant projects that for year one of the proposal net revenues will be \$960,000 and net income will be \$101,906. The applicant projects that for year three of the proposal net revenues will be \$1,060,800 and net income will be \$178,432.
- g. The applicant states that the capital cost of the proposal will be \$1,064,000 and that the proposal will be funded through budgeted capital and operating funds of Castle Medical Center.
- h. The applicant states the proposal will utilize existing personnel. The applicant states that it currently has three registered nurses, two gastrointestinal technicians, one business associate, and six surgeons to adequately staff this service.

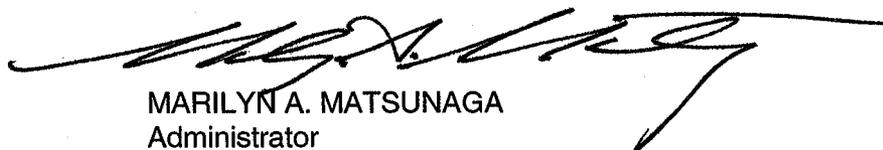
There is no compelling public interest which will be served by requiring the application to go through the standard review process.

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 Castle Medical Center for the proposal described in Cert. #03-16A. The maximum capital expenditure allowed under this approval is \$1,064,000.

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.



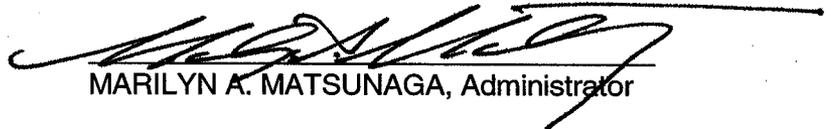
MARILYN A. MATSUNAGA
Administrator

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 June 30, 2003:

Robert J. Walker
President/CEO
Castle Medical Center
640 Ulukahiki Street
Kailua, HI 96734

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


MARILYN A. MATSUNAGA, Administrator