



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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GOVERNOR OF HAWAII

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DIRECTOR OF HEALTH

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ADMINISTRATOR

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October 28, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

David W. Heywood
Vice President
The Cancer Center of Hawaii, LLC
55 Merchant Street, 26th Floor
Honolulu, HI 96813

Dear Mr. Heywood:

The State Health Planning and Development Agency has evaluated your Certificate of Need ("Cert.") application #04-19A for the change of ownership of the radiation therapy service at Mama Lau Cancer Care Center, 2226 Liliha Street, Honolulu, HI at a capital cost of \$2,400,000.

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 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 "The proposed project only involves a change in ownership of an existing service. The relationship of radiation therapy to the Hawaii Health Performance Plan (H2P2) was addressed at the initial launching of this service. The Center of Hawaii will continue to follow the guidelines of the H2P2."
 - b. The applicant states that the need for radiation therapy was addressed at the initial launching of this service and that the change of ownership will not change the current level of need and accessibility of the service.
 - c. The applicant states that "The change in ownership will result in an increased quality of service for comprehensive care for cancer patients... With the additional investment of an IMRT, the existing service will have enhanced radiation dosage to the tumor for greater accuracy and less likelihood of damage of surrounding healthy tissue."
 - d. The applicant states that "The Center will have a positive impact on the financial performance of existing services... The project is cost-effective as it utilizes existing space, personnel and other resources within the partners"

- e. The applicant states that the change of ownership will not change the relationship of the service to the existing health care system.
- f. The applicant states that "... a capital contribution of \$800,000 from each of the three partners - Hawaii Pacific Health, Saint Francis Healthcare System, and Pacific Radiation Oncology - totaling \$2,400,000 will be invested to form Hawaii Cancer Center, LLC."
- g. The applicant states that the program is currently staffed with 1 Medical Director, 1 Registered Nurse, 1 Clerk, 1 Medical Physicist, 1 Dosimetrist and 3 Radiation Techs and that all 8 positions will remain following the change of ownership.

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

Pursuant to 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 The Cancer Center of Hawaii, LLC for the proposal described in Cert. #04-19A. The maximum capital expenditure allowed under this approval is \$2,400,000.

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 of 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.


David T. Sakamoto, M.D.
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 October 28, 2004.

David W. Heywood
Vice President
The Cancer Center of Hawaii, LLC
55 Merchant Street, 26th Floor
Honolulu, HI 96813

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


David T. Sakamoto, M.D.
Administrator