



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII

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December 27, 2011

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 11-21E
The Queen's Medical Center	)	
	)	
Applicant	)	
_____	)	DECISION ON THE MERITS

## DECISION ON THE MERITS

The State Health Planning and Development Agency (the "Agency"), having taken into consideration all of the records pertaining to Certificate of Need Application No. 11-21E on file with the Agency, and after consulting with the chairs of the appropriate Agency councils and panels in accordance with HAR 11-186-99(c), the Agency hereby makes its Decision on the Merits, including findings of fact, conclusions of law and order on Certificate of Need Application No. 11-21E. Where appropriate, Findings of Fact shall operate as Conclusions of Law, and Conclusions of Law shall operate as Findings of Fact.

I

## FINDINGS OF FACT

1. On December 20, 2011, The Queen's Medical Center (the "applicant") filed with the Agency an emergency Certificate of Need application for the establishment of Transplant Surgery services at 1301 Punchbowl Street, Honolulu, Hawaii, at a capital cost of \$200,000. On December 21, 2011, the applicant submitted additional information. On December 23, 2011, the application was determined to be complete. For administrative purposes, the Agency designated the application as Certificate of Need application No.11-21E.
2. The Agency administers the State of Hawaii's Certificate Program, pursuant to Chapter 323D, Hawaii Revised Statutes (HRS), and Title 11, Chapter 186, Hawaii Administrative Rules (HAR).

3. This application was reviewed in accordance with Section 11-186-15, HAR.

4. Pursuant to Section 323D-43(b), HRS:

“(b) No Certificate shall be issued unless the Agency has determined that:

(1) There is a public need for the facility or service; and

(2) The cost of the facility or service will not be unreasonable in the light of the benefits it will provide and its impact on health care costs.”

5. Burden of proof. Section 11-186-42, HAR, provides:

“The applicant for a certificate of need or for an exemption from certificate of need requirements shall have the burden of proof, including the burden of producing evidence and the burden of persuasion. The degree or quantum of proof shall be a preponderance of the evidence.”

#### EMERGENCY SITUATION

6. The applicant states that “On December 16, 2011, Hawaii Medical Center (HMC) notified the United Network for Organ Sharing (UNOS) that it ceased operations of its Organ Transplant Center. Hawaii Medical Center operated the only Organ Transplant Center in the state. With the closure of the HMC Transplant Center, there is no other provider of organ transplant services in the entire state.”

7. The applicant states that “Without a Hawaii-based Organ Transplant Center, patients will lose access to locally provided transplant procedures providing them with a second chance at life. Candidates will need to reapply to other transplant centers, where there is no guarantee that they will be accepted.”

8. The applicant states that “Without a Hawaii-based Organ Transplant Center, there is a clear and present public health danger for the more than 400 Hawaii residents who are on the waitlist for organs.”

9. The Agency finds that, given this state of affairs, there is a clear and present danger of substantial injury to public health.

10. The Agency finds that an emergency situation exists pursuant to 11-186-99(b), HAR.

CERTIFICATE OF NEED CRITERIA

11. The applicant states that "This new service is in alignment with the priorities of the Statewide Health Coordinating Council (SHCC) (Chapter 3 of the Hawaii HSFP); 'to promote and support the long-term viability of the health care delivery system', and 'ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost.' "
12. The applicant states that "This new service is in alignment with the SHCC priority to 'strive for equitable access to health care services' identified in Chapter 3 of the Hawaii HSFP. Minorities overall have a particularly high need for organ transplants because some of the diseases of the kidney, lung, pancreas, and liver are found more frequently in racial and ethnic minority populations than in the general population...The Organ Transplant Center at Queen's will be in a unique position to facilitate matching donors and recipients of the same race and ethnicity."
13. The applicant states that "With the closure of the HMC Organ Transplant Center, there is no other provider of organ transplant services in the state."
14. The applicant states that "There are approximately 420 people in Hawaii currently awaiting organ transplantation. According to Legacy of Life, Hawaii's designated procurement organization, 19 people died while waiting for transplants in 2009."
15. The applicant states that "Of the candidates on Hawaii's waiting list, 64% are 50 years or older, 40% are women, 90% are racial/ethnic minorities, and 14% have been waiting 5 years or longer for transplantation."
16. The applicant states that "The demand for organs in Hawaii continues to exceed supply, and will continue to climb as the population ages and the incidence of chronic organ disease increases."
17. The applicant states that "The QMC Organ Transplant Center will improve access to life saving treatment for qualified transplant candidates throughout the state including the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups."
18. The applicant states that "The proposed Organ Transplant Center will improve quality care by: 1) improving survival outcomes and quality of life for people with organ failure, 2) reducing the pain and suffering associated with untreated chronic disease, and 3) improving patient outcomes through earlier intervention and treatment."
19. The applicant states that "The Queen's Medical Center is licensed by the Hawaii State Department of Health, accredited by the Joint Commission (TJC) and certified by Medicare."

20. The applicant states that "The Queen's Medical Center utilizes the performance improvement process to improve the quality of patient care. Initiatives are identified both on an organizational and departmental level. These initiatives are implemented and reported to both leadership and staff. Quality indicators are tracked throughout the organization."
21. The applicant states that "A team of qualified physicians, including surgeons, anesthesiologists and specialists with expertise in caring for organ transplant patients at HMC is already assembled as part of the medical staff at the Queen's Medical Center."
22. The applicant states that "For the first full year of operations, net operating income is projected at (\$1,272,000) with direct expenses of \$5,944,000. For the third full year of operations, net operating income is projected at (\$1,197,000) with direct expenses of \$9,379,000. QMC intends to fund the Transplant Center from other profitable hospital operations."
23. The applicant states that "The Queen's Organ Transplant Center will provide an enormous benefit to the state, reducing the overall cost of healthcare by eliminating the need for patients and their families to travel long distances to mainland Transplant Centers. Such travel often requires prolonged stays and repeated long distance trips, generating high costs for patients and their families."
24. The applicant states that "With the closure of the HMC Organ Transplant Center, there is no other provider of organ transplant services in the entire state. The QMC Organ Transplant Center will have a significant impact on Hawaii's health care system by providing Hawaii residents life saving treatment without having to travel to mainland Transplant Centers."
25. The applicant states that "The Queen's Medical Center has the necessary funds required to establish and support the proposed service."
26. The applicant states that "A team of qualified physicians, including surgeons, anesthesiologists and specialists with expertise in caring for organ transplant patients at HMC is already assembled as part of the medical staff at the Queen's Medical Center."
27. The applicant states that "...a multidisciplinary team of sixteen additional FTEs will be hired to support the Transplant Center, including five RN Transplant Coordinators with a minimum of two to five years experience working at a Transplant Center. Two additional operating room RN's and one additional inpatient RN will be hired. Other clinical and administrative support staff will include a transplant social worker, transplant pharmacist, dietitian, and other financial administrative and information services staff. QMC is confident that qualified personnel can be acquired through inquiries and interviews with persons who have the requisite training and experience."

28. The Agency finds that the application meets the criteria established in Section 11-186-15, HAR.

II

**CONCLUSIONS OF LAW**

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 11-21E on file with the Agency and based upon the findings of fact contained herein, the Agency concludes as follows:

The applicant has met the requisite burden of proof and has shown by a preponderance of the evidence that its proposal meets the criteria established in Sections 11-186-15 and 11-186-99, HAR.

Accordingly, the Agency hereby determines that, pursuant to Section 11-186-99, HAR and Section 323D-43(b), Hawaii Revised Statutes (HRS):

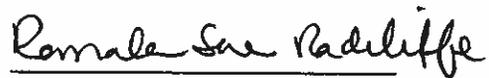
1. An emergency situation exists.
2. There is a public need for this proposal.
3. The cost of the service will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

**ORDER**

Pursuant to the findings of fact and conclusions of law contained herein, IT IS HEREBY DECIDED AND ORDERED THAT:

The State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to The Queen's Medical Center for the proposal described in Certificate of Need application No.11-21E. The maximum capital expenditure allowed under this approval is \$200,000. As provided under Section 11-186-99(e) HAR, this is the final decision of the Agency.

DATED: December 27, 2011  
Honolulu, Hawaii

  
Romala Sue Radcliffe  
Administrator