

# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

BENJAMIN J. CAYETANO  
GOVERNOR OF HAWAII

MARILYN A. MATSUNAGA  
ADMINISTRATOR

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May 9, 2002

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

John Schaumburg  
Chief Executive Officer  
Maui Memorial Medical Center  
221 Mahalani Street  
Wailuku, Maui, HI 96793

Dear Mr. Schaumburg:

The State Health Planning and Development Agency ("Agency") has evaluated your application for emergency review for Certificate of Need ("Cert.") #02-06E for the establishment of an inpatient hemodialysis service at Maui Memorial Medical Center ("MMMC"), at a capital cost of \$121,800.

As a result of recent concerns about dialysis services on Maui, the State Health Planning and Development Agency held a meeting on March 8, 2002 to facilitate discussion and discuss possible options for dialysis on Maui. At the meeting, both MMMC and St. Francis Healthcare System shared that there appeared to be two main contributing factors to the situation on Maui: 1) an apparent growing need for hemodialysis on Maui; and 2) difficulty attracting trained dialysis nurses to Maui (as there appears to be a nationwide shortage of such nurses). These two circumstances together have made meeting the daily dialysis needs on Maui challenging.

As an option, MMMC offered to become the provider of inpatient dialysis. St. Francis thought that this would work. MMMC stated that it could have its inpatient dialysis services up and running in one month or on about April 8<sup>th</sup>.

Given the collaborative approach to serving patients showed by both MMMC and St. Francis, the time sensitive nature of providing dialysis care and the situation that approximately 3 to 4 patients per day require inpatient dialysis, the Agency offered to allow an emergency certificate of need application by MMMC for inpatient dialysis. MMMC stated that it would have its inpatient dialysis services up and running on April 8, 2002. However, on March 19th, MMMC had to amend its self-determined implementation schedule and extended the service's implementation date by an additional month to May 8<sup>th</sup>. Thereafter, on May 7th, the Agency received MMMC's emergency application.

As provided under Section 11-186-99 of the Hawaii Administrative Rules (HAR), the Agency has determined that:

1. This proposal is eligible for emergency review as it meets the criterion in Section 11-186-99, i.e.: "a state of affairs involving an actual substantial injury to public health or where there is a clear and present danger of such an injury occurring." The urgent need of patients at MMMC to have access to inpatient dialysis constitutes an emergency situation.
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 proposal meets the critical elements of access, quality management, cost-effectiveness, continuity of care and constituent participation as defined in H2P2. The applicant also states that the proposal relates well to the Maui County "Tri-Isle" Subarea values and priorities.
  - b. The applicant states that in its fiscal year 2001, St. Francis performed 965 dialysis procedures at MMMC. The applicant projects that such demand for inpatient dialysis is estimated to continue at about 900 procedures per year for the next 5 years. The applicant states that this need can be met by acquiring the following equipment:
    - Two (2) stationary dialysis units
    - One (1) roaming dialysis unit
    - And, one (1) unit to be used only to provide backup when any of the above three units are down due to unexpected equipment failure or maintenance.
  - c. The applicant states that its services will be accessible to all residents of the area, including low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly.
  - d. The applicant states that is accredited by the Joint Commission of Healthcare Organizations (JCAHO), Licensed by the Department of Health and certified by Medicare. The applicant states that it has ongoing quality improvement programs and a history of providing quality service.
  - e. The applicant states that for fiscal year 2002, capital cost will be \$121,800 and that its total project cost (capital cost and operating expenses for staff, contract, supplies, equipment maintenance, initial supplies and training) will be \$204,134. The applicant projects operating incomes of <\$38,972> for fiscal year 2002 and \$12,161 in its third year of operation.
  - f. The applicant states that as the only provider of inpatient and emergency services on the Island of Maui, the proposed inpatient dialysis service is a vital component of the overall delivery of inpatient and emergency health care on Maui. The applicant states that its proposal will enhance the existing healthcare system on Maui.

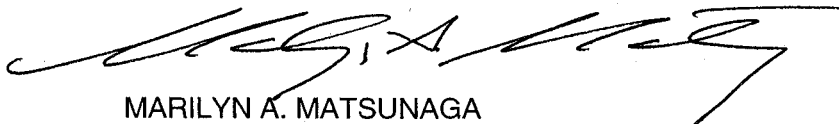
- g. Further, in relationship to the existing healthcare system, the applicant states that:
1. it shall not employ, recruit, nor attempt to recruit any existing St. Francis dialysis staff;
  2. it will meet with St. Francis to consider collaborating with each other to plan for joint staff recruitment efforts to alleviate the shortage of nursing staff on Maui; and
  3. it will meet on a regular basis with St. Francis to examine the possibility of other collaborative efforts for Maui.
- h. The applicant states that the service will require 3.5 FTE additional staff who have been recruited and trained. The applicant states it has two board certified nephrologists on staff for the proposed service. The applicant states that the capital cost will be \$121,800 and that the capital cost will be funded from operating funds.

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 Maui Memorial Medical Center for the proposal described in Cert. #02-06E. The maximum capital expenditure allowed under this approval is \$121,800.

As provided under Section 11-186-99(e) HAR, this is the final decision of the Agency.



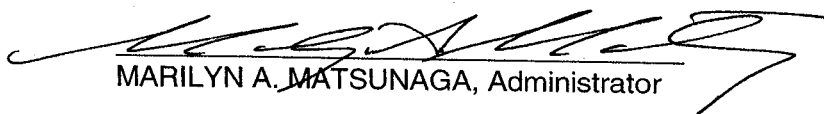
MARILYN A. MATSUNAGA  
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Decision on the Merits 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 May 9, 2002.

John Schaumburg  
 Chief Executive Officer  
 Maui Memorial Medical Center  
 221 Mahalani Street  
 Wailuku, Maui, HI 96793

HAWAII STATE HEALTH PLANNING  
 AND DEVELOPMENT AGENCY

  
 MARILYN A. MATSUNAGA, Administrator

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
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Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
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<b>Total Postage &amp; Fees</b>	<b>\$ 4.17</b>

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 John Schaumburg  
 Chief Executive Officer  
 Maui Memorial Medical Center  
 221 Mahalani Street  
 Wailuku, Maui, HI 96793

2. Article Number (Copy from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) <i>Amphie Young</i>	B. Date of Delivery 5/9/02
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D. Is delivery address different from item 1? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

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 DIVISION OF HEALTH PLANNING AND DEVELOPMENT

3. Service Type  
 Certified Mail  Express Mail  
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 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Sent To **John Schaumburg**  
**Chief Executive Officer**  
 Street, Apt. No., Maui Memorial Medical C  
 or PO Box No. **221 Mahalani Street**  
 City, State, ZIP+ 4 **Wailuku, Maui, HI 967**