



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

BENJAMIN J. CAYETANO
GOVERNOR OF HAWAII

MARILYN A. MATSUNAGA
ADMINISTRATOR

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

August 26, 2002

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

R. Don Olden
Acting Chief Executive Officer
Kahuku Hospital
56-117 Pualalea Street
Kahuku, Hawaii 96731

Dear Mr. Olden:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #02-10A for the change of 4 Medical/Surgical and 2 SNF beds to 6 Acute/ long term swing beds at no capital cost.

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 and objectives of the Hawaii Health Performance Plan (H2P2).
 - b. The applicant states that its proposal will enable the hospital to meet the needs of acute patients who need short term SNF care prior to being discharged. The applicant states that in 2001, it had 753 Medicare SNF days that were eligible for treatment in swing beds.
 - c. The applicant states that it has a policy of being accessible to all residents of the area including the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities and other underserved groups.
 - d. The applicant states that it is licensed by the State of Hawaii and is Medicare/Medicaid certified.

- e. The applicant projects that, based upon the utilization of Medicare patients in calendar year 2001, its proposal will increase Medicare reimbursement by approximately \$600,000 per fiscal year.
- f. The applicant states that the proposal's impact on other providers in the area will be minimal.
- g. The applicant states that the proposal will utilize existing hospital staff and that no capital resources will be needed.

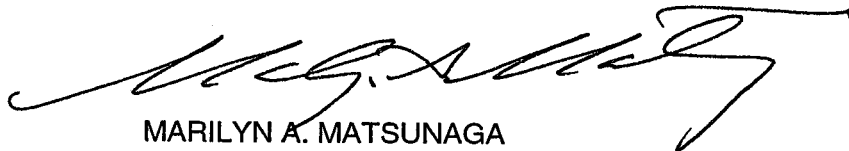
There is no compelling public interest which will be served by requiring the application to go through the standard review process.

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 Kahuku Hospital for the proposal described in Cert. #02-10A. There is no capital expenditure authorized under this approval.

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.



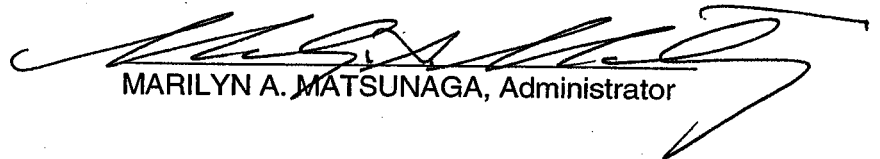
MARILYN A. MATSUNAGA
Administrator

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 26, 2002:

R. Don Olden
Acting Chief Executive Officer
Kahuku Hospital
56-117 Pualalea Street
Kahuku, Hawaii 96731

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



MARILYN A. MATSUNAGA, Administrator