



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

BENJAMIN J. CAYETANO  
GOVERNOR OF HAWAII

MARILYN A. MATSUNAGA  
ADMINISTRATOR

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October 17, 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 administrative review for Certificate of Need ("Cert.") #02-16A for the addition of two inpatient dialysis stations at Maui Memorial Medical Center ("MMMC"), at a capital cost of \$68,000.

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

1. This proposal is eligible for administrative review because 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 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 the current utilization exceeds its initial projection of 75 inpatient dialysis procedures per month, i.e. procedures for May – June 2002 inclusive were 108 (partial month), 132, and 150 procedures per month respectively.

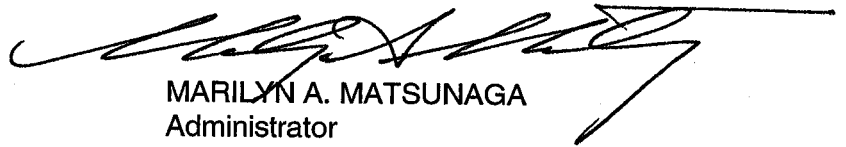
- c. The applicant projects that, based upon its current experience, it will perform 120 procedures per month (1440 per year) for the first year of operations with a projected increase of 5% annually thereafter and states that to meet this need it requires an additional 2 stationary dialysis units.
- d. The applicant states that its services are 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.
- e. 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.
- f. The applicant states that the project cost will be \$68,000 and that the sources of funds for the project will be: a hospital auxiliary grant (\$50,000) and cash from operating funds (\$18,000). The applicant projects net revenue \$453,600 and total expenses of \$489,486.15 for Year 1 of the service and net revenue of \$500,094 and total expenses of \$493,604.44 for Year 3 of the service.
- g. The applicant states that it is the only full service acute hospital on the island of Maui and the only provider of inpatient and emergency services.
- h. 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 has met with St. Francis to address cross-training of staff and patient transfer documentation between the two providers;
  - 3. it will meet on a regular basis with St. Francis to examine the possibility of other collaborative efforts for Maui; and
  - 4. the continued collaboration between the two providers will assure that the residents of Maui are well served by a sound and comprehensive system of dialysis services.
- i. The applicant states that the proposal will allow the hospital to make more efficient use of its existing staff and therefore will require no additional staff. The applicant states that the necessary capital resources are available.

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. #02-16A. The maximum capital expenditure allowed under this approval is \$68,000.

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.



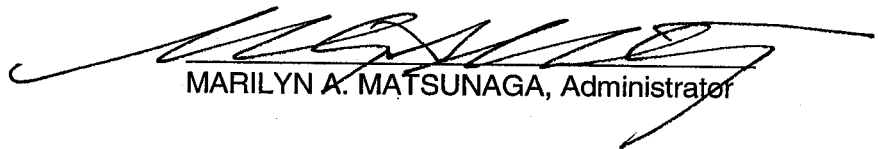
MARILYN A. MATSUNAGA  
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Administrative Review Decision on the 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 18, 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