

# 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

October 22, 2002

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Bruce Behnke  
President and Regional Manager  
Kaiser Foundation Health Plan, Inc.  
3288 Moanalua Road  
Honolulu, HI 96819

Dear Mr. Behnke:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #02-20A for the expansion of your Wailuku clinic at a capital cost of \$11,873,000.

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 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 vision, goals and regional priorities of the Hawaii Health Performance Plan (H2P2).
  - b. The applicant states that its membership in the service area is expected to increase 56% between 2002 and 2012 and that the proposed expansion will enable it to continue to provide high quality health care to its members in the community.
  - c. The applicant states that in its current configuration, its facility has... an office deficit of 10 provider offices and given the projected membership growth in the Wailuku/Central Maui district, the facility's projected office deficit is expected to reach 56% by 2007 and 98% by 2012.
  - d. The applicant states that its facility is accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the National Committee for Quality Assurance (NCQA).

- e. The applicant projects that operating expenses will be \$4,269,920 for the first half year of the proposal and \$9,169,990 in Year 3. The applicant states that that operating revenues are derived primarily from its health plan dues, which are not capitated by medical service or operating facility.
- f. The applicant states that the project will be funded through its capital regeneration program supported by operating revenues, and through long-term debt of its nationwide program. The applicant states that operating funds for the proposal will be available through cash reserves for start-up activities and through normal operations after implementation.
- g. The applicant states the proposal will utilize existing staff. The applicant states that additional staff may be hired to meet the projected increase in membership and that it does not anticipate any problems in recruiting.

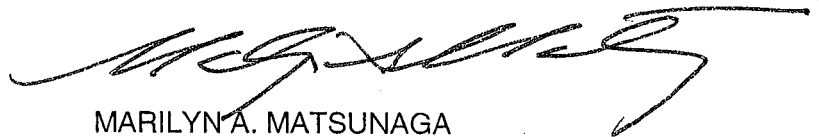
There is no compelling public interest which will be served by requiring the application to go through the standard review process.

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 Kaiser Foundation Health Plan, Inc. for the proposal described in Cert. #02-20A. The maximum capital expenditure allowed under this approval is \$11,873,000.

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 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 22, 2002:

Bruce Behnke  
President and Regional Manager  
Kaiser Foundation Health Plan, Inc.  
3288 Moanalua Road  
Honolulu, HI 96819

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA, Administrator