

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE
GOVERNOR OF HAWAII

MARILYN A. MATSUNAGA
ADMINISTRATOR

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

December 23, 2002

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Raymond P. Vara
Chief Executive Officer
Straub Clinic & Hospital
888 South King St., MS 30/9110
Honolulu, HI 96813

Dear Mr. Vara:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #02-34A for the addition of a second Computed Tomography (CT) Scanner at 888 South King Street, Honolulu, HI at capital cost of \$1,250,000.

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 responsive to the vision, objectives and priorities of the Hawaii Health Performance Plan (H2P2).
 - b. The applicant states that its current annual volume of 12,605 CT procedures exceeds the H2P2 minimum capacity threshold of 4,500 CT procedures for the expansion of an existing service. The applicant states that the second CT scanner will improve overall access for both inpatients and outpatients.
 - c. 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.

- d. The applicant states that its facility is accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and has been recognized as one of the "Top 100" hospitals in the country for heart care.
- e. The applicant states that the additional CT scanner will utilize Straub licensed/trained professionals and Straub credentialed physicians. The applicant further states that all required licenses and certifications will be obtained and maintained for this project.
- f. The applicant projects net profit margins of \$259,409 for Year 1 of operations and \$357,843 for Year 3. The applicant states that the project is cost-effective as it utilizes existing space and other resources within Straub.
- g. The applicant states that the project "is not expected to have a significant (if any) impact on the existing health care system." The applicant further states that the additional CT scanner is not anticipated to have any negative clinical, operational and/or financial impact on the current CT scanner.
- h. The applicant states that it has sufficient trained professionals, management, systems and other resources to fully support the project.
- i. The applicant states that the project costs will be funded entirely with internal capital with no additional financial capital required after start-up.

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 Straub Clinic & Hospital for the proposal described in Cert. #02-34A. The maximum capital expenditure allowed under this approval is \$1,250,000.

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.

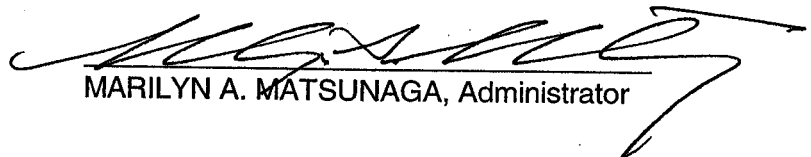

MARILYN A. MATSUNAGA
Administrator

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 December 23, 2002:

Raymond P. Vara
Chief Executive Officer
Straub Clinic & Hospital
888 South King St., MS 30/9110
Honolulu, HI 96813

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


MARILYN A. MATSUNAGA, Administrator