



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE  
GOVERNOR

MARILYN A. MATSUNAGA  
ADMINISTRATOR

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June 25, 2003

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Ms. Susan R. Merrill  
Regional Hospital Administrator  
Kaiser Foundation Hospital, Inc.  
3288 Moanalua Road  
Honolulu, HI 96819

Dear Ms. Merrill:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-14A for the conversion of 4 critical care beds to 4 medical /surgical beds at 3288 Moanalua Road, Honolulu, HI 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 will help to achieve the H2P2 goals of increasing the span of healthy life for Hawaii's residents, reducing health disparities among Hawaii's residents, and achieving equitable and effective access at reasonable cost.
  - b. The applicant states that the proposed project will help accommodate the recent surge in demand at the applicant's facility for medical/surgical beds. The applicant states that with its total membership forecasted to increase 13.9% from 2003 to 2008 and its senior (65+) membership forecasted to increase 10.8% during the same period, demand for medical/surgical beds will continue to increase.
  - c. The applicant states that is accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the National Committee for Quality Assurance (NCQA).

- d. The applicant projects that operating expenses will be \$1,032,141 for the first six months of the proposal and \$2,229,424 and \$2,407,778 in year 2 and year 3 respectively. The applicant states that operating revenues are derived primarily from its health plan dues that are not capitated by medical service or operating facility.
- e. The applicant states that the proposal will assist in keeping the hospital off divert status.
- f. The applicant states that there is no capital investment or additional staff required for the proposal.

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

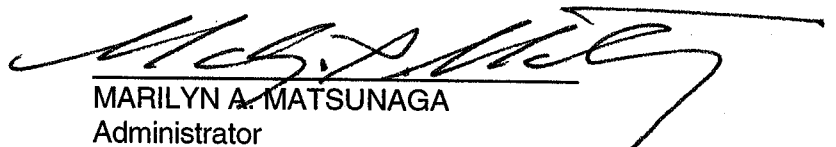
Pursuant to Section 323D-43(b), Hawaii Revised Statutes (HRS), the Agency finds that:

1. There is a public need for this Proposal.
2. The cost of this Proposal 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 Hospital, Inc. for the proposal described in Cert. #03-14A. 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.

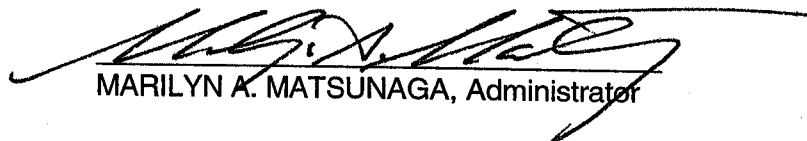
  
MARILYN A. MATSUNAGA  
Administrator

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 June 25, 2003.

Ms. Susan R. Merrill  
Regional Hospital Administrator  
Kaiser Foundation Hospital, Inc.  
3288 Moanalua Road  
Honolulu, HI 96819

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA, Administrator