



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE  
GOVERNOR

MARILYN A. MATSUNAGA  
ADMINISTRATOR

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June 30, 2003

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Raleigh Awaya, Manager  
Hawaii Outpatient Surgery, L.L.C.  
c/o St. Francis Medical Center  
2230 Liliha Street  
Honolulu, HI 96817

Dear Mr. Awaya:

The State Health Planning and Development Agency has evaluated your Certificate of Need ("Cert.") application #03-15A for the change of ownership from St. Francis Medical Center-West to Hawaii Outpatient Surgery, L.L.C. of an ambulatory surgical suite located at 91-2141 Fort Weaver Road, Ewa Beach, HI at a 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) (4), i.e.: "any change of ownership, where the change is from one entity to another substantially related entity."
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 its proposal will help to achieve the H2P2 goals and critical elements of a health care delivery system by providing its service in an outpatient setting which is more cost efficient than inpatient services.
  - b. The applicant states that the overall service area is Oahu wide. The applicant states that more specifically, the current surgery suite is serving the population within an approximate one hour drive of St. Francis Medical Center-West (SFMC-W) which includes the neighborhoods of Waipahu, Ewa, Waianae Coast, Mililani/Waipio, Wahiawa, North Shore, Makakilo/Kapolei, Mililani Mauka and a portion of Koolauloa. The applicant states that the population served will remain unchanged after the proposed change of ownership.
  - c. The applicant states that all residents of the area and, in particular, low-income persons, racial and ethnic minorities, women, people with disabilities, other underserved groups, and the elderly will have access to the surgical suite.

- d. The applicant states that SFMC-W is JCAHO accredited and that its proposed service will also apply for JCAHO accreditation.
- e. The applicant states that the proposed service will be certified by the Centers for Medicare/Medicaid Services (CMS) and the Hawaii Department of Health as an ambulatory surgery center.
- f. The applicant projects that the total capital cost of the proposal will be \$1,250,000 and that \$1,000,000 will be financed by new debt with the remainder coming from the cash contributions of National Medical Development and SFMC-W.
- g. The applicant projects that for year one of the proposal, collected revenues will be \$1,428,300 and cash flow (after debt service) will be \$10,416. The applicant projects that for year three of the proposal, collected revenues will be \$1,792,163 and cash flow (after debt service) will be \$161,198.
- h. The applicant states that because its proposal is not a new service or an expansion of an existing service, it anticipates that the proposal will have no impact on existing healthcare providers.
- i. The applicant states that staff is available for the proposal from the current pool of employees at SFMC-W and that training and management at startup is available from its sister ambulatory surgery center, Hawaii Endoscopy Centers at Liliha.

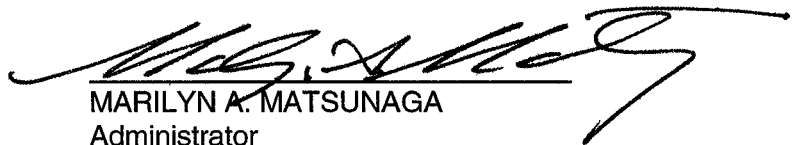
There is no compelling public interest which will be served by requiring the application to go through the standard review process.

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 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 Hawaii Outpatient Surgery, L.L.C. for the proposal described in Cert. #03-15A. 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.

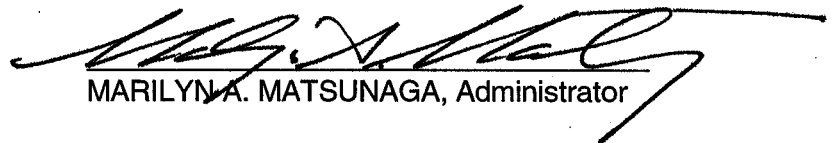
  
MARILYN A. MATSUNAGA  
Administrator

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 June 30, 2003.

Raleigh Awaya  
Manager  
Hawaii Outpatient Surgery, L.L.C.  
c/o St. Francis Medical Center  
2230 Liliha Street  
Honolulu, HI 96817

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



MARILYN A. MATSUNAGA, Administrator