



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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September 17, 2003

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Arthur Ushijima
President and Chief Executive Officer
The Queen's Medical Center
1301 Punchbowl Street
Honolulu, HI 96813

Dear Mr. Ushijima:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-24A for the reduction of 20 psychiatric beds and 10 medical/surgical beds at The Queen's Medical Center 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 bed reduction is "to offset the development of a new 30 bed Long Term Acute Care Hospital-within-a-Hospital (LTACH) by Select Specialty Hospital-Honolulu, Inc."
 - b. The applicant states that "The LTACH will be located on the third floor of the Kamehameha wing which will be leased to Select Specialty Hospital-Honolulu, Inc."
 - c. The applicant states that proposed LTACH will focus on the treatment of patients that are critically ill and suffer from chronic illnesses. The applicant states that these treatment goals are consistent with the H2P2 objective of "reducing the effects of chronic disease and prolonging health related quality of life."
 - d. The applicant states that the proposed LTACH "will provide a level of care that is currently not available to the residents of Oahu including the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups."
 - e. The applicant states that there is "an internal need for 107 LTACH beds within The Queen's Medical Center."

- f. The applicant states that the proposed LTACH "will improve accessibility by offering a level of care for patients with serious and often complex medical conditions who require long lengths of stay and a high level of clinical expertise."
- g. The applicant states that this level of care "is not currently available on the island of Oahu."
- h. The applicant states that the proposed LTACH "will complement the services currently being provided by The Queen's Medical Center and other acute care hospitals by providing a viable placement option in the continuum of care."
- i. The applicant states that by "...utilizing the LTACH as a placement option, acute care hospitals will be able to reduce their overall length of stay in areas such as ICU, thereby, increasing operating efficiencies and patient flow to such areas. The referring hospitals will also reduce their costs significantly through referral of outlier patients to the LTACH."

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 The Queen's Medical Center for the proposal described in Cert. #03-24A. 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.



David T. Sakamoto M.D.
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 September 17, 2003:

Arthur Ushijima
President and Chief Executive Officer
The Queen's Medical Center
1301 Punchbowl Street
Honolulu, HI 96813

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto M.D., Administrator