



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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GOVERNOR OF HAWAII

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October 8, 2003

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Lawrence O'Brien
Chief Executive Officer
Kapi'olani Medical Center for Women & Children
1319 Punahou Street
Honolulu, Hawaii 96826

Dear Mr. O'Brien:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-26A for the addition of one operating room and the renovation of two existing operating rooms at Kapi'olani Medical Center for Women & Children (KMCWC) at a capital cost of \$1,270,000.

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 the critical elements of a health care delivery system (Chapter II), Chapter V (Cancer), and Chapter X (Maternal, Infant & Child Health) of the Hawaii Health Performance Plan (H2P2).
 - b. The applicant states that the number of female residents ages 65 and older is expected to grow from 81,000 to 161,000 between 1995 and 2025. The applicant projects that the number of diagnoses of oral, breast, prostate, and uterine cancers will increase by about 9% from 2001 – 2006 and that the pediatric population (0-17) in Hawaii is predicted to increase by 56% from 1995 to 2025.
 - c. The applicant states that the new operating room "will meet the projected growth in demand for both advanced minimally invasive procedures and general surgeries for adults, as well as allowing state-of-the-art services for children."
 - d. The applicant states that "Currently, many of the KMCWC operating rooms are below standard in both size and electrical capability. These limitations constrain the types of surgical procedures that are possible in the existing surgical rooms."

- e. The applicant states that its proposal will allow KMCWC "to perform more advanced surgical procedures such as minimally invasive laparoscopic procedures...as well as gynecological surgeries."
- f. The applicant states that "the addition of a new surgery room and the renovation of existing surgical suites will expand the ability for pediatric cardiology and pediatric and adult laser procedures from currently (1) to (3) surgery rooms."
- g. The applicant states that it "will continue to provide care to all residents of the area, including: Medicare, Medicaid, Quest, low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups."
- h. The applicant states that its facility "is fully accredited and approved by the Joint Commission on the Accreditation of Hospitals, American Medical Association, and American College of Surgeons."
- i. The applicant projects that for year one of the proposal gross revenues will be \$26,762,341 and net income will be \$442,134. The applicant projects that for year three of the proposal gross revenues will be \$30,894,906 and net income will be \$1,080,182.
- j. The applicant states that its proposal "is cost-effective as it utilizes existing space and other resources within KMCWC."
- k. The applicant states that its proposal will strengthen the existing health care system by introducing the components of comprehensive women's oncology care at one location (Gynecology and Breast Surgery).
- l. The applicant states that "KMCWC has financial resources from current hospital cash funds to pay for this project."
- m. The applicant states that it has sufficient trained professionals, management, systems and other resources to support the proposal.

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 Kapi`olani Medical Center for Women & Children for the

proposal described in Cert. #03-26A. The maximum capital expenditure allowed under this approval is \$1,270,000.

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.



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 October 8, 2003:

Lawrence O'Brien
Chief Executive Officer
Kapi`olani Medical Center for Women & Children
1319 Punahou Street
Honolulu, Hawaii 96826

HAWAII STATE HEALTH PLANNING
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David T. Sakamoto, M.D.
Administrator