

# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE  
GOVERNOR OF HAWAII

CHIYOME L. FUKINO, M.D.  
DIRECTOR OF HEALTH

DAVID T. SAKAMOTO, M.D., M.B.A.  
ADMINISTRATOR

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October 10, 2003

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

John Schaumburg  
Regional Chief Executive Officer  
Maui Memorial Medical Center  
221 Mahalani Street  
Wailuku, Maui, HI 96793

Dear Mr. Schaumburg:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-27A for the addition of 28 skilled nursing facility (SNF) beds and the deletion of 21 medical/surgical beds 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 "Maui Memorial Medical Center (MMMC) will establish a 28 bed SNF (skilled nursing facility) unit by converting an existing 14 room unit in the hospital from acute medical/surgical ('med/surg') usage to SNF. The 14 room unit now has 21 med/surg beds, so that the project will result in the deletion of 21 med/surg beds as well as the addition of the 28 SNF beds."
  - b. The applicant states that its proposal relates well to the provisions of H2P2 including the H2P2 critical elements of access, quality management, cost-effectiveness, continuity of care and constituent participation. The applicant also states that the proposal relates well to the H2P2 regional values and priorities for the Maui County "Tri-Isle" Subarea.
  - c. The applicant states that H2P2 provides that, for a new or additional long-term care bed, the average annual occupancy rate for all existing long term care beds in the service area is at least 95 percent. The applicant states that all Maui's long term care facilities' occupancy rates for 2001 and 2002 were over 95%.
  - d. The applicant states that it has provisions to assure that services are provided to all residents of the area, including low income persons, racial and ethnic minorities, women, handicapped persons, other underserved groups and the elderly.

- e. The applicant states that it is accredited by the Joint Committee on Accreditation of Healthcare Organizations, licensed by the Department of Health and is certified by Medicare.
- f. The applicant states that its proposal "...will provide more appropriate care for SNF patients than if they are simply waitlisted in acute beds."
- g. The applicant states that "The major financial benefit to the hospital (and ultimately to the community it serves) is that the hospital can receive some reimbursement for its SNF patients. Currently, MMMC receives no reimbursement for its waitlisted patients."
- h. The applicant projects that "...the average per diem reimbursement for an SNF level patient will be \$313."
- i. The applicant further projects that "...the current \$4,000,000 annual loss from waitlisted patients will be replaced by a \$51,573 'profit' in the first year, and a \$78,325 loss in the second year."
- j. The applicant states that "Although this proposal will result in the decrease of 21 med/surg beds, this should not have an immediate adverse effect on the hospital since on a daily basis about 40 of its acute beds are already occupied by waitlisted LTC patients."
- k. The applicant states that "There are no capital costs involved, since the rooms and equipment are already available."
- l. The applicant states that the service will require a total of 3.0 FTE new staff: 1 FTE physical therapist, 1 FTE occupational therapist, and 1 FTE clerk. The applicant states that "All the other staff for the unit will come from existing staff now serving the acute side of the hospital, and no other new staff will be required."

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 Maui Memorial Medical Center for the proposal described in Cert. #03-27A. 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

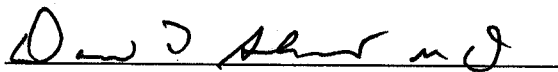
C: Gerald Chung, OHCA

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 10, 2003:

John Schaumburg  
Regional Chief Executive Officer  
Maui Memorial Medical Center  
221 Mahalani Street  
Wailuku, Maui, HI 96793

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