



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE
GOVERNOR OF HAWAII

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DIRECTOR OF HEALTH

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January 6, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Lee Evslin, M.D.
Chief Executive Officer
Wilcox Memorial Hospital
3420 Kuhio Highway
Lihue, Hawaii 96766

Dear Dr. Evslin:

The State Health Planning and Development Agency has evaluated your application for administrative review for Certificate of Need ("Cert.") #03-40A for the renovation of your three existing operating rooms within the hospital and the relocation of your two Kukui Grove operating rooms to the hospital campus at a capital cost of \$8,950,000.

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 "... the proposed renovations address the critical elements of a health care delivery system outlined in Section F of the H2P2 Chapter II (Guiding Principles). The proposed renovations will greatly improve access, quality management and cost effectiveness for surgery procedures when completed."
 - b. The applicant states that "Currently, many outpatient surgeries are performed at the Ambulatory Surgery Center (ASC) located only 3 miles offsite from WMC at the Kukui Grove site. The relocation the two operating rooms to the WMH campus will enhance patient accessibility to these services by bringing this (sic) services closer to ancillary medical services associated with surgery preparation and recovery."
 - c. The applicant states that "... the operating room expansion/upgrade is to improve the quality of health care on Kauai by providing Kauai patients and providers access to state-of-the art surgical equipment and procedures including minimally invasive procedures."

- d. 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."
- e. The applicant states that the proposal will enable physicians "... to screen for diseases such as colorectal cancer, remove foreign bodies, and to treat many diseases and conditions with less trauma (and recovery time) for the patient."
- f. The applicant states that "All necessary licensing and accreditation (such as DOH license and JCAHO accreditation) for the operating rooms will continue."
- g. The applicant projects that for year one of the proposal gross revenues will be \$27,123,834 and net income will be \$551,410. The applicant projects that for year three of the proposal gross revenues will be \$31,244,275 and net income will be \$579,040.
- h. The applicant states that "This project is part of Wilcox's on-going capital budget and will not result in higher fees or costs for the community."
- i. The applicant states that its proposal "is cost-effective as it utilizes existing space and other resources within WMH."
- j. The applicant states that its proposal will strengthen the existing health care system by enabling physicians to provide a broader range of surgical procedures including minimally invasive procedures.
- k. The applicant states that the proposal "... will be funded from WMH's existing capital budget and fundraising sources."
- l. The applicant states that "WMH has sufficient financial resources to fund the entire project from cash - a fund drive is planned but is not critical to assure completion of the project."
- m. The applicant states that it "... has sufficient trained professionals, management, systems and other resources to fully support the proposed project."

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 Wilcox Memorial Hospital for the proposal described in Cert. #03-40A. The maximum capital expenditure allowed under this approval is \$8,950,000.

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 of 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 January 6, 2004:

Lee Evslin, M.D.
Chief Executive Officer
Wilcox Memorial Hospital
3420 Kuhio Highway
Lihue, Hawaii 96766

HAWAII STATE HEALTH PLANNING
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Administrator