

# 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

1177 Alakea St. #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

May 10, 2004

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Richard S. Kishaba  
President  
Garden Isle Healthcare, LLC  
45-181 Waikalua Road  
Kaneohe, HI 96744

Dear Mr. Kishaba:

The State Health Planning and Development Agency has evaluated your Certificate of Need application #04-11A for the acquisition of the Wilcox Memorial Hospital long term care unit (110 SNF/ICF beds), 3420 Kuhio Highway, Lihue, HI at a capital cost of \$2,500,000.

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 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 meets the goals, critical elements and Kauai County Subarea Health Planning Council values of the Hawaii Health Performance Plan (H2P2).
  - b. The applicant states that "The 2003 occupancy of Wilcox's long term care unit is 91.82%. Garden Isle expects that this occupancy will stay the same, or increase over the next several years."
  - c. The applicant states that "The transfer of the (110) long term beds will assure the continuation of the facilities operation and its services."
  - d. The applicant states that it "The facility will accept all patients, including Medicaid and Medicare, regardless of their source of payment and will provide care to all cultural and socioeconomic groups to include, but not limited to low income persons, racial and ethnic minorities, women, people with disabilities, and other underserved groups, and the elderly."

- e. The applicant states that although Garden Isle does not have a record of managing nursing homes, its parent company, Ohana Pacific Management Company (Ohana), has expertise and experience in the operation and management of long term care facilities in Hawaii. The applicant states that Ohana is the owner and operator of: Hale Kupuna Heritage Home (84 beds) on Kauai, Ann Pearl Nursing Facility (104 beds) and Leeward Integrated Health Services (93 beds), both on Oahu.
- f. The applicant states that "The project is expected to have improvement on the quality of service and care due to Ohana's (owner of Garden Isle) experience in providing (long) term care services. Further, this will allow Wilcox to focus its energies and resources on acute inpatient, outpatient and emergency services, thereby enhancing the quality of care and service levels in those areas."
- g. The applicant states that it will seek State of Hawaii licensure and certification prior to implementation of its proposal.
- h. The applicant states that "Ohana has a well-defined performance improvement (PI) plan which we will use to improve the quality of care being provided to the residents of Wilcox Long Term Care."
- i. The applicant states that it will lease the space and the equipment for the proposal from Wilcox Memorial Hospital and that First Hawaiian Bank has approved a \$600,000 line of credit for working capital for the proposal.
- j. The applicant projects excess funds from operations will be \$223,769 for year one of the proposal, \$85,874 for year two and \$24,237 for year three of the proposal.
- k. The applicant states that "The transfer of (110) long-term care beds will have no impact on the existing health care system since it will not change capacity nor access on Kauai."
- l. The applicant states that "The facility maintains good relations and collaborates with other components in the Kauai healthcare system such as the acute care facilities."
- m. The applicant states that "Garden Isle anticipates we will hire the majority of the existing staff to continue to work for the long term care unit. Any additional positions will be hired from the community."
- n. The applicant states that the financial resources required for the project are available from operating revenues.

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 Garden Isle Healthcare, LLC for the proposal described in Cert. #04-11A. The maximum capital expenditure allowed under this approval is \$2,500,000.

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

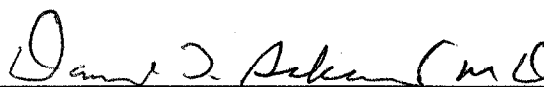
C: OHCA

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 May 10, 2004.

Richard S. Kishaba  
President  
Garden Isle Healthcare, LLC  
45-181 Waikalua Road  
Kaneohe, HI 96744

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

A handwritten signature in black ink, appearing to read "David T. Sakamoto (M.D.)", written over a horizontal line.

David T. Sakamoto, M.D.  
Administrator