

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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December 30, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Roger Eitelman
Administrator
St. Francis Medical Center-West
91-2141 Fort Weaver Road
Ewa Beach, Hawaii 96706

Dear Mr. Eitelman:

The State Health Planning and Development Agency has evaluated St. Francis Medical Center-West's Certificate of Need application #04-13A for the establishment of a stationary MRI service to be located at 91-2141 Fort Weaver Road, Ewa Beach, HI at a capital cost of \$1,350,000.

Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that:

1. This proposal is eligible for administrative review because 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. St. Francis Medical Center-West (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 consistent with the goals, objectives and regional priorities of the Hawaii Health Performance Plan (H2P2).
 - b. The applicant states that "Chapter II of the H2P2 provides the following utilization guidelines for a new MRI service: 'the minimum average annual utilization for all other providers in the service area is 1,500 procedures, and the utilization of the new unit/service is projected to meet the minimum utilization rate by the third year of operation.'"
 - c. The applicant states that "The proposed new unit at St. Francis-West meets both of these guidelines." The applicant states that "all providers exceed the 1,500 threshold" and projects that it will perform 3,340 procedures in the first year of operation.
 - d. The applicant states that "The services will be accessible to all patients who need MRI services. Services will be provided without discrimination based on race, age, ethnicity, income, religion, gender or any other category."

- e. The applicant states that it "...has a history of providing West O'ahu residents with quality health care. It is a full service medical center, offering a wide range of inpatient and outpatient services."
- f. The applicant states that it is accredited by the Joint Commission on Accreditation of Healthcare Organizations, licensed by the Department of Health and certified by Medicare and Medicaid.
- g. The applicant states that "...the service is financially feasible for all years of operation, i.e., the annual operating revenues are sufficient to cover the operating expenses."
- h. The applicant states that it "... is the only full service acute hospital west of Aiea, and the only provider of inpatient and emergency services. It is the only place where the system provides MRI service to outpatients, inpatients and emergency patients."
- i. The applicant states that "The proposal will also provide SFMCW with positive cash flow, thus enhancing the facility's ability to provide other services the community needs, but are not self-supporting."
- j. The applicant states that "The capital resources will be provided through the lease with the vendor. The resources to operate the service are available, since the revenues will exceed the expenses."
- k. The applicant states that "The service will require an FTE total of 4.0 staff: 1 Radiologist, 2 MRI techs and 1 clerk. SFMCW will provide the radiologist from its current staff. SFMCW has an active recruitment program, and we are confident that we can recruit the techs and the clerk."

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 this proposal 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 St. Francis Medical Center-West for the proposal described in application #04-13A. The maximum capital expenditure allowed under this approval is \$1,350,000.

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.



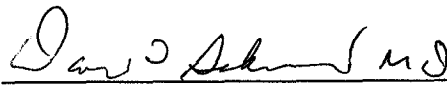
David T. Sakamoto, M.D.
Administrator

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 December 30, 2004.

Roger Eitelman
Administrator
St. Francis Medical Center-West
91-2141 Fort Weaver Road
Ewa Beach, Hawaii 96706

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto, M.D.
Administrator