

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

March 11, 2005

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Stan Berry
CEO
North Hawaii Community Hospital
67-1125 Mamalahoa Highway
Kamuela, HI 96743

Dear Mr. Berry:

The State Health Planning and Development Agency has evaluated North Hawaii Community Hospital's Certificate of Need application #05-03A for the addition of 6 medical/surgical beds and the deletion of 6 Acute/Long term swing beds at a capital cost of \$73,815.14.

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 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. North Hawaii Community Hospital (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 bed changes will accommodate the increasing use of medical/surgical beds on the island of Hawaii."
 - b. The applicant states that the utilization of medical/surgical beds "... increased from 60.2% in 1999 to 103.47% in 2002. This represents a dramatic 43% increase over a period of only 5 years on the island of Hawaii."
 - c. The applicant states that "In addition, NHCH has seen a dramatic increase in its own medical/surgical bed utilization rate. In 2000, NHCH had a medical/surgical utilization of 65.0%. In 2001, NHCH had a medical/surgical utilization of 77.57%. As stated previously, in 2002, NHCH had a medical/surgical utilization of 89.04%."
 - d. The applicant states that "Overall, the proposed bed changes will allow for additional capacity during high occupancy, and will help to avoid any back-up in the Emergency Room. These bed changes will allow patients to get appropriate emergency treatment in a timely manner."

- e. The applicant states that "The acute/long term swing beds that are being converted to medical/surgical beds are currently not being utilized."
- f. The applicant states that "NHCH currently provides and will continue to provide services for all residents of the area, and in particular low-income persons, racial and ethnic minorities, women, handicapped persons, and the elderly."
- g. The applicant states that the "NHCH is accredited by JCAHO, licensed by the State of Hawaii Department of Health, participates in good standing with the Medicaid and Medicare healthcare programs, and provides patient care through well-defined processes for caregivers."
- h. The applicant projects that the capital cost of the proposal will be \$73, 815.14 and that the gross revenues will be \$549,340 and \$615,000 respectively, for the first and third years of the proposal.
- i. The applicant projects that the total expenses will be \$211,338 and \$228,375 respectively, for the first and third years of the proposal.
- j. The applicant states that "The proposed project supports H2P2's goal of achieving 'equitable and effective access at reasonable cost for all Hawaii's residents...' and its objective of 'reducing morbidity and pain through timely and appropriate treatment' will be supported by the proposed project by enabling NHCH to adjust its current acute care bed capacity to adapt to increasing occupancy."
- k. The applicant states that "Funding for the project will be through cash. The change in beds will not require an increase in FTE staff."

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 North Hawaii Community Hospital for the proposal described in Cert. #05-03A. The maximum capital expenditure allowed under this approval is \$73,815.14.

#05-03A, Administrative Review Decision
March 11, 2005
Page 3

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.

C: Office of Health Care Assurance


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 March 11, 2005:

Stan Berry
CEO
North Hawaii Community Hospital
67-1125 Mamalahoa Highway
Kamuela, HI 96743

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto, M.D.
Administrator