

# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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July 22, 2005

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Romel Dela Cruz  
Administrator  
Hale Ho'ola Hamakua  
45-547 Plumeria Street  
Honokaa, HI 96727

Dear Mr. Dela Cruz:

The State Health Planning and Development Agency has evaluated Certificate of Need application #05-10A from Hale Ho'ola Hamakua (the "applicant") for the establishment of emergency room services and for the conversion of 2 medical/surgical and 2 SNF/ICF beds to 4 Acute/Long term swing beds, at capital cost of \$570,000.

As provided under Section 11-186-99.1 of the Hawaii Administrative Rules (HAR), the Agency has determined that 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."

In accordance with the criteria in Section 11-186-15, HAR:

- a. The applicant states that the bed changes and service change are necessary to meet federal and state requirements for the conversion of Hale Ho'ola Hamakua (HHH) to a Critical Access Hospital (CAH).
- b. The applicant states that "By meeting these requirements, HHH will be able to exercise greater bed utilization flexibility, establish a 24/7 limited ER services (sic), and receive enhanced Medicare and Medicaid revenues. In summary, Hale Ho'ola Hamakua will better serve the needs of the community, improve facility revenues to meet overall operational needs, and contribute towards meeting the goals established by the Hawaii Health Performance Plan (H2P2)."
- c. The applicant states that "The conversion of HHH to CAH proposes to convert 2 MS beds and 2 SNF/ICF beds to 4 Acute/LTC beds. The conversion will result in the reduction of SNF/ICF beds from 48 to 46. This change is insignificant because in totality, there will be greater flexibility for the use of more beds for either long term care services according to the specific bed need at any given time."

- d. The applicant states that "The ER at North Hawaii Community Hospital is open 24/7 while the primary care offices are open days only during the regular workweek and closed on weekends and holidays. By providing 24/7 limited emergency room services at HHH, the community will be offered an additional source of emergency and urgent health care services including expanded radiology and laboratory services that is not now available."
- e. The applicant states that "HHH is a certified provider of Medicare and Medicaid services and is currently licensed by the State of Hawaii as a provider of acute and long term care services. As a CAH, HHH will provide services that will meet all requirements and standards of quality care. The existing quality assurance program at HHH will be expanded to accommodate the change in acute care services and the provision of emergency room services."
- f. The applicant states that the proposal "... will result in higher net revenues that will enable HHH to maintain current levels of services in all areas of operation of the facility."
- g. The applicant projects that the proposal will reduce net losses at HHH anywhere from \$1,037,000 to \$2,256,000 in FY 2006 and \$1,196,000 to \$2,553,000 in FY 2008.
- h. The applicant states that its proposal will have minimal impact on the full service ER at North Hawaii Community Hospital since it is expected that utilization of the applicant's ER will be primarily for the treatment of minor and urgent medical conditions.
- i. The applicant states that the development of its ER should reduce the inappropriate use of the ER services at North Hawaii Community Hospital.
- j. The applicant states that "Hamakua Health Center, located adjacent to HHH, and the major provider of primary care services in the area will be minimally affected as well. It is projected the annual caseload will be no more than 1000 visits or average rate of 3 visits per day. These visits will be seen after regular clinic hours during evenings, nights, weekends, and holidays."
- k. The applicant states that the availability of four Acute/Long term care beds will make two additional acute beds available to the community, should it be necessary, if disaster or epidemic is experienced in the area.
- l. The applicant states that "To ensure that the limited ER services to be offered will be utilized properly, HHH has already embarked and will continue to provide a comprehensive ongoing educational program for the community."
- m. The applicant states that "The startup capital and operational funds for this project will be obtained from operational revenues generated by the facility and funds provided by the Hawaii Health Systems Corporation from system-wide operations."

- n. The applicant states that it will require the following staff for its ER: 5 FTE Nurse Practitioners, Physician backup/Medical Director, on call x-ray technician and a phlebotomist/laboratory technician.
- o. The applicant states that "HHH intends to obtain the staffing for ER services with a vendor qualified to provide these services on a contractual arrangement."
- p. The applicant states that "It is anticipated that the solicitation for bids will be successful since other HHSC ER facilities are now staffed by contracted physicians."

There is no compelling public interest which will be served by requiring the application to go through the standard review process.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a CONDITIONAL Certificate of Need to Hale Ho'ola Hamakua for the proposal described in Cert. #05-10A. The conditions are that:

1. Prior to opening the ER, the applicant shall meet with local health care providers (including without limitation, Hamakua Health Center) and local emergency medical service providers to ensure that its ER is appropriately integrated into the existing healthcare system of the area. Specifically, with respect to Hamakua Health Center (HHC), the applicant shall prepare (in collaboration with HHC), a written action plan identifying the steps that will be taken to ensure its ER is appropriately integrated into the existing healthcare system of the Honokaa community. The objective of the said plan shall be to ensure ongoing accessibility to quality primary care, urgent care and emergency care for all the people of the Honokaa community at reasonable cost.
2. Prior to opening the ER, the applicant shall issue an informational press release and hold at least one public information meeting, to advise the community of the ER services that will be available at the applicant's ER. The said press release as well as the notification of the public information meeting shall be published in all Hawaii County newspapers.

On or before February 1, 2006, the applicant shall certify in writing to the Agency that it has fulfilled the above stated conditions.

These modifications are required for the application to successfully meet the Certificate of Need criterion in Section 11-186-15(10) HAR.

As provided under Section 323D-46, HRS and Section 11-186-77 HAR, the Agency establishes September 1, 2005 as the date by which the applicant must certify in writing that it accepts these conditions, otherwise this application shall be deemed to be DENIED as provided under Section 11-186-77 HAR.

The Agency has determined that the applicant has proven by a preponderance of the evidence that its proposal, if modified in accordance with the terms of the conditional certification, meets the Certificate of Need criteria in Section 11-186-15, HAR.

Pursuant to Section 323D-43(b), Hawaii Revised Statutes (HRS), the Agency determines that, if the proposal is modified in accordance with the terms of the conditional certification:

1. There will be 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.

The maximum capital expenditure allowed under this approval is \$570,000.

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

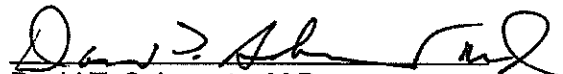
C: OHCA

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 July 22, 2005:

Romel Dela Cruz  
Administrator  
Hale Ho'ola Hamakua  
45-547 Plumeria Street  
Honokaa, HI 96727

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
David T. Sakamoto, M.D.  
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