



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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July 28, 2022

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Brian Cunningham
Chief Executive Officer
Wahiawa General Hospital
128 Lehua Street
Wahiawa, HI 96786

Dear Mr. Cunningham:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #22-04A for administrative review from Wahiawa General Hospital (the applicant) for the addition of 45 Medical/Surgical beds and the deletion of 43 Skilled Nursing Facility/Intermediate Care Facility beds, at a capital cost of \$195,000 (the "Proposal").

- A. The Agency makes the following findings of fact with respect to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR). The Agency finds each of the following statements to be true and accurate.
1. The applicant states¹ that "This bed change request supports the Statewide Health Coordinating Council (SHCC) Priorities as follows...
 - Promote and support the long-term viability of the health care delivery system. - By supporting WGH's ability to provide care that generates needed revenue to continue to deliver other critical services to our community such as Emergency Services, Outpatient Services and Inpatient services."
 2. The applicant states that "This requested bed change also supports some of SHCC's Specific Areas of Concern such as...
 - Establish a statewide emergency and trauma system. - For without the needed revenue that this bed change is designed to accomplish for WGH, our Emergency Department, which is a key element of the island's trauma system, might be at risk, along with all of the other services of WGH."

¹ For clarity, when the Agency quotes statements from the applicant or from witnesses in this section, it does so because the Agency finds such testimony to be persuasive and because the Agency has incorporated the referenced testimony as a finding of fact.

3. The applicant states that "This requested bed change also addresses some of the WEST OAHU SAC PRIORITIES such as...
 - IMPROVE AND INCREASE ACCESS • Acute care • Critical care • Specialty care • Emergency care options • Routine outpatient diagnostic services (i.e., blood pressure, urinalysis) - Once again, this project will provide an additional source of revenue to maintain and strengthen our Emergency Department and Outpatient services while growing our Acute Care Services."
4. The applicant states "...In addition, beyond regional factors and in consideration of concerns related to patient Thresholds and Suboptimization, this project addresses the documented needs of an actual population rather than basing care design on statistical generalizations. This project directly addresses the current documented need for creating a more appropriate unit committed to caring for the growing acute waitlisted population."
5. The applicant states that "The need for additional Acute Medical/Surgical beds in the state has been a major challenge during significant periods of the pandemic... The primary purpose for these 45 additional Acute/Med Surg beds is to provide care for the island's growing waitlisted population and to provide and free up needed acute care beds in hospitals to care for more acutely ill patients."
6. The applicant states that "...given that the 43 SNF/ICF beds have been empty for months, and given that we do not have and have not been able to recruit the needed staff to run these beds as SNF/ICF, there will be no negative consequences to the continuum of care related to this project."
7. The applicant states that "...this unit will provide care for appropriate residents in the area including, the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups."
8. The applicant states that "The additional 45 Acute Medical/Surgical beds will fall under our existing hospital license, and receive the same commitment and attention to quality of service as our other residents, and will be surveyed based on the same Joint Commission and CMS guidelines."
9. The applicant states that "This project essentially eliminates 43 SNF/ICF beds that have remained empty for many months and that are generating zero revenue for WGH and replaces them with 45 Acute Med/Surg beds that may generate much needed revenue for our organization to enable us to maintain our other critical services such as our Emergency Department, and our Inpatient Acute Care Services and our Outpatient Services."

10. The applicant projects Total Revenue of \$2,504,451 and Total Expenses of \$2,528,931 for Year 1 of the Proposal and Total Revenue of \$3,409,716 and Total Expenses of 3,342,871 for Year 3 of the Proposal.
 11. The applicant states that "The project adds needed capacity for the growing waitlisted population on Oahu, while providing WGH with an additional source of revenue to fund other critical services."
 12. The applicant states that "Most of the resources for this project will be supplied from within WGH's current infrastructure, including the use of our available cash and current staff. However, a small number of additional staff will be hired for this service."
- B. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency finds that this proposal is eligible for administrative review as it meets the criterion in HAR Subsection 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."

Conclusions and Order

Pursuant to Title 11, Chapter 186, HAR, the Agency has determined that:

- (a) The Proposal is eligible for administrative review as it meets one or more of the criteria in HAR 11-186-99.1(b).
- (b) The applicant, Wahiawa General Hospital, has proven by a preponderance of the evidence that the Proposal meets the Certificate of Need criteria in HAR 11-186-15 (a).
- (c) There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Subsection 323D-43(b), Hawaii Revised Statutes, the Agency has determined that:

1. There is a public need for the Proposal.
2. The cost of the Proposal will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

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Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Wahiawa General Hospital for the Proposal described in Certificate of Need Application #22-04A. The maximum capital expenditure allowed under this approval is \$195,000.



Darryl D. Shutter
Acting Administrator