



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #13-08A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: **Addition of Hospice Location and Seven Inpatient Hospice Beds**
Project Address: **833 Makalii Street**
Kahului, Hawaii 96732
Applicant Facility/Organization: **Islands Hospice, Inc.**
Name of CEO or equivalent: **Michael Duick, M.D.**
Title: **Executive Director**
Address: **560 N. Nimitz Hwy., Suite 204, Honolulu, Hawaii 96817**
Phone Number: (808) 550-2552 Fax Number: (808) 550-2551

Contact Person for this Application: **Michael Duick, M.D.**
Title: **Executive Director**
Address: **560 N. Nimitz Hwy., Suite 204, Honolulu, Hawaii 96817**
Phone Number: (808) 550-2552 Fax Number: (808) 550-2551

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature

Date

Michael Duick, M.D.

Name (please type or print)

Executive Director

Title (please type or print)

1. TYPE OF ORGANIZATION: (Please check all applicable)

Public	_____
Private	<u> X </u>
Non-profit	<u> X </u>
For-profit	_____
Individual	_____
Corporation	<u> X </u>
Partnership	_____
Limited Liability Corporation (LLC)	_____
Limited Liability Partnership (LLP)	_____
Other: _____	_____

2. PROJECT LOCATION INFORMATION

A. Primary Service Area(s) of Project: (please check all applicable)

Statewide:	_____
O`ahu-wide:	_____
Honolulu:	_____
Windward O`ahu:	_____
West O`ahu:	_____
Maui County:	<u> X </u>
Kaua`i County:	_____
Hawai`i County:	_____

3. DOCUMENTATION (Please attach the following to your application form):

A. Site Control documentation

Please see letter of intent (Attachment 1).

B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.)

1) Zoning Permits

The proposed hospice inpatient unit is a residential home. Hawaii State law precedent allows permitted use of hospice homes in residentially designated zones including but not limited to zones for single-family dwellings (Hawaii Revised Statutes § 46-15.36).

2) Building Permits

The proposed property was constructed in 1978 and recently remodeled in 2008. No additional construction, remodeling or material improvements that would require any permitting are required for this facility to become operational.

3) Medicare & Medicaid Approval

Upon receiving Certificate of Need approval, Islands Hospice will file the proper documentation with Medicare & Medicaid so that this additional outpatient location and freestanding hospice unit are recognized by these agencies.

C. Your governing body: list by names, titles and address/phone numbers
Please see Attachment 2.

D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:

- Articles of Incorporation: please see Attachment 3.
- By-Laws: please see Attachment 4.
- Partnership Agreements: N/A
- Tax Key Number (project's location): 2-3-8-061-001-000

4. TYPE OF PROJECT. This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service	Change in Beds
Inpatient Facility					X
Outpatient Facility				X	
Private Practice					

5. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
Hospice Inpatient	0	7	7
TOTAL	0	7	7

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	\$525,000
2. Construction Contract	N/A
3. Fixed Equipment	N/A
4. Movable Equipment	\$100,000
5. Financing Costs	N/A
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	N/A
7. Other: <u>Aesthetic Improvements (landscaping, paint, etc.)</u>	\$200,000
TOTAL PROJECT COST:	\$825,000

B. Source of Funds

1. Cash	\$825,000
2. State Appropriations	N/A
3. Other Grants	N/A
4. Fund Drive	N/A
5. Debt	N/A
6. Other: _____	N/A
TOTAL SOURCE OF FUNDS:	\$825,000

7. **CHANGE OF SERVICE:** If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please reference the Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

A. Hospice Inpatient Change of Beds

Islands Hospice proposes the addition of 7 inpatient hospice beds in Kahului. Islands Hospice currently operates a Medicare certified and nationally accredited 5-bed hospice inpatient facility in Honolulu. The proposed addition of 7 inpatient hospice beds will bring our total bed count to 12 in the State of Hawaii.

B. Additional Location of Outpatient Hospice Services

Islands Hospice proposes to expand our outpatient hospice services to the island of Maui. As on Oahu, our Medicare certified and nationally accredited hospice program will address the physical, psychosocial and spiritual needs of terminally ill patients and their families. Services will be provided to the entire island of Maui wherever the patient resides, whether that is at a private home, a nursing facility, an assisted living facility or a residential care home. As with our Oahu operation, services will be provided regardless of ability to pay.

8. **IMPLEMENTATION SCHEDULE:** Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project:

1) **Date of site control for the proposed project**

a) Hospice Inpatient Change of Beds: The letter of intent to purchase the property at 833 Makalii Street, Kahului, Hawaii 96732 is attached (please see Attachment 1). After receiving the proposed Certificate of Need, Islands Hospice will complete the financial transaction within 30 days.

b) Additional Location of Outpatient Hospice Services: Islands Hospice currently has the infrastructure and professional staff necessary to begin outpatient operations on Maui.

2) **Dates by which other government approvals/permits will be applied for and received**

Medicare and Medicaid will be notified of the addition of inpatient hospice beds and addition of an outpatient service location upon receipt of Certificate of Need approval.

3) **Dates by which financing is assured for the project**

a) Hospice Inpatient Change of Beds: Islands Hospice and its founder, Sotto International, have adequate cash reserves to purchase the movable equipment, fund 100% of the purchase price of the proposed site and support ongoing operational

expenses to include professional staffing. No State appropriations, grants or fund drives will be required fund the proposed project.

- b) Additional Location of Outpatient Hospice Services: Islands Hospice has adequate cash reserves to initiate outpatient hospice services on Maui.
- 4) **Date construction will commence**
No construction is required. The project site is recently renovated.
- 5) **Length of construction period**
Not applicable.
- 6) **Date of completion of the project**
 - a) Hospice Inpatient Change of Beds: Islands Hospice received an approved Certificate of Need for the addition of 5 inpatient hospice beds at 2449 10th Avenue, Honolulu, Hawaii on February 28, 2012 (Application #12-01A). Operations started on June 12, 2012. We anticipate a similar time frame to begin operations at the proposed Kahului hospice inpatient unit, which is approximately 90 days from purchase of the property.
 - b) Additional Location of Outpatient Hospice Services: Islands Hospice currently has the infrastructure, professional staffing and resources to begin Medicare certified outpatient hospice services on Maui.
- 7) **Date of commencement of operation**
Islands Hospice anticipates initiation of outpatient hospice services within 90 days from receipt of approved Certificate of Need. Islands Hospice anticipates initiation of inpatient hospice operations within 90 days of the proposed site purchase.

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the certificate of need.

9. **EXECUTIVE SUMMARY:** Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificate of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

A. Relationship to the State of Hawaii Health Services and Facilities Plan. Our proposed application to add inpatient hospice beds and increase access to outpatient hospice services on Maui relates to the State of Hawaii Health Services and Facilities Plan in the following ways:

- 1) Supports the State of Hawaii Health Services and Facilities Plan by increasing cost-effective access to necessary health care services, and encouraging optimization of services by ensuring supply meets community need.
- 2) Supports the State Health Planning & Development Agency's purpose of promoting accessibility to quality health care at reasonable cost.
- 3) Supports the Statewide Health Coordination Council priorities of ensuring that the proposed service will at least maintain overall access to quality health care at a reasonable cost.
- 4) Supports the Tri-Isle Subarea Health Planning Council priorities of increasing the availability of long-term care services and other support services, which include hospice services, to maintain quality-of-life and housing.

B. Need and Accessibility

1) Hospice Inpatient Change of Beds

With regard to need and accessibility of hospice inpatient services, Islands Hospice believes the need on the island of Maui has been present for years. There are currently 46 hospice beds available on the island of Oahu and 17 hospice beds available on the Big Island of Hawaii.

In October 2007, Hospice Maui received approval from SHPDA for the addition of 12 hospice inpatient beds (application #07-24A). Despite obtaining approval for 12 beds, the need that existed 5 years ago has still not been satisfied, as no hospice beds currently exist on the island of Maui. In the summer of 2012, Hospice Maui announced in their newsletter that they would be "unable to successfully operate a 12-bed facility." The newsletter further states that Hospice Maui has "shifted our focus from a 12-bed, 13,000 s.f. high-acuity type of hospice facility, to a home-like, 5-bed, 3,000 s.f. facility."

Attachment 5 compares the hospice bed capacity per capita on Oahu and the Big Island to the island of Maui. This comparison clearly demonstrates the island of Maui is significantly underserved in terms of hospice beds relative to Oahu and the Big Island.

Islands Hospice recognizes the urgent need for inpatient hospice services on the island of Maui. We propose to add 7 inpatient hospice beds to fulfill the previously demonstrated need for a total of 12 inpatient hospice beds on Maui. With no hospice beds currently available on the island of Maui, the 7 proposed beds by Islands Hospice would put the island of Maui on par with the island of Oahu in terms of the number of hospice beds per capita. The additional 5 beds Hospice Maui may construct would further increase capacity to put Maui on par with the Big Island of Hawaii in terms of hospice beds per capita.

The proposed site for the Islands Hospice inpatient facility on Maui was chosen based upon its central location and the fact that it is a recently remodeled residential home. The proposed inpatient unit has over 3,500 square feet of living space and is currently configured to provide 7 comfortable, private rooms for hospice patients. Additional rooms will provide quiet space for patient and family meditation and prayer. Our experience with the inpatient unit in Honolulu has taught us that patients and their family members truly value the experience of end-of-life care provided in a home-like environment as opposed to other types of traditional health care facilities. The proposed site will allow Islands Hospice to provide high quality, state of the art medical care in an environment that feels more like a home than a hospital.

2) Additional Location of Outpatient Hospice Services

Attachment 6 compares hospice utilization in the State of Hawaii to the national average, as well as the six states closest in population size to Hawaii. This comparison indicates that utilization in the State of Hawaii is 36% below the national average, whereas states similar in size to Hawaii either approximate or exceed the national average in terms of hospice utilization.

While hospice utilization in the State of Hawaii is 36% below the national average, utilization on the island of Maui is significantly below the state average. Hospice of Maui's Summer 2011 Newsletter reported an average daily census of 36, and their current census is estimated at less than 45 patients per day. As Attachment 7 indicates, the island of Maui currently serves less than 50% as many hospice patients per capita as Oahu and the Big Island of Hawaii.

With multiple hospice providers, Oahu and Hawaii have been successful in keeping pace with the rapidly growing demand for hospice care as evidenced by their ability to admit hospice patients in a timely fashion. The medical community in Maui has expressed frustration with having to wait as long as 1 week or more to have terminally ill patients admitted to hospice. Delays in admitting patients to hospice care impose unnecessary strains on the healthcare system by forcing hospitals to postpone discharges and denying terminally ill patients and their families from the most appropriate, cost-effective care during their final days of life.

By expanding service to the island of Maui, Islands Hospice will increase accessibility to hospice care to the residents of Maui, an underserved population for end-of-life care. All residents of the island of Maui, in particular, the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups will have access to our hospice services regardless of ability to pay. In addition, by providing hospice service on Maui, Islands Hospice will also provide the residents of Maui with more than one choice for hospice care.

C. Quality of Service/Care

Since receiving our initial Certificate of Need approval in October 2008 to provide hospice services, Islands Hospice has maintained its commitment to quality of care as its single highest priority. Our track record of accomplishments since commencing operations demonstrates our success in this area. The following are brief descriptions of the achievements and milestones that are indicative of Islands Hospice's high quality of care:

1) Medicare Certification

Islands Hospice operates a Medicare certified hospice agency on the island of Oahu. Islands Hospice is one of two hospice agencies on Oahu that operates a Medicare certified hospice inpatient unit.

2) Quality Assurance and Performance Improvement

Islands Hospice has Quality Assurance and Performance Improvement (QAPI) policies and procedures in place as required by Medicare's Conditions of Participation. The purpose of the Islands Hospice QAPI plan is to provide a strategy for systematic, organization-wide implementation of quality assessment and performance improvement activities. This plan ensures that the organization is providing appropriate, high-value, effective and efficient services in accordance with our mission and current standards of practice. Through QAPI activities, the organization provides a mechanism for identification and prioritization of opportunities for problem identification and improvement in care and operations. All employees of Islands Hospice regularly participate in performance improvement projects.

3) Community Health Accreditation Program (CHAP)

In October 2012, CHAP conducted a survey of Islands Hospice community-based hospice services and granted Islands Hospice reaccreditation for hospice care. CHAP also surveyed the inpatient unit located at 2449 10th Avenue and granted the unit accreditation status. The CHAP Standards of Excellence for hospice care that Islands Hospice satisfied either meet or exceed the Medicare regulations for hospice care, indicating that Islands Hospice conforms to a higher overall standard than required by the Federal government. Of the 9 hospice providers operating in the State of Hawaii, Islands Hospice is one of only 3 agencies that are accredited in hospice care. While national accreditation is not required to provide hospice services, Islands Hospice believes that achieving and maintaining accreditation ultimately improves patient care. Upon receiving CON approval, CHAP will be notified of the addition of inpatient hospice beds and an outpatient service location on the island of Maui.

4) Hospice Inpatient Unit Experience

Approximately 3 ½ months after receiving a Certificate of Need, Islands Hospice admitted their first patient to the inpatient unit located at 2449 10th Avenue in Honolulu. Since this first admission in June 2012, the home has been operating at 97% occupancy providing all levels of hospice care – residential, respite and general inpatient – in a lovely homelike environment. As detailed above, the home is Medicare certified and nationally accredited. The Islands Hospice inpatient unit

provides care regardless of ability to pay and, to date, has provided over \$100,000 in charity care.

5) Community Reputation

Islands Hospice has developed a reputation in the community for exceptional patient care. All of Oahu's hospitals and many of the island's physicians and nursing homes regularly refer patients to Islands Hospice. Islands Hospice's referral base and referral volume has grown, and we now receive in excess of 120 hospice referrals a month from the medical community in Oahu. This high referral volume indicates that Oahu's health care providers have a high level of comfort and confidence in Islands Hospice providing end-of-life care to their patients. Our excellent reputation extends beyond the health care community to friends and family members of current and former patients who regularly recommend Islands Hospice to their loved ones who often choose Islands Hospice for end-of-life care.

6) Physician Executive Director

In January 2011, Dr. Michael Duick assumed the role of Executive Director for Islands Hospice. He has direct responsibility for managing all day-to-day administrative and clinical functions of the organization, as well as developing and executing our long-term vision for improving access to hospice care for residents of Hawaii. Dr. Duick attended the UCLA School of Medicine and, during a research fellowship in Radiation Oncology and Palliative Medicine, he assisted development of the first Inpatient Palliative Care Unit at UCLA Medical Center, Santa Monica. He is Board Certified in Internal Medicine and Hospice & Palliative Medicine and currently serves as Assistant Professor of Medicine at the University of Hawaii John A. Burns School of Medicine. Having Dr. Duick in the lead executive role distinguishes Islands Hospice as the only hospice provider in the State of Hawaii with a full time physician in charge of operations. In addition to satisfying the higher CHAP standards of care described above, we believe having a full-time physician leading our organization provides Islands Hospice with a distinct clinical advantage that enables us to provide superior patient care, staff education, guidance and supervision.

D. Cost and Finances

Attachment 8 sets forth Islands Hospice's 3-year projected revenues and expenses for the addition of a hospice location and 7 inpatient hospice beds.

E. Relationship to the existing health care system

This project will serve to improve the current health care system on Maui. Hospice of Maui demonstrated a clear need for 12 inpatient hospice beds in 2007. To date, no inpatient hospice beds are operational on Maui.

Hospice of Maui now plans to open a smaller 5-bed hospice facility. Islands Hospice plans to fill the need of the remaining 7 inpatient hospice beds by quickly opening a hospice unit in Central Maui.

Additional outpatient hospice services will provide the Maui Community at large with increased access to much needed end-of-life care wherever terminally-ill Maui residents call home. By expanding access to both inpatient and outpatient hospice services, Islands Hospice will increase access to affordable, high-quality end-of-life care for one of Hawaii's most underserved areas. This increased access and patient choice will improve the quality of life for Maui's terminally ill and reduce strains on the current health care system.

F. Availability of Resources

Islands Hospice and its founder, Sotto International, have adequate cash reserves to purchase the movable equipment, fund 100% of the purchase price of the proposed site and support ongoing operational expenses to include professional staffing. (Please see Attachment 9.)

Islands Hospice does not anticipate any difficulty in recruiting or retaining professional staff to begin services at a new location. Several of our staff members on Oahu have expressed an interest in relocating to Maui to provide our hospice services there. We have received several unsolicited telephone calls and emails from medical professionals interested in hospice employment opportunities on Maui. In addition, in the approved CON #07-24A, Hospice of Maui states that they "have never suffered from any difficulty in hiring top quality nursing staff" and that "non-nursing staff recruitment has been similarly successful."

10. Eligibility to file for Administrative Review. This project is eligible to file for Administrative review because: (Check all applicable)

- It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.
- It is a change of ownership, where the change is from one entity to another substantially related entity.
- It is an additional location of an existing service or facility.
- The applicant believes it will not have a significant impact on the health care system.