

HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

<u>A</u>	<u>DMINISTRATIVE</u>		FICATE OF NEED PROGRAM
Α	pplication Number	r: #/3-/2A To be assigned by Agency	Date of Receipt:
		: : : : : : : : : : : : : : : : : : :	
		API	PLICANT PROFILE
	Project Title: Estal	Nishment of back-up surface amb	ulance services for the Honolulu Emergency Medical Services Division
	Project Address:	501 Sumner Street, 6E	
		Honolulu, HI 96817	
	Applicant Facility	'Organization: <u>Kokua Ambu</u>	lance LLC
	Name of CEO or	equivalent: <u>Allyse Roesch</u>	
	Title: President		
	Address: <u>92-103</u>	3 Ko'io Drive, Villa E Ko'Oliı	na, HI 96707
)	Phone Number: (808)492-6335	Fax Number: <u>(760)739-5458</u>
	Contact Donous f	andhia Amaliadian Albus D	a a a a b
		or this Application: <u>Allyse Ro</u>	Descri
	Title: <u>President</u>		
	Address: <u>92-1033</u>	3 Ko'io Drive, Villa E Ko'Olin	<u>ia, HI 96707</u>
	Phone Number: (808)492-6335	Fax Number: <u>(760)739-5458</u>
		CERTIFIC	CATION BY APPLICANT
	contained herein	. I declare that the proj	eation and have knowledge of the content and the information ect described and each statement amount and supporting the best of my knowledge and belief.
	Signature	n leur	8-26-2013 Date

<u>President</u>

Title (please type or print)

Certificate of Need Administrative Application July 2009

Name (please type or print)

Allyse Roesch

1.	TYPE OF ORGANIZATION: (Please check all applicable)
	Public Private X Non-profit For-profit X Individual Corporation 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: Kaua`i County: Hawai`i County:
3.	DOCUMENTATION (Please attach the following to your application form):
	A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent) See Attachment 2
	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.) State of Hawaii, DOH, EMS Branch-Ambulance License Upon Approval-Medicare/Medicaid-Federal/State
	C. Your governing body: list by names, titles and address/phone numbers Allyse Roesch, President, 92-1033 Ko'io Dr Villa E Ko'Olina HI 96707, 808-492-6335 Brandon Hament, Vice President, 92-1033 Ko'io Dr Villa E Ko'Olina HI 96707, 808-492-6336 Richard Roesch, Advisor, 2537 Old San Pasqual Rd Escondido CA 92027, 760-739-8026
	 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 By-Laws Partnership Agreements Tax Key Number (project's location) TMK # 1-1-5-12-1-0016

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					
Outpatient Facility				Х	
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
N/A			
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A.	List A	All Project Costs:		AMOUNT:
	1.	Land Acquisition		
	2.	Construction Contract		
	3.	Fixed Equipment		
	4.	Movable Equipment		\$150,000
	5.	Financing Costs		
	6.	Fair Market Value of assets acquired by lease, rent, donation, etc.		\$160,000
	7.	Other:		
		TOTAL PROJECT	· COST:	\$310,000
В.	Sourc	ce of Funds		
	1.	Cash		
	2.	State Appropriations		
	3.	Other Grants		
	4.	Fund Drive		
	5.	Debt		\$150,000
	6.	Other: FMV of leased space to be paid by monthly	payments	\$160,000
		TOTAL SOURCE	OF FLINDS:	\$310 <u>000</u>

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.

Category 3T: Surface ambulance service. An additional back-up provider for

for the City and County of Honolulu Department of Emergency Medical

Services will be added to Oahu.

- 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:
 - a) Date of site control for the proposed project, A lease agreement is currently in effect.
 - b) Dates by which other government approvals/permits will be applied for and received,
 - Approvals/permits will be applied for immediately following approval of the CON. Upon approval of the CON, the ambulance license from the State Department of Health of Hawaii will be applied for and obtained within 30 days. Subsequently, Medicare and Medicaid certification will be applied for and obtained within 60 days.
 - c) Dates by which financing is assured for the project, Immediately following approval of the CON.
 - d) Date construction will commence,
 No construction is needed; the space is built out.
 - e) Length of construction period,
 No construction is needed; the space is built out.
 - f) Date of completion of the project, and
 The services will begin March 1, 2014, or the backup contract start date.
 - g) Date of commencement of operation The equipment will be purchased and the personnel hired as soon as the CON is approved and the requisite licenses are obtained. The services will begin March 1, 2014, or the backup contract start date.

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. See Attachment 1

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

10.		y to file for Administrative Review. This project is eligible to file for rative 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.
	X	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.
	7	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.
	X	The applicant believes it will not have a significant impact on the health care system.

Executive Summary:

Kokua Ambulance will provide one additional backup ambulance to the City and County of Honolulu Department of Emergency Services ("C&C"). Kokua Ambulance's services will include emergency ("911" or "ALS") and non-emergency ("non-emergent" or "urgent" or "BLS") transports. In the existing system, C&C provides 911 or emergency ambulance services to Oahu. One private ambulance service (American Medical Response or "AMR") provides non-emergent services to all facilities on Oahu, has ambulance contracts with Kaiser and other hospitals, has the ambulance contract with the airport, handles all private and State ambulance contracts, contracts with C&C to provide additional 911 services to West Oahu, and provides 911 and non-emergent backup services for C&C. AMR historically has been unable to accept a large number of backup requests from C&C and has been criticized for being a costly backup provider. Kokua Ambulance's primary mission will be to support C&C and provide further relief to the overburdened EMS system by running non-emergent backup calls.

a) Relationship to the State of Hawai'i Health Services and Facilities Plan

Statewide Health Coordinating Council (SHCC) Priorities

Kokua Ambulance's proposed services relate to many of the statewide general principles. Kokua Ambulance will "promote and support the long-term viability of the health care delivery system", and expand and retain the health care workforce to enable access to the appropriate level of care in a. timely manner". A backup ambulance service by Kokua Ambulance will increase the number of ambulance units/ambulance personnel and minimize delayed response times on Oahu. Presently, Kokua Ambulance has staff ready to fulfill its ambulance staffing needs and has necessary equipment. Kokua Ambulance will "ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost". Kokua will charge the City significantly less for 911 backup services and will charge State fees for emergency ambulance services for non-emergent backup services. In addition, Kokua Ambulance will demonstrate the same level of high quality care as established by their affiliate companies in Los Angeles, San Diego, and Mariposa counties. Kokua Ambulance will "strive for equitable access to health care services", and "ensure all projects are appropriate for the regional and statewide continuum of care". At Kokua Ambulance, any member of the public will have access to services without regard to the patient's ability to pay, their age, race, sex or ethnic background. Lastly, Kokua will be an additional C&C backup provider to transport patients, utilizing either ALS or BLS services, to appropriate levels of care.

Subarea Health Planning Council (SAC) Priorities

Honolulu (HONSAC) Priorities

This application relates to the Honolulu priority of identifying and addressing workforce shortages in the health care industry with particular emphasis on senior care services. Kokua Ambulance will increase the number of and retention of EMTs and MICTs in the workplace. According to the Health Care Workforce Rates and Rankings table, Hawaii was ranked 43rd for emergency medical technicians and paramedics in 2006. (Source: Table 3, Health Care Workforce Rates and Rankings; Health Care State

Rankings 2008). Kokua has staff ready to fulfill its staffing needs and has two Hawaii licensed MICTs and two Hawaii licensed EMTs who will be employed once this application is approved. In addition, Kokua has a list of over 20 paramedics from San Diego and Los Angeles counties that are interested in going through the reciprocity process and becoming Hawaii licensed MICTs. One of these paramedics recently went through the process, which took a few months, and necessary clinical hours or ride-a-long hours were able to be completed in San Diego County. San Diego County Medical Director, Dr. Bruce Haynes, has agreed to sign off on potential MICTs when additional clinical hours are fulfilled.

West Oahu SAC Priorities

This application relates to the West Oahu SAC priority of improving and increasing access to acute care, critical care, specialty care, nursing home beds, and emergency care options. Kokua Ambulance will improve and increase access to acute care, critical care, specialty care, nursing home beds, and emergency care options to West Oahu by becoming an additional backup provider for C&C and by increasing ambulance units and ambulance personnel.

Windward SAC Priorities

This application relates to the Windward SAC priorities of improving bed availability and having adequate access. Kokua Ambulance will "improve the hospital bed availability through timely transfer of ready patients to appropriate levels of care". "Examples include the transfer of an acute care patient to a long term care facility or for specialized continued treatment". With the addition of a backup ambulance and ambulance personnel, Kokua will be able to provide more timely transfer of patients to appropriate levels of care on the windward side of Oahu.

b) Need and accessibility

Accessibility

Any member of the public will have access to Kokua Ambulance's services when C&C requests backup support from the applicant. These services will be available to anyone without regard to the patient's ability to pay, their age, race, sex or ethnic background.

Growing Population and Aging Population

The growing population (especially on the west side), the aging population, and tourism growth on Oahu places increasing demands on all health care services; including ambulance services. According to the 2011 State Data Book, the resident population increased by 9.9% from 2000 to 2011 while the de facto population increased by 7.7%. The highest growth rates from 2000 to 2010 were sustained in Mililani Mauka-Launani Valley (73.8%), Makakilo/Kapolei/Honokai Hale (37.7%), and Ewa (36.7%). (Source: Table 1.15, Resident Population for Oahu Neighborhoods: 2000 and 2010; 2011 State Data Book). Additionally, the population statewide is getting older; the population aged 50 years to 64 years (or the baby boomer population) increased from 187,536 in 2000 to 273,540 in 2010. This is a 46% increase in population size. (Source: Table 1.30, Resident Population, By Age and Sex: 2000 and 2010; 2011 State Data Book). According to a Star Advertiser article, the entire baby boomer population will reach the age

of 65 in 2030. (Source: Tsai, Michael. 2010, November 15. Graying of Hawaii. *Honolulu Star-Advertiser*. http://www.staradvertiser.com). In the same article, it states that the state Department of Business Economic Development and Tourism forecasts that the local senior population will jump from 15% of all state residents to 23% in 2030. Lastly, there is an increase forecast in tourism statewide. It is forecasted that in 2013 the amount of visitors statewide will be 8,344,000. (Source: Table 2Q 2013: DBEDT Forecasts: Visitor Arrival).

Imminent Increase in Transfers

The new Queen's Medical Center West Oahu is projected to open in spring 2014. The amount of transfers between this hospital and others will increase ambulance call volume. With the baby boomer population reaching the age of 65 plus, new skilled nursing facilities, retirement communities, and assisted living facilities are opening. St. Francis is converting three floors of its former Liliha hospital into a 100-bed skilled-nursing facility. This facility is projected to open in summer 2014 and will generate ambulance call volume.

Lack of Backup Support

Non-Emergent Backup Requests, 2013

	March	April	May
#of Non-Emergent Calls	3195	3144	3037
#of AMR Requests	607	630	583
#of AMR Assists	394	432	380
#of AMR Unable to Assist	213	198	211
Percent AMR Unable to Assist	35%	31%	36%
Average Monthly Percent	34%		
Monthly Average	207		

Source: City and County of Honolulu Department of Emergency Services, C&C Dispatcher

As seen in the table above, AMR was unable to respond to an average of 207 non-emergent backup requests in March, April, and May 2013. When AMR is unable to respond, the request is referred back to C&C. This results in C&C's emergency ambulance being taken out of service to run a non-emergent call and a patient waiting an extended period of time for an ambulance to arrive on scene. Once contracted, Kokua Ambulance will be able to accept more backup requests to lessen the impact of non-emergent calls on the emergency medical services system and allow C&C to be more available to run 911 calls and potentially save more lives.

Resolution 13-158 CD1

On August 7, 2013 the City Council of the City and County of Honolulu adopted Resolution 13-158 CD1: Urging the Honolulu Emergency Services Department to evaluate the need for a second provider for backup ambulance service for the City and County of Honolulu. See Resolution in Attachment 6. The

Resolution states that "...the City's current level of ambulance service may not be able to adequately serve the growing West Oahu region's population for both non-911 patient transport and 911 emergency calls due to the region's population size, geographic extent, and corresponding transport times to available emergency medical facilities", "...since 1995, the lack of a second licensed ambulance service provider has resulted in the City's contracting with its current provider on a sole source basis", "...there is an emerging need for a second private ambulance service provider for the City and County of Honolulu to provide back-up services to the existing 911 emergency service", "...a competitive bid process could result in cost containment and improved patient care".

In written testimony submitted to the council members on July 16, 2013, Honolulu Department of Emergency Services Director Mark Rigg stated that "If two or more providers are available, the City would be required to engage in a competitive bid process, even if the purpose of the bid process would be to identify two service providers". He goes on to state, "We believe that a competitive bid process could result in cost containment and improved patient care". Furthermore, Director Mark Rigg testified during the July 16th Public Safety and Economic Development Committee meeting that the City could benefit from a second licensed provider. See written and verbal testimony in Attachment 8.

911 and Non-Emergent Backup Contract

Once granted CON approval, Kokua Ambulance will bid on the 911 and non-emergent backup contract with C&C. Kokua Ambulance has been advised that the current C&C backup contract is set to expire February 2014 and bidding will begin December 2013. Without a competitor, AMR will be the only bidder for the backup contract.

c) Quality of service/care

Licenses and Certifications

Once this application is approved, Kokua Ambulance will apply for and obtain its ambulance license from the State Department of Health in Hawaii. After receiving the ambulance license, Kokua Ambulance will apply for and obtain the subsequent certifications of Medicare and Medicaid.

Kokua Ambulance has staff ready to fulfill its staffing needs and has two Hawaii licensed MICTs and two Hawaii licensed EMTs who will be employed once this application is approved. Kokua is committed to beginning service to meet the need as soon as the CON is granted and the necessary licenses are obtained.

Both of Kokua Ambulance's Hawaii licensed MICTs will maintain certification in: National Registry, NRP, ACLS, PALS, Hazmat, PHTLS, and CPR.

Both of Kokua Ambulance's Hawaii licensed EMTs will maintain certification in: National Registry, CPR, PHTLS, and Hazmat.

All Kokua Ambulance's MICTs and EMTs will attend required in-services, staff meetings, and training sessions. Training sessions will include skills training, leadership training, and quality customer service practices.

Monitoring Quality of Care

Kokua Ambulance will establish internal procedures to monitor its ability to be on time to service patients and its ability to provide the highest level of patient care. Kokua Ambulance has developed the following internal policies and procedures to ensure quality of care: EVOC (Emergency Vehicle Operator's Course) Program, Field Standard Operating Procedures, Employee Policies, Employee Safety Manual, Field Standard Operating Procedures-MICT, EMT Safety Rules, Office Safety Rules, and a Quality Improvement Program.

Kokua Ambulance's backup contract with C&C will include entering into a HIPAA compliant agreement to share Patient Care Reports and report response times for all backup services. Per the minimum specifications for the C&C backup contract, response time guidelines for backup calls are as follows: 911 calls-10 minutes for urban areas, 15 minutes outside urban areas; Non-emergent calls-60 minutes at the ninetieth percentile. Additionally, in accordance with the minimum specifications, Kokua's ambulance unit will be in compliance with Chapter 72 of the Public Health Regulations, Department of Health, State of Hawaii.

Affiliate Companies

Kokua Ambulance's affiliate ambulance companies are McCormick Ambulance, operating in Los Angeles County, and Mercy Medical Transportation, Inc., operating in San Diego and Mariposa counties. Both companies hold the 911 contracts with the respective counties. McCormick and Mercy are members in good standing of the California Ambulance Association. Mercy is a member in good standing of the American Ambulance Association.

McCormick Ambulance is a landmark in EMS history; being the first private ambulance company to have certified paramedics in California. There are sixty plus ambulance providers operating in Los Angeles County. McCormick has been able to surpass the competition and win the 911 contract in 2 of the 7 Los Angeles zones by being excellent at quality customer care and quick response times. For 2012, McCormick had an average response time of 5 minutes and 37 seconds for 911 calls and 19 minutes and 28 seconds for non-emergent calls. McCormick was able to reach these industry setting response times despite Los Angeles traffic. According to a Star Advertiser report, Los Angeles was ranked number one for worst traffic, while Honolulu was ranked number two for worst traffic in the United States for 2012. (Source: 2013, April 24. Report: Honolulu has nation's second-worst traffic. *Honolulu Star-Advertiser*. http://www.staradvertiser.com).

Mercy Medical Transportation is well known for their excellence in quality of care and commitment to the communities they serve. In San Diego County, Mercy is the contracted 911 provider for the Pala and Rincon Band of Mission Indians. Mercy was the first private ambulance provider to serve these reservations and decreased ambulance wait times from hours to minutes.

Building upon the successful experiences of its California affiliates, Kokua Ambulance will strive for the same level of excellence and commitment to the community in Hawaii.

d) Cost and Finances

The City will save by having a competitive bid process for the 911 and non-emergent backup contract for the first time since 1995. AMR charges the City \$576 per 911 backup call and \$288 per cancelled call. Kokua Ambulance will charge significantly less for 911 backup calls, in the range of \$400 to \$480, and will never charge the City for cancelled calls. For non-emergent backup calls, Kokua will bill the patient's health insurance. Per Dr. Linda Rosen, Chief of the State Department of Health's Emergency Medical Services Branch, backup providers are to charge the current State fees for emergency ambulance services. Therefore, charges for non-emergent backup calls are as follows:

Service	Charges
A0429 Basic Life Support (BLS) Base Rate	\$775.00
A0425 Mileage	\$12.00

^{*}Actual health insurance reimbursement is not included.

Financial Feasibility

	March-December 2014	2015	2016
Transports	1,475	1,770	1,805
Gross Patient Services Revenue	\$1,231,625	\$1,477,950	\$1,507,175
Allowance for Uncollectibles	\$759,477	\$911,373	\$929,394
Net Patient Service Revenue	\$472,148	\$566,577	\$577,781
Total Expenses	\$371,563	\$445,875	\$454,792
Funds from Operations	\$100,585	\$120,702	\$122,989
Total Debt Financing	\$35,100	\$42,120	\$42,120
Excess Funds from Operations	\$65,485	\$78,582	\$80,869

Itemized List of Expenses

Expenses	March-December 2014	2015	2016
Crew Salaries and Benefits	\$233,330	\$279,996	\$288,396
Dispatch Fees	\$10,000	\$12,000	\$12,000
Payroll Taxes	\$19,588	\$22,540	\$23,216
Fuel	\$8,000	\$9,600	\$9,600
Medical Supplies	\$14,055	\$18,850	\$18,439
Maintenance-Equipment	\$500	\$600	\$600
Maintenance-Vehicles	\$3,000	\$3,600	\$3,600
Maintenance-Building	\$1,000	\$1,200	\$1,200
Telephone	\$2,500	\$3,000	\$3,000

Office Supplies	\$500	\$600	\$600
License and Fees	\$1,000	\$1,200	\$1,200
Accounting Fees	\$400	\$400	\$400
Other Professional Fees	\$10,000	\$12,000	\$12,000
Workers' Comp Insurance	\$7,000	\$8,400	\$8,652
Health/Life Insurance	\$9,000	\$10,800	\$10,800
Vehicle Insurance	\$12,500	\$15,000	\$15,000
Postage	\$200	\$240	\$240
Communications	\$3,000	\$3,600	\$3,600
Bank Service Charges	\$150	\$180	\$180
Uniforms	\$1,600	\$1,600	\$1,600
Rent	\$10,000	\$12,000	\$12,000
Utilities	\$3,000	\$3,600	\$3,600
Excise Tax	\$21,240	\$24,869	\$24,869
Total Expenses	\$371,563	\$445,875	\$454,792

Expected revenues from the first and third year of operation are as follows: 2014(beginning March)-\$472,148.00; 2016-\$577,781.00. Expected costs from the first and third year of operation are as follows: 2014(beginning March)-\$371,563.00; 2016-\$454,792.00.

Alternatives

Due to the fact that AMR is unable to respond to an average of 207 non-emergent backup requests per month, Resolution 13-158 CD1 states there is an emerging need for a second private ambulance service provider for the City and County of Honolulu to provide backup services to the existing 911 emergency service, and the Director of the Honolulu Department of Emergency Services testified having an additional backup provider could result in cost containment and improved patient care; Kokua Ambulance does not believe any acceptable alternatives exist other than the establishment of an additional backup provider to support C&C.

e) Relationship to the existing health care system

Kokua Ambulance will serve as an additional backup provider for C&C and provide 911 and non-emergent backup support. Kokua Ambulance will deploy one ambulance unit and employ two Hawaii licensed MICTs and two Hawaii licensed EMTs. Kokua Ambulance will fill a gap in the existing health care system by assuring that there is one backup provider who could continue to provide services if the present backup provider closes down for any reason. Kokua will be an additional provider to provide surge capacity. This includes assistance needed during natural disasters and planned events like the Pro Bowl and the Asian Pacific Economic Cooperative. Additionally, Kokua will fill the gaps in the existing emergency medical services system by accepting more non-emergent backup requests; thus lessening the amount of non-emergent calls C&C must run.

In the existing system, C&C has one backup ambulance provider; AMR. When Kokua Ambulance becomes an additional backup provider, the City will have an additional resource to utilize. Therefore,

when the primary backup provider is unable to respond to a backup request the secondary backup provider will be requested to respond.

f) Availability of resources

Along with two Hawaii licensed MICTs and two Hawaii licensed EMTs, Kokua Ambulance has an interim Medical Director. Dr. Fagan is currently licensed in the State of Hawaii and is McCormick Ambulance's Medical Director in Los Angeles County. See Dr. Fagan's resume in Attachment 9.

A line of credit will be established with Mercy Medical Transportation, Inc., totaling \$75,000, to cover operating costs. A line of credit will also be established with Richard Roesch, totaling \$225,000, to cover operating costs and the project costs of the ambulance and equipment. See line of credit agreements in Attachment 10.