



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

EMERGENCY APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 06-11E
Applicant: Premier Jets, Inc
P.O. Box 91430
Portland, Oregon
Phone: 503 640-2927

Project Title: Establishment of fixed wing ambulance service

Project Address: Kalaeloa Airport, Hanger 110
Kapolei, HI

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

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

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STATE UTILITIES
DIVISION

2. **PROJECT LOCATION INFORMATION**

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

Statewide: X
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)
- 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.)
- C. Your governing body: list by names, titles and address/phone numbers
- 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)

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) '06	Change in Service APR 11 10:05 RECEIVED	Change in Beds
Inpatient Facility					
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
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

- | | | | |
|----|--|-------------------------------------|-------------|
| 1. | Land Acquisition | | _____ |
| 2. | Construction Contract | | _____ |
| 3. | Fixed Equipment | RECEIVED
*06 APR 11 11:05 | \$ 30,000__ |
| 4. | Movable Equipment | ST. HILTY PLIND
& DEVI. RECEIVED | 500,000__ |
| 5. | Financing Costs | | _____ |
| 6. | Fair Market Value of assets acquired by
lease, rent, donation, etc. | | _____ |
| 7. | Other: _____ | | _____ |

TOTAL PROJECT COST: _____
\$530,000

B. Source of Funds

- | | | | |
|----|--------------------------------------|--|--|
| 1. | Cash | | \$530,000
30,000 <i>12</i> |
| 2. | State Appropriations | | _____ |
| 3. | Other Grants | | _____ |
| 4. | Fund Drive | | _____ |
| 5. | Debt | | _____ |
| 6. | Other: _____ Existing Company Assets | | 500,000 <i>12</i> |

TOTAL SOURCE OF FUNDS: _____
\$530,000

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.

3 (u) Establishment of new Fixed-Wing Intra-Island, Inter-Facility Air Ambulance Service

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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, 1 June 2004
- b) Dates by which other government approvals/permits will be applied for and received, 1 May 2006 (Applied) 15 May 2006 (granted)
- c) Dates by which financing is assured for the project, N/A, Will use current assets of Company.
- d) Date construction will commence, N/A
- e) Length of construction period, N/A
- f) Date of completion of the project, N/A
- g) Date of commencement of operation 15 June 2006

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 Hawai'i Health Performance Plan (H2P2), also known as 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. 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.

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Hawaii Intra-Island Fixed Wing Transport

3. DOCUMENTATION:

- A. PJI currently leases adequate hanger and office space for this project at Kelaeloa Airport (Permit #s 6382, 6414 - see attachments)
- B. Hawaii State Ambulance License (can not apply until CON granted); FAA Air Carrier Cert. # CMWA-383B (attached); Commercial Aviation Ins. (Attached), HCFA State of Hawaii Provider number.
- C. Governing Body: Roger B. Kelsay, President, PO Box 91430, Portland, Oregon 97291, (Ph) 503.640.2927
- D. Articles of Incorporation, By-laws: See Attachments; Partnership Agreements and Tax Key Numbers: Not Applicable

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9. Executive Summary

Nature of the Emergency.

Section 11-186-99 HAR, provides for Emergency CON applications where there is a "state of affairs involving an actual or substantial injury to public health or where there is a clear and present danger of such an injury occurring."

The existing fixed wing provider for the State is currently unable to adequately respond to transport requests, thus requiring patients to rely on Federal transport assets or standby at their current location, indefinitely.

Historically, there has been a need for approximately 200 fixed-wing inter-facility, intra-state medical transports per month in Hawaii. The existing provider is reportedly only able to currently provide only one flying aircraft with single patient capacity. This lack of capability has created a patient transport crisis that has required the US Coast Guard, other military groups and the Maui helicopter to step in and help provide limited additional airlift for critically ill patients. This is clearly a situation that has evolved into an emergency situation for 'at-risk' patients in need of inter-facility transports within the State of Hawaii.

Summary of the Proposal

Premier Jets (dba Lifeguard Air Ambulance) currently provides long-range, interstate and international air ambulance services to patients in Hawaii and other Pacific Rim locations with aircraft at Kalaeloa Airport (formerly Barbers Point NAS) and Hillsboro, Oregon. These services have been provided from our Portland, Oregon base since approximately 1996.

Premier Jets (PJI) is a (CAMTS) accredited air ambulance service provider working in conjunction with its affiliated organization, Lifeguard Ambulance Corporation. PJI was incorporated in 1984 and has provided air ambulance services since the initial award of its FAA Air Carrier Certificate. We have many years of experience in air ambulance operations which have included contracted transport services to hospital based transport programs, organ procurement agencies and of course our own company transport program.

We anticipate a 30-45 day start up period for inter-island operations, utilizing existing company owned fixed wing aircraft. Additional aircraft could be added based on need and market conditions.

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Medical transport teams, flight and maintenance personnel will be primarily hired from the local area. Training of new employees will be performed by existing Company personnel to assure compliance with our Company standards of quality.

Only the highest of safety standards are acceptable to Premier Jets. We strive to provide an employment atmosphere that assures both personnel and patients of the highest standards of safety and patient care.

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a) **H2P2**: Goals include: increasing “the span of a healthy life for Hawaii residents,” reducing “health disparities among Hawaii residents,” and achieving “equitable and effective access at a reasonable cost for all Hawaii residents to health services that are responsible to the holistic needs of the community’s members. H2P2 articulates basic principals for a comprehensive, cost effective, well coordinated and responsible health care delivery system. Finally, Chapters IV through XI of the H2P2 address various conditions and diseases that require treatment that is only available at certain locations within the Hawaii health care system.

Access to a safe and reliable inter-facility transport program will save and/or extend lives in the State. It will allow for equal access to all medical facilities in the State and will benefit the consumer with the symbiotic relationship of our interstate transport capability.

b) **Need**: There is currently a transportation crisis within the State because of operational problems being encountered by the existing fixed wing air ambulance provider. Due to a recent and extremely unfortunate flight incident, the current provider has been unable to respond to the fixed-wing, inter-facility transport needs within the State. It has been reported that there is a need for over 200 transports per month within the State and only recently, has the existing provider been able to finally field one of its aircraft. Normally they would have operated a fleet of up to four or five aircraft.

The US Coast Guard and other organizations have been forced to provide back-up transports for critically ill patients which drains extremely limited (and tremendously expensive) assets away from their primary missions.

The public relies on this transport system for access to specialized medical care that is not available in certain locations in the State. This is clearly a health care crisis for those patients that are in critical need of these services.

Accessibility: The services will be available to all patients in compliance with all statutes and regulations of the State of Hawaii.

c) **Quality of Service/Care:** PJI is a nationally accredited (CAMTS) service provider. (The Commission on Accreditation of Air Medical Transport Systems is the internationally recognized accrediting organization for air transport programs).

Premier Jets is certificated by the FAA for commercial air carrier operations, including air ambulance. The Company is currently licensed by the State of Oregon for both air and ground ambulance operations.

As a provider, our Company trained flight and medical teams meet the high standards of our accredited air transport program. This assures our patients the highest standards of care that is available.

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PJI would encourage SHPDA to contact some of our clients: Kapiolani, Straub, Maui Memorial or Oregon Health Sciences University as references to our service quality.

d) **Cost and Finances:** The project is expected to take up to three years to attain profitability (see attachments). Cash outlays will be minimized by the ability of the Company to use re-allocated assets currently owned by the Company, such as aircraft, patient transport systems, medical equipment, etc..

We do not anticipate any significant change in the cost to service users in the immediate future or to costs of health services to the community.

e) **Relationship to the existing health care system:** This service will fill the void of the current provider's inability to service the needs of the State. We will not only meet the transportation needs currently in effect but we will also enhance the services available by more efficiently utilizing these limited resources.

Our services will also enhance the existing health care system by providing improve response times and shorter transport times through the planned use of our turbo-prop aircraft.

We are not aware of less costly or alternative methods of providing these services.

f) **Availability of Resources:** Premier Jets will reallocate existing assets to Hawaii from our Hillsboro, Oregon operating base. Thus, significant initial capital expenditures will not be required during the start up phase, as the Company will initially utilize assets in its current inventory. This also significantly reduces start up delays for servicing the patient transport needs.

The Company plans on hiring and training local medical staff, flight crews and maintenance personnel from the surrounding communities. We do not anticipate any problems with staffing for our needs. Senior management personnel will continue to commute from our home base to oversee the operations, as is currently being done.

Initially, the Company will operate out of existing leased facilities at the Kalaeloa Airport, in Kapolei, with the potential to re- position the aircraft to Honolulu International if it is deemed more suitable after an initial trial period.

The Company has a proven track record of nearly 22 years in this business. We look forward to this challenge.

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