

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE
GOVERNOR OF HAWAII

CHIYOME L. FUKINO, M.D.
DIRECTOR OF HEALTH

DAVID T. SAKAMOTO, M.D., M.B.A.
ADMINISTRATOR

1177 Alakea St. #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

April 13, 2006

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATIONS
AirMed Hawaii, LLC	)	NO. 06-07E
Big Island Air, Inc.	)	NO. 06-08E
ACI Pacific LLC dba Emergency Airlift	)	NO. 06-09E
Premier Jets Inc.	)	NO. 06-11E
Applicants)	
	)	DECISION ON THE MERITS
)	

DECISION ON THE MERITS

The State Health Planning and Development Agency (hereinafter "Agency"), having taken into consideration all of the records pertaining to Certificate of Need Applications Nos. 06-07E, 06-08E, 06-09E and 06-11E on file with the Agency, including the written testimony and exhibits submitted by the applicants and other affected persons, and after making a reasonable effort to consult with the chairs of the appropriate Agency councils and panels in accordance with HAR 11-186-99(c), the Agency hereby makes its Decision on the Merits, including findings of fact, conclusions of law and orders on Certificate of Need Applications Nos. 06-07E, 06-08E, 06-09E and 06-11E.

I

BACKGROUND

1. The following applications were filed with the Agency for certificates of need to establish fixed wing air ambulance services in the State of Hawaii:
 - A. AirMed Hawaii, LLC at a capital cost of \$1,650,000.
 - B. Big Island Air, Inc. at a capital cost of \$2,150,000.
 - C. ACI Pacific LLC dba Emergency Airlift at a capital cost Of \$4,574,000.
 - D. Premier Jets, Inc. at a capital cost of \$530,000.

2. On March 29, 2006, AirMed Hawaii, LLC (hereinafter "AirMed") filed with the Agency an emergency Certificate of Need application for the establishment of fixed wing air ambulance services in the State of Hawaii at a capital cost of \$1,650,000. On April 3, 2006, April 6, 2006 and April 7, 2006, the applicant submitted additional information. On April 10, 2006, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #06-07E. On April 8, 2006, the applicant submitted additional information.

3. On April 3, 2006, Big Island Air, Inc (hereinafter "Big Island Air") filed with the Agency an emergency Certificate of Need application for the establishment of fixed wing air ambulance services in the State of Hawaii at a capital cost of \$2,150,000. On April 7, 2006, the applicant submitted additional information. On April 10, 2006, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #06-08E.

4. On April 6, 2006, ACI Pacific LLC dba Emergency Airlift (hereinafter "EAL") filed with the Agency an emergency Certificate of Need application for the establishment of fixed wing air ambulance services in the State of Hawaii at a capital cost of \$4,574,000. On April 7, 2006, the applicant submitted additional information. On April 10, 2006, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #06-09E. On April 11, 2006 and April 13, 2006 the applicant submitted additional information.

5. On April 11, 2006, Premier Jets, Inc. (hereinafter "Premier Jets") filed with the Agency an emergency Certificate of Need application for the establishment of fixed wing air ambulance services in the State of Hawaii at a capital cost of \$530,000. On April 12, 2006, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #06-11E.

6. The Agency administers the State of Hawaii's Certificate Program, pursuant to Chapter 323D, Hawaii Revised Statutes (HRS), and Title 11, Chapter 186, Hawaii Administrative Rules (HAR).

7. This application was reviewed in accordance with Section 11-186-15, HAR:

8. Pursuant to Section 323D-43(b), HRS:

"(b) No Certificate shall be issued unless the Agency has determined that:

- (1) There is a public need for the facility or service; and
- (2) The cost of the facility or service will not be unreasonable in the light of the benefits it will provide and its impact on health care costs."

9. Burden of proof. Section 11-186-42, HAR, provides:

"The applicant for a certificate of need or for an exemption from certificate of need requirements shall have the burden of proof, including the burden of producing evidence and the burden of persuasion. The degree or quantum of proof shall be a preponderance of the evidence."

II EMERGENCY SITUATION

10. Pursuant to Subsection 11-186-99(b), HAR, "...an emergency situation is a state of affairs involving an actual substantial injury to public health or where there is a clear and present danger of such injury occurring."

11. The applicant, Big Island Air states "The recent voluntary grounding of Hawaii Air Ambulance's aircraft, the only commercial fixed wing air ambulance service in the State of Hawaii, has further exacerbated a pre-existing need for additional medical transport for patients on the neighbor islands and has given rise to a critical need for another air ambulance service that could provide medical transport for patients in emergency situations between and among the Counties of Hawaii, Kauai, Maui and the City and County of Honolulu. The lack or inadequacy of commercial air ambulance services would cause substantial injury to the public health and presents a clear and present danger of actual injury to those patients relying on such services. It is Applicant's understanding that the US Coast Guard has agreed to fill in for the loss of commercial air ambulance services temporarily, however, there is no commitment for permanent services nor should there be (sic) long term expectations for these services to continue."

12. The applicant, AirMed states "It is imminently clear that the there (sic) currently exists a state of emergency with regard to inter-island air ambulance transportation in the State of Hawaii and that this situation results every day in actual substantial injury to public health and/or a clear and present danger of such injury occurring. HAR Sec. 11-186-99. The State's only fixed-wing air ambulance provider has not been operational at all since March 8, 2006 – the date of a tragic fatal crash on Maui, its second such fatal crash in two years. The Coast Guard, with indications that this is temporary and will not continue, has provided very limited capability. For a time the Maui helicopter was assisting with critical inter-island transfers. . .but due to an engine problem, even that resource is currently unavailable (3/29). Furthermore, even if Hawaii Air Ambulance regains some capacity, it clearly will not be sufficient to meet the State's current needs and the

clear and present danger to public safety danger (sic) will continue unless an emergency certificate of need is granted."

13. The applicant, AirMed further states "It is important to note that a state of emergency exists not only because of the most recent airplane crash, but also because of a chronic lack of capacity, which existed before the crash and which will continue, even if and when Hawaii Air Ambulance resumes operations. An independent evaluation for the State of Hawaii conducted in October 2005 by the American College of Surgeons (ACS) Committee on Trauma . . . which organization sets nationally recognized standards for trauma care, specifically noted: 'The rapid transport of more severely injured patients to Queen's Medical Center [the State's 'single large Level II designated center'] is often problematic due to limited air medical transportation resources relative to increasing demands on the transportation system. Physician availability for the care of trauma patients is lacking or inconsistent in some areas in the state and for some specialties (e.g. orthopedics, neurosurgery), increasing the demand for interfacility transfer . . .' The report by ACS last October further strongly recommended strengthening the air medical transport resources throughout the state, bluntly noting that '[t]he geography of the state mandates that air medical transport capabilities for both primary field response and interfacility (intra-island and inter-island) transfers are critical to ensure appropriate access of care for all citizens and visitors of the state.' . . . While the ACS team noted the imperative need for a trauma system that could 'ensure that inter-facility transfers occur in a timely fashion commensurate with the patient's clinical needs' they found that a system was not being provided, stating "Many individuals interviewed by the site review team were concerned about long delays in trauma patient transport related to inadequacies in the current fixed-wing transport system.' And the ACS found one of the leading causes of this inadequacy was 'lack of adequate numbers of aircraft and/or air crews.'"

14. The applicant, Premier Jets states that "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."

15. In written testimony dated March 29, 2006, The Kapi'olani Pediatric Neonatal Transport Team including Martha Smith, CEO, Kenneth Ash, Medical Director, Transport Services, John Lane, Mavis Nikaido, Wendell Inouye and Laura Bonilla state "The Kapi'olani Pediatric/Neonatal Transport Team has worked for decades in serving the medical needs of Neighbor Island children. The current unavailability of Hawaii Air Ambulance to provide inter-island air ambulance services has created a crisis situation and brings into sharp focus the inadequacy of relying on a single carrier to supply Hawaii's interisland medical

transport needs. Even prior to current unavailability of Hawaii Air Ambulance, however, long delays in inter-island air transports were the norm because of high demand relative to available air transport resources. We believe the current circumstance whereby inter-island medical air transport service is provided only by the United States Coast Guard presents a clear and present danger where a substantial injury to public health may occur and compromises the level of care available to the citizens of Hawaii. We further believe the entry of additional inter-island medical air transport service companies would serve to mitigate the dangers described above and improve the availability of care in Hawaii.”

16. In written testimony dated March 31, 2006, Andrew Kluger, Chairman and CEO, Hawaii Air Ambulance states “No ‘actual substantial injury to public health’ has occurred. Nor is there ‘a clear and present danger of such injury occurring’ This is because the medical transport needs of Hawaii’s patients are being met via: 1. The U.S. Coast Guard is providing air transport services to critical care level patients who need to be transported statewide. . . 5. As of today, the FAA and our independent inspector have completed their review of a Hawaii Air Ambulance plane and it will be up and running to transport critical care level patients next Tuesday (April 4th). It is anticipated that the rest of the Hawaii Air Ambulance fleet will soon be up and running as well.”

17. In written testimony dated March 31, 2006, Lawrence J. Molina, NREMP-P, CCEMT-P states “I am currently a flight Paramedic for Hawaii Air Ambulance. I am writing this letter to you on behalf of my patients who are unable to advocate for themselves and those of us, the exhausted clinicians who take care of them. As you are well aware we, the community of Hawaii, are in a public health crisis. There is a significant lack of resources available to provide adequate and safe aero-medical transportation in the State of Hawaii...Two of our aircraft have just recently, been released by a third party inspection with recommendations that may take one to several weeks before they are airworthy and can be put back into service per the FAA. We only have 4 fulltime pilots and 1 part-time pilot left to fly the aircraft...The rest had resigned. Myself and another MICT are the only fulltime flight Paramedics left in Honolulu, with one 1 part-timer, left to spare. All of the rest of part-time/fulltime/per diem medics have resigned. With only a handful of flight paramedics left in Hilo, our compliment of Flight Nurse staff has also dwindled in comparison. We only have one fulltime Flight Nurse, along with our Chief Flight Nurse (CFN), and two part-timers left. All of which except for our CFN, which has only been with the company for about nine months, have been with the company for about a month just prior to the accident. The legs of our operation have been 'cut off'. We are crippled.”

18. In an update on the current status of inter-island air medical services dated April 13, 2006, Linda Rosen M.D., Acting Chief of the Hawaii State Emergency Medical Services & Injury Prevention Branch, states that “Although they were cleared by the FAA to fly at night and in bad weather yesterday, (HAA)

did not have sufficient pilots to fly last night, nor did they have a flight follower. They do have two pilots and a flight follower scheduled tonight per Anita-Lucas Legg...The second HAA plane that was supposed to be ready by 'the end of the week' will not be ready for at least two days according to the HAA mechanic."

19. In written testimony dated March 27, 2006, Dr. Dave Nelson, an Emergency Medical physician on Maui states "At the State EMS Aeromedical video-conference in January, I presented data showing 4th quarter 2005 average HAA patient transfer delay of 5 1/2 hours. This included a critical cardiology patient with an acute MI, failed thrombolysis, a Queens cardiologist eager to do an angioplasty, yet she had to wait 5 1/2 hours for a plane. HAA was made aware of her situation, but did not have enough planes working to get one available to her until 5 1/2 hours. During this time her M.I. became permanent, a preventable substantial injury. Similar bad cases and unacceptable average delay times for transfer have been provided at aeromedical meetings quarterly for years, with lots of promises but no improvement in service available from HAA. After the tragic HAA crash, Maui is now suffering a patient care crisis due to lack of transfer capability. Maui's Airmed -1 helicopter, the Coast Guard, and especially H.A.A. will not be able to fix this. Please grant a C.O.N. for a new fixed wing vendor."

20. In written testimony dated April 3, 2006 Kathym Edwards, M.D. states "I am the Pediatric Section chairperson at Maui Memorial Medical Center. At our meeting on March 28, 2006 members discussed the air transport crisis. All members at the meeting expressed concern that the current State of Affairs creates a clear and present danger of substantial injury to the public health. Immediate action is required to establish a second air transport service."

21. In written testimony dated March 27, 2006 Med Hawaii Inc. states "I am writing at the request of the Board Certified Emergency Physicians at Maui Memorial Medical Center. It is our opinion that the current air ambulance system has been problematic, unreliable and often unavailable or detained for long periods of time. According the Emergency Medical Director, Dr. David Nelson, at the January Aeromedical Performance Improvement (P.I.) committee meeting it was noted that there were 5-1/2 hour waits on average. This included a 5-1/2 hour wait for a patient with an acute M.I. who needed an emergency angioplasty, a very dangerous situation indeed. When compared to our mainland colleagues, we were advised that anything over 2 hours was totally unacceptable and goes against the very concept of emergency air transport. This was the situation even before the latest crisis and the additional attendant problems with securing aircraft and medical personnel. We believe that there is and has been a state of affairs involving an actual substantial injury to the public health and/or a clear and present danger of such an injury occurring."

22. In written testimony received on April 11, 2006, Scotty Schaefer, Facilitator for the Maui EMS Advisory Committee, states "There is an emergency in Hawaii today that affects every single resident and visitor on the neighbor islands. Each of us are trapped on our islands by the lack of access to urgent medical care due to the current emergency in Aero-medical transport. Under normal circumstances, the air transport system presents challenges. Today, and for the past month there is a huge crisis, invisible to the residents of Oahu . . . On Molokai, a patient whose heart stops and is resuscitated waits 12 hours and get shocked over 25 times before she is finally transported to Queens. She died the next morning."

23. Mr. Schaefer also states "Hawaii has used 'last resort' for a month. The USCG was never intended to be a primary transport system. Like any other reserve system or last resort, they are a finite resource with other specific missions. Even with 1 or 2 planes ion (sic) service we will continue to have to depend on their services. . . I urge you to acknowledge that an emergency situation for the neighbor islands exists as you consider applications for an Emergency CON for air ambulance transport."

24. In written testimony dated April 13, 2006 Geri Young M.D., Chairman of Pediatrics, Wilcox Memorial Hospital states "I am writing as a concerned out-island physician who has been impacted by the crisis in transporting outer-island patients for Intensive Care Services in Honolulu even since the recent crash of the air ambulance plane on Maui. I believe that it is an emergency and that people are at risk of injury or death because of this situation. This is impacting health care and we need to bring in more resources than are currently available. I am originally from Honolulu and I have been practicing on this island for almost twenty-five years as a full time pediatrician and I have never seen anything like the current situation."

25. The applicant, EAL states that:

1. "The average emergency response time for the current provider of fixed wing air ambulance service was averaging beyond 5 hours as reported in December 2005.
2. According to Toby Claremont, unit commander of the Disaster Medical Assistance Team, a 'medical-care gap' exists. The citizens and visitors of Hawaii presently have no dedicated provider of air ambulance services providing emergency coverage to the entire state for all illnesses and injury.
3. The Coast Guard has agreed to provide helicopters, C-130 planes and flight crews to transport critical-care patients at no cost to the state as long as its primary mission of search and rescue at sea is not compromised.

4. According to a report, based on the October 2005 Trauma System Consultation by the American College of Surgeon's (ACS), Committee on Trauma, "The lack of air transport services to serve the needs of the growing populations on the neighbor islands is among the greatest threats to the lives and limbs of injured Hawaiians."

26. In a letter from the U.S. Department of Homeland Security, United States Coast Guard to the State of Hawaii Director of Health dated March 24, 2006, the Coast Guard states that as of April 14, 2006, its "ability to fill the vacuum following the HAA mishap will be severely degraded. Since a large percentage of (Coast Guard's) aviation assets will be deployed elsewhere at that time, we may not be able to respond to requests outside our primary mission focus of maritime search and rescue, and strongly encourage that you immediately seek other temporary and permanent solutions to the inter-island patient transport requirement."

27. The Agency notes that, even prior to the March 8, 2006 Hawaii Air Ambulance crash and subsequent reduction in its services, the American College of Surgeon's (ACS), Committee on Trauma was of the opinion that, "The lack of air transport services to serve the needs of the growing populations on the neighbor islands is among the greatest threats to the lives and limbs of injured Hawaiians."

28. The Agency also notes that since March 9, 2006, the Coast Guard has been effectively supporting the HAA missions but after April 14, 2006, a large percentage of the Coast Guard's aviation assets will be deployed elsewhere and that the Coast Guard's "ability to fill the vacuum following the HAA mishap will be severely degraded" and that it "may not be able to respond to requests outside (its) primary mission focus of maritime search and rescue.

29. The Agency further notes that, as of March 13, 2006, according to the Acting Chief of the Hawaii State Emergency Medical Services & Injury Prevention Branch, Hawaii Air Ambulance is operating only one plane and that sufficient pilots were not available to fly on April 12, 2006.

30. The Agency is of the opinion that, given this state of affairs, there is a clear and present danger of a vacuum occurring in the State's emergency medical system and of substantial injury occurring to public health.

31. The Agency therefore determines that an emergency situation exists pursuant to 11-186-99(b), HAR.

III
FINDINGS OF FACT

A. **REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH SERVICES AND FACILITIES PLAN (HAWAII HEALTH PERFORMANCE PLAN) OR "H2P2"**

32. With respect to the H2P2 goal of reducing health disparities among Hawaii's residents, AirMed states that "Due to Hawai'i's small population and unique geographical barriers as an island state, there is a relative health disparity between the residents of the neighbor islands and residents of O'ahu as it relates to tertiary care. Equitable and timely access to these services when required by those who do not reside on O'ahu is restrictive due to lack of transportation resources."

33. Big Island Air states that its proposal "...supports the H2P2 by providing residents of the Counties of Hawaii, Kauai and Maui with equitable, effective and efficient access to emergency medical services that are responsive to the needs of the community and the region."

34. Premier Jets states that "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."

35. EAL states "EAL recognizes that residents of Hawaii's outer islands are not privileged with the same accessibility to quality healthcare as those who reside in metropolitan areas. EAL's vision is in line with the Hawaii Health Performance Plan's goals of reducing health disparities..."

B. **REGARDING NEED AND ACCESSIBILITY CRITERIA**

36. EAL states that "According to a Department of Business, Economic Development and Tourism report in 2000, the population base of Hawaii County was 148,677. Kauai County registered at 58,463 residents and Maui County came in at 128,241 residents. Currently, these 335,381 neighbor island residents live at risk in the event of serious illness or injury because there are no dedicated fixed wing air ambulance assets in operation to serve the sick and injured in these areas. With the only trauma center located on the island of Oahu timely access to specialized care is compromised."

37. EAL states that "To help fill this gap EAL commits to commence air ambulance operations shortly after approval of this Certificate of Need application . . . EAL's emergency response to the referring hospital will be 15 minutes to the major hospitals and no more than 60 minutes to hospitals located in remote proximities of our 5 base stations."

38. Premier Jets states that "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."

39. Big Island Air states that "The geographic area is presently served by only one over-water air ambulance service. The Hawaii Air Ambulance Service currently serves the entire State of Hawaii with its three (3) Cessna 414 dual piston aircraft. Lynn Walton, former CEO of Kona Community Hospital stated that the current average waiting time for emergency medical evacuation of West Hawaii residents is nearly 4 hours. Extended wait times are directly related to need because studies suggests patients with multi-system trauma have better survival rates when this time is reduced."

40. Big Island Air states "Moreover, the current carrier has voluntarily grounded its fleet at the present giving rise to an emergency situation. BIA will be able to respond to most, if not all, of the calls for medical emergency evacuations with greater efficiency effectively reducing the current waiting times for such services from West Hawaii."

41. AirMed states that "There have been a number of reported cases by physicians for detrimental patient outcomes caused by delays."

42. In written testimony dated March 27, 2006, Dr. Dave Nelson, an Emergency Medical physician on Maui states ""At the State EMS Aeromedical video-conference in January, I presented data showing 4th quarter 2005 average HAA patient transfer delay of 5 1/2 hours. This included a critical cardiology patient with an acute MI, failed thrombolysis, a Queens cardiologist eager to do an angioplasty, yet she had to wait 5 1/2 hours for a plane. HAA was made aware of her situation, but did not have enough planes working to get one available to her until 5 1/2 hours. During this time her M.I. became permanent, a preventable substantial injury. Similar bad cases and unacceptable average delay times for transfer have been provided at aeromedical meetings quarterly for years, with lots of promises but no improvement in service available from HAA."

43. AirMed states that "The supply of air ambulance service today is non-existent. . . The Coast Guard is an option, but it is clearly not their mission and they do not intend to continue providing service indefinitely . . . HAA lost an aircraft due to a tragic accident, one aircraft remains in the hanger not available for flights. To date, there are three aircraft that would be available when they are cleared to fly. That would still leave a shortage of two aircraft and maybe more due to scheduled maintenance, engine changes, and/or lack of personnel. The number of requests still remain the same or there is a slight increase as seen in number of transports 2005."

44. Big Island Air states that "With respect to accessibility BIA is committed to provide service to all groups in need of health care including the elderly, low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups."

45. Premier Jets states that "The services will be available to all patients in compliance with all statutes and regulations of the State of Hawaii."

46. EAL states that "Services will be provided to all patients, without discrimination based on race, age, ethnicity, income, religion, gender, or any other category."

47. AirMed states "AirMed Hawai'i services will be accessible to all residents and visitors to Hawai'i, including the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups."

C. REGARDING QUALITY AND LICENSURE CRITERIA

48. AirMed states that "AirMed Hawaii, LLC will have the resources of AirMed international... AirMed International (AMI) prides itself on the high quality of service it has provided over the years...AMI is a FAA certified air carrier with worldwide operating authority. Its flight department consists of ATP Certified flight crews with our long range aircraft crews having a minimum of 4000 flight hours with 2000 of those hours involving multi-engine operations....AMI's accreditation by the Commission on Accreditation of Medical Transport Systems (CAMTS) is evidence of a commitment to high standards of quality and service...AMI's maintenance department personnel consist of A&P licensed mechanics that have completed aircraft specific factory training. These professionals are required to release the aircraft for each flight and accept the aircraft upon return."

49. AirMed states that "The proposed service will follow the revised Hawai'i Administrative Rules, Title 11, Chapter 72 that specify the standards for medical personnel, equipment and supplies."

50. Big Island Air states that "BIA has provided emergency backup services for Hawaii Air Ambulance from the Counties of Hawaii and Maui....BIA is a certified FAA Part 135 air carrier based at Keahole-Kona Airport with nearly 20 years of experience in Hawaii. It currently has a site permit at Keahole Airport at (sic) will secure all necessary licenses and approvals for the new service, including a Hawaii State Air Ambulance Service License, Medicare certification, and an Amendment of FAA Part 135 Certification for EMS prior to the commencement of operations on or about July 1, 2006."

51. EAL states that Emergency Airlift is an existing provider of ALS air ambulance service in the state of Oregon with over 20 years of experience.

52. EAL states that "EAL will utilize Commander 690B aircraft and the crew will consist of a pilot, one Emergency Medical Technician (EMT) and a Nurse. Pilots will be licensed and certified to fly Commander 690B aircraft and have no less than 3000 hours of flight time prior to being hired by EAL. EMTs and Nurses will be certified and licensed by the State of Hawaii."

53. Premier Jets states that it is a nationally accredited (CAMTS) service provider and its company is currently licensed by the State of Oregon for both air and ground ambulance.

D. REGARDING THE COST AND FINANCIAL CRITERIA

54. Big Island Air states that "The Applicant anticipates a minimum transport rate of 125 calls per month at a minimum fee of \$2,200.00 per transport that would provide a minimum revenue stream of approximately \$281,250.00 monthly. Even accounting for a 25% loss rate for bad debts and contract adjustment, the project is still feasible..."

55. AirMed states that "The Operational Forecast attached ...demonstrates that with conservative estimates of patient transports, the operation will be financially stable and AMH should not have difficulty in continuing operations at a high level of quality."

56. AirMed states that "The proposal will not adversely impact the overall cost of health services to the community because AirMed Hawaii intends to charge the same as the existing air ambulance provider and accept reimbursement from existing rates established by insurers."

57. EAL states that "First year revenue are estimated to be \$7.92 million dollars with expenses estimated at \$7.12 million dollars. Year three has revenues projected at \$9.58 million dollars with expenses at \$7.61 million dollars. The resources to start operations are in place through a financial commitment from Sojitz Corporation of Japan..."

58. Premier Jets states that "The project is expected to take up to three years to attain profitability... 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..."

E. REGARDING THE RELATIONSHIP OF THE PROPOSAL TO THE EXISTING HEALTH CARE SYSTEM OF THE AREA

59. EAL states "EAL's proposed air ambulance service is in line with the existing health care system criteria. The addition of another fixed wing air ambulance will improve the chances of survival for those patients needing specialized care only available in Honolulu. EAL's air ambulance service will eliminate any potential or existing gaps between basic and tertiary medical care."

60. Big Island Air states that "The proposed new service will greatly enhance access to emergency medical care, especially for the residents of the outlying rural communities in the Counties of Hawaii, Kauai and Maui."

61. Premier Jets states that "Our services will also enhance the existing health care system by providing improve (sic) response times and shorter transport times through the planned use of our turbo-prop aircraft."

62. AirMed states that "The current health care system has generally been meeting the majority of the health care needs of the population of Hawai'i through the provision of care in local health care facilities. However, when the needs of the high-risk patient exceed the capabilities of the local facility, transfer to an appropriate facility is indicated. There is a relative disparity in the availability of the therapeutic and diagnostic capabilities located in tertiary medical centers for a small percentage of the population with high-risk conditions – especially for the neighbor islands population ...The proposed fixed-wing air ambulance service will assist in improving the availability of local facility resources and essential specialty services necessary to meet the health care needs of this patient population and optimize patient outcomes."

F. REGARDING THE AVAILABILITY OF RESOURCES

63. AirMed states "AirMed Hawaii (AMH) will have full support and resources of AirMed International (AMI)...The Balance Sheet of AMI... amply demonstrates the significance of this support as AirMed International has **\$14.5M in assets**, including over \$2M in cash."

64. AirMed states that "AMI will reallocate existing aircraft on an interim basis; therefore, **no financing or aircraft acquisitions will be required to commence startup operation in Hawaii.**"

65. AirMed states that "We have interviewed and will hire three full time nurses and sufficient paramedics (MICT's) on a part-time basis to equal 3.0 FTE MICTs, which will provide initial medical staffing of the jet (Hawker) on a 24/7 basis. Existing pilots from AMI will staff the Hawker during startup. Four full-time Hawaii based pilots have already committed to AirMed Hawaii for operation of the King Air aircraft. ...In addition, backup piloting and medical crews are available as needed from AMI."

66. EAL states "EAL has the capital commitment required to acquire the necessary aircraft, provide maintenance and maintain operations for air ambulance services in Hawaii. EAL has at its disposal over \$2-million in cash, with remaining expenses being funded by Sojitz Corporation..."

67. EAL states that "Discussions with experienced personnel have taken place and 12 crews will be trained and prepared for deployment subject to the approval of the Certificate of Need."

68. Big Island air states that " Current capital costs include \$2,150,000 for a fully equipped fixed wing air ambulance. BIA has available \$200,000 in cash and secured \$3,000,000 in financing to cover these costs...."

69. Premier Jets states that "Premier Jets will reallocate existing assets to Hawaii from our Hillsboro, Oregon operating base....We do not anticipate any problems with staffing our needs. Senior management personnel will continue to commute from our home base to oversee the operations, as is currently being done."

III

CONCLUSIONS OF LAW

Having taken into consideration all of the records pertaining to Certificate of Need Applications Nos. 06-07E, 06-08E 06-09E and 06-11E on file with the Agency, including the written testimony and exhibits submitted by the applicants and other affected persons, after making a reasonable effort to consult with the chairs of the appropriate Agency councils and panels in accordance with HAR 11-186-99(c), and based upon the findings of fact contained herein, the Agency concludes as follows:

1. With respect to the need and accessibility criteria, there is an immediate need for a second air ambulance provider in the State of Hawaii. The U.S. Coast Guard has notified the State of Hawaii that, as of *April 14, 2006*, its ability to fill the vacuum following the HAA mishap will be severely degraded. The Coast Guard has notified the State of Hawaii that, since a large percentage of the Coast Guard's aviation assets will be deployed elsewhere at that time, it may not be able to respond to requests outside its primary mission focus of maritime search and rescue. The Coast Guard has strongly encouraged the State to "immediately seek other temporary and permanent solutions to the inter-island patient transport requirements.
2. The applicant, AirMed, best meets this need. The applicant's implementation schedule provides, in pertinent part, as follows:
 - Day 1: Approval of Emergency CON
 - Day 2: Interim Aircraft arrives in Honolulu (Long Range multi-patient Jet)
 - Day 3: Nurse and Paramedic Safety Training & Orientation Completed)
 - Day 4: Inter-Island patient transports begin
 - Day 24: Inter-Island service commences with 1 King Air
 - Day 48: 2nd King Air becomes operational. Long range Jet returns to Birmingham

The implementation of AirMed's proposal would provide the State of Hawaii with an additional fixed wing air ambulance by April 17, 2006 and a second available by May 7, 2006.

3. None of the applicants have met the required burden of proof to establish that a third fixed air ambulance provider is needed, at this time, in the State of Hawaii.
4. All applicants have met the Certificate of Need criteria pertaining to: relationship to the state health services and facilities plan, quality of care, cost and finances, relation to the existing health care system, and availability of resources.

The applicant, AirMed, has met the requisite burden of proof and has shown by a preponderance of the evidence that its proposal meets the criteria established in Section 11-186-15, HAR.

Accordingly, the Agency hereby determines that, pursuant to Chapter 323D-43(b):

- (1) There is a public need for AirMed's proposal; and
- (2) The cost of AirMed's proposal will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

ORDERS

Pursuant to the findings of fact and conclusions of law contained herein, the Agency hereby makes the following ORDERS:

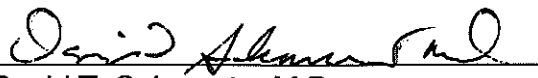
IN THE MATTER OF	)	ORDER REGARDING
	)	CERTIFICATE OF NEED
	)	APPLICATION
AirMed Hawaii, LLC	)	NO. 06-07E
)	
Applicant)	
_____)	

The State Health Planning and Development Agency hereby APPROVES and ISSUES a certificate of need to AirMed Hawaii, LLC for the proposal described in Certificate Application No. 06-07E. The maximum capital expenditure allowed under this approval is \$1,650,000.

As provided under Section 11-186-99(e) HAR, this is the final decision of the Agency.

DATED: April 13, 2006
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


David T. Sakamoto, M.D.
Administrator

IN THE MATTER OF	)	ORDER REGARDING
	)	CERTIFICATE OF NEED
	)	APPLICATION
Big Island Air, Inc.	)	NO. 06-08E
)	
Applicant)	
_____)	

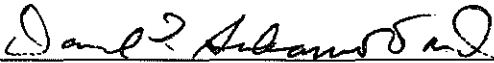
The State Health Planning and Development Agency hereby Disapproves and Denies a certificate of need to Big Island Air, Inc. for the proposal described in Certificate Application No. 06-08E.

As provided under Section 11-186-99(e) HAR, this is the final decision of the Agency.

The agency's denial of a certificate of need is without prejudice to the applicant's right to file a non-emergency application for a certificate of need for the same proposal, on the form prescribed and furnished by the agency.

DATED: April 13, 2006
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto, M.D.
Administrator

IN THE MATTER OF	)	ORDER REGARDING
	)	CERTIFICATE OF NEED
	)	APPLICATION
ACI Pacific LLC dba Emergency Airlift	)	NO. 06-09E
)	
Applicant)	
_____)	

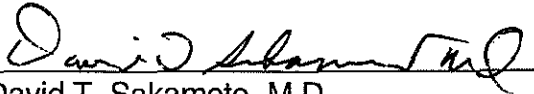
The State Health Planning and Development Agency hereby Disapproves and Denies a certificate of need to ACI Pacific LLC dba Emergency Airlift for the proposal described in Certificate Application No. 06-09E.

As provided under Section 11-186-99(e) HAR, this is the final decision of the Agency.

The agency's denial of a certificate of need is without prejudice to the applicant's right to file a non-emergency application for a certificate of need for the same proposal, on the form prescribed and furnished by the agency.

DATED: April 13, 2006
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


David T. Sakamoto, M.D.
Administrator

IN THE MATTER OF	)	ORDER REGARDING
	)	CERTIFICATE OF NEED
Premier Jets, Inc.	)	APPLICATION
	)	NO. 06-11E
)	
Applicant)	
)	
_____)	

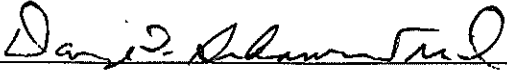
The State Health Planning and Development Agency hereby Disapproves and Denies a certificate of need to Premier Jets, Inc. for the proposal described in Certificate Application No. 06-11E.

As provided under Section 11-186-99(e) HAR, this is the final decision of the Agency.

The agency's denial of a certificate of need is without prejudice to the applicant's right to file a non-emergency application for a certificate of need for the same proposal, on the form prescribed and furnished by the agency.

DATED: April 13, 2006
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto, M.D.
Administrator