



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII

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July 29, 2013

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Michael Duick, M.D.  
Executive Director  
Islands Hospice, Inc.  
1301 Young Street  
Honolulu, HI 96814

Dear Dr. Duick:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #13-08A from Islands Hospice, Inc. (the "applicant") for the establishment of an additional hospice location and seven inpatient hospice beds at 833 Makalii Street, Kahului, HI, at a capital cost of \$825,000 (the "Proposal").

1. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that the Proposal is eligible for administrative review as it meets the criterion in Subsection 11-186-99.1(b) (5), HAR, i.e.: "An additional location of an existing service or facility."
2. The applicant states that "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."
3. The applicant states that "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."
4. The applicant states that "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."

5. The applicant states that “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.”
6. In written testimony received by the Agency on July 17, 2013, the applicant states that, for 2011, the average daily hospice census per 10,000 residents was as follows:

U.S. Total	7.5
State of Hawaii	4.7
Honolulu Count (sic)	5.1
Hawaii County	5.1
Kauai County	2.5
Maui County	2.4

7. The applicant states that “In October 2007, Hospice Maui received approval from SHPDA for the addition of 12 hospice inpatient beds (application #07-24A).”
8. The applicant states that “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.’”
9. The applicant states that “We propose to add 7 inpatient hospice beds to fulfill the previously demonstrated need for a total of 12 inpatient hospice beds on Maui.”
10. In written testimony, dated June 27, 2013 and signed by thirty providers of health care at Maui Memorial Medical Center, the said testimony states, in pertinent part:

As the daily providers of healthcare at Maui Memorial Medical Center, we see a significant need for an additional end-of-life care option in our community. Working in the only major hospital on this island, we are involved in caring for many of the patients here with terminal illness. Due to the lack of capacity of our only hospice, patients must often be hospitalized indefinitely, waiting for an adequate disposition. When hospital discharges can no longer be delayed, we have had no choice but to discharge terminally ill patients to their families without the immediate interdisciplinary support of a hospice team. Those without adequate caregivers do not have any option for inpatient hospice care at present, and often remain hospitalized until the end. While we appreciate the service that Hospice Maui does provide, this overall lack of capacity places a burden on our healthcare delivery system and denies many terminally ill patients the most appropriate care at the end of life. In addition, the growing and aging population of Maui will only make the need more critical to have adequate resources and another provider for hospice care.

11. The applicant states that “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.”

12. The applicant states that "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."
13. The applicant states that "Islands Hospice has Quality Assurance and Performance Improvement (QAPI) policies and procedures in place as required by Medicare's Conditions of Participation."
14. The applicant states that "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."
15. The applicant projects that for the first year of the Proposal, total revenue will be \$1,788,273 and operating income will be (\$152,710). The applicant projects that for year three of the Proposal, total revenue will be \$3,032,670 and operating income will be \$176,985.
16. The applicant states that "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... 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."
17. The applicant states that "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."
18. The applicant states that "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."
19. The applicant states that "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."

Conclusions and Order

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


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

As required under Subsection 323D-43(b), HRS, the Agency finds that:

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

Accordingly, the State Health Planning and Development Agency hereby APPROVES the and ISSUES a Certificate of Need to Islands Hospice, Inc. for the Proposal described in Certificate of Need Application #13-08A. The maximum capital expenditure allowed under this approval is \$825,000.

Please be advised that pursuant to Section 323D-47, HRS, any person may, for good cause shown, request in writing a public hearing for reconsideration of the Agency's decision within ten working days from the date of this decision. Accordingly, if no person makes such a timely request for reconsideration, this decision shall become final immediately after the deadline for making such a request has expired.



Romala Sue Radcliffe  
Administrator