



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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**ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM** <sup>22</sup> JUL 20 P 4 :28

Application Number: # 22-07A Date of Receipt:  
To be assigned by Agency

STATE HEALTH  
& DEV. AGENCY

**APPLICANT PROFILE**

Project Title: Establishment of Medicare-Certified Hospice Agency

Project Address: 2828 Paa Street, Honolulu, HI 96819

Applicant Facility/Organization: Kaiser Foundation Hospitals

Name of CEO or equivalent: Sam Balukoff

Title: Vice President, Hospital Administrator

Address: 2828 Paa Street, Honolulu, HI 96819

Phone Number: (808) 432-7734 Fax Number: (808) 432-7736

Contact Person for this Application: David Kim

Title: Agency Manager, Kaiser Permanente Hospice Care at Home, Hawaii

Address: 501 Alakawa Street #201, Honolulu, HI 96817

Phone Number: 808-208-4260 Fax Number: 808-432-4663

**CERTIFICATION BY APPLICANT**

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

\_\_\_\_\_  
Sam Balukoff

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (please type or print)

\_\_\_\_\_  
Vice President, Hospital Administrator

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

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- Public \_\_\_\_\_
- Private   x
- Non-profit   x
- For-profit \_\_\_\_\_
- Individual \_\_\_\_\_
- Corporation   x
- Partnership \_\_\_\_\_
- Limited Liability Corporation (LLC) \_\_\_\_\_
- Limited Liability Partnership (LLP) \_\_\_\_\_
- Other: \_\_\_\_\_

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2. PROJECT LOCATION INFORMATION

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

- Statewide: \_\_\_\_\_
- O`ahu-wide:   x
- 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)

Not Applicable, to be located within existing building space.

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.)

Centers for Medicare & Medicaid Services (CMS) Approval. After receiving CON approval, Medicare certification will be required for full implementation of this proposal. Kaiser Permanente Hospice Care at Home, Hawaii will file the appropriate documentation with CMS to recognize this additional location as a freestanding hospice agency.

C. Your governing body: list by names, titles, and address/phone numbers  
See Attachment A

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 – See Appendix B
- By-Laws – See Appendix C
- Partnership Agreements – Not Applicable
- Tax Key Number (project's location) – 1-1-007-039-0000

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.

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|                     | Used Medical Equipment<br>(Over \$400,000) | New/Upgraded Medical Equip.<br>(Over \$1 million) | Other Capital Project<br>(Over \$4 million) | Change in Service | 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. *N/A*

| Type of Bed  | Current Bed Total | Proposed Beds for your Project | Total Combined Beds if your Project is Approved |
|--------------|-------------------|--------------------------------|---|
|              |                   |                                |   |
|              |                   |                                |   |
|              |                   |                                |   |
|              |                   |                                |   |
| <b>TOTAL</b> |                   |                                |   |

6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

- 1. Land Acquisition \_\_\_\_\_
- 2. Construction Contract \_\_\_\_\_
- 3. Fixed Equipment \_\_\_\_\_
- 4. Movable Equipment \_\_\_\_\_
- 5. Financing Costs \_\_\_\_\_
- 6. Fair Market Value of assets acquired by  
lease, rent, donation, etc. \_\_\_\_\_
- 7. Other: \_\_\_\_\_

TOTAL PROJECT COST:     \$0.00    

B. Source of Funds

- 1. Cash \_\_\_\_\_
- 2. State Appropriations \_\_\_\_\_
- 3. Other Grants \_\_\_\_\_
- 4. Fund Drive \_\_\_\_\_
- 5. Debt \_\_\_\_\_
- 6. Other: \_\_\_\_\_

TOTAL SOURCE OF FUNDS:     0.00

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 appropriate categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

Applicant is respectfully requesting approval for the establishment of Medicare-Certified Hospice Agency on O'ahu. The standard category of proposed health care service is located in Section 11-186-5(4)(H).

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 – N/A
- b) Dates by which other government approvals/permits will be applied for and received – Estimated date to apply for Medicare certification: 8/15/2022
- c) Dates by which financing is assured for the project – N/A
- d) Date construction will commence – N/A
- e) Length of construction period – N/A
- f) Date of completion of the project – November 2022
- g) Date of commencement of operation – January 2023

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

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

- a) Relationship to the State of 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.

## Executive Summary

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Kaiser Foundation Hospitals (dba "Kaiser Permanente") requests approval from the State Health Planning and Development Agency to establish a Medicare certified home-based hospice service for Kaiser Permanente members on the Island of Oahu, Hawaii, under a newly formed Kaiser Permanente Hospice Care at Home, Hawaii.

Kaiser Permanente serves its members by way of a unique patient-centered integrated care delivery model that combines health coverage and care delivery into one coordinated experience. Unlike a traditional insurance company, Kaiser Permanente is a membership-based, prepaid, direct health care system. That means Kaiser Permanente members — whether they have employer-sponsored or individual coverage, Medicare, or Medicaid — pay dues to access care and services that are coordinated across inpatient and outpatient settings, pharmacy, lab, imaging, and other ancillary services.

Kaiser Permanente's practice of integrating evidence-based health care and prepaid financing of coverage drives coordination of care across all settings and care teams. It enables quality outcomes by ensuring that Kaiser Permanente members receive the right care, at the right time, in the right setting. Kaiser Permanente's integrated health system benefits its members through better coordination of care and provides increased communication through interdisciplinary teams. While many other Kaiser Permanente markets already extend fully integrated health systems into the home, Hawaii does not yet have a hospice program in place to serve its members during their most vulnerable moments.

This proposal will allow Kaiser Permanente to provide needed hospice and supportive care services to Kaiser Permanente members in Oahu and fulfill their need for an integrated health care system from birth until the end of life. Kaiser Permanente wholeheartedly believes that offering this hospice service to its members as part of the Kaiser Permanente integrated care experience will be of great benefit to its members with terminal conditions. For these reasons, Kaiser Permanente Hospice Care at Home, Hawaii respectfully submits this application to the State Health Planning and Development Agency (SHPDA) to be evaluated through the Certificate of Need (CON) program.

### **Certificate of Need Criteria:**

#### **a. Relationship to the State of Hawai'i Health Services and Facilities Plan**

Kaiser Permanente's proposal meets the CON Criterion for relationship to the State of Hawai'i Health Services and Facilities Plan (HSFP) as follows:

- a. Supports SHPDA's stated purpose to promote accessibility for all the people of the State to quality health care services at reasonable cost by offering an integrated Kaiser Permanente home-based hospice in the state of Hawaii.
- b. Supports the Honolulu's Health Planning Council priorities of increasing the availability of long-term care services and other supportive services and supports their specific priority of increasing the availability of hospice services to address the existing long-term care shortage.
- c. Supports the State-wide Health Coordination Council's priorities of promoting and supporting the long-term viability of the health care delivery system by ensuring that the growing demand for cost-effective, community-based services are met by adequate supply.

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- d. Supports the HSFP by ensuring capacity and access to a continuum of high-quality patient centered long-term care services.
  - e. Supports the HSFP goal of increasing cost-effective access to necessary health care services while promoting financial viability of the health care delivery system by providing superior care in the comfort of their own home and delivering direct and indirect relief to medical centers, emergency departments, urgent care, and outpatient settings.
  - f. Supports the Honolulu Health Planning Councils' priorities by helping to control escalating costs in the senior care industry by, increasing access to home and community-based geriatric services and improving hospital & SNF bed availability.

**b. Need for and Accessibility of the proposal**

Kaiser Permanente's proposal meets the CON Criterion for Need for and Accessibility in the following ways:

The greatest need and demand for hospice care comes from the elderly population. In 2019, 62.7% of Medicare decedents age 85 years and older in the United States utilized the Medicare hospice benefit. (Source: Hospice Facts & Figures | NHPCO) Kaiser Permanente currently serves 22,065 Medicare members in Oahu and that figure is set to grow by 9.4% by 2026. Of the 22,065 Medicare members in Oahu, 3,127 are currently 85 years and older. If the Kaiser Permanente member population aligns with national figures and 62.7% of the 3,127 members who are 85 years or older utilize the Medicare hospice benefit, at least 2,104 current members will have a need for hospice services. (Source: Kaiser Permanente Epic System)

Currently, the island of Oahu has just five Medicare-Certified hospice agencies to supply all hospice and supportive care needs island-wide, and they have a combined average daily census of 1,049. As our member's needs grow, the current supply in this area will not provide enough access to our Kaiser Permanente members in Oahu to utilize the hospice benefit moving forward.

**The current supply of Hospice and Supportive Care providers in the County of Honolulu is as follows:**

| Hospice Agency                                | Medicare Certification Date | State of Incorporation | Business Type       | Average Daily Census* |
|---|-----------------------------|------------------------|---------------------|-----------------------|
| St. Francis Community Health Services         | 12/20/1983                  | Hawaii                 | Local Nonprofit     | 216                   |
| Navian Hawaii, Inc. (formerly Hospice Hawaii) | 3/25/1986                   | Hawaii                 | Local Nonprofit     | 99                    |
| Bristol Hospice – Hawaii LLC                  | 8/10/2007                   | Utah                   | Mainland For-Profit | 295                   |
| Islands Hospice, Inc.                         | 11/26/2009                  | Oklahoma               | Mainland Nonprofit  | 420                   |
| Mālama Ola                                    | 11/27/2018                  | Hawaii                 | Mainland For-Profit | 19                    |
|   |                             |                        |                     | 1,049                 |

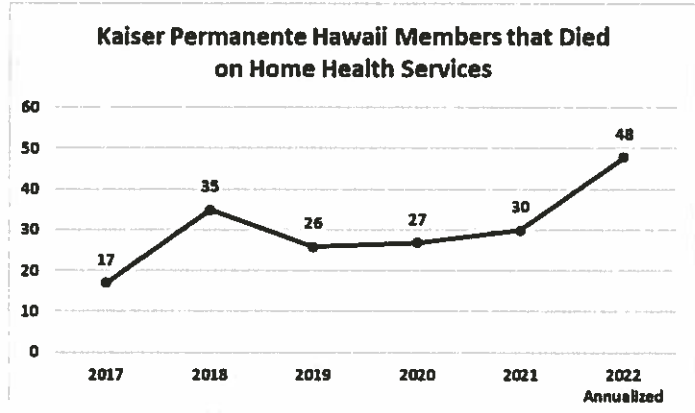
\*Source: <https://medicare.gov/care-compare/>

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Based on Kaiser Permanente members' utilization of home health services for end-of-life care, there is a demonstrated need for Kaiser Permanente to be able to offer these services directly to members as part of our integrated delivery system. Over the span of the last five years, there were 135 Kaiser Permanente Hawaii members who died while on our home health service. This figure has continued to increase annually since 2019 and current data projects a 60% increase in 2021-22 of Kaiser Permanente Hawaii members who will die while receiving home health services (see table below).



Source: Kaiser Permanente Epic System

If Kaiser Permanente Hawaii was afforded the opportunity to offer a hospice program, its patients would be more likely to get the hospice care they need and benefit from the specialized care and seamless transition that a Kaiser Permanente hospice program can provide. Kaiser Permanente's integrated care system enables quality outcomes by ensuring that our members receive the right care, at the right time, in the right setting. Care is coordinated across the continuum and all Kaiser Permanente providers have access to complete medical histories and bi-directional communication capabilities with all care team members through the member's electronic medical record. This makes coordinating care with an interdisciplinary team much simpler and results in better outcomes for patients. In the event of an emergency that cannot safely be managed in the home, the inpatient teams in the emergency room and hospital can provide the care that is needed with full access to that individual's health status and care plan which is not possible outside of this integrated system.

Given this increased need and demand, Kaiser Permanente Hawaii has explored the economic and operational viability of developing an at-home hospice program by leveraging the existing Kaiser Permanente Care at Home infrastructure. This was determined to be the best option for Kaiser Permanente members, allowing them to remain within Kaiser Permanente's integrated system and fulfill its mission to provide care from life to death.

The specific target population affected by this proposal includes Kaiser Permanente members on Oahu that are diagnosed to be terminally ill with 6 months or less to live. This includes members of all demographics including the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups. Kaiser Permanente is not seeking as part of this proposal to expand hospice services to non-members who typically would not be seeking long term services within our delivery system. However, should capacity permit, Kaiser Permanente will support community demand if needed.



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**c. Quality of Service/Care**

Kaiser Permanente's proposal meets the CON Criterion for Quality of Service/Care in the following ways:

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Providing high quality, cost-effective health care and improving the health of the communities we serve is the mission of Kaiser Permanente. Kaiser Permanente is proactive and diligent in the pursuit, maintenance, and improvement of quality care and service. Kaiser Permanente is accredited by The Joint Commission and the National Committee for Quality Assurance which ensures that high-quality, cost-effective care is provided in accordance with approved guidelines for all regulatory and accrediting agencies. Kaiser Permanente also participates in Quality Assurance programs, Disease Management programs, and is a well-known 5 Star organization for quality. Additionally, Kaiser Permanente Hospice Care at Home, Hawaii will go through the process for Medicare deemed status in the future.

Kaiser Permanente Hospice Care at Home, Hawaii will follow the National Hospice and Palliative Care Organization's (NHPCO) 10 Components of Quality Care which provides a framework for developing and implementing QAPI, thus ensuring that members have the tools and resources that will result in improving care of patients and their families. Furthermore, Kaiser Permanente National Compliance and Internal Audits will be further assessing and monitoring the quality of care for hospice members, and our Kaiser Permanente Care at Home regional team will be providing quality oversight and ensuring care provided is within the standards for Kaiser Permanente members. Kaiser Permanente Hospice Care at Home, Hawaii will leverage best practices and streamline standard processes in delivering quality care from existing hospice agencies under the management of Kaiser Permanente Care at Home.

**d. Cost and Finances**

Kaiser Permanente's proposal meets the CON Criterion for Cost and Finances in the following ways:

- a. Kaiser Permanente has determined that it will support the necessary funding to increase the clinical staff to ensure that our hospice patients will be fully cared for. Kaiser Permanente will utilize industry standards for staffing. Support from existing Kaiser Permanente infrastructure and the benefits of bringing the Kaiser Permanente integrated care model into the hospice space will allow the program to become sustainable in a short period of time.
- b. Kaiser Permanente already has the capital infrastructure and senior leadership in place to manage this program. There will not be a need to expand physical space or senior leadership.
- c. During the first year, Kaiser Permanente projects annual hospice revenue of approximately \$1.2 million and annual hospice costs of approximately \$1.8 million.
- d. Through a phased-in approach to ensure consistent admissions of 20 patients/month with an average-length-of-stay of 75 days (industry standard), Kaiser Permanente would grow in its third year to annualized patient days of 18,000 with an average daily census of 49 members. To support this volume of patients, Kaiser Permanente will expend incremental annual costs of \$3.9 million. In turn, Hospice Revenue (and/or Commercial Hospice Cost Avoidance) are estimated to be approximately \$4.1 million.

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**e. Relationship to the Existing Health Care System**

Kaiser Permanente's proposal meets the CON Criterion for Relationship to the Existing Health Care System in the following ways:

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Kaiser Permanente will provide needed hospice and supportive care services to current Kaiser members on Oahu and fulfill their need for an integrated care system from birth to death. With the ability to leverage telehealth capabilities and Kaiser Permanente's existing programs and infrastructures, the newly formed hospice program will complete the integrated health system by facilitating greater care coordination and increased member access to expert medical care, pain management, emotional, spiritual, and bereavement support specifically tailored to patients and their family's needs and wishes in the comfort of their own home. Kaiser Permanente will be able to provide compassionate care to those with life-limiting illnesses as well as provide supportive care to their loved ones and caregivers which Kaiser Permanente members have explicitly asked for as a care option on Oahu. Additionally, the ability to coordinate care within Kaiser Permanente's integrated health care system will make it easier for patients to maintain relationships with their primary care and specialist providers.

Kaiser Permanente Hospice Care at Home, Hawaii will not have a significant impact on the existing health system as it will only be offered to Kaiser Permanente members on Oahu which limits its impact on the existing health system.

By providing care in the comfort of the patient's home, Kaiser Permanente will provide direct and indirect relief to Medical Centers, Emergency Rooms, and Urgent Care. Kaiser Permanente will be able to support the community's increasing need for hospice care and address the current existing long term care shortage. Kaiser Permanente will continue to maintain and grow its community partnerships and Kaiser Permanente Hospice Care at Home, Hawaii will serve as an extension to the hospice care currently being provided to the community. It is not Kaiser Permanente's intent to replace, but to complement, the existing landscape of hospice providers in the Oahu community.

**f. Availability of Resources**

Kaiser Permanente's proposal meets the CON Criterion for Availability of Resources in the following ways:

Kaiser Permanente has established operating funds that have been budgeted and are available for this proposed hospice program. Kaiser Permanente will leverage the existing infrastructure and management structure of Southern California and Hawaii.

Kaiser Permanente Southern California and Hawaii combined have made substantial investments in Care at Home, with a centralized regional structure in place to oversee the program both locally and with additional support from Southern California. Kaiser Permanente will leverage the existing infrastructure and management structure of Southern California and Hawaii. Kaiser Permanente has established recruiting and training pipelines both locally and nationally to ensure that anyone hired into this space will be successful in taking care of this critical population. Kaiser Permanente does not anticipate any challenges in filling needed positions.

Kaiser Permanente has significant human resources available to hire or train from within to staff the Kaiser Permanente hospice operations. Current human resources include:

- a. Administrative / leadership

- b. MDs
- c. Pharmacists
- d. RNs
- e. MSWs
- f. Chaplains
- g. LPNs
- h. HHAs
- i. Bereavement coordinators
- j. Volunteers

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All clinical positions will be held by individuals with a Hawaii license to practice in their respective professions. While Kaiser Permanente would benefit from recruiting professionals with prior experience in hospice and supportive care, it recognizes that there may be a limited number of such professionals in Hawaii. Therefore, Kaiser Permanente will recruit and hire compassionate, dedicated health care professionals who wish to receive training and certification in hospice and palliative care. Because there may be shortages in professionals with experience in home-based hospice and supportive care in Hawaii, Kaiser Permanente will develop and offer extensive training to new hires to ensure the highest quality delivery of hospice and supportive care.

Kaiser Permanente will expand and retain the health care workforce through increased exposure and training in the fields of hospice and supportive care. This expansion and retention of the health care workforce will enable access to the appropriate level of care in a timely manner. Kaiser Permanente will actively participate in education and training in the fields of medicine, nursing, social work, and spiritual care. Kaiser Permanente will partner with the education providers on Oahu to offer preceptorships and other learning opportunities in these areas. Kaiser Permanente has the financial resources and the means to recruit, train and retain the required staff to implement the proposal set forth in this application.

Kaiser Permanente requests approval of this application because it meets all of the CON criteria. Allowing Kaiser Permanente to internalize a service such as hospice is in line with its philosophy, its history, and its integrated health care delivery system. Kaiser Permanente offers an all-encompassing continuum of care that can improve lives and outcomes in our patient-friendly setting for hospice patient-members. Failure to control the cost of such service undermines Kaiser Permanente's ability to keep coverage affordable and premiums reasonable for participating Oahu residents and employers. Approval of this CON will have a community-wide benefit by reducing the average cost of hospice services on Oahu through the introduction of additional resources, and by introducing a level of coordinated care for patients with hospice needs that can improve health/medical management and outcomes.

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

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- 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.