



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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October 25, 2022

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Sam Balukoff
Vice President, Hospital Administrator
Kaiser Foundation Hospitals
2828 Paa Street
Honolulu, HI 96819

Dear Mr. Balukoff:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #22-07A for administrative review from Kaiser Foundation Hospitals ("the applicant") for the establishment of hospice services at 2828 Paa Street, Honolulu, HI, at no capital cost (the "Proposal").

- A. The Agency makes the following findings of fact with respect to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR). The Agency finds each of the following statements to be true and accurate.
1. The applicant states¹ that "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.

¹ For clarity, when the Agency quotes statements from the applicant or from witnesses in this section, it does so because the Agency finds such testimony to be persuasive and because the Agency has incorporated the referenced testimony as a finding of fact.

- 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.”

2. In written testimony dated October 13, 2022, Sam Balukoff, Vice President of Hospital Administration, Kaiser Permanente Honolulu, states “Additionally, Kaiser Permanente supports the State's Plan in many ways, including... Addressing workforce shortages by opening training, recruitment and educational pipelines already present within our local system, as well as national resources...”
3. The applicant states that “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.”
4. The applicant states that “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.”
5. In written testimony dated October 13, 2022, Sam Balukoff, Vice President of Hospital Administration, Kaiser Permanente Honolulu, states “The existing hospice agencies are unable to provide Kaiser Permanente's core operating model benefit of enhanced communication, integrated documentation across settings of care and/or wholistic coordination across our integrated continuum of care.”

6. The applicant states that “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.”
7. The applicant states that “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.”
8. The applicant states that “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.”
9. The applicant states that “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.”
10. The applicant states that “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.”
11. The applicant states that “During the first year, Kaiser Permanente projects annual hospice revenue of approximately \$1.2 million and annual hospice costs of approximately \$1.8 million... 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."

12. The applicant states "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."
 13. The applicant states that "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."
 14. The applicant states that "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."
 15. The applicant states that "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."
- B. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency finds that this proposal is eligible for administrative review as it meets the criterion in HAR Subsection 11-186-99.1(b) (6), i.e.: "Any proposal which is determined by the agency not to have a significant impact on the health care system."

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, Kaiser Foundation Hospitals, 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), Hawaii Revised Statutes, the Agency has determined 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 and ISSUES a Certificate of Need to Kaiser Foundation Hospitals for the Proposal described in Certificate of Need Application #22-07A. There is no capital expenditure authorized under this approval.



Darryl D. Shutter
Acting Administrator