



**HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY**

**STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: #13-11 Date of Receipt: \_\_\_\_\_  
To be assigned by Agency

**APPLICANT PROFILE**

Project Title: Establishment of Home Health Agency and Hospice Services

Project Address: 500 Ala Moana Boulevard, Suite 5-325, Honolulu, HI 96813

Applicant Facility/Organization: Hawaiian Healthcare Corporation DBA ProHealth Hospice & Home Care

Name of CEO or equivalent: Mohamed Marleen

Title: President

Address: 2700 Zanker Road, Suite 180, San Jose, CA 95134

Phone Number: (408) 451-9055 Fax Number: (408) 451-9217

Contact Person for this Application: Mohamed Marleen

Title: President

Address: 2700 Zanker Road, Suite 180, San Jose, CA 95134

Phone Number: (408) 451-9055 Fax Number: (408) 451-9217

**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.

  
Signature

09/03/2013  
Date

Mohamed Marleen  
Name (please type or print)

President  
Title (please type or print)

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

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

The Applicant is Hawai'ian Healthcare Corporation, DBA ProHealth Hospice & Home Care ("the Applicant" or "ProHealth").

**2. PROJECT LOCATION INFORMATION:**

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

Statewide:	_____
O`ahu-wide:	<u>  X  </u>
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)**

Please see Attachment 1, Letter of Intent to lease for 500 Ala Moana Boulevard.

**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.)**

The following will be required for the establishment of ProHealth Hospice & Home Care in Hawai'i:

- Certificate of need Approval
- Medicare certification
- State home health and hospice licensure

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

Name	Title	Address	Phone Number
Mohamed Shahram Marleen	President	2700 Zanker Rd, 180 San Jose CA 95134	408-451-9055
Malalai Mohideen	Treasurer	2700 Zanker Rd, 180 San Jose CA 95134	408-451-9055
Fabian Evans	Vice President	2700 Zanker Rd, 180 San Jose CA 95134	408-451-9055

**D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:**

- **Articles of Incorporation**

Please see Attachment 2. The attachment includes the business registration information, as well as the registration of the Applicant's trade name.

- **By-Laws**

Please see Attachment 3.

- **Partnership Agreements**

Not applicable.

- **Tax Key Number (project's location)**

46-1608379.

**4. TYPE OF PROJECT.** *This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.*

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility						
Outpatient Facility					<b>X</b>	
Private Practice						

**5. TOTAL CAPITAL COST: \$202,030**

6. **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.*

Not applicable.

7. **CHANGE IN 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 consult Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.*

ProHealth proposes the establishment of a new outpatient, Medicare-certified home health and hospice agency in Honolulu County—ProHealth Hospice & Home Care. Home health is identified in Section 11-186-5(3)(L) as a non-bed service, and hospice is identified in Section 11-186-4(H) as a special service. As such, both are subject to certificate of need approval, as outlined in 11-186-6(a).

Service integration is essential to the ProHealth model. As such, ProHealth is requesting joint approval of home health and hospice in order to ensure the complete program will be provided.

The Applicant will provide home health services including skilled nursing, physical, occupational and speech therapy, medical social workers, home health aides and registered dietitians, and will be available for those who are recovering from a surgery, injury or illness, those who are disabled, or those who have a chronic or terminal illness.

ProHealth will also provide hospice care to those patients with an advanced illness who wish to receive palliative rather than curative care. Hospice is comprehensive and compassionate end-of-life care that offers both physical and emotional support to patients and families. The interdisciplinary team involved in patient care includes the medical director, nurses, social workers, hospice aides, spiritual care coordinators, and bereavement counselors, as well as other therapists and providers, as necessary for the individual.

Uniquely, and based on prior, successful service delivery, ProHealth will jointly offer home health, hospice, and *transition care* services, adding a needed element to the home health/hospice continuum. The transition care program provides continuity of care through transition from the last phases of treatment for terminal illness through home health to the palliative focus of hospice. This program provides skilled rehabilitative care until it is time to transition to comfort care in the hospice program. It helps the transition of patients not yet ready for the idea and reality of hospice. ProHealth has found this a much needed service in its current California delivery locations. Furthermore, the Applicant understands this integrated program is not currently offered by any existing providers in the state of Hawai'i and therefore would be a brand new program offered to the residents in Hawai'i. Through discussions with a number of physicians and hospital providers in the planning area, it appears this transition care program is much needed and would be well-utilized. Many

patients who are hospice-appropriate end up not getting the care they need at home due to the fact of not being ready to embrace Hospice; this puts them at risk of not having their symptoms managed for pain. In these situations, patients find it necessary to receive care in hospital settings or they forgo care all together. ProHealth's unique transition care program has proven to provide these patients the care they need with its advanced illness management option.

**8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)**

<b>A. List All Project Costs:</b>	<b>AMOUNT:</b>
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. (LEASE)	<u>\$202,030</u>
7. Other: _____	_____
<b>TOTAL PROJECT COST:</b>	<b><u>\$202,030</u></b>

Note: Obligated office space includes 1,797 of rentable square feet. Base rent is \$1.40 per rentable square foot ("RSF") in year one, inflating 3% per year in years two and three. In addition, tenant is obligated to share in common building space costs ("shared costs"), estimated at \$1.54/RSF for 2013. Tenant is obligated to pay to landlord 4.712% Hawai'i General Excise Tax on all payments to landlord. Shared costs/RSF are assumed constant over the 3-year forecast.

Based CN rules Sec. 11-186-4, capital costs are defined as: "The total cost of all items to be obligated for or purchased within a twelve month period for a program, service, plan, or project." The "Total Project Cost" figures above represent a three-year period, the forecast period for this application.

\*There is \$30,000 in office equipment required as part of this project. As noted in the CN rules, Sec. 11-186-4(2), "The cost of equipment which is not used for diagnosis or treatment, and which does not exceed the expenditure minimum for a single item or for a system, such as office equipment, usual business equipment, and office and waiting room furniture, is exempt from the computation." As such, this office equipment has been excluded from the capital cost figure above.

**B. Source and Method of Estimation**

***Describe how the cost estimates in Item "A" were made, including information and methods used:***

Please see above for calculation of lease expense.

Movable equipment cost estimates are based on \$15,000 for furniture and office equipment and \$15,000 for telephone, computer equipment and fax devices. These costs estimates have been made based on the Applicant's current operations experience for comparable expenditures. However, as noted above, these figures are excluded from the CN-reviewable project costs.

**C. Source of Funds**

**AMOUNT:**

1. Cash	_____
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	_____
6. <u>Other: Fair market value of leased space to be paid by monthly rent</u>	<u>\$202,030</u>
<b>TOTAL SOURCE OF FUNDS:</b>	<b><u>\$202,030</u></b>

**9. 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**

Please see Attachment 1 for a signed, binding Letter of Intent to lease office space. The lease will be executed upon certificate of need approval.

**b) Dates by which other government approvals/permits will be applied for and received**

Immediately upon certificate of need approval.

**c) Dates by which financing is assured for the project**

Not applicable. There are no loans associated with this project. The Applicant intends to secure funds from ProHealth cash reserves upon certificate of need approval.

**d) Date construction will commence**

Not applicable. The Applicant will lease fully finished space. Movable equipment will be installed at start-up.

**e) Length of construction period**

Not applicable.

**f) Date of completion of the project**

Upon certificate of need approval.

**g) Date of commencement of operation**

Upon certificate of need approval and certification by Medicare.

***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.***

**10. 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**

Hawaiian Healthcare Corporation, DBA ProHealth Hospice & Home Care (“the Applicant” or “ProHealth”) is requesting certificate of need approval to establish and operate a home health agency providing home health, hospice and transition care services to residents of O’ahu. The agency will be Medicare-certified, and will be open to all eligible residents. Both home health and hospice are CN-reviewable services (Section 11-186-5(3)(L); Section 11-186-4(H)). As such, both are subject to certificate of need approval, as outlined in 11-186-6(a). Due to our service integration, and based on discussions with the Agency, ProHealth is submitting one application for the approval of both services.

Home health patients are generally persons who are recovering from surgery, injury or illness, or who are disabled, or who have a chronic or terminal illness and require home-based health care services, such as skilled nursing, rehabilitation and other services. Hospice patients are those with a terminal illness who have a remaining life expectancy of six months or less. ProHealth provides home health and hospice care to all patients in the location of their choosing, whether that is in their own home or in another facility.

The transition care program is unique to ProHealth and is a key part of ProHealth’s success. The program ensures seamless transition from the last phases of treatment for terminal illness through home health to the palliative focus of hospice. It helps ease in patients who are not yet ready for the idea and reality of hospice. The clinicians who work in this program are specially-trained in both rehabilitative and palliative care. Please see Attachment 4 for ProHealth’s brochures describing its home health, hospice and transition care services. Please see Attachment 5 for satisfaction surveys related to the hospice/transition care program.

One-quarter of the state’s population resides in the City of Honolulu, where ProHealth Hospice & Home Care will be located. Please see Attachment 6 for maps showing the location of the proposed agency. ProHealth, while located in Honolulu City and primarily serving the city population, will also provide quality home health, hospice, and transition care to all regions of the island. In fact, ProHealth has been in contact with providers from different parts of the County and will continue to work with those providers during project implementation (see Exhibit A-1).

ProHealth Hospice & Home Care is well-aligned with the priorities and objectives of the Health Services and Facilities Plan (HSFP) for Hawai‘i. Furthermore, the proposed agency encourages cost-effective home-based care for senior residents, and is likely to decrease health care costs across the system. ProHealth staffing ratios and performance improvement policies are also designed to ensure that patients receive the highest quality of care possible. Finally, the agency is designed to promote coordination and cohesiveness across the system, by avoiding unnecessary hospitalizations and coordinating patient-centered care plans with all providers involved in the patients’ care.

The analysis provided in this application demonstrates there is a severe shortage of both home health and hospice agencies in Honolulu County. That shortage has contributed to low hospice utilization and extremely low home health utilization. An overwhelming amount of literature demonstrates the benefits of home health and hospice, both in terms of patient quality of life and health care costs. With low utilization and insufficient supply, Honolulu County residents currently cannot receive these benefits.

We request the State Health Planning and Development Agency approve ProHealth’s application to establish and operate a home health and hospice agency providing home health, hospice and transition care services in Honolulu County. Upon approval, ProHealth will begin operations and work to support and improve resident access to these vital services.

## A. RELATION TO THE STATE PLAN

ProHealth Hospice & Home Care is very clearly aligned with the overarching goals of the Health Services and Facilities Plan (HSFP):

- The project will increase accessibility of home health and hospice care for persons who may not have used it otherwise or for whom there have been insufficient services available;
- The proposed project will promote the use of home-based care, which is much more cost effective across the health system than hospital and other inpatient care;
- Through cost-effective services, home-based care improves the financial viability of the health care delivery system;
- Furthermore, the home health, hospice, and transition care teams work together to ensure appropriate timing and use of technology and other health resources by coordinating care and focusing on lower intensity health care resources;
- Finally, the comprehensive team coordinates care for patients throughout the transition from illness or injury, to home health care and to hospice care, thus ensuring that care is supported with all of the patient's caregivers in the community.

Furthermore, the project is clearly aligned with the Honolulu (HONSAC) priorities. In fact, the #1 HONSAC priority is:

1. *Increase the availability of long-term care services and other supportive services.*
  - a. *Long-term care services include nursing homes, assisted living facilities, skilled nursing facilities, home and community-based services and hospice services.*
  - b. *Supportive services help maintain the quality of life and include housing, transportation, nutrition, and social support for independent living.*

ProHealth Hospice & Home Care directly addresses this priority. ProHealth will increase access and availability to both home health AND hospice services—long-term and supportive care services that support seniors across more of the continuum of care. These programs are directly aimed at maintaining quality of life and support for the patient. In addition, ProHealth will provide an additional service not currently available in Honolulu County: its transition care program. This program complements home health and hospice, and certainly improves the care continuum.

In addition to the HONSAC priority listed above, ProHealth will also address relevant SAC priorities of the West Oahu and Windward subareas, including increased access to geriatric services and services for the uninsured and underinsured, increased community engagement, improved health education, and improved access to inpatient services. While the facility will be located in the city of Honolulu, ProHealth will serve the county-wide need and, in collaboration with those providers, work to provide care to all residents. Please see Exhibit A-1 for the list of providers with whom ProHealth has already communicated in relation to this project.

Furthermore, ProHealth Hospice & Home Care will help control escalating costs in the senior care industry, including costs associated with institutionalized care. Home health and hospice are both widely recognized as reducing the costs related to unnecessary inpatient admissions and avoiding extended care in skilled nursing facilities.

In summary, ProHealth Hospice & Home Care successfully addresses the State and Honolulu County subareas' principles and areas of concern. It is well-aligned with the Health Services and Facilities Plan and will help complement current and future efforts at improving the health of Hawai'i residents.

**B. NEED AND ACCESSIBILITY**

Senior residents (persons age 65 and older) are the primary users of home health and hospice. Based on the most recent (2011) Centers for Disease Control and Prevention (CDC) statistics for home health and hospice, nearly 70% of home health patients are age 65 or older, and 83% of hospice patients are age 65 or older. There is a direct relationship between age and mortality, disability and prevalence of chronic conditions. Thus an increase in the population of persons age 65 and older will increase demand for both home health and hospice.

As shown below, the number of persons age 65 and older grew 1.6% annually from 2000-2010 in Honolulu County. As such, the percent of persons age 65 and older grew from 13.4% of total population in 2000 to 14.5% of total population in 2010. Furthermore, estimates for 2012 indicate that persons age 65 and older now represent 14.8% of total population. The growth in numbers of senior residents indicates there will be increasing need for senior services, including home health and hospice, in the future.

Honolulu County	2000	2010	Average Annual Growth, 2000-2010
Total Population	876,159	953,207	0.8%
Population, Age 65+ Only	117,738	138,490	1.6%
Ages 65+ as % of Total	13.4%	14.5%	

*Source: Intercensal Estimates of the Resident Population for Counties of Hawai'i: April 1, 2000 to July 1, 2010; from <http://www.census.gov/popest/data/intercensal/county/county2010.html>*

There are several other ways to estimate need for home health and hospice in addition to looking at population trends. In each of the approaches used, there is demonstrated, significant need for additional agencies offering both services in Honolulu County. Furthermore, there are currently no providers offering transition care services in the County. Clearly, there is need for ProHealth Hospice & Home Care.

Home Health

Based on national statistics and 2010 Medicare enrollment, there should have been roughly 14,869 Medicare enrollees seeking home health services in Hawai'i in 2010. However, based on CMS data, only 2,716 Medicare-insured Hawai'i residents utilized home health services in 2010, resulting in a home health use rate of 1.3%. **This use rate is only 20% of the national use rate.**

Of the statewide estimate, there should have been roughly 10,552 Medicare home health patients in Honolulu County alone in 2010. However, it is estimated there were only 1,928 Medicare home health patients. Clearly, home health utilization in Honolulu and the state is far behind the nation.

In terms of supply, there are seven certified home health agencies in Honolulu County. There is no public information on the actual number of patients served by each of these agencies. Based on the number of total home health patients from state statistics, the seven agencies in Honolulu County provided care to 275 patients, on average, in 2010.<sup>1</sup> By comparison, nationwide, home health providers provided care to 306.4 patients, on average, in 2010. Thus current agencies in the County

<sup>1</sup> 1,928 estimated patients / 7 agencies = 275 patients/agency.

appear to operate with lower censuses than the national average—in fact, the average census of a home health agency in Honolulu was 89.9% of the national average.<sup>2</sup> This demonstrates the need for education and outreach in order to increase utilization of home health care services in Honolulu County.

Furthermore, there are simply too few agencies to serve the population. Nationwide there are roughly 2.4 certified home health agencies per 10,000 Medicare beneficiaries, based on 2010 national figures. As shown in the table below, in Hawai'i there are only 0.6 agencies per 10,000 beneficiaries, and in Honolulu there are only 0.5 agencies per 10,000 beneficiaries. Thus initial estimates show that there is great need for additional home health agencies, based on national access ratios.

	<b>United States</b>	<b>Hawai'i State</b>	<b>Honolulu</b>
Medicare Enrollees(1)	47,664,048	206,487	146,544
Medicare Certified Agencies (2)	11,203	13	7
Certified Home Health Agencies per 10,000 Enrollees	2.4	0.6	0.5

(1) CMS. Medicare Enrollment by State and CMS Home Health Utilization by State, 2010 (Tables VII.3 and VII.14a)

(2) <http://Hawaii.gov/health/elder-care/health-assurance/medicare-facilities/directory-hha.html> And <https://oig.hhs.gov/oei/reports/oei-04-11-00240.pdf>

As noted above, Honolulu estimates of enrollees are interpolated from Hawai'i statewide estimates, and the percent of persons age 65 and older residing in Honolulu County.

In addition to the comparisons above, ProHealth explored other quantitative analyses for determining the need for additional home health agencies. The home health-specific forecast methodology used in the State of Washington Department of Health Certificate of need Program demonstrates **there is quantitative need for 22 additional, Medicare-certified home health agencies in Honolulu County**. Thus, by another state's CN home health methodology, there is severe need for additional agencies in the County.

In summary:

- **POPULATION:** Hawai'i ranks 12<sup>th</sup> in the nation in terms of the percent of population age 65 and older. In Honolulu County specifically, the number of persons age 65 and older has grown 1.6% annually (2000-2010), while total population has grown 0.8% annually. The percent of population age 65+ has grown from 13.4% in 2000 to 14.5% in 2010. Based on the most recent Centers for Disease Control and Prevention (CDC) statistics for home health and hospice, nearly 70% of home health patients are age 65 or older.
- **USE RATES:** There is low home health utilization in the State. Hawai'i has a use rate that is 20% of the national use rate (7.2% versus 1.3%).
- **AVAILABLE AGENCIES:** Nationwide, there is an average of 2.4 certified home health agencies per 10,000 Medicare beneficiaries. In Hawai'i there are only 0.6 home health agencies per 10,000 beneficiaries and in Honolulu there are only 0.5 agencies per 10,000 beneficiaries. Furthermore, current Honolulu agencies are operating at only 89.9% of the national average.

<sup>2</sup> Based on statewide statistics, home health agencies provided care to 209 patients, on average, in 2010 (2,716 patients / 13 agencies = 208.9 patients/agency). Thus, statewide, home health agencies appear to operate with a census that is 68.2% of the national average.

- **QUANTITATIVE NEED:** Using the Washington State certificate of need methodology, there is current need for 22 additional, Medicare-certified home health agencies in Honolulu County alone.

### Hospice

With the 12<sup>th</sup> highest concentration of seniors, it is not surprising that Hawai'i has a high number of annual deaths—in fact, the annual growth rate of deaths is over 7 times the growth for the nation as-a-whole. While the number of deaths grew 0.3% annually for the United States as-a-whole from 2000-2010, total deaths in the state of Hawai'i grew 1.6% annually over the same time period. In Honolulu County specifically, total deaths grew 2.0% annually.

In 2011, there were 9,946 deaths in Hawai'i, and 7,125 deaths in Honolulu County. With the high concentration of seniors, and a high growth in annual deaths, it would be reasonable to expect that Hawai'i, and Honolulu County specifically, would have considerable demand for, and access to, hospice care.

A review of CMS data, however, shows that Hawai'i State and Honolulu County hospice use rates are roughly 78% and 77% the national figure, respectively: 486.9 patients per 1,000 deaths in the U.S., versus 377.3 and 372.8 (see table below).<sup>3</sup>

In Hawai'i, there are ten Medicare-certified hospice agencies. Based on actual CMS hospice patients, the ten Hawai'i agencies provided care to more than 375 Medicare patients each in 2011. Nationwide, the average number of patients per agency was 231 in 2011—thus Hawai'i providers' caseloads appear to be 1.6 times the figure nationwide. In Honolulu County, the high case load is even more extreme: the four certified agencies in Honolulu County appear to average 664 Medicare patients each (2011). These caseloads do not reflect the non-Medicare patients who receive services at the existing agencies. Factoring in those cases, it is likely caseloads are 20% greater.<sup>4</sup>

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<sup>3</sup> Please note, it appears the CMS hospice utilization data indicates a higher 2011 hospice utilization rate than that of the NHPCO. However, the NHPCO data calculates the percent of total deaths under the care of a hospice program, while the CMS data above calculates the ratio of CMS hospice patients per 100 total deaths.

<sup>4</sup> While there are no figures for non-Medicare hospice patients, as noted above, persons age 65 and older represent 83% of all hospice patients. Thus it is reasonable to assume that there are at least another 17% of hospice patients who are not Medicare-insured.

	<b>CMS Hospice Patients (1)</b>	<b>Total Deaths (2,3)</b>	<b>CMS Hospice Patients per 1,000 Deaths</b>	<b>Hospice Agencies (4,5)</b>	<b>Hospice Agencies per 1,000 Deaths</b>	<b>Hospice Patients per Agency</b>
Hawai'i	3,753	9,946	377.3	10	1.01	375
Honolulu County	2,656	7,125	372.8	4	0.56	664
United States	1,223,551	2,513,171	486.9	5,300	2.11	231

(1) CMS. Medicare & Medicaid Statistical Supplement, 2012 Edition, Chapter 8, Table 8.3, Number of Hospices, Number of Persons, Covered Days of Care, Total Charges, and Program Payments for Hospice Services Used by Medicare Beneficiaries, by Area of Residents: Calendar Year 2011. Honolulu estimates are interpolated from Hawai'i statewide estimates, and the percent of persons age 65 and older statewide residing in Honolulu County

(2) Hawai'i vital statistics: <http://health.hawaii.gov/vitalstatistics/preliminary-2011/>

(3) National Vital Statistics Report. Deaths: Preliminary Data for 2011. Volume 61, Number 6. October 10, 2012.

(4) National Hospice and Palliative Care Organization. NHPCO Facts and Figures: Hospice Care in America. 2012 Edition. Note: the report states there are "over 5,300 programs today," in the U.S. but does not give specific number.

(5) <http://www.kokuamau.org/resources/hospice>

Furthermore, there are simply very few agencies to serve the population. Nationwide, there are roughly 2.11 hospice agencies per 1,000 deaths. As shown in the table above, Hawai'i as a whole has only 1.01 certified agencies per 1,000 deaths, and Honolulu County has only 0.56 agencies per 1,000 deaths (2011) (please see table above).

An analysis of need based on national ratios of agencies per 1,000 deaths demonstrates there is current need for 12 hospice agencies in Honolulu County.

	<b>Total Deaths(1)</b>	<b>National Benchmark, Hospice agencies per 1,000 deaths, 2011(2)</b>	<b>Estimated Need</b>	<b>Current Supply(3)</b>	<b>Net Need</b>
Honolulu County	7,426	2.11	15.7	4.0	11.7

(1) Hawai'i vital statistics: <http://health.hawaii.gov/vitalstatistics/preliminary-2012/>

(2) See the table above. There are roughly 5,300 hospice agencies nationwide and 2,513,171 deaths (based on 2011 vital statistics).

(3) <http://www.kokuamau.org/resources/hospice>

As with home health, ProHealth explored other quantitative analyses for determining the need for additional hospice agencies, and found the Washington State certificate of need methodology for hospice agencies to be reasonable. Using that methodology, **there is quantitative need for 11 additional, Medicare-certified hospice agencies in Honolulu County.**

In summary:

- **POPULATION:** Hawai'i ranks 12<sup>th</sup> in the nation in terms of the percent of population age 65 and older. In Honolulu County specifically, the number of persons age 65 and older has grown 1.6% annually (2000-2010), while total population has grown 0.8% annually. The % of population age 65+ has grown from 13.4% in 2000 to 14.5% in 2010. Based on the most recent Centers for Disease Control and Prevention (CDC) statistics for home health and hospice, 83% of hospice patients are age 65 or older.
- **DEATHS:** The number of deaths in Hawai'i has grown 1.6% annually (2000-2010), while deaths in Honolulu County specifically have grown 2.0% annually. In comparison, deaths nationwide have grown only 0.3% annually over the same time period.
- **USE RATES:** Hawai'i hospice use rates are behind the nation. In Honolulu County, the utilization figure is 77% the figure nationwide: 372.8 vs. 486.9 patients per 1,000 deaths. These figures are based on CMS data only for 2011.
- **AVAILABLE AGENCIES:** On average, there are 2.11 hospice agencies per 1,000 deaths across the United States (2011). In Hawai'i, the figure is 1.01. In Honolulu County, the figure is only 0.56. Furthermore, the existing Honolulu County providers appear to have an average annual case load that is at least 2.8 times the national average
- **QUANTITATIVE NEED:** Using the Washington State certificate of need methodology, there is current need for 11 additional, Medicare-certified hospice agencies in Honolulu County.

#### Transition Care

There are no transition care programs in Honolulu County.

The complement of transition care is what makes the ProHealth model unique: it "bridges" home health and hospice care, helps ease in patients not yet ready for the idea and reality of hospice. While no quantitative need analysis exists for transition care, the lack of such a service signifies there is need. Please see Exhibit E-1 for letters of support attesting to the high value of a combined home health, hospice and transition care program. Please see also Attachment 5 for satisfaction surveys from families who have utilized ProHealth's transition care program.

#### Accessibility for residents

As discussed in Section B, ProHealth Hospice & Home Care will be accessible for all patients. In fact, ProHealth has a policy of providing care to patients, including low-income persons, racial and ethnic minorities, women, handicapped persons, racial and ethnic minorities, and other underserved groups, and intends to provide 10-15% of its care at no charge to individuals who cannot pay (see Exhibits B-9 and B-10 for the admissions and charity care policies). Furthermore, as a Medicare-certified agency, ProHealth will be accessible to all elderly persons, the most frequent users of home health and hospice care.

### **C. QUALITY OF CARE**

ProHealth works with patients to understand lifestyle and health care preferences. Home health, hospice and transition care is coordinated with physicians, acute care, long term care, pharmacy and other community providers involved in the patient's care to ensure seamless provision of care. Through case reviews and progress reports with providers, the intensity and frequency of services can be reviewed and adapted as necessary. Furthermore, ProHealth has a Performance Improvement framework that integrates activities to improve organization performance; improve patient safety; reduce the risks for acquisition and transmission of infections; and improve palliative care outcomes and services.

In Honolulu, all personnel will be active participants in ProHealth's quality assessment performance improvement (QAPI) activities, while senior management will be responsible to guide the organization's efforts in:

- improving organizational performance in governance, management, clinical and support activities;
- defining expectations of hospice's performance improvement activities; and
- generating the plan and processes to measure hospice caregivers' service quality. These performance measures will be used to benchmark performance and improve clinical service quality and patient satisfaction over time.

Through a continued commitment to excellence in terms of staffing and training, ProHealth ensures that patients always receive the highest quality of care possible. As such, all ProHealth employees are highly qualified and trained, and receive necessary hours of education. ProHealth performs internal audits to determine that all staff are meeting, at a minimum, skill position requirements. Each year, staff are required to complete the following programs:

- Standard Precautions and Infection Control;
- Safety Program;
- Body Mechanics;
- Emergency Preparedness; and
- Corporate Compliance

Furthermore, ProHealth also has a Personnel Development Policy, whereby ongoing training and development for staff is provided in order to maintain/improve service competence. Both this and the Performance Improvement policies ensure that all employees are qualified, trained and receive at least minimum education to provide the highest quality of care. ProHealth keeps records of all continuing education and in-service training.

Please see Exhibits C-2, C-3 and C-6 for ProHealth policies pertaining to staffing and quality improvement.

Finally, all staffing is in conformance with national quality of care guidelines. In fact, the proposed agency will have stronger hospice staffing ratios than the national average. Furthermore, while there is separate staffing for home health and hospice, patients have access to staffing and resources from both programs. This is the unique nature of the ProHealth model—with integrated home health, hospice and transition services, care is coordinated across the different levels of care. Thus both home health and hospice providers and services are available to patients, as needed, and staffing flexes based on need.

**D. COST AND FINANCES**

ProHealth Hospice & Home Care in Honolulu does not require outside financing and can be supported by ProHealth corporate. ProHealth has sufficient reserves to ensure coverage of the modest capital expenditures to establish the proposed agency. Furthermore, ProHealth has demonstrated its experience and expertise in establishing and operating home health and hospice agencies, as evidenced by the two existing ProHealth agencies in California.

As shown in the table, the proposed Honolulu agency is expected to operate at a loss in year one (2014), while showing improvement through years two and three. The projections are based on reasonable home health and hospice utilization and financial assumptions, detailed below.

**ProHealth Hospice & Home Care, Consolidated Statement of Revenues and Expenses, Years 1-3.**

	<u>Year 1 (2014)</u>	<u>Year 2 (2015)</u>	<u>Year 3 (2016)</u>
<b>Net Patient Service Revenue</b>	<b>\$3,007,026</b>	<b>\$5,518,144</b>	<b>\$9,995,484</b>
<b>Total Expenses</b>	<b>\$3,078,000</b>	<b>\$4,941,676</b>	<b>\$8,585,408</b>
<b>Excess (Deficit) Funds from Operations</b>	<b>(\$64,974)</b>	<b>\$582,469</b>	<b>\$1,416,076</b>

Home health and hospice are acknowledged to be the most cost effective care for patients either recuperating from a hospital stay or for those who are unable to take care of themselves, or for the terminally ill—in fact, home health and hospice charges and costs to deliver care are a fraction of hospital inpatient and skilled nursing charges and costs, as discussed below.

The approval of ProHealth Hospice & Home Care has the potential to reduce health care costs by reducing unnecessary hospitalization and skilled nursing facility (“SNF”) admits, including readmissions, and by reducing the average length of stay in hospitals and skilled nursing facilities, thus lowering overall costs of care. This has the additional benefit of “freeing up” capacity in hospitals and SNFs for more acute patients, and improving care delivery efficiency, i.e., utilizing costly resources for more acutely-ill inpatients. Furthermore, in the case of home health, by promoting the use of outpatient services, which are much lower cost, patients and insurers expend less, thus lowering overall health care costs. In the case of hospice, not only is hospice-based care much lower cost than an inpatient hospital or a SNF stay, it provides a more patient-centered environment for terminally-ill patients and their families. There is no question, hospice care is much less costly and, in general, it is much preferred by patients. In summary, both home health and hospice will serve to lower health care delivery costs.

Since ProHealth integrates home health, hospice and transition care, approval for the agency has the potential to reduce the costs of redundant administrative and clinic assessments and to streamline care for patients. This, too, promotes overall cost reductions in health care delivery. Furthermore, patient care is coordinated across the continuum, and the same agency is able to handle all three services. Based on ProHealth’s current experience with integrated services, care is more efficiently delivered, and unnecessary hospitalizations of patients and lengths-of-stay are reduced. This improves efficiency of care delivery and, most importantly, improves patient care.

## ***E. RELATION TO THE EXISTING HEALTH CARE SYSTEM***

There is need for additional home health and hospice agencies in Honolulu County. This need will only increase as the number and concentration of Honolulu's seniors (persons age 65+) continues to rise and, consequently, as the number of annual deaths increases at a much higher rate than the rest of the country. ProHealth intends to meet part of this growing need for additional agencies, and to provide care in a unique agency where home health, hospice and transition care are integrated.

ProHealth has a history of integration into the communities in which it is established. The Honolulu agency will also integrate with the community and be attuned to specific community needs as they relate to home health, hospice and transition services. In fact, there has been significant community interest in the establishment of ProHealth Hospice & Home Care, particularly in terms of ProHealth's unique transition services. ProHealth intends to grow those relationships and continue to work with the community to establish appropriate programs and services. ProHealth Hospice & Home Care also will work to coordinate care across different providers, which results in improved collaboration across the system of care, consistent with its current approach.

Education is a key component of the success of ProHealth's model. ProHealth invests time and staffing for community outreach and education. This includes developing programs that are culturally sensitive, thus ensuring access to services that are relevant to the local community and oriented to local beliefs, opinions and reservations regarding home health and hospice care, particularly in terms of end-of-life care.

ProHealth's charity care policy ensures that all residents, regardless of ability to pay, are able to obtain home health and hospice services, thus improving access for Honolulu's indigent patients. In addition, ProHealth will be Medicare-certified, and thus capable of providing care to all clients, not just those with private insurance.

In summary, given the stated need for home health and hospice services in the Health Services and Facilities Plan, the demonstrated quantitative need, and the potential to significantly decrease expensive and unnecessary inpatient care, ProHealth will improve the functioning of senior health care in Honolulu, reduce related health care costs, and allow hospitals to reserve their resources for patients requiring inpatient services. This will both complement and improve the existing health care system, particularly for senior residents.

## ***F. AVAILABILITY OF RESOURCES***

ProHealth understands there are unique challenges to staffing a home health and hospice agency in Honolulu. Specifically, there is currently a shortage of health care staff. In fact, HONSAC Priority #3, addressed above, demonstrates there is need to "identify and address workforce shortages in the health care industry with particular emphasis on senior care services." This is exactly what ProHealth intends to do. By offering competitive compensation and benefit packages and supplementing initial staffing by bringing over mainland staff, ProHealth will work to hire and train local staff to provide home health and hospice services. Please see Exhibit F-1 for ProHealth's Employee Recruitment and Training Program.

Finally, ProHealth has very adequate financial resources to fund the modest start-up costs associated with the proposed project. History and experience in California demonstrates ProHealth's competency in financing and operating a financially viable home health and hospice agency.