



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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GOVERNOR OF HAWAII

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December 9, 2002

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 02-27
Arcadia Elder Services	)	
	)	
Applicant	)	
	)	DECISION ON THE MERITS
	)	

## DECISION ON THE MERITS

The State Health Planning and Development Agency (hereinafter "Agency"), having taken into consideration all of the records pertaining to Certificate of Need Application No. 02-27 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendations of the Oahuwide Certificate of Need Review Committee and Certificate of Need Review Panel, the Agency hereby makes its Decision on the Merits, including findings of fact, conclusions of law, order, and written notice on Certificate of Need Application No. 02-27.

I

## BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of an Adult Day Health service at 1660 South Beretania Street, Honolulu, HI at a capital cost of \$1,173,400.
2. The applicant, Arcadia Elder Services, is a nonprofit corporation organized under the laws of the State of Hawaii.

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

4. On October 22, 2002, the applicant filed with the Agency a Certificate of Need application for the establishment of an Adult Day Health service at 1660 South Beretania Street, Honolulu, HI at a capital cost of \$1,173,400 (the "Proposal"). On October 30, 2002 and October 31, 2002, the applicant submitted additional information. On November 1, 2002 the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #02-27.

5. The period for Agency review of the application commenced on November 7, 2002, the date on which written notification was mailed to the applicant.

6. The Oahuwide Certificate of Need Review Committee met at a public meeting on November 8, 2002 and recommended unanimous approval of this application by a vote of 5 in favor and none opposed.

7. The application was reviewed by the Certificate of Need Review Panel at a public meeting on November 15, 2002. The Panel recommended unanimous approval of the Proposal by a vote of 5 in favor and none opposed.

8. The Statewide Health Coordinating Council review of the application was waived pursuant to Section 323D-44.6 HRS.

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

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

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

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

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

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

II

**FINDINGS OF FACT**

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

12. With respect to the goals and objectives of H2P2, the applicant states that the goal to provide older adults with the opportunity to better "maintain good health and independent personal functioning" and the objective to reduce "the risk of injury and violence by promoting a safe environment and safe community" will be supported by the proposed project.

13. The applicant states that the Proposal promotes continuity of care "via the integration of the senior care given by a care provider or family member with participation in a Day Health Program."

14. The applicant states that, by creating a day health program that will benefit the elderly, its proposed project supports:

- The statewide priority of fostering "the development of care systems for the elderly and chronically ill... to the community."
- The Honolulu subarea priority of "increased geriatric care services for the growing elderly population."

15. The applicant states that the Proposal supports Chapter VI of H2P2 – *Diabetes and Other Chronic Disabling Conditions*, by helping individuals with chronic conditions maintain independence and a higher level of functioning.

16. With respect to Chapter VIII of H2P2 – *Preventable Injuries and Violence*, the applicant states that its proposed program will decrease the risk of falls for its participants since they will be have assistance and access to maintenance therapies while at the facility.

17. The Agency finds that this criterion has been met. The applicant has proven by a preponderance of the evidence that the Proposal is consistent with the provisions of the state health services and facilities plan (H2P2).

**B. REGARDING NEED AND ACCESSIBILITY CRITERIA**

18. The applicant states that that population studies of limited community and agency surveys demonstrate an immediate need for adult day health services.

19. The applicant states that its adult day care facility, which is currently operating at the proposed site, has 32 participants (averaging 16-20 Monday, Wednesday, Friday and 10-12 on Tuesday, Thursday) and at least 50 percent of those participants could immediately be transferred to the proposed adult day health program.

20. In her memorandum of November 12, 2002, Laurie Oishi, Chair, Oahuwide Certificate of Need Review Committee forwarded the Committee's recommendation for unanimous approval of this application. The recommendation states in pertinent part:

**2. Need and Accessibility: Met**

There is currently a high demand for this type of service as well as a future high demand due to the aging population of the community.

21. With respect to accessibility, the applicant states that it does not discriminate on the basis of race, gender, creed or religion and that its services will be available to adult persons of all races, women, people with disabilities and the elderly. The applicant states that preference will be given to Central Union Church members.

22. The Agency finds that the need and access criteria have been met.

**C. REGARDING QUALITY AND LICENSURE CRITERIA**

23. The applicant states that the proposed project will improve quality of care "by assisting older adults in maintaining good health and independent personal functioning as well as increasing geriatric care services for the growing elderly population."

24. The applicant states that the Proposal will enhance quality of care by offering a variety of services such as limited nursing, occupational therapy, speech therapy, physical therapy, medication administration, limited social services, activities, and socialization that are not generally available to a senior if he/she remains at home.

25. The applicant states that its parent corporation, Arcadia Retirement Residence (ARR), provides continuing senior care and is fully knowledgeable regarding Adult Day Health for seniors. The applicant further states that it will

adhere to ARR's quality assurance schedule in order to maintain a high standard of quality of care as follows:

- Weekly multidisciplinary care plan meetings
- Quarterly quality assurance meetings, which include pharmacy reports and infection control reports
- Monthly quality indicator meetings
- Monthly infection control meetings
- Weekly wellness meetings to communicate about the state of all its residents

26. The applicant states that it will maintain a ratio of 1 Certified Nurse Aide for every 5 participants in the program. The applicant also states that all staff working at the Day Health Center will be First Aid/ CPR certified.

27. The applicant states that it will obtain a Department of Health license to operate an Adult Day Health program prior to commencement of its program.

28. In her memorandum of November 12, 2002, Laurie Oishi, Chair, Oahuwide Certificate of Need Review Committee provided the following comment regarding the quality criteria:

**3. Quality of Service/Care: Met**

The management and delivery of the service is expected to be of high quality based upon the applicant's good reputation in the community.

29. The Agency finds that quality and licensure criteria have been met.

**D. REGARDING THE COST AND FINANCIAL CRITERIA**

30. The applicant states that there is no major capital cost for the proposed program. The applicant states that the building structure for the Proposal has been completed (capital cost - \$988,800) and the applicant has been operating the Central Union Church Adult Day Care Center from this building since July 1, 2002. The applicant states that proposed day health service is an additional program that will be offered at the day care center.

31. The applicant states that remaining capital cost for the project (\$67,000) is for furniture and equipment costs and that this equipment is owned by Central Union Church.

32. The applicant projects that the net surplus will be <\$22,700> for year 1 and \$49,051 for year 3 of the Proposal. The applicant projects that the program

should reach its break-even of 20 fulltime program participants by the third month of operation.

33. The Agency finds that cost and financial criteria have been met.

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

34. The applicant states that the Proposal will improve accessibility to health care in the community by creating up to 49 more slots for individuals who need day health services on the island of Oahu.

35. The applicant states that its program will not negatively impact other adult day health programs because the demand for this service far outweighs the supply.

36. The applicant states that the consolidation of its adult day care services with the proposed day health program will enhance the quality of care being delivered to the community.

37. The Agency finds that this criterion has been met.

F. REGARDING THE AVAILABILITY OF RESOURCES

38. The applicant states that Central Union Church, via management agreement with Arcadia Elder Services, provides the space for the applicant's Adult Day Care Center and will provide the same space for the proposed day health service.

39. The applicant states that the facility has already been built and paid for by Central Union Church. The applicant states that the furniture and equipment for the Proposal is owned by Central Union Church.

40. The applicant states that no additional funds are required other than start up costs which have been provided by Arcadia Elder Services and Central Union Church.

41. The applicant states that it will require 3 FTE for Certified Nurse Aides, .5 FTE for the Program Director and .5 FTE for a Registered Nurse for year one of the Proposal. The applicant further states that this staff is presently available at Arcadia Elder Services.

42. The Agency finds that the applicant has met this criterion.

III

**CONCLUSIONS OF LAW**

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 02-27 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendations of the Oahuwide Certificate of Need Review Committee and Certificate of Need Review Panel, and based upon the findings of fact contained herein, the Agency concludes as follows:

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

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

- (1) There is a public need for this proposal; and
- (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.

**ORDER**

Pursuant to the findings of fact and conclusions of law contained herein, IT IS HEREBY DECIDED AND ORDERED THAT:

The State Health Planning and Development Agency hereby APPROVES and ISSUES a certificate of need to Arcadia Elder Services for the proposal described in Certificate Application No. 02-27. The maximum capital expenditure allowed under this approval is \$1,173,400.

WRITTEN NOTICE

Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

The decision on the merits is not a final decision of the Agency when it is filed. Any person may request a public hearing for reconsideration of the decision pursuant to Section 11-186-82 of the Agency's Certificate of Need Program rules. The decision shall become final if no person makes a timely request for a public hearing for reconsideration of the decision. If there is a timely request for a public hearing for reconsideration of the decision and after the Agency's final action on the reconsideration, the decision shall become final.

DATED: December 9, 2002  
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



MARILYN A. MATSUNAGA  
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Decision on the Merits, including findings of fact, conclusions of law, order, and written notice, was duly served upon the applicant by sending it by certified mail, return receipt requested, in the United States Postal Service addressed as follows on December 9, 2002.

Emmet White  
President/CEO  
Arcadia Elder Services  
1434 Punahou Street  
Honolulu, HI 96822

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA  
Administrator