



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE
GOVERNOR OF HAWAII

CHIYOME L. FUKINO, M.D.
DIRECTOR OF HEALTH

DAVID T. SAKAMOTO, M.D., M.B.A.
ADMINISTRATOR

1177 Alakea St. #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

September 17, 2003

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 03-25
Health For All, Inc.)	
)	
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. 03-25 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons and the recommendations of the Oahuwide Certificate of Need Review Committee, 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. 03-25.

I

BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of an Adult Day Health service at 94-830 Hikimoe Street, Waipahu, HI at a capital cost of \$5,330,000.
2. The applicant, Health For All, Inc., is a nonprofit corporation organized under the laws of the state of California and licensed to engage in business in 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 July 22, 2003, the applicant filed with the Agency a Certificate of Need application for the establishment of an Adult Day Health service at 94-830 Hikimoe Street, Waipahu, HI at a capital cost of \$5,330,000 (the "Proposal"). On July 29, 2003, July 31, 2003 and August 1, 2003, the applicant submitted additional information. On August 1, 2003, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #03-25.

5. The period for Agency review of the application commenced on August 4, 2003, the day notice was provided to the public pursuant to 11-186-39 HAR.

6. The Oahuwide Certificate of Need Review Committee met at a public meeting on August 11, 2003 and recommended conditional approval of this application by a vote of three in favor and one opposed. The condition was that applicant provided a letter to the Agency confirming the applicant's intent to proceed with the project notwithstanding that a state grant for the operation of the proposal as a pilot project had not yet been advanced to the applicant.

7. On August 22, 2003, the applicant provided the said letter to the Agency.

8. The Certificate of Need Review Panel and Statewide Health Coordinating Council reviews of the application were 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 of providing older adults with the opportunity to "maintain good health and independent personal functioning" and the objective of reducing "the risk of injury and violence by promoting a safe environment and safe community" will be strongly supported by the Proposal.

13. 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 populations..."
- The West Oahu Subarea priority of providing "affordable long-term care and services in general for the elderly and their family members."

14. 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 attain a higher level of functioning.

15. 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.

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

B. REGARDING NEED AND ACCESSIBILITY CRITERIA

17. The applicant states that that its target population includes seniors age 65 and older as well as disabled individuals who are 18 years of age and over.

18. The applicant states that although its facility will serve the immediate communities of Leeward and Central Oahu, it "will also extend its services beyond its immediate communities (Leeward and Central Oahu) to the entire island of Oahu."

19. The applicant states that, based upon the 1990 Census, the total population of residents age 65 and older for Leeward and Central Oahu is 13,000. The applicant further states that the town of Waipahu has the highest number of residents in this age group at 3,287 residents.

20. In his memorandum of August 19, 2003, Mike Kido, Chair, Oahuwide Certificate of Need Review Committee forwarded the Committee's recommendation for conditional approval of this application. The recommendation states, in pertinent part:

2. Need and Accessibility:

The applicant has established that a need exists in the community for the proposed services.

21. With respect to accessibility, the applicant states that it "does not discriminate on the basis of race, gender, creed or religion, nor does it prohibits (sic) elderly to participate because of socio-economic status."

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 "enhance the quality of care provided to the target group through services that are not generally available to them while remaining at home. These services will include limited nursing care, occupational therapy, speech therapy, physical therapy, medication administration, limited social services, activities, and socialization."

24. The applicant states that it will be licensed by the Department of Health as an Adult Day Health facility.

25. The applicant states that "all staff working in the facility will be First Aid/ CPR certified, possess professional licenses where appropriate and all on-site staff will receive in-service training, as needed every month or every other month."

26. The applicant states that it has three facilities in the state of California which meet or exceed the state mandated quality of care requirements.

27. With respect to the quality criteria, the Oahuwide Certificate of Need Review Committee recommendation of August 19, 2003 states, in pertinent part:

3. Quality of Service/Care:

The applicant has experience in providing this type of service and will obtain state licensing for the proposed facility.

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

29. The applicant states that capital cost of the facility which will be used for the Proposal is \$5,330, 000. The applicant states that the facility is owned by the Waipahu Community Adult Day Health Center and Youth Day Care Center and will be leased to the applicant for the sum of \$1.00 per year for the next 20 years.

30. The applicant states that the capital cost of the equipment required for the Proposal is \$94,000 and that this equipment has been donated to the applicant.

31. The applicant projects that its program revenues will \$156,000 and its program expenses will be \$168,000 for year 1 of the Proposal. The applicant further projects its program revenues will \$496,080 and its program expenses will be \$297,904.92 for year 3 of the Proposal.

32. The applicant states that that the projected \$12,000 deficit in the first year of operations "will be compensated for by our corporate office in Sacramento, California."

33. With respect to the cost and financial criteria, the Oahuwide Certificate of Need Review Committee recommendation of August 19, 2003 states, in pertinent part:

4. Cost and Finances:

The opportunity to lease the facility for nominal rent minimizes the overhead cost for the proposal.

34. 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

35. The applicant states that "(t)he existence of an Adult Day Health Center in

West O'ahu (Leeward & Central Oahu) will be an enhancement to the delivery of care to the senior residents of this part of the island."

36. The applicant states that its project "will work in concert with hospitals, private doctors' offices, clinics, and other health care systems and will not affect the utilization of other health care systems."

37. With respect to the Proposal's relationship to the existing healthcare system, the Oahuwide Certificate of Need Review Committee recommendation of August 19, 2003 states, in pertinent part:

5. Relation to the Existing Health Care System:

The proposal will enhance the existing healthcare system by providing a service which does not currently exist in the community.

38. The Agency finds that these criteria have been met.

F. REGARDING THE AVAILABILTY OF RESOURCES

39. The applicant states that the facility has already been built and paid for by Waipahu Community Adult Day Health Center and Youth Day Care Center and will be leased to the applicant for the sum of \$1.00 per year for the next 20 years.

40. The applicant states that the furniture and equipment for the Proposal has been donated to the applicant.

41. The applicant states that it "will recruit its entry level-staff and volunteers from the local community first (Waipahu) and if none (sic) available, it will recruit from other communities."

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. 03-25 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 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 Health For All, Inc. for the proposal described in Certificate Application No. 03-25. The maximum capital expenditure allowed under this approval is \$5,330,000.

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: September 17, 2003
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



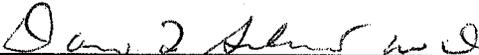
David T. Sakamoto, M.D.
Administrator

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 September 17, 2003.

Richard Ikeda, M.D.
Executive Director
Health For All, Inc.
2730 Florin Road
Sacramento, CA 95822

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto, M.D.
Administrator