



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE
GOVERNOR OF HAWAII

LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

ROMALA SUE RADCLIFFE, B.A., M.A.
ADMINISTRATOR

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

October 4, 2011

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 11-12
Stay at Home HealthCare Services, LLC)	
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. 11-12 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 Kauai County Subarea Health Planning Council, the Certificate of Need Review Panel and the Statewide Health Coordinating Council, 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. 11-12.

I

BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of certified Home Health Agency services at 4297C Omao Road, Koloa, Kauai, at a capital cost of \$90,900.
2. The applicant, Stay at Home HealthCare Services, LLC, is a limited liability corporation.

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 May 11, 2011 the applicant filed with the Agency a Certificate of Need application for the establishment of certified Home Health Agency services at 4297C Omao Road, Koloa, Kauai, at a capital cost of \$90,900 (the "Proposal"). On June 13, 2011 and June 21, 2011, the applicant submitted additional information. On June 23, 2011, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #11-12.

5. The period for Agency review of the application commenced on July 11, 2011, the day notice was provided to the public pursuant to 11-186-39 HAR.

6. The application was reviewed by the Kauai County Subarea Health Planning Council at a public meeting on July 18, 2011. Both Council members present at the meeting recommended approval of the application.

7. The application was reviewed by the Statewide Health Coordinating Council at a public meeting on July 28, 2011. The Council voted 9 to 0 in favor of recommending approval of the application.

8. The application was reviewed by the Certificate of Need Review Panel at a public meeting on August 17, 2011. The Council voted 6 to 0 in favor of recommending approval of the application.

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

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

"(b) No certificate of need shall be issued unless the state 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

12. The applicant states that "SHHS is committed to supporting the long-term viability of the health care delivery system on Kauai. The ability to coordinate services from the acute care and rehabilitation setting will reduce unnecessary re-hospitalizations while allowing those we serve to receive care and services in the least restrictive environment of their home."

13. The applicant states that "SHHS will work to ensure that the proposed Home Health Agency services will be able to provide health care access at a reasonable and competitive cost. Home care services can reduce hospitalizations as well as decrease the length of stay. Home health services will provide a viable option to hospitalizations, rehabilitation and skilled nursing facilities in addition to eliminating the need for costly and sometimes unavailable transportation services to outpatient facilities. The quality-trained staff will be able to identify through assessments, potential health risks and take appropriate action to avoid unnecessary hospitalizations or emergency room visits. SHHS proposed comprehensive Performance Improvement programs focuses in part on outcomes and reducing unnecessary hospitalizations..."

14. The applicant states that "The ability to expand into the home health sector will allow a greater population to be served that is now limited in health care services. The objective will be in direct alignment with the State of Hawai'i Health Services and Facilities Plan by reaching out to and servicing the identified vulnerable populations. SHHS will provide services to those with disabilities, all ethnic groups, low-income levels, rural geographical areas, and the elderly while maintaining delivery of culturally appropriate care. The Home Health Agency will embrace the same values of servicing this vulnerable population in geographically challenged areas."

15. The applicant states that "SHHS will strive to ensure the project is in alignment with the regional and statewide continuum of care. SHHS will provide quality care in a highly regulated environment. The ability of SHHS to achieve quality outcomes while maintaining financial viability will demonstrate a commitment and passion for caring for the people of Hawaii. The ability to service Kauai through Home Health services as well as inpatient rehabilitation and skilled nursing promotes a smooth transition from one level of care to

another without the need to duplicate efforts. The staff knowledge of the patients will transfer from an inpatient to outpatient setting thus promoting a congruent approach to health care.”

16. The applicant states that “SHHS will encourage and support health education, promotion and prevention initiatives. SHHS will participate in numerous health fairs and community activities raising the awareness of health care needs such as dementia and Alzheimer’s...”

17. The applicant states that “SHHS will work collaboratively within the health care continuum to ensure smooth transitions from one level of care to another. SHHS will work collaboratively with the organizations admission coordinator on the island of Kauai assisting with admissions into the healthcare system.”

18. The applicant states that “SHHS is committed to utilize their staff and resources to ensure quality home health services for all individuals requiring skilled nursing and therapeutic services on Kauai... additional services will include dietary and nutrition education, diabetes management, wound/pressure sore prevention and management as well as care coordination/social work.”

19. The applicant states that “SHHS will work to improve access for clients with mental health conditions to necessary resources. The organization currently services a multitude of behaviorally challenged clients as well as those with mental illness and mental retardation... SHHS will have access to seven licensed Social Workers and four social service designees to meet the needs of our clients.”

20. The applicant states that “SHHS is committed to providing comprehensive care and services consistent with the values and priorities of the state and county of Kauai. SHHS is a locally owned company and through the parent organization has had a presence on Kauai since 2001 with expansions in 2004 and 2009 demonstrating an ongoing commitment to the provision of health care to the Kauai community. SHHS’s success will be partially contributed to understanding the culture and diversity of Kauai and those we serve. The organization demonstrates an ongoing commitment to the provision of health care to the Kauai community.”

21. The applicant states that “SHHS will provide services to those homebound individuals who would otherwise not be able to access care due to obstacles such as transportation, lack of support systems and medically fragile conditions. The provision of these services will provide early identification of risks that could contribute to unnecessary /frequent hospitalizations and allow interventions to be implemented early on in the assessment period.”

22. The applicant states that "SHHS is in a unique position to address the waitlist issues at the local hospitals. Through long-term care services and Home Health, the organization will provide care coordination and additional resources to which the client can be discharged while still receiving the highest quality of care and appropriate services to meet their needs."

23. The applicant states that "Upon approval and receipt of the Certificate Need to operate a home health agency, SHHS will apply for Medicare/Medicaid certification providing us with the opportunity to service those in need and receive Medicare and/or Medicaid reimbursement for services provided. For those clients with long-term care insurance or other third party insurance SHHS will be able to service those clients and receive reimbursement for services rendered. Clients that have no insurance or do not qualify for other coverage, SHHS will work with the client and/or family member in the application process for coverage as applicable."

24. The applicant states that "SHHS will provide educational programs in direct alignment with the State of Hawai'i Health Services and Facilities Plan by reaching out to and servicing the identified vulnerable populations. Services provided will be to those with disabilities, all ethnic groups, low- income levels, rural geographical areas, and the elderly. The home health services will promote and provide community specific education on identified risk areas thus individualizing the education to meet the needs of the community at large."

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

B. REGARDING NEED AND ACCESSIBILITY CRITERIA

26. The applicant states that "The target population for this project will be the Medicare and Medicaid eligible beneficiaries who are 65 years or older and/or the younger population who are disabled, are home-bound and reside on Kauai and are in need of home health services."

27. The applicant states that "Hawaii has one of the fastest-growing populations of people 65 and older and that projections further show that there will be a large increase in the number of residents in this age group as time goes on. With the estimated percentage of Hawaii residents 65 and older at 13.7% in 2005, it is projected that it will be 18.7% in 2020, which is a 52% increase. In just the 65 to 74 age group at 6.1% of the population in 2005, the projected increase is estimated to be a 96% jump to 10.8% of the population. On Kauai, currently 14% of the population is 65+. Kauai is expected to have the largest growth in elderly populations within the state as well as a clear increase in life expectancy occurred from 1990-2005 with Kauai demonstrating a 2.2 year increase and the

2nd highest in the state. This creates a potential inability to care for those needing health care services taking into consideration the current availability of resources.”

28. The applicant states that "Based on the data available as to our 'graying population', the numbers of 65+ individuals with the projections of increase over time, as well as the percentage of disabled persons, it is apparent that there is a need for community-based alternatives for care within our community.”

Estimates for Supply & Utilization	
Population of Kauai (per US Census Bureau, 2009)	64,529
14.9% aged 65+ (per US Census Bureau, 2009)	9,615
National standard for Medicare utilization 7.6%	731 patients
Demand: National average of 39 visits per patient	28,509 visits
Supply: Currently serviced by existing agency in 2009	5,751 visits
Need: Unmet demand	22,758 visits

29. The applicant states that “Kauai currently has two State licensed and Medicare/Medicaid certified home health agencies, however only one is in operation. Therein exists a deficit of in-home services which include skilled nursing and therapeutic services, for those homebound individuals wishing to age-in-place. Coupled with these findings is that there is a 94% occupancy of nursing facilities in Hawaii, which points to the need for more home and community-based services. With the elderly population growing as rapidly as it is, and the desire for our Kupuna to age-in-place and receive in-home services, the demand for home health services will continue to increase.”

30. The applicant states that “SHHS will work to ensure that home health services will be accessible for all individuals on Kauai regardless of their income, race, gender, disability or age. We will be able to provide health care access at a reasonable and competitive cost and for those without medical insurance our care coordination team will assist in the application process and assist in finding funding sources. The quality- trained staff will be able to identify through assessments potential barriers to accessing care/services and at the time of the admission or just prior to admission to services, we will develop a comprehensive plan to address those needs, be they lack of transportation, language translation, and other issues or concerns.”

31. The Agency finds that the need and accessibility criteria have been met.

C. REGARDING QUALITY AND LICENSURE CRITERIA

32. The applicant states that "This project will encompass a large group of vulnerable individuals on Kauai in need of home health care services. The ability to provide a continuum of services from the hospital or skilled nursing facility back into the community is the program's primary goal and objective. This will enable Kauai residents to live in their own home while receiving the care and services necessary to achieve the highest possible quality of life and quality of care. Reintegration back into the community with appropriate services can decrease the number of unnecessary hospital days and promote a faster recovery period."

33. The applicant states that "SHHS will develop, implement and evaluate policies and procedures consistent with home health services and according to best practice standards. This project will provide highly skilled nurses for medically complex conditions, home health aides for activities of daily living, and therapists for rehabilitation needs. A comprehensive assessment process will be conducted in conjunction with the client's primary care physician and will be crucial in the development of a plan of care individualized to meet the needs and goals of the client. This agency will seek to obtain deemed status utilizing the vast network of quality initiatives consistent with the highest standard of care within the industry."

34. The applicant states that "In addition to a multitude of clinical staff, SHHS will have contractual agreements with dietitians trained diabetic educators, certified wound care specialist, certified case manager, Intravenous certified nurses, negative-pressure wound trained nurses and a state approved CNA educator on Kauai placing us at an advantage within the health care arena in the Hawaii. Additionally, SHHS will employ qualified Physical, Occupational and Speech therapists with experience working with highly vulnerable populations with a focus on geriatrics."

35. The applicant states that "SHHS will employ clinicians who have demonstrated skills with gastrostomy tubes, IV's, central lines, dialysis, tracheostomy, wounds including negative-pressure devices, end-of-life, complex medical conditions, behavior and mental health issues, cognitively impaired individuals, Bi-Pap, C-Pap, medication administration and management, rehabilitation services and educational services. SHHS will focus on hiring staff with experience dealing with highly vulnerable populations, home health background and a passion for geriatrics. SHHS will utilize an RN with greater than 10 years of Home Health experience including Director of Nursing and Administrative roles."

36. The applicant states that "SHHS will have a rigorous and ongoing educational program. Upon hire and annually thereafter staff will participate in mandatory orientation and in-service training that includes: Caring for the aged and disabled, OSHA guidelines on Occupational exposure of Blood Borne Pathogens, workplace safety, fire safety, abuse and neglect, HIPAA, TB protocols, Oral hygiene, and infection control practices."

37. The applicant states that "Upon receipt of the Certificate of Need, Stay at Home HealthCare Services, LLC a wholly owned subsidiary of Ohana Pacific Management Company (OPMC) will seek state licensure from the Hawaii State Department of Health, Office of Health Care Assurance (OHCA). SHHS will then seek deemed status for Medicaid and Medicare certification from an accrediting body such as Joint Commission or Commission on Accreditation of Rehabilitation Facilities, in order to receive reimbursement for services provided."

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

39. The applicant states that "Home Health services are designed to assist homebound individuals to receive skilled nursing and therapeutic services in their own home setting. There are no current studies, that specifically demonstrate the cost effectiveness of home health services. However, informal information is available that demonstrates that there is a decrease in the cost of hospitalizations and length of stay, due to the ability of the individual to receive the necessary services in their own home setting; along with ongoing assessments that identify specific needs early on to allow for early interventions to be provided thus assisting in the reduction of severity in disease processes. The overall costs for other health related care will be reduced as all services will be brought to the individual's home."

40. The applicant states that "There are no alternatives to this proposed program. If SHHS does not operate a home health agency, there will be a gap in services for homebound individuals who then may need hospitalization, placed into a nursing facility or other residential care setting, which may be against their individual choice and cause psychological trauma/stress. Further, SHHS will be able to provide a continuum to their clients without the need for them to be placed or discharged into a setting when higher level of care is needed, and to assist in the prevention of stress caused by placement or transfer from one setting to another."

41. The applicant projects that the revenue for the first year of operation will be \$756,624 and that the net income for the first year will be \$27,120. The applicant projects that the revenue for the third year of operation will be \$1,610,712 and that the net income for the third year will be \$47,776.

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

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

43. The applicant states that "SHHS will be able to fill in the gaps for Home and Community Based Services in Kauai County by providing those services to Medicare beneficiaries and not solely to the private pay sector. Hawaii has a large aging population and the health care needs of these individuals will increase over time with more services needing to be providing in the most cost-effective and appropriate setting taking into account the clients preferences."

44. The applicant states that "SHHS will prove to be a positive effect on all health care services within the community. Through the care coordination efforts provided through its One Stop Center concept referrals and follow-up will be conducted by our IDT to ensure that the client is able to access the needed service and if any follow-up is required that the client will schedule a return visit and does keep the appointment. As there is one other home health agency currently in operation in Kauai, SHHS will work with the other entity to ensure that quality services are provided and if for any reason our team is not able to provide a particular service, a referral will be made to that agency for intervention and follow through. Additionally, our care coordination team will continue to provide follow through services for the client to ensure that the client receives the necessary treatment and services."

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

F. REGARDING THE AVAILABILITY OF RESOURCES

46. The applicant states that "Since we are not building a facility, the start up costs will be limited to purchasing approximately \$66,000 in furniture and equipment and the office lease at \$500 month with a market value of \$25,000. We have obtained \$250,000 in credit to fund the purchase of the necessary equipment and cover the working capital needs during the start up phase from Ohana Pacific Management Company..."

47. The applicant states that "Human Resources for the proposed SHHS are trained and available. We will be utilizing nurses, aides, therapists, and social workers from our current pool of employees to be deployed to SHHS and utilized primarily for this project. SHHS in collaboration with OPMC, has been actively assessing the current staff to identify clinicians that would meet or exceed the criteria for home health employment. The assessment of these employees combined with the employee's interest or desire to provide home health services provides assurance of adequate staffing without any difficulty."

48. 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. 11-12 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 Kauai County Subarea Health Planning Council, the Certificate of Need Review Panel and the Statewide Health Coordinating Council 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 Stay at Home HealthCare Services, LLC for the proposal described in Certificate Application No. 11-12. The maximum capital expenditure allowed under this approval is \$90,900.

WRITTEN NOTICE

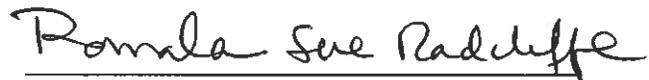
Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

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 HAR. 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.

(Note, pursuant to Chapter 323D-47, Hawaii Revised Statutes, a request for reconsideration shall be received by the Agency within ten working days of the state agency decision.)

DATED: October 4, 2011
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



Romala Sue Radcliffe
Administrator