



## HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

### ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #15-12A Date of Receipt:  
To be assigned by Agency

### APPLICANT PROFILE

Project Title: Expansion of service area for Kohala Home Health to provide home health services

Project Address: 67-1125 Mamalahoa Highway  
Waimea, HI 96743

Applicant Facility/Organization: North Hawaii Community Hospital, Inc.

Name of CEO or equivalent: Kenneth Graham

Title: President, North Hawaii Community Hospital, Inc.

Address: 67-1125 Mamalahoa Highway, Waimea, HI 96743

Phone Number: 881-4400 Fax Number: 881-4404

Contact Person for this Application: Paula Yoshioka

Title: Executive Senior Vice President, Corporate Development

Address: 1301 Punchbowl Street, Honolulu, HI 96813

Phone Number: 691-7996 Fax Number: 691-7990

### 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.

Arthur A. Ushijima  
Signature

Arthur A. Ushijima  
Name (please type or print)

8/16/2015  
Date

Chair, North Hawaii Community Hospital, Inc.  
Title (please type or print)

1. TYPE OF ORGANIZATION: (Please check all applicable)

- Public \_\_\_\_\_
- Private   X
- Non-profit   X
- For-profit \_\_\_\_\_
- Individual \_\_\_\_\_
- Corporation   X
- Partnership \_\_\_\_\_
- Limited Liability Corporation (LLC) \_\_\_\_\_
- Limited Liability Partnership (LLP) \_\_\_\_\_
- Other: \_\_\_\_\_

AKI-013

2. PROJECT LOCATION INFORMATION

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

- Statewide: \_\_\_\_\_
- O`ahu-wide: \_\_\_\_\_
- Honolulu: \_\_\_\_\_
- Windward O`ahu: \_\_\_\_\_
- West O`ahu: \_\_\_\_\_
- Maui County: \_\_\_\_\_
- Kaua`i County: \_\_\_\_\_
- Hawai`i County:   X

3. DOCUMENTATION (Please attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent.) **Not applicable - Kohala Home Health is located on the hospital campus.**
- 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.) **Not applicable.**
- C. Your governing body: list by names, titles and address/phone numbers: **See Appendix A.**
- D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:
  - Articles of Incorporation: **See Appendix B.**
  - By-Laws: **See Appendix C.**
  - Partnership Agreements: **Not applicable.**
  - Tax Key Number (project's location): **6-7-002-013.**

**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 Service	Change in Beds
Inpatient Facility					
Outpatient Facility				X	
Private Practice					

**5. 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.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
	N/A	N/A	N/A
<b>TOTAL</b>			

**6. PROJECT COSTS AND SOURCES OF FUNDS**

**A. List All Project Costs:**

**AMOUNT:**

- |    |  |       |
|----|--|-------|
| 1. | Land Acquisition   | _____ |
| 2. | Construction Contract  | _____ |
| 3. | Fixed Equipment  | _____ |
| 4. | Movable Equipment  | _____ |
| 5. | Financing Costs  | _____ |
| 6. | Fair Market Value of assets acquired by<br>lease, rent, donation, etc. | _____ |
| 7. | Other: _____   | _____ |

**TOTAL PROJECT COST:**          N/A    

**B. Source of Funds**

- |    |                      |       |
|----|----------------------|-------|
| 1. | Cash                 | _____ |
| 2. | State Appropriations | _____ |
| 3. | Other Grants         | _____ |
| 4. | Fund Drive           | _____ |
| 5. | Debt                 | _____ |
| 6. | Other: _____         | _____ |

**TOTAL SOURCE OF FUNDS:**          N/A

7. **CHANGE OF 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 reference the 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.
8. **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: N/A
  - b) Dates by which other government approvals/permits will be applied for and received: N/A
  - c) Dates by which financing is assured for the project: N/A
  - d) Date construction will commence: N/A
  - e) Length of construction period: N/A
  - f) Date of completion of the project: N/A
  - g) Date of commencement of operation: November 2015.

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.

9. **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.

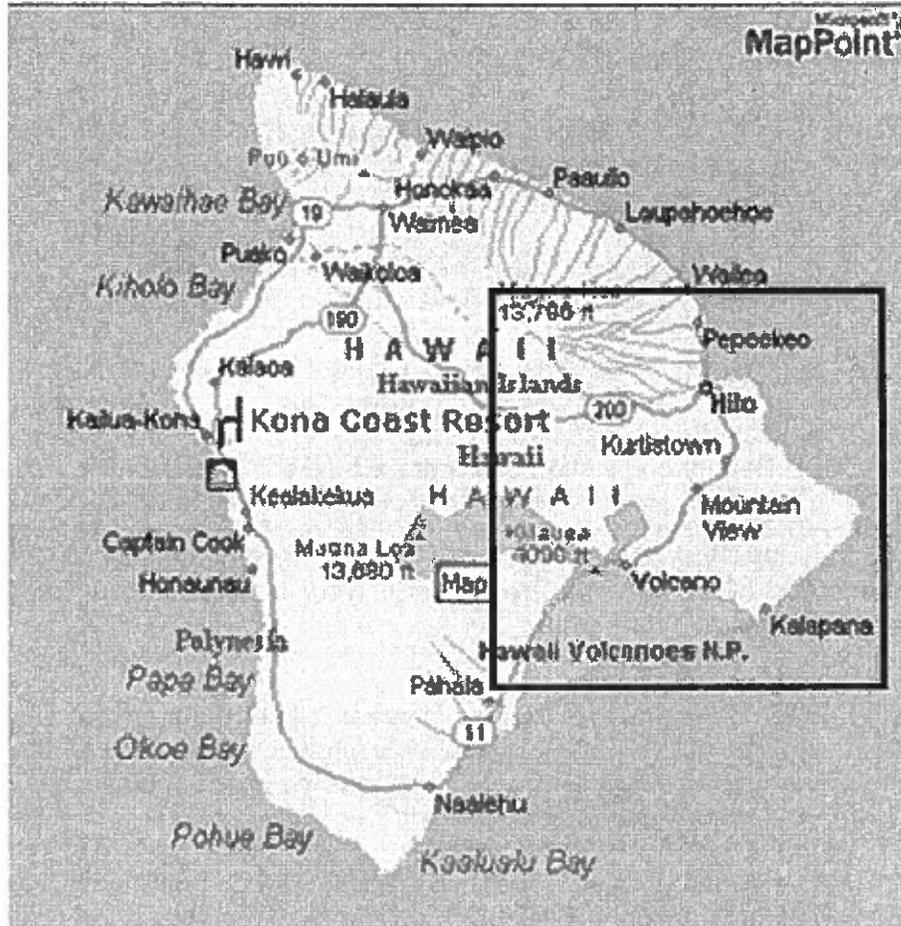
North Hawaii Community Hospital, Inc. (North Hawaii Community Hospital), doing business as Kohala Home Health, is seeking to expand its service area to include East Hawaii Island to help ensure access to needed home health services. In May 2015, it was announced that the Hawaii Health Systems Corporation – East Hawaii Region would lay off nearly 90 workers and close programs and beds. Included in the cutback was the system's Home Care Services program, which provides chronic and transitional nurse and therapy care for patients treated at Hilo Medical Center (HMC).

Prior to their closure, Home Care Services was caring for approximately 50 patients per month. Since the announcement was made, the program has ceased accepting new patients. Due to this closure, patients receiving services at HMC and at other facilities in East Hawaii will not have access to critical home care services. Kohala Home Health can fill this essential need by expanding its service area to East Hawaii.

Currently, Kohala Home Health has a certificate of need to serve residents in North Kona, North and South Kohala, Hamakua and North Hilo as far as Pepeekeo. The expanded service area of East Hawaii would expand southward into the areas between Pepeekeo and Hilo, and from Hilo down to Pahoa and Kalapana. The

service area would also expand westward from Hilo, through Keaau, Kurtistown and Mountain View to Volcano. (See Figure 1.)

Figure 1.



a) Relationship to the State of Hawai'i Health Services and Facilities Plan.

This application meets many of the priorities laid out in the State of Hawaii Health Services and Facilities Plan. The expansion of home health services by Kohala Home Health will fulfill the general principles of the state by:

- Supporting the long-term viability of the health care delivery system on Hawaii Island;
- Expanding and retaining the health care workforce in East Hawaii;
- Protecting the continuum of care on Hawaii Island;
- Encouraging prevention for hospital admissions; and
- Maintaining overall access to quality health care.

This application will also address the Hawaii County Subarea Health Planning Council Priorities of retaining long-term care workers, nurses, and other allied

health professionals; increasing and improving access to health care and home- and community-based services; and helping to prevent readmissions.

b) Need and Accessibility

There is a critical need for expanded home health services in East Hawaii, with the closure of the Home Care Services program at HMC. Prior to closing the program, approximately 50 patients were being cared for through the program. Now, patients have limited to no options to receive chronic or transitional care. Kohala Home Health has been providing high-quality home care services to residents of West Hawaii for decades and is able to take on these patients. Kohala Home Health plans to serve all residents who need home health services, especially the elderly, low-income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved populations.

c) Quality of Service/Care

Kohala Home Health has been a home health agency for many decades, providing high-quality chronic and transitional care. It is well established in the West Hawaii community. Kohala Home Health provides a network of comprehensive and high-quality services that are designed to meet the emotional and physical needs of both patients and their families. This includes skilled nursing care, assistance with activities of daily living, rehabilitation services, coordination of important community resources, and counseling for grief or other issues.

Kohala Home Health is Medicare certified and licensed and has policies and procedures in place to ensure high quality care. Kohala Home Health also participates in a collaborative campaign with Mountain Pacific to improve the quality of home health services. This relationship allows Kohala Home Health to share best practices, compare measurements with other service providers in the area, and participate in educational events.

d) Cost and Finances (include revenue/cost projections for the first and third year of operation)

There is an immediate and critical need for home health services to be available to residents of East Hawaii. Kohala Home Health believes that the needs of the community are such that these services must be available, even at a loss. North Hawaii Community Hospital will cover the losses incurred by the program, ensuring the long-term sustainability of Kohala Home Health providing these services.

Families and patients in East Hawaii should not have to go without essential services. The costs of this program are also mostly for salaries and wage to employ and retain home health workers. Providing comprehensive medical and social care in the home can also help to reduce costs across the health care system by reducing the chance of preventable readmissions and helping people to stay in their homes.

RECEIVED

	Year 1	Year 2 '15	Year 3 '07
<b>Volume</b>	180	216	252
<b>Net Revenue</b>	601,110	721,332	841,554
<b>Costs</b>	677,732	778,879	880,025

e) Relationship to the existing health care system

There is a need for home health services in the proposed expanded service area due to the closure of the Home Care Services program previously run by HMC. Without an expansion of services, patients have little to no options when seeking home-based care for chronic conditions or in transitioning from the hospital back to the home.

f) Availability of Resources.

As an established home health agency on Hawaii Island, Kohala Home Health has the interest and capability to serve patients in East Hawaii needing chronic and transitional care in the home. Kohala Home Health has plans to hire two registered nurses, one physical therapist, one occupational therapist, one speech language pathologist, and a home health aide in order to provide more expeditious services in East Hawaii.

Kohala Home Health anticipates that hiring for these positions will be completed by October. Kohala Home Health will seek staff by advertising in the newspaper in the expanded service area, such as the Hawaii Tribune Herald, and through person-to-person referrals.

There is no capital required for this project. The project is expected to incur small losses in years one through three, and also in the long-term. North Hawaii Community Hospital has the resources on hand (including cash on hand) to cover the projected small losses for the project in the short- and long-term, ensuring the sustainability of Kohala Home Health offering home health agency services in the expanded area.

10. **Eligibility to file for Administrative Review.** This project is eligible to file for Administrative review because: (Check all applicable)

- It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.

- It is a change of ownership, where the change is from one entity to another substantially related entity.
- It is an additional location of an existing service or facility.
- The applicant believes it will not have a significant impact on the health care system.