

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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November 16, 2015

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 15-13
Arcadia Home Health 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. 15-13 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 the 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. 15-13. Where appropriate, Findings of Fact shall operate as Conclusions of Law, and Conclusions of Law shall operate as Findings of Fact. As many of the criteria for CON are interrelated, each of the criteria and subheadings within the Findings of Fact shall be deemed to incorporate and include all other Findings of Fact to the extent relevant.

I

FINDINGS OF FACT

1. This is an application for a Certificate of Need ("Cert.") for the establishment of Medicare certified home health agency services at 1660 S. Beretania Street, Suite #201, Honolulu, HI, at a capital cost of \$170,861.
2. The applicant, Arcadia Home Health Services, is a non-profit 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 August 4, 2015 the applicant filed with the Agency, a Certificate of Need application for the establishment of home health agency services at 1660 S. Beretania Street, Suite #201, Honolulu, HI, at a capital cost of \$170,861 (the "Proposal"). On September 14, 2015, the applicant submitted revisions/additional information. On September 21, 2015, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #15-13.

5. The period for Agency review of the application commenced on October 2, 2015, the day notice was provided to the public pursuant to HAR 11-186-39.

6. The application was reviewed by the Oahuwide Certificate of Need Review Committee at a public meeting on October 9, 2015. The Committee voted 6 to 0 in favor of recommending approval of the application.

7. The application was reviewed by the Certificate of Need Review Panel at a public meeting on October 15, 2015. The Committee voted 6 to 0 in favor of recommending approval of the application.

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. 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
CERTIFICATE OF NEED CRITERIA

A. REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH SERVICES AND FACILITIES PLAN CRITERIA

12. The applicant states that “Arcadia Home Health Services’ (also referred to as AHHS) proposal affirms its commitment to support the viability of the long term care delivery system by increasing access to home health services for those home bound individuals who prefer to receive health care services in their own home setting, utilizing Medicare reimbursement as appropriate and/or other available long term care insurance options.”

13. The applicant states that “AHHS will also provide health education that enables individuals to understand and deal with respective medical conditions, nutritional awareness including diet and menu planning, wellness and prevention of injuries and increased morbidity. Care Coordination will be provided at all levels of care, to assure collaboration and coordination with an individuals’ primary care provider, specialists and family.”

14. The applicant states that “AHHS’ proposal will provide older adults with the opportunity to better maintain good health and independent personal functioning by recognizing their choices and preferences and supporting their decisions to maintain their independence, as it is deemed safe and appropriate. Through this, we anticipate a reduction of institutional care and/or rehospitalization.”

15. The applicant states that “Nutritional assessments conducted by our Dietitian who is registered through the Commission on Dietetic Registration which is the credentialing agency for the Academy of Nutrition and Dietetics. Recommendations made by the Dietitian are based on the Hawaii Dietetic Association Manual and the Dietary Guidelines for Americans, 2015. We also abide by the Health and Human Services Office of Disease Prevention and Health Promotion, together with the USDA’s Center for Nutrition Policy and Promotion Committee and process management.”

16. The applicant states that "AHHS also addresses safety issues in the home by conducting comprehensive nursing and functional assessments to identify factors such as risk for falls, wandering, cognitive concerns, and disaster preparedness (development of an evacuation plan)."

17. The Agency finds that the Proposal meets the relationship to the state health services and facilities plan criteria.

B. REGARDING THE NEED AND ACCESSIBILITY CRITERIA

18. The applicant states that "There is a substantial need and demand for home health agency services in the State of Hawaii, and, more specifically, agencies that are Medicare certified in order to enable the use of Medicare funds to provide for paying for necessary care and services for our elderly who need skilled and therapeutic services and qualify for Medicare reimbursement."

19. The applicant states that "Currently, per the Hawaii State Department of Health's Office of Health Care Assurance, there are twenty-seven (27) state licensed home health agencies, with thirteen (13) on Oahu. Of those 13, seven (7) are certified to receive Medicare reimbursement. The 2012 national average utilization for home health services for those 65 years and over was 10.5%, while Hawaii's utilization rate for those 65 and over was 2.79%."

20. The applicant states that "Per a CMS 2012 Statistical Supplement, Hawaii is one of three states with the lowest rates of home health admissions in the nation. Medicare Home Health Agency utilization by State Calendar Year 2010 shows that Hawaii's reimbursement was \$10,341,358 for 2,716 clients with 42,749 visits at an average reimbursement rate per client at \$3,808, averaging 16 visits per client. In comparison to states of comparable populations (Idaho reimbursement was \$50,311,129 with 10,640 clients and an average of 30 visits per client; Maine reimbursement was \$74,576,944 with 19,310 clients and an average of 23 visits per client; New Hampshire reimbursement was \$76,489,712 with 17,354 clients with an average of 27 visits per client; and, Rhode Island reimbursement was \$55,771,969 with 12,315 clients with an average of 26 visits per client). Hawaii's utilization, whose population is the fastest aging population with the longest life expectancy in the nation, is below the standard."

21. The applicant states that “2014 utilization data is not yet available to reflect current utilization, but AHHS respectfully suggests that with the closure of a large agency in June 2014, the present utilization rate could be even lower. The total number of Medicare beneficiaries in 2012 was 217,678 with 16% aged 65 and over. It appears evident that there is a great need for more certified home health agencies in order to meet the current demands, and, most assuredly, the future needs due to the increasing size and age of our senior population.”

22. The applicant states that “...AHHS' focus is on those individuals that are in need of nursing care, education, and support, regardless of one's race, gender, and disabilities. During the initial intake and assessment, staff identifies barriers to care, the services it is able to provide competently, and develops an appropriate care plan designed to address the needs and services which the client requires.”

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

C. REGARDING QUALITY AND LICENSURE CRITERIA

24. The applicant states that “...AHHS has been duly licensed by the State as a Home Health services agency under Title 11 Chapter 97 Home Health Agencies since June 2007.”

25. The applicant states that “When approval is received, AHHS will seek Medicare certification via the Community Health Accreditation Program (CHAP) in order to be able to receive Medicare reimbursement for needed skilled and rehabilitative services provided to our clients.”

26. The applicant states that “AHHS has implemented the use of Interventions to Reduce Acute Care Transfers (INTERACT II) for Home Health which is a CMS approved quality improvement program designed to improve the identification, evaluation, and communication about changes in resident/client status.”

27. The applicant states that “Ongoing Quality Assurance and Performance Improvement meetings are held to identify concerns/needs, conduct root cause analysis, and provide ongoing monitoring and evaluation. AHHS is familiar with, and is prepared to implement OASIS (Outcome and Assessment Information Set).”

28. The applicant states that "AHHS provides ongoing training to all clinical staff. Registered Nurses undergo competency evaluations annually, as well as in-service training per state requirements... Our Certified Nurse Aides undergo competency evaluations, as well as completion of the State approved 24-hour training/certification training given biannually. They also have a minimum of 12 hours of training annually. Registered Nurses also monitor, at least quarterly, the care provided by CNAs in order to ensure quality service for our clients... Our Dietitian is registered through the Commission on Dietetic Registration which is the credentialing agency for the Academy of Nutrition and Dietetics... Our Social Worker is also licensed and is required to attend annual training provided by The Arcadia Family of Companies... Our certified therapists are also licensed, and are encouraged to attend AHHS training sessions; however, their licensing requirements also [sic] mandate ongoing training in the form of CEUs."

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

30. The applicant states that "The cost for a daily hospital stay is quite substantial compared to the basic cost for home health services... The cost for skilled nursing and/or nursing care in a facility over a short term or long term stay would be more costly than home care/home health services provided by a home care/home health agency in one's home."

31. The applicant states that AHHS projects an overall cost savings to the health care system of:

Setting	Average Cost per Day	Cost Home Health	Net Savings per Day	Cost of Stay
Hospital	\$1037	(\$49)	\$988	Average 3 days \$3111
Nursing Home	\$320	(\$49)	\$271	Average 60 days \$19,200
Assisted Living	\$158.34	(\$49)	\$109.34	Average 3 months \$14,250

32. The applicant states that "Alternative options currently available are placement into an institutional type of setting such as an Acute Hospital or Rehabilitative Hospital or Skilled Nursing Facility with Rehabilitative services. However, as aforementioned, the choice/preference of seniors residing in Honolulu is to age-in-place and remain in their own home for as long as safely

possible. Therefore, AHHS believes that the only option for home-bound seniors not seeking institutional/facility services, is to receive home health services with caring and competent staff that are able to meet their identified needs as per their choice and preference.”

33. The applicant projects that its net income from operations will be \$19,008 in Year 1 of its Proposal and \$92,823 by Year 3.

34. 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 CRITERIA

35. The applicant states that “AHHS will assist in the improvement of the existing health care system by adding an additional Medicare certified agency to provide skilled nursing and rehabilitative services to those seniors that are home bound and wishing to age-in-place rather than be institutionalized in order to receive those services. AHHS will also be providing support to a client's caregiver through the provision of education regarding the medical condition, preventive measures, medication and/or treatment services, care coordination and referrals to community resources as needed.”

36. The applicant states that “When established, AHHS will continue to increase access to services as AHHS communicates with and has positive working relationships with, physicians/primary care providers, hospitals, nursing facilities and other community based settings wherein referrals are made to AHHS, and AHHS makes referrals to other entities based on the identified needs of our clients, especially when there are level of care changes regarding our clients and/or when clients and/or families express an interest in seeking assistance in other health care venues.”

37. The applicant states that “A positive benefit for AHHS and the greater community is the availability of resources within the family of companies. When immediate admissions for institutional care are needed or disasters occur, we are able to make immediate referrals to our sister facilities for admissions and/or assistance. Further, due to our ongoing collaboration with all the companies in our family of companies, we are able to find appropriate placement for clients as their level of care changes.”

38. The Agency finds that the relationship to the existing healthcare system of the area criteria have been met.

F. REGARDING THE AVAILABILITY OF RESOURCES CRITERIA

39. The applicant states that “AHHS currently has sufficient trained and competent staff to provide the required services should this CON application be granted.”

40. The applicant states that “There are no major capital costs for the proposed programs in this application. For over a decade, AHHS has grown its home and community based services with support from The Arcadia Family of Companies of which it is a member. We expect that AHHS will continue to hone its operations in order to achieve a break even position and, eventually achieve an operating surplus which will be utilized by the family of companies to enhance its services to our kupuna.”

41. The Agency finds that the availability of resources criteria have been met.

III

CONCLUSIONS OF LAW

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 15-13 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, the 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 service; and
- (2) The cost of the service 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 Home Health Services for the Proposal described in Certificate of Need application No. 15-13. The maximum capital expenditure allowed under this approval is \$170,861.

WRITTEN NOTICE

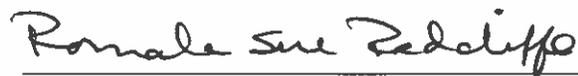
Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

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: November 16, 2015
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



Romala Sue Radcliffe
Administrator