

HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #09-06

Applicant: B.C.P., Inc., dba Nursefinders of Hawaii, Inc.
524 E. Lamar Blvd., #300
Arlington, Texas

Project Title: Establishment of Home Health Services

Project Address: 615 Piikoi Street, Suite 600, Honolulu, Hawaii

1. **TYPE OR ORGANIZATION:** (Please check all applicable)

Public	_____
Private	<u> X </u>
Non-profit	_____
For-profit	<u> X </u>
Individual	_____
Corporation	<u> X </u>
Partnership	_____
Limited Liability Corporation (LLC)	_____
Limited Liability Partnership (LLP)	_____
Other: _____	_____

2. **PROJECT LOCATION INFORMATION:**

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

Statewide:	_____
O`ahu-wide:	<u> X </u>
Honolulu:	_____
Windward O`ahu:	_____
West O`ahu:	_____
Maui County:	_____
Kaua`i County:	_____
Hawai`i County:	_____

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

A. **Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)**

Please see Attachment 1: Lease Agreement for 615 Piikoi Street, Suite 600

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.)**

Medicare certification.

OHCA Home Health Agency license is currently being pursued (see request letter, p. 3).

Nursefinders
*The Professional Choice
for Home Care*

August 11, 2008

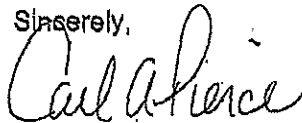
Mr. Gerald Chung
Office of Health Care Assurance
State of Hawaii
Department of Health
801 Kamokila Boulevard, Room 395
Kapolei, HI 96707

Dear Mr. Chung:

Nursefinders Patient Care Division of Hawaii is seeking licensure through the Office of Health Care Assurance under Chapter 97, Title 11, Home Health Agencies. We have offices on Oahu, Maui, Kauai and Hilo and Kona of the Big Island. Although we currently provide home care services including nursing services, our goal is to provide rehabilitation services.

Please contact me at 591-6050 for any specific information you may require to process this request. We look forward to hearing from you.

Sincerely,



Carl A. Pierce
Area Director, Hawaii
Nursefinders Patient Care Division

cc: Susan Jackson

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615 Piikoi Street • Suite 600 • Honolulu, HI 96814 • 808.591.8050 • Fax 808.591.6070

C. Your governing body: list by names, titles and address/phone numbers

**Nursefinders, Inc.
Patient Care Services Division
Home Care Committee**

Effective 07/28/08

MEMBERS:

<u>Position</u>	<u>Name, Title & Address, Phone Number</u>
Chairperson	Donna Shelton, SVP of Clinical Operations Patient Care Division 524 East Lamar Boulevard, #300 Arlington, Texas 76011 817.460.1181
Secretary	Linda Sheffield, President & COO Patient Care Division 524 East Lamar Boulevard, #300 Arlington, Texas 76011 817.460.1181
Members	Bob Livonius, CEO Pat McColpin, CFO Chris Friedrichs, VP of Finance Laura Fisher, VP of Human Resources 524 East Lamar Boulevard, #300 Arlington, Texas 76011 817.460.1181

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D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:

- **Articles of Incorporation:** Please see Attachment 2, Articles of Incorporation for B.C.P., Inc.
- **By-Laws:** Please see Attachment 3, By-Laws of B.C.P., Inc.
- **Partnership Agreements:** Not applicable.
- **Tax Key Number (project's location):** 23015005

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 ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility						
Outpatient Facility					X	
Private Practice						

5. **TOTAL CAPITAL COST:** \$125,000

6. **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			
TOTAL			00

7. **CHANGE IN 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 consult 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.

Reference (3) Non-Bed Services (L) Home Health Agency under the Certificate of Need Rules Section 11-186-5.

Establishment of certified home health agency services throughout the island of Oahu to include intermittent skilled nursing, physical therapy, speech therapy, occupational therapy, medical social services and home health aide visits. The addition of these services will complement the existing non-certified home health services provided by Nursefinders to the population of Oahu. Service standards to be established that conform to the safety and care requirements as set forth in the Conditions of Participation and Conditions for coverage under the Centers for Medicare and Medicaid Services.

8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	<u>0</u>
2. Construction Contract	<u>0</u>
3. Fixed Equipment	<u>0</u>
4. Movable Equipment [additional McKesson (IS system) workstations, telephone lines, medical equipment (blood pressure cuffs, stethoscopes)]	<u>\$ 25,000</u>
5. Financing Costs	<u>0</u>
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>\$ 100,000</u>
7. Other:	<u>0</u>
TOTAL PROJECT COST:	<u>\$ 125,000</u>

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

Cost estimates are based upon previous experience of establishing a Medicare Certified Home Health office. Estimates include equipment costs and employee salary and benefits.

C. Source of Funds	AMOUNT:
1. Cash	<u>\$ 25,000</u>
2. State Appropriations	<u> </u>
3. Other Grants	<u> </u>
4. Fund Drive	<u> </u>
5. Debt	<u> </u>
6. Other: <u>Fair Market Value of Lease</u>	<u>\$ 100,000</u>
TOTAL SOURCE OF FUNDS:	<u>\$ 125,000</u>

9. 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,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence,
- e) Length of construction period,
- f) Date of completion of the project, and
- g) Date of commencement of operation.

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.

a) Date of site control for the proposed project

Required professional office space is currently occupied by B.C.P., Inc. dba Nursefinders of Hawaii. at 615 Piikoi Street, Suite 600, Honolulu, Hawaii 96814 with a lease agreement from August 1, 2005, to July 30, 2010.

b) Dates by which other government approvals/permits will be applied for and received

Six months from the date of Medicare certification.

c) Dates by which financing is assured for the project

Financing is currently secured.

d) Date construction will commence

No construction is associated with the project.

e) Length of construction period

No construction is associated with the project.

f) Date of completion of the project

Not applicable.

g) Date of commencement of operation

Upon Medicare certification.

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10. 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.

REPLACEMENT PAGE

- a. Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan
- b. Need and Accessibility
- c. Quality of Service/Care
- d. Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e. Relationship to the Existing Health Care System
- f. Availability of Resources

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a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan

Nursefinders is well aware of the community involvement, statewide planning, and tremendous accomplishment of compiling the Hawaii Health Performance Plan (H2P2). We are well aware of its philosophy, "Supported by their community, individuals achieve optimum health." Nursefinders is currently a home health care agency servicing individuals as a member of the community.

There can be no goal actualization without goals. There can be no benchmarks met without defining successful outcomes. Nursefinders shares the goals of the H2P2.

- **We promote good health and independent functioning:** Through our current and proposed delivery of home health services, we promote good health and independent functioning. During home visits our providers take the time to monitor health and educate patients on ways to maintain optimum health.
- **We reduce health care disparities:** By servicing all of Oahu with qualified and compassionate caregivers regardless of geography, color, class or creed, we work to assure that all of our patients are receiving the same quality care as evidenced by our company Standards of Success.
- **We provide equitable and effective access to health care:** Our agency operates 24 hours a day, seven days a week. We are outcomes driven and quality focused. We utilize a model that has proven effective in reaching all of Honolulu County for the past 20 years.

As you will see below in *Section A: Relation to the State Plan Criterion*, we are committed and in alignment with all goals, objectives, and priorities addressed in the H2P2. This reflects services delivered within the context of statewide values and the values represented by the various subareas throughout the county. We recognize the unique needs of the different areas of Oahu. We understand the concerns of the community and are committed to the basic principles of a health care delivery system in the service delivery of home health services.

For a detailed analysis demonstrating agency adherence to the H2P2 refer to "Section A: Relation to the State Plan Criterion."

b) Need and Accessibility

Nursefinders recognizes that there is a need for Medicare certified home health services in Honolulu County. These services are needed island-wide, but especially in the geographically remote areas of our island. We recognize the service area of this proposal as being Honolulu County, which is the entirety of the island of Oahu, including the state capital of Honolulu. Our county is the population center of the state and will continue to be so even with the rapid growth of populations in other counties, especially Maui and Hawaii County. The target population for this proposal is Medicare

beneficiaries, including seniors over the age of 65 and those with qualifying disabilities, who reside on Oahu.

The State of Hawaii, its counties, and the nation are getting older. This is not an incremental increase, but a significant double-digit increase accelerated by the demographic bubble known as "the baby boomer generation." This increase and future deficiencies in home health service delivery are challenged by the influx of retirees to the state and outflow of younger workers to points in the mainland to places such as California and Nevada.

It is important to establish baselines in service provision, much in the same way we utilize clinical indicators to monitor health outcomes. For utilization benchmarks we must look to other states in order to assess norms (statistical averages) in demographic data and rates of utilization. Hawaii is in the top ten oldest states in the nation, but has significantly less Medicare certified home health agencies and home health visits per patient than almost every other state. The average state has over ten times the number of Medicare certified home health agencies than Hawaii. The average state has thirty-five times the number of Medicare home health visits than the Aloha State. Each certified agency in the state services nearly four times the visit total of corresponding mainland agencies. These statistics present a need for increased service capacity especially as the senior population continues to swell.

Existing rates of Medicare home health utilization can be extracted from statewide data. These rates are significantly below national averages. Home health is a vehicle for preventative care and a means to limit more costly expenditures. Nursefinders currently provides home health services in Honolulu County and could assist the State in achieving benchmarks related to providing optimum health and equitable healthcare for all.

If the State of Hawaii were to move closer to mainland standards in the provision of Medicare certified home health services, demand would quickly outpace supply. Nevertheless, given current utilization rates and aging trends this may quickly become the case. In uncertain economic times, it is important for the community to be assured of benefits they have worked a lifetime to receive. Nursefinders proposes to provide home health services to meet supply deficits and to assure care to current patients for whom our agency is their provider of choice. We are always accessible and recognize patients' rights to self-determination in treatment.

Nursefinders will service eligible Medicare beneficiaries in the provision of home health services. We recognize the importance of patient outcomes. We understand and wholeheartedly support payment contingent upon performance.

For further trends, metrics, and source data, see "Section B: Need and Accessibility."

c) Quality of Service/Care

Nursefinders is committed to providing quality patient care to existing and future clientele. We utilize trained, qualified competent staff to provide home health services to our service population. We have served Honolulu County for twenty years and are actively engaged in our island community. We are grateful for the opportunity to serve our kapuna and ohana. The pursuit of Medicare home health certification and state home health licensure will allow us to provide choice to our existing and future patients.

Quality assurance measures are reviewed weekly, monthly and quarterly. Notes are reviewed. Staff are supervised. Data is charted and Performance Improvement meetings are commenced. We are committed to a systematic quality assurance and improvement program in which service, safety,

training, recruiting, outcomes and satisfaction are all measured. Our QAI activities are a feedback loop which begins with identifying patient need and employee fit and continues throughout the treatment planning cycle in which assessment, planning, implementation and review are all a part.

Nursefinders recruits and hires the best available talent. Prospective employees are screened by credential and experience. They are interviewed by clinical leadership and trained on agency policy and best practice upon hire. Upon staffing, employees are trained on case-specific diagnostic concerns. Employees are supervised on-site at least monthly or more regularly as needed, given case demands. Employees must complete mandatory in-services in order to assure clinical competence. Our caregivers are the lifeblood of our agency and we nurture them accordingly.

We currently have over 300 field employees and have the capacity to hire every day. We have a full-time recruiter to meet the needs of all our referral sources. Upon Medicare certification our recruiter would utilize print ads in the major dailies, professional job fairs, and internet resources such as Careerbuilder.com in order to address any staffing shortages. Nursefinders also utilizes our own national recruiters in order to focus on mainland recruiting markets when needed.

Nursefinders is active in our island community. We have partnered and collaborated with the Department of Health (DOH), Department of Disabilities Division (DDMR), Department of Human Services (DHS), Department of Education (DOE), Nursing Home Without Walls (NHWW), Easter Seals, Statewide Community Children's Council, Autism Speaks, Hawaii Long-Term Care Association, Hawaii Alzheimer's Association, and the Hawaii Directors of Nursing Association among other groups and organizations. Nationally, we are members of the National Association for Home Care and Hospice.

For more detailed information on quality of care, staffing and community involvement refer to "Section C: Quality Criteria."

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

Nursefinders of Hawaii is fiscally sound. Nursefinders of Hawaii is a subsidiary of Nursefinders, Inc. in turn held in majority by the global investment house, Goldman Sachs. As such, Nursefinders has access to significant operating and investment capital. Start-up cost projections are estimated at \$125,000 as indicated in prior application cover. Operating expenses per annum are expected to decline as a function of revenue after initial resource expenditures, this attributed to increased efficiency and familiarity of operation. Nursefinders will accrue no debt in the institution of proposed services and expects to achieve very modest profitability in year one of operation. Nursefinders has operating capital and independent revenue streams to supplement Medicare Home Health services until program investment capital is regained.

The certification of Nursefinders of Hawaii to deliver home health services to Medicare beneficiaries is expected to decrease the overall cost of health care through the inherent preventative and cost-effect nature of home health services. Our patients want to be serviced at home and not be away from family and friends within the confines of expensive institutional settings.

For further financial details, please review "Section D: Cost and Financial Criteria," attached financial statements (Attachment D1), personnel costs (Attachment 4) and three-year revenue and expense projections (Attachment D2).

e) Relationship to the Existing Health Care System

REPLACEMENT PAGE

As stated earlier, Nursefinders has spent twenty years servicing Honolulu County and building community health relations across Hawaii. Nursefinders has the capacity to complement existing providers and assist in filling gaps in service that might lead to costlier health care alternatives. Nursefinders currently services all areas of Oahu and would further assure all patient needs are met by strengthening the net of comprehensive, community health on our island. In servicing our existing patients and recognizing our rather modest patient census forecast, there will be minimal to no impact of this project on current providers. The community health benefit of granting C.O.N. status to Nursefinders of Hawaii is of great value to the state as a complement and not an adversary to all elements of the existing health care system.

See "Section E: Relation to the Existing Health Care System Criterion" for an in-depth look at how this project relates to current system.

f) Availability of Resources

Nursefinders has existing financial and human resources to provide home health services to Honolulu County. We have access to initial and operating investment capital; we have a dedicated full-time recruiter; we have an existing pool of over 300 employees. Nursefinders has full-time clinical staff in order to supervise staff and has resource allocation capabilities to hire scheduling, billing, and payroll representatives.

See "Section F: Availability of Resources Criteria" for a full accounting of available resources.

Project Summary:

Nursefinders of Hawaii seeks to become a Medicare certified Home Health Agency and to provide home health services to Medicare recipients on the Island of Oahu. The geographic scope of this program shall be all areas on Oahu, including geographically remote areas. Nursefinders will operate from existing Oahu-based offices in Honolulu and will utilize current and additional recruited staff, as needed, in order to provide designated services. These services include professional nursing, occupational therapy, physical therapy, social work, speech therapy, and personal care services. There will be minimal costs incurred in order to initiate this project as current infrastructure can accommodate the majority of initial expense.

Nursefinders of Hawaii is a division of Nursefinders' Patient Care Division, headquartered in Arlington, Texas. The Division currently operates nine condition-free Medicare certified home health agencies in seven U.S. states. The governing body and area leadership are clinically competent and administratively adept in understanding regulatory and compliance standards associated with providing Medicare home health services.

Nursefinders of Hawaii has been providing home health services to residents of the City and County of Honolulu since 1988. Nursefinders is widely respected in the community and is quite active in issues related to education, healthcare, and disabilities legislation. Nursefinders is currently a Medicaid Waiver provider serving the elderly, low-income, disabled, and other underserved populations. We have various state, county, and private pay agreements in place to service a multitude of target populations in a home and community based setting.

Nursefinders is fiscally sound. We are currently in good standing with the Department of Commerce and Consumer Affairs and in compliance with the State Procurement Office on all current contracts. (See Attachment 2: Certificates of Good Standing and Compliance and Certificate of Liability Insurance). Throughout the last twelve months, we have had service agreements and contracts in place with the following organizations and agencies:

REPLACEMENT PAGE

- Department of Health: Developmental Disabilities Division (DOH-DDD)
- Department of Education: School Based Behavioral Health (DOE-SBBH)
- Department of Health: Nursing Home Without Walls (NHWW)
- Department of Health: Medically Fragile/EPSTDT (Pediatrics)
- Department of Health: Public Health Nursing (DOH-PHN)
- Army Garrison at Fort Shafter: Exceptional Families in the Military Program (EFMP)
- Department of Health: Early Intervention Section (DOH-EIS)
- Ohana Healthcare (Welicare)
- Evercare Healthcare
- Hawaii Medical Service Association (HMSA)

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Nursefinders currently employs 300 caregivers on the Island of Oahu in various professional capacities. Our current array of services include: public health nursing, skilled nursing, nursing assistance, behavioral planning and consultation, social work, speech therapy, occupational therapy, physical therapy, personal assistance, respite, skills training, and counseling. We currently provide health and related services to nearly 400 patients on the Island of Oahu, and have the organizational capacity to increase this number significantly.

Requests to service Medicare eligible members of the community are received regularly by Nursefinders from community organizations, Medicare recipients and their caregivers. The certification of Nursefinders of Hawaii will have a positive impact in meeting the health care needs of Oahu through the provision of quality home health services in accordance with the values and information set forth in the Hawai'i Health Performance Plan (H2P2).