

HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: 09-14 Date of Receipt: _____
To be assigned by Agency

APPLICANT PROFILE

Project Title: Establishment of Certified Home Health Agency Services – Hawaii County

Project Address: 308 Kamehameha Avenue, Suite 200, Hilo, Hawaii 96720
75-5737 Kuakini Hwy., Suite 204, Kailua-Kona, Hawaii 96740

Applicant Facility/Organization: B.C.P., Inc. dba Nursefinders of Hawaii

Name of CEO or equivalent: Robert E. Livonius

Title: Chief Executive Officer

Address: 524 E. Lamar Boulevard, #300, Arlington, Texas 76011

Phone Number: 817.462.9017 Fax Number: 817.303.1152

Contact Person for this Application: Carl Pierce

Title: Area Vice President for Hawaii

Address: 615 Piikoi Street, Suite 600, Honolulu, Hawaii 96814

Phone Number: 808.591.6050 Fax Number: 808.591.6070

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.

Signature

Robert E. Livonius

Name (please type or print)

8/14/09 (revised 10/01/09)

Date

Chief Executive Officer

Title (please type or print)

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

- Public _____
- Private X
- Non-profit _____
- For-profit X
- Individual _____
- Corporation X
- 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: _____
- 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)**

Please see Attachment 1: Lease Agreements for Hilo and Kona locations.

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

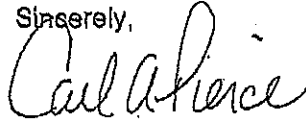
Mr. Gerald Chung
Office of Health Care Assurance
State of Hawaii
Department of Health
601 Kamokila Boulevard, Room 396
Kapolei, HI 96707

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

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

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):**
 - Hilo: (3)-2-3-008-016
 - Kona: 7-5-022-005-0000

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			

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 Hawaii County 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 Hawaii County. 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>12,500</u> (Hilo) \$ <u>12,500</u> (Kona)
5.	Financing Costs	<u>0</u>
6.	Fair Market Value of assets acquired by leases, rent, donations, etc.	\$ <u>50,000</u> (Hilo) \$ <u>50,000</u> (Kona)
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>12,500</u> (Hilo) \$ <u>12,500</u> (Kona)
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: <u>Fair Market Value of Leases to be paid by rental agreements</u>	\$ <u>50,000</u> (Hilo) \$ <u>50,000</u> (Kona)
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 in Hilo at 308 Kamehameha Avenue, Suite 200, Hilo, HI 96720, with a lease agreement from April 14, 2007 to April 13, 2010. Professional space in Kona is located at 75-5737 Kuakini Highway, Suite 204, Kailua-Kona, HI 96740, with a lease agreement from September 15, 2007 and continuing on a month-to-month basis.

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.

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.

- a. Relationship to 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

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 Hawaii. The geographic scope of this program shall be all areas on Hawaii Island, including geographically remote areas such as Kau, Hamakua, and North Kohala. Nursefinders will operate from existing Hawaii Island-based offices in Kailua-Kona and Hilo 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 County of Hawaii since 1999. 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/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. 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 116 patients on the Island of Hawaii, 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 Hawaii County through the provision of quality home health services in accordance with the values and information set forth in the Hawai'i Health Services and Facilities Plan (HSFP).

a) Relationship to the State Plan

Nursefinders understands the statewide and regional priorities indicated in the State of Hawaii, Health Services and Facilities Plan (HSFP).

As you will see in "Section A: Relation to the State Plan Criterion," Nursefinders is committed to delivering home health care within the context of county and statewide values. We recognize the unique needs of the different areas of Hawaii County. We understand the concerns of the community and are committed to the basic principles of a health care delivery system.

In accord with the HSFP, Nursefinders shares these common values:

- **Cost-effectiveness:** Nursefinders operates under the philosophy that access to care should not be contingent upon the convenience of providers. Geography and/or specific diagnoses should not interfere with the provision of these services. Nursefinders seeks to deliver home health services in all areas of Hawaii County, thus increasing access and capacity to the underserved. Furthermore, as evidenced in Section D of this proposal, home health has been shown to be a far less costly alternative to more expensive institutional care.
- **Financial Viability:** Nursefinders has been in operation in the State of Hawaii since 1988. We have serviced Hawaii County since 1999. We look forward to many years of continued service delivery for the people of Hawaii County and State. We are a financially solvent company with strong and fiscally sound management.
- **Optimization of Service Delivery:** As an additional provider of home health services in Hawaii County we can assure that capacity is increased and supply levels move toward maximum optimization. We are committed to servicing all areas of Hawaii County and utilizing the most current technological resources in order to ensure a minimum number of service gap occurrences.
- **Regionalization of Services** (where appropriate): Currently there is no dedicated Medicare-certified provider of Home Health services for the people of southern Hawaii County (Kau District). The Kau and North Kohala Districts of the island are some of the most remote areas of the state. Nursefinders seeks to build provider capacity and build economic opportunity for the people in remote districts and all areas of Hawaii County through the recruitment of a local workforce to deliver localized home health services. With branches in Kailua-Kona and Hilo, we are in a unique position to fill service gaps based on geographical remoteness.

The HSFP indicates capacity thresholds for certain highly specialized services. Home Health services are not an indicated service, and as such not applicable to this proposal. However, in principle, we continue to support the efforts of the state to assure optimization and appropriate utilization of these services.

For a detailed analysis demonstrating agency relationship to the HSFP, 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 Hawaii 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 Hawaii County, which is the entirety of the island of Hawaii, also known as the Big Island. Our county is the largest in the state and continues to grow rapidly in population. The target population for this proposal is Medicare beneficiaries, including seniors over the age of 65 and those with qualifying disabilities, who reside on the Big Island.

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 national averages in order to assess statewide norms in demographic data and rates of utilization. Hawaii's elderly population ranks within the top ten in the nation as a percentage of the overall population; however, the state has significantly less Medicare certified home health agencies and home health visits per patient than almost every other state in the nation. The average state has over ten times the number of Medicare certified

home health agencies than Hawaii. The average state has 35 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. At a minimum, these statistics present the possibility that statewide utilization norms should be examined for a possible underutilization.

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 Hawaii 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 national 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 Hawaii County for ten 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, and 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 integral components.

Nursefinders recruits and hires the best available talent. Prospective employees are screened by credentials and experience level. 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 approximately 134 field employees and have the capacity to hire every day. We have a 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. We are also members of the Hawaii Island Chamber of Commerce, Kina-Kohala Chamber of Commerce, the Kona Sunrise Rotary Club, and the Hilo Bay Rotary Club.

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. 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 is 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 (Exhibit D-1), personnel costs (Attachment 4) and three year revenue and expense projections (Exhibit D-2).

e) Relationship to the Existing Health Care System

As stated earlier, Nursefinders has spent ten years servicing Hawaii County and building community health relations across the island. 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 the Big Island 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. Nursefinders seeks to fill identified service gaps across the island of Hawaii. 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 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 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 12 months, we have had service agreements and contracts in place with the following organizations and agencies:

- 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/EPSTD (Pediatrics)
- Department of Health: Public Health Nursing (DOH-PHN)
- Department of Health: Early Intervention Section (DOH-EIS)
- Ohana Healthcare (Wellcare)
- Evercare Healthcare
- Hawaii Medical Service Association (HMSA)
- Hawaii County Office of Aging
- Easter Seals Hawaii
- Phillips Medical Equipment
- Nations Care Link
- Rural Health Network

Nursefinders has existing financial and human resources to provide home health services to Hawaii County. We have access to initial and operating investment capital, we have a dedicated full-time recruiter, and we have an existing pool of approximately 134 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 available resources.