

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE
GOVERNOR OF HAWAII

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DIRECTOR OF HEALTH

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ADMINISTRATOR

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

February 9, 2005

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Kenneth L. Zeri
President & CPO
Hospice Hawaii, Inc.
860 Iwilei Road
Honolulu, HI 96817

Dear Mr. Zeri:

The State Health Planning and Development Agency has evaluated Hospice Hawaii, Inc.'s Certificate of Need application #04-25A for the establishment of a 5 bed SNF/ICF facility for hospice patients at 2449 10th Avenue, Honolulu, HI at capital cost of \$785,000.

Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that:

1. This proposal is eligible for administrative review as it meets the criterion in Section 11-186-99.1(b)(6), i.e.: "any proposal which is determined by the agency not to have a significant impact on the health care system."
2. Hospice Hawaii, Inc. (the "applicant") has proven by a preponderance of evidence that its proposal meets the Certificate of Need criteria in Section 11-186-15, HAR:
 - a. With respect to the Hawaii Health Performance Plan (H2P2), the applicant states that "This project fits well with Chapter II, Visions, Section F, providing for access to care, cost effectiveness, quality management, continuity of care and constituent participation. Further the project relates to Chapter III, State-Wide Values, in particular Section A-1 relating to compassion and comprehensiveness."
 - b. The applicant states that "It is estimated that the monthly request for patients needing a residential hospice bed from Hospice Hawaii alone exceeds 15 per month. Further, while St. Francis has 36 dedicated hospice beds, the bulk of those beds are used for the general inpatient level of care, leaving perhaps only 20% (or 7 beds) available for residential care. An estimated 30 or more referrals are made to St. Francis for residential beds per month. With 40 or more patients needing residential care (based upon overlapping referrals and the realistic availability of only 12 beds per month, a significant shortage of hospice residential beds confront the health care community."

- c. The applicant states that "We will serve patients of all ages, particularly the elderly, as well as those of all racial and ethnic minorities, gender, or disabilities."
- d. The applicant states that "The Hospice Home will be licensed as a SNF/ICF, with appropriate waivers sought in accordance with the nature of services to be provided."
- e. The applicant states that the minimum staffing levels will be one Licensed Vocational Nurse and one Certified Nurses Aide. Up to 4 staff may be on duty during the day shift with the addition of the cook-housekeeper and RN or LPN manager on duty.
- f. The applicant states that "...our initial budget predictions will bring the annual operating expenses close to breaking even in the first year, while still providing an estimated \$50,000 in indigent care."
- g. The applicant states that "The relatively small department losses are more than made up for through other department income and the fundraising efforts of Hospice Hawaii."
- h. The applicant states that "The relative cost-savings of hospice care has been well documented over the years, most notably in a 1995 study published for the National Hospice Organization by Lewyn Consulting Group. They demonstrated that in the last 3 months of life, for every dollar spent by Medicare on Hospice care, Medicare saved an additional \$1.49."
- i. The applicant states "There are sufficient Licensed Vocational Nurses and Certified Nurses Aides available to fulfill the scheduling requirements."
- j. The applicant states that "Financial resources are required for the remodeling of the existing facility. Palolo Chinese Home, as the owner of the facility, will bear the burden of remodeling and assuring compliance with Life Safety Codes. Hospice Hawaii, through a small fundraising campaign, will solicit for monies to furnish the home."

There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Section 323D-43(b), Hawaii Revised Statutes (HRS), the Agency finds that:


1. There is a public need for this proposal.
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.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Hospice Hawaii, Inc. for the proposal described in application #04-25A. The maximum capital expenditure allowed under this approval is \$785,000.

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Please be advised that pursuant to Section 323D-47, HRS and Section 11-186-99.1(g) HAR, any person may, for good cause shown, request in writing a public hearing for reconsideration of the Agency's decision within ten working days from the date of this decision. Accordingly, if no person makes such a timely request for reconsideration, this decision shall become final immediately after the deadline for making such a request has expired.

C: OHCA




David T. Sakamoto, M.D.
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Administrative Review Decision was duly served upon the applicant by sending it by certified mail, return receipt requested, in the United States Postal Service addressed as follows on February 9, 2005:

Kenneth L. Zeri
President & CPO
Hospice Hawaii, Inc.
860 Iwilei Road
Honolulu, HI 96817

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



David T. Sakamoto, M.D.
Administrator