



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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September 22, 2008

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Carolyn Frutoz-de Harne
President and CEO
Hawaii Healthcare Professionals, Inc.
707 Richards Street, Suite 526
Honolulu, HI 96813

Dear Ms. Frutoz-de Harne:

The State Health Planning and Development Agency has evaluated Hawaii Healthcare Professionals, Inc.'s Certificate of Need application #08-05A for the establishment of Home Health Agency services on the island of Oahu (the "Proposal"), at a capital cost of \$477,605.

Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency has determined that: the proposal is eligible for administrative review as it meets the criterion in HAR 11-186-99.1(b) (5), i.e.: "an additional location of an existing service or facility."

A public meeting was requested and held pursuant to Hawaii Revised Statutes (HRS) 323D-44.5, on June 20, 2008. In response to written and oral testimony provided to the Agency regarding the certificate of need criteria, the Agency requested additional information from Hawaii Healthcare Professionals, Inc. (the "applicant") pursuant to HAR 11-186-54. Additional information was submitted to the Agency by the applicant on July 8, 2008 and August 18, 2008.

Certificate of Need Criteria

1. The applicant states that "This project promotes the H2P2 goal and objective of increasing the span of healthy life for Hawaii's residents by enabling individuals, especially older adults, to maintain good health and independent personal functioning...HHCP will provide home health services in a person's home and train and educate the individual and family members on the individual's medical condition and treatment plan. HHCP will also offer home safety assessments and assistance with community resources to enable the individual to safely reside in the home while having access to necessary community based services. Health services provided in the home environment will also increase the individual's span of healthy life by improving an individual's emotional well being and decreasing the amount of recovery time."
2. The applicant states that "This project will provide home health services to the residents on the island of Oahu. The target population for these services include Medicare and/or Medicaid beneficiaries who are 65 years and older/or disabled and require home health services."

3. The applicant states that "According to Health Trends in Hawaii (www.healthtrends.org), as Oahu's population ages, the demand for home health services will continue to rise because of the relationship between age and mortality, prevalence of chronic conditions and disability. The number of Medicare HHA patients needing home health services on Oahu is expected to dramatically increase by an average of 4 percent every five years....This growth in the number of HHA patients averages to an increase of approximately 320 patients every 5 years. ...In 2000, each patient averaged 17 visits per year so an increase of 320 patients will result in approximately 5,400 additional visits every five years."

4. The applicant states that "According to the Hawaii State Health Planning & Development Agency (SHPDA) Healthcare Utilization Report 2005 Data, the 2005 SNF/ICF occupancy rate for Honolulu County averages 95.18 percent. Since 1985, the long term care occupancy rates for Oahu have remained above 90 percent...As a result, according to the Healthcare Association of Hawaii's 2007 Financial Trends of Hawaii's Hospitals, Nursing Facilities, Home Care and Hospice Providers report, the number of waitlist days has increased in the state over the past two years. The increase in the number of waitlist days has resulted in a significant amount of uncompensated costs for hospital providers... Providing home health services to individuals may delay a person from needing inpatient services and as a result, alleviate some pressure on nursing homes to provide available beds and decrease the number of waitlist days."

5. The applicant states that "HHCP will be able to offer and provide home health services to the low income population, ethnic minorities, women, people with disabilities, the elderly and other underserved populations who may not have otherwise received or have access to medical care at home."

6. Attitude Marketing in its document entitled *Executive Summary - Medicare/Medicaid Delays in Service* states that "Attitude Marketing made over 50 telephone calls to Oahu hospitals, senior living facilities, skilled nursing and intermediate care facilities and rehabilitation hospitals."

7. Attitude Marketing in its document entitled *Executive Summary - Medicare/Medicaid Delays in Service* states that "Wahiawa Hospital cited extreme difficulty in securing home health care for those who live in more rural areas of Oahu."

8. The applicant states that "HHCP has operated a state licensed and Medicare certified HHA on the island of Kauai since 2000."

9. The applicant states that "HHCP will follow the staffing model used to provide Medicare certified home health services on Kauai and will maintain the appropriate staff to patient ratios to provide quality care."

10. The applicant states that "HHCP's success in providing quality of care is demonstrated with its accreditation by the Joint Commission of Accreditation of Healthcare Organizations (JCAHO) as a home care provider on Oahu, Maui and Kauai since 2000."

11. The applicant states that "HHCP has developed and implemented a quality assurance and improvement program on Oahu, Maui and Kauai to ensure that quality is and will be provided to all patients."

12. The applicant states that "The projected income and expenses schedule demonstrates that income from providing home health services to Medicare and/or Medicaid beneficiaries on Oahu will offset expenses during the first year of offering the home health services. In addition, expenses will continue to be offset by income for the following years."

13. The applicant states that "Providing quality home health care services on Oahu will decrease health care costs as the cost for home health services is less than (sic) the cost for inpatient and hospital services."

14. The applicant states that "There are no capital costs required for this project other than the costs for equipment. All other expenditures including rental expense will be paid from operating funds."

15. The applicant states that it has commitments from two physical therapists, one occupational therapist, one speech therapist and two registered nurses and will utilize its current private duty nurse and nurse aide staff to provide home health services on Oahu.

16. The applicant states that it will actively recruit the remaining home health care staff and will also utilize available staff from the Kauai facility to ensure that the needs of home health recipients on Oahu are satisfied.

Conclusions

The applicant has proven by a preponderance of the evidence that the Proposal meets the Certificate of Need criteria in subsections 11-186-15(a) (2) through (12), HAR.

The applicant has failed to show by a preponderance of the evidence that its proposal, as it is currently written, meets the certificate of need criteria in subsection 11-186-15(a) (1), HAR.

The applicant's Proposal, if it were modified as specified in the Order below, would meet the criteria in subsection 11-186-15(a) (1), HAR and for the issuance of a certificate of need.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a CONDITIONAL Certificate of Need to Hawaii Healthcare Professionals, Inc. for the proposal described in Certificate of Need application #08-05A. The condition is:

That on or before November 21, 2008, the applicant shall submit to the Agency, for Agency approval:

- A plan for increasing the availability and accessibility to home health care services for the rural areas of Oahu.

As provided under Section 323D-46, HRS and Section 11-186-77 HAR, the Agency establishes Noon, October 14, 2008 as the date by which the applicant must certify, in writing, that it accepts this condition and that its application is thereby modified accordingly, otherwise this application shall be deemed to be DENIED as provided under Section 11-186-77 HAR.

The Agency has determined that the applicant has proven by a preponderance of evidence that its proposal, if modified as specified above, meets the Certificate of Need criteria in 11-186-15, HAR.

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

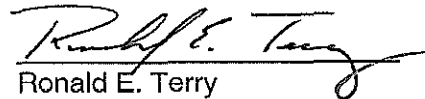
As required under HRS 323D-43(b), the Agency finds that, if modified as specified above:

1. There will be 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.

The maximum capital expenditure allowed under this conditional approval is \$477,605.

Notice

Please be advised that pursuant to HRS 323D-47 and HAR 11-186-82, 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.


Ronald E. Terry
Administrator

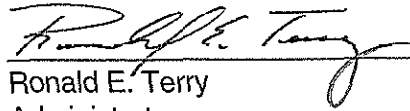
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CERTIFICATE OF SERVICE

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 September 22, 2008.

Carolyn Frutoz-de Hame
President and CEO
Hawaii Healthcare Professionals, Inc.
707 Richards Street, Suite 526
Honolulu, HI 96813

HAWAII STATE HEALTH PLANNING
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Ronald E. Terry
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