

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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August 18, 2009

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 09-06
B.C.P., Inc. dba Nursefinders of Hawaii)	
)	
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. 09-06 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 Statewide Health Coordinating Council, 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. 09-06.

I

BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment certified Home Health Agency services at 615 Piikoi Street, Suite 600, Honolulu, Hawaii, at a capital cost of \$125,000.
2. The applicant, B.C.P., Inc. dba Nursefinders of Hawaii, is a for-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 March 4, 2009, the applicant filed with the Agency a Certificate of Need application for the establishment certified Home Health Agency services at 615 Piikoi Street, Suite 600, Honolulu, Hawaii, at a capital cost of \$125,000. (the "Proposal"). On April 24, 2009, the applicant submitted additional information. On May 8, 2009, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #09-06. On May 21, 2009 and June 25, 2009, the applicant submitted additional information.
5. The period for Agency review of the application commenced on June 9, 2009, the day notice was provided to the public pursuant to 11-186-39 HAR.
6. The application was reviewed by the Oahuwide Certificate of Need Review Committee at a public meeting on June 16, 2009. The Committee voted 4 to 0 in favor of recommending approval of the application.
7. The application was reviewed by the Statewide Health Coordinating Council at a public meeting on June 25, 2009. The Council voted 13 to 0 with one abstention in favor of recommending approval of the application.
8. The Certificate of Need Review Panel 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

A. REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH SERVICES AND FACILITIES PLAN (HAWAII HEALTH PERFORMANCE PLAN) OR "H2P2"

12. With respect to the goals of H2P2, the applicant states that its proposal "...will help 'older adults to maintain good health and independent personal functioning.' (H2P2, Ch II, C.1. Goals, p. II-2)."

13. With respect to the objectives of H2P2, the applicant states that its proposal "...will undoubtedly assist the state in 'reducing the effects of chronic disease and prolonging health related quality of life.' (H2P2, Ch II, C.2. Objectives, p. II-2)."

14. The applicant states that "This project will promote the basic principles of a health care delivery system. This system shall be comprehensive, cost-effective, well coordinated and responsive to community/regional needs. (H2P2, Ch II, D, p. II-2).... Nursefinders believes that home care is an essential, effective and efficient component of the comprehensive health care delivery system... According to the National Association for Home Care and Hospice (NAHC), it is more cost-effective to provide care for patients in their home as opposed to a hospital or skilled nursing facility (SNF)."

15. The applicant states that "This project has a significant relationship with the statewide Values and Priorities (H2P2, Ch III, A, 1) and with the Honolulu, West Oahu, and Windward Oahu Subarea Values and Priorities..."

16. The applicant states that "Nursefinders embraces the statewide values of Accountability, Compassion, Comprehensiveness and Community."

17. The applicant states that "Nursefinders embraces the Honolulu Subarea Values and Priorities of Responsibility, Accountability, Excellence and Ethical Practice."

18. The applicant states that "Nursefinders embraces the West Oahu (formerly Central Oahu) Subarea Values of Integrated Delivery, Accountability and Responsibility."

19. The applicant states that "Nursefinders embraces the Windward Oahu Subarea Values of Responsibility and Accountability, Effectiveness, Integrity and Ethical Practice, Responsiveness, Community, Comprehensiveness, and Leadership."

20. The Agency finds that this criterion has been met.

B. REGARDING NEED AND ACCESSIBILITY CRITERIA

21. The applicant states that "Oahu's elderly population, along with the other neighbor islands populations, is growing at a faster pace than other age cohorts, thus increasing the demand for home health services."

22. The applicant states that "According to *Health Trends in Hawaii*, compiled by the HHIC, Oahu is getting older. The ratio of elderly to the general population has increased nearly three-fold, from roughly 5 percent in 1960 to nearly 14 percent in 2006... in 2030 the elderly population will represent nearly 20 percent of the populations (sic) for the county..."

23. The applicant states that the total number of patients in the state, utilizing NAHC 2008 data is 3,368. Extrapolating Oahu's 71% of the state's population to the senior population estimates the current Medicare population at 2,391."

24. The applicant states that "The total number of home visits in the state is 57,953. Utilizing this ratio (71% of the state's population) estimates the total number of home visits on Oahu at 41,125."

25. The applicant states that there is a significant difference between the utilization levels of Medicare eligible home health patients in the nation versus the state/county. Hawaii and Oahu utilization level is below the national utilization level. National =7.6%. Hawaii and Oahu =1.8%.

26. The applicant states that "Hawaii and Oahu residents are receiving 14.3 less visits per patient per year when compared to the national average [31.5-17.2 = 14.3]."

27. The applicant states that "Utilizing the 7.6% national benchmarks for home care utilization for Oahu's Medicare eligible population reveals a nationally normalized demand of 9,957 patients in need of home health services."

28. The applicant states that "Utilizing a visit utilization edging closer to the national average at 20 visits per patient per year, giving our residents more parity

with mainland peers, yields a demand for 199,140 visits per year from 9,957 patients."

29. The applicant states that "Patient need is evidenced by supply totals subtracted from demand totals...i.e. $9,957 - 2,391 = 7,566$ unserved beneficiaries. $199,140 - 41,125 = 158,015$ visits needed... "

30. The applicant states that "Based on the above estimates there is evidence for more Medicare Home Health services on Oahu. The current proposal does not identify any surpluses of home health services on Oahu. Rather there is estimation of deficit in service."

31. The applicant states that "There is currently a demonstrated need for these services and there will be an even greater demand for these services in the future. As the aging population continues to grow, the increasing need for more resources and higher utilization of Medicare resources is self-evident."

32. The applicant states "Nursefinders will assure quality care is delivered to all persons regardless of age, location, income, race, ethnicity, sex, sexual orientation, disability or other demographic indicator."

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

C. REGARDING QUALITY AND LICENSURE CRITERIA

34. The applicant states that "The Quality Assurance program in place at Nursefinders encompasses caregiver hiring criteria, clinical assessments, clinical indicators measured quarterly, clinical record reviews, complaint resolution processes, and the Professional Advisory Committee (PAC)... Clinical indicators are measured quarterly. These indicators relate to compliance with regulatory issues (such as MD orders for patient care), case conferences and clinical record reviews. Patient progress and response to care is recorded and reported to physicians and state QIOs (quality improvement organizations) as required as evidence of patient outcomes. We conduct safety assessments on all admitted patients and at regular intervals with ongoing patients, and take proactive steps to correct identified problems."

35. The applicant states that "Nursefinders of Hawaii is seeking Medicare certification and will pursue OHCA certification to become a licensed home health agency."

36. The applicant states that "Nursefinders' Honolulu branch will comply with Medicare's quality reporting initiatives upon receiving certification."

37. The applicant states that "Nursefinders of Hawaii currently has five offices in Hawaii including Maui, Oahu, Kauai, and two on the Big Island... Internal audits are conducted quarterly to assure a high quality of care."

38. The applicant states that "Nursefinders evaluates all licensed personnel's competency to perform needed skills and intervention at the time of hire... Competency is also verified through in-service attendance with documented employee re-demonstrations, verified recent competency through outside sources, observation of skills, and current credentialing as documented proof of additional education and training."

39. The applicant states that "Nursefinders requires all field employees to complete in-service education each year to strengthen employee competency and the quality of services and offers employees the opportunity to develop new skills."

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

41. The applicant states that "With the availability of Medicare home health agency services through Nursefinders of Hawaii, residents on the island may be able to reduce their length of hospital stays and complete their recoveries at home. The result would be an overall cost reduction for comprehensive healthcare with increased continuity of care for the patient and their family caregivers."

42. The applicant states that "There are limited alternatives to adding Nursefinders of Hawaii to the Medicare treatment system. The probable alternative would be an increase in the number of residential beds to meet the growing needs of the aging population. As the number of inpatient beds increases so will the cost. Providing care in skilled facilities and hospitals will far surpass the cost of providing in-home care..."

43. The applicant projects that the revenue for the first year of operation will be \$87,500 and that the net income for the first year will be \$8,280.40. The applicant projects that the revenue for the third year of operation will be \$187,500 and that the net income for the third year will be \$16,875.

44. 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

45. The applicant states that "Nursefinders will be able to fill gaps in Home and Community Based Services on Oahu, where elderly population continues to grow... Nursefinders will be able to meet growing client needs in the targeted areas of the elderly and those with chronic conditions and physical disabilities."

46. The applicant states that "There are limited alternatives to adding Nursefinders of Hawaii to the Medicare treatment system. The probable alternative would be an increase in the number of residential beds to meet the growing needs of the aging population. As the number of inpatient beds increases so will the cost. Providing care in skilled facilities and hospitals will far surpass the cost of providing in-home care..."

47. The applicant states that "Nursefinders of Hawaii, Inc. has a proven record of having the capability to extend services to all parts of Oahu to include rural areas, including Waianae and Koolauloa. Home care will bring needed care to communities that have geographical barrier (sic) to accessing care on Oahu."

48. The applicant states that "Home based care for clients provided by Nursefinders will free up existing medical resources (hospital beds and nursing home beds) on Oahu to meet the growing needs of the elderly population.... Home health care is more efficient and cost-effective as it involves family and can prevent the need for institutionalization in an environment where available beds are a scarce resource."

49. The Agency finds that these criteria have been met.

F. REGARDING THE AVAILABILITY OF RESOURCES

50. The applicant states that "Financing will not be required to expand current home care services to include Medicare services."

51. The applicant states that "If granted the requested certification, Nursefinders will hire an experienced Client Service Representative and a Registered Nurse to support the patients and field staff. Existing field employees will provide direct care to the patients. When additional staff is needed, Nursefinders recruits and hires locally. If necessary, Nursefinders has the capacity to recruit employees from outer islands and on the mainland."

52. The Agency finds that the applicant has met this criterion.

III

CONCLUSIONS OF LAW

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 09-06 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 Statewide Health Coordinating Council 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 proposal; and
- (2) The cost of the proposal 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 B.C.P., Inc. dba Nursefinders of Hawaii for the proposal described in Certificate Application No. 09-06. The maximum capital expenditure allowed under this approval is \$125,000.

WRITTEN NOTICE

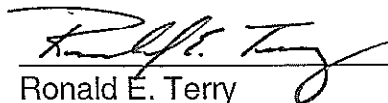
Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

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: August 18, 2009
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



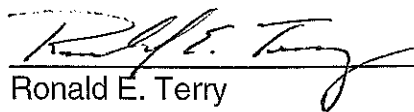
Ronald E. Terry
Administrator

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Decision on the Merits, including findings of fact, conclusions of law, order, and written notice, 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 August 18, 2009.

Robert E. Livonius
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524 E. Lamar Boulevard, #300
Arlington, Texas 76011

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



Ronald E. Terry
Administrator