



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII

LORETTA J. FUDDY, A.C.S.W., M.P.H.  
DIRECTOR OF HEALTH

ROMALA SUE RADCLIFFE, B.A., M.A.  
ADMINISTRATOR

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

November 22, 2011

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 11-14
Ohana Home Health, LLC	)	
	)	
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. 11-14 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 Kauai County Subarea Health Planning Council 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. 11-14. Where appropriate, Findings of Fact shall operate as Conclusions of Law, and Conclusions of Law shall operate as Findings of Fact. As many of the criteria for CON are interrelated, each of the criteria and subheadings within the Findings of Fact shall be deemed to incorporate and include all other Findings of Fact to the extent relevant.

I

## FINDINGS OF FACT

1. This is an application for a Certificate of Need ("Cert.") for the establishment of certified Home Health Agency services at 2-2488 Kaumualii Highway, Kalaheo, Kauai, at a capital cost of \$65,554.
2. The applicant, Ohana Home Health, LLC, is a limited liability 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 June 28, 2011, the applicant filed with the Agency a Certificate of Need application for the for the establishment of certified Home Health Agency services at 2-2488 Kaumualii Highway, Kalaheo, Kauai, at a capital cost of \$65,554. (the "Proposal"). On July 22, 2011, August 18, 2011, August 25, 2011 and August 26, 2011, the applicant submitted additional information. On August 31, 2011, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #11-14.

5. The period for Agency review of the application commenced on September 9, 2011, the day notice was provided to the public pursuant to 11-186-39 HAR.

6. The application was reviewed by the Kauai County Subarea Health Planning Council at a public meeting on October 19, 2011. Both Council members present at the meeting recommended approval of the application.

7. The application was reviewed by the Statewide Health Coordinating Council at a public meeting on October 31, 2011. The Council voted 9 to 0 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**  
**CERTIFICATE OF NEED CRITERIA**

**A. REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH SERVICES AND FACILITIES PLAN**

12. The applicant states that "Ohana Home Health will encourage a cooperative relationship between hospitals, patients and their families providing comprehensive at-home skilled nursing and rehabilitative therapy care, targeting high needs groups and people with chronic health conditions."

13. The applicant states that it will "...make personal visits to potential referral sources such as hospital, nursing homes, and physicians describing how the company's services could benefit their patients... seek cooperative agreements with area hospitals and nursing homes and other health care providers... promote Ohana Home Health's Disease Management program to hospital discharge planners, physicians, nursing homes and other potential referral sources stressing the benefits of this program to the patient."

14. The applicant states that "By providing knowledgeable case management, comprehensive rehabilitative services and ongoing, positive relationship building with local and state agencies/organizations Ohana Home Health will be able to provide a network of both formal and informal support sources."

15. The applicant states that "Home health care is a cost effective way to provide skilled nursing and comprehensive rehabilitation opportunities for the seriously ill, home bound patient. By having another HHA on Kauai, this will target decreasing the waitlist problems for patients who can use the skilled nursing services, rehabilitation services in their home."

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

**B. REGARDING NEED AND ACCESSIBILITY CRITERIA**

17. The applicant states that "According to [www.healthtrends.org](http://www.healthtrends.org) and the 2010 Census, Kauai has the fastest growing elderly population; while 9.8% of home care recipients from Mainland U.S.A utilized home health care services, in comparison, Hawaii utilization rate was only 2.6%. Clearly, Hawaii, overall, underutilizes home health care."

18. The applicant states that "Using the 9.8% usage rate as a standard and applying the difference in the rates (9.8% - 2.6% = 7.2%) to the island's 75+ population (a more sensitive population cohort for home health than simply the 65+ population) yields the following number of patients in need:

Year	75+ Population	Need @7.2%
2012	4,777	343
2013	4,827	348
2014	4,876	351"

19. The applicant states that "Currently there is a large gap in services for home health patients on Kauai in the areas of Medical Social Services and Speech Therapy. These gaps in services will be filled by OHH by having a full time Speech Language Pathologist and a licensed Social Worker on staff."

20. The applicant states that "Services will be provided:

- To all island residents regardless of age, sex, race, color, creed, religion, disability, or national origin, financial status, or ability to pay.
- In a timely, cost-efficient manner and made available twenty-four (24) hours a day, seven (7) days a week.
- In compliance with all state and federal regulations including all Hawaii state licensure regulations and Medicare (CMS) Conditions of Participation.
- In accordance with the Community Health Accreditation Program's (CHAP's) standards for home care providers.
- In accordance with the patient's physician's orders and a collaboratively established plan of care."

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

### C. REGARDING QUALITY AND LICENSURE CRITERIA

22. The applicant states that "Ohana Home Health intends to seek Medicare, Medicaid and Quest Certifications. If approved, Ohana Home Health will also seek accreditation from JCAHO (Joint Commission Accreditation for Health Organizations), CHAP (Community Health Accreditation Program) or ACHC (Accreditation Commission for Health Care)."

23. The applicant states that "In-service training or continuing education programs will be provided and documented for employees. Programs will be appropriate to their responsibilities and to the maintenance of skills necessary to care for OHANA HOME HEALTH patients."

24. The applicant states that "All staff members providing direct patient care will attend in-service education programs annually."

25. The applicant states that "Ohana Home Health's Quality Improvement (QI) program is a program of organizational activities designed to measure outcomes including adequacy, appropriateness, and effectiveness of services and products by means of routine, ongoing assessments to assure high quality."

26. The applicant states that "The QI Plan is the working plan from which all improvement projects will be based. These plans will echo Ohana Home Health's philosophy, mission and purpose. It will identify goals, purposes, standards and criteria. A plan will be generated/updated as part of each QI quarterly meeting. The Plan will reflect an organizational approach to include appropriate departments, services and disciplines."

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

#### D. REGARDING THE COST AND FINANCIAL CRITERIA

28. The applicant states that "Home health care is a cost effective way to provide skilled nursing and comprehensive rehabilitation opportunities for the seriously ill, home bound patient. By having another HHA on Kauai, this will target decreasing the waitlist problems for patients who can use the skilled nursing services, rehabilitation services in their home."

29. The applicant states that "Projected Gross Total Revenue for year one is \$484,636. Projected Gross Revenue for Medicare alone is: \$243,038. Total cost projection for the first year is \$450,801. Total Medicare cost projection is \$189,336. Net income is projected at \$33,839. Net Medicare Income is \$53,702."

30. The applicant states that "Projected Gross Total Revenue for year three is \$715,898. Projected Gross Revenue for Medicare alone is: \$298,774. Total cost projection for the third year is \$522,133. Total Medicare cost projection is \$219,296. Net income is projected at \$67,051. Net Medicare Income is \$79,478."

31. 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**

32. The applicant states that "Currently there is a large gap in services for home health patients on Kauai in the areas of Medical Social Services and Speech Therapy. These gaps in services will be filled by OHH by having a full time Speech Language Pathologist and a licensed Social Worker on staff."

33. The applicant states that "Ohana Home Health will have the expertise of all the rehabilitation components (Skilled nursing, PT, OT, SLP, behavioral health), some of which (PT, behavioral health) are not currently available on Kauai."

34. The applicant states that "By providing knowledgeable case management, comprehensive rehabilitative services and ongoing, positive relationship building with local and state agencies/organizations Ohana Home Health will be able to provide a network of both formal and informal support sources."

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

**F. REGARDING THE AVAILABILITY OF RESOURCES**

36. The applicant states that "The Proposed Agency's Total Capital expenditure is projected to be \$65,554 of which \$17,997 represents Furniture & Equipment..."

37. The applicant states that "Financing through bank loans will not be necessary to open Ohana Home Health LLC, to include providing Medicare and Medicaid home services. Partners have available capital for the opening of the Company."

38. The applicant states that "The Partners of Ohana Home Health are in the unique position of having access to a variety of health professionals with specialized skills. Partner Melinda Murray OTR/L has over ten years of experience working and collaborating with other home health providers. She has a strong ongoing network of skilled health professionals within the health arena. Partner Susannah Woolway CCC-SLP has the essential administrative background of being part owner/CFO of a thriving outpatient physical therapy clinic. She has the management skills necessary to develop, hire and retain qualified employees for Ohana Home Health."

39. The applicant states that "Susannah Woolway has professional relationships with other rehabilitation specialists, both on and off island, that have specialized skills which can be accessed. All of which are untapped resources for the home health care field on Kauai. Ohana Home Health will provide comprehensive service to include professional nursing, physical therapy, occupational therapy, speech therapy, behavioral health/social work services by a licensed MSW."

40. 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. 11-14 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 Kauai County Subarea Health Planning Council 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 Ohana Home Health, LLC for the proposal described in Certificate Application No. 11-14. The maximum capital expenditure allowed under this approval is \$65,554.

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: November 22, 2011  
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



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Romala Sue Radcliffe  
Administrator