



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 15-05 Date of Receipt: _____
To be assigned by Agency

APPLICANT PROFILE

Project Title: Establishment of Home Health Agency Services

Project Address: 98-023 Hekaha Street, Bldg. 1, Unit 2E1, Aiea, Hawaii 96701

Applicant Facility/Organization: DLMC INC. dba Kama'aina Health Services

Name of CEO or equivalent: Leticia F. Dexter

Title: Chief Executive Officer / President

Address: 949 Makamua Pl., Pearl City, HI 96782

Phone Number: (808) 989-7882 Fax Number: (808) 455-4676

Contact Person for this Application: Maria Eivira Tabladillo

Title: Administrator

Address: 94-483 Opeha Street, Waipahu, HI 96797

Phone Number: (808) 383-7074 Fax Number: (808) 455-4676

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.

Leticia F. Dexter
Signature

6/25/15
Date

Leticia F. Dexter
Name (please type or print)

Chief Executive Officer / President
Title (please type or print)

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

- Public _____
- Private /
- Non-profit _____
- For-profit /
- Individual _____
- Corporation /
- 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: _____

3. **DOCUMENTATION** (Please attach the following to your application form):

A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)

The proposed office is owned by the Board of Trustees of DLMC Inc. located at 98-023 Hekaha Street., Bldg. 1, and Unit 2E1 Aiea, Hawaii 96701. It has an existing structure and will be utilized by the project. Please see **ANNEX I** for the *Lease Agreement*.

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

C. Your governing body: list by names, titles and address/phone numbers

| NAME | TITLE | ADDRESS | PHONE |
|----------------------------|---------------------|--|----------------|
| 1. Leticia Dexter, RN | President/CEO | 949 Makamua Place, Pearl City, HI 96782 | (808) 989-7882 |
| 2. Diana Nieva | Treasurer | 944 Makamua Place, Pearl City, HI 96782 | (808) 206-5378 |
| 3. Mylene Johnson | Corporate Secretary | 91-211 Ho'owehi Place, Ewa Beach, HI 96706 | (808) 722-3409 |
| 4. Maria Elvira Tabladillo | Member | 94-483 Opeha Street, Waipahu, HI 96797 | (808) 831-3888 |
| 5. Eloise Miller | Member | 70 Kamalii Street, Hilo, HI 96720 | (808) 391-5082 |

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 **ANNEX II** for *Articles of Incorporation* of DLMC Inc.
- By-Laws
Please see **ANNEX III** for *By-Laws* of DLMC Inc.
- Partnership Agreements
N/A
- Tax Key Number (project's location) is 980090130000
The DLMC Inc. Employer Identification No. is 80-0361238.

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 million) \$4 | Change in ownership | Change in service/establish new service/facility | Change in Beds |
|---------------------|---|--|--|---------------------|--|----------------|
| Inpatient Facility | | | | | | |
| Outpatient Facility | | | | | X | |
| Private Practice | | | | | | |

5. **TOTAL CAPITAL COST:** \$ 107,500

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 | N/A | N/A | 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.

DLMC Inc. is applying for a Hawaii State licensure for Medicare Home Health Agency certification in order to provide home health care services in Hawaii with coverage areas located on Oahu.

The proposed Home Health Agency services will include skilled nursing, physical therapy, speech therapy, occupational therapy and Home Health Aide visits for Medicare beneficiaries. These services will enhance those provided by our existing in-home health care service agency, Kama'aina Health Services, operated by DLMC Inc.

8. **PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)**

| A. List All Project Costs: | AMOUNT: |
|--|--------------------------|
| 1. Land Acquisition | _____ |
| 2. Construction Contract | _____ |
| 3. Fixed Equipment | _____ |
| 4. Movable Equipment [Computers, Workstations, telephone lines, medical equipment (blood pressure cuffs, stethoscope)] | <u>\$ 27,500</u> |
| 5. Financing Costs | _____ |
| 6. Fair Market Value of assets acquired by lease, rent, donation, etc. | <u>\$ 80,000</u> |
| 7. Other: | _____ |
| TOTAL PROJECT COST: | <u>\$ 107,500</u> |

B. **Source and Method of Estimation**

Describe how the cost estimates in Item "A" were made, including information and methods used:

C. Source of Funds

AMOUNT:

| | |
|---|-----------------|
| 1. Cash | <u>\$27,500</u> |
| 2. State Appropriations | _____ |
| 3. Other Grants | _____ |
| 4. Fund Drive | _____ |
| 5. Debt | _____ |
| 6. Other: <u>Fair Market Value of Lease</u> | <u>\$80,000</u> |

TOTAL SOURCE OF FUNDS: \$107,500

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,

The operations and management of the proposed expansion of services will share the office in the existing structure currently being utilized by DLMC's home care services under the Medicaid program. It is located at 98-023 Hekaha Street. Bldg. 1, Unit 2E1, Aiea, Hawaii 96701 with a lease agreement from November 1, 2014 to November 30, 2017.

b) Dates by which other government approvals/permits will be applied for and received
Presently, DLMC INC is processing an application for Medicare certification, 6 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,
There will be no construction for this project.

e) Length of construction period,
No planned construction.

f) Date of completion of the project,
N/A

g) Date of commencement of operation.
When Medicare application is approved, we are projecting to commence operation by July 2015. However, the date is dependent on how long the application process will take to obtain the State license as well as the approval of our Medicare certification.

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.

- 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.

Note: *Client(s) may also refer to "patient(s)" or "resident(s)" or "participant(s)".*

DLMC Inc. dba Kama'aina Health Services has been formally registered with the Department of Commerce and Consumers Affairs since February 2009. It is locally owned and operates Home Care services under the Medicaid program working with the Department of Human Services and the Department of Health to serve clients, families and communities on Oahu, Kauai, and Hawaii (Big Island). In the last 5 years of operation, DLMC Inc. has successfully implemented programs serving the home health care needs of the elderly, persons with disabilities (physical, intellectual and/or developmental) and those with medical injuries/conditions being cared for at home by family.

DLMC Inc. is aligned with the HSFP focus on increasing cost effective access to necessary health care services. DLMC Inc. is currently a Medicaid Waiver provider serving the elderly, low-income, disabled and other underserved populations, with established state, county, and private pay agreements to service a multitude of target populations in home and community based settings. Please see **ANNEX IV** for the *Certificate of Good Standing* from the Department of Commerce and Consumers Affairs.

The home health care programs of DLMC Inc. promote healthy, independent care for clients and families to reduce the expense of long hospital stays and help eliminate frequent/unnecessary visits to medical facilities. The services and care provided by DLMC Inc. promotes financial viability of the health care delivery system, providing quality health care services at reasonable cost in our target project areas. DLMC Inc. services include professional nursing services, wound care, physical therapy, occupational therapy, social services, personal care and home care services.

With this proposal, DLMC Inc. hopes to be an instrumental part of the solution for Hawaii's health care issues, and contribute to the success of the State of Hawaii Health Service and Facilities Plan.

a) Relationship to the State of Hawai'i Health Services and Facilities Plan

DLMC Inc. embraces the goals and focus of the Hawaii Health Services and Facilities Plan (HSFP) for 1.) Cost-effective access to necessary health care services; 2.) Promoting financial viability of the health care delivery system; 3.) Optimization of services; and 4.) Promoting regionalization of services where appropriate.

Providing Cost Effective Access to Health Care: DLMC Inc. provides quality, cost-effective health care services, operating 24 hours, seven days a week. With a staff of trained and certified employees/workers, who are committed, compassionate care givers who strive to exceed client's expectations for safe and dependable care.

Promoting Financial Viability of the Health Care Delivery System: By providing effective home health care to clients, DLMC Inc. helps promote financial viability of the health care delivery system, allowing for shorter hospital stays following medical procedures, and providing much of the follow-up care required. DLMC Inc. services are also tailored to educate, assist and care for the growing elderly segment of Hawaii's population, those over the age of 65. In the recent Hawaii Health Survey, the number of people who are living longer, over the age of 65 are now the fastest growing portion of the population. Although this represents the commendable triumph of public health, medical advancement, and economic development over disease and injury, sustained growth of the older population is also a challenge with overburdened healthcare facilities and services. Cost effective home health care services provided by DLMC Inc. can help alleviate the financial and economic burden of caring for our elderly, including those on Medicare, when authorization is approved.

Optimization and Regionalization of Services: By bringing quality health care into the home and community, DLMC Inc. is able to optimize services provided to meet necessary medical needs in the home and educate family members to maintain essential care giving procedures alleviating the need for expensive and limited medical facilities. When possible DLMC Inc. seeks to provide care givers and nursing/medical professionals from within or near the community of the clients they service, providing greater accessibility to those in need.

As shown in Section A: Relation to the State Plan Criterion, DLMC Inc. is aligned with the focus and goals of the state of Hawaii Health Services Plan. DLMC Inc. recognizes the unique needs of the aging population of Hawaii's diverse multi-ethnic culture, and is committed to quality standards of providing home health care.

b) Need and Accessibility

DLMC Inc. is aware of the need for Medicare certified home health services in Honolulu and throughout the island of Oahu. There is an increasing need for Medicare certified home health services due to an increasing population of those over the age of 65 and the growing trend for more medical care to be provided/followed up at home. The target participants for this proposal are Medicare beneficiaries who are 65 years and older, are disabled or medically fragile, requiring home health care services

According to Health Trends in Hawaii, as the population ages, the demand for home health services is expected to increase every year. It is projected that by 2030, the elderly population will represent 23 percent of the population for the State. This means that 1 out of every 5 individuals will be aged 65 and older. The trend of an increasing elderly population will result in the need for additional Home Health Agency (HHA) for the next 3-5 years.

Based on the Hawaii State Health Planning and Development Agency (SHPDA) data, patients utilizing Medicare Home Health Agency services were mostly 65 years and older. The increase in the population aged 65 and older will result in an increase in the number of Medicare beneficiaries which will increase the need for Home Health Agency services. Despite these trends, there has not been a significant increase in the number of Medicare accredited Home Health Agency's on Oahu. Based on the Office of Health Care Assurance (OHCA) data, there are 27 State licenses issued for Home Health Agencies and out of these, 13 have Medicare certification.

In the Department of Business, Economic Development Tourism (DBEDT) data, the aging population is one of the most prominent features of Hawaii's population trend. The share of the population 65 years of age and over increased from 8.0 percent in 1980 to 14.5 percent in 2010. This trend will continue in the future, increasing this share of the total population to 23.0 percent in 2030. Please see table below.

Share of Total Resident Population by Age Group: 1980-2030

| Age Group | 1980 | 1990 | 2000 | 2010 | 2020 | 2030 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 0-14 | 23.3% | 21.4% | 20.2% | 18.5% | 18.5% | 18.8% |
| 15-24 | 19.8% | 14.8% | 13.6% | 13.3% | 12.3% | 12.1% |
| 25-34 | 18.7% | 18.1% | 14.1% | 13.6% | 13.4% | 12.6% |
| 35-44 | 11.6% | 16.2% | 15.8% | 12.9% | 12.0% | 12.1% |
| 45-54 | 9.7% | 9.8% | 14.2% | 14.2% | 11.6% | 10.9% |
| 55-64 | 8.9% | 8.5% | 8.9% | 13.0% | 12.8% | 10.6% |
| 65+ | 8.0% | 11.2% | 13.3% | 14.5% | 19.4% | 23.0% |

Source: Hawaii Dept. of Business, Economic Development and Tourism, DBEDT. ---Years 2020 and above is projections. While Years 2000-2010 is from U.S. Census Bureau

DLMC Inc. operates as a Home Health Agency services provider and also runs a state certified school for training nurse aides. DLMC Inc. is equipped to meet this increase in demand for services provided by Medicare certified Home Health Agency's by offering greater access to home health services on Oahu.

DLMC Inc. currently provides home health services to the low income population, ethnic minorities, women, persons with disabilities, the elderly and other underprivileged populations that cannot afford or do not have access to medical care at home.

For more details and data, see Section B: Need and Accessibility.

c) Quality of Service/Care

DLMC Inc. is committed to the values, principles and standards of providing the highest quality service and care to our clients and participants. DLMC Inc. has provided Home Care agencies on the islands of Oahu, Kauai, and the Big Island for the past 5-years and complies with Federal and State rules and regulations.

DLMC Inc. recruits qualified, licensed and certified caregivers. During the hiring process, DLMC Inc. conducts extensive reference and background checks for every applicant. Prospective applicants must have required experience for their position and/or receive additional training which is provided as needed. DLMC Inc. currently has 102 employees providing home health care services, supported by an administration staff of 7. With Medicare authorization approval, DLMC Inc. is able to hire more employees as needed.

DLMC Inc. implements a quality assurance and improvement program to ensure that quality care and services will be continually provided for our clients. The program includes service protocol, policies and procedures, monitoring and evaluation of the quality and effectiveness of care delivered. DLMC Inc. conducts regular supervised visits to monitor clients' medical condition and progress. DLMC Inc. encourages collaboration with other health care providers such as the individual's physician and family members to ensure that appropriate care is provided. Information gathered from client surveys, incident reports, physicians, and client concerns are considered for improving services and addressing the needs of the clients and families.

DLMC Inc. provides quality services to help older adults remain in their own homes with a high quality of life for as long as possible through the provision of home health based services. In providing care for the elderly, DLMC Inc. ensures that the rights of older people are protected, seeking to prevent abuse, neglect and exploitation of the elderly population.

For more information on quality of care, staffing and affiliations, see Section C: Quality Criteria

d) Cost and Finances (include revenue/cost projections for the first and third year of operation)

Based on our projection, the project cost for the first year will require capital cost amounting to \$107, 500 which consists of mainly movable equipment and the fair market value of assets. In the 2nd year, it is projected that the Medicare program will generate enough revenue to cover succeeding costs of operation due to efficient running of the program. DLMC Inc. has operating capital and independent revenue streams to supplement Medicare Home Health Services until operations generate positive income and recover investment.

Upon Medicare certification, first year operation is estimated to have a total increase of 860 client visits (for 43 additional clients/patients) and will reach an estimated total increase of 1,220 visits (for 61 new clients/patients) in the 3rd year.

Based on our projections, the 1st year operation will generate total revenue of \$107,500 against the total cost of \$97,652. The excess of revenue over cost for the first year is \$9,847. In the 3rd year, the operation is expected to grow and it is further estimated that the revenue will increase with a total service revenue of \$152,500 (an increase of 41.86% from the 1st Year) while the total cost is projected at \$126,873 (an increase of 29.92% from the 1st Year). The 3rd year projection is estimated to generate a total net income of \$25,626.

The gross profit margin for the 1st and 3rd year operation is 9.16% and 16.80% respectively. Please see **Exhibit D-2** for the *three-year Revenue and Cost Statement Projection*.

With this project, the delivery of home health services to Medicare beneficiaries is expected to lessen the overall cost of health care through the inherent preventive and cost-effect nature of home health services.

For further financial information, please see Section D: Cost and Financial Criteria and Exhibit D-1 for the last 2-Year Financial Statements. Currently DLMC Inc. is using quick books software to enhance our accounting system.

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e) **Relationship to the Existing Health Care System**

With Medicare certification, DLMC Inc. will provide home health services that complement the existing health care system by increasing the availability of and access to Home Health Care services. Upon acquiring Medicare authorization, DLMC Inc. will expand services to Medicare beneficiaries and families in various communities. DLMC Inc. will advocate for older adults to stay healthy, active and socially engaged through interaction with elderly clients to increase healthy lifestyle awareness. DLMC Inc. will continue to establish relationships with health care providers in various communities to address health issues among the elderly, persons with disabilities, low income individuals, and ethnic minorities.

Providing quality home health care services will decrease overall health care cost as the cost for inpatient and hospital services is much higher than home health services. The provision of home health services in a client's home increases the opportunity for prevention and early intervention which helps the existing health care system effectively respond to health issues before more costly intervention is required. Clients can avoid the need for admittance to institutional facilities through early prevention and detection at home. DLMC Inc. conducts frequent supervised visits to identify and monitor signs and symptoms of any changes or conditions in a timely manner and avoid the premature institutionalization of individual.

With the aging population increase, and a shortage of Health Care providers it becomes more difficult for low-income, uninsured and geographically isolated individuals to receive quality health care. DLMC Inc. seeks to work with home health care providers and communities, to ensure timely access to care for the underprivileged individuals.

See Section F: Availability of Resources Criteria for a more detailed evaluation of how this project relates to Hawaii's current health care system.

f) **Availability of Resources**

DLMC Inc. has been operating since 2009, providing quality home care services. With Medicare certification, DLMC Inc. will be able to expand services to Medicare beneficiaries. DLMC Inc. has existing financial and human resources to provide additional home health services on Oahu. DLMC Inc. has sufficient operating capital, and the resources to recruit employees as needed to serve additional Medicare clients. Financing will not be required to expand current home care services, including support services such as billing, scheduling and payroll accounting.

Please see attached **ANNEX V** for our *Bank Certification from Central Pacific Bank and Hawaii Central Credit Union* to show the available funds of the Agency. For more detailed information, see Section D: Cost and Financial Criteria