



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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16 MAY -5 AIO:01

STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM

STATE OF HAWAII
& DEV. AGENCY

Application Number: #16-04
To be assigned by Agency

Date of Receipt:

APPLICANT PROFILE

Project Title: Establishment of Home Health Agency Services

Project Address: 1833 Kalakaua Avenue, Suite 107

Honolulu, HI 96815

Applicant Facility/Organization: Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare

Honolulu

Name of CEO or equivalent: Santiago Rivera

Title: Chief Operating Officer and Director of Healthcare Services

Address: 1833 Kalakaua Avenue, Suite 107, Honolulu, HI 96815

Phone Number: (808) 951-0949 Fax Number: (808) 353-3627

Contact Person for this Application: Santiago Rivera

Title: Chief Operating Officer and Director of Healthcare Services

Address: 1833 Kalakaua Avenue, Suite 107, Honolulu, HI 96815

Phone Number: (808) 951-0949 Fax Number: (808) 353-3627

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.

Signature

5-5-16
Date

Santiago Rivera
Name (please type or print)

Chief Operating Officer
Title (please type or print)

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

- Public _____
- Private X
- Non-profit _____
- For-profit X
- Individual _____
- Corporation _____
- Partnership _____
- Limited Liability Corporation (LLC) X
- Limited Liability Partnership (LLP) _____
- Other: _____

2. PROJECT LOCATION INFORMATION:

A. Primary Service Area(s) of Project: (Please check all applicable)

- Statewide: _____
- O`ahu-wide: X
- Honolulu: X
- Windward O`ahu: X
- West O`ahu: X
- 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)

See Attached 1 - Copy of the Lease/Site 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.)

When the CON approval is received, Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare Honolulu will submit an application to request accreditation from the Community Health Accreditation Program (CHAP). Once the accreditation is received, Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare Honolulu will submit an application through the Hawaii State Department of Health, Office of Health Care Assurance to the Center for Medicare/Medicaid Services (CMS) for proper certification and enable Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare Honolulu to receive Medicare reimbursement for skilled and therapeutic services rendered.

At the approval of the CON, Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare Honolulu will submit the application for the Home Health Agency designation license by the State of Hawaii.

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

See Attached 2 - Governing Body

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 – See Attached 3
- By-Laws / Operating Agreement – See Attached 4
- Assignment of membership interest to AB Investment Trust – See Attached 5
- Assignment of membership interest to Paradise Retirement LLC – See Attached 6
- Partnership Agreements – N/A
- Tax Key Number (project's location) – See Attached 7
260130150000

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

5. **TOTAL CAPITAL COST:** \$29,832

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			
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.

Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare Honolulu proposes to obtain State of Hawaii licensure for Medicare Certification as per HRS 323D-43(c) and Hawaii Administrative Rules (HAR) 11-186, and will provide services to Oahu. The new home health services include skilled nursing and other therapeutic services (physical, occupational and speech therapies). Healthcare coordination will be under a physician's direction to clients in a place used as their individual home. Additional Home Care services will be provided.

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

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	<u>0</u>
2. Construction Contract	<u>0</u>
3. Fixed Equipment	<u>\$6,000</u>
4. Movable Equipment	<u>\$16,000</u>
5. Financing Costs	<u> </u>
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>\$7,832</u>
7. Other: _____	<u> </u>
TOTAL PROJECT COST:	<u>\$29,832</u>

B. **Source and Method of Estimation**

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

- a) \$6,000 Fixed Equipment (line A.3) covers office furniture for additional staff, including desks, chairs, and work stations.
- b) \$16,000 Movable Equipment (line A.4) includes \$9,000 computers, \$6,000 tablets, and \$1,000 telephone system upgrade for additional staff.

- c) The \$7,832 value of assets acquired by lease, rent, donation, etc. (line A.6) covers the first 12 months of additional leased space at \$653 per month.

C. Source of Funds	AMOUNT:
1. Cash	<u>\$22,000</u>
2. State Appropriations	<u> </u>
3. Other Grants	<u> </u>
4. Fund Drive	<u> </u>
5. Debt	<u> </u>
6. Other: Fair market value of leased space to be paid by monthly rent	<u>\$7,832</u>
TOTAL SOURCE OF FUNDS:	<u>\$29,832</u>

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,
 - Currently the Home Care Services (non-medical) are in existing setting at 1833 Kalakaua Avenue, Suite 107, Honolulu, HI 96815. Leased started on July 13, 2012.
- b) Dates by which other government approvals/permits will be applied for and received,
 - Notice of intent to seek CON will be submitted to the Office of Health Care Assurance (OHCA).
 - The Medicare certification will be submitted to the Community Health Accreditation Program (CHAP) upon CON approval.
- c) Dates by which financing is assured for the project,
 - N/A – financing is already assured.
- d) Date construction will commence,
 - N/A
- e) Length of construction period,
 - N/A
- f) Date of completion of the project, and

- N/A

g) Date of commencement of operation.

- Upon 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. **See Attached Appendix A**

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the Existing Health Care System
- f) Availability of Resources

EXECUTIVE SUMMARY

Introduction

Healthcare of Paradise Retirement Hawaii LLC dba Interim HealthCare Honolulu is an Interim HealthCare franchise operation in Honolulu. The franchisor Interim HealthCare, founded nationally in 1966, is a leading home care, hospice and healthcare staffing company. Interim HealthCare has more than 300 independently owned and operated franchise locations nationwide providing a variety of home health, senior care, hospice, palliative care, pediatric care and healthcare staffing services. Interim HealthCare is unique in combining the commitment of local ownership with the support of a national organization that develops innovative programs and quality standards that improve the delivery of service. Franchisor Interim HealthCare, which celebrates its fiftieth anniversary in 2016, brings its decades of experience and expertise to hundreds of franchisees, which together employ more than 40,000 healthcare workers nationwide such as nurses, therapists, aides, companions and other healthcare personnel to serve approximately 50,000 people daily.

Interim HealthCare Honolulu desires to be a Medicare Certified Home Health Agency (HHA) and to provide Home Health Services to the residents of Oahu. The Home Health Agency services will include professional skilled nursing services, physical therapy, occupational therapy, speech therapy, social services and other personal care services.

Interim HealthCare Honolulu will utilize its current Oahu office, and it is anticipated that minimum capital expenditures will be incurred and operating revenues

will cover increased operating expenses. There will be modest costs for this project of \$34,000, consisting of furniture, equipment/computers and office lease expenses.

Quite simply, Interim HealthCare Honolulu's mission is to improve people's lives. The company is based on a social model of aging, which treats aging as a normal process in the journey of life and works with people to deal with the issues of aging and make life healthier.

a) Relation to the State of Hawaii Health Services and Facilities Plan

Interim HealthCare Honolulu believes that the approval of the CON application addresses both Statewide and Honolulu County priorities set forth in Home Health Services and Facility Plan (HSFP). This project promotes the HSFP goal for long-term viability of the health care delivery system in Hawaii. It will also ensure that any proposed home health service will at least maintain overall access to the highest quality at a reasonable cost. Interim HealthCare Honolulu encourages and supports health education, promotion, and prevention, and works to expand and retain the health care workforce to enable access to the appropriate level of care for our clients. We seek to hire, educate and retain the very best employees in Oahu to ensure island-wide continuum of care.

Interim HealthCare Honolulu is committed to providing care and services consistent with the values and priorities for the State of Hawaii, as well as the City and County of Honolulu. By providing equitable access to home health care services, our clinical staff is able to provide the highest level of quality in health services. On occasion prospective clients who cannot afford our services will receive the same quality care at a

negotiated rate. This project also promotes the goals of the Sub-areas of Oahu for comprehensive system of care and community awareness.

b) Need and Accessibility

There is a need and demand for home health agency services in the State of Hawaii, and more specifically, home health agencies that are certified by Medicare. The State of Hawaii is endowed with one of the oldest and the longest-living populations in the United States. As of July 2013, Hawaii topped the Centers for Disease Control and Prevention report for healthy life expectancy (HLE), which accounts for quantity and quality of life. For all persons at age 65 years, the highest HLE was observed in Hawaii (16.2 years). Hawaii also had the highest gender-specific HLEs - 15.0 years for males and 17.3 years for females.

Hawaii has the fastest growing age 65-plus populations in the nation (<https://www.census.gov>). Between 2010 and 2050, the United States is projected to experience rapid growth in its older population. In 2050, the number of Americans aged 65 and older is projected to be 88.5 million, more than double its projected population of 40.2 million in 2010. The baby boomers are largely responsible for this increase in the older population, as they began crossing into this category in 2011.

This project will provide home health services to the residents of Oahu island-wide. The target populations for these services will include Medicare and/or Medicaid beneficiaries and also private pay and private insurance individuals, who are 65 years and older and/or disabled or medically fragile and require home health services.

According to Health Trends in Hawaii (www.healthtrends.org), as Hawaii's population ages, the demand for home health services will continue to rise. The number of Medicare HHA clients needing home health services on the island of Oahu is expected to dramatically increase every year, according to CMS (www.cms.gov), the average of

patients under the Medicare program in Hawaii is 2,716, generating a total state-wide visits of 42,749 skilled nursing per year, and with an average of 16 visits per patient..

The demand for additional HHA services by Medicare beneficiaries will be significantly impacted by the aging of the population. According to the Hawaii State Health Planning & Development Agency (SHPDA), 7,390 patients or approximately 70 percent out of a total of 10,622 patients utilizing Medicare HHA services were 65 years and older.

The increase in the number of adults aged 65 and older will result in an increase in the number of Medicare beneficiaries. This growth in the number of Medicare beneficiaries will bring about an increase in the demand for HHA services. However, while the demand for Medicare HHA services has increased there has not been an increase in the number of Medicare certified HHAs on the Hawaiian Islands in the past 20 years.

As a result, the limited number of Medicare certified HHAs would not be able to meet the dramatic increase in demand for HHA services by Medicare clients on the island of Oahu. In order for these Medicare certified HHAs to meet the increased demand for services, these HHAs would need to hire additional nurses, therapists, social workers and personal care personnel. According to the Hawaii's Workforce Development for 2008, Hawaii will continue to experience a shortage in healthcare occupations (particularly in nursing) that is similar to the national trend. The current Medicare certified HHAs would have difficulty expanding service capabilities due to the difficulties in recruiting healthcare professionals. However, upon CON approval and following the award of the Medicare Certification, Interim HealthCare Honolulu will be able to provide HHA

services to these Medicare HHA clients and will get commitments from other multi-disciplinary professionals to provide home health services on the Hawaiian Islands. The size of the organization and its island-wide presence provides an advantage in attracting qualified HHA personnel and will allow it to expand as the Medicare population need for HHA services increases.

This project will assist with meeting this dramatic increase in demand for services provided by Medicare certified HHAs by offering increased access to home health services on the island of Oahu.

c) Quality of Service/Care

Interim HealthCare Honolulu is planning to be a leading private duty skilled nursing and home health agency on Oahu. Interim HealthCare Honolulu is committed to the values, principles and standards of providing the highest quality service and continuity of care to clients in their homes. Performance is always supervised and monitored and supported by the franchisor's headquarters and their expansive experience, which ensures that franchisees such as Interim HealthCare Honolulu maintain high standards as part of their mission and protect Interim HealthCare's brand.

To provide Medicare certified home health services on Oahu, Interim HealthCare Honolulu will maintain the appropriate staff to patient ratios to provide quality care. Interim HealthCare Honolulu is currently staffed with 1 FT Administrator / Office Manager, 1 FT Human Resources Manager, 1 FT Sales Manager, 1 PT Registered Nurse, 1 PT Licensed Practice Nurse, 5 PT Certified Nurse Aides, and 25 PT Companions. Upon the CON approval and following the Medicare Certification Interim HealthCare Honolulu will be staffed with 1 FT Administrator/Office Manager, 1 FT Human

Resources Manager, 1 FT Sales Manager, 1 FT RN – Director of Nursing, 10 FT LPN with a minimum of two years of experience in long-term care, 10 FT Certified Nurse Aides, and 35 Companions.

Interim HealthCare Honolulu will offer competitive compensation and benefit packages to recruit qualified applicants and will conduct an extensive reference and background check (e.g. criminal abstract, TB clearance, CPR & First Aid Training, Drug Test) on every applicant selected for hiring.

Interim HealthCare Honolulu benefits from the franchisor's vast continuing education resources to support ongoing training and development as well as areas of specialization for all franchisee employees. Interim HealthCare provides 350+ free online continuing education courses for both clinical and non-clinical team members, including pre-employment knowledge exams for various positions. Interim HealthCare is authorized as an approved provider of contact hours for continuing education by the Florida Board of Nursing (Provider Number 50-1033). The educational materials developed by Interim HealthCare for clinicians are evidence-based and are structured to contribute relevant and interesting information on current standards of practice to the existing knowledge base of participants.

Interim HealthCare Honolulu has also developed and implemented a quality assurance and improvement program to ensure that quality care is and will be provided to all clients. The quality assurance and improvement program includes service protocols, policies and procedures that define, monitor and evaluate the quality and effectiveness of care delivered. Interim HealthCare Honolulu personnel will conduct frequent supervised visits to monitor an individual's medical condition and progress on his/her plan of care.

We will work closely with other health care providers such as the individual's physician and family members to ensure that appropriate care is provided. Information gathered from sources such as physician and client surveys, incident reports, chart reviews and client concerns will be used by Interim HealthCare Honolulu to assure that the quality of the services provided meets the company mission and goals of providing exceptional standards of care. This information will also be used to assure the continuous improvement in the quality of care provided by Interim HealthCare Honolulu personnel.

d) Cost and Finances Criteria

Interim HealthCare Honolulu provided in the attached **Exhibit D-1** the company financial statements for the past two years – income statements and balance sheets. As noted throughout the application, there is no major capital cost for Interim HealthCare Honolulu seeking a certificate of need, which, if granted, will enable Interim HealthCare Honolulu to apply for the Medicare Certification.

Interim HealthCare Honolulu provided in the attached **Exhibit D-2** the financial projections for three years of revenue and expenses for the company's home health care services.

e) Relationship to the existing health care system

By providing home health services to Medicare beneficiaries on the Hawaiian island of Oahu, Interim HealthCare Honolulu will improve the existing health care system by increasing the availability of and access to home health services. Receiving the certificate of need will enable Interim HealthCare Honolulu to further serve residents and their families island-wide, including remote and underpopulated areas.

Providing health services in a home environment will improve the quality of life for individuals with medical needs. Health care provided at home will increase an individual's emotional wellbeing and decrease the amount of recovery time because individuals recover faster in a familiar home environment. Receiving skilled nursing care in the home also will allow individuals and family members to take an active role in the medical care the individual receives.

Providing quality home health care services in Oahu will decrease health care costs as the cost for home health services is less than the cost for inpatient and hospital services. The provision of home health services in a client's home will also reduce health care costs by having patients receive timely and appropriate care. This will help the client avoid being admitted to an institutional facility due to the lack of early prevention and detection at home. Interim HealthCare Honolulu will conduct frequent visits to evaluate and determine whether individuals are receiving appropriate care. Frequent supervised visits will enable the company to identify and monitor signs and symptoms of any changes or conditions in a timely manner and avoid the premature institutionalization of an individual.

Alternatives to this project include providing home health services in a hospital or institutional facility. This alternative is more costly and requires the removal of the client from the home. Another alternative is to have a family member provide the required care. However, this may not always be a practical and viable option due to the skills that may be required to provide these services.

Interim HealthCare Honolulu currently collaborates with existing home health agencies, and makes referrals to those home health agencies with Medicare certification if any of our clients is in need of skilled nursing services.

It is Interim HealthCare Honolulu's intention to offer the Oahu senior population and their families a variety of services related to aging that promote a healthy and independent lifestyle. Interim HealthCare Honolulu's proposed newsletter program will educate the community on health related issues and topics such as elder safety, Alzheimer's disease, dementia and fall prevention by sending them a weekly newsletter. This proposed weekly newsletter program will enable Interim HealthCare Honolulu to educate our current and prospective clients from communities regarding the types of home health services being sought by members of the community.

In addition to the newsletter, Interim HealthCare offers the "Here's to Your Health" program -- a free educational program of 45-minute lectures developed by an RN to promote a healthier lifestyle. The lectures are offered at a variety of locations and community events island-wide. Featuring more than 30 health topics, the lectures are adapted to be engaging and informative for the senior audience and family. Following a presentation given by an expert Interim HealthCare Honolulu lecturer, easy-to-read handouts are distributed to reinforce the information covered and promote independent, healthy lifestyles for Oahu seniors.

Interim HealthCare Honolulu will also add to its services bus tours and shopping tours geared towards all Oahu seniors, regardless of whether they are Interim clients or not, to promote socializing, mobility and to advocate for the independence of seniors to



stay active in the community. These tours will include visits to tourist attractions, shopping malls, parks and senior events island-wide.

f) Availability of Resources

Management Resources

Interim HealthCare Honolulu's management team will manage and operate the home health services to be offered on the island of Oahu. Our management team is led by Santiago Rivera, Chief Operating Officer, and backed up by the resources at franchisor Interim HealthCare's headquarters.

Staffing Resources

Interim HealthCare Honolulu will utilize its current staff to provide home care services and will hire the additional nursing staff for the home health services upon the CON approval. The company actively recruits home healthcare staff by placing advertisements nationwide through Interim HealthCare, LinkedIn, Indeed, Care.com, Monster, Workforce as well as participating in local job fairs.

Financial (Capital and Operating) Resources

There are no capital costs required for this project other than the modest cost for equipment and supplies. All other expenditures including rental expense will be paid from operating funds. Funds are set aside to cover these costs.