



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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December 18, 2020

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Anwar Kazi
CEO
Mastercare, Inc.
1314 S. King St., Suite 424
Honolulu, HI 96814

Dear Mr. Kazi:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #19-15A for administrative review from Mastercare, Inc. (the "applicant") for the establishment of home health agency services at 210 Imi Kala Street, Suite 208, Wailuku, HI, at a capital cost of \$45,600 (the "Proposal").

1. 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 Subsection 11-186-99.1(b) (5), HAR, i.e.: "An additional location of an existing service or facility."
2. The applicant states that "This project is in line with the SHCC priorities by promoting the State Health Plan goal to promote the long-term viability of the health care delivery system. It will also ensure that any proposed services will maintain overall access to quality health care at a reasonable cost, as well as to ensure capacity and access to a continuum of long-term care services."
3. The applicant states that "In regards to the Sub-Area Planning Priorities Granting Mastercare, Inc. the certificate of need approval will address the immediate shortage of long-term care beds allowing those in need to be cared for at home."
4. The applicant states that "The target populations for these services will include Medicare beneficiaries. Those 65 and older made up 17.1 percent of Hawaii's total 1.4 million residents in 2016, according to the U.S. Census Bureau. Between April 1, 2010 and July 1, 2016 Hawaii's population grew 5 percent while the 65 and older population grew 25 percent, with an average growth rate of 3.6% annually."

5. The applicant states that "As of 2019 Maui County population is 167,207 up 7.87% since 2010... The Medicare population of 65 and older make up 18.3%, and an additional 6.3% of the total population under the age of 65 is disabled."
6. The applicant projects that, based on the average growth from 2015-2018 for the Total Number of Hawaii Medicare Beneficiaries, new Medicare home health patients will grow at rate of 4% per year in Maui County for the years 2020, 2021, and 2022.
7. The applicant states that "Mastercare, Inc. has a pliable business model which allows us to expand our services to meet the growing needs of the community, which will allow us to serve 100% of new beneficiaries in 2019 and beyond."
8. The applicant states that "Mastercare would service this Medicare population regardless of race, ethnicity, gender, disability or any other underserved group."
9. The applicant states that "Mastercare, Inc. recently received its state license for home health care services... As a state licensed home health agency, Mastercare, Inc. is committed to providing quality services at minimal costs. Mastercare, Inc. has offices on the islands of Hawaii and Kauai, and the corporate office located on Oahu recently received Medicare certification and is Chap accredited."
10. The applicant projects patient service revenue of \$52,200 and net income from operations of \$19,440 for Year 1 of operations and patient service revenue of \$55,100 and net income from operations of \$20,520 for Year 3 of operations for the Proposal.
11. The applicant states that "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."
12. The applicant states that "Mastercare, Inc. actively recruits home healthcare staff by placing advertisements in the Honolulu Star Advertiser and Midweek, participating in job fairs, offering recruiting incentives and collaborating with staffing agencies."
13. The applicant states that "Mastercare has an existing relationship with the Maui County health care community. We work together in educating, caring, maintaining quality of life for residents, Mastercare clients. Expanding that partnership to those eligible for Medicare will increase our participation in this countywide partnership."
14. The applicant states that "Mastercare is prepared to increase the availability of Medicare certified Home healthcare services to the residents and visitors in Maui County... Home health services allow some patients to be discharged from the hospital, support our clients to age in place, and for Mastercare staff to identify and meet any changing health care needs."

15. In written testimony received November 16, 2020, BAYADA Home Health Care states "Medicare certified home health care staff provide skilled medical care under the orders of a physician. It is unclear whether Mastercare understands the various scope of practices and competencies required for a full complement of staff required under the Medicare-Conditions of Participation (CoPs)."
16. The applicant states that "Mastercare is state licensed in all locations and Oahu is currently Medicare certified and Chap accredited."

Conclusions

The Agency finds that the Proposal meets the certificate of need criteria in Hawaii Administrative Rules (HAR) 11-186-15(a) (1) (3) (4) (5) and (7) - (12) inclusive. The criteria in HAR 11-186-15(a)(2) are not applicable to this proposal.

The Agency finds that the applicant has not proven by a preponderance of the evidence that the Proposal meets criteria in HAR 11-186-15(a)(6), namely, "The applicant's compliance with federal and state licensure and certification requirements."

The Agency finds that the Proposal, if modified in accordance with the condition below, would meet the criteria in HAR 11-186-15(a)(6).

Order and Conditional Certification

The State Health Planning and Development Agency hereby APPROVES and ISSUES a CONDITIONAL Certificate of Need to Mastercare, Inc., for the Proposal described in Certificate of Need application #19-15A. The condition is that on or before Noon HST, January 21, 2021, the applicant shall submit to the Agency, for Agency approval:

- Modification of its application in the form of written certification that it will comply with the Medicare requirements for the provision of Medicare-certified home health agency services for the Proposal including, without limitation, CMS policies, procedures and conditions of participation.

This modification is required for the application to successfully meet the criteria for the issuance of a certificate of need as established in HAR 11-186-15(a).

As provided under Section 323D-46, HRS and Section 11-186-77 HAR, the applicant shall have 10 days from the date that the Agency approves the modification to certify, in writing, that the required written modification to its application has been made.

The Agency has determined that the Proposal is eligible for administrative review as it meets one or more of the criteria in HAR 11-186-99.1(b) and that there is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Section 323D-43(b), HRS, the Agency determines that, if modified as specified in the above Order,

1. There will be a public need for this proposal; and
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 approval is \$45,600.

Please be advised that pursuant to Section 323D-47, HRS, 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.



Serafin Colmenares, Jr.
Administrator