



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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**ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: # 21-13A  
To be assigned by Agency

Date of Receipt: ST. HELEN'S  
& BEV. AGENCY

**APPLICANT PROFILE**

Project Title: Establishment of Home Health Agency Services

Project Address: 1150 S King Street Suite 404

Honolulu, Hawaii 96813

Applicant Facility/Organization: Kahua Home Health Services, Inc.

Name of CEO or equivalent: Kara Gomes, RN, BSN

Title: CEO/Administrator

Address: 1150 S King St. Ste. 404, Honolulu, HI 96813

Phone Number: (808) 600-5500 Fax Number: (808) 207-0282

Contact Person for this Application: Kara Gomes, RN, BSN

Title: CEO/Administrator

Address: 1150 S King St Ste 404, Honolulu, HI 96813

Phone Number: (808) 397-7818 Fax Number: (808) 207-0282

**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

\_\_\_\_\_  
Date

Kara Gomes, RN, BSN  
Name (please type or print)

CEO/Administrator  
Title (please type or print)

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

- Public \_\_\_\_\_
- Private   X
- Non-profit \_\_\_\_\_
- For-profit   X
- Individual \_\_\_\_\_
- Corporation   X
- 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:   X
- 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):

**Site will be leased from Standard Commercial LLC – See Attachment A: Letter of Intent**

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.):

**General Excise Tax Certificate, State of Hawaii Department of Health Licensure, Medicare Certification - See Attachment B: Permits and Approvals**

C. Your governing body: list by names, titles and address/phone numbers: **See Attachment C: Governing Body**

- **Kara Gomes, RN, BSN  
CEO/Administrator  
1150 S King St. Ste. 404  
Honolulu, HI 96813  
Tel. (808) 397-7818**

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- **Malia Sugimoto, RN, BSN**  
**COO/Director of Patient Care Services**  
 1150 S King St. Ste. 404  
 Honolulu, HI 96813  
 Tel. (808) 389-8204
- **Anthony Holton**  
**CFO/Director of Business Development and Contracts**  
 399 Fremont St. # 3701  
 San Francisco, CA 94105  
 Tel. (310) 869-8740

- D. If you have filed a Certificate 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 Attachment D
  - By-Laws – See Attachment E
  - Partnership Agreements – Not Applicable
  - Tax Key Number (project's location) - # 240030030002

**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 Service	Change in Beds
Inpatient Facility					
Outpatient Facility				X	
Private Practice					

**5. 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			

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TOTAL			ST HLTH PLNG & DEV. AGENCY

**6. PROJECT COSTS AND SOURCES OF FUNDS**

**A. List All Project Costs:**

**AMOUNT:**

1. Land Acquisition \_\_\_\_\_
2. Construction Contract \_\_\_\_\_
3. Fixed Equipment \_\_\_\_\_
4. Movable Equipment \$10,000
5. Financing Costs \_\_\_\_\_
6. Fair Market Value of assets acquired by  
lease, rent, donation, etc. \_\_\_\_\_
7. Other: Office Leased from Standard Commercial, LLC \$31,200

**TOTAL PROJECT COST: \$41,200**

**B. Source of Funds**

1. Cash \$10,000
2. State Appropriations \_\_\_\_\_
3. Other Grants \_\_\_\_\_
4. Fund Drive \_\_\_\_\_
5. Debt \_\_\_\_\_
6. Other: Fair Market Value of Leased Premises to be paid by monthly rent  
\$31,200

**TOTAL SOURCE OF FUNDS: \$41,200**

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7. **CHANGE OF 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 reference the 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.

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STATE OF HAWAII  
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**Establishment of a new Home Health Agency to provide home health services to adult and pediatric homebound residents of Oahu - Section 11-186-5 - Standard categories of health care services (3) Non-Bed Service (G) Home Health Agency**

8. **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:  
**April 27, 2021**
- b) Dates by which other government approvals/permits will be applied for and received:  
**Estimated August 15, 2021**
- c) Dates by which financing is assured for the project:  
**N/A**
- d) Date construction will commence:  
**N/A**
- e) Length of construction period,  
**N/A**
- f) Date of completion of the project,  
**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.

9. **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.

- 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.

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## Executive Summary

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Kahua Home Health Services, Inc., will be created and based in Honolulu, HI, and owned by its operators. The initial office will be established in quality office space at 1150 S. King Street Suite 404, Honolulu HI 96813. Kahua Home Health Services, Inc. will provide services to Medicare, Medicaid, health plan, and private pay residents of Oahu.

Kahua Home Health Services, Inc., offers a unique combination of premier home health care and rehabilitation services to adult and pediatric homebound residents of Oahu. There are 13 home health care agencies on Oahu. Of these 13, only seven are Medicare certified with three of the seven with a Medicare rating below the national average of 3.5 CMS star rating.

It is our goal to employ competent, caring, and well-trained individuals who are responsive to the needs of our clients, their families, and the communities we serve. Each staff member will meet the State of HI's educational and training requirements for the services they provide. We encourage and support continued education of each staff member. In turn, our agency will provide staff with competitive compensation, training, an inviting work environment, support, and knowledgeable trustworthy management.

### **Mission:**

Our values are simple. Kahua Home Health Services, Inc. strives to offer excellent home health care and community-based social services to individuals and families referred to our agency. It is our goal to employ competent, caring, and well-trained individuals who are responsive to the needs of our clients, their families, and the communities we serve. Each staff member will meet the State of HI's educational and training requirements for the services they provide. We encourage and support continued education of each service provider. In turn, our agency will provide staff with competitive compensation, an inviting work environment, and knowledgeable, trustworthy management and direction.

### **The Opportunity:**

Home health care is moving into more than a new millennium. It is moving into a new set of realities – a set of realities that will reshape and redefine the very philosophical and programmatic pillars that have historically served as the foundation for home health care agencies and the home care community. Three points are now clearer than ever:

First, there are very specific driving forces that will lead changes in the definition and focus of home health care:

1. The aging of the population (more agencies will be needed to service the growing sector),

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2. The fact that Americans are living healthier and longer (life expectancy now exceeds 75yrs)
3. The Medicare Trust, a major source of funding for services provided by home health care, has been and will continue to face a serious financial situation. Inpatient and LTC is too expensive and re-hospitalization has been identified as the single most devastating force of massive healthcare cost overruns. Home health care offers the cost-effective solutions.

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Second, in response to these challenges, home health care agencies will have to create new options. To remain viable, agencies will need to redefine and broaden their vision, mission, and programs.

Third, agencies need to initiate specific actions now that will strengthen them in the short run and position them for a much more dynamic future.

### **Services & Markets:**

Home health care, both certified and non-certified will continue to be a much sought-after service for the next 30-40 years. Adult children will continue to provide primary caregiver roles for their aging parents. These caregivers are attempting to honor their parent's wishes of not being admitted to long term care facilities at the same time that they continue to raise their own children and provide care for the next generation of grandchildren. The burden on these caregivers is overwhelming, the aging parent sometimes has too many assets to qualify for state subsidized services but still needs help with regular activities of daily living (ADL's).

Private Pay has filled this much needed niche. Along with traditional subsidized services, these non-certified services will remain strong. Additionally, chore services, housekeeping services, and elder sitting services will provide the primary caregivers the needed respite they require.

Certified services will be intermittent as individuals develop and stabilize from new medical problems. Falls and fall prevention will continue to have dominance in this market. Disease management is essential for controlling the rising healthcare costs and Kahua Home Health Services, Inc., can provide this service in collaboration with MD visits nicely.

The market for home health care is national. Urban areas are easier to provide traditional field visits as cost of travel and gasoline use decreases. Rural care is carefully managed to control excessive mileage costs. Telehealth is likely to improve care and improve profitability for home health care services of the future. Kahua Home Health Services, Inc., is and will continue to explore the most cost-efficient ways of delivering home health care services to our communities while continuing to provide the best quality of home health care services.

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Our State of Hawaii Department of Health home health care organization license application will be submitted once our office location has been finalized. Initially, Kahua Home Health Services, Inc. will begin providing non-medical and private pay services in Honolulu, HI.

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**Company Summary:**

Kahua Home Health Services, Inc., is a new home health care agency in its start-up stages. Our agency will provide personal care, skilled nursing, rehabilitation, speech therapy, MSW, and companion care services. We also provide additional private pay services which include chore services and elder sitting services.

**Market Analysis Summary:**

The consumer base for Kahua Home Health Services, Inc., will be clients referred by physicians, healthcare facilities, and other health care professionals throughout Honolulu, HI.

**Market Segmentation:**

The population base in Honolulu, HI, is aging and more individuals are opting to stay in their own homes longer and return home following hospitalization or short-term nursing rehabilitation at a skilled nursing or LTC facility, rather than proceeding to a nursing home. These clients may require home health care services, such as wound care, IV therapy, or social worker to prevent them from returning to the hospital.

**Market Area:**

Kahua Home Health Services, Inc., will start its operations in Honolulu, HI.

**Proposed Location**

1150 S King Street Suite 404, Honolulu, HI 96813 has been identified as the first provider location of Kahua Home Health Services, Inc.

**Target Market Segment Strategy:**

Because our agency specializes in home health care and community-based social services, we will focus on those market segments where we know our services are most needed. Focusing on those market segments that require only home-based services will greatly decrease overhead, since additional office space will not be required.

**Market Potential:**

**Features:**

Kahua Home Health Services, Inc.:



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- Provides the general public and specifically the aging population with a safe method for assessing new and chronic health care maladies that often affect their quality of life
- Provides skilled professional services for the growing needs of the communities and therefore affords more choice in providers.

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**Benefits:**

Kahua Home Health Services, Inc.:

- Is committed to high standards and quality of service and continued dedication to the development of technologies that will decreased the overall cost of service.
- Enjoys economy of scale in duplicating its business model throughout HI into the multi state markets.
- Is connected to the medical community through strong physician relationships.
- Is connected to the elder community through long standing relationships

**Consumer Customers:**

Many elders are retiring more affluent than previous generations. This growing population still needs assistance to remain safely at home. This market has opened the niche of private pay services with strong profit margins.

**Commercial Costumers**

Forming relationships with existing home health care agencies to provide service for them when their availability falters provides yet another source of costumers. Traditional home health care has shied away from competitors as a referral source due to fear that competitors will learn internal business "secrets". That day is long over. All home health care agencies operate with an eye on quality, a dedication to provide all services the community needs and to gain strength and name branding that will allow them to function long into the future. Industry collaboration can ease the burden on the decreasing staffing problem agencies experience today.

**Distribution Channels:**

Marketing will be done with our own sales team. Some direct mail campaigns may be explored.

All cold calls, repeat contacts, active referral sources and new leads will be tracked and monitored.

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**Competition and Buying Patterns:**

The key factor considered by both consumers and referring professionals when seeking a home health care provider is trust in their professional reputation, reliability, and quality of services provided by the home health care agency.

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Pricing of home health care service does not usually influence consumers' choices, as most home health care services are reimbursed by Medicare and Medicaid. Reimbursement by commercial and private insurance companies are negotiated directly with those entities. Pricing of private pay services is a more important factor, as these services are negotiated on a case-by-case basis. When pricing private pay services, we will explain to the client that we set our rates using competitive practices and our charges commensurate with other agencies offering the same services.

Consumers of home health care services rarely compare service providers directly. Usually they follow word -of-mouth recommendations, especially when those recommendations come from their physicians.

Perhaps the most important element for assessing competition in the home health care field is to continually provide high quality home health care services. As our agency demonstrates outstanding client care, current and pertinent qualification of service providers, and professional organization and business management, we believe that we will be able to capture the majority of clients referred for home health care services.

**Strategy and Implementation Summary:**

Kahua Home Health Services, Inc., will focus on building our market in Honolulu, HI. Our target market will be two target market will be the regional physicians, health care facilities, and insurance companies.

**Sales and Marketing Strategy:**

Kahua Home Health Services, Inc., will hire its own marketing team for each market. Initially the marketing team will work under the direct supervision of the CEO. Our team will continually meet to discuss the marketing strategy and implementation. Our business equals quality home health care services and utmost satisfaction from referring physicians and health care facilities. It is perpetual business. One does not sell home health care services, rather, one sells excellent quality care, availability, and effective interpersonal relationships. In a service industry, growth can mean loss of quality control, which in turn leads to client dissatisfaction. The services we provide should always reflect the mission and oversight of management. We want our clients to know that the quality of care they receive will be excellent, regardless of the individual service provider performing the service. We will therefore avoid temptation to broaden the scope of our services too quickly, rather, we will focus our immediate attentions on making the services we offer the highest possible quality. Only when those services are

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well-established and grounded in excellence will we consider expanding our service base.

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**Name Branding:**

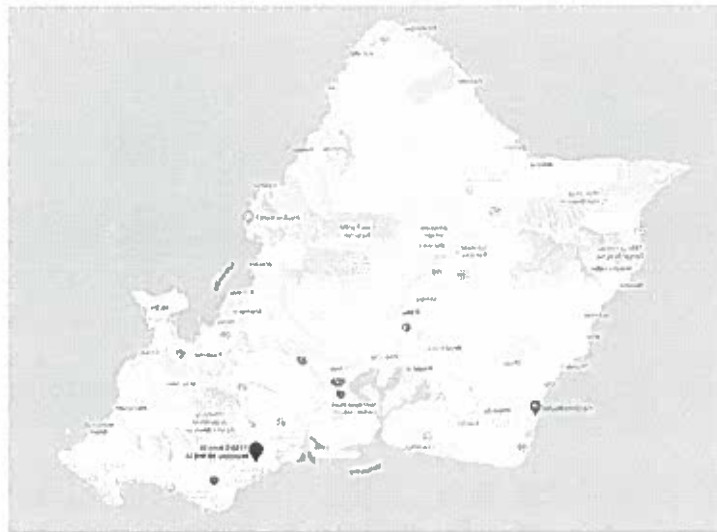
Kahua Home Health Services, Inc., will distribute professionally developed brochures and promotional literature to establish name branding. Collateral products such as pens with our company name, location and logo will also be distributed.

**Advantage over Competitors:**

Existing agencies throughout Honolulu, HI, have frustrated discharge planners, physicians, and client families by promising services and not having the staff to open the case timely. Kahua Home Health Services, Inc., has positioned itself to hire only licensed/certified and experienced home health care professionals. Kahua Home Health Services, Inc., management understands that there are a lot of clients needing service and a wealth of qualified professionals ready to provide that care.

**Sales Forecast:**

Annual sales project a conservative average of 10-20 clients a month for the first year. We anticipate driving referrals starting June 2021 with a modest increase per month thereafter. This figure is based on the number of clients currently being seen by existing home health care agencies in Honolulu, HI.



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**A) Relationship to the State of Hawaii Health Services and Facilities Plan**

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The addition of Kahua Home Health Services, Inc. to provide home health and rehabilitation services is consistent with the goals of the State of Hawaii Statewide and Regional Priorities. Specifically:

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1. Promote and support the long-term viability of the health care delivery system.
2. Expand and retain the health care workforce to enable access to the appropriate level of care at a reasonable cost.
3. Strive for equitable access to health care services (i.e., remove financial barriers).
4. Encourage and support health education, promotion, and prevention initiatives.

**Honolulu (HONSAC) Priorities**

Increase the availability of long-term care services and other supportive services.

- Long-term care term care services include nursing homes, assisted living facilities, home and community-based services and hospice services.
- Supportive service help maintain the quality of life and include housing, transportation, nutrition, and social support for independent living.

Identify and address workforce shortages in the health care industry with particular emphasis on senior care.

Control escalating costs in the senior care industry and other needed services. For example, reduce the need for institutionalized care.

**West Oahu SAC Priorities**

1. Improve and Increase Access
  - Acute care
  - Routine outpatient diagnostic services
  - Nursing home beds
  - Services for uninsured and underinsured

The addition of Kahua Home Health Services, Inc. support the hospitals post-acute strategies by reducing hospital length of stays and readmissions by providing quality home health and rehabilitation services to homebound patients in the privacy of their home. These services include routine diagnositic services (i.e., lab draws, vitals). This will allow long-term care facilities and hospitals access to more beds for their patients who require a higher acuity or, for long-term care facilities, to accept patients who don't have family support or are unhoused.

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**B) Need and Accessibility**

The current population in the city and county of Honolulu, HI is 341,302. Of this amount, 69,687 are seniors 65 or older and 52,087 are under the age of 18. These residents and their family members should have their choice of several high-quality home health and rehabilitation services in their home by a high-quality Medicare certified home health agency. There are 13 home health care agencies on Oahu. Of these 13, only seven are Medicare certified with three of the seven currently with a Medicare rating below the national average of 3.5 CMS star rating.

Kahua Home Health Services, Inc. will be available to all residents of Oahu and, in particular, the elderly, low-income persons, racial and ethnic minorities, women, children, persons with disabilities, and other underserved groups.

**C. Quality and Service/Care**

Kahua Home Health Services, Inc. will comply with all Federal and State guidelines and certification requirements to achieve and maintain a CMS star rating of 4 or higher.

Our current staff consists of three highly skilled registered nurses with BSNs, medical director, and one office manager who will perform as a receptionist and other duties until we are fully functioning after Medicare certification. One of the RNs will be the administrator and the other will be our DPCS (DON). We will hire one HHA until Medicare certification. All three RNs will provide the initial home health services until Medicare certification. We will contract with a local rehab to provide PT/OT/ST. We also have one person to handle business development and has many years of experience consulting and assisting in the operations of several five-star home health agencies on the mainland.

**D. Cost and Finances (include revenue and cost projections for the first and third year of operation)**

	<u>Year 1 (cost projection)</u>	<u>Year 3 (cost projection)</u>
Office Space Lease	\$31,200	\$33,100
Operating Costs	\$6,000	\$8,000
Staff and Benefits	<u>\$80,000</u>	<u>\$240,000</u>
<b>Total Projected Cost</b>	<b><u>\$117,200</u></b>	<b><u>\$281,000</u></b>
Referral Revenue	\$200,000	\$600,000
 <b>Net Income</b>	 <b><u>\$82,800</u></b>	 <b><u>\$319,000</u></b>

**E. Relationship to Existing Health Care System**

Quality home health services is a major cost-savings to hospitals, health plans, Medicare, and state sponsored programs. Home health allows hospitals to discharge

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patients from the acute setting to post-acute services to reduce the length of stay and prevent hospital readmissions.

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**F. Availability of Resources**

Once we receive Medicare certification, we will hire per-diem RNs, LPNs, and CNAs thru staffing websites (i.e., Indeed, Craigslist), recruiters, and job/health fairs. The number of these staff members will be dependent on the number of initial referrals received after Medicare certification. Our current staffing consists of three RN BSNs, medical director, and reception/office manager.

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**10. Eligibility to file for Administrative Review.** This project is eligible to file for Administrative review because: (Check all applicable)

- It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.
- It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.
- It is a change of ownership, where the change is from one entity to another substantially related entity.
- It is an additional location of an existing service or facility.
- The applicant believes it will not have a significant impact on the health care system.