



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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March 7, 2022

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Kara Gomes
CEO/Administrator
Kahua Home Health Services, Inc.
1150 S. King Street, Suite 404
Honolulu, HI 96813

Dear Ms. Gomes:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #21-28A from Kahua Home Health Services, Inc. (the applicant) for the establishment of Home Health Agency services at 1150 S. King Street, Suite 404, Honolulu, HI, at a capital cost of \$41,200 (the "Proposal").

The Agency makes the following findings of fact. The Agency finds each of the following statements to be true and accurate.

1. The applicant states¹ that "...the proposal will advance a number of West Oahu Subarea Council Priorities by directly and indirectly improving and increasing access to the following services:
 - Acute care
 - Routine outpatient diagnostic services (i.e., blood pressure, urinalysis)
 - Geriatric services (home and community based) to keep older adults out of institutions
 - Nursing home beds
 - Services for uninsured and underinsured

KHHS will position itself to align with hospitals' post-acute strategies, intended to reduce the length of hospital stays and chance of readmission, by providing quality home health and rehabilitation services to homebound clients in the privacy of their home. These services will also include routine diagnostic services (i.e., lab draws, vitals). Offering a [sic] extensive package of services will allow long-term care facilities and hospitals to

¹ For clarity, when the Agency quotes statements from the applicant or from witnesses in this section, it does so because the Agency finds such testimony to be persuasive and because the Agency has incorporated the referenced testimony as a finding of fact.

keep their beds open for patients with a higher acuity or, for long-term care facilities, to accept patients who don't have family support or are unhoused."

2. The applicant states that "The proposal will also advance several Honolulu Subarea Council priorities by:
 1. Increasing the availability of:
 - Long-term care services, including home and community-based services.
 - Supportive services that help maintain quality of life, including transportation, nutrition, and social support for independent living
 2. Identifying and addressing workforce shortages in the health care industry with particular emphasis on senior care.
 3. Controlling escalating costs in the senior care industry and other needed services. For example, by reducing the need for institutionalized care."
3. The applicant states that "In addition to the growing elderly population, CMS data shows that Hawaii is the state with the lowest rate of utilization for Home Health services in the nation. Per a 2019 CMS report on utilization among Medicare home health agencies, Hawaii is far below the 8.6% nationwide average rate of utilization for Home Health Services-with Hawaii's utilization rate being only 2.7%."
4. The applicant states that "Similarly, the breakdown of 2018 figures for Home Health Services indicates that 82 out of every 1,000 Medicare enrollees receive Home Health Services on average nationwide. For Hawaii, however, the number of persons who received Home Health Services out of every 1,000 Medicare enrollees was only 26 during that same year. When viewed alongside the Home Health Services utilization rates of states with comparable populations ...it is clear that Hawaii is well below the utilization standard and that Hawaii's population-which is the fastest aging and has the longest life expectancy of all the states-has both an immediate and projected need for additional home health agencies."
5. The applicant states that "KHHS 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. Importantly, KHHS will conduct specific outreach to underserved communities that typically may not be aware of the benefits of home health care and the various financial options available to pay for such services."

6. The applicant states that "KHHS will comply with all Federal and State guidelines and certification requirements..."
7. The applicant states that "All KHHS staff will be appropriately licensed, certified, knowledgeable and experienced in their respective realm of expertise (e.g., post-operative, acute, neonatal, post-partum, pediatric care, emergency medicine, IV infusion, lactation/breastfeeding, feeding difficulties in newborns, and wound care dressing changes and assessment)."
8. The applicant projects revenue of \$200,000 and total costs of \$117,200 for Year 1 of the Proposal and revenue of \$600,000 and total costs of \$281,000 for Year 3 of the Proposal.
9. The applicant states that "The Proposal will fill a gap in the health care system by making Home Health Services accessible to groups who currently underutilize such available services."
10. The applicant states that "Quality Home Health Services offers a major cost-savings to hospitals, health plans, Medicare, and state sponsored programs. A competent home health agency allows hospitals to discharge patients from the acute setting to post-acute services at the right time, without having to wait for a LTCF bed to open up. This reduces the overall length of the hospital stay and quality Home Health Services will prevent hospital readmissions."
11. The applicant states that "KHHS has sufficient financial resources to develop and sustain the Proposal, including the resources needed to maintain operations until it receives Medicare certification and beyond, if necessary."
12. The applicant states that "KHHS's current staffing consists of three RN BSNs, a medical director, and a reception/office manager. It plans to hire per-diem RNs, LPNs, and HHAs through staffing websites (i.e., Indeed, Craigslist), recruiters, and job/health fairs. The number of these staff members will be dependent on the initial referrals received after Medicare certification."

Conclusions and Order


Pursuant to Title 11, Chapter 186, HAR, the Agency has determined that:

- (a) The Proposal is eligible for administrative review as it meets the criterion in HAR Subsection 11-186-99.1(b) (2), i.e.: "Services 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".
- (b) The applicant, Kahua Home Health Services, Inc. has proven by a preponderance of the evidence that the Proposal meets the Certificate of Need criteria in HAR 11-186-15 (a).
- (c) There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Subsection 323D-43(b), Hawaii Revised Statutes, the Agency has determined that:

- 1. There is a public need for the Proposal.
- 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.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Kahua Home Health Services, Inc. for the Proposal described in Certificate of Need Application #21-28A. The maximum capital expenditure allowed under this approval is \$41,200.


Darryl D. Shutter
Acting Administrator