



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DAVID Y. IGE
GOVERNOR OF HAWAII
ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH
DARRYL D. SHUTTER
ACTING ADMINISTRATOR

1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

May 4, 2022

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 21-14
Kina'ole Home Health Care LLC)	
)	
Applicant)	
)	DECISION ON THE MERITS
)	

DECISION ON THE MERITS

The State Health Planning and Development Agency (hereinafter "Agency"), having taken into consideration all of the records pertaining to Certificate of Need Application No. 21-14 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendation of the Oahuwide Certificate of Need Review Committee, the Agency hereby makes its Decision on the Merits, including findings of fact, conclusions of law, order, and written notice on Certificate of Need Application No. 21-14. Where appropriate, Findings of Fact shall operate as Conclusions of Law, and Conclusions of Law shall operate as Findings of Fact. As many of the criteria for Certificate of Need are interrelated, each of the criteria and subheadings within the Findings of Fact shall be deemed to incorporate and include all other Findings of Fact to the extent relevant.

I

FINDINGS OF FACT

1. This is an application for a Certificate of Need ("Cert.") for the establishment of Home Health Agency services at 1003 Bishop Street, Suite 2700, Honolulu, HI, at capital cost of \$37,562.
2. The applicant, Kina'ole Home Health Care LLC, is a limited liability corporation.

3. The Agency administers the State of Hawaii's Certificate Program, pursuant to Chapter 323D, Hawaii Revised Statutes (HRS), and Title 11, Chapter 186, Hawaii Administrative Rules (HAR).

4. On July 7, 2021, the applicant filed with the Agency, a Certificate of Need application for the establishment of Home Health Agency services at 1003 Bishop Street, Suite 2700, Honolulu, HI, at capital cost of \$37,562 (the "Proposal"). On July 27, 2021 the Agency determined the application to be incomplete. On August 5, 2021, September 24, 2021, December 20, 2021, and February 3, 2022, the applicant submitted revisions/additional information. On March 7, 2022, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #21-14.

5. The period for Agency review of the application commenced on March 16, 2022, the day notice was provided to the public pursuant to HAR 11-186-39.

6. The application was reviewed by the Oahuwide Certificate of Need Review Committee at a public meeting on April 13, 2022. The Committee voted 4 to 0, in favor of recommending approval of the application.

7. The Certificate of Need Review Panel and Statewide Health Coordinating Council reviews of the application were waived pursuant to Section 323D-44.6 HRS.

8. This application was reviewed in accordance with Section 11-186-15(a), HAR.

9. Section 323D-43(b), HRS states:

"(b) No certificate of need shall be issued unless the state agency has determined that:

(1) There is a public need for the facility or service; and

(2) The cost of the facility or service will not be unreasonable in the light of the benefits it will provide and its impact on health care costs."

11. Burden of proof. Section 11-186-42, HAR, provides:

"The applicant for a certificate of need shall have the burden of proof, including the burden of producing evidence and the burden of persuasion. The degree or quantum of proof shall be a preponderance of the evidence."

II

FINDINGS OF FACT
CERTIFICATE OF NEED CRITERIA

A. REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH SERVICES AND FACILITIES PLAN CRITERIA

12. The applicant states¹ that “Kina’ole Home Health Care LLC (KHHC) is confident that the approval of the CON application requesting to establish its home health on O’ahu is in congruence with and supports the HFSP priorities of both Statewide and Regional goals, specifically the following:

- i. Promote and support the long-term viability of the health care delivery system
 - ii. Expand and retain the health care workforce to enable access to the appropriate level of care in a timely manner
 - iii. Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost
 - iv. Strive for equitable access to health care services (i.e., remove financial barriers, increase availability of physicians)
 - v. Ensure all projects are appropriate for the regional and statewide continuum of care
 - vi. Encourage and support health education, promotion, and prevention initiatives
 - vii. Expand awareness of available human, financial, programmatic resources
- Honolulu (HONSAC) Priorities:
- i. Supportive services help maintain the quality of life and include transportation, nutrition, and social support for independent living.
 - ii. Support efforts to promote scientifically based nutritional health knowledge within the community for the development of healthy living lifestyles for all.
 - iii. Control escalating costs in the senior care industry and other needed services. For example, reduce the need for institutionalized care.”

13. The applicant states that “It is crucial for the entire community to have reliable and cost-effective access to health care. This will assist in the decrease of the state’s overall healthcare expenditure and improve health outcomes.”

¹ For clarity, when the Agency quotes statements from the applicant 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.

14. The Agency finds that the Proposal meets the relationship to the state health services and facilities plan criteria.

B. REGARDING THE NEED AND ACCESSIBILITY CRITERIA

15. The applicant states that "The Medicare population in O'ahu is projected to grow 18% within the next five years. In turn, this upward increasing trend in the elderly population will increase the need for home health."

16. The applicant states that "Hawaii nearly ranks last in terms of home health utilization nationally. Home health services are significantly underutilized in Honolulu County. The current use of home health services needs to increase more than two times, in efforts to meet the needs of the community. KHHC will offer these services to the entire island of O'ahu to fulfil this need."

17. The applicant states that "Additionally, hospitals in Hawaii are over-crowded with increasingly high admission and discharge waitlists. This creates a potentially dangerous environment for the patient and the healthcare system. O'ahu would benefit from a new Medicare certified home health agency to help alleviate the stress put on local hospitals and healthcare workers."

18. The applicant states that "Our services will be accessible to all the residents of the community including the elderly, low-income persons, racial and ethnic minorities, women, people with disabilities, and other underserved groups."

19. The Agency finds that the need and accessibility criteria have been met.

C. REGARDING QUALITY AND LICENSURE CRITERIA

20. The applicant states that "Kina'ole Home Health Care LLC will comply with all Federal and State licensure requirements as well as the Conditions of Participations set forth by Center of Medicare Services."

21. The applicant states "To ensure the Agency maintains the highest quality of care, a quality assurance performance improvement plan and procedure is in place. There will be an annual and ongoing review in place to assess opportunities for improvement that will review items such as infection control, patient satisfaction, and fall risks among many other issues that may arise. Additionally, we will conduct annual surveys internally to ensure the agency and clinicians meet federal and state regulations set forth by CMS and Hawaii State Licensing."

22. The applicant states "To ensure our patients are being serviced by the best clinicians, we will conduct yearly Inservice training, and obtain current certifications needed per position. KHHC will provide Inservice training mainly focused on, but not limited to: blood borne pathogens, medical devices, infection control, respiratory diseases, tuberculosis, HIPAAA [sic], corporate compliance, cultural diversity, and emergency management protocol. In addition, we will stay up to date with all of Hawaii's CDC guidelines and regulations regarding any new updates of COVID related trainings, policies and procedures."

23. The Agency finds that the quality and licensure criteria have been met.

D. REGARDING THE COST AND FINANCIAL CRITERIA

24. The applicant states that "This project will deliver home health services to Medicare beneficiaries and other interested parties. We will provide access to skilled nursing and rehabilitative therapy services for homebound patients. In turn, KHHC efforts will create space in the hospitals for patients who require more acute care and decrease the overall healthcare expenditure of the community."

25. The applicant states that "KHHC will provide hospitals and other healthcare facilities opportunity for relief, as well as create an opportunity for the state of Hawaii and its community to decrease overall healthcare expenditure."

26. The applicant projects net patient revenue of \$482,850 and operating expenses of \$266,246 for Year 1 of the proposed project and net patient revenue of \$2,706,570 and operating expenses of \$662,480 for Year 3 of the proposed project.

27. The Agency finds that the cost and financial criteria have been met.

E. REGARDING THE RELATIONSHIP OF THE PROPOSAL TO THE EXISTING HEALTH CARE SYSTEM OF THE AREA CRITERIA

28. The applicant states that "Additional Home Health Agencies would benefit all citizens of O'ahu. Home health provides a more cost-effective and safer alternative to a hospital stay. Decreasing the length of stay in the hospital positively correlates with patient health outcomes. Patients are less likely to experience hospital-acquired infections and delirium related to prolonged hospital stay. As stated in the John Hopkins study a typical hospital stay would cost the patient 32% more per night, than home health care."

29. The applicant states that "KHHHC plans to bridge the gap between long term care facilities and patients by providing a smooth transition from inpatient to home by providing an assessment within 24 to 48 hours upon discharge of the care facility."

30. The Agency finds that the relationship to the existing healthcare system of the area criteria have been met.

F. REGARDING THE AVAILABILITY OF RESOURCES CRITERIA

31. The applicant states that "Upon CON approval, KHHHC anticipates initially only needing 4.0 full time equivalent staff members to start with. This will include a full-time registered nurse that will act as the Administrator/DPCS as well as perform home visits. Along with this position, KHHHC plans to hire several per diem positions of LVN, CHHA, MSW, PT, PTA, OT, COTA, and a full-time office support. One full time office manager who will also do intake and scheduling. As the agency grows, KHHHC will reassess adding to our team."

32. The applicant states "Home Health Agencies are a low-cost start up business. KHHHC will operate from a rented office space office space and will only need basic office equipment to effectively operate on the island. The agency has sufficient operating capital, and the resources to recruit employees as needed to serve patients."

33. The Agency finds that the availability of resources criteria have been met.

III

CONCLUSIONS OF LAW

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 21-14 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendation of the Oahuwide Certificate of Need Review Committee and based upon the findings of fact contained herein, the Agency concludes as follows:

The applicant has met the requisite burden of proof and has shown by a preponderance of the evidence that the Proposal meets the criteria established in Section 11-186-15 (a), HAR.

Accordingly, the Agency hereby determines that, pursuant to Chapter 323D-43(b), HRS:

- (1) There is a public need for this service; 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.

ORDER

Pursuant to the findings of fact and conclusions of law contained herein, IT IS HEREBY DECIDED AND ORDERED THAT:

The State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Kina'ole Home Health Care LLC for the Proposal described in Certificate of Need application No. 21-14. The maximum capital expenditure allowed under this approval is \$37,562.

WRITTEN NOTICE

Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

The decision on the merits is not a final decision of the Agency when it is filed. Any person may request a public hearing for reconsideration of the decision pursuant to Section 11-186-82 HAR. The decision shall become final if no person makes a timely request for a public hearing for reconsideration of the decision. If there is a timely request for a public hearing for reconsideration of the decision and after the Agency's final action on the reconsideration, the decision shall become final.

(Note, pursuant to Chapter 323D-47, Hawaii Revised Statutes, a request for reconsideration shall be received by the Agency within ten working days of the state agency decision.)

DATED: May 4, 2022
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



Darryl D. Shutter
Acting Administrator