

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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October 4, 2022

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 21-29
Kauai Home 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. 21-29 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 Kauai County Subarea Health Planning Council, 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. 21-29. 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 4-831 Kuhio Hwy, Unit 372-A, Kapaa, HI, at capital cost of \$66,000.
2. The applicant, Kauai Home 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 November 23, 2021, the applicant filed with the Agency, a Certificate of Need application for the for the establishment of home health agency services at 4-831 Kuhio Hwy, Unit 372-A, Kapaa, HI, at capital cost of \$66,000 (the "Proposal"). On December 22, 2021 the Agency determined the application to be incomplete. On January 25, 2022, March 14, 2022, May 6, 2022, June 28, 2022, and August 11, 2022, the applicant submitted revisions/additional information. On August 24, 2022, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #21-29.

5. The period for Agency review of the application commenced on September 8, 2022, the day notice was provided to the public pursuant to HAR 11-186-39.

6. The application was reviewed by the Kauai County Subarea Health Planning Council at a public meeting on September 15, 2022. The Committee voted 3 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."

10. 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

11. The applicant states¹ that "Kauai Home Care is committed to delivering Medicare certified home health care within the context of the priorities laid out in the Hawaii Health Services and Facilities Plan (State Health Planning and Development Agency 2009)."

12. The applicant states that "The viability of providing reasonable costs in health care services hinges on providing care in appropriate locations. We believe that home health can deliver care in the least restrictive, least expensive and most satisfying place: the residents' home. Our project will then also ensure "appropriate...regional and statewide continuum of care" as our agency's work is within the context of long-term care services (State Health Planning and Development Agency 2009)."

13. The applicant states that "Granting Kauai Home Care a CON will "increase the supply of...in-home health care options for seniors at all economic levels" and our policies will include charity care for those in need (State Health Planning and Development Agency 2009)."

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 "Kauai County currently has a population of around 70,000 residents spread out over an island of 620 square miles. Kauai also sees a daily surge of up to 30,000 visitors a day. Because of the challenging mountainous terrain and limited road network, far-flung communities reside at the terminus of the roads. "Medicare in Hawaii" statistics state that as of 2020 there were 280,006 Hawaii residents (roughly 20%) enrolled in Medicare. Extrapolating the data, the approximate number of Kauai residents enrolled in Medicare is

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.

14,000. National Medicare statistics results show around 6% of enrollees utilizing home health care services. This would calculate (sic) to over 840 Kauai residents utilizing home health care services through Medicare.”

16. The applicant states that “Kauai Home Care hopes to meet the needs for Medicare certified home health care on the island while taking the necessary time to provide excellent care. Based on 2020 Hawaii Medicare enrollment data, Kauai Home Care forecast to see an initial 10-25% of the market share of home based services. In addition, recent State Medicare enrollment increased 4-11% year over year in which we plan to see equitable growth.”

17. The applicant states that “Our services will be provided regardless of Income, gender, ethnicity, age, or disabilities. We will strive to meet the needs of our diverse and inclusive community. Barriers to care on Kauai include geographic isolation. With the growing need for Medicare certified home health care providers, it has become more difficult for disabled, elderly, and geographically isolated individuals to receive quality health care. Kauai Home Care will provide more availability of Medicare certified care on the island, specifically in the isolated north shore while our office will be located centrally in Kapaa for easy access.”

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

C. REGARDING QUALITY AND LICENSURE CRITERIA

19. The applicant states that “Kauai Home Care is committed to providing quality patient care to our future clients. Our Medicare certified home health services will be staffed by trained, qualified, and competent employees to service our participants. Our decades of combined services on Kauai and being actively engaged in our community will be an asset. The pursuit of our Medicare certified Home Health Certification to help us provide exceptional services to our future patients. Office quality assurance will be implemented through internal quarterly audits using the Community Health Accreditation Partners (CHAP) suggested standards of excellence.”

20. The applicant states that “Ongoing quality assurance will be performed via supervised visits and an annual observed skills demonstration check. All field staff will be required to take an annual infection control test. Skilled staff will be required to complete 30 CEUs as required by the state to keep their nursing license. In addition, supervised visits will be made by the clinical manager to staff to perform assessments on care provided.”

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

22. The applicant states that "Providing quality home health care services will decrease overall health care costs and allow people with disabilities to remain in their homes in communities and avoid institutionalization."

23. The applicant states that "The proposed project will reduce strain and cost on Kauai hospitals, inpatient rehab centers and long term care facilities by freeing bed space occupied by home health care qualified patients."

24. The applicant states that "Clients will also benefit in reduced cost associated with reduced travel between their homes and inpatient and/or outpatient facilities."

25. The applicant projects income of \$163,565 and expenses of \$131,573 for Year 1 of the proposed project and income of \$1,745,300 and expenses of \$502,227 for Year 3 of the proposed project.

26. 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

27. The applicant states that "Kauai Home Care will be working closely with skilled nursing facilities, physicians, Kauai hospitals and community-based providers, and other agencies to coordinate care, allowing people to remain in their homes and communities and avoid institutionalization."

28. The applicant states that "With the growing need for home health care providers, it has become more difficult for disabled, low-income, and geographically isolated individuals to receive quality health care. Granting CON status to Kauai Home Care will support existing providers by filling identified service gaps that could lead to costlier health care alternatives and providing and improving care supporting home and community services to individuals on Kauai."

29. 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

30. The applicant states that "Kauai Home Care is well funded with over \$250,000 in reserve capital... The combination of home health care requiring low overhead and Kauai Home Care's strategic initial conservative spending, we are predicting no more than \$30,000 needed in operating capital."

31. The applicant states that "The Principle Agents of Kauai Home Care are ready and willing to provide the management, training and operational support for the business. Their experience and network will allow for recruiting, training and staff oversight. Our plan includes utilizing our current staff and having additional recruited staff transitioning at the time of Medicare certified Home Health Agency approval."

32. 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. 21-29 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 Kauai County Subarea Health Planning Council 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 Kauai Home Care LLC for the Proposal described in Certificate of Need application No. 21-29. The maximum capital expenditure allowed under this approval is \$66,000.

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: October 4, 2022
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY



Darryl D. Shutter
Acting Administrator