



**STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY**  
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

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KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

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March 18, 2024

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 23-03
Neogen 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. 23-03 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendations of the Certificate of Need Review Panel and the Statewide Health Coordinating 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. 23-03. 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 770 Kapiolani Boulevard, Suite 714, Honolulu, HI, at capital cost of \$416,750.
2. The applicant, Neogen 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 May 22, 2023, the applicant filed with the Agency, a Certificate of Need application for the for the establishment of home health agency services at 770 Kapiolani Boulevard, Suite 714, Honolulu, HI, at capital cost of \$416,750 (the "Proposal"). On June 13, 2023, the Agency determined the application to be incomplete. On July 18, 2023, August 7, 2023, September 18, 2023, October 11, 2023, November 7, 2023, and December 5, 2023, the applicant submitted revisions/additional information. On January 17, 2024, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #23-03. On February 16, 2024, and February 28, 2024, the applicant submitted revisions/additional information.

5. The period for Agency review of the application commenced on February 7, 2024, 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 February 14, 2024. There were no successful motions considered by the Committee and therefore no Committee recommendation for approval, disapproval or conditional approval of the application.

7. The application was reviewed by the Certificate of Need Review Panel on February 21, 2024. The Committee voted 5 to 0, with one abstention in favor of recommending approval of the application.

8. The application was reviewed by the Statewide Health Coordinating Council on February 28, 2024. The Committee voted 6 to 0, in favor of recommending approval of the application.

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

10. 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 states<sup>1</sup> that its proposal will “Ensure access to a range of long-term care services. Home health services are vital for providing care in the most suitable setting, supporting the overall health care system.”

13. The applicant states that “Neogen Care also supports the goal of HONSAC priorities, to control escalating costs in the senior care industry and other needed services.”

14. The applicant states that “Home health services have proven effective in preventing hospital admissions.”

15. 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**

16. The applicant states that “Per the CMS Healthcare Cost Report Information System (HCRIS), there were approximately 8,793 patients in Oahu served by home health agencies in 2018. This equates to a use rate of ~50 home health agency patients per population aged 65 and older per 1000.”

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<sup>1</sup> 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.

17. The applicant states that "According to a study by National Center for Health Statistics, "Long-term Care Providers and Services Users In the United States, 2015-2016"<sup>5</sup>, the annual use rate for home health agency services by individuals aged 65 and over was **75 per 1,000**. Even with the approval of pending CMS application, this further illustrates that Honolulu County's use rate is significantly lower than national averages and suggests that home health agency capacity In Honolulu County has significant unmet needs."

18. The applicant states that "The age 65 and over population in Hawaii was estimated at 277,200 for 2020, an increase of more than 40% over the 2010 census with a 3.6% average annual growth of this age group between 2010 and 2020..."

19. The applicant states that "...there shall continue to be a rapid increase in the elderly population between 2020 and 2030 in Hawaii. The latest DBEDT long-range projection projected the share of the age 65 and over population will further increase to 22.6% of total population by 2030."

20. The applicant states that "Our services will be accessible to all members of the community who eligible to receive home health care. Our clinicians are trained to overcome geographic, transportation and cultural barriers. We offer services regardless of race, ethnicity, income or disabilities."

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

### C. REGARDING QUALITY AND LICENSURE CRITERIA

22. The applicant states that "We will comply with the Medicare certification and licensure requirements for the provision of Medicare-certified home health agency services for the proposal including, without limitation, CMS policies, procedures, and conditions of participation."

23. The applicant states that "Neogen Care Corp, our sister company in California is among the top 5 preferred partners for major hospital chains and our hospital readmission rate of 6.4% in South Cal and 10.4% in North Cal is below than (sic) average rate in California (14%) and USA (15%)."

24. The applicant states that "Neogen Care's corporate staff develops and implements policies and procedures that are consistently implemented and trained and trained to our healthcare providers in each community. Neogen Care corporate headquarters will provide our Neogen Care Oahu agency with procedures, guidance, and oversight necessary to implement and sustain high-quality home health care for our patients. We have a highly developed and constantly refined quality assurance process in place to continually assess and

monitor care and identify improvement opportunities. We conduct semi-annual mock surveys to identify quality concerns, patient or family concerns and ensure regulatory compliance.”

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

26. The applicant states that “This project will reduce the ER costs and hospitalization charges associated with patients requiring ER visits or need for admitting to hospitals.”

27. The applicant states that “This project will provide access to skilled nursing and rehabilitation therapy services to homebound individuals in their own home as opposed to a facility setting. This will decrease the overall cost of services to the health care community.”

28. The applicant projects patient revenues of \$569,000 and total costs of \$793,000 for Year 1 of the proposed project and patient revenues of \$1,500,000 and total costs of income of \$1,194,000 for Year 3 of the proposed project.

29. The applicant states that “Neogen Care Corp, the sister company to Neogen Care LLC, that (sic) will be funding the project, till (sic) Neogen Care LLC starts to generate its own patient revenues. Neogen Care Corp will also support the necessary funding to increase the clinical staff to ensure all our patients are cared for... Neogen Care Corp is financially sound and has sufficient resources to open our Oahu agency, including sustainment of operations through the first year of anticipated losses.”

30. 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

31. The applicant states that “By providing care in the comfort of the patient's home, Neogen Care will provide direct and indirect relief to Medical Centers, Emergency Rooms, and Urgent Care. Neogen Care will be able to support the community's increasing need for home health care and address the current capacity constraints.”

32. The applicant states that “Neogen Care aims to provide prompt home health services to current island residents, ensuring care within 24 to 48 hours of hospital discharge. This approach reduces readmission rates, eases the burden

on hospitals, and allows them to focus on more acute cases and capacity constraints.”

33. 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**

34. The applicant states that “Neogen Care currently employs over 450 staff across all our facilities and corporate offices. As a wholly-owned subsidiary of Neogen Care Corp. of California, we have the existing financial capital and human resources to fully support a viable home health services program for the Oahu community.”

35. The applicant states that “As needed, Neogen Care transfers or temporarily deploys staff within the organization as we are fully equipped with an experienced team comprising screened professionals with multilingual capabilities, licensed and certified to deliver quality health care.”

36. 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. 23-03 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendations of the Certificate of Need Review Panel, the Statewide Health Coordinating 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 Neogen Care LLC for the Proposal described in Certificate of Need application No. 23-03. The maximum capital expenditure allowed under this approval is \$416,750.

WRITTEN NOTICE

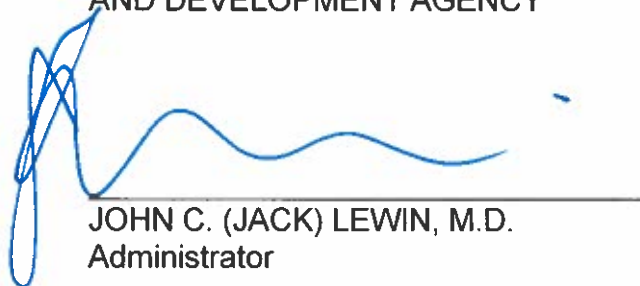
Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

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: March 18, 2024  
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



JOHN C. (JACK) LEWIN, M.D.  
Administrator