

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

NEIL ABERCROMBIE GOVERNOR OF HAWAII

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October 4, 2011

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF) CERTIFICATE OF NEED) APPLICATION
B.C.P., Inc. dba Nursefinders of Kauai) NO. 11-04)
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. 11-04 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 Kauai County Subarea Health Planning Council, 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. 11-04.

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BACKGROUND

- 1. This is an application for a Certificate of Need ("Cert.") for the establishment certified Home Health Agency services at 4028 Rice Street, Lihue, Kauai, at a capital cost of \$75,000.
- 2. The applicant, B.C.P., Inc. dba Nursefinders of Kauai, is a for-profit 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 January 3, 2011 the applicant filed with the Agency a Certificate of Need application for the establishment certified Home Health Agency services at 4028 Rice Street, Lihue, Kauai, at a capital cost of \$75,000 (the "Proposal"). On May 2, 2011 and June 21, 2011, the applicant submitted additional information. On June 23, 2011, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #11-04.
- 5. The period for Agency review of the application commenced on July 11, 2011, the day notice was provided to the public pursuant to 11-186-39 HAR.
- 6. The application was reviewed by the Kauai County Subarea Health Planning Council at a public meeting on July 18, 2011. Both Council members present at the meeting recommended approval of the application.
- 7. The application was reviewed by the Statewide Health Coordinating Council at a public meeting on July 28, 2011. The Council voted 9 to 0 in favor of recommending approval of the application.
- 8. The application was reviewed by the Certificate of Need Review Panel at a public meeting on August 17, 2011. The Council voted 6 to 0 in favor of recommending approval of the application.
- 9. This application was reviewed in accordance with Section 11-186-15, 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 or for an exemption from certificate of need requirements 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."

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FINDINGS OF FACT

A. <u>REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH</u> SERVICES AND FACILITIES PLAN

- 12. The applicant states that "Nursefinders works to ensure that proposed Home Health Agency (HHA) services will maintain and develop access to quality health care at a reasonable cost. Nursefinders' home health services offer an affordable option for patients who would otherwise need to utilize more costly health care options."
- 13. The applicant states that "Nursefinders promotes and supports the long-term viability of the health care delivery system. Nursefinders has been providing home care services to the State of Hawaii since 1988. Throughout the years we have become an essential component of the health care delivery system. Financially, we are a solvent and sound organization with long-term plans to continue to deliver services to the people of Kauai County and State of Hawaii. We seek to deliver cost-effective home health services which will aid in the promotion of a resilient health care system focused on outcomes measures and quality of care."
- 14. The applicant states that "Nursefinders strives to provide equitable access to health care services. Nursefinders currently serves and will continue to service underserved and rural populations in which other organizations do not or cannot service... Our supervisors assure that we are delivering the same set of services with the same quality control standards throughout the state and county of, thus reducing disparity related to quality of care."
- 15. The applicant states that "Nursefinders works to ensure all our projects and services are appropriate for the regional and statewide continuum of care. With various professional relationships to draw upon and over twenty years of home health delivery experience in the state, our staff will be able to effectively facilitate access paths to other community services elsewhere when needed."
- 16. The applicant states that "Nursefinders encourages and supports health education, promotion, and prevention initiatives. Through ongoing monitoring and provision of services, our professionals will be able to assure that late stage detection and escalation of disorder are the exception to the norm. In monitoring multiple indicators such as appearance, well-being, responsiveness, and vital

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signs, regular contact will allow for a more rigorous screening for the advent of serious conditions which may instigate or necessitate return to a more restrictive and costly intervention."

- 17. The applicant states that "Nursefinders works within the existing continuum of services to provide long-term care services. This project proposal would also seek to add additional options and resources to the provision of these services."
- 18. The applicant states that "Nursefinders works to assure patients have access to mental health care services. Nursefinders of Kauai has a dedicated Behavioral Health Division whose mission is to increase an individual's independence and to better the community. Nursefinders fully supports the concepts of mental health parity for mental health diagnoses."
- 19. The applicant states that "Nursefinders currently supports the system of care in Kauai County through the provision of home care services. These services are designed to be preventative in nature and to reduce instances of expensive hospital admissions. Furthermore home care and home health services can reduce the number of hospital readmits following hospitalization."
- 20. The Agency finds that this criterion has been met.

B. <u>REGARDING NEED AND ACCESSIBILITY CRITERIA</u>

- 21. The applicant states that "The target population for this project is Medicare beneficiaries who are 65 years or older and residing in Kauai County and are in need of home health services. In some circumstances the beneficiary may be under 65 and disabled."
- 22. The applicant states that "...data reveals that although Hawaii ranks 42nd in the nation in total population, and 8th in the nation in senior population as a percentage of the general population, it ranks 48th in the nation for the utilization of Medicare Home Health services. Only Alaska and Wyoming, who are not indicated as states with high concentrations of seniors, have fewer visits utilized and fewer patients registered (NAHC, 2008)."

23. The applicant states that "The tables below show the significant difference between the utilization levels of Medicare eligible home health patients in the nation versus the state/county. State and County utilization levels are below national utilization level.

Patients	Utilizing Home Health	Medicare Eligible	Percentage
National	3,302,649	43,313,626	7.6%
Hawaii	3,368	184,344	1.8%
Kauai County	65	9,841	.7%

Source: US Census Bureau/National Association for Home Care & Hospice/Kauai County HHAs/Social Security Administration (SSA)"

- 24. The applicant states that "National standards for Medicare utilization is 7.6% of the eligible senior population. The Medicare eligible population in Kauai County is 9,841 based on Social Security Administration sources. If we were to move closer to national averages at 2.5% utilization, demand would be 246 patients."
- 25. The applicant states that "Utilizing numbers closer to the national averages (31.5 visits per year), estimates on visit demand will be based on a 20 visit per year model, which places our residents more in line with mainland peers. 246 patients with 20 visits per year = 4,920 visits per year."
- 26. The applicant states that "Patient need is evidenced by supply totals subtracted from demand totals. (DEMAND SUPPLY = NEED, i.e., 246 patients 65 served = 181 un-served beneficiaries. 4,920 projected visits 1,118 current visits = 3,802 visits needed.)"
- 27. The applicant states that "Nursefinders will assure quality care is delivered to all persons regardless of age, location, income, race, ethnicity, sex, sexual orientation, disability, or other demographic indicator. We do not discriminate and we will provide services throughout all areas of Kauai County."
- 28. The Agency finds that the need and accessibility criteria have been met.

C. <u>REGARDING QUALITY AND LICENSURE CRITERIA</u>

- 29. The applicant states that "The Quality Assurance program in place at Nursefinders encompasses caregiver hiring criteria, clinical assessments, clinical indicators measured quarterly, clinical record reviews, complaint resolution processes and the Professional Advisory Committee (PAC)... Clinical indicators are measured quarterly. These indicators relate to compliance with regulatory issues (such as MD orders for patient care), case conferences and clinical record reviews. Patient progress and response to care is recorded and reported to physicians and state QIOs (quality improvement organizations) as required as evidence of patient outcomes. We conduct safety assessments on all admitted patients and at regular intervals with ongoing patients, and take proactive steps to correct identified problems."
- 30. The applicant states that "Nursefinders of Hawaii has five regional offices statewide including Maui (Wailuku), Oahu (Honolulu), Kauai (Lihue), and two on the Big Island (Hilo and Kona). Internal audits are conducted quarterly to assure a high quality of care. Also, we are audited on a regular basis by the Contracts and Monitoring Units of Medicaid Waiver Services of the Department of Health of the State of Hawaii. No major issues regarding quality of care have been identified by the Department of Health. Supervisory visits are made to our current patients on a regular basis (in most cases monthly) to assure quality care is being provided and to assure high patient satisfaction."
- 31. The applicant states that "Nursefinders requires all field employees to complete in-service education each year to strengthen employee competency and the quality of services, and offers employees the opportunity to develop new skills. Mandatory in-services for all employees at orientation and/or annually include: OSHA training, Universal Precautions and Occupational Bloodborne Disease Exposure, Right to Know/Hazard Communication Program (MSDS), TB Prevention and Practice for Health Care Workers, Workplace Violence, Back Care and Body Mechanics, Fire Safety, Vulnerable Adult/Child Abuse & Domestic Violence, Age-Specific Competencies, and HIPAA Training & Confidentiality."
- 32. The applicant states that "Nursefinders of Kauai is seeking to become a certified Medicare Home Health Agency; Nursefinders wiill (sic) apply for licensure with OHCA to become a licensed Home Health Agency upon certification."
- 33. The Agency finds that the quality and licensure criteria have been met.

D. REGARDING THE COST AND FINANCIAL CRITERIA

- 34. The applicant states that "With the availability of Medicare home health agency services through Nursefinders of Kauai, residents on the island may be able to reduce their length of hospital stays and complete their recoveries at home. The result would be an overall cost reduction for comprehensive healthcare with increased continuity of care for the patient and their family caregivers."
- 35. The applicant states that "There are limited alternatives to adding Nursefinders of Kauai to the Medicare treatment system. The probable alternative would be an increase in the number of residential beds to meet the growing needs of the aging population. As the number of inpatient beds increases so will the cost. Providing care in skilled facilities and hospitals will far surpass the cost of providing in-home care ..."
- 36. The applicant projects that the revenue for the first year of operation will be \$125,000 and that the net income for the first year will be \$8,750. The applicant projects that the revenue for the third year of operation will be \$375,000 and that the net income for the third year will be \$41,250.
- 37. 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

- 38. The applicant states that "Nursefinders will be able to fill gaps in Home and Community Based Services in Kauai County, where the elderly population continues to grow... Nursefinders will be able to meet growing client needs in the targeted areas of the elderly and those with chronic conditions and physical disabilities."
- 39. The applicant states that "There are limited alternatives to adding Nursefinders of Kauai to the Medicare treatment system. The probable alternative would be an increase in the number of residential beds to meet the growing needs of the aging population. As the number of inpatient beds increases so will the cost. Providing care in skilled facilities and hospitals will far surpass the cost of providing in-home care..."

- 40. The applicant states that "Nursefinders of Kauai has a proven record of having the capability to extend services to all parts of Kauai County to include rural areas, including North and West Kauai. Home Health services will bring the needed care to communities that have geographical barriers to accessing care in Kauai County."
- 41. The applicant states that "Home based care for clients provided by Nursefinders will free up existing medical resources (hospital beds and nursing home beds) in Kauai County to meet the growing needs of the elderly population, providing secondary, tertiary and acute care to patients. Home health care is more efficient and cost-effective as it involves the family and can prevent the need for institutionalization in an environment where available beds are a scarce resource."
- 42. The Agency finds that these criteria have been met.

F. REGARDING THE AVAILABILTY OF RESOURCES

- 43. The applicant states that "Financing will not be required to expand current home care services to include Medicare services."
- 44. The applicant states that "If granted the requested certification, Nursefinders will hire an experienced Client Service Representative and a Registered Nurse to support the patients and field staff. Existing field employees will provide direct care to the patients. When additional staff is needed, Nursefinders recruits and hires locally. If necessary, Nursefinders has the capacity to recruit employees from outer islands and on the mainland."
- 45. The Agency finds that the applicant has met this criterion.

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CONCLUSIONS OF LAW

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 11-04 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 Kauai County Subarea Health Planning Council, the Certificate of Need Review Panel and 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, HAR.

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

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

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 B.C.P., Inc. dba Nursefinders of Kauai for the proposal described in Certificate Application No. 11-04. The maximum capital expenditure allowed under this approval is \$75,000.

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, 2011 Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Romala Sue Radeliffo
Romala Sue Radeliffe

Administrator