



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-13A

Applicant: Kauai Care Center, LLC

Project Title: Change of ownership of Kauai Care Center

Project Address: 9611 Waena Road
Waimea, HI

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1. TYPE OF ORGANIZATION: (Please check all applicable)

- Public _____
- Private X
- Non-profit _____
- For-profit X
- Individual _____
- Corporation _____
- Partnership _____
- Limited Liability Corporation (LLC) X
- Limited Liability Partnership (LLP) _____
- Other: _____

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2. PROJECT LOCATION INFORMATION

A. Project will be located in: Waimea

State Senate District Number: 7
 14

State House District Number: Johnathan Chan #206

Bertha Kauakami #434
County Council District Number: N/A
Number: _____
Ronald Kamchi Chan

Neighborhood Board District
(O`ahu only)

B. Primary Service Area(s) of Project: (please check all applicable)

- Statewide: _____
- O`ahu-wide: _____
- Honolulu: _____
- Windward O`ahu: _____
- West O`ahu: _____
- Maui County: _____
- Kaua`i County: X
- Hawai`i County: _____

3. DOCUMENTATION (Please attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)
- B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.)
- C. Your governing body: list by names, titles and address/phone numbers
- D. If you have filed a Certificate of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:
 - Articles of Incorporation
 - By-Laws
 - Partnership Agreements
 - Tax Key Number (project's location)
Tax Map Key 4/1-6-009-029

4. **TYPE OF PROJECT.** This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

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	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service	Change in Beds
Inpatient Facility <input checked="" type="checkbox"/>				N/A	N/A
Outpatient Facility					
Private Practice					

5. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	RECEIVED	AMOUNT:
1. Land Acquisition	'02 SEP -5 P319	_____
2. Construction Contract		_____
3. Fixed Equipment	ST. HUBT. PLNG & DEV. AGENCY	_____
4. Movable Equipment		_____
5. Financing Costs		_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.		<u>\$2,380,000</u>
7. Other: _____		_____
	FAIR Market Value	
	TOTAL PROJECT COST:	<u>\$2,380,000</u>

B. Source of Funds

1. Cash	_____
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	_____
6. Other: _____	_____
	N/A
	TOTAL SOURCE OF FUNDS:

7. **CHANGE OF SERVICE:** If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please reference the Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

N/A

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8. **IMPLEMENTATION SCHEDULE:** Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project:

- a) Date of site control for the proposed project, *January 1, 2003*
- b) Dates by which other government approvals/permits will be applied for and received, N/A
- c) Dates by which financing is assured for the project, N/A
- d) Date construction will commence, N/A
- e) Length of construction period, N/A
- f) Date of completion of the project, N/A
- g) Date of commencement of operation N/A

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the certificate of need.

9. **EXECUTIVE SUMMARY:** Please present a brief summary of your project. In addition, provide a description of how your project meets each of the certificate of need criteria listed below. If a new location is proposed, please attach an easy to read map that shows your project site.

- a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan.
- b) Need and Accessibility
- c) Quality of Service/Care
- d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
- e) Relationship to the existing health care system
- f) Availability of Resources.

**Kauai Care Center LLC
DBA Kauai Care Center**

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Executive Summary

Kauai Care Center is currently owned by James L Clay. With the State of Hawaii's approval, effective January 1, 2003, Kauai Care Center LLC will be the new owner/operator and Regency Pacific LLC will manage Kauai Care Center. There will be no change in the current operations or the services provided by the facility. James L Clay is the sole member of Kauai Care Center LLC and the sole shareholder of Regency Pacific, Inc. The change in ownership will be transparent to all residents and employees with no interruption in the services provided.

A. Relationship to the State of Hawaii Health Services and Facilities Plan

The proposed change in ownership is consistent with the primary long-term goals established in the Health Services and Facilities Plan for the State of Hawaii. There will be no change in the facility's relationship to the plan.

B. Need and Accessibility

The geographic service area for Kauai Care Center is the Island of Kauai. The utilization rate of long-term health care facilities on the island of Kauai was reported as 95.79% for the period January 1, 1999 through December 31, 1999 according to the Hawaii State Health Planning and Development Agency's skilled Nursing/Intermediate Care Facilities Utilization Summary. The future need for services provided by the project is expected to increase as the percentage of the elderly population increases, relative to the general population. Kauai Care Center will remain openly accessible to all underserved groups following the change in ownership. Any geographic barrier will not compromise the established availability policy and accessibility. Kauai Care Center will continue to take both Private and Medicaid residents.

C. Quality of Service / Care

The existing quality of service and care will be maintained after the proposed change in ownership. The services provided will not change and the policies and procedures of the facility will remain constant and consistent with all applicable federal and state regulations and guidelines. Kauai Care Center is currently licensed by the State of Hawaii Department of Health as a Skilled Nursing and Intermediate Care facility. (License # OHCA # 51-N)

D. Costs and Finances

Revenue and cost projections will not be affected by the change in ownership. Kauai Care Center LLC will pay Regency Pacific Inc a management fee as outlined in the Management Agreement provided. Costs and charges to the residents will be unaffected by the change.

E. Relationship to Existing Health Care System

The proposed change in ownership will not affect how the facility relates to the existing healthcare system. Regency Pacific, Inc. will operate Kauai Care Center, continuing to provide 24-hour skilled nursing care in a nursing home setting. There is a waiting list of residents seeking this care at Kauai Care Center, demonstrating the need for this type of care in the community. Regency Pacific, Inc. as it has demonstrated through it's current and past operations, will deliver an important aspect of the community's comprehensive health care system.

F. Availability of Resources

Regency Pacific, Inc. is recognized by the health care industry as a quality provider of health care services to the elderly in the state of Washington, Oregon and Hawaii. The proposal is not expected to require new capital or additional personnel. Kauai Care Center LLC will provide the financial assets needed to support the transaction. Personnel and resources to the residents will continue to be provided on the same basis as currently provided by James L Clay.

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10. **Eligibility to file for Administrative Review.** This project is eligible to file for Administrative review because: (Check all applicable)

- It involves bed 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.
- It involves service 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.
- It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.
- It is a change of ownership, where the change is from one entity to another substantially related entity.
- It is an additional location of an existing service or facility.
- The applicant believes it will not have a significant impact on the health care system.

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