



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-29

Applicant: CARE Hawaii, Inc.

Project Title: Establishment of 20 bed Special Treatment Facility

Project Address: 45-710 Keaahala Road
Kaneohe, HI

1. **TYPE OR ORGANIZATION:** (Please check all applicable)

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

2. **PROJECT LOCATION INFORMATION:**

A. Project will be located in:

- State Senate District Number: _____ #24
- State House District Number: _____ #47
- County Council District Number: _____ #03
- Neighborhood Board District Number (O`ahu only): Kaneohe #30

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

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

3. **DOCUMENTATION** (Please see the attached documents):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)
See Attachment A - Lease
- 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.)
Licensing by the Office of Health Care Assurance
- C. Your governing body: list by names, titles and address/phone numbers
See Attachment B - Governing Body

D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:

- Articles of Incorporation - See Attachment C
- By-Laws - See Attachment D
- Partnership Agreements - not applicable
- Tax Key Number (4-5-23-02)

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.

	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				X	
Outpatient Facility					
Private Practice					

5. **TOTAL CAPITAL COST:** \$1,210,000

6. **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
Special Treatment Facility	0	20	20
TOTAL		20	20

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 consult 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.

We are proposing to provide a 20 bed Special Treatment Facility with two levels of care: 1) 4 beds for Licensed Crisis Residential Service Beds, and 2)16 beds for Specialized Residential Rehabilitation Services.

8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	<u>0</u>
2. Construction Contract	<u>0</u>
3. Fixed Equipment	<u>\$4000</u>
4. Movable Equipment	<u>\$6000</u>
5. Financing Costs	<u>0</u>
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>\$1,200,000</u>
7. Other: _____	<u>0</u>
TOTAL PROJECT COST:	<u>\$1,210,000</u>

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

Based on actual experience at site

C. Source of Funds	AMOUNT:
1. Cash	<u>\$10,000</u>
2. State Appropriations	<u>0</u>
3. Other Grants	<u>0</u>
4. Fund Drive	<u>0</u>
5. Debt	<u>0</u>
6. Other: <u>fair market value of leased buildings</u>	<u>\$1,200,000</u>
TOTAL SOURCE OF FUNDS:	<u>\$1,210,000</u>

9. **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 construction will commence-----Not applicable
- b) Length of construction period-----Not applicable
- c) Dates by which financing is assured for the project-----9/16/02
- d) Date of site control for the proposed project-----10/31/02
- e) Facility licensure application submitted to Office of Health Care Assurance-----2/1/03
- f) Facility licensure received from Office of health Care Assurance-----6/1/03
- g) Date of completion of the project-----6/1/03
- h) Date of commencement of operation-----6/1/03

10. **EXECUTIVE SUMMARY:**

CARE, Hawaii, Inc. has been operating a 22 bed residential facility on the grounds of Hawaii State Hospital. This application is to convert the existing residential beds to a 20 bed Special Treatment Facility (STF) providing Licensed Crisis Residential Services (4 beds) and Specialized Residential Rehabilitation Services (16 beds) as part of a multi-site program for the Severely Mentally Ill population. This STF designation will allow for CARE to increase the acuity level of consumers receiving services at this site through the provision of more intensive and skilled staffing and medication management. These services will help to better meet the needs of this population as well as reduce the number of inappropriate hospital admissions, thereby reducing the costs of psychiatric health care state-wide.

A brief description of how this project will meet each of the Certificate of Need Criteria listed below is as follows:

A. Relationship to the Hawaii Health Performance Plan -

The proposed services will:

- reduce health disparities among Hawaii residents
- reduce the risk of injury and violence by promoting a safe environment and a safe community
- contribute to the secondary care supports and carry out those more complex health care functions that are specialized beyond basic primary care
- require supporting collaborative relationships between local, regional, and state health care providers, thereby providing the most appropriate care coverage to our communities
- meet the critical elements of a health care delivery system by providing access to appropriate, efficient, and cost-effective services that benefit the majority of residents; utilizing evidenced-based best practices for quality management; providing less costly outpatient, community-based services as an alternative to more costly emergency room visits and hospitalizations; facilitating continuity of care through collaboration with various providers of service in the community; encouraging and promoting constituent participation through active involvement of consumers in the CARE advisory board as well as the employment of consumers by CARE

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- positively impact the Hawaii Health Performance Plan's (H2P2) Behavioral Health Process measures of BHP-1 (comprehensive spectrum of care), BHP-2 (continuity of care), BHP-3 (accessibility of services) as well as the Behavioral Health Outcome measures of BHO-5 (incidence/prevalence of mental illness), BHO-6 (consumer satisfaction), BHO-7 (relapse/recidivism), and BHO-8 (positive involvement after treatment program)

B. Need and Accessibility

The target population for this project is the mentally ill consumer, 18 years or older, who is in need of 24-hour specialized residential rehabilitation services or crisis residential services. The project will provide services for the residents of Oahu. There has been an increased demand for crisis residential and specialized residential bed days since 2001 when the provision of services provided have worked to reduce the usage of more expensive inpatient services and expanded to provide community support systems that support consumers in the least restrictive environment. The Adult Mental Health Division (AMHD) 2001 Service Development Implementation Plan reports that approximately 15% of mental health consumers are in need of crisis and specialized rehabilitation services. Based on three studies that report an estimate of seriously mentally ill adults in Hawaii to be between 16,000 to 22,000, approximately 2400 consumers in the state, per year, might be expected to utilize the proposed level of services. Currently, the only crisis beds available on Oahu are 6 beds operating as residential rehabilitation crisis beds under the Department of Health; previously 19 Crisis beds were available on the island of Oahu until those programs ended on September 30, 2002. Occupancy for these 19 beds ranged from 10-19 consumers per day. There are currently 2 or more consumers per day referred for crisis services for whom there are no beds available. Our current residential rehabilitation services have consistently maintained a waiting list of 2-3 consumers, with an average wait of 3 weeks for admission. Therefore there continues to be a deficit of beds to meet the need/demand for both services. Crisis Mobile Outreach Services on Oahu are identifying new consumers on the average of 3-4 calls per day, with at least 75% of these consumers requiring housing options that provide 24 hour monitoring and nursing services otherwise available only in an acute hospital setting. Future projections far exceed last year's number of 67 consumers due to these statistics. The proposed services accept all referrals from the DOH access line without regard to income, race, ethnicity, gender, disability, or age. Services will be accessible regardless of financial status, thus there is no financial barrier for consumers requiring these services. Funds from the DOH/AMHD are the primary source of payment. From 10/01/01 to 10/01/02, there were 8030 bed days for 24 hour specialized residential services, with an operating revenue of \$1,439,600.

C. Quality of Service/Care

The proposed services will improve the quality of care by

- providing medication management/monitoring by psychiatric nurses under the direction of a psychiatrist 24 hours per day, 7 days per week
- providing services in a home-like atmosphere
- providing on-going quality assurance monitoring
- encouraging consumer involvement and consumer choice
- continuous quality improvement through the activities of the Quality Assurance Committee
- utilization of internal policies and procedures to monitor and evaluate quality of CARE
- continuing high standards for treatment outcomes and consumer satisfaction

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- maintaining appropriate staff to consumer ratios
- maintaining a qualified staff of registered nurses, mental health technicians, bachelors level mental health workers, psychiatrists, etc.
- providing continuing education in crisis intervention and management techniques as well as substance abuse, dual diagnosis, forensic issues, CPR and safety issues
- obtaining licensure as a Special Treatment Facility with the Office of Health Care Assurance
- maintaining CARF accreditation

D. Cost and Finances

The primary cost of the proposed project is the operating costs; financing is derived from contracts with AMHD. Services for the Residential Rehabilitation consumers have been provided over the past year and are already a successful operation. Personnel costs projected per year total \$1,171,494 for the required staffing total of 22.4 FTEs, which includes registered nurses, bachelor's level mental health workers, mental health technicians, program assistant, food manager and consultant dietary services. The project will reduce health care costs by providing less expensive alternatives to emergency room visits (\$1000 or more per visit), and acute hospitalizations ((\$700-\$1000/day). Minimum cost savings per bed day is \$400-\$700/day for Licensed Crisis Residential Services (LCRS), and \$500-\$800/day for Residential Rehabilitation services. Alternatives for the proposed project include the more costly hospitalization and emergency services that do not adhere to the evidenced based best practices in providing services in the least restrictive environment. Less costly alternatives would require less qualified or fewer staff that would compromise safety for the consumer and the community as well as the quality of care and services.

E. Relationship to Existing Health Care System

CARE Hawaii, Inc. currently maintains collaborative relationships with Hawaii State Hospital, Queen's Medical Center, Castle Medical Center, Kahi Mohala, Adult Mental Health Division and Community Mental Health Centers, community-based agencies including Mental Health Kokua, Waianae Comprehensive Clinic, ACT services, Helping Hands Hawaii, and other community based agencies. CARE works with these entities in the development of effective discharge plans for consumers for whom CARE is providing services, provides consultation for agencies who may also be treating these consumers, and works with these agencies to facilitate admission of CARE consumers when necessary. The proposed project for Special Treatment Facility services that includes both crisis residential services and specialized residential rehabilitation services fills the gap between psychiatric hospitalization and community living for the severely mentally ill population. The crisis residential services provide short-term housing and treatment (up to 14 days) and the specialized residential rehabilitation services provide housing and treatment for a maximum of 6 months. These services also provide options for those consumers who do not meet the criteria for hospitalization but would not be appropriate for unmonitored community housing. This would increase the availability of service options for health care in the community. The proposed project will free up hospital beds that are needed for more acute situations such as suicidal or homicidal incidents as well as offer other providers of health care the option of placing consumers in a safe, therapeutic environment. Case management services such as individual treatment planning will be shared with the residential staff; day treatment programs such as dual diagnosis services, psychosocial rehabilitation, medication management, etc., will be consolidated and provided on site.

F. Availability of Resources Criterion

- 1) CARE Hawaii, Inc. has an experienced management team who have been successfully operating community-based and residential services on Oahu, Maui, and the Big Island for the past 3 years. This team includes: Dr. Dennis McLaughlin, CEO of Clinical Services, Dr. Tina McLaughlin, CEO of Administrative Services, Dr. Joseph Giannasio, Medical Director, Linda Mattice, R.N., M.S.N, vice-president, adult services, Karen Tam, vice-president, operations, Maria Kinsler, Financial Manager, Manu Pedro, Human Resources Manager, and Donna Tompkins, Quality Assurance Manager.
- 2) CARE has 385 employees and 33 independent contractors providing mental health services. Employees are screened, credentialed, trained and supervised in their delivery of services. Due to this large pool of employees and experience in recruiting employees, CARE is able to procure and provide the staff necessary for successful program operation.
- 3) There are no capital funds required for this project other than the \$10,000 for the fixed and moveable equipment that have been paid for in cash. All other expenditures including rent payments will be paid for by operating funds.

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