



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 06-18A

Applicant: Ohana Pacific Foundation
45-181 Waialua Road
Kaneohe, Hawaii
Phone: 808 247-0003

Project Title: Acquisition of Wilcox Hospital Adult Day Health service

Project Address: 2943 Kress Street, Lihue, Kauai, Hawaii

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

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

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REPLACEMENT PAGE

2. **PROJECT LOCATION INFORMATION**

A. 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) **See Exhibit A.**
- 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.) **See page 7.**
- C. Your governing body: list by names, titles and address/phone numbers. **See page 7**
- 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:
See Exhibit B.
 - Articles of Incorporation
 - By-Laws
 - Partnership Agreements
 - Tax Key Number (project's location)

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					
Outpatient Facility				X	
Private Practice					

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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
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TOTAL			

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

- | | | |
|----|---|------------------|
| 1. | Land Acquisition | _____ |
| 2. | Construction Contract | _____ |
| 3. | Fixed Equipment | _____ |
| 4. | Movable Equipment | _____ |
| 5. | Financing Costs | _____ |
| 6. | Fair Market Value of assets acquired by lease, rent, donation, etc. | <u>\$200,000</u> |
| 7. | Other: _____ | _____ |

TOTAL PROJECT COST: \$200,000

B. Source of Funds

- | | | |
|----|--|------------------|
| 1. | Cash | _____ |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt
<u>(The total amount will be financed. Refer to page 10, sec. D)</u> | <u>\$200,000</u> |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: \$200,000

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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.
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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,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence,
- e) Length of construction period,
- f) Date of completion of the project,
- g) Date of commencement of operation

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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.

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

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.)

Department of Health approval will be acquired upon submittal of Certificate of Need approval.

C. Your governing body: list by names, titles and address/phone numbers

President:

Sandra Kishaba
45-181 Waialua Road
Kaneohe, HI 96744
(808) 247-0003

Vice President:

Richard Kishaba
45-181 Waialua Road
Kaneohe, HI 96744
(808) 247-0003

Secretary/Treasurer:

Randy Hata
45-181 Waialua Road
Kaneohe, HI 96744
(808) 791-4496

Director:

Kurt Akamine
P.O. Box 1287
Koloa, HI 96756
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EXECUTIVE SUMMARY

Wilcox Memorial Hospital ("Wilcox") has an existing Day Health Program ("Program") approved for 50 participants, located in Lihue on the Island of Kauai. This is an application for a change in the ownership of the Adult Day Health Program. The applicant is Ohana Pacific Foundation ("OPF"). OPF will contract with Ohana Pacific Management Company ("Ohana") to provide management services of the Adult Day Programs. Those services will include safety and quality improvement oversight, clinical support & training, billing and other fiscal services. Ohana owns and operates four long term care facilities, including a Day Health Program.

1. Ann Pearl Nursing Facility, a 104 bed long term care facility and adult day health program in Kaneohe, Oahu.
2. Garden Isle Healthcare, a 109 bed long term care facility located in Wilcox Memorial Hospital in Lihue, Kauai.
3. Hale Kupuna Heritage Home, an 84 bed long term care facility in Omao, Kauai.
4. Leeward Integrated Health Services, a 93 bed long term care facility in Waianae, Oahu.

Wilcox, in conjunction with Kauai Medical Clinic, is a leading provider of a wide range of health care services on Kauai. Efforts in clinical, operational and financial improvements during the mid 1990s enabled Wilcox to be recognized by HCIA-Sachs as one of the "100 Top Hospitals" in the nation. Wilcox's mission and vision is focused on the provision of quality health care services. Wilcox recognizes, on both a short and long term basis, it cannot excel in all areas of health care services. The Adult Day Health Program is no longer a part of Wilcox's "core business" focus. Wilcox chooses to focus on acute inpatient and outpatient hospital services.

Both OPF and Wilcox believe the transition of the Adult Day Health Program to OPC will better serve the Program clients and is in the best interest of the Kauai community.

A primary concern is assuring continued care and service to the existing Program clients. Under this proposal, OPF will be able to continue to operate and serve the existing and future needs of the Kauai community for these services. Ohana's expertise and focus as a long-term care provider will further enable continuing improvement in the quality of care and the Program's development.

Ohana has the expertise and experience in the operation and management of long-term care facilities. The owner and several management level employees of Ohana have been providing long term care services to the people of Hawaii since 1992. We believe that the Adult Day Health needs for Kauai will best be served with the transfer of the Program to OPF.

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The other alternative being the elimination of the Program could severely impact this sector of Kauai's residents. OPF and Ohana also bring the benefit of being a known, experienced provider in Hawaii with a proven track record versus the uncertainties and concerns that a mainland based buyer may have created.

a) Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities Plan

The transfer of the 50 clients of the Adult Day Health Program by Wilcox to OPF fits within the Hawaii Health Performance Plan (H2P2) and meets the specific objectives of H2P2:

- "A health care delivery system that is comprehensive, cost-effective, well coordinated, and responsive to community/regional needs, can help us achieve our goals and objectives" (H2P2, page II-2, section D).
- "Well-functioning health care delivery addresses: access to care, continuity of care, constituent participation, resource management / cost containment, and quality management" (H2P2, page II-3, section F).

The H2P2 also establishes five "critical elements" of a health care delivery system:

- Access: The project enables OPF to provide the best solution for the retention of the 50 clients on Kauai, thus continuing the Program which is appropriate and culturally sensitive to meet the needs of the residents of Kauai.
- Quality Management: Ohana, whose principle is the President of OPF, has an established track record of providing quality long-term care to the people of Hawaii.
- Cost-effectiveness: Ohana facilities provide cost-effective and good quality care to the residents that we serve.
- Continuity of care: OPF will continue to provide the right care, at the right time, in the right setting. OPF will work collaboratively with other providers in the community.
- Constituent Participation: OPF will have an active Family Council which will provide a forum for comments, suggestions and improvement in care.

This proposal also relates well to several of the particular values established by the Kauai County Sub-area Health Planning Council on pages III-3 to III-4 of the H2P2. In particular, the proposal addresses the values of: cultural sensitivity, access to health care, caring environment, and caring.

The project enables Wilcox and OPF to achieve these objectives by:

- Providing the best solution for retention of the Program on Kauai
- Brings in the expertise of Ohana in managing and operating these services

b) Need and Accessibility

Wilcox's Adult Day Health Program is an existing service and is an important element of Kauai's long-term care system. Wilcox's Adult Day Health Program continued existence is critical to meet the needs of the community. The transfer of the Program will assure the continuation of the operation and its services. In addition, the current clients will remain unaffected by the transfer.

The Program is the only Adult Day Health Program on Kauai, providing for the needs of 50 clients.

The 2005 occupancy of the Program is 80%. OPF expects that this occupancy will stay the same, or increase over the next several years.

The Program is accessible to those in need. It is geographically accessible to the entire island and its location is especially desirable since it is centrally located on the island and close to an acute care hospital and multi-specialty medical group. The Program will accept all clients, regardless of their source of payment and will provide care to all cultural and socioeconomic groups to include, but not limited to low income persons, racial and ethnic minorities, women, people with disabilities, and other underserved groups, and the elderly. This precedent has been established by the existing Program and its continuance is assured by the history of care demonstrated by other Ohana operations. In summary, this proposal will insure that the needs of the people of Kauai for Adult Day Health services will continue to be met in an uninterrupted manner.

c) Quality of Service/Care

The project is expected to have improvement on the quality of service and care due to Ohana's experience in providing services to this sector of the community. Further, this will allow Wilcox to focus its energies and resources on acute inpatient, outpatient and emergency services, thereby enhancing the quality of care and service levels in those areas.

Ohana has a well-defined performance improvement (PI) plan which will be used to assure quality. Ohana utilizes a team of health care professionals to participate in decision making to assure that quality of care is being provided. The PI team consists of (at a minimum) the Program Director, Medical Director and other health care professionals. Ohana's performance improvement plan includes assessment using quality measures, analysis of data, and implementation of improvement processes to assure quality of care. OPF will utilize Ohana's program to determine which areas of care and service are not currently meeting established criteria for quality care. Once these areas are determined, then Ohana will work with the OPF staff to modify systems to assure that quality care is being provided.

Ohana has an experienced team of Nurses, Dietitians, Physical Therapists, Social Workers and Administrators to assess quality of care and work with staff members to modify systems for provision of care if necessary.

OPF will have adequate staff to provide quality care to the clients. Clients will receive approximately .16 hours of Registered Nurse time per resident per day, and .80 hours of Certified Nurses Aide time per resident per day. Overall, this is approximately .96 hours of nursing time per resident per day.

OPF is required to be licensed in order to provide Adult Day Health in the state of Hawaii. The State of Hawaii, Department of Health issues this license. Wilcox has the license to operate the program at this location. OPF will not seek other certificates or accreditations at this time. All of the staff members who will work for OPF will possess valid licenses and certifications necessary for their positions.

d) Cost and Finances (include revenue/cost projections for the first and third year of operation)

OPF will be leasing space at the present location and will acquire all of the equipment. The leased space will be utilized to run the existing Program. The Program will be owned and operated by OPF. The purchase price of \$200,000 is for supplies, contract rights, books and records, medical records, permits, and warranties and claims. OPF will complete the purchase with funds provided by a loan from *Ohana Pacific Management Company*. Revenue and Expense projections are based upon historical data (census, rates, supplies, etc.), current data (lease rent, and other agreements, etc.), and projected data (insurance quotes, wage and benefits based on future staffing patterns, etc.). **See Attachment C.**

e) Relationship to the Existing Health Care System

The transfer of 50 client Program will have no impact on the existing health care system since it will not change capacity nor access on Kauai. The Program is an important element in the long term care component of the overall health care system on the Island of Kauai. The Program maintains good relations and collaborates with other components in the Kauai healthcare system such as the acute and long term care facilities. The Program will continue its current positive relationship with Wilcox Memorial Hospital. OPF anticipates that referrals will be received from Wilcox and that Wilcox will be able to maintain a low waitlist of patients in their acute care facility who need Adult Day Health placement.

The proposal will assure that current and improved services will be available and accessible to the people of Kauai.

f) Availability of Resources

OPF has the financial, clinical, administrative, and other resources necessary to implement this proposal. OPF has both the capital and cash flow to continue to run this facility with the revenue generated from the existing Program. See Exhibit E. OPF expects to hire the majority of the existing staff to continue to work for the Program.

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Any additional positions will be hired from the community. OPF expects to have adequate staff to provide quality care to the residents.

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