



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #06-28A

Applicant: CARE Hawaii, Inc.
606 Coral Street, 2nd Floor
Honolulu, Hawaii 96813

Phone: 808 533-3936

Project Title: Establishment of an 8 bed Special Treatment facility

Project Address: 79-7446 Mamalahoa Hwy., (A) Kealahou, Hawaii

1. TYPE OF 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: _____

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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: _____
- Hawai`i County: _____ X

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 Attachment A-Purchase Agreement
- 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.)
Special Treatment License application to follow.
- C. Your governing body: list by names, titles and address/phone numbers
See Attachment B-Governing Body
- 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 and bylaws submitted previously in calendar year. See application #06-21A.

- Articles of Incorporation
- By-Laws
- Partnership Agreements-N/A
- Tax Key Number (3-7-9-007-053)

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. **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 |
|--------------|-------------------|--------------------------------|---|
| STF | 0 | 8 | 8 |
| | | | |
| | | | |
| | | | |
| TOTAL | 0 | 8 | 8 |

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6. PROJECT COSTS AND SOURCES OF FUNDS P1:09

A. List All Project Costs:

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AMOUNT:

| | | |
|----|---|-------------------|
| 1. | Land Acquisition | <u>280,000</u> |
| 2. | Construction Contract (Renovation) | <u>50,000</u> |
| 3. | Fixed Equipment | <u>0</u> |
| 4. | Movable Equipment (Appliances, Furniture, Phone System) | <u>10,000</u> |
| 5. | Financing Costs | <u>0</u> |
| 6. | Fair Market Value of assets acquired by lease, rent, donation, etc. | <u> </u> |
| 7. | Other: _____ | <u>0</u> |

TOTAL PROJECT COST: 340,000

B. Source of Funds

| | | |
|----|-----------------------------|----------------|
| 1. | Cash | <u>60,000</u> |
| 2. | State Appropriations | <u>0</u> |
| 3. | Other Grants | <u>0</u> |
| 4. | Fund Drive | <u>0</u> |
| 5. | Debt | <u>280,000</u> |
| 6. | Other: <u>Rental Income</u> | <u>0</u> |

TOTAL SOURCE OF FUNDS: 340,000

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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.

We are proposing to provide an 8 bed Special Treatment Facility providing Licensed Crisis Residential Services.

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.....6/22/06
- 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.....6/22/06
- D. Date construction will commence.....8/4/06
- E. Length of construction period...approximately 3 months of renovations
- F. Date of completion of the project.....11/30/06
- G. Date of commencement of operation.....12/1/06

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.

CARE Hawaii, Inc. is proposing to provide 8 Special Treatment Facility Beds to be utilized for crisis residential services in Kona, on the island of the Big Island for the Severely Mentally Ill population.

This new project's 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 as follows:

A. Relationship to the Hawai'i Health Performance Plan (H2P2), also known as the State of Hawai'i Health Services and Facilities 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
- 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 crisis residential services. The project will provide services for the residents of the Big Island as well as those consumers residing on the neighbor islands for whom this level of service is not available.

There has been an increased demand for crisis residential bed days since 2001 when the Adult Mental Health Division focused on reducing the usage of more expensive inpatient services and on utilizing community support systems that support consumers in the least restrictive environment. The Adult Mental Health Division (AMHD) 2001 Service Development Implementation Plan reports that

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seriously mentally ill adults in Hawaii to be between 16,000 to 22,000, approximately 2400 consumers in the state, per year, and approximately 350 consumers on the Big Island, per year, might be expected to utilize the proposed level of services.

Although CARE has a 5 bed crisis residential facility in Hilo on the Big Island, Kona does not currently offer this level of residential care. Because of this approximately five to six consumers from the Kona area are admitted to the Hilo LCRS each month.

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Therefore there continues to be a deficit of beds to meet the need/demand for services. Crisis Mobile Outreach Services on the Big Island are identifying new consumers on the average of 4 calls per week, with at least 50% of these consumers requiring housing options that provide 24 hour monitoring and nursing services otherwise available only in an acute hospital setting.

The proposed services accept all referrals from the DOH access line and private insurers 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. The proposed services accept all referrals from the DOH access line and private insurers 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, supplemented by funds from private insurers

REFACEMENT PAGE

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
- 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

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

The primary cost of the proposed project is the operating costs; financing is derived from contracts with AMHD and private insurers. Personnel costs projected per year total \$623,500 for the required staffing total of 8.4FTEs, which includes registered nurses, bachelor's level resident managers, 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 \$500-\$800/day for Specialized 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 which would compromise safety for the consumer and the community as well as the quality of care and services.

E. Relationship to the existing health care system

CARE Hawaii, Inc. on the Big Island currently maintains collaborative relationships with Kona Hospital, State of Hawaii Family Court Probation, Department of Health West Hawaii Mental Health Unit, Mental Health Kokua, Big Island Substance Abuse Council, State of Hawaii Child Protection Services, State of Hawaii Adult Probation Division Third Circuit Court, State of Hawaii Department of Vocational Rehabilitation, Adult Mental Health Division, Community Mental Health Centers, and 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 providing specialized residential rehabilitation services fills the gap between psychiatric hospitalization and community living for the severely mentally ill population. The 24 hour 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

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F. Availability of Resources.

'06 DEC 20 P1 :09) 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:

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- 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 of clinical services, Maria Kinslar, vice-president, operations, Gary Hamilton, Controller, Rose Kane, Human Resources Manager, and Donna Tompkins, Quality Assurance Manager.
- 2) CARE has 540 employees and 40 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) To fulfill contractual obligations CARE will staff the Kona LCRS site w/ 4.2 FTE Registered Nurses (RN) and 4.2 FTE Resident Managers (RM). This staffing pattern will provide the site w/ one RN and one RM per 8 hour shift, 24/7, 365 days per year. Due to CARE's large pool of employees we do not anticipate that it will be challenging to fill these positions.
 - 4) There are no capital funds required for this project other than the \$60,000 for the construction contract and phone system that have been paid for in cash. All other expenditures including rent payments will be paid for by operating funds.

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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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