



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #07-19A

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

Phone: 808 791-6158

Project Title: Relocation of 16 Special Treatment Facility (STF) beds

Project Address: 110 Kaneohe Bay Drive, Kailua, Hawaii

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

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- 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. 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 attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)
See Attachment A-Lease 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 of Incorporation: See application #06-28A.
 - By-Laws: See application #06-28A.
 - Partnership Agreements-N/A
 - Tax Key Number (1-4 -4 -1-12)

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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				X	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	22	-6	16
TOTAL	22	-6	16

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

AMOUNT:

1.	Land Acquisition (rent p/yr)	<u>60,000.00</u>
2.	Construction Contract (Renovation)	<u>50,000.00</u>
3.	Fixed Equipment	_____
4.	Movable Equipment (Appliances, Furniture, Phone System)	<u>12,000.00</u>
5.	Financing Costs	<u>4,495.00</u>
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	_____
7.	Other: _____	_____

TOTAL PROJECT COST: 126,495.00

B. Source of Funds

1.	Cash	<u>60,000.00</u>
2.	State Appropriations	<u>0</u>
3.	Other Grants	<u>0</u>
4.	Fund Drive	<u>0</u>
5.	Debt	<u>66,495.00</u>
6.	Other: _____	<u>0</u>

TOTAL SOURCE OF FUNDS: 126,495.00

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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.

CARE Hawaii, Inc. is proposing a new location of an existing service. Currently CARE has a STF licensed 22 bed facility located in Kaneohe on the State Hospital Grounds TMK (1) 4-5-23: 02; however, on April 11, 2007 CARE received notification from Adult Mental Health Division that effective September 1, 2007 the State will be converting the 4 house facility into a Secure Forensic Specialized Residential Treatment Program, which will also be operated by the State. In moving our SRSP Services from Kaneohe to Kailua we are proposing to provide 16 bed STF facility. This will be a reduction of 6 beds, as our current site has 22 beds.

- 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.....6/1/07
- 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.....5/15/07
- D. Date construction will commence.....6/1/07
- E. Length of construction period.....60 days
- F. Date of completion of the project.....8/15/07
- G. Date of commencement of operation.....9/1/07

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. has been operating a 22 bed specialized residential special population (SRSP) facility on the grounds of Hawaii State Hospital since October 2001. This application involves transitioning our current licensed SRSP facility to a new location, as well as converting the existing residential beds from 22 beds to 16 beds. This new location of an existing

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service will continue to help better meet the needs of this population as well as continue to reduce the number of inappropriate hospital admissions, thereby continue 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 new location of an existing service will continue to:

- 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 specialized residential special population services. The project will

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provide services for the residents of Windward Oahu as well as those consumers residing on other parts of Oahu for whom this level of service is not available.

There has been an increased demand for specialized residential special population 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 approximately 15% of mental health consumers are in need of crisis and intensive 24 hour rehabilitation services. In addition to the above study, the State of Hawaii Department of Health AMHD Report for FY 2006 states that in 2006 11, 217 persons were served statewide, and that they anticipate over 12, 000 person will receive AMHD services in 2007.

The 2001 AMHD Implementation Plan and AMHD 2006 Report both estimate there are 24,000 seriously mentally ill adults in Hawaii, per year, and approximately 2,041 consumers on Oahu, per year, might be expected to utilize the proposed level of services.

Currently, the only SRSP beds available for the adult SMI population in the State are CARE's 22 beds located in Windward Oahu. However, effective August 31, 2007 the STATE will be converting this site into a Secure Forensic Specialized Residential Treatment Program. It is imperative that CARE relocate to continue this highly needed SRSP service for the adult SMI population. In 2006, occupancy of all 22 beds was filled 97.38%, respectively. Our current SRSP facility has consistently maintained a waiting list of 5-15 consumers, with an average of forty eight weeks for admission. Therefore there continues to be a high need/demand for SRSP services.

Based on a recent AMHD Utilization Management (UM) review conducted in February and March 2007, it was determined that the SRSP treatment program's length of stay should not exceed six (6) months. Additionally, it was determined by AMHD that multiple residents no longer meet the criteria for this level of care. Due to the shorter lengths of stay and multiple residents no longer meeting the criteria for continued stay, it was identified that fewer SRSP beds would be needed in the State. Per Adult Mental Health Division's request, CARE will be reducing the current bed count from twenty two (22) beds to sixteen (16) beds.

CARE will continue to accept all referrals from AMHD regardless of 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. In 2006 there were 8,030 bed days for the 24 hour SRSP services, with an operating revenue of \$1,856,074.

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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 warm and welcoming 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

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. Services for the Specialized Residential Population consumers have been provided over the past six years and are a successful operation. Personnel costs projected per year total \$878,620 for the required staffing total of 16.8FTEs, which includes registered nurses, high school level 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 \$500-\$800/day for Specialized Residential Special Population 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 Oahu, currently maintains collaborative relationships with Hawaii State Hospital, Queen's Medical Center, Castle Medical Center, Kahi Mohala, Adult Mental Health Division, Community Mental Health Centers, and community-based agencies including Mental Health Kokua, Waianae Comprehensive Clinic, 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. This proposal of a new location of an existing service providing SRSP services will continue to fill the gap between psychiatric hospitalization and independent community living for the adult severely mentally ill population. The 24 hour specialized residential special population 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 continue to increase the availability of service options for health care in the community. The proposed project will continue to 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. CARE's current scope of services at our current SRSP facility such as individual treatment planning, day treatment programs such as dual diagnosis services, psychosocial rehabilitation, medication management, etc., will be continue and provided on site.

F. Availability of Resources

1) CARE Hawaii, Inc. has an experienced management team who have been successfully operating community-based and residential services on Oahu for the past 8 years; and SRSP services on the Windward side of Oahu since October 2001. This team includes:

- Dr. Dennis McLaughlin, Chairman, Dr. Tina McLaughlin, President, Dr. Joseph Giannasio, Medical Director, Linda Mattice, R.N., M.S.N, Chief Clinical Office, Maria Kinslar, CEO, , 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 Kailua SRSP site w/ 8.4 FTE Registered Nurses (RN) and 8.4 FTE Mental Health Technicians (MHT). This staffing pattern will provide the site w/ two

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RNs and two MHTs per 8 hour shift, 24/7, 365 days per year. CARE's current employees who work at the 22 bed STF facility in Kaneohe will be the same employees who will be providing RN and MHT services at our newly proposed location of an existing service.

- 4) There are no capital funds required for this project other than the \$50,000 for the minor construction contract that will be paid for in cash. All other expenditures including rent payments will be paid for by operating funds.

Please see attached easy to read map which shows the location of our proposed 16 bed STF facility.

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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