



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #07-21A

Applicant: Marimed Foundation for Island Health Care Training
45-021 Likeke Place
Kaneohe, Hawaii 96744

Phone: 808 236-2288

Project Title: Change in service to include Therapeutic/
Residential services for youth with mental and/or emotional
disorders and co-occurring disorders

Project Address: Kapehu Road at Mauluanui Road
Laupahoehoe, Hawaii

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

- Public _____
- Private X
- Non-profit X
- For-profit _____
- 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 Exhibit 1
- 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.)
State Department of Health-OCHA Licensing (Licensing has been secured)
- C. Your governing body: list by names, titles and address/phone numbers
See Exhibit 2
- 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 Exhibit 3**
 - By-Laws **See Exhibit 3**
 - Partnership Agreements **Not Applicable**
 - Tax Key Number (project's location) **TMK #3-3-5-2-29**

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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
TOTAL			

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6. PROJECT COSTS AND SOURCES OF FUNDS

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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. _____
- 7. Other: _____

TOTAL PROJECT COST: 0

***Facility began operation in 2004, and is fully operational. There is no need for additional Capital Improvements at this time.**

B. Source of Funds

- 1. Cash _____
- 2. State Appropriations _____
- 3. Other Grants _____
- 4. Fund Drive _____
- 5. Debt _____
- 6. Other: _____

TOTAL SOURCE OF FUNDS: 0

***Funds are not needed for Capital Improvements at this time. Daily operations are funded primarily by a 6 year contract with the State of Hawaii Department of Health, Child & Adolescence Mental Health Division. The current contract is for the period of July 1, 2006 through June 30, 2012. Other funding is provided by Corporate and Private Donations.**

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.

Marimed Foundation is under contract with CAMHD and provides therapeutic/residential services for youth with mental and/or emotional disorders. In addition, Marimed also treats youth with 'co-occurring disorders'. This is a revision to Application #04-16A to clarify the services provided by Marimed Foundation.

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:

The Kapehu STF has been fully funded, constructed and operating since 2004.

- 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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EXECUTIVE SUMMARY

In 2004, Marimed Foundation for Island Health Care Training launched the Wahiolanona`opio Kapehu Program (formerly known as Ke Ola Hou) in response to a need identified by the County of Hawai`i for treatment services for substance abusing youth with funding from the Substance Abuse and Mental Health Services Association (SAMHSA). Services began with the provision of day treatment for local area adolescent males and by year end provided eight (8) residential beds. In early 2005 day treatment services were extended to include adolescent females. In 2006, Wahiolanona`opio was awarded a contract (refer to Exhibit 5) from the Department of Health Child and Adolescent Mental Health Division, that draws on its years of experience, to establish and operate a facility to provide residential treatment for both male and female adolescents with emotional and/or mental disorders and co-occurring disorders in the County of Hawai`i.

Currently, on the Island of Hawai`i Marimed is licensed by the Office of Health Care Assurance and certified by the Department of Health Child and Adolescent Mental Health Division to provide 18 residential beds on the Island of Hawai`i. The youth in treatment are primarily from the Island of Hawai`i, but services adolescents Statewide and are offered the following integrated services:

- ☼ Individual, group, and family therapy provided by a child and adolescent psychiatrist, a clinical psychologist and two graduate level mental health professionals.
- ☼ Chemical dependency counseling provided by a Certified Substance Abuse Counselors and clinical psychologist.
- ☼ Administration of medication and primary care nursing services by an on-site registered nurse.
- ☼ On-site secondary level and special education services provided by teachers employed by Marimed Foundation.
- ☼ Ocean-oriented recreation and experiential activities, including swimming, canoe paddling, small craft sailing, and inter-island sailing aboard the Foundation's 96 foot Sailing School Vessel *Makani Olu*.

The program provides a nurturing and therapeutic placement option, in non-institutional setting, for youth for whom home-based treatment is not possible, due either to the severity of the youth's emotional disorder or to

stressors within the home setting, but for whom hospitalization is not deemed necessary. It provides a level of service for youth with emotional and/or mental disorders or co-occurring disorders, with respect to both client security and intensity of therapeutic activity, falls between hospitalization and home-based therapy on the continuum of services available to youth in Hawai'i. It serves adolescents who have been hospitalized and are ready to transition to less intensive care. It also serves adolescents who are temporarily in need of services that are more comprehensive than can be offered in the home, and that are not compromised by negative influences in the home.

A Certificate of Need was issued in 2004 for Wahiolanona'opio to provide substance abuse treatment services. However, due to the changing needs of the community and contractual requirements Marimed is seeking to update the Certificate of Need to reflect that Marimed Foundation provides treatment for youth with emotional and/or mental disorders as well as those with 'co-occurring' disorders.

The proposed services will meet Certificate of Need criteria as follows:

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- A. Relationship to Hawai'i Health Performance Plan. Marimed's programs help achieve equitable access to health care services to all ethnic groups regardless of economic strata. There continues to be a need for cost effective treatment for adolescents with emotional and/or mental disorders and co-occurring disorders within our community. The treatment options offered by Marimed are comprehensive, cost effective, well coordinated, and responsive to the needs of the community. This Program also offers linkages to other support services that can be used long after leaving Marimed's residential program and increasing the probability of long-term positive outcomes.
 - B. Need and Accessibility. A demand exists for residential beds for adolescents diagnosed with emotional and/or mental disorders or co-occurring disorders in the County of Hawaii. In 2000, the State of Hawai'i, Alcohol and Drug Abuse Division commissioned a study of protective and risk factors as an indicator of substance abuse and antisocial behaviors that can be found in each district. In East Hawaii, lifetime prevalence reports of alcohol, tobacco, and other drug use, indicated that 6th, 8th, 10th, and 12th graders exceed the State average:

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chewing tobacco (1.5%, 4.3%, 6.5%, and 10.2%); alcohol (34.9%, 60.3%, 74%, and 84%); marijuana (4.2%, 16.5%, 41.2%, 57.4%); inhalants (7.8%, 11.5%, 8.9%, and 5.9%); sedatives (1.3%, 2.2%, 5.4%, and 6.8%); hallucinogens (0.8%, 3.8%, 9.6%, and 12.9%); steroids (1.8%, 5.7%, 3.5%, and 3.2%); and diuretics (1.8%, 5.8%, 6.5%, and 6.0%). Similarly antisocial behaviors demonstrated by adolescents in this community regularly exceed State averages: school suspension (8.5%, 10.1%, 10.4%, and 8.7%); drunk or high at school (3.2%, 9.8%, 23.1%, and 23.7%), sold illegal drugs (1.4%, 4.1%, 10.4%, and 10.0%); and taken a handgun to school (2.0%, 2.2%, 1.3%, and 0.9%). 6th, 8th, and 10th graders reported levels of antisocial behaviors that exceeded the state average in the following indicators: stole or tried to steal a vehicle (2.0%, 2.7%, and 2.1%); Attacked someone with intent to harm (6.9%, 11.7%, and 8.5%); and carried a handgun (2.9%, 4.3%, and 2.5%).

In West Hawai`i, the lifetime prevalence reports of alcohol, tobacco, and other drug use, indicated that 6th, 8th, 10th, and 12th graders exceeded state average in every indicator reviewed except two 12th grade categories, steroid and diuretic use. As in East Hawai`i, West Hawai`i also reported similar antisocial behavioral reports that exceed State averages. Adolescents in grades 6th, 8th, 10th, and 12th reported being drunk or high in school (4.3%, 17.6%, 26.8%, and 27.7%), sold illegal drugs (2.1%, 9.7%, 10.4% and 12.0%), been arrested (3.0%, 7.4%, 7.4%, and 8.0%), and carried a handgun (2.8%, 4.2%, 3.3%, and 2.7%). Adolescents in grades 6th, 8th, and 10th reported being suspended from school (7.0%, 12.2%, and 8.4%). Students in grades 6, 8, and 12 reported: stealing or trying to steal a vehicle (1.7%, 4.4%, and 2.3%); Attacking someone with intent to harm (6.0%, 9.8%, and 6.7%); and, taken a handgun to school (1.1%, 3.4%, and 1.0%).

A vast majority of the youth in need of therapeutic/residential services are diagnosed with Co-Occurring disorders which include emotional and/or mental disorders in addition to substance abuse. For this reason, for treatment to be successful, it must address both in the same facility and during the same treatment episode.

While Wahiolanona` opio primarily serves adolescents from Hawai`i County, Marimed programs are accessible by youth and families

Statewide, by referral from the Department of Health Child and Adolescent Mental Health Division. The current target population is multi-ethnic adolescent males and females diagnosed with emotional and/or mental disorders and/or co-occurring disorders.

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- C. Quality of Service/Care. Marimed Foundation has an established, and continuous, quality assurance and improvement program, has the required STF licenses and U.S. Coast Guard licenses, and received national accreditation from the Council of Accreditation in the services of: Substance Abuse Services; Family-Centered Casework/Intensive Family Preservation; Residential Treatment; Day Treatment Services; and Group Services for Social Development and Enrichment. Additionally the Foundation is affiliated with a number of local and national youth and professional organizations including the Hawai'i Youth Services Network, Western States Youth Services Network, National Network for Youth, Association for Experiential Education, and American Sail Training Association.

Marimed continues to provide the best treatment possible. Staff are trained and qualified to treat both the mental/emotional, as well as the substance abuse aspects of Co-Occurring disorders. Each youth is diagnosed individually and an individual treatment plan specific to the youth's needs is developed. This plan is followed and is adjusted through time as the youth's needs change.

- D. Cost and Finances. Marimed has the financial resources to insure continued operation of the program, and is under contract, which provides adequate financial resources; to provide the described services. Revenues generated from the Wahiolanona`opio Kapehu Program are projected to be \$1.1 MM in 2008, increasing to \$1.15 MM in 2010. Direct Expenses are projected to be \$935,000 in 2008, increasing to \$977,500 in 2010. The remaining \$165,000 in 2008 and \$172,500 in 2010 is allocated to overhead/administration costs (15%).
- E. Relationship to Existing Health Care System. This application is an integral part of the continuum of care envisioned by Marimed, providing a step down from more expensive and more restrictive hospital-based programs. These acute hospital-based programs are not located in the Big Island requiring youth to be separated from their families. After completing residential treatment youth would be

enrolled in an aftercare program using that Certified Substance Abuse Counselors, therapists, case managers, and community-based resources.

- F. Availability of Resources. The required resources, both facility and staff, are currently in place. This facility has been operating since 2004. As stated above, this revision is to more accurately describe the services that Marimed Foundation provides. The staff includes a Program Director, Clinical Director (a psychologist), Consulting Psychiatrist, Family Therapist, CSAC/Case Manager, Program Manager, Youth Counselors, Teacher, Agricultural Instructor, and Program Nurse.

Marimed Foundation's current resources are ample to provide the quality treatment Marimed has been known for. No additional or added resources are needed at this time.

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