



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #07-22A

Applicant: Aloha House, Inc.
444 Hana Highway, #201
Kahului, Maui, Hawaii 96732

Phone: 808 871-1314

Project Title: Addition of 24 Special Treatment Facility (STF) beds
Project Address: at 4593 Ike Drive, Makawao, Maui, Hawaii

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

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

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 ST. HULIPIA & DEV. AGENCY

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: X
- 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 attached.
- 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.)
 Building Permit; OHCA license
- C. Your governing body: list by names, titles and address/phone numbers. see attached.
- 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 attached
 - By-Laws – see attached
 - Partnership Agreements
 - Tax Key Number (project's location) (2)2-5-004:005

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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.

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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 & DEV. AGENCY	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	32	24	56
TOTAL	32	24	56

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	'07 SEP 25 P 4 :48	AMOUNT:
1. Land Acquisition		_____
2. Construction Contract	ST. MARY'S & DEV. AGENCY	\$714,500.00
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:		\$714,500.00

B. Source of Funds

1. Cash	_____
2. State Appropriations	_____
3. Other Grants	\$714,500.00
4. Fund Drive	_____
5. Debt	_____
6. Other: _____	_____
TOTAL SOURCE OF FUNDS: \$714,500.00	

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7. CHANGE OF SERVICE:

Aloha House, Inc. is not proposing a new service or location. We already have the proposed additional bed capacity at the present location and are simply proposing to increase the total number of licensed STF beds from 32 to 56.

8. IMPLEMENTATION SCHEDULE:

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& DEV. AGENCY
- a) July 2007 = Date of site control for the proposed project
 - b) Dates by which other government approvals/permits will be applied for and received,
Building permit – received
OHCA – License – January, 2008
 - c) Dates by which financing is assured for the project, July, 2007.
 - d) January 2007 = Date construction will commence,
 - e) Twelve Months = Length of construction period,
 - f) December 2007 = Date of completion of the project,
 - g) Immediate upon approval of OHCA Licensing = Date of commencement of operation

9. EXECUTIVE SUMMARY: SEE ATTACHED**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.

 X The applicant believes it will not have a significant impact on the health care system.

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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. (*Note – No new location is proposed. The proposed expansion is located on the same site for which we presently have a CON.*)

Brief Summary of Project

Aloha House, Inc. was incorporated in the State of Hawaii as a nonprofit entity in 1977 and subsequently was recognized by IRS as tax-exempt under IRS Code 501(c)3.

The mission of Aloha House, Inc. is to provide comprehensive, family-centered behavioral health interventions for the prevention and treatment of individual and family dysfunction. The mission of our Mental Health and Social Services programs is to help children and adults with mental and behavioral disorders to achieve optimal functioning in their schools, in their homes, and in the community. The mission of our Substance Abuse Services Division is to assist persons addicted to drugs and/or alcohol to achieve and maintain a healthy and sober lifestyle.”

The target population for the Aloha House adult services substance abuse services continuum is chemically dependent men and women over 18 years of age. Service priority is granted to pregnant women and injection drug users, as mandated by Federal law. It is the philosophy and practice of the agency to provide service to anyone regardless of age, race or national origin, religious affiliation, gender, or sexual orientation. While there are other agencies providing substance abuse treatment services for adults, *Aloha House provides the only full continuum of care in Maui County.*

We currently have a Certificate of Need for thirty-two (32) Special Treatment Facility beds. We have obtained funding through Maui County government and private foundations, notably the Harry & Jeanette Weinberg Foundation, to increase our bed capacity by up to an additional 24 beds through the demolition of two existing and construction of two new dormitories on the same site as our existing facility. Our permits have been secured and construction is currently underway for one of the dormitories. We have published a Procurement Notice to General Contractors for the construction of the second dormitory ((April, 2007), for which we hope to begin construction by September 1, 2007.

- a) Relationship to the Hawaii Health Performance Plan (H2P2), also known as the State of Hawaii Health Services and Facilities Plan.

This application is related to the H2P2 in a number of significant ways:

- One of the recommended statewide priorities for healthcare is to promote increased insurance coverage for mental health, alcohol and other substance abuse screening, referral and treatment. As we are lacking bed capacity for crisis residential and specialized (co-occurring disorders) for persons with

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mentally illness; and detox and residential (substance abuse), addition of the requested STF beds will result in increased utilization by clients with third party payors.

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- The H2P2 has an entire chapter devoted to behavioral health and identifies concerns such as greater numbers of persons with behavioral health problems being identified, the “ice epidemic,” and limited community-based services for this population.
- The H2P2 Vision and Guiding Principles emphasizes that new and existing services meet or exceed all relevant licensing, accrediting, and certification requirements. Aloha House’s current programs of this nature meet or exceed State DOH accreditation and licensing requirements and are nationally accredited by the Commission on Accreditation of Rehabilitation Facilities.
- Number 18, p. II-10 of the H2P2 identifies thresholds for occupancy rates for intensive treatment and detoxification (85% for facilities with 16+ beds). Aloha House, Inc., with its current licensed capacity of 32 beds for substance abuse and mental health residential treatment has, for several months run at occupancy rates in excess of this threshold and has a constant waiting list, typically at 10-12 ready for immediate admission if a bed were available. There are often 30 + individuals seeking or referred for residential treatment who are in varying stages of readiness for admission.
- The Maui County Tri-Isle Subarea Council identifies behavioral health services as the #1 priority need, including drug/alcohol treatment/residential treatment for women with children.
- The chapter on Behavioral Health indicates (p. XI-5) that “each island and each DOH division, in identifying its at-risk population, consistently has requested more behavioral health services for its community....”

b) Need and Accessibility

Aloha House, Inc.’s Residential Substance Abuse Treatment Facility (and the site of the proposed expansion) is located on property leased to the agency by the County of Maui off Baldwin Avenue on Ike Drive approximately ½ way between Paia and Makawao Towns. We are located in close proximity to several other organizations involved in the delivery of education and social services, including the Hawaii Job Corps facility, Maui Youth and Family Services, Women Helping Women Domestic Violence Shelter and the Maui Farm. The site is often referred to locally as the Old Maunaolu College Campus.

Our array of residential treatment includes: alcohol and drug detoxification (medically-monitored, subacute); crisis residential or respite care for persons experiencing an acute episode of mental illness, but not requiring hospitalization; residential substance abuse treatment; specialized residential treatment for persons with co-occurring substance abuse and mental disorders.

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There is a growing demand for this level of care for the affected population as evidenced by bed days of service provided and waiting lists for eligible individuals to be admitted. Persons admitted to detox and crisis residential are generally admitted upon referral and meeting admissions criteria, but are often discharged after a short stay. This is unfortunate as many seek and are eligible for admission to regular or specialized residential treatment, but must be "waitlisted" due to lack of available beds. Patients/clients whose symptoms escalate to the point of needing a higher level of care are typically transported by ambulance to Maui Memorial Medical Center. The facility maintains several vans, which are used to transport patients as needed to medical, legal and other appointments usually in central Maui, which is about a 20 minute drive. As we have 24/7 coverage by Registered Nurses and a Physician on call 24/7, minor medical needs are handled internally.

Substance abuse is a major problem facing the people of Maui (MUW Comprehensive Needs Assessment, 1998; Alcohol & Drug Abuse Division 5 Year Plan, 2000). The Associated Press (September 5, 2002), stated that in a recent national survey "Among young people, they found that 10.8% of those ages 12 to 17 were current drug users, up from 9.7 percent in 2000. Drug use among adults ages 18 to 25 increased to 18 percent from 15.9 in 2000". More disturbing was the article in the Maui News that confirmed the State of Hawaii as having the worst crystal meth problem in the nation, according to U.S. Attorney Ed Kubo. He stated, "The problem is destroying families and communities in Hawaii".

Statistics that are kept by Aloha House indicate that the use of crystal methamphetamine or "ice" indicated usage as high as alcohol. Alcohol and methamphetamines are both being indicated as the drugs of choice approximately 30% upon admission to treatment. The remaining 40% is distributed among cocaine, pain medication, marijuana and heroin.

Much of the costs of untreated substance abuse come from such results of addiction as domestic violence, crime and incarceration, overuse and abuse of the health care system by active addicts and alcoholics. According to the Employee Assistance Association (International Conference 1999), employment related costs of addiction and alcoholism include greater worker's compensation claims, theft from businesses, and loss of productivity in the workforce.

In yet another study, published in the April, 1998, Journal of the American Medical Association, "the economic impact of (the disease of) substance abuse is as substantial as that of stroke, diabetes, and heart disease (p. 1150)". The article further indicates that the cost of effectively treating substance abuse is lower than the cost of treating these other diseases; and, the success rate of treatment for substance abuse is often greater than that of heart disease or stroke. The difference is even more dramatic if one looks at the cost of incarceration (\$32,000 per year for a very temporary solution) versus treatment (\$165/day) for a potentially permanent

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solution to a problem. Treatment works, and funding for substance abuse treatment is a wise investment of dollars (SAMHSA, 1998; JAMA, 1998).

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The impact on the cost of health care services for the Maui community is to reduce those costs as residents not able to find a residential treatment slot on Maui would need to seek treatment on another island, hence a higher cost. Also, it is well-documented that treatment for substance abuse and mental disorders can result in reduced healthcare costs for acute and chronic health care for somatic illnesses resulting from chronic substance use and mental disorders. Poignant examples are liver and heart failure.

The proposed services will be available to all residents of the area including: the elderly, low income persons, racial and ethnic minorities, women, and persons with disabilities.

c) Quality of Service/Care

Aloha House, Inc.'s programs and services are accredited by the Alcohol and Drug Abuse Division of the State Department of Health. We are licensed by DOH Office of Health Care Assurance as a Special Treatment Facility. We are also nationally accredited, since 1999, by the Commission on Accreditation of Rehabilitation Facilities. Clinical services are closely monitored both by ADAD and also the Adult Mental Health Division, which contracts with AHI for crisis residential and the co-occurring disorders program. We have a Quality Assurance Program and a Management Information System in place that allows us to regularly review output and outcome measures. Our outcomes are comparable to those of other agencies providing similar services throughout the State.

OUTCOME OBJECTIVE NUMBER	PERCENTAGE
1. Number of clients successfully completing treatment: 167	60%
2. Employment status at follow-up (percentage employed, or in school, or in vocational training): 137	55%
3. Living arrangements in the past 30 days (percentage in stable living arrangement): 225	90%
4. Number of arrests since discharge (percentage with none): 212	85%
5. Number of clients receiving substance abuse treatment since discharge (percentage with no new substance abuse treatment since discharge from final level of care in the continuum): 187	75%
6. Number of clients currently in substance abuse treatment.	Percentage

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- in appropriate level of care or clinically (successfully) discharged: 60%
167
7. In past 30 days, number of days of work and school missed because of drinking/drug use (percentage with none): 75%
187
8. Number of emergency room visits since discharge (percentage with none): 90%
225
9. Number of times client has been hospitalized for medical problems since discharge (percentage with no hospitalizations): 90%
225
10. In the past 180 days, number of clients experiencing significant periods of psychological distress (percentage with none): 60%
167
11. Frequency of use 30 days prior to follow-up (percentage with none): 70%
175
12. Usual route of administration (if IV, percentage using other method): 50%
125

Outcome objectives results are derived through six-month follow-up surveys of program participants. Aloha House also maintains statistics on clients that are still in treatment. For example, in the residential program, clients are surveyed upon admission, 10-days and 30 days into treatment, at the conclusion of treatment and six-months after the completion of treatment.

In compliance with our current contracts with Judiciary, ADAD and national accreditation requirements (CARF), AHI has a quality assurance plan, which identifies the mission of the organization, the services it provides, method of delivery, staff qualifications, and standards for evaluating the quality and utilization of services. Principal purposes of the quality assurance system is to identify strengths and deficiencies, indicate corrective actions to be taken, validate corrections, and recognize and implement innovative, efficient, or effective methods of providing the highest possible quality of care.

Utilization data is reported monthly through the Client Data System and compiled quarterly, semi-annually and annually to demonstrate progress on performance indicators. Data is analyzed and reported monthly to the granting agency. An internal review committee, consisting of the Executive Director, Clinical Director, Psychologist, a Board member, the Quality Assurance Officer and others as appropriate, meet at least quarterly to review project progress and make policy and procedural changes as needed to assure maximum compliance with program goals, objectives, and performance indicators. Data reviewed includes input from clients and referring agencies regarding level of satisfaction with services.

Below is a summary of progress on addressing quantitative objectives, which provides comparative data for the past 6 years in growth and demand for treatment:

FY 00 FY'01 FY'02 FY'03 FY' 04 FY'05

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Residential Treatment	4874 bed days	5626	7025	7800	7850	7900
Outpatient Treatment	2647 seats	2309	3024	3300	3340	3350
A. C. T.	129 individuals	107	86	93	140	170
Assessments	272 assessments	350	342	350	370	400

During the past 12 months, we served a total of 522 adults in our substance abuse treatment programs, inclusive of residential and outpatient. There is a consistent waiting list of about 10 individuals eligible for admission to residential treatment if beds were available, and 40 to 50 at various stages of the admissions and eligibility determination process.

In addition, we have contracted during the past two years with the Adult Mental Health Division to provide Crisis Residential Services for persons in an acute episode of mental illness, but not requiring hospitalization. We are contracted for eight beds concurrently or up to 2920 bed days per year. Average utilization has been 1095, but this is projected to increase along with an expanded community mental health system.

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

**ALOHA HOUSE 24 BED STF EXPANSION
PROJECTED INCOME AND EXPENSE STATEMENT**

(Based on projected occupancy of an average of 15 beds during year 1 and 20 beds during year 3)

	YEAR 1	YEAR 3
<u>OPERATING REVENUES</u>		
Public Contracts – Fee for Service	471,398	740,950
Insurance – Private Pay – Fee for Service	134,685	211,700
Grants and Fundraising	67,343	105,850
TOTAL REVENUES	\$673,426	\$1,058,500
<u>OPERATING EXPENSES</u>		
Personnel	403,042	600,170
Payroll Taxes and Fringe	76,770	114,318
Supplies	27,509	40,964
Professional Fees	11,516	17,148
Occupancy	19,193	28,580
Food	51,180	76,212

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Insurance		6,398	9,526
Communications		5,118	7,621
Repairs and Maintenance	'07 SEP 25 P 4 :48	15,994	23,816
Audit		3,199	4,763
Equipment		8,957	13,337
Travel	ST. HONOLULU & DEV. AGENCY	4,478	6,669
Other		6,396	9,526
	TOTAL EXPENSES	\$639,750	\$952,650
<u>NET INCOME(LOSS)</u>		\$33,676	\$105,850

e) Relationship to the existing health care system

Aloha House, Inc. operates the only residential treatment facility (STF) for adults with a substance abuse disorder and/or mental disorder (Crisis Residential and Co-Occurring Disorders) in Maui County. Our medically-monitored detox program is funded through contractual arrangements with Maui Memorial Medical Center and the County of Maui Department of Housing and Human Concerns. We work closely with the Community Clinic of Maui to obtain primary medical care for our clients and receive referrals from that organization for residential treatment. We also partner closely with Ka Hale A Ke Ola Homeless Resource Center and Women Helping Women (domestic violence shelter), and have a fiduciary relationship with Malama Na Makua A Keiki, Maui's only gender-specific substance abuse treatment program for pregnant and parenting women. We also are the major provider of outpatient substance abuse and mental health treatment in Maui County. We also work in close coordination with the various elements of the criminal justice system as the overwhelming percentage of their clientele have substance abuse problems.

Most health care providers would agree that Aloha House, Inc. is an essential and integral part of the health care delivery system for Maui County, specializing in behavioral health care, and that there is a shortage of beds to accommodate the demand/need for treatment.

f) Availability of Resources

Operating revenue is available from a variety of sources to support the proposed expansion, including Alcohol and Drug Abuse Division and Adult Mental Health Division of the HI Department of Health; the criminal justice system, including Judiciary (Probation and Family Court) and the Department of Public Safety (Parole and Maui Community Correctional Center); Department of Human Services, including the Medquest program (commercial and Quest insurance plans, i.e., Summerlin, HMSA, Aloha Care) and Child Welfare Services.

While recruitment and retention of qualified staff continues to be a challenge, we have successfully met this challenge in the past and have strategies for continuing to

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do so in the future, such as an active "career ladder" staff development program. We estimate the need for three additional Masters level and/or Certified Substance Abuse Counselors and three entry-level Program Assistants to staff the additional treatment capacity.

The capital expenses for development of the proposed capacity have already been secured, with construction underway.