



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #07-25A

Applicant: Kahumana Community Center
86-660 Lualualei Homestead Road
Waianae, Hawaii

Phone: 808 696-2655

Project Title: Deletion of (16) Special Treatment Facility beds

Project Address: 86-660 Lualualei Homestead Road
Waianae, Hawaii

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

- Public _____
- Private _____
- Non-profit _____
- For-profit _____
- Individual _____
- Corporation _____
- 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: _____

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

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of Intent) Not Applicable
- 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.) New license from OHCA for a T.L.
- C. Your governing body: list by names, titles and address/phone numbers
- 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 Attachment A
 - By-Laws Attachment B
 - Partnership Agreements
 - Tax Key Number (project's location) Attachment C
 - Board of Directors List Attachment D

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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	N/A	N/A	N/A	Yes STF to TLP	No
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 Psych.	16 - STF	-16 - STF	0
TLP - DD/MR	0	16 - TLP	16 - TLP
/	/	/	/
/	/	/	/
TOTAL	16 - STF	16 - TLP	16 - TLP

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

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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-

B. Source of Funds

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

TOTAL SOURCE OF FUNDS: -0-

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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.

Kahumana STF proposes to delete its designated STF - Psych. bed service as provided under Section 11-186-5, Hawaii Admin. Rules. Kahumana wishes to provide the vurrent beds as a TLP service for individuals living with development disabilities and/or mental retardation.

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: See page 9.

- 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. See page 9.

- 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.

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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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A. RELATIONSHIP TO THE HAWAII HEALTH PERFORMANCE PLAN (H2P2)

This proposal does comply with the provisions of the H2P2, although the deletion of Special Treatment Facility beds and an addition of Therapeutic Living Program beds is a rather minor manner.

The H2P2 defines the critical elements of a health care delivery system as access, quality management, cost-effectiveness, continuity of care and constituent participation. The deletion of 16-STF beds and the addition of 16-TLP's will have no effect on these elements.

Kahumana's TLP facility will continue to maintain 90% to 95% occupancy as it did as an STF for the SDMI population.

The change of 16-STF beds to 16-TLP beds will have little effect on the values and priorities of the H2P2 since the Kahumana Facility will continue to serve similar clients, albeit clients living with a dual-diagnosis of a developmental disability and a mental/emotional illness.

B. NEED AND ACCESSIBILITY CRITERIA

Because Kahumana's Facility, (if approved), will continue to serve 16-clients in a new category of services as a TLP rather than a STF, and will continue to serve similar clients, with a dual diagnosis of DD/MR and a mental/emotional illness, there will be no diminished service to clients living with disabilities and in need of the therapeutic residential services.

Kahumana assures that its written mission statement addresses service to people living with a variety of disabilities to low income persons, to racial and ethnic minorities, to the handicapped persons to other under-served groups and to the elderly.

C. COSTS AND FINANCIAL CRITERIA

There are no capital costs involved. There is no cost in deleting 16-STF beds and added 16-TLP beds to the State of Hawaii's Health Plan Priority inventory.

The change in service from an STF to a TLP will impact on operating costs. A STF bed day would cost \$235.00 while a TLP bed day would cost \$150.00, allowing for a small reduction of professional staff and administrative staff. It is Kahumana's basic policy to staff the facility according to the numbers of clients and the level of care needed. *Please see Operational Cost Analysis on the next page.*

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OPERATIONAL COST ANALYSIS

2007 - 2008

Income: 8-TLP beds x \$132.00 per day	=	\$ 385,440
- Farm Income	=	10,000
- Kitchen Income	=	10,000
- Kahumana Day Program	=	<u>144,000</u>
(Middle College, \$1,000		
x 12 student)		\$ 549,440
 Expenses:		
Staff	=	\$ 187,500
Operations	=	262,000
Administrative	=	<u>100,000</u>
Total		\$ 549,500

2008 - 2009 / 2009 - 2010

Income: 16-TLP beds x \$132.00 per day	=	\$ 770,880
- Farm Income	=	35,000
- Kitchen Income	=	50,000
- Kahumana Educational Program	=	<u>240,000</u>
(Middle College, \$1,000		
x 20 student)		\$1,095,880
 Expenses:		
Staff	=	\$ 385,500
Operations	=	425,000
Administrative	=	<u>198,000</u>
Total		\$1,008,500

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8. IMPLEMENTATION SCHEDULE

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 Kahumana Special Treatment Facility (STF), proposes to delete sixteen (16) STF psychiatric beds it currently has under its SHPDA – approved bed count.

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- a) Date of site control for the proposed project. Not applicable. Kahumana already has full site control.
- b) Dates by which other government approval/permits will be applied for and received. Two government approvals will be needed. A change in level of service and client base is currently being sought from the Department of Land Utilization for an administrative modification to our current CUP (81)/CUP-1) and SUP (Conditional Use Permit, and Special Use Permit). We will also need an adjustment in our license from the Office of Health - care Assurance, (OHCA). Kahumana will request this adjustment as soon as the Certificate of Need (CON) is issued.
- c) Dates by which financing is assured for the project. Not applicable. There is no capital expense and no financing required.
- d) Date construction would commence. Not applicable. No construction or renovations are necessary.
- e) Length of construction period. No construction.
- f) Date of completion of this project. The deletion will start immediately upon receipt of the CON. The new service will start-up immediately upon receipt of licensing as a TLP-DD/MR from OHCA.
- g) Date of commencement of operation. New service as a TLP-DD/MR will begin on October 01, 2007.

9. EXECUTIVE SUMMARY

This CON application is for the deletion of 16-STF psychiatric beds that Kahumana's facility currently has under its SHPDA approved bed count. These 16-beds would immediately be made available for CON approval as TLP-DD/MR beds to service clients who are developmental and mentally disabled or retarded, but do not meet the Medicaid Waiver eligibility standards. This practice of transferring STF beds to TLP bed services is in alignment with current trends in the field. TLP's are less expensive to operate, having less administrative restrictions and often provide comparable service spending more qualitative time with clients. Since we are keeping the same number of beds (16), and serving a needy population living with developmental disabilities, mental retardation and mental/emotional illnesses, Kahumana believes that this results in a minor change for the overall health-care needs in the State of Hawaii.

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E. RELATIONSHIP TO THE EXISTING HEALTHCARE CRITERIA

The deletion of 16-STF beds and the addition of 16-TLP beds will not have an impact on the existing healthcare system.

The 16-STF clients were transferred to Hale Na'au Pono, Waianae Coast Community Mental Health Care (WCCMHC), and all have been placed as of August 1, 2006.

F. AVAILABILITY OF RESOURCES

No new resources are required for this proposal. There are no capital expenses and no new personnel will be needed to delete 16-STF beds and add 16-TLP beds.

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