



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

## ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 14-02A Date of Receipt:  
To be assigned by Agency

### APPLICANT PROFILE

Project Title: Establishment of an 8 Bed Special Treatment Facility

Project Address: 16-1533 39<sup>th</sup> Street, Keaau, HI 96749

Applicant Facility/Organization: Narconon Hawaii

Name of CEO or equivalent: Robert O Newman II

Title: Program Director/Chairman of the Board of Directors

Address: PO Box 492965, Keaau, HI 96749

Phone Number: 808-550-0005 Fax Number: 831-219-0059

Contact Person for this Application: Robert O Newman II

Title: Program Director/Chairman of the Board of Directors

Address: PO Box 492965, Keaau, HI 96749

Phone Number: 808-550-0005 Cell: 808-351-6444 Fax Number: 831-219-0059

### CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature

4/7/14

Date

Robert O Newman II  
Name (please type or print)

Program Director/Chairman of the Board of Directors  
Title (please type or print)

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: \_\_\_\_\_

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) **There is a lease agreement between property owner(s) Liza Szabo and Michael Derykere and Narconon Hawaii. Please 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.)
  - Zoning Clearance
  - Wastewater Clearance
  - Building Inspection
  - Special Treatment Facility License to follow.

C. Your governing body: list by names, titles and address/phone numbers

**TRUSTEES**

Myron Thompson  
 5823 Kalaniana`ole Hwy  
 Honolulu, HI 96707  
 808-306-5183

Kathy Dion  
 200 Maryland Ave Ste 100  
 Glendale, CA 91206  
 818-630-6300

Dan Manson  
 262 Gaffey Road  
 Watsonville, CA 95076-9731  
 831-750-3546

**Board of Directors**

Robert O Newman II - Chairman  
 PO Box 492965  
 Keaau, HI 96749  
 808-351-6444

Angie Manson - Member  
 262 Gaffey Road  
 Watsonville, CA 95076-9731  
 831-750-3548

Hilulani Holt-Hansen - Member  
 6266 B Ibis Ave  
 Ewa Beach, HI 96706  
 808-499-6303

- 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 – **Please see attached.**
  - By-Laws – **Please see attached.**
  - Partnership Agreements – **N/A.**
  - Tax Key Number (project's location) – **(3)1-6-11-30**

**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
Special Treatment Facility	0	8	8
<b>TOTAL</b>	<b>0</b>	<b>8</b>	<b>8</b>

6. **PROJECT COSTS AND SOURCES OF FUNDS**

A. List All Project Costs:

**AMOUNT:**

1. Land Acquisition	<u>0</u>
2. Construction Contract	<u>\$21,000</u>
3. Fixed Equipment	<u>0</u>
4. Movable Equipment	<u>\$15,500</u>
5. Financing Costs	<u>0</u>
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>\$409,200</u>
7. Other: _____	<u>0</u>

**TOTAL PROJECT COST: \$445,700.00**

**B. Source of Funds**

1.	Cash	<u>\$36,500</u>
2.	State Appropriations	<u>0</u>
3.	Other Grants	<u>0</u>
4.	Fund Drive	<u>0</u>
5.	Debt	<u>0</u>
6.	Other: Fair Market Value of assets acquired by lease. (Paid by Monthly lease payments)	<u>\$409,200</u>

**TOTAL SOURCE OF FUNDS: \$445,700**

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.

**Establishment of a new service: an 8-bed Special Treatment Facility (STF). The STF will provide drug and alcohol addiction rehabilitation services to the public in a social/education model setting. The ultimate objective of the STF is to offer a holistic approach to assist individuals in building the necessary skills to live drug and alcohol free, to create lifestyles of independence and prosperity, and to become a drug-free contributing member of society.**

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 – **March 24<sup>th</sup>, 2013.**
- b) Dates by which other government approvals/permits will be applied for and received – **Permits/Clearances for proposed location have been obtained for a Special Treatment Facility.**
- c) Dates by which financing is assured for the project – **N/A**
- d) Date construction will commence – **Commenced on August 14, 2013.**
- e) Length of construction period – **Completed on January 20, 2014.**
- f) Date of completion of the project -- **Upon receiving STF Licensure by DOH – OHCA.**
- g) Date of commencement of operation - **Upon receiving STF Licensure by DOH – OHCA.**

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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.

Narconon - Hawaii (NNHI) is a public benefit, non-profit 501(c)(3) corporation that is incorporated in the State of Hawaii for the purpose of delivering drug rehabilitation and drug education. NNHI uses the Narconon® drug and alcohol addiction rehabilitation and education methodology. The Narconon methodology started as a grassroots movement, and since its inception 48 years ago, it is now being used in over 100 drug education and rehabilitation programs throughout the United States and the world.

The NNHI drug education and rehabilitation organization exists to reduce drug and alcohol abuse and/or addiction in the state of Hawaii. Since its creation, NNHI has provided drug education and prevention services to over 35,000 young people, produced and distributed 15,000 drug education kits for parents, and rehabilitation services on an outpatient or outreach basis to hundreds of addicts. The majority of these services were provided at no cost to the public.

The Narconon® treatment modality offers a long-term residential drug and/or alcohol rehabilitation program for individuals requiring treatment for substance abuse/chemical dependency and related issues. The proposed NNHI STF will offer a progress-based, not time-based, treatment solution with a high rate of success. NNHI's prime directive is to help individuals to become drug-free, valuable, contributing members of society.

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan.

The establishment of the proposed STF will allow NNHI to expand its current substance abuse and education programs and advance Statewide Health Coordinating Council (SHCC) Priorities.

The proposed services offered by the NNHI STF will promote and support the long-term viability of the health care delivery system by offering a long-term residential treatment option for individuals needing substance abuse/chemical dependency treatment, alleviating admissions to acute care facilities, and offering another option to the expanding need of individuals requiring such services.

The proposed NNHI STF will expand and retain the health care workforce and enable access to the appropriate level of care in a timely manner. NNHI seeks to offer knowledgeable and capable drug and alcohol addiction counselors in a residential setting that is promptly accessible to qualifying individuals.

Additionally, by operating an 8-bed STF for substance abuse/chemical dependency and related issues, NNHI would play a significant part in the statewide and regional continuum of care for chemical dependency treatment; and, increase and improve access to substance abuse programs, services and education as a noted Specific Health Area of Concern.

For SHPDA-approved special treatment facility beds that are designated for substance abuse/chemical dependency treatment, the average annual occupancy rate for licensed beds for each service provider in the service area is above the 75% threshold. Currently, there are two existing licensed special treatment facility providers for drug

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and alcohol rehabilitation in Hawaii County totaling 31 beds. Per our survey at the time of contact there was only one male bed available between the two facilities.

Lastly and more specific to the Hawaii County/Hawaii Subarea Planning Council Priorities, the proposed NNHI STF will increase the number of and improve the access to and the quality of health care facilities, as well as address high risk health indicators associated with substance abuse/chemical dependency through education, prevention and treatment strategies.

The proposed STF will provide another available facility for substance abuse treatment, offer an established treatment modality operated by experienced Narconon staff members, and deliver a treatment program designed to educate, prevent and address chemical dependency issues.

b) Need and Accessibility

The most recent State of Hawaii Treatment Needs Assessment, as contracted by the State of Hawaii Department of Health, Alcohol and Drug Abuse Division (ADAD) in the spring of 2004, estimated that 81,377 persons were in need of alcohol treatment, an additional 15,186 persons needed drug treatment, and a further 11,095 persons needed both alcohol and drug treatment. In total, 107,658 persons needed treatment for use of licit and illicit substances in the State of Hawaii that year. According to this report, there were 7,573 persons admitted to treatment in 2004 and therefore "roughly 100,000 persons in need of treatment did not receive it."

Regarding Hawaii County, the 2004 Treatment Needs Assessment states, "Data from the Big Island confirm that in the last few surveys, both lifetime and current prevalence of drug use has increased"; and, "A major problem facing the Big Island is the lack of quality Substance Abuse Treatment Facilities."

There is an unmet need for substance abuse treatment and a lack of providers in Hawaii County offering long-term inpatient/residential treatment. This is supported by the fact that per our research and what is listed on the Hawaii Alcohol and Drug Abuse Division's website there are currently only 2 inpatient/residential substance abuse/chemical dependency treatment facilities on the Big Island totaling 31 beds for what was estimated at 8,189 people needing treatment for alcohol and/or drugs in Hawaii County according to the 2004 Treatment Needs Assessment. NNHI fully hopes to assist in the mission to remedy this desperate need for care.

The proposed NNHI STF at 16-1533 39<sup>th</sup> Street in Keaau, Hawaii is accessible on the island by car and public transportation, and is located approximately 28 minutes (14.4 miles) from Hilo International Airport for travel by inter-island airlines. Additionally, transportation for new and graduating clients to and from regional transportation hubs is provided by NNHI at no extra cost.

Moreover, NNHI has a formal Nondiscrimination Policy and will admit qualifying adults without regard to race, color, religion, gender, age, disabilities or sexual orientation. Qualifying residents of the area, including the elderly, low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups are likely to have access to the proposed NNHI STF services.

The proposed STF is centrally located in Keaau and in close proximity to Hilo, Hawaii, thus allowing for access to providers of medical, dental and other requisite referral services.

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c) Quality of Service/Care

Licensure and accreditation for the proposed NNHI STF is being sought from the State of Hawaii Department of Health, Office of Quality Health Assurance (OHCA) and the Alcohol and Drug Abuse Division. The proposed NNHI services shall satisfy and improve quality of care standards by:

- Operating and delivering a substance abuse/chemical dependency treatment program that meets or exceeds the requirements set forth for a Special Treatment Facility under Hawaii Administrative Rules Title 11, Chapter 98 (11-98).
- Ensuring the space and residence of the STF meets the minimum requirements as set forth by local authorities, agencies and the State of Hawaii; including, applicable county fire department codes; applicable county building, electrical, plumbing, and zoning codes; and, applicable rules of sanitation.
- Delivering services in accordance with 11-98 with sufficient staff in number and qualifications to meet the needs of the clients and to carry out the program's services and activities adequately; including, experienced Narconon® case and course supervisor(s), certified drug and alcohol addiction counselors, a registered nurse and a dietitian. NNHI will ensure that all staff members are appropriately trained in CPR, First Aid and facility emergency procedures.
- Maintaining an NNHI staff-to-client ratio of 1:2.
- Providing services 24 hours per day, 7 days per week including a comprehensive treatment plan with approximately 41.5 hours per week of individual/group/education sessions, life skills courses, recovery and transition planning.

The proposed STF will include long-term residential drug and alcohol rehabilitation services in a homelike setting. As the NNHI treatment program is progress-based, not time-based, clients are welcome to stay as long as is necessary to obtain the measurable objectives of their individualized treatment plans. Interaction and support from client families is provided and encouraged by NNHI.

Quality of service can be assured by the structured Narconon methodology and program materials, as well as NNHI organizational directives designed to ensure high levels of management, operation and service delivery. Among the measures implemented by NNHI are the following:

- Regular and documented monitoring and supervision of service delivery areas, staff member conduct and client services.
- Accurate and monitored record-keeping of client files, personnel files and organization records for quality assurance.
- Weekly statistical management of service delivery, outcomes and organizational production.
- Weekly financial assessments and organizational planning.
- Minimally annual evaluations of rehabilitation delivery services, staffing and personnel requirements, community relations and outreach, organizational standards, and quality control measures.

NNHI seeks to ensure ongoing quality assurance and compliance of facility emergency procedures; health and safety practices; administrative, program, employment and facility policies and procedures; required pre-employment and annual staff training requirements; and, accessibility of NNHI services.

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

Revenue earned by the proposed NNHI STF will be from private pay, donations and health insurance reimbursement. NNHI maintains strict financial planning policies and weekly monitoring measures. Revenue and expenses are reviewed on a daily and weekly basis to ensure the financial viability of the NNHI organization.

Keeping expectations to a minimum NNHI predicts it will deliver its program to six clients in 2014 bringing in revenue of \$214,900. Costs to deliver in 2014 are approximated at \$197,100, which will generate excess revenue of \$17,800.00.

In 2016 NNHI forecasts 16 completions of the program bringing \$600,000 in revenue at an operating cost of \$525,600 thus generating \$74,400 in excess revenue.

	<u>2014</u>	<u>2016</u>
Sales:	\$ 214,900	\$ 600,000
Costs:	\$ 197,100	\$ 525,600
Excess Revenue:	\$ 17,800	\$ 74,400

As a nonprofit 501(c)(3) organization, any excess revenue received by NNHI is reinvested back into services, staff, the facility, and community outreach. NNHI is a self-sustaining organization and continuously strives to give back to the community without federal or state subsidization of its operations.

- e) Relationship to the existing health care system

Currently, NNHI collaborates with representatives from many other drug prevention or rehabilitation programs and social betterment programs in an effort to raise awareness of substance abuse and help reduce the burden associated with chemical dependency and related issues as observed in the healthcare system throughout Hawaii. By adding the proposed, comprehensive substance abuse/chemical dependency Special Treatment Facility and its services, NNHI hopes to lessen the disparity between those who require substance abuse treatment and those who can receive such necessary rehabilitation services.

Approval and certification of this proposed NNHI Special Treatment facility can provide the opportunity for increased availability of substance abuse treatment to qualifying individuals. Additionally, NNHI seeks to ensure third party reimbursement for services to these individuals via health insurance coverage, and shall offer affordable services through NNHI scholarships, thus making services available to a broad demographic in Hawaii.

NNHI will be utilizing the services of local physicians, registered nurses and other health service providers in the Hilo or Hawaii County areas as needed by its clients on a referral basis or as required by the OHCA.

Narconon organizations throughout the United States and the world have had a significant number of individuals attend its programs with observable success. By having a Narconon organization such as the proposed NNHI Special Treatment Facility located within the state of Hawaii, NNHI hopes to provide a unique and local option for individuals requiring its drug and alcohol rehabilitation services.

In the future, NNHI also hopes to apply revenue generated by the proposed Special Treatment Facility toward "Narconon® First Step Drug Withdrawal and Relapse Prevention Workshops." These workshops can be highly effective at eliminating relapse, easing the discomfort of drug and alcohol withdrawal, and shall be free to the public. NNHI anticipates that this can be another step in reducing the costs associated with substance abuse treatment on an already overwhelmed healthcare system.

f) Availability of Resources.

NNHI has already arranged for the availability of all necessary resources for the launch of this proposed Special Treatment Facility; including, trained staff, a fully-operational facility with staff member offices, service delivery areas, and client living quarters. The capital needed for start-up costs has been obtained through donations and is currently being utilized for rent, utilities and facility expenses. Revenue shall continue from private pay, health insurance reimbursement and donations.

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.