HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 13-01A (To be assigned by Agency) Date of Receipt:

APPLICANT PROFILE

Project Title: Establishment of 20 bed STF

Project Address: 77-329 and 77-331 Ho'omaluhia Drive
Kailua-Kona, HI 96740

Applicant Facility/Organization: Hawaii Island Recovery, LLC

Name of CEO or equivalent: John A. Hibscher, Ph.D

Title: CEO

Address: 75-170 Hualalai Rd., Ste. C311, Kailua-Kona, 96740

Phone Number: 808-329-1281 Fax Number: 808-329-1281

Contact Person for this Application: John A. Hibscher, Ph.D.

Title: CEO and Director of Clinical Services

Address: 75-170 Hualalai Rd, Ste. C311, Kailua-Kona, 96740

Phone Number: 808-323-2607 Fax Number: 808-323-2607

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.

John A. Hibscher, Ph.D — Signature

12/22/2012 — Date

John A. Hibscher, Ph.D. — Name (please type or print)

CEO — Title (please type or print)

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

Public	____
Private	X
Non-profit	____
For-profit	X
Individual	____
Corporation	____
Partnership	____
Limited Liability Corporation (LLC)	X
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)
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.)
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
    - By-Laws
    - Partnership Agreements
    - Tax Key Number (project's location)

3. Documentation

A. Site Control documentation - lease attached

B. Permits and Approvals Required

Planning Department – land use clearance
Department of Health – Wastewater
City and County Building Inspector
Department of Health – Office of Health Care Assurance and Alcohol and Drug Abuse Division

C. Hawaii Island Recovery Governing Body

John A. Hibscher, Ph.D.
Owner and CEO
75-170 Hualalai Rd., Ste.C311, Kailua-Kona, HI 96740
Office Phone-HIR: 329-1281
Office Phone-Dr. Hibscher: 323-2607

D. Articles of Incorporation – attached
No Partnership agreements
TMK for project: 3-7-7-004-069

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
STF	0	20	20
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

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.	$1,400,000
7.	Other: _____	
	TOTAL PROJECT COST:	$1,400,000

B. Source of Funds

1.	Cash	
2.	State Appropriations	
3.	Other Grants	
4.	Fund Drive	
5.	Debt	
6.	Other: Fair market value of leased space to be paid by monthly rental payments	$1,400,000
	TOTAL SOURCE OF FUNDS:	$1,400,000

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 20 bed STF

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,
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

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 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.

CON Application

8. Implementation Schedule

a) Lease and Letter of Intent Attached

b) All permits that can be applied for concurrent with the CON application are being done (Planning Department, Wastewater, Building Inspector).

c) N/A

d) N/A

e) N/A

f) Upon receiving STF certification

9) Upon receiving STF certification

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.

CON Application

9. EXECUTIVE SUMMARY

a) Relation to the State Plan Criteria

Utilization of inpatient beds in existing facilities for the treatment of alcohol and chemical dependency are above the 75% criteria for chemical dependency beds; Hawaii Island Recovery (HIR) would provide for the ever increasing demand for treatment of alcohol and drug abuse here in Hawaii.

The establishment of HIR as a STF will support the long-term viability of the health care delivery system by providing high quality treatment for chemical dependency. HIR will provide enhanced access to services, at the appropriate level of care, in a timely manner. Quality of care is maintained at the highest level via integrated treatment for alcohol and drug abuse and dual diagnosis conditions. Periodic trainings and seminars are offered to both the professional and lay communities supporting health education, treatment, and prevention initiatives.

The establishment of HIR as a STF will expand the awareness of availability for the much needed treatment of chemical dependency in Hawaii. Treatment of chemical dependency is an essential component of the regional and statewide continuum of care.

In regard to Hawaii County Sub-area Planning council Priorities, HIR would increase the number of and improve access to and quality of care for chemical dependency as well as increase the number of Specialty Care Providers and Allied Health Professionals. Further, HIR will improve access to community-based services and address the high risk indicators of drug abuse and dependence through treatment, education, and prevention initiatives.

b) Need and Accessibility

The State of Hawaii, Alcohol and Drug Abuse Division, conducted a Treatment Needs Assessment in 2004 and published those results in 2007. That report indicates, for the State as a whole, and estimated 81,377 people are in need of alcohol treatment only, 15,186 people are in need of drug treatment only, and 11,095 are in need of both alcohol and drug treatment, and 85,468 are in need of drug or alcohol treatment. The report unequivocally and emphatically states that "the overwhelming conclusion to the entire report is that there are not, nor could there ever be, enough treatment slots for all the people diagnosed as either dependent or abusing drugs and in need of treatment services.

Hawaii Island Recovery is located in Kailua-Kona, HI. It is accessible to all adults on the island by car and public transportation and to the entire state via relatively short and affordable inter-island airlines.

Certification will enhance accessibility to services at HIR to all socioeconomic groups. All residents in 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 treatment services. Hawaii Island Recovery has also provided cost free and substantially reduced treatment costs to Hawaii residents without sufficient financial resources.

c) Quality of Service/Care

Quality of care is ensured by a diagnostic assessment and individual treatment plan which addresses the psychological and emotional issues of the client which co-occur and maintain the addiction. A comprehensive treatment program including evidence-based individual and group psychotherapy, psycho-education, physical training and exercise, yoga, reiki, acupuncture, massage, art therapy, animal-assisted therapies, and active participation in AA and NA daily address the psychological, emotional, physical, interpersonal, and spiritual needs of the client.

Quality assurance is addressed by regular monitoring of adherence to Policies and Procedures, regular training of staff, and weekly clinical staffing.

Professional staff are individually licensed or certified in their individual professional disciplines as required. The ratio of staff to clients is high; staff include resident managers, Program Manager, Program Director, Case Manager, Administration, Psychologist, Psychiatrist, Addictionologist, Naturopathic Physician, CSAC, Master level therapists, Certified Physical trainer, Art therapist, Reiki Practitioner, Massage therapist, and Yoga Instructor.

Licensure is being sought by the Hawaii Department of Health, OHCA and certification/accreditation by Alcohol Drug Abuse Division for inpatient programming and reimbursement.

d) Cost and Finances

HIR projects the following sales and costs over a 3-year period:

	2013	2015
Sales:	$1,619,970	$2,463,990
Costs:	$1,477,892	$1,909,293
Profit:	$142,078	$754,797
	9.6%	29%

Treatment of alcohol and drug abuse will reduce chronic overutilization of hospital emergency room services and an extensive array of related health issues caused by alcohol and drug abuse.

e) Relationship to the Existing Health Care System

Hawaii Island Recovery will help to fill the gap between supply and demand for substance abuse treatment on the Big Island and State of Hawaii and hence will be a positive shared addition to already existing treatment programs in Hawaii.

Certification of HIR as a STF will allow for third party reimbursement and thereby will make services available to all in need of treatment for alcohol and drug abuse treatment. Physical accessibility to Hawaii residents reduces the added cost and inconvenience of travel to the mainland for treatment.

Treatment for alcohol and drug abuse will reduce chronic overutilization of hospital emergency room and a myriad of other health services necessitated due to alcohol and drug abuse and dependence.

f) Availability of Resources

All resources (personnel, financial, housing, office, etc.) are presently available.

No capital is required other than for rent paid from revenue.