



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 02-28

Applicant: Palolo Chinese Home
Project Title: Establishment of 42-bed SNF/ICF facility

Project Address: 2459 10th Avenue
Honolulu, HI

1. TYPE OR 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. Project will be located in:

State Senate District Number: 9 State House District Number: 18
 County Council District Number: 4 Neighborhood Board District Number: 6
 (O`ahu only)

B. Primary Service Area(s) of Project: (Please check all applicable)

- Statewide:
- O`ahu-wide: X
 - Honolulu: X
 - 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)
 See Attachment A - Deed
- 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.)
 See Attachment B - Listing of Permits
- C. Your governing body: list by names, titles and address/phone numbers
 See Attachment C
- D. If you have filed a Certification 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 Attachment D
 - By-Laws See Attachment D
 - Partnership Agreements N/A
 - Tax Key Number (project's location) 3-4-13:14

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 Bed
Inpatient Facility			X	X	X
Outpatient Facility					
Private Practice					

5. **TOTAL CAPITAL COST:** \$5 MILLION

6. **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
SNF/ICF	0	42	42
TOTAL	0	42	42

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 consult 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.

PCH will change its designation from an ARCH II with Extended Care to a Skilled Nursing and Intermediate Care Facility with 42 beds.

9. **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 Attachment F.

- 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, and
- g) Date of commencement of operation.

Please remember that the Agency does monitor the implementation of Certificates of Need approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the Certificate of Need.

10. **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

See Attachment G: Executive Summary

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Implementation Schedule Palolo Chinese Home Reconstruction & Renovation

<u>Task</u>	<u>Completion Date</u>
a) Date of site control for the proposed project.	Completed (PCH owns and controls site).
b) Dates by which other government approvals/permits will be applied for and received.	<ul style="list-style-type: none"> ▪ Conditional Use Permit – January 2003 ▪ Certificate of Need – January 2003 ▪ Sewer – January 2004 ▪ Construction <ul style="list-style-type: none"> ▪ January 2004 (1st phase) ▪ January 2005 (2nd phase)
c) Dates by which financing is assured for the project	Fundraising in increments, but completed by December 2005.
d) Date construction will commence	<ul style="list-style-type: none"> ▪ 1st phase – January 2004 ▪ 2nd phase – January 2005
e) Length of construction period	▪ SNF/ICF and Day Care/Respite – 12 months
f) Date of completion of the project	January 2005
g) Date of commencement of operation	▪ SNF/ICF and Day Care/Respite – January 2005

Executive Summary

The proposed project will provide senior living for a diverse resident population with a continuum that will accommodate aging in place. It will improve the quality of care by increasing geriatric care services for the growing elderly population and assisting the elderly in maintaining good health and independent personal functioning.

The new Skilled Nursing and Intermediate Care facility will provide a high standard of care to its residents under Omnibus Budget Reconciliation Act of 1987 (OBRA '87) and Chapter 94 of the Hawaii Administrative Rules.

Relation to the State Plan Criterion

H2P2's goal to maintain good health and independent personal functioning and its objectives to reduce the effects of chronic disease and prolong health related quality life and reduce the risk of injury and violence by promoting a safe environment and a safe community" will be supported by the proposed project in which Palolo Chinese Home will renovate and construct a new Skilled Nursing and Intermediate Care facility. This will allow Palolo Chinese Home to meet the demand and need for long term care beds on Oahu, thereby assisting the State in carrying out H2P2.

In Chapter III of the H2P2, regional priorities include: a) increased access to cost-effective health care services, especially services that reduce the overall cost to the community through prevention and better health management by providing resources and incentives that encourage their use, b) the development of care delivery systems for the elderly and chronically ill populations to provide effective management of their health and quality of life and in turn significantly reduce the heavy financial and social burden to families and to the community, and c) assistance in developing health status benchmarks to facilitate appropriate community-based health care delivery systems. Specifically in the Honolulu subarea, this program will address the overall concern priority which states a need for "increased geriatric care services for the growing elderly population" (H2P2, III-5).

Need and Accessibility

The 2001 SHPDA Utilization Report indicates that as of 2001 there were 2,684 long-term beds on the island of Oahu. According to the GSI Market Feasibility Study, in the primary market area (See Attachment H, GSI Study, page 17, for definition of primary market area), the elderly population age 75-79 will increase 19.1% between 2000 and 2005, for age 80-84 the elderly population will increase 12.8% between 2000 and 2005, and for age 85+ the elderly population will increase 12.1% between 2000 and 2005. Estimates of need for SNF/ICF beds indicate a total need for 1,841 beds by 2005 in the primary market area defined in GSI's study. PCH is planning to begin operations of its new SNF/ICF facility in 2005, or sooner, if possible. Thus, PCH will assist the State in meeting the demand for long-term care beds with the addition of 42 SNF/ICF beds.

Even with the addition of 42 SNF/ICF beds at PCH there will still be a deficit in the numbers needed to adequately provide skilled nursing, intermediate care, and special care to seniors requiring such services in Honolulu and on Oahu. For new or additional long-term care beds,

the average annual occupancy rate for all existing long term-care beds in the service area is at least 95 percent. By 2005, if no new facilities are developed or built, utilization will be near 100 percent and the demand of the elderly population will exceed the supply of long-term beds available. Therefore, there will be a deficit and a continuing need for additional long-term care beds on Oahu.

Upon completion of the renovation and new construction at PCH, its residents and the neighboring environs will have access to a 42 bed Skilled Nursing and Intermediate Care Facility in Palolo Valley on 10th Avenue in Kaimuki. All residents of the area, and in particular low income persons, racial and ethnic minorities, women, people with disabilities, and other underserved groups, and the elderly will have access to the services offered by Palolo's SNF/ICF facility. Palolo Chinese Home will continue its historical role of providing support for the elderly who continue to live in the Palolo and East Honolulu Community. A new and innovative program called the Hawaii Neighborhood Outreach to the Aged (HiNOA) will also increase the number of elderly people served by the Home.

Quality Criteria

Persons currently in care homes and family homes whose care needs can no longer be met in that setting would be able to receive appropriate services suited to their physical condition and needs at the newly renovated Palolo Chinese Home. Additionally, Palolo's SNF/ICF facility and assisted living units will include programs for special care for those individuals with Alzheimer's and Dementia.

The proposed project will improve quality of care by providing a safe environment that is compliant with the state regulations. Various committees will be established to maintain and improve the quality of care at PCH. These committees are as follows: Quality Assurance Committee (meeting quarterly), Infection Control Committee (monthly), Pharmaceutical Committee (quarterly), Transition Committee (on as needed basis), and Continuous Quality Indicators Committee (monthly). All of these committees are multi-disciplinary to ensure that all areas are covered. They will be patterned after the model used by Arcadia Retirement Residence, since PCH will be managed by Arcadia Elder Services (AES), a wholly owned non-profit subsidiary of Arcadia Retirement Residence. Arcadia is an experienced (35 years) and capable provider of skilled nursing and intermediate care services and assisted living services.

Cost and Financial Criteria

The total capital cost of the project is estimated at \$5,000,000. It will be financed by donations through Palolo Chinese Home's Capital Campaign and a \$1 million Community Development Block Grant.

On a revenue basis, the proposed SNF/ICF facility is expected to operate with a surplus for year-1 of its operations with gross revenues of \$2,462,400, and expenses generating a surplus of \$236,446. For Year-2 and Year-3, a surplus is also projected at \$203,894 and \$215,161 respectively. The three-year projection of revenues and expenses is attached as Exhibit D-2.

Relation to the Existing Health Care System Criterion

This project will improve the availability of health care in the community by: (1) enhancing access to social programs through the renovation/construction of a new SNF/ICF and an Adult Care and Day Health Center / Respite Program open to PCH residents and the greater community, (2) providing additional health care at a higher level to more than twice the number of those presently served at PCH, (3) providing additional beds for hospital discharge planning needs, and (4) providing reasonably affordable long term care.

The Palolo Project will have a beneficial effect on other health care services in the community by offering additional and needed long-term care beds. It will help to reduce waitlisted patients in hospital beds and provide a long-term care alternative for seniors, which had previously been unavailable to the Palolo/Kaimuki area. No negative impact is foreseen on other long term care providers in the community since their utilization has been over 90% and as high as 95% on Oahu and because there is still a need for a greater number of long term care beds.

Availability of Resources

Human Resources for the new Palolo Chinese Home Skilled Nursing and Intermediate Care Facility are available. All PCH staff will be invited to remain as employees of the new PCH. Increasing staff due to the expansion of beds and services will require the hiring of new personnel. Arcadia Elder Services will assist PCH in this process to ensure that qualified, experienced individuals are hired.

With respect to financial resources, all funds will be received via Community Development Block Grants (CDBGs) and contributions through the ongoing Capital Campaign.