



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 03-33A

Applicant: Marimed Foundation for Island Health Care Training
47-440 Pulama Rd., Kaneohe, HI
Phone: 808-236-2288

Project Title: Establishment of an 8 bed Special Treatment Facility

Project Address: same

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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) **See Exhibit 1**
- 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 Exhibit 5**
- C. Your governing body: list by names, titles and address/phone numbers **See Exhibit 2**
- 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 Exhibit 3**
 - By-Laws **See Exhibit 4**
 - Partnership Agreements **Not Applicable**
 - Tax Key Number (project's location) **See Page 5 of 10**

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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				√	
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
TOTAL	0	8	8

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

	RECEIVED	AMOUNT:
1. Land Acquisition		\$ 385,000
2. Construction Contract	03 FEB 11 2000	_ 15,000 _
3. Fixed Equipment		_____
4. Movable Equipment		_ 15,000 _
5. Financing Costs		_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.		_____
7. Other: Improvements _____		200,000
TOTAL PROJECT COST:		\$ 615,000

B. Source of Funds

1. Cash	\$ 147,000	
2. State Appropriations	_____	
3. Other Grants	_____	
4. Fund Drive	_____	
5. Debt	468,000	
6. Other: _____	_____	
TOTAL SOURCE OF FUNDS:		\$ 615,000

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.

The Foundation seeks to add a new location to provide services to an increased number of adolescents. Child & Adolescent Mental Health Division of the Department of Health modified our contract to increase the number of clients served. In addition, the foundation desires to expand the services offered in this facility to non-Felix class youth.

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.

Implementation Schedule

The property covered by this application was purchased by the Foundation in June 12, 2003. Its address is:

47-440 Pulama Road
Kaneohe, Hi 96744
TMK 4-7-043-040

1. Date of Site Control Document.

Mortgage dated June 12,2003

2. Dates by which other approvals/permits will be applied for and received.

Licensing as a Special Treatment Facility was applied for on May 14, 2003 and has been provisionally licensed for Felix Class youth only since August 22, 2003. Licensing to provide services to non Felix Class youth is expected to be received on February 2004.

3. Date by which financing is assured for this project.

June 12, 2003

4. Date construction will commence.

Not Applicable

5. Length of construction period.

Not applicable

6. Date of completion of the contract.

Not applicable

7. Date of commencement of operations.

Approx March 2004

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DEPARTMENT OF
INDUSTRIAL RELATIONS

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 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.

EXECUTIVE SUMMARY

The Kailana Program was launched in 1993 in response to a Request for Proposals (RFP) issued by the Department of Health's Child and Adolescent Mental Health Division (CAMHD). It was designed to serve those moderate to severely emotionally impaired youth that had been at Hawaii State Hospital and/or Castle Medical Center, as well as other youth identified as needing comprehensive, sub-acute residential mental health and special education services.

In 1996, an additional 24 residential beds were added through licensing of Marimed Foundation's Sailing School Vessel Tole Mour as a special treatment facility. A Certificate of Need was issued in March 1996 for the Tole Mour, and in July 1996 for the shore based Kailana – Kokokahi Program. In July 1997, the ship-based and shore-based programs were merged into a single program known as the Kailana Program. This was done in response to a March 1997 RFP from CAMHD that sought to reduce the number of provider contracts and encourage consolidation and cost savings.

The Foundation severed a working partnership with Hale Kipa in 1999, and opened a group home in Kaneohe to replace the Kalihi facility that had been used in the partnership. In 2000 the Foundation decided to sell the Tole Mour, and replace it with three eight bed residential facilities. All four of these facilities were licensed by the Department of Health as Special Treatment Facilities, and were granted Certificate of Need exemption based on serving Felix Class youth only.

The Program currently operates four residential facilities with a capacity of thirty-two, 14 to 18 year old adolescents. The youth in

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treatment are primarily from the island of Oahu and are offered the following integrated services:

- Individual, group, and family therapy provided by a child and adolescent psychiatrist, a clinical psychologist, and four graduate level mental health professionals.
- Chemical dependency counseling provided by a clinical psychologist and certified substance abuse counselor.
- Administration of medication and primary care nursing services by an on-site registered nurse.
- On-site secondary level and special education services provided by teachers employed by Marimed Foundation.
- Ocean-oriented recreation and experiential activities, including swimming, canoe paddling, small craft sailing, and inter-island sailing aboard the Foundation's 96 foot Sailing School Vessel Makani Olu.

The Program provides a nurturing and therapeutic placement option, in a non-institutional setting, for youth for whom home-based treatment is not possible, due either to the severity of the youth's emotional disorder or to stressors within the home setting, but for whom hospitalization is not deemed necessary. It provides a level of service for emotionally disturbed youth that, with respect to both client security and intensity of therapeutic activity, falls between hospitalization and home-based therapy on the continuum of services available to youth in Hawaii. It serves adolescents who have been hospitalized and are ready to transition to less intensive care. It also serves adolescents who are temporarily in need of services that are more comprehensive than can be offered in the home, and that are not compromised by negative influences within the home.

The proposed services will meet Certificate of Need criteria as follows:

A. Relationship to Hawai'i Health Performance Plan.

The current H2P2 states that more behavioral health services are needed in the areas of treatment of dually diagnosed youth, substance abusing youth, individuals with special needs and the necessary follow-up as a continuum of treatment. The Foundations mission is to provide programs that promote the health and well-being of youth in Hawai'i. In doing so, it provides a level of health care services that 95% of its clients might not otherwise have access to. It provides a comprehensive, well coordinated, cost effective service that has been and will continue to be responsive to the needs of our community.

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B. Need and Accessibility.

The program serves adolescents primarily from the Island of Oahu with a wide range of emotional, conduct, and substance abuse disorders. Estimates by the State indicate that demand for these services remains high (see H2P2), and that there is an insufficient number of beds available to meet this demand.

The program is accessible youth and family primarily from Oahu and is open to all racial and ethnic minorities. The experiential treatment milieu requires that youth admitted to the program pass a swimming test, but is otherwise open to all youth in the community. The cultural competence of the treatment milieu, and the absence of negative stigma often attached to institutional programs, have a beneficial impact on treatment

C. Quality of Service/Care.

Marimed Foundation has an established, and continuous, quality assurance and improvement program, has the required STF licenses and U.S. Coast Guard licenses, and has obtained accreditation from the Council on Accreditation for Child and Family Services and the Department of Health's ADAD. Additionally the Foundation is affiliated with a number of local and national youth and professional organizations including the Hawaii Youth Services Network, Western States Youth Services Network, National Network for Youth, Association for Experiential Education, and American Sail Training Association. All staff are fully accredited to meet the requirements Med-Quest.

D. Cost and Finances.

The Foundation has the financial resources to insure continued operation of the program. New debt financing the purchase of this house has been secured and does not place an undue burden on the resources of the Foundation. The alternative to this proposal would be more expensive acute hospitalization, or cheaper, but ineffective out-patient treatment.

E. Relationship to Existing Health Care System.

This application is an integral part of the continuum of care envisioned by Child and Adolescent Mental Health Division of the State Department of Health, providing a step down from more expensive and more restrictive hospital-based programs. It will help address the needs of Office of Youth Services, who desire to treat youth in a non-institutional environment in order to improve outcomes and reduce recidivism.

F. Availability of Resources.

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The required resources, both facility and staff, are already in place and operating as an STF for Felix Class youth only.

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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.