

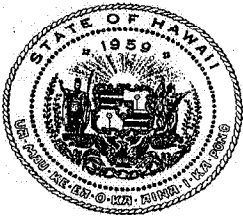
HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 04-16A

Applicant: Marimed Foundation for Island Health Care Training
45-021 Likeke Place
Honolulu, HI 96744
Phone: 808-236-2288

Project Title: Establish an 8 bed Special Treatment Facility in
Laupahoehoe, Hawaii



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 04-16A Date of Receipt: _____
To be assigned by Agency

APPLICANT PROFILE

Project Title: Establish an Eight Bed Special Treatment Facility - Ke Ola Hou Program

Project Address: Kapehu Rd at Mauluanui Rd
Laupahoehoe, HI 96784

Applicant Facility/Organization: Marimed Foundation for Island Health Care Training

Name of CEO or equivalent: Matthew A. Claybaugh, Ph.D.

Title: President & CEO

Address: 45-021 Likeke Place, Kaneohe, HI 96744

Phone Number: (808) 236-2288 Fax Number: (808) 235-1074

Contact Person for this Application: Frank E. Shivers

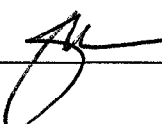
Title: Vice President & Treasurer

Address: 45-021 Likeke Place, Kaneohe, HI 96744

Phone Number: (808) 236-2288 Fax Number: (808) 235-1074

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 

May 14, 2004
Date

Frank E. Shivers
Name (please type or print)

Vice President & Treasurer
Title (please type or print)

1. **TYPE OR 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.)
County of Hawaii Contract – See Exhibit 5
State Department of Health – OCHA Licensing
- C. Your governing body: list by names, titles and address/phone numbers
See Exhibit 2
- 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 Exhibit 3**
 - By-Laws **See Exhibit 4**
 - Partnership Agreements **Not Applicable**
 - Tax Key Number (project's location) **See Page 5 of 7**

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 ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility					√	
Outpatient Facility						
Private Practice						

5. **TOTAL CAPITAL COST:** \$575,000

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
Special Treatment Facility	0	8	8
TOTAL	0	8	8

7. **CHANGE IN 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.

The Foundation seeks to add a new location to provide services to an increased number of adolescents. The County of Hawaii has issued a contract in response to their RFP for the establishment of Special Treatment Facilities for the purpose of treating substance abusing youth from the County of Hawaii.

8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

A. List All Project Costs:

AMOUNT:

- | | | |
|----|---|-------------------|
| 1. | Land Acquisition | <u>\$ 200,000</u> |
| 2. | Construction Contract | _____ |
| 3. | Fixed Equipment | _____ |
| 4. | Movable Equipment | <u>20,000</u> |
| 5. | Financing Costs | _____ |
| 6. | Fair Market Value of assets acquired by lease, rent, donation, etc. | _____ |
| 7. | Other: Structures _____ | <u>355,000</u> |

TOTAL PROJECT COST: \$ 575,000

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

The costs reflected above are actual costs of purchase, no estimates used.

C. Source of Funds

AMOUNT:

- | | | |
|----|----------------------|-------------------|
| 1. | Cash | <u>\$ 115,000</u> |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt | <u>460,000</u> |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: \$ 575,000

Implementation Schedule

The property covered by this application is in process of being purchased by the Foundation and is expected to close on May 28, 2004. Its address is:

Kapehu Rd at Mauluanui Rd
Laupahoehoe, HI 96784
TMK #3-3-5-2-29

1. Date of Site Control Document.

Accepted DROA dated April 12, 2004

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, 2004 and is expected to be received not later than October 2004.

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

May 15, 2004

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.

October 2004

EXECUTIVE SUMMARY

The Ke Ola Hou program is being launched in response to a need identified by the County of Hawaii for treatment services for substance abusing youth. The Marimed Foundation has been awarded a contract (refer to Exhibit 5), which draws on its years of experience, to establish and operate a facility for the treatment of substance abuse amongst adolescents in the County of Hawaii.

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 five residential facilities with a capacity of forty, 14 to 18 year old adolescents. The youth in treatment are primarily from the island of Oahu, but a large percentage are from the County of Hawaii 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.

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

- A. Relationship to Hawai'i Health Performance Plan. Marimed Foundation Programs help achieve equitable access to health care services to all ethnic groups regardless of economic strata. There continues to be a need for cost effective treatment of substance abuse within our community. The treatment options offered by Marimed are comprehensive, cost effective, well coordinated, and responsive to the needs of the community. The programs also offer linkages to other support services that can be used long after leaving Marimed's residential program and increasing the probability of long term positive outcomes.
- B. Need and Accessibility. A demand exists for residential beds for substance abusing adolescents in the County of Hawaii, which currently has no residential treatment facility directed at substance abuse. The County Police Department has reported a 431% increase in the use of ICE, Child Protective Services for the County reports that 85 – 90% of their caseload is ICE or drug related, and ADAD reports that ICE use among 6th to 12th graders is 50% higher in Hawaii County than anywhere else in the State. Marimed programs are accessible by youth and families from all over the State, while the Ke Ola Hou is primarily for Hawaii County youth. The initial population to be served are multi-ethnic adolescent males primarily from low income families, to be expanded, at a later date, to include adolescent females. This is an underserved group, since there is currently no residential facility for them on the Big Island.
- 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.
- D. Cost and Finances. The Foundation has the financial resources to insure continued operation of the program, and is under contract, which provides adequate financial resources, to provide the services. See attached financial projection.
- E. Relationship to Existing Health Care System. This application is an integral part of the continuum of care envisioned by Marimed Foundation, providing a step down from more expensive and more restrictive hospital-based programs. These acute

hospital based programs are not located on the Big Island requiring the youth to be separated from their families. After completing residential treatment youth would be enrolled in an aftercare program using CSAC therapists, case managers, and community based resources.

- F. Availability of Resources. The required resources, both facility and staff, are available. The facility is in escrow, Wells Fargo Mortgage has made a commitment to provide mortgage financing for the purchase of this property. The initial staff has been hired to provide day treatment services pending receipt of Certificate of Need and licensing as an STF by the Department of Health. The initial staffing includes a CSAC Case Manager, Program Manager, Youth Counselor, and Teacher/Marine Skills Instructor. On going recruiting for additional Youth Counselor positions is occurring to insure adequate staffing when the residential facility is opened.

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