



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 06-06 A
Applicant: Palolo Chinese Home
2459 10th Avenue, Honolulu, HI
Phone: 808-732-0488

Project Title: Conversion of 15 ICF/SNFbeds to 15 ICF beds

Project Address: same

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: 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 Appendix 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 Appendix B – Office of Health Care Assurance License.
- C. Your governing body: list by names, titles and address/phone numbers
See Appendix C – List of Board of Directors
- 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 Appendix D
 - By-Laws – See Appendix D
 - Partnership Agreements – Not applicable
 - 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 Beds
Inpatient Facility				X	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
ICF/SNF	42	-15	27
ICF	0	+15	15
TOTAL	42	0	42

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. | _____ |
| 7. | Other: _____ | _____ |

TOTAL PROJECT COST: \$0

B. Source of Funds

- | | | |
|----|----------------------|-------|
| 1. | Cash | _____ |
| 2. | State Appropriations | _____ |
| 3. | Other Grants | _____ |
| 4. | Fund Drive | _____ |
| 5. | Debt | _____ |
| 6. | Other: _____ | _____ |

TOTAL SOURCE OF FUNDS: \$0

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.

Palolo Chinese Home is requesting that its Certificate of Need be changed from a 42 bed ICF/SNF designation to a 15 bed ICF and 27 ICF/SNF. This will not change the total number of beds instead it would redesignate 15 ICF/SNF as ICF only.

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 – Not applicable
- b) Dates by which other government approvals/permits will be applied for and received – March 2006
- c) Dates by which financing is assured for the project – Not applicable
- d) Date construction will commence – Not applicable
- e) Length of construction period – Not applicable
- f) Date of completion of the project – Not applicable
- g) Date of commencement of operation – March 2006

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. See Appendix E.

- 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.

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.

Appendix E

Executive Summary

The Palolo Chinese Home provides senior living care for a diverse resident population with a continuum that will accommodate aging in place. Palolo's healthcare services are comprehensive, cost effective, well coordinated and responsive to the needs of the community. The Home provides Skilled/Intermediate Nursing Care; Adult Residential and Expanded Care; Day Care; Meals To Go; Overnight Respite; In-Home Geriatric Consultation; Information and Referral. The services are provided in Palolo Valley, Honolulu, Hawaii.

The Home has built and licensed 15 out of its 42 approved Certificate of Need SNF/ICF Swing beds. The decision to convert the built and licensed 15 SNF/ICF beds to 15 ICF beds is based on the identified need for this level of care. For the years 2004 and 2005, the Home has experienced a 98.90% bed occupancy for primarily ICF level of care. The Home has found that it very rarely had a need to provide skilled nursing care. Therefore, this conversion allows Palolo to focus its current operations on meeting the needs of ICF Level of Care residents, allowing it to be more cost effective, with regard to staffing coverage, and still remain in compliance with the levels of care set forth by the State of Hawaii. It is possible that we may request a return to the SNF/ICF designation once the planned additional 27 SNF/ICF swing beds are built and licensed.

9a. Relationship to H2P2 – The Palolo Chinese Home's relationship with H2P2 was established with its original certificate of need application, which is to promote good health and independent personal functioning and to reduce the effects of chronic disease and to ensure a high quality of life and reduce the risk of injury by promoting a safe environment and a safe community. The change in bed designation will continue to meet the requirements of H2P2, allowing Palolo to be more efficient and cost effective.

9b. Need and accessibility – As stated above, the decision to convert the currently built and licensed 15 SNF/ICF beds to 15 ICF beds is based on the current identified need for this level of care. For the years 2004 and 2005, the Home has experienced a 98.90% bed occupancy for primarily ICF level of care. The Home has found that it very rarely had a need to provide skilled nursing care. As such, the 15 ICF beds will better service the needs of residents of the Palolo Chinese Home. The community has access to appropriate and culturally sensitive care as based on Palolo's Mission Statement which is, "To assist and care for elders and their families by providing a continuum of care which is professional and interdisciplinary, in a culturally sensitive family setting".

9c. Quality of Service/Care – The Palolo Chinese Home has a 15 bed SNF/ICF license to operate and is in the planning process of building the additional 27 SNF/ICF beds. The Home is dedicated to providing the highest quality of care through its Quality Improvement Committee. The conversion of 15 swing beds to 15 ICF beds will require no additional changes to meet the requirements for quality. The Palolo Chinese Home will continue to be among Hawaii's top nursing facilities as it relates to quality service and care.

9d. Cost and Finances – The Palolo Chinese Home continues to operate on a financially sound basis and within the parameters as set forth in its annual budget (revenues, expenses, and net operating income). This conversion will not require additional capital costs. See attached budget.

9e. Relationship to the Existing Health care System – The Palolo Chinese Home's 42 bed Certificate of Need for a 42 bed SNF/ICF and its relationship to the local health care system will not change as a result of 15 of its beds being designated as "ICF only." The beds will allow the home to provide the care most needed within the community with no additional capital outlay and no additional staff required.

9f. Availability of Resources – A revised designation from 42 bed SNF/ICF to 27 SNF/ICF and 15 ICF beds will have a positive affect on the revenue and expenses for the Palolo Chinese Home's operations. Until the additional 27 bed SNF/ICF unit is built and licensed, no additional staff is required and no capital expenses will be incurred.