



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number 06-12A
Applicant: Hale Makua
472 Kaulana Street
Kahalui, HI
Phone: 808 243-1700

Project Title: Conversion of 124 Intermediate Care Facility (ICF) beds to
124 Skilled Nursing Facility/Intermediate Care Facility (SNF/ICF) beds

Project Address: 1540 East Main Street
Wailuku, HI

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

Public	_____
Private	<u> X </u>
Non-profit	<u> X </u>
For-profit	_____
Individual	_____
Corporation	<u> X </u>
Partnership	06 APR 21 10:58
Limited Liability Corporation (LLC)	_____
Limited Liability Partnership (LLP)	_____
Other: _____	ST. HLTH. PLAN & DEV. AGENCY

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:	<u> X </u>
Kaua`i County:	_____
Hawai`i County:	_____

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3. DOCUMENTATION (Please attach the following to your application form):

- A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent) **Attachments 1 & 2**
- 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.) OHCA and UGS
- C. Your governing body: list by names, titles and address/phone numbers **Attachment 3**
- 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 **Attachment 4**
 - By-Laws **Attachment 5**
 - Partnership Agreements **N/A**
 - Tax Key Number (project's location) **Attachment 6**

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		06 APR 21 10:58		X	X
Outpatient Facility		ST. HLTH. PLNG & DEV. AGENCY			
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	124	ICF/SNF	124
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. _____
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

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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.

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Change from an Intermediate Care Facility (ICF) to a dually-certified Skilled Nursing Facility.

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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, **1963**
- b) Dates by which other government approvals/permits will be applied for and received, **June 1, 2006**
- c) Dates by which financing is assured for the project, N/A
- d) Date construction will commence, N/A
- e) Length of construction period, N/A
- f) Date of completion of the project, N/A
- g) Date of commencement of operation, **Upon receipt of license**

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.

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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.

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.

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EXECUTIVE SUMMARY

Hale Makua proposes to convert the license and certification of 124 beds at the Wailuku facility from Intermediate Care Facility (ICF) status to ICF/SNF (Skilled Nursing Facility) swing bed status. This will enable Hale Makua to admit skilled patients for both Medicare and Medicaid clients to the Wailuku facility. This will assist Maui Memorial Medical Center to discharge its waitlisted SNF patients.

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A. Relationship to the Hawaii Health Performance Plan (H2P2), also known as the State of Hawaii Health Services and Facilities Plan

The Health Services and Facilities Plan recommends and encourages nursing facilities to convert beds from single use (i.e., SNF or ICF) to swing bed (SNF/ICF) status. This project is in concert with the plan.

B. Need and Accessibility

Hale Makua provides day health care and nursing facility care at two facilities, one in Kahului (252 swing beds) and the other in Wailuku (124 ICF beds). The Wailuku facility was built in 1966 and was central Maui's only long-term care facility at that time. When first opened, it provided skilled and intermediate beds for the community. Over the years, as changes in Medicare and Medicaid reimbursement have evolved and the need for additional beds developed, the skilled program was moved to the Kahului facility and Wailuku was converted to intermediate care.

In 1994, Hale Makua became aware of a prolonged waiting list for long term care beds in the community. Although we were also aware that home- and community-based services are preferred by many in the community and by the Department of Human Services (DHS), little progress was made in developing ongoing reimbursement vehicles to support alternatives to nursing home placement. So Hale Makua embarked on a capital campaign and constructed 118 additional swing beds to add to the 120 existing beds at Kahului. The project was completed in November of 1996. At this point in time all of the beds are essentially full at the Kahului Facility.

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Currently, there are approximately 25 patients at Maui Memorial Medical Center who are awaiting placement for a skilled nursing bed in the community at any time. A good number of these patients are waitlisted. Hale Makua, Wailuku remains fairly full but has found that we could provide a broader array of services within the facility without having to transfer residents to the hospital or the Kahului facility. By re-designating the 124 beds at Wailuku from ICF to SNF/ICF we will be able to accommodate these changes in resident needs as well as be an additional discharge point for the waitlisted patients. Skilled nursing beds are available at our Kahului facility, Kula Hospital, and within Maui Memorial. This limited bed capacity can make discharges very difficult from the acute care facility. Accessibility will be available to all residents of the area, in particular the elderly, low income persons,

racial and ethnic minorities, women, persons with disabilities, and other underserved groups.

The second major reason for proposing this change relates to the Medicaid Acuity Based Payment System for Nursing Facilities in Hawaii. In short, this new reimbursement system is based upon categories depending on the acuity of the patient. This contrasts with the previous method of payment which was based upon a flat rate per bed occupancy. Hale Makua Wailuku will receive a more favorable rate to provide skilled services under this new methodology.

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C. Quality of Service/Care

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Hale Makua is licensed and certified for skilled care through the Hospital and Medical Facilities Branch of the Hawaii State Department of Health. These rigorous inspections assure that quality is monitored and maintained for all programs. In addition, Hale Makua has established a number of initiatives to improve quality including Resident Councils at both facilities and a Customer Service Task Force composed of residents and staff which studies and acts on quality issues and concerns.

A Quality Assurance Committee, made up of members of the Hale Makua medical staff and department managers at both facilities, monitors quality indicators involving resident care on a monthly basis. Hale Makua's Safety Committees and the Loss Control Committee meet to assure that equipment, facilities, and staff practices contribute to a safe and secure environment. In 1997, the Board of Trustees adopted a corporate compliance plan that is monitored and managed by the Governance Committee. The purpose of this effort is to assure ongoing oversight regarding Hale Makua business practices to assure that they conform to our mission, vision and values.

D. Cost and Finances

Please see attached revenue/cost projections, *Attachment 7*

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E. Relationship to the existing health care system

Hale Makua interacts on a daily basis with referring physicians in the community and the discharge planning staff at Maui Memorial Medical Center to quickly and appropriately admit and discharge patients/residents to our facilities. Our Home Health Care Agency assists in making sure that patients are sent home as soon as possible. Over ninety five percent (95%) of all admissions originate from the Island of Maui. The rest represent admissions that are from other islands, most of whom are Maui residents needing to return from acute care facilities on Oahu.

This project will assist Maui Memorial Medical Center in their efforts to discharge patients who need skilled care on a timely basis. Additionally, this change may improve the Wailuku facility of Hale Makua's financial position and continued viability.