



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION – CERTIFICATE OF NEED PROGRAM

Application Number: #09-07A

Applicant: Arcadia Elder Services
1434 Punahou Street
Honolulu, Hawaii 96822

Project Title: Establishment of Adult Day Health services

Project Address: 5829 Mahimahi Street
Honolulu, Hawaii

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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) Attachment A
- 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.) Attachment B
- C. Your governing body: list by names, titles and address/phone numbers Attachment C
- 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: Attachment I
 - Articles of Incorporation
 - By-Laws
 - Partnership Agreements
 - Tax Key Number (project's location) TMK: 37010001

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.

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	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				X	
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.

N/A

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs: 2009 MAY 14 P12 50 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. \$242,500
- 7. Other: _____

TOTAL PROJECT COST: _____

B. Source of Funds

- 1. Cash _____
- 2. State Appropriations _____
- 3. Other Grants _____
- 4. Fund Drive _____
- 5. Debt _____
- 6. Other: _____ \$242,500

TOTAL SOURCE OF FUNDS: _____

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. A new service of adult day health is planned at the Kilohana Senior Enrichment Center's Adult Day Care Program. At this time, Kilohana houses an adult day care program. The expansion to adult day health services will allow the additional services permitted under Chapter 96. These services include nursing services, therapies, social services, pharmaceutical services, and psychological services.

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:

See attached Implementation Schedule.

- 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.

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 Executive Summary.

- 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)

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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.

Executive Summary

Relation to the State Plan (H2P2)

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H2P2's goal to "provide older adults with the opportunity to better maintain good health and independent personal functioning" and its objective "to reduce the risk of injury and abuse by promoting a safe environment and community" will be supported by the proposed enhancement to the Kilohana Senior Enrichment Center by expanding its current Adult Day Care Center to include an Adult Day Health Program. Expanding its services to include adult day health will enable the program to accept individuals during the day with higher acuity levels.

In Chapter III of H2P2, statewide and regional priorities include: a) for statewide – "Foster 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 their families and to the community", and b) for the Honolulu sub-area – "increased geriatric care services for the growing elderly population benefit the elderly.

Need and Accessibility

There is a substantial need and demand for day health programs in the State of Hawaii. The estimated need for adult day health "slots" can be calculated using the Weiler- Capitan method. The Weiler-Capitan equation can yield both a conservative and a potential utilization rate. Population studies and limited community and agency surveys demonstrate an immediate need for adult day health services. Using the numbers in the attached Gerontological Services, Inc. (GSI) study, for Oahu, the "slots" needed would be a conservative 421 slots with a potential for 945 slots. Currently on Oahu, there are 23 Adult Day Care Centers and 5 Adult Day Health programs. With the elderly population rapidly increasing, the demand for Adult Day Health programs far outweighs the supply.

The services to be provided by the proposed Program will be available for the Honolulu community of aging and disabled seniors. In the future, as funds become available, through financial operations and contributions or are generated, the Kilohana Senior Enrichment Center plans a scholarship fund for some low-income adults/senior citizens in order to attend the Center. The Program does not discriminate on the basis of race, gender, creed or religion. In particular, the Program services will be available to adult persons of all races, women, people with disabilities, and the elderly.

Quality Criteria

By including an Adult Day Health program in the existing Adult Day Care Center at the Kilohana Senior Enrichment Center, participants, depending on their functional level, will benefit from services such as limited nursing, occupational therapy, speech therapy, physical therapy, medication administration, limited social services, activities, and socialization.

Arcadia Elder Services, a subsidiary management company owned, operated and staffed by Arcadia Retirement Residence, will manage the proposed Adult Day Health program. To maintain a high standard of quality care, Arcadia Elder Services will adhere to the practices of Arcadia Retirement Residence in providing quality care to the participants of the proposed Adult Day Health program. In order to provide excellent quality of care, Arcadia Elder Services

estimates a staff of 4 FTEs (.5 FTE for the Program Director, .5 FTE of a Registered Nurse, and 3 FTE for Certified Nurse Aides). This will result in a staff to participant ratio of 1 CNA to 5 participants.

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The proposed project will improve quality of care by assisting older adults in maintaining good health and independent personal functioning, as well as increasing geriatric care services for the growing elderly population.

Cost and Finances

There is no major capital cost for the proposed program. In 2006, Kilohana United Methodist Church completed the building where an adult day care center currently operates (the Kilohana Senior Enrichment Center). Since June 30, 2006, Arcadia Elder Services has been operating and managing the Kilohana Adult Day Care Center. The proposed program is an additional program that will be offered at the Adult Day Care Center. The cost of construction of the facility is not being charged to the program because the construction was funded by the Harry & Jeanette Weinberg Foundation.

On a revenue basis, the proposed adult day health program is expected to operate with a deficit for year-1 of its operations with gross revenues of \$112,055, and expenses generating a deficit of \$14,736. For Year-2 and Year-3, however, a surplus is projected at \$68,211 and \$70,011 respectively. The three-year projection of revenues and expenses is attached as Exhibit D-2.

Relation to the Existing Health Care System Criterion

Expanding Adult Day Health services at the Kilohana Senior Enrichment Center site will enhance the health care system in the community by providing a much-needed service to a fast growing elderly population. The program will create up to 36 slots for individuals who need and could benefit from day health services on the island of Oahu.

The program will work in concert with hospitals, rehab centers and other day care and day health programs to provide possible options to Hawaii's seniors. The proposed program will not affect the utilization of other health care systems. There is currently a high demand for day health programs. The 36 slots this program provides will positively impact other programs because the demand for day health programs far outweighs the supply.

Availability of Resources

Human Resources for the proposed Kilohana Adult Day Health Program are available. All staff will be provided by Arcadia Retirement Residence, parent company of Arcadia Elder Services. Recruiting and hiring staff will not be a problem.

With respect to financial resources, the facility has already been built and paid for by a grant from the Harry & Jeanette Weinberg Foundation and is currently operating as an Adult Day Care Center. This proposal simply enhances and expands an existing day care program and does not require additional funds.