



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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GOVERNOR

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January 23, 2003

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 02-23
Marimed Foundation for Island Health	)	
Care Training	)	
Applicant	)	DECISION ON THE MERITS

## DECISION ON THE MERITS

The State Health Planning and Development Agency (hereinafter "Agency"), having taken into consideration all of the records pertaining to Certificate of Need Application No. 02-23 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendations of the Oahuwide Certificate of Need Review Committee and Certificate of Need Review Panel, the Agency hereby makes its Decision on the Merits, including findings of fact, conclusions of law, order, and written notice on Certificate of Need Application No. 02-23.

I

## BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of an 8 bed Special Treatment Facility at 47-125 Okana Road, Kaneohe, HI, at a capital cost of \$413,627.
2. The applicant, Marimed Foundation for Island Health Care Training, is a nonprofit corporation organized under the laws of the State of Hawaii.

3. The Agency administers the State of Hawaii's Certificate Program, pursuant to Chapter 323D, Hawaii Revised Statutes (HRS), and Title 11, Chapter 186, Hawaii Administrative Rules (HAR).

4. On September 27, 2002, the applicant filed with the Agency a Certificate of Need application for the establishment of a 8 bed Special Treatment Facility at 47-125 Okana Road, Kaneohe, HI, at a capital cost of \$413,627 (the "Proposal"). On October 10, 2002, the applicant submitted a request for January 2003 hearing dates. On January 2, 2003, January 3, 2003, and January 6, 2003, the applicant submitted additional information. On January 7, 2003, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #02-23.

5. The period for Agency review of the application commenced on January 7, 2003, the date on which written notification was mailed to the applicant.

6. The Oahuwide Certificate of Need Review Committee met at a public meeting on January 13, 2003 and recommended approval of this application by a vote of 4 in favor and 0 opposed.

7. The application was reviewed by the Certificate of Need Review Panel at a public meeting on January 16, 2003. The Panel recommended approval of the Proposal by a vote of 5 in favor and 0 opposed.

8. The Statewide Health Coordinating Council review of the application was waived pursuant to Section 323D-44.6 HRS.

9. This application was reviewed in accordance with Section 11-186-15, HAR.

10. Pursuant to Section 323D-43(b), HRS:

"(b) No Certificate shall be issued unless the Agency has determined that:

- (1) There is a public need for the facility or service; and
- (2) The cost of the facility or service will not be unreasonable in the light of the benefits it will provide and its impact on health care costs."

11. Burden of proof. Section 11-186-42, HAR, provides:

"The applicant for a certificate of need or for an exemption from certificate of need requirements shall have the burden of proof, including the burden of producing evidence and the burden of persuasion. The degree or quantum of proof shall be a preponderance of the evidence."

II

**FINDINGS OF FACT**

**A. REGARDING THE RELATION OF THE PROPOSAL TO THE STATE HEALTH SERVICES AND FACILITIES PLAN (HAWAII HEALTH PERFORMANCE PLAN) OR "H2P2"**

12. The applicant states that the Proposal will meet the goals of H2P2 by promoting the health and well-being of "at risk" youth and families by offering timely, comprehensive, holistic services centered around marine-based experiential education. The Proposal helps to achieve equitable and effective access to this level of care since 95% of those served come from low income households.

13. The applicant states that the Proposal supports the basic principles for a health care delivery system by offering services that are comprehensive – by treating interrelated disorders utilizing "best practices"; cost effective – by using a strong budgetary system that assures costs are necessary, prudent and part of a planned health care approach; well-coordinated – by providing services that are designed through a quality assurance program; responsive – by participation in all relevant community forums.

14. The applicant states that the Proposal relates to the desired characteristics of a health care delivery system by increasing access to low income households and all ethnic groups; by working collaboratively with other outside agencies in meeting their individuals needs within the mental health arena.

15. The applicant states that its Proposal relates to the critical elements of a health care system as follows:

- Access – 95% of the adolescents admitted to the program are from low income households, and consists of a broad representation of ethnic groups.
- Quality Management – by providing continuous review of operations to assure that "best practices" are maintained, that expected outcomes are being met, and that program efficiencies are instituted when and as appropriate.
- Cost Effectiveness – by providing an alternative, step-down service that is less expensive and less restrictive than hospitalization, incarceration, or more expensive and restrictive programs.

- Continuity of Care – by providing a step-down service that fills the gap between more restrictive, structured inpatient services and less restrictive programs that are not appropriate.
- Constituent participation – by providing collaborative treatment plan development that includes the individual, schools, CAMHD, family, and therapists.

16. The applicant states that the Proposal supports Chapter XI of H2P2 – *Behavioral Health and Substance Abuse*, treating adolescents with co-recurring substance abuse/mental health issues.

17. The applicant states that the Proposal supports Chapter VIII of H2P2 – *Preventable Injury and Violence*, by preventing or lowering the incidence of alcohol and drug use that is often the cause or can exacerbate the probability and magnitude of injury and violence.

18. The applicant states that the Proposal supports Chapter X of H2P2 – *Maternal and Child Health (Adolescent Health)* by encouraging appropriate risk-taking through its experiential model that develops self-esteem, confidence, and team building rather than dangerous or self-harming behavior.

19. The Agency finds that this criterion has been met. The applicant has proven that the Proposal is consistent with the provisions of the state health services and facilities plan (H2P2).

#### **B. REGARDING NEED AND ACCESSIBILITY CRITERIA**

20. The applicant states that the Proposal provides access to “at risk” youth, 95% of whom come from low-income households and represent a cross culture of minority ethnic cultures.

21. The applicant states that the target market for its Proposal are adolescent males age 14 to 18 primarily from the island of Oahu with a wide range of emotional and conduct disorders, including those who are emotionally impaired, self-destructive, overly withdrawn or hyper-aggressive, and learning disabled.

22. The applicant states that based on its daily census and waitlist over the past two years that there is a high demand for their services.

23. The applicant states that future projections based on the prevalence of child and adolescent mental disorders and serious emotional disturbance in Hawaii is 18,950, of which 9.8% will need substance abuse treatment; and that extrapolating from this data as many as 1,857 adolescents in Hawaii will need

treatment for mental disorders serious emotional impairment and substance abuse.

24. The applicant states that the Proposal involves services accessible to youth and family of all racial and ethnic minorities.

25. The Agency finds that the need and access criteria have been met.

#### C. REGARDING QUALITY AND LICENSURE CRITERIA

26. The applicant states that for the past five years it has used a comprehensive, organization-wide quality assessment and improvement plan that addresses all aspects of care delivery and program management; that the plan has been incorporated into their policies and procedures.

27. The applicant states that it has been invested in continually improving the quality of care provided; it has created various methods for consumer feedback such as formation of the cadet counsel, family sessions, outcome surveys and client satisfaction surveys.

28. The applicant states that as a result of consumer feedback, it has provided more employee training including incorporation of strict cognitive-behavioral models and the use of Kohlberg's moral development model throughout the program.

29. The applicant states that it has focused on and strengthened the chemical dependency and poverty program components as a result of consumer feedback.

30. The applicant states that, as a result, it has received sustained licensing and accreditation from the Department of Health, and has received various accreditation from different national and local organizations.

31. The applicant states that the training, qualifications and experience of its staff is reflective of the range of services and treatment environment.

32. The Agency finds that quality and licensure criteria have been met.

#### D. REGARDING THE COST AND FINANCIAL CRITERIA

33. The applicant states that the cost of the building is \$413,627 of which \$287,000 was financed and with a remaining unpaid balance of \$283,373. Its annual staffing costs are \$640,252.

34. The applicant states that it has adequate resources to continue operations for the foreseeable future.

35. The applicant states that it has recently removed from service the sailing vessel Tole Mour and transitioned to the four building, 24 residential bed setup to reduce the costs of the program.

36. The applicant states that its rates of \$394 are justified by providing more comprehensive in services that other programs (\$265) and is significantly less than the acute care bed (\$600).

37. The Agency finds that cost and financial criteria have been met.

**E. REGARDING THE RELATIONSHIP OF THE PROPOSAL TO THE EXISTING HEALTH CARE SYSTEM OF THE AREA**

38. The applicant states that the Proposal provides a highly structured, staff-secure comprehensive residential treatment program designed to help emotionally impaired adolescents in a culturally competent milieu that is non-institutional in nature. It offers an important step in the continuum of care for these youth.

39. The applicant states that the Proposal will help relieve pressure on more restrictive and more costly programs to accept and retain youth who are not in crisis.

40. The applicant states that the Proposal complements less restrictive programs by providing a more highly structured option. It also provides a continuum of care that leads to the reintegration of the youth into the family and the community.

41. The applicant states that the Proposal will allow youth to return home that are in treatment on the mainland. This will mean the youth and their families can receive treatment together as a unit.

42. The Agency finds that this criterion has been met.

**F. REGARDING THE AVAILABILITY OF RESOURCES**

43. The applicant states that current staffing and facilities are sufficient to meet the needs of the Proposal as stated.

44. The applicant states that no new debt is being proposed. All permanent debt financing is in place. No new equipment is being proposed.
45. The Agency finds that this criterion has been met.

### III

#### CONCLUSIONS OF LAW

Having taken into consideration all of the records pertaining to Certificate of Need Application No. 02-23 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons, the recommendations of the Oahuwide Certificate of Need Review Committee and Certificate of Need Review Panel, and based upon the findings of fact contained herein, the Agency concludes as follows:

The applicant has met the requisite burden of proof and has shown by a preponderance of the evidence that the Proposal meets the criteria established in Section 11-186-15, HAR.

Accordingly, the Agency hereby determines that, pursuant to Chapter 323D-43(b):

- (1) There is a public need for this proposal; and
- (2) The cost of the proposal will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

#### ORDER

Pursuant to the findings of fact and conclusions of law contained herein, IT IS HEREBY DECIDED AND ORDERED THAT:

The State Health Planning and Development Agency hereby APPROVES and ISSUES a certificate of need to Marimed Foundation for Island Health Care Training for the proposal described in Certificate Application No. 02-23. The maximum capital expenditure allowed under this approval is \$413,627.


WRITTEN NOTICE

Please read carefully the written notice below. It contains material that may affect the Decision on the Merits. The written notice is required by Section 11-186-70 of the Agency's Certificate of Need Program rules.

The decision on the merits is not a final decision of the Agency when it is filed. Any person may request a public hearing for reconsideration of the decision pursuant to Section 11-186-82 of the Agency's Certificate of Need Program rules. The decision shall become final if no person makes a timely request for a public hearing for reconsideration of the decision. If there is a timely request for a public hearing for reconsideration of the decision and after the Agency's final action on the reconsideration, the decision shall become final.

DATED: January 23, 2003  
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA  
Administrator



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the attached Decision on the Merits, including findings of fact, conclusions of law, order, and written notice, was duly served upon the applicant by sending it by certified mail, return receipt requested, in the United States Postal Service addressed as follows on January 23, 2003.

Marimed Foundation for Island Health Care Training  
c/o Matthew A. Claybaugh, PhD  
President & CEO  
45-021 Likeke Place  
Kaneohe, HI 96744

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA  
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