



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

LINDA LINGLE  
GOVERNOR OF HAWAII

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ADMINISTRATOR

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December 13, 2002

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 02-31
Care Hawaii, Inc.	)	
	)	
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. 02-31 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, Certificate of Need Review Panel and the Statewide Health Coordinating Council, 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. 02-31.

I

## BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of an 8 bed Special Treatment Facility (STF) at 1668 Hoohulu Street, Pearl City, HI at a capital cost of \$335,000.
2. The applicant, Care Hawaii, Inc. (Care), is a Hawaii Professional 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 October 28, 2002, the applicant filed with the Agency a Certificate of Need application for the establishment of an 8 bed Special Treatment Facility (STF) at 1668 Hoohulu Street, Pearl City, HI at a capital cost of \$335,000 (the "Proposal"). On November 1, 2002 the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #02-32. On November 4, November 8, November 15 and November 20, 2002, the applicant submitted additional information.

5. The period for Agency review of the application commenced on November 1, 2002, the date on which written notification appeared in the newspaper of general circulation pursuant to section 11-186-39 HAR.

6. The Oahuwide Certificate of Need Review Committee met at a public meeting on November 8, 2002 and recommended conditional approval of this application by a unanimous vote of 6 in favor and none opposed. The conditions were as follows:

1. Relating to access to care, the applicant shall provide a copy of the Access Line (DOH) criteria that determines how patients are referred to which particular provider.
2. Relating to quality of care, the applicant shall provide:
  - a. A copy of its policies and procedures manual.
  - b. Agree that its DOH license to operate its special treatment facility shall be issued with no waiver(s) of Special Treatment Facility (STF) licensure requirements. In the event that the license does contain waivers from licensure requirements, then the applicant agrees that its certificate of need will be immediately withdrawn and waive its rights to appeal the withdrawal.
  - c. More information on how it provides for community safety.
3. Relating to cost and finances, the applicant shall amend its payer mix and its revenue and cost projections to be consistent with its statement that it accepts patients other than those contracted for by the Department of Health.
4. Relating to availability of resources, the applicant shall provide a list of its staff and managers who have specific STF experience.

7. On November 15, 2002, the applicant provided the requested information/ amendments.

8. The application was reviewed by the Certificate of Need Review Panel at a public meeting on November 15, 2002. The Panel recommended conditional approval of the Proposal by a unanimous vote of 5 in favor and none opposed. The conditions were as follows:

1. Relating to access to care:

The applicant will provide a letter indicating that the Draft Access Line criteria provided to the Agency represents the most current draft issued by the Department of Health (DOH). Their letter will also indicate that they will provide the Agency with any updates to the draft as they become available.

2. Relating to quality of care:

The applicant agrees that its Special Treatment Facility (STF) license from the DOH will contain no waiver(s) from licensure requirements. If there are waivers, then they agree that their certificate of need will be immediately withdrawn and waive their rights to appeal the withdrawal. The only exception will be to allow for waivers stemming from physical plant requirements (i.e. window sill height, door width and the like).

9. On November 20, 2002, the applicant provided a letter to the Agency stating its acknowledgment of and agreement to these conditions.

10. The application was reviewed by the Statewide Health Coordinating Council at a public meeting on November 21, 2002. The Council recommended conditional approval of the Proposal by a unanimous vote of 12 in favor and none opposed. The conditions were as per finding 8 above.

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

12. 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.”

13. 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"**

14. With respect to the goals of H2P2, the applicant states that the "proposed services will reduce health disparities among Hawaii residents by decreasing the intensity of symptoms of mental illness in the severely mentally ill population and assisting these individuals towards independent functioning."

15. With respect to the objectives of H2P2, the applicant states that the "the proposed services reduce the risk of injury and violence to the severely mentally ill and the community through a safe, secure, home-like environment with qualified staff supporting the individuals(sic) stabilization and return to the community."

16. The applicant states that the proposal achieves one of the desired characteristics of a health care delivery system by supporting "collaborative relationships between the Adult Mental Health Division (AMHD), Community-Based Case Management, Community Mental Health Centers, hospitals, emergency services and community housing services."

17. The applicant states that the Proposal positively impacts the following behavioral health process measures in Chapter XI of H2P2: BHP-1 Comprehensive Spectrum of Care, BHP-2 Continuity of Care, and BHP-3 Accessibility of Services.

18. The applicant also states that the Proposal positively impacts the following behavioral health outcome measures in Chapter XI of H2P2: BHO-5 Incidence /Prevalence of Mental Illness, BHO-6 Consumer Satisfaction, and BHO-7 Relapse/Recidivism.

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

**B. REGARDING NEED AND ACCESSIBILITY CRITERIA**

20. The applicant states that the target population for the Proposal "is the severely mentally ill consumer, 18 years or older, who are in need of 24 hour specialized residential rehabilitation services."
21. The applicant states that according to data supplied by the AMHD 2001 Service Development Implementation Plan, approximately 15% of mental health consumers (2400 consumers statewide) are in need of intensive, 24 hour rehabilitative services and with 80% of the mental health population (1900 individuals) residing on Oahu.
22. The applicant states that the Proposal "will replace 6 residential-level beds from the 22 bed Cottage Program at Hawaii State Hospital in Kaneohe... and add 2 more beds to meet the constant waiting list of 2-3 consumers for this level of service" The applicant states that this wait list has "an average wait of 3 weeks for admission."
23. The applicant projects that the Proposal will achieve an average occupancy of 100% (8 beds) during the first year of operation.
24. The applicant states that its services "will be accessible to the seriously mentally ill population who live anywhere on Oahu. The proposed services accept all referrals from the DOH (Department of Health) access line and from CCS (HMSA's Community Care Service) without regard to income, race, ethnicity, gender, disability, or age."
25. The Agency finds that the need criterion has been met.

**C. REGARDING QUALITY AND LICENSURE CRITERIA**

26. The applicant states that the Proposal will increase the quality of care being delivered to the target group by: providing for consumer medication management, providing a residential atmosphere easing and encouraging the consumer's transition into the community, encouraging consumer involvement in the treatment process, and emphasizing positive treatment outcomes congruent with consumer's expressed goals for outcomes
27. The applicant states that it has been operating various child and adult outpatient and residential services since July 1, 1999 and has received the highest level of accreditation (3 years) from CARF.

28. The applicant states that it is certified by AMHD and will seek a Special Treatment Facility license from the Department of Health for the proposed facility.

29. The applicant states that it has a quality assurance plan and a continuous improvement process in place which was developed to meet CARF accreditation and internal requirements as well as Medicaid and CAMHD quality assurance requirements.

30. The applicant states that all personnel receive training which includes, but is not limited to, the following areas: assessment, medication management, crisis intervention, substance abuse, dual diagnosis, CPR, forensic and safety issues.

31. The applicant states that it has in place policies and procedures to ensure both consumer and community safety including, but not limited to: crisis prevention intervention, collaboration with police, fire department and emergency services, health and safety program procedures, seclusion and restraint policies and procedures, and incident reporting and review.

32. The applicant states that it has 385 employees providing mental health services, 44 of which have experience working in STF facilities. The applicant states that employees are screened, credentialed, trained and supervised in their delivery of services.

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

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

34. The applicant states that the primary cost of the Proposal is the operating costs and that the primary financing for these costs is derived from a contract with AMHD, with approximately 30% of funds coming from health insurances.

35. The applicant projects that the excess funds from operations will be \$34,379 for each of its first three years of operations. The applicant states that the projected annual revenues are adequate to cover the projected annual costs and allow for the hiring and retention of qualified staff.

36. The applicant states that the project is expected to reduce health care costs "by providing a less expensive alternative to emergency room and inpatient care."

37. The applicant states that "the proposed services are both cost effective and adhere to best practices in delivering service in the least restrictive

environment that optimizes the consumer's potential to return easily to the community."

38. 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

39. The applicant states that the Proposal "will fill the gap between psychiatric hospitalization and community living for the SMI (severely mentally ill) population."

40. The applicant states that "the proposed services will allow other health care services such as hospitals, community health centers, group homes, etc. the option of placing consumers in a safe therapeutic environment." The applicant further states that "... this option will free up hospital bed that are needed for more acute situations such as suicidal or homicidal incidents."

41. In the Statewide Health Coordinating Council's recommendation for conditional approval of this application, the Council made the following comment with respect to the certificate criteria: "The proposal will have a positive effect on the existing healthcare system. The applicant states that it has established relationships with other providers and agencies. The proposal will benefit the hospitals and the emergency rooms in the service area."

42. The applicant states that other community based agencies in the service area will be provided access to their consumers residing in the facility and will be included in treatment planning meetings.

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

F. REGARDING THE AVAILABILITY OF RESOURCES

44. The applicant states that the Proposal requires 3.1 FTE registered nurses, 6.3 FTE mental health technicians and 1 FTE program assistant/food manager and that these personnel are available from its existing pool of employees.

45. The applicant states that the primary cost of the Proposal is the operating costs and that the primary financing for these costs is derived from a contract with AMHD, with approximately 30% of funds coming from health insurances.

46. 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. 02-31 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, Certificate of Need Review Panel and Statewide Health Coordinating Council 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 Care Hawaii, Inc. for the proposal described in Certificate Application No. 02-31. The maximum capital expenditure allowed under this approval is \$335,000.



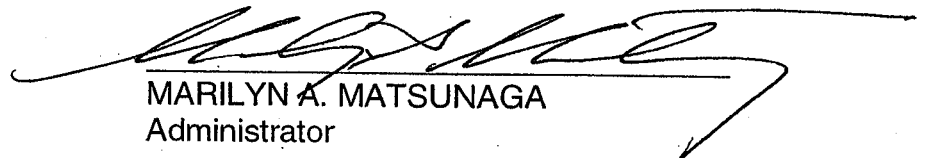
WRITTEN NOTICE

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: December 13, 2002  
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



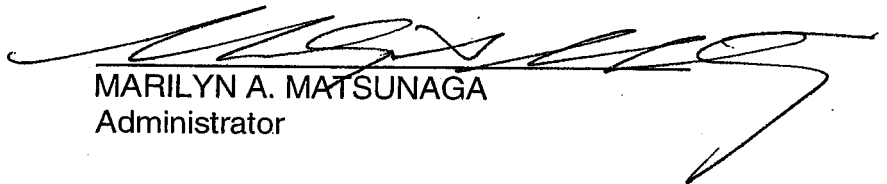
MARILYN A. MATSUNAGA  
Administrator

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 December 13, 2002.

Tina McLaughlin, Psy. D.  
CEO  
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Honolulu, HI 96813

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY



MARILYN A. MATSUNAGA  
Administrator