



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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GOVERNOR

MARILYN A. MATSUNAGA
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February 14, 2003

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF)	CERTIFICATE OF NEED
)	APPLICATION
)	NO. 03-01
Mental Health Kokua)	
)	
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. 03-01 on file with the Agency, including the written and oral testimony and exhibits submitted by the applicant and other affected persons and the recommendations of the Hawaii County Subarea Health Planning 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. 03-01.

I

BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of a 6 bed Special Treatment Facility (STF) at 140 Wainaku Street, Hilo, HI at a capital cost of \$93,000.
2. The applicant, Mental Health Kokua, is a non-profit 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 January 14, 2003, the applicant filed with the Agency a Certificate of Need application for the establishment of a 6 bed Special Treatment Facility (STF) at 140 Wainaku Street, Hilo, HI at a capital cost of \$93,000. (the "Proposal"). On January 24, 2003 and January 29, 2003 the applicant filed additional information. On January 29, 2003, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. #03-01.

5. The period for Agency review of the application commenced on January 30, 2003, the date on which written notification appeared in the newspaper of general circulation pursuant to section 11-186-39 HAR.

6. The application was reviewed by the Hawaii County Subarea Health Planning Council at a public meeting on February 5, 2003. The Council recommended approval of the Proposal by a vote of 11 in favor and none opposed.

7. The Certificate of Need Review Panel and the Statewide Health Coordinating Council reviews of the application were waived pursuant to Section 323D-44.6 HRS.

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

9. 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."

10. 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"

11. 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."

12. 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."

13. 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.

14. 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.

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

B. REGARDING NEED AND ACCESSIBILITY CRITERIA

16. The applicant states that the target population are adults, 18 years or older, who have mental illness and are in need of interim housing residential services. The applicant states that eligible consumers need to be non-dangerous, stable, and not appropriate for crisis residential placement.

17. The applicant states that according to data supplied by the AMHD 2001 Service Development Implementation Plan, approximately 9% of mental health

consumers (1400 consumers statewide) are in need of specialized residential services.

18. The applicant states that extrapolating these figures to the East Hawaii population, approximately 100 to 135 consumers during the year might be appropriate for the proposed interim housing services.

19. The applicant states that there are no interim housing services available in East Hawaii.

20. The applicant states that its services will be accessible to all the residents of the East Hawaii, including all the underserved populations. The proposed services accept all referrals without regard to income, race, ethnicity, gender, disability, or age.

21. The Agency finds that the need and accessibility criterion has been met.

C. REGARDING QUALITY AND LICENSURE CRITERIA

22. The applicant states that it is accredited by CARF and has a quality management plan which was developed to meet CARF accreditation and internal requirements as well as AMHD quality assurance requirements.

23. The applicant states that it will be seeking licensure as a Special Treatment Facility for the proposed services with the Office of Health Care Assurance.

24. The applicant states that all personnel receive recurring training which includes, but is not limited to, the following areas: crisis response and management, crisis intervention techniques, health and safety, medication management, psychosocial rehabilitation, substance abuse, CPR, and cultural competency.

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

D. REGARDING THE COST AND FINANCIAL CRITERIA

26. The applicant states that the project will reduce health care costs by providing less expensive alternatives to emergency room visits and acute hospitalization. The applicant projects that cost savings per bed day is \$496-\$796 per for interim housing services.

27. The applicants states that its per unit cost is \$204 per bed day and its per unit charge to AMHD is \$160. The applicant states that funding from the United Way, Hawaii County and donations will cover the difference.

28. The applicant projects total revenues and total costs to be \$297,500 in year one of the proposal and \$306,000 in year three.

29. 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

30. The applicant states that the Proposal will fill the gap between psychiatric hospitalization and community living for the SMI (severely mentally ill) population by providing services to those consumers who may not fit the criteria for hospitalization or crisis shelter but would be appropriate for community housing.

31. 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 and that this option will free up hospital and crisis beds that are needed for more acute situations such as suicidal or homicidal incidents.

32. 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.

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

F. REGARDING THE AVAILABILTY OF RESOURCES

34. The applicant states that the Proposal requires 4.8 FTE Residential Assistant, .50 FTE Registered Nurse, .25 FTE County Services Director, .25 FTE Program Services Manager and .45 FTE Peer Coach and that this personnel is available.

35. The applicant states that the capital cost of the project is \$93,000 and that the mortgage debt remaining is \$63,577. The applicant states that this mortgage debt will be offset by capital campaign funds.

36. 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. 03-01 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 Hawaii County Subarea Health Planning 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 Mental Health Kokua for the proposal described in Certificate Application No. 03-01. The maximum capital expenditure allowed under this approval is \$93,000.

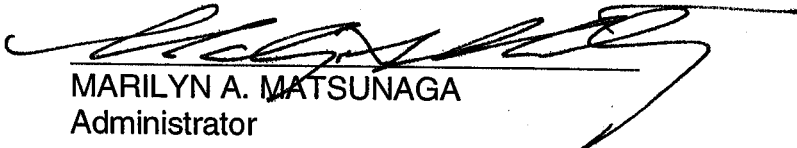
WRITTEN NOTICE

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: February 14, 2003
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

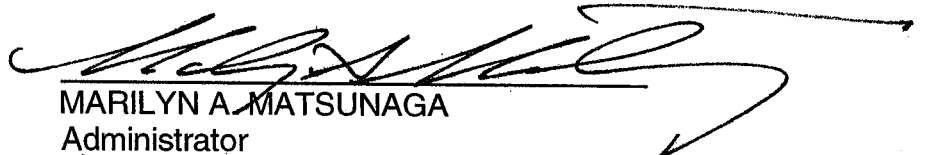

MARILYN A. MATSUNAGA
Administrator

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 February 14, 2003.

Joanne L. Lundstrom
Executive Director/CEO
Mental Health Kokua
1600 Kapiolani Blvd., Suite 700
Honolulu, HI 96814

HAWAII STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY


MARILYN A. MATSUNAGA
Administrator