



# STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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GOVERNOR

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June 25, 2003

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

IN THE MATTER OF	)	CERTIFICATE OF NEED
	)	APPLICATION
	)	NO. 03-06
Kids Behavioral Health of 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. 03-06 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 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. 03-06.

I

## BACKGROUND

1. This is an application for a Certificate of Need ("Cert.") for the establishment of a 32 bed Special Treatment Facility at 440 Kapiolani Street, Hilo, HI, at a capital cost of \$353,272.

2. The applicant, Kids Behavioral Health of Hawaii, Inc., is a private, for-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 March 21, 2003, the applicant filed with the Agency a Certificate of Need application for the establishment of a 32 bed Special Treatment Facility at 440 Kapiolani Street, Hilo, HI, at a capital cost of \$353,272 (hereinafter "the Proposal"). On March 21, 2003, the Agency determined that the application was incomplete and requested additional information. On April 15, 2003 and April 28, 2003 the applicant submitted additional information. On April 29, 2003, the application was determined to be complete. For administrative purposes, the Agency designated the application as Cert. No. 03-06.
5. The period for Agency review of the application commenced on May 1, 2003, the day notice was provided to the public pursuant to 11-186-39 HAR.
6. The Hawaii County Subarea Health Planning Council met at a public meeting on May 7, 2003 and recommended approval of this application by a vote of 6 in favor and 1 opposed.
7. The application was reviewed by the Certificate of Need Review Panel at a public meeting on May 16, 2003. The Panel recommended approval of the Proposal by a vote of 6 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 to 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 to 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 help meet the goals of H2P2 by decreasing the intensity of symptoms of mental illness in children age 11 to 18, assisting children in being able to function outside institutional settings and preparing children for independent living.

13. With respect to the objectives of H2P2, the applicant states that its proposed services will reduce the risk of injury and violence to both the youth and the community by providing a safe, secured home like environment.

14. The applicant states the Proposal relates to the basic principles for a health care delivery system by contributing to secondary health support services, providing step-down services from the acute level of care and by designing programs that provide youth the opportunity to re-enter an appropriate community-based environment.

15. The applicant states the Proposal relates to the critical elements of the healthcare delivery system by:

- providing care for children age 11 to 18 who are in need of mental health services and are no longer appropriate for an acute level of care.
- utilizing best practices in the provision of services based on evidence-based research, including mental health outcome measures.
- providing community-based treatment as a cost-effective alternative to emergency room and acute hospital level of care.
- providing continuity of care through an efficient referral process and case management that follows the youth from point of entry to point of discharge as well as follow up.
- encouraging the participation of the consumers within the community in planning and evaluating the services offered.

16. 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.

17. The applicant 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.

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

**B. REGARDING NEED AND ACCESSIBILITY CRITERIA**

19. The applicant states that the target population is youth age 11 to 18 years who are need of long-term treatment and educational services and 24 hour psycho-social support in a safe and secure environment.

20. The applicant states that it "has been operational for 3 years as a Special Treatment Facility exempted from Certificate of Need by the fact that we service Felix Class Youth." The applicant states that its application "is to establish a thirty-two (32) bed facility through which we can continue to serve exempt Felix Class children, and in addition, allow us to accept non Felix class children."

21. The applicant states that it services will be accessible to all appropriately referred youth including underserved populations. The applicant further states that it proposed services will be available without regard to race, ethnicity, gender or disability.

22. The applicant states that it currently has a full census of 25 beds and a waiting list of 34 youths ready to be admitted. The applicant states that this waitlist does not include youths that are need of services by the Judiciary State of Hawaii, other acute facilities, the Department of Education and direct third party referrals.

23. The applicant states that there are no special treatment facility residential beds for youth in Hawaii County other than those currently provided by the applicant.

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

**C. REGARDING QUALITY AND LICENSURE CRITERIA**

25. The applicant states that the Proposal will improve the quality of care to the target group by allowing "youth ages 11 to 18 to receive services in a less restrictive environment versus an acute level of care. This will help these youth prepare themselves to re-enter the community and the education system."

26. The applicant states that it is accredited by the Commission of Accreditation of Rehabilitation Facilities (CARF), licensed by the Department of Health and has policies and procedures in place to monitor quality of care.

27. The applicant states that all "the behavioral health staff are either bachelors level individuals or credentialed by Child and Adolescent Mental Health Division, all teachers are either certified as teachers or qualified to assist in the classroom and that all staff therapists are at least Masters level." The applicant further states that "each staff member is requirement to earn 50 hours of continuing education per year."

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

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

29. The applicant states that the Proposal will reduce health care costs by providing a less costly alternative to acute care which can cost \$650 to \$750 per day. The applicant states that the cost per day of its proposed services is \$375.

30. The applicant states that capital cost of the Proposal is \$353,272 consisting of movable equipment (\$3,272) which has been purchased with cash and the fair market value of the leased facility (\$350,000). The applicant states that the lease payments for the facility are paid from annual operating revenues.

31. The applicant projects total revenues of \$4,106,250 and total expenses of \$4,066,801 (including lease payments for the facility) for each of the first three years of the Proposal.

32. The applicant states that the financial resources required to support the Proposal are available from contracts with Child and Adolescent Mental Health Division, the corporate resources of applicant and the additional revenues

generated from referrals outside of the Child and Adolescent Mental Health Division.

33. 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

34. The applicant states that its Proposal will allow children ages 11 to 18 to be discharged from the acute care environment and placed in a residential center that will provide services necessary to ensure that the child is able to be placed back into an appropriate community and educational setting.

35. The applicant states that there are no special treatment facility residential beds for youth in Hawaii County other than those currently provided the applicant.

36. The applicant states that these services represent a significant portion of the continuum of care necessary to help insure that children obtain the tools needed to succeed outside institutional environment.

37. The applicant states that its Proposal will free up acute hospital beds for the more seriously ill.

38. The applicant states that it will collaborate and coordinate closely with a variety of services/providers including community based acute care facilities, Child and Adolescent Mental Health Division, community mental health centers, emergency services, community housing services and the Judiciary State of Hawaii.

39. The applicant states that referring agencies will be involved with the treatment and discharge planning of the applicant's residents.

40. The applicant states that, in the event a resident of the facility decompensates, staff accompanies the resident to the hospital emergency room or to Queen's Hospital on Oahu as required.

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

**F. REGARDING THE AVAILABILITY OF RESOURCES**

42. The applicant states that all staff for the Proposal is already in place with the exception of one Masters level therapist and up to 5 additional behavioral health specialists which will be hired through the applicant's ongoing recruitment program.

43. The applicant states that financial resources for this project already exist through contracts the applicant has with with the Child and Adolescent Mental Health Division.

44. 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. 03-06 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 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 to 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 Kids Behavioral Health of Hawaii, Inc. for the proposal described in Certificate Application No. 03-06. The maximum capital expenditure allowed under this approval is \$353,272.

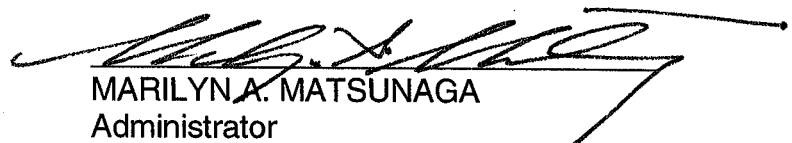
WRITTEN NOTICE

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 to 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 to 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: June 25, 2003  
Honolulu, Hawaii

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA  
Administrator

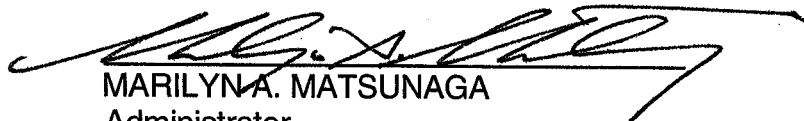


CERTIFICATE OF SERVICE

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 June 25, 2003.

Ralph J. Waite III  
Administrator/CEO  
Kids Behavioral Health of Hawaii, Inc.  
440 Kapiolani Street  
Hilo, HI 96720

HAWAII STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY

  
MARILYN A. MATSUNAGA  
Administrator