



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 14-18A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Acquisition of 119 bed SNF Facility and conversion to 119 SNF/ICF beds

Project Address: 2226 Liliha Street, Honolulu, HI 96817

Applicant Facility/Organization: Liliha Kupuna SNF, LLC

Name of CEO or equivalent: Richard Kishaba

Title: President and CEO

Address: 45-181 Waikalua Road, Kaneohe, HI 96744

Phone Number: 808-247-0003

Fax Number: 808-247-0018

Contact Person for this Application: Nadine Smith

Title: Chief Operating Officer

Address: 45-181 Waikalua Road, Kaneohe, HI 96744

Phone Number: 808-282-2508

Fax Number: 808-247-0018

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature

January 21, 2015

Date

Randall Hata

Name (please type or print)

CFO

Title (please type or print)

1. TYPE OF ORGANIZATION: (Please check all applicable)

Public _____
 Private **XXXX**
 Non-profit _____
 For-profit **XXXX**
 Individual _____
 Corporation _____
 Partnership _____
 Limited Liability Corporation (LLC) **XXXX**
 Limited Liability Partnership (LLP) _____
 Other: _____

2. PROJECT LOCATION INFORMATION

A. Primary Service Area(s) of Project: (please check all applicable)

Statewide: _____
 O`ahu-wide: **XXXX**
 Honolulu: _____
 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.)
 - a) OHCA Licensure
 - b) Medicare Certification
- C. Your governing body: list by names, titles and address/phone numbers

Richard Kishaba	President & owner	45-181 Waikalua Road, Kaneohe	808-247-0003
Kurt Akamine	VP	3-3420 Kuhio Hwy. Ste 300 Lihue	808-245-1802
Randall Hata	CFO	45-181 Waikalua Road, Kaneohe	808-791-4496
Nadine Smith	COO	45-181 Waikalua Road, Kaneohe	808-282-2508

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:

- Articles of Incorporation – (Attachment B)
- By-Laws – N/A
- Partnership Agreements- N/A
- Tax Key Number (project’s location) – 1 – 8 – 018:003

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.

	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			XXXX		
Outpatient Facility					
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.

NO CHANGE TO BED COUNT

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
SNF/ICF	0	+ 119	119
SNF	119	-119	0
TOTAL	119	0	119

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	_____
2. Construction Contract	_____
3. Fixed Equipment	_____
4. Movable Equipment	500,000
5. Financing Costs	_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	17,000,000
7. Other: _____	_____
TOTAL PROJECT COST:	17,500,000

B. Source of Funds	
1. Cash	2,500,000
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	15,000,000
6. Other: _____	_____
TOTAL SOURCE OF FUNDS:	17,500,000

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.

The project will provide SNF and ICF services to the island of Oahu and neighbor islands as deemed necessary. The care and services provided will include but not be limited to medically complex, rehabilitation, infectious disease, hospice, and hemodialysis. The services are aligned with the vision of the St. Francis campus and the approved CON #13-09A and subsequent administrative CON #13-18A. The change per this CON administrative request is change in ownership.

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:
- a. Date of site control for the proposed project
 - a) **LOI signed 12/2/2014 (Attachment A)**
 - b) Dates by which other government approvals/permits will be applied for and received
 - i. **DOH application by 12/20/14**
 - ii. **CMS and 855 application by 1/15/15**
 - c) Dates by which financing is assured for the project **(Attachment C)**
 - d) Date construction will commence **N/A**
 - e) Length of construction period **N/A**
 - i. Date of completion of the project
 - f) Date of commencement of operation
 - i. **February 27, 2015 pending all government and state approvals, permits and certifications**

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.
- a) Relationship to 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.

Summary:

The applicant is Liliha Kupuna SNF, LLC located at 2226 Liliha Street, Honolulu, Hawaii. This will be a limited liability company and is a subsidiary of Ohana Pacific Management Company. The project will include 119 previously approved beds (CON # 13-09A and administrative CON # 13-18A) in the Sullivan building on the St. Francis Liliha campus. These beds exist on the 3rd, 4th and 5th floors of the Sullivan building. All beds will be converted to SNF/ICF status to appropriately serve the community needs.

Background:

Ohana Pacific Management Company (OPMC) currently owns and manages the overall operations of four nursing facilities, with a total bed count of 391, located in Kaneohe, Koloa, Waianae, and Lihue. OPMC also manages a freestanding adult day care/day health center as well as owns and operates a home care and home health agency in Lihue. The primary care and services provided by the entities include:

- Ann Pearl Care Home on Oahu -Skilled nursing care, intermediate care, rehabilitation therapy, respite care, and adult day health services;
- Hale Kupuna Heritage Home on Kauai - Skilled nursing care, intermediate care, rehabilitation therapy, and activity services;
- Leeward Integrated Health Services on Oahu - Skilled nursing care, intermediate care, rehabilitation therapy, long-term care, and activity services;
- Garden Isle Health and Rehabilitation Center on Kauai - Skilled nursing care, intermediate care, rehabilitation therapy, and activity services;
- Kauai Adult Day Health Center on Kauai – Daily health and activity programs servicing the Kauai community; and
- Ohana Pacific Management Company - Overall strategic management for its respective subsidiaries/settings.
- Stay at Home Health Care Services – Home care and Home Health on the island of Kauai

Liliha Kupuna SNF will adopt the same mission and vision of the organization which is consistent with the State of Hawaii, Health Services and Facilities Plan (HSFP) whereby:

1. Ohana Pacific Management Company's Mission is 'Caring for Our Kupuna'. The reason our company exists is to provide compassionate care for the Kupuna of Hawaii. Our Vision is 'To be a Blessing'. We strive to be a blessing by going beyond what is expected for all of our Ohana. Our Ohana include our Kupuna, our great Staff, our Families and the Communities which we serve.
2. The Core Values of our Company guides our actions and is the basis for our Company's Culture. We are one entity united by our core values. We believe each facility or project will build on these core values to enhance its community and accomplish its mission. Our core values are:
 - a. Our Kupuna come first.
 - b. Our Staff is our most valuable resource.
 - c. We believe in an empowered workforce.
 - d. We emphasize teamwork.
 - e. We provide our services with integrity and compassion.
 - f. We are committed to excellence in all that we do.
 - g. We believe in the importance of a positive attitude.
 - h. We strive to continually improve our services.
 - i. We believe in supporting, providing leadership, and investing in our community.
 - j. We maintain a healthy financial position in order to fulfill our mission.

Liliha Kupuna SNF, LLC will provide skilled rehabilitation and nursing services (SNF), hospice and intermediate level of care (ICF) services in alignment with the statewide and regional priorities for Oahu. This project will be in direct alignment with the goals and objectives of the State of Hawai'i Health Services and Facilities Plan through collaboration with community resources to ensure care and services are provided to meet the individual needs of the client. No one is exactly alike and neither are their plans of care.

Our teams' client-centered approach to care will be guided by a comprehensive and customized program for each individual. The teams' understanding of each client's needs, preferences and expectations will guide them to provide meaningful and dependable quality care. Residents and their families will collaborate with the team to develop a plan consistent with the quality of life desired. This collaboration and comprehensive understanding leads to the personalized care and services necessary for the best quality of life. Our team will develop custom plans of care tailored to the specific circumstances of the individual.

The current population within hospitals and post-acute care settings are sicker and requiring a much higher level of care and services. Liliha Kupuna SNF, LLC is prepared to care for this higher acuity resident as well as continue to provide ongoing services to all other residents needing post-acute care and services to attain the highest possible functional level and independence.

a. Relationship to Hawaii Health Services and Facility Plan (HSFP)

Liliha Kupuna SNF, LLC fully understands the statewide and regional priorities outlined in the State of Hawaii, Health Services and Facilities Plan (HSFP).

This application is seeking approval for the change of ownership from Franciscan Care Services (FCS) a subsidiary of St. Francis Healthcare Systems of Hawaii (SFHSH) to Liliha Kupuna SNF, LLC. The relationship to HSFP, remain unchanged and are consistent with the basic information provided by SFHSH with CON # 13-09A and administrative CON # 13-18A as outlined below as well as additional information specific to OPMC.

Liliha Kupuna SNF, LLC is a locally owned company and through OPMC has had a presence on Oahu since 1998 demonstrating an ongoing commitment to the provision of health care to the Oahu community. The organizations success is partially contributed to understanding the culture and diversity of Hawaii and those we serve.

HSFP goals. The most recent version of the HSFP was published in 2009. The proposal relates directly to one of the four goals in the HSFP: "focus on increasing cost-effective access to necessary health care services." There continues to be a need to for long-term care (LTC) services on Oahu and this proposal will provide SNF, ICF, and hospice services as part of the St. Francis campus and senior living center. The comprehensive services on campus will allow seamless transition from one level of care to another. The ability of OPMC to provide care and services to this population further enhances services already provided and meets the ongoing demand of the community for post-acute services on Oahu.

HSFP specific areas of concern. The proposal already relates to one of the "specific health areas of concern" as established by the Statewide Health Coordinating Council in the plan: "ensure capacity and access to a continuum of long-term care services." As previously noted in the CON # 13-09A and administrative CON # 13-18A the proposed project is an integral part of the larger plan for the St. Francis campus and the community it serves ranging from independent living to SNF level of care.

Honolulu SAC priority. The first priority of the Honolulu SAC as articulated in the plan is “increase the availability of long-term care services and other supportive services. Long-term care services include nursing homes, assisted living facilities, skilled nursing facilities, home and community-based services and hospice services. Supportive services help maintain the quality of life and include housing, transportation, nutrition, and social support for independent living.”

b. Need and accessibility

The need for these beds was established in CON # 13-09A and Administrative CON # 13-18A.

Accessibility. Liliha Kupuna SNF, LLC will provide services with integrity and compassion at all times. These services will be provided regardless of income, ethnicity, or handicaps, and will strive to meet the needs of the elderly and all underserved groups within the community. OPMC has a long standing presence within the state and commitment to serving the community of Hawaii with integrity and compassion within the healthcare sector.

c. Quality of Services

OPMC is a committed and compassionate company providing health care services to the state of Hawaii since 1998 including skilled nursing, rehabilitation, home health and home care and adult day health care. The organization demonstrates an ongoing commitment to the provision of health care to the Oahu community. Through Liliha Kupuna SNF, LLC continued high quality care and services will be provided in all aspects of care. Currently OPMC facilities received CMS star ratings of one four star facility and three five star facilities, placing OPMC at the top of CMS scoring for quality within the state of Hawaii. Through transfer of similar practices, protocol, and processes Liliha Kupuna SNF, LLC is expected to achieve similar results in quality through CMS survey processes.

Liliha Kupuna SNF, LLC will provide care to many medically fragile and high acuity patients, thus requiring additional services. Additional contractual agreements with community providers will further enhance the services for a more efficient and cost-effective approach to post-acute care. The addition of these services will allow for a smoother and faster transition from the hospitals predominantly alleviating many of the waitlist issues as well as providing more in house services in anticipation of minimizing re-hospitalizations. The quality assurance and improvement programs in effect throughout OPMC facilities will be approved and implemented at Liliha Kupuna SNF, LLC to ensure continual monitoring of all quality initiatives and processes. OPMC will also provide semi-annual mock surveys through an

established process aligned with the CMS QIS process to identify quality concerns, resident and/or family concerns, and regulatory compliance.

Liliha Kupuna SNF, LLC will meet all licensure requirements for the state and all certification requirements for Medicare and Medicaid.

Liliha Kupuna SNF, LLC in conjunction with a healthcare collaboration with SFHSH align missions and visions for the health care future of Hawaii.

d. Cost and Finances including revenue/cost projections for the first and third year of operations (Attachment D)

e. Relationship to the Existing Health Care System

This proposal is unchanged from the # 13-09A and #13-18A CONs approved. As previously stated the needs for additional post-acute beds on the island of Oahu exists and is projected to be more critical in the upcoming years. Liliha Kupuna SNF, LLC a subsidiary of OPMC possesses the ability to reduce the waitlist and provide a broader geographical opportunity for SNF/ICF and LTC bed availability throughout the organization with the addition of these 119 beds. This project will remain an integral part of the larger proposed senior living center and vision on the St. Francis campus.

f. Availability of Resources

Human resources for the proposed Liliha Kupuna SNF, LLC through OPMC has the available qualified staff and if needed, hiring is not anticipated to be a problem. Liliha Kupuna SNF, LLC is a wholly owned subsidiary of OPMC that has the existing financial capital as well as human resources to fully support a viable SNF/ICF project for the Oahu community.

OPMC has been aggressively recruiting and hiring staff for Liliha Kupuna SNF, LLC. OPMC has the ability to transfer staff within the organization as well for all departments and startup needs. OPMC has identified all positions necessary and developed a ramp up plan for staffing based on a census model. OPMC does not anticipate any issues or concerns with staffing for this project.

Further, Liliha Kupuna SNF, LLC will have access to recruiters both internally and externally if the need for additional personnel is required and throughout the organization. OPMC's current workforce is just under 600 personnel statewide with approximately 300 employees located on the island of Oahu.

With respect to financial resources, Liliha Kupuna SNF, LLC through OPMC has the existing financial capital, as mentioned above (in section d), and thus the ability to completely fund and sustain this program. Financial Resources

required for this project include the \$2,500,000 million in cash and \$15,000,000 obtained through First Hawaiian Bank.

OPMC currently has multiple service agreements with health care providers and agencies on both Oahu and Kauai which will be extended to Liliha Kupuna SNF, LLC.

The intent of Liliha Kupuna SNF, LLC will be to establish additional contracts with respect to this program with multiple providers upon receipt of the certificate of need and State licensure.

10. Eligibility to file for Administrative Review. This project is eligible to file for Administrative review because: (Check all applicable)

_____ 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.

XXXX The applicant believes it will not have a significant impact on the health care system.