



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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**ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: # 18-07A Date of Receipt: \_\_\_\_\_  
To be assigned by Agency

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**APPLICANT PROFILE**

Project Title: Addition of 44 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: Randall Hata

Title: Vice President

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

Phone Number: (808) 791-4496 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

May 18, 2018

Date

Randall Hata

Name (please type or print)

Secretary & Treasurer

Title (please type or print)

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

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- Public \_\_\_\_\_
- Private   X
- Non-profit \_\_\_\_\_
- For-profit   X
- Individual \_\_\_\_\_
- Corporation \_\_\_\_\_
- Partnership \_\_\_\_\_
- Limited Liability Corporation (LLC)   X
- Limited Liability Partnership (LLP) \_\_\_\_\_
- Other: \_\_\_\_\_

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2. PROJECT LOCATION INFORMATION

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

- Statewide: \_\_\_\_\_
- O`ahu-wide:   X
- 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)
  - See Attachment A – Non-binding Letter of Intent between St. Francis Healthcare System of Hawaii and Liliha Kupuna SNF
- 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.)
  - Building permit to be issued by the City and County of Honolulu and Licensure from the State of Hawaii, Department of Health, Office of Healthcare Assurance
- C. Your governing body: list by names, titles and address/phone numbers
  - See Attachment B
- 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 – see Attachment C
  - By-Laws – Not Applicable
  - Partnership Agreements – Not Applicable
  - Tax Key Number (project's location) - 1-8-018-003-0000

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**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)	Emergency Service	Change in Beds
Inpatient Facility			X		X
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.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
SNF/ICF	119	44	163
<b>TOTAL</b>	<b>119</b>	<b>44</b>	<b>163</b>

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6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	ST HLTH PLNG & DEV. AGENCY	_____
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.		7,000,000
7.	Other: _____		_____

**TOTAL PROJECT COST: \$7,500,000**

B. Source of Funds

1.	Cash		_\$1,000,000
2.	State Appropriations		_____
3.	Other Grants		_____
4.	Fund Drive		_____
5.	Debt		_ 6,500,000
6.	Other: _____		_____

**TOTAL SOURCE OF FUNDS: \$7,500,000**

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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.

This project will add 44 SNF/ICF beds to the Clarence T.C. Ching Villas on the St. Francis Liliha campus.

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,
  - LOI signed 11/29/17
- b) Dates by which other government approvals/permits will be applied for and received,
  - Building permit application - 7/1/18
  - DOH license - 4/1/19
- c) Dates by which financing is assured for the project - 8/1/18
- d) Date construction will commence - 8/1/18
- e) Length of construction period - 7 months
- f) Date of completion of the project - 5/31/19
- g) Date of commencement of operation - 7/1/19

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.

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

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

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## Executive Summary

The applicant is Liliha Kupuna SNF, LLC. (Liliha Kupuna SNF) which is a subsidiary of Ohana Pacific Management Company (OPMC). Liliha Kupuna SNF operates the Clarence T.C. Ching Villas (Villas) on the St. Francis Liliha campus. The Villas is comprised of 110 SNF/ICF beds on the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> floors of the Sullivan Building. It received CMS certification on July 23, 2015. This project will add an additional 44 SNF/ICF beds on the 2<sup>nd</sup> floor of the Sullivan building.

The project is part of a master plan for the St. Francis Liliha campus by St. Francis Healthcare System of Hawaii. Phase I was the renovation of the existing chapel, clinical space on the ground floor and the completion of the Villas in the Sullivan building. Phase II is the addition of an assisted living facility, adult day care, senior center and bistro in the Saint Marianne building. Phase II also includes the renovation of the courtyard to provide a gathering place for the community. When completed, the Kupuna Village will uniquely offer seniors the opportunity to age in place in a community that offers the following on a single campus:

- Over 40 physicians and other clinicians
- Dialysis center
- Endoscopy center
- Laboratory
- Pharmacy
- Cancer center
- Neuroscience center
- Radiology services
- Hospice
- Senior center
- Adult day care
- Caregiver education and support
- Care coordination
- Skilled nursing facility

The increase in SNF/ICF beds will enable the Villas to assist the State of Hawaii to meet the need for additional long term care beds as described in the Health Services and Facilities Plan. With St. Francis Healthcare System of Hawaii's construction of a 111-bed assisted living facility on the campus, the additional SNF beds will provide these residents with the ability to receive nursing home care in a facility adjacent to their home. It is an integral component to providing the continuum of care at the St. Francis Liliha Kupuna Village.

## Background

OPMC's Mission is "Caring for Our Kupuna." We provide care that delivers quality with an exceptional customer experience.

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Our Core Values

We are one company united by our core values. We believe each facility supported will build on these core values to enhance its community and accomplish its mission.

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- Our Kupuna come first
- Our Staff is our most valuable resource
- We believe in an empowered workforce
- We emphasize teamwork
- We provide our services with integrity and compassion
- We are committed to excellence in all that we do
- We believe in the importance of a positive attitude
- We strive to continually improve our services
- We believe in supporting, providing leadership, and investing in our community
- We maintain a healthy financial position in order to fulfill our mission

Ohana Pacific Management (OPMC) currently owns and manages 5 nursing facilities, a home health agency and free-standing adult day health care facility. We provide pre- and post- acute care on the islands of Oahu and Kauai.

Provider	Location	Type of Provider	Services
Liliha Kupuna SNF dba Clarence T.C. Ching Villas	Honolulu	Skilled Nursing Facility – 119 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, infectious disease, medically complex care
Ann Pearl Nursing Facility	Kaneohe	Skilled Nursing Facility – 104 SNF/ICF beds and Adult Day Health	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care, dementia and adult day health services
Leeward Integrated Health Services dba Puuwai o’Makaha	Waianae	Skilled Nursing Facility – 93 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care
Garden Isle Health Care	Lihue	Skilled Nursing Facility – 110 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care
Hale Kupuna Heritage Home	Koloa	Skilled Nursing Facility – 84 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care
Stay at Home Healthcare Services	Lihue	Home Health Agency	Home health, rehabilitation therapy and home care services
Kauai Adult Day Health Center	Lihue	Adult Day Health	Adult day health and day care services



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The Villas is comprised of 119 SNF/ICF beds on the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> floors of the Sullivan Building of the St. Francis Liliha campus. It received CMS certification on July 23, 2015. The Villas serves a critical need in Honolulu to provide innovative, short-stay, more intensive rehabilitative therapy and higher acuity services than traditional long term care facilities.

a. **Relationship to the State of Hawaii Health Services and Facility Planning Agency**

The addition of 44 beds to the Villas is consistent with the goals of the State of Hawaii Health Services and Facilities Plan (HSFP).

HSFP Goals - Specifically, one of the goals of the HSFP is to "Focus on increasing cost-effective access to necessary health care services." As the HSFP indicates, the shortage of long term care beds results in a situation where "many patients needing these beds are waitlisted and often occupy acute care beds. Hospitals do not recoup the full costs for waitlisted patients."

Statewide Health Coordinating Council (SHCC) Areas of Concern - A concern of the Statewide Health Coordinating Council (SHCC) is to "Ensure capacity and access to a continuum of long term care services."

Honolulu Subarea Health Planning Council (SAC) Priorities - The Honolulu SAC priorities includes to "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."

b. **Needs and Accessibility**

According to the HSFP, there were 905,601 total residents in the City and County of Honolulu in 2007.

According to the State of Hawaii Data Book for 2016<sup>1</sup>, the total population for the City and County of Honolulu was 992,605 with 165,117 people aged 65 and over.

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<sup>1</sup> State of Hawaii, Department of Business and Economic Development, State of Hawaii Data Book (2016). "Table 1.34 – Resident Population by Age, by County: 2016," <http://files.hawaii.gov/dbedt/economic/databook/2016-individual/01/013416.pdf>

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**Table 1.34-- RESIDENT POPULATION BY AGE, BY COUNTY: 2016**

[As of July 1. Based on place of usual residence, regardless of physical location on the estimate or census date. Includes military personnel stationed or homeported in Hawaii and residents temporarily absent; excludes visitors present. The 2016 estimates are provisional]

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Age group	State total	City and County of Honolulu	Hawaii County	Kauai County	Maui County 1/
Total	1,428,557	992,605	198,449	72,029	165,474
5 to 19	247,502	169,575	35,253	12,925	29,749
20 to 24	97,750	74,514	10,792	3,742	8,702
25 to 44	385,131	278,026	46,921	17,494	42,690
45 to 64	362,677	240,857	55,310	19,863	46,647
65 years and over	243,962	165,117	37,871	13,433	27,541
85 years and over	38,952	28,808	4,690	1,945	3,509
Median age	38.6	37.4	42.2	41.6	2/ 40.8

1/ Maui County includes Kalawao County.

2/ DBEDT calculation.

Source: U.S. Census Bureau, Population Division, "Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties, and Puerto Rico Commonwealth and Municípios: April 1, 2010 to July 1, 2016" (PEPAGESEX) (June 2017)

According to the State of Hawaii, Department of Business Economic Development and Tourism (DBEDT), "Population and Economic Projections for the State of Hawaii to 2040"<sup>2</sup>, the Honolulu county population aged 65 years and over is expected to increase 3% between 2015 and 2020, with a projected population of 191,860 by the year 2020.

<sup>2</sup> State of Hawaii, Department of Business and Economic Development, Population and Economic Projections for the State of Hawaii to 2040, "Table A-4. Honolulu County Projection, Selected Components, 2010-2040". <http://dbedt.hawaii.gov/economic/economic-forecast/2040-long-range-forecast/>

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Table A-4. Honolulu County Population Projection, Selected Components, 2010-2040\*

	2010 <sup>1/</sup>	2015	2020	2025	2030	2035	2040
<b>Total resident population</b>	955,775	976,190	1,003,710	1,029,410	1,052,130	1,071,220	1,086,710
<b>By military status</b>							
Military and dependents	101,900	93,080	93,080	93,080	93,080	93,080	93,080
Other civilians	853,875	883,110	910,630	936,330	959,050	978,140	993,630
<b>By age group</b>							
Population: 0 to 4 years	61,183	66,030	66,960	67,240	66,900	66,850	67,390
School age children: 5 to 11 years	80,508	78,310	83,590	87,440	88,020	87,710	87,490
School age children: 12 to 13 years	22,243	21,750	21,810	23,890	24,300	24,440	24,300
School age children: 14 to 17 years	47,479	43,280	43,010	43,110	47,370	47,950	48,020
Population: 18 to 64 years	604,033	601,400	596,470	588,420	582,600	585,730	593,900
Population: 65 years and over	140,329	165,420	191,860	219,310	242,950	258,540	265,600
<b>De facto population</b>	988,316	1,016,800	1,043,940	1,070,100	1,093,210	1,113,050	1,129,260
<b>Annual growth rates (%)</b>							
		2010-2015	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040
<b>Total resident population</b>		0.4	0.6	0.5	0.4	0.4	0.3
<b>By military status</b>							
Military and dependents		-1.8	0.0	0.0	0.0	0.0	0.0
Other civilians		0.7	0.6	0.6	0.5	0.4	0.3
<b>By age group</b>							
Population: 0 to 4 years		1.5	0.3	0.1	-0.1	0.0	0.2
School age children: 5 to 11 years		-0.6	1.3	0.9	0.1	-0.1	-0.1
School age children: 12 to 13 years		-0.4	0.1	1.8	0.3	0.1	-0.1
School age children: 14 to 17 years		-1.8	-0.1	0.0	1.9	0.2	0.0
Population: 18 to 64 years		-0.1	-0.2	-0.3	-0.2	0.1	0.3
Population: 65 years and over		3.3	3.0	2.7	2.1	1.3	0.5
<b>De facto population</b>		0.6	0.5	0.5	0.4	0.4	0.3

1/ Actual Figures, Source : U.S. Census Bureau

\*Projected values were rounded to the nearest ten

The HFSP indicates that in 2005, Hawaii had a nursing facility bed per 1000 population ages 65 and over, of 23 beds per 1000 compared to a national average of 47 beds per 1000.

According to the SHPDA utilization reports for 2016<sup>3</sup>, there were 4,402 licensed long term care beds in the State and 2,726 long term care beds in Honolulu county. Since 2016, Kalakaua Gardens opened 49 beds, bringing the total current capacity of licensed long term care beds to 2,775 in Honolulu, 4,451 in the State.

There is currently a ratio of 18 (less than 17 in Honolulu county) long term care beds per 1000 aged 65 and over. This is far below the national average of 47 beds per 1000 and indicates that the aging population has increased faster than the increase in long term care beds. Using the

<sup>3</sup> State of Hawaii, State Health Planning & Development Agency, Health Care Utilization Reports (2016 Data), Table 2: Licensed Long-Term Care Bed Capacity, 2016." <https://health.hawaii.gov/shpda/files/2017/10/Table-2-Licensed-beds-LTC-2016-wo-swing.pdf>

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national average, there is currently a shortage of 7,000 long term care beds in the State and nearly 5,000 in Honolulu county.

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	State	Honolulu
Current long term care beds	4,451	2,775
Population aged 65 and over	243,962	165,117
Current beds per 1000	18.24	16.81
Beds needed (at 47/1000)	11,466	7,760
Shortage of long term care beds	7,015	4,985

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As the aging population continues to increase, there will be continued need for long term care beds in Hawaii. This project's request for an additional 44 beds will help to address this shortage.

**Accessibility**

The Villas provides services with integrity and compassion at all times. These services are provided regardless of income, ethnicity or disabilities. We strive to meet the needs of the community. The Villas is and will continue to be licensed and certified to accept Medicare and Medicaid patients in need of skilled nursing, intermediate care and hospice care services.

In addition, the Villas accepts admissions 24 hours a day, 7 days a week. It is unusual for long term care facilities to accept admissions in the middle of the night and on the weekends, especially since most long term care facilities operate with less staff in the evenings and weekends. However, the Villas provides this service so that the patient doesn't need to tie up an acute care bed or remain in the emergency room until the next day.

**c. Quality of Service/Care**

The Villas complies with all Federal and State licensure and certification requirements. It is licensed by the State of Hawaii, Department of Health as a Skilled Nursing and Intermediate Care Facility.

According to the Medicare website<sup>4</sup> the Villas achieved an overall 5 star rating (out of a possible 5 stars). By area, our ratings are as follows:

- Overall rating 5 stars (Much above average)
- Health inspections 5 stars (Much above average)
- Staffing 4 stars (Above average)
- Quality of resident care 5 stars (Much above average)

<sup>4</sup> Medicare.gov, Nursing Home Compare. <https://www.medicare.gov/nursinghomecompare/search.html>

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**Health Inspections**

The Villas is surveyed annually by the Office of HealthCare Assurance. Its most recently completed health inspection dated November 17, 2016, the facility received a 5 star rating (out of a possible 5 stars). The Villas is only one of four nursing facilities within Honolulu County to have achieved a 5 star rating for health inspections.

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**Staffing**

According to CMS, "higher staffing levels in a nursing home may generally mean higher quality of care for residents."<sup>5</sup> The Villas exceeds the Hawaii and National averages in:

	The Villas	Hawaii Average	National Average
RN hours per resident per day	2 hours and 7 minutes	1 hour and 20 minutes	40 minutes
CNA hours per resident per day	2 hours and 53 minutes	2 hours and 42 minutes	2 hours and 19 minutes

The high levels of staffing at the Villas contributes to the quality of care provided to our residents.

**Quality of Resident Care**

The measure for Quality of Resident Care is based on the facility's performance on 16 measures that represent, on average, how well nursing homes care for their residents. Specifically, the Villas' patients were lower than both the Hawaii and National average for the following key metrics (lower is better):

<sup>5</sup> Medicare.gov, Nursing Home Compare. Staffing Measures.  
<https://www.medicare.gov/NursingHomeCompare/compare.html#cmprTab=3&cmprID=125064%2C125059&cmprDist=1.6%2C5.4&loc=96817&lat=21.3433967&lng=-157.8390944>

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	The Villas	Hawaii Average	National Average
Percentage of short-stay residents who were re-hospitalized after a nursing home admission (Lower percentages are better)	15.6%	15.9%	
Percentage of short-stay residents who have had an outpatient emergency department visit (Lower percentages are better)	8.1%	8.3%	11.9%
Percentage of short-stay residents who report moderate to severe pain (Lower percentages are better)	4.5%	11.9%	13.3%
Percentage of short-stay residents with pressure ulcers that are worsened (Lower percentages are better)	0.5%	0.7%	0.9%

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The Villas provides care to medically fragile and high acuity patients that require additional services or additional nursing care. We care for medically complex patients including:

- Patients on IV antibiotics
- Patients with a tracheostomy
- Patients requiring complex wound care requiring specialized equipment
- Patients with complex drains (i.e. patients with an Ommaya reservoir that is an intraventricular catheter system that can be used for the aspiration of cerebrospinal fluid or the delivery of drugs into the cerebrospinal fluid)
- Rehabilitation therapy 7 days a week

OPMC's corporate staff develops corporate-wide policies and procedures that are trained and implemented at each facility. Each facility, including the Villas has a quality assurance process in place to continually assess and monitor care and identify improvement opportunities. We conduct semi-annual mock surveys to assist in identifying quality concerns, resident or family concerns and ensure that we achieve regulatory compliance.

Providing quality care is of utmost importance to us. We will not admit a patient if we do not have trained and qualified staff in place to properly care for the patient.

**d. Cost and Finances**

This project will meet the need for additional long term care beds in Honolulu county.

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While it is not expected to impact the overall cost of health care services to the community, it may have some positive impact in reducing cost of hospitalizations. Because the Villas has the capacity and skilled resources to care for medically complex patients who otherwise remain in an acute care hospital, it may shift patients to this less expensive cost of care.

This project is anticipated to have a short term (i.e. 1-2 year) increase in costs in excess of revenues for the Villas. In Year 1, it is expected to generate \$2.164M in revenue and \$3.229M in expenses. This results in a net loss of slightly over \$1M. Year 1 assumes a 3 month start up period and lower occupancy as staff are hired and beds are filled with appropriate admissions.

By year 3, the additional beds are anticipated to generate nearly \$8M in annual net revenue with an increase of \$7.5M in expenses. The net income of \$485k is anticipated to produce sufficient margin to cover payment of principal amounts on debt and earn a small rate of return.

As an established skilled nursing facility operator with a long history of providing quality services to our patients, the Villas and OPMC has sufficient resources to undertake this project, including sustaining operations through the first year of anticipated losses.

**e. Relationship to the Existing Health Care System**

As previously mentioned, there is a need for additional long term care beds in Honolulu county. The Villas works closely with the area providers to coordinate care with the goal to provide the right care in the right place at the right time. We work closely with case managers at each of the Honolulu acute care hospitals to plan for timely admissions of their patients and with home and community based service providers to plan for timely discharge of patients back to their home.

Because St. Francis Healthcare System of Hawaii is constructing a 111-bed assisted living facility on the campus, the additional SNF beds will provide these residents with the ability to receive nursing home care in a facility adjacent to their home.

**f. Availability of Resources**

The Villas currently employs 150 qualified staff to provide services to the patients. In addition, OPMC employs over 700 staff across all of its facilities and corporate offices. The Villas aggressively recruits staff using a combination of staffing websites, job fairs and recruiters to identify qualified candidates. OPMC has also conducted CNA training classes to provide education and hands-on training for those interested in achieving certification and working within the OPMC organization. OPMC also has the ability to transfer or temporarily deploy staff within the organization, as needed. Hiring staff for the additional 44 beds is not anticipated to be a problem.

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With respect to financial resources, the Villas through OPMC has the existing capital (through internal and external financing) to completely fund and sustain the additional beds. Financing will be comprised of \$1M of cash and \$6.5M obtained through a loan from the Hawaiian Bank.

The Villas is already contracted with the Medicare, Medicaid and commercial payors to provide payment for services provided to their members. As such, we do not anticipate any delays in cash flow.