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**ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM**

Application Number: # 22-05A  
To be assigned by Agency

Date of Receipt: ST. HEALTH PLANNING & DEV. AGENCY

**APPLICANT PROFILE**

Project Title: **Deletion of 93 SNF/ICF Beds**

Project Address: 128 Lehua St.  
Wahiawa, HI 96786

Applicant Facility/Organization: Wahiawa General Hospital

Name of CEO or equivalent: Brian Cunningham

Title: CEO

Address: 128 Lehua St. Wahiawa, HI 96786

Phone Number: 808-621-8411 Fax Number: 808-621-4451

Contact Person for this Application: Brian Cunningham

Title: CEO

Address: 128 Lehua St. Wahiawa, HI 96786

Phone Number: 808-621-4210 Fax Number: 808-621-4451

**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.

Brian Cunningham  
Signature

4/20/22  
Date

Brian Cunningham  
Name (please type or print)

CEO  
Title (please type or print)

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

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- Public \_\_\_\_\_
- Private   X
- Non-profit   X
- For-profit \_\_\_\_\_
- Individual \_\_\_\_\_
- Corporation   X
- Partnership \_\_\_\_\_
- Limited Liability Corporation (LLC) \_\_\_\_\_
- 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) NA
- 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.) **Approval of WNRC Closure Plan by OHCA; and the Delicensing of all SNF/ICF Beds by OHCA**
- C. Your governing body: list by names, titles and address/phone numbers  
**See Attached**
- 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 Attached**
  - By-Laws **See Attached**
  - Partnership Agreements NA
  - Tax Key Number (project's location) NA

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.

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	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					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	93 (*pending approval of previous application to delete 43 beds)	-93	0
Acute-Medical/Surgical	61 (*pending approval of previous application to add 45 beds)		61
Acute-Critical Care	5		5
<b>TOTAL</b>			<b>66</b>

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

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- 1. Land Acquisition \_\_\_\_\_ NA \_\_\_\_\_
- 2. Construction Contract \_\_\_\_\_ NA \_\_\_\_\_
- 3. Fixed Equipment \_\_\_\_\_ NA \_\_\_\_\_
- 4. Movable Equipment \_\_\_\_\_ NA \_\_\_\_\_
- 5. Financing Costs \_\_\_\_\_ NA \_\_\_\_\_
- 6. Fair Market Value of assets acquired by lease, rent, donation, etc. \_\_\_\_\_ NA \_\_\_\_\_
- 7. Other: \_\_\_\_\_ \_\_\_\_\_

TOTAL PROJECT COST:   \$0.00  

B. Source of Funds      NA

- 1. Cash \_\_\_\_\_
- 2. State Appropriations \_\_\_\_\_
- 3. Other Grants \_\_\_\_\_
- 4. Fund Drive \_\_\_\_\_
- 5. Debt \_\_\_\_\_
- 6. Other: \_\_\_\_\_

TOTAL SOURCE OF FUNDS:   \$0.00

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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.

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**Deletion of 93 SNF/ICF Beds at Wahiawa General Hospital's (WGH) Wahiawa Nursing and Rehabilitation Center (WNRC).**

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, - NA
- b) Dates by which other government approvals/permits will be applied for and received,
  - OCHA approved the WNRC Closure plan for the delicensing of the SNF/ICF beds - received on 4/19/22.
- c) Dates by which financing is assured for the project, - NA
- d) Date construction will commence, - NA
- e) Length of construction period, - NA
- f) Date of completion of the project, 7/23/22.
- g) Date of commencement of operation - NA

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.

**The need to move forward with the divestiture of Wahiawa General Hospital's (WGH) SNF/ICF services provided by Wahiawa Nursing & Rehabilitation Center**

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(WNRC) has been under review for several years now at the WGH Board level. The reasons being that WNRC's services routinely lose significant amounts of money each year. Some of the contributing factors for this are our unfavorable payor mix, and that fact that as an independent organization we do not have the ability to leverage the economies of scale that larger multi-nursing home organizations have. Based on these ongoing trends, WGH can no longer sustain these financial losses.

There are additional financial strains on this service line related to the aging facility, with the original section of WNRC being built in 1966. After many years of deferred capital infrastructure and remodeling upgrades, there is a substantial amount of capital dollars needed to update the building itself. WGH is in no position to fund or borrow the amount of monies needed to perform these upgrades, especially considering that the service line itself operates at a significant deficit.

And very importantly, since the COVID pandemic started over 2 years ago, WNRC has found it increasingly difficult to recruit and retain the needed staff to care for the residents and to manage the growing regulatory requirements.

Given this compounding set of adversities, the WGH Board has determined that closing WNRC is truly the most responsible decision.

At this point, the SNF/ICF service line places the rest of the organization and the critical services we deliver to our communities at risk.

- a) Relationship to the State of Hawai'i Health Services and Facilities Plan  
This project is consistent with the goals and objectives of SHPDA's Health Services Facilities Plan (HSFP) that highlight the need ensure the long-term viability of the healthcare delivery system.

This bed change request supports the Statewide Health Coordinating Council (SHCC) Priorities as follows...

- Promote and support the long-term viability of the health care delivery system. – By supporting WGH's ability to modify its service offerings in a way that maintains the revenue needed to support critical services for our community such as Emergency Services, Outpatient Services and Inpatient services. Continued losses from WNRC's SNF/ICF service line, would place the entire services of the hospital at risk for our community.
- Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost. - By supporting WGH's ability to continue to provide care that generates needed revenue to sustain the delivery of other critical services to our community such as Emergency Services, Outpatient Services and Inpatient services.

This requested bed change also supports some of SHCC's Specific Areas of Concern such as...

- Establish a statewide emergency and trauma system. – For without the needed revenue that this bed change is designed to accomplish for WGH, our Emergency Department, which is a key element of the island's trauma

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system, might be at risk, along with all of the other services of WGH.

This requested bed change also addresses some of the WEST OAHU SAC PRIORITIES such as... 22 JUN -2 P 3 :06

- **IMPROVE AND INCREASE ACCESS** • Acute care • Critical care • Specialty care • Emergency care options • Routine outpatient diagnostic services (i.e., blood pressure, urinalysis) – Once again, this project will eliminate the financial losses from our SNF/ICF service line to stabilize WGH's revenue base to maintain and strengthen our Emergency Department and Outpatient services while growing our Acute Care Services.
- b) **Need and Accessibility** – Given that there appears to be SNF/ICF bed capacity across the island, the transferring of our current residents to other facilities should be able to be accomplished in a timely manner. By working directly with the residents, their family members, local and state agencies like the State LTC Ombudsmen, along with all of the island's other SNF/LTC facilities and Care Homes, these resident transitions can be accomplished in an efficient compassionate manner. And although there are no other "local" SNF/ICF facilities in Wahiawa, there are a number of other facilities within reasonable driving distances from Wahiawa.
- c) **Quality of Service/Care** – NA
- d) **Cost and Finances** (include revenue/cost projections for the first and third year of operation) – The closing of this SNF/ICF service line and the removal of these 93 beds will eliminate the significant financial losses incurred each year by WGH. And therefore, needed resources can be directly applied to support WGH's ability to continue to provide for other critical services to our community such as Emergency Department Services, Outpatient Services and Inpatient services, that allow us to generate the revenue required to sustain WGH's operations.
- e) **Relationship to the existing health care system** – As previously stated, the closing of this SNF/ICF will support WGH's ability to modify its service offerings in a way that maintains the revenue needed to support critical services for our community such as Emergency Services, Outpatient Services and Inpatient services. Continued losses from WNRC's SNF/ICF service line, would place the entire services of the hospital at risk for our community.
- f) **Availability of Resources** – NA

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.

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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.

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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.