

HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

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Application Number: H 22-21A
To be assigned by Agency

Date of Receipt: HAWAII STATE HEALTH PLNG & DEV. AGENCY

APPLICANT PROFILE

Project Title: Hale Makua Health Services: Addition of 72 dual certified SNF/ICF beds and deletion of 2 dual certified SNF/ICF beds.

Project Address: 1) Portion of Maui County TMK 2-3-8-007:097 (Addition of 72 beds); 2) 472 Kaulana Street, Kahului, HI 96732 (deletion of 2 beds)

Applicant Facility/Organization: Hale Makua Health Services

Name of CEO or equivalent: Wesley Lo

Title: Chief Executive Officer

Address: 472 Kaulana Street, Kahului, HI 96732

Phone Number: 808-871-9217 Fax Number: 808-871-9262

Contact Person for this Application: Wesley Lo

Title: Chief Executive Officer

Address: 472 Kaulana Street, Kahului, HI 96732

Phone Number: 808-871-9217 Fax Number: 808-871-9262

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]
Signature

1/20/23
Date

Wesley Lo
Name (please type or print)

Chief Executive Officer
Title (please type or print)

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

- Public _____
- Private _____
- 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: _____
- Honolulu: _____
- Windward O`ahu: _____
- West O`ahu: _____
- Maui County: X
- 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 – Maui County Resolution to Authorize the Grant and Disposition of Real Property to Hale Makua Health Services**
- 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) **Building permit to be issued by Maui County**
 - b) **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 Attachments B and C**
- 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 D**
 - By-Laws – **see Attachment E**
 - Partnership Agreements – not applicable
 - Tax Key Number (project's location) - **380070970000**

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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.

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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		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 dual certified	254	72-2 = 70	324
TOTAL	254	70	324

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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. LOUIS PLANNING & DEV. AGENCY	\$0
2.	Construction Contract		\$34,328,000
3.	Fixed Equipment		769,000
4.	Movable Equipment		1,138,000
5.	Financing Costs		440,000
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.		29,000
7.	Other: ___Allowances/Contingencies_____		769,000

TOTAL PROJECT COST: \$ 37,473,000

B. Source of Funds

1.	Cash		\$3,944,000
2.	State Appropriations		
3.	Other Grants		_____
4.	Fund Drive		3,000,000
5.	Debt		30,500,000
6.	Other: _Donated land_____		29,000

TOTAL SOURCE OF FUNDS: \$37,473,000

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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.

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Hale Makua plans to add 72 dual certified SNF/ICF beds in a new building and remove two (2) beds from service from its existing licensed bed count. In addition to ensuring the design meets the needs for all relevant inpatient activities, a gym will be constructed to treat therapy outpatients for all therapy disciplines.

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 – **April 1, 2022**
- b) Dates by which other government approvals/permits will be applied for and received, - **February 6, 2025**
- c) Dates by which financing is assured for the project, - **March 21, 2024**
- d) Date construction will commence, - **June 28, 2024**
- e) Length of construction period, - **24 months**
- f) Date of completion of the project, - **June 25, 2026**
- g) Date of commencement of operation – **January 1, 2027**

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.

Executive Summary

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Hale Makua Health Services (“HMHS”) was established in 1946 to care for frail, vulnerable elderly who needed 24-hour care and had no family or resources to provide the care.

HMHS operates two licensed intermediate and skilled nursing facilities in Central Maui with 344 licensed beds.

- Hale Makua Kahului – 254 SNF/ICF beds
- Hale Makua Wailuku – 90 SNF/ICF beds

These facilities are the only two freestanding nursing homes on Maui. Roughly 71% of the residents in the nursing homes are Medicaid beneficiaries. Overall, the nursing homes operate at approximately 80%-85% of their licensed bed capacity. This is primarily due to the dual occupancy rooms (which requires that only the same genders be co-located) which results in some challenges with flexibility in moving patients due to respecting resident rights, and not requiring a resident to relocate. In addition, the Wailuku facility is over 50 years old and may need significant renovations in the near future.

HMHS is planning to construct a new building in a lot adjacent to the current Kahului facility. The new building will include up to 72 dually licensed and Medicare-certified SNF/ICF beds. It will also include an outpatient rehab facility which will enable patients to be discharged home with the ability to return for therapy. Concurrently, HMHS will close two of the beds in the current Kahului facility for a net addition of 70 beds. HMHS has received confirmation from CMS through the Office of Healthcare Assurance that although the building will be located on a different parcel identified by a separate tax map ID number, it can still be certified as part of the Hale Makua Kahului facility. Please see Appendix F for a copy of the correspondence.

The planned expansion directly aligns with the goals and objectives of the State of Hawaii Health Services and Facilities Plan for Maui County and will increase long term care beds and services, position the home health operations for growth, and build a workforce to serve the aging population and long-term care needs of the Maui community.

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Background

Hale Makua Health Services (“HMHS”) was established in 1946 to care for frail, vulnerable elderly who need 24-hour care and had no family or resources to provide the care. Today, HMHS is the largest provider of long-term care services on the island of Maui. It provides pre- and post- acute care services and is the only organization on Maui providing services throughout both facility-based and home and community-based services within the long-term care continuum.

HMHS’s philosophy is to inspire well-being and independence, distinguished by the quality of its team, and strives to improve the lives of those in its care through compassionate personalized health services in its and its patient’s homes.

HMHS’s values are:

- **Compassion** –acts with compassion, treating elders, their families, each other, and its own employees with kindness, understanding, dignity and respect
- **Commitment** –passionately committed to the well-being of its community, providing quality services and compassionate care and collaborating within its organization and industry
- **Community** –plays a vital role in the community by being a sustainable resource, building capacity and fulfilling the needs of the Maui Community
- **Well-Being** – improves the well-being of those in its care by creating opportunities for connectedness, meaning, joy, individuality, enrichment, liberty and security
- **Quality** – provides high quality health services by continuously seeking ways to improve well-being, while delivering reliable, dependable care
- **Collaboration** –collaboration amongst its employees and with those in its community and industry, acting with integrity and honesty at all times

HMHS operates two licensed intermediate and skilled nursing facilities in Central Maui with 344 licensed beds.

- Hale Makua Kahului – 254 SNF/ICF beds
- Hale Makua Wailuku – 90 SNF/ICF beds

These facilities are the only two freestanding nursing homes on Maui. Roughly 71% of the residents in the nursing homes are Medicaid beneficiaries. Overall, the nursing homes operate at approximately 80%-85% of their licensed bed capacity. This is primarily due to the dual occupancy rooms (which requires that only the same genders be co-located) which results in some challenges with flexibility in moving patients due to respecting resident rights, and not requiring a resident to relocate.

HMHS’s services also include in-patient and out-patient rehabilitation, Medicare certified home health services, adult day health and a licensed adult residential care home. The individuals

served by HMHS's programs range in age from the 20s to 107. On an average annual basis, HMHS serves as a permanent home to over 300 residents and helps over 500 in-patient and out-patient rehabilitation clients to recover function and mobility so that they may return home to independent living.

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HMHS is managed by Ohana Pacific Management Company, Inc. dba Ohana Pacific Health ("OPH") whose mission is "Caring for Our Kupuna." OPH focuses on providing quality care with an exceptional customer experience.

OPH and HMHS are more than just service providers. They are unique in that they:

- Are local companies with local values providing service on all major islands,
- Offer access to a full continuum of care designed to keep people in their communities, and
- Have dedicated staff that desires to grow in their careers and are inspired by HMHS's and OPH's vision to enhance Hawaii's communities.

OPH is the largest manager/provider of post-acute and long-term care services in the State of Hawaii. A list of the facilities and services it owns or manages is below:

Provider	Location	Type of Provider	Services
Hale Makua Health Services	Kahului	Skilled Nursing Facility – 254 SNF/ICF beds, Home Health Agency, Adult Day Health	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care, home health and adult day health services
Hale Makua Health Services	Wailuku	Skilled Nursing Facility – 90 SNF/ICF beds, 20 Type II adult residential care home beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care, adult residential care home
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

Provider	Location	Type of Provider	Services RECEIVED
Garden Isle Health Care	Lihue	Skilled Nursing Facility – 110 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care 23 FEB -3 AIO :35
Hale Kupuna Heritage Home	Koloa	Skilled Nursing Facility – 84 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care & BEV. AGENCY
Hilo SNF dba Legacy of Hilo Rehabilitation and Nursing	Hilo	Skilled Nursing Facility – 100 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, respite, hospice care
Liliha Kupuna SNF dba Clarence T.C. Ching Villas	Honolulu	Skilled Nursing Facility – 163 SNF/ICF beds	Skilled nursing care, intermediate care, rehabilitation therapy, infectious disease, medically complex care
Prime Care Services Hawaii	Oahu	Home Health Agency	Home health and rehabilitation therapy
Stay at Home Healthcare Services	Kauai and Big Island	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
Kālele Care Services, LLC	Statewide	Care Management	Care management which assists patients with receiving health services.

HMHS's affiliation with OPH allows streamlined access to best practices, talent, resources, and management services.

The project

The conveyance of a 2.831 acre parcel located at 275 Uhu Street, Kahului Hawaii 96732 by the Maui County to HMHS has been approved by the Maui County Council. The parcel, which is currently part of the Kahului Community Center Park, is to be used "solely for the provision of healthcare and related complementary and/or support services and uses, including, but not limited to, the provision of residential nursing care, outpatient services and medical clinics, educational services, rehabilitation services, ancillary care and alternative healthcare services such as traditional Chinese medicine."

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Given the growing aging population on Maui, and as the only free-standing long term care provider, HMHS has plans to use this site to expand services and centralize operations, including:

- Up to 72 dually-licensed SNF and ICF beds
- Expansion of outpatient rehabilitation therapy
- Space for workforce development programs
- Parking
- Centralized kitchen

Concurrently, HMHS will close 2 of the beds in the current Kahului facility for a net addition of 70 beds.

HMHS has received confirmation from CMS through the Office of Healthcare Assurance that although the building will be located on a different parcel identified by a separate tax map ID number, it can still be certified as part of the Hale Makua Kahului facility. Please see [Appendix F](#) for a copy of the correspondence.

a. Relationship to the State of Hawaii Health Services and Facilities Plan

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The expansion of HMHS facilities and bed count on Maui is consistent with the goals of the State of Hawaii Health Services and Facilities Plan ("HSFP").

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HSFP Goals - Specifically, the goals of HSFP include:

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- Focus on increasing cost-effective access to necessary health care services
- Promote the financial viability of the health care delivery system
- Encourage optimization of services and expensive technology by ensuring that supply meets the need and costs are reasonable
- Promote regionalization of services where appropriate

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 Areas of Concern - A general principle of the Statewide Health Coordinating Council ("SHCC") is to "Promote and support the long-term viability of the health care delivery system" and "Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost." A specific area of concern was to "Ensure capacity and access to a continuum of long-term care services."¹

The viability of the health care system is dependent on residents receiving care in an appropriate place of service.

Maui County (Part of the Tri-Isle Subarea Health Planning Council) ("Tri-Isle SAC") A priority of the Tri-Isle SAC for home and community-based services is to "[a]ddress the immediate shortages of long-term care beds and services."

HMHS's expansion plans directly address SHCC's and the Tri-Isle SAC's goals of addressing the shortage of long-term care beds and services and the need for expanding operating space for community-based services. The expansion plan will also include the operation of a care management program managed by OPH that will benefit the Maui community by assuring that seniors are seeking and receiving necessary health care services.

There is currently a ratio of 14 long-term care beds per 1000 aged 65 and over. This is far below the national average of 34 beds per 1000² and indicates that there is a need for long-term care beds. Using the national average, there is currently a shortage of 658 beds in Maui County and 4,883 beds in the State.

¹ State of Hawaii, Health Services and Facilities Plan, State Health Planning and Development Agency (Retrieved from: <https://health.hawaii.gov/shpda/files/2013/04/shhsfp09.pdf>)

² National Center for Health Statistics, Vital and Health Statistics, February 2019, Series 3, Number 43.

b. Needs and Accessibility

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According to the HSFP, there were 141,902 total residents in Maui County in 2007. According to the State of Hawaii, Department of Business and Economic Development and Tourism ("DBEDT") Data Book for 2020³, the total population for Maui County was 167,989 with 32,847 people aged 65 and over. The population aged 65 and over represents nearly 20% of the Maui County population.

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Table 1.30-- RESIDENT POPULATION BY AGE GROUP, BY COUNTY: 2020

[As of July 1. Includes military personnel stationed or homeported in Hawaii and residents temporarily absent; excludes visitors present. Population Estimates for July 1, 2020 were created without incorporation or consideration of the 2020 Census results]

Age group	State total	Hawaii County	City and County of Honolulu	Kauai County	Maui County 1/
Total	1,407,006	203,340	963,826	71,851	167,989
Under 5 years	84,040	11,279	59,133	4,041	9,587
5 to 9 years	87,555	12,905	59,447	4,613	10,590
10 to 14 years	78,574	11,945	52,375	4,295	9,959
15 to 19 years	74,824	10,987	51,024	3,839	8,974
20 to 24 years	87,107	9,898	65,674	3,327	8,208
25 to 29 years	98,412	11,445	73,197	4,237	9,533
30 to 34 years	97,947	12,323	70,612	4,323	10,689
35 to 39 years	95,419	12,722	66,160	4,838	11,701
40 to 44 years	86,460	12,181	58,649	4,498	11,132
45 to 49 years	81,388	11,385	55,485	4,250	10,268
50 to 54 years	83,325	11,604	56,410	4,364	10,947
55 to 59 years	87,874	13,437	58,070	4,800	11,567
60 to 64 years	89,001	15,442	56,452	5,120	11,987
65 to 69 years	82,862	16,051	50,950	4,932	10,929
70 to 74 years	71,844	12,829	45,667	4,234	9,114
75 to 79 years	48,085	7,524	32,285	2,621	5,655
80 to 84 years	30,143	4,147	21,263	1,480	3,253
85 years and over	42,146	5,236	30,973	2,041	3,896
16 years and over	1,141,658	164,880	782,793	58,059	135,926
18 years and over	1,111,188	160,286	762,530	56,377	131,995
Under 18 years	295,818	43,054	201,296	15,474	35,994
18 to 64 years	836,108	114,499	581,392	41,069	99,148
65 years and over	275,080	45,787	181,138	15,308	32,847
In percent					
Under 18 years	21.0	21.2	20.9	21.5	21.4
18 to 64 years	59.4	56.3	60.3	57.2	59.0
65 years and over	19.6	22.5	18.8	21.3	19.6
Median age	40.0	43.3	38.8	42.5	42.0
Dependency ratio 2/	68.3	77.6	65.8	75.0	69.4

³ State of Hawaii, Department of Business and Economic Development and Tourism, State of Hawaii Data Book (2020). "Table 1.30 – Resident Population by Age, by County: 2020," <https://dbedt.hawaii.gov/economic/databook/db2020/>

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Notably, the Maui County population aged 65 years and older is growing at a faster rate than any other age group in the County. According to DBEDT, the Maui County population aged 65 years and older is expected to increase 59% between 2020 and 2045, with a projected population of 52,823 by the year 2045.⁴ These demographic trends suggest that there will be an increased need for skilled nursing beds.

Table A-6. Maui County Population Projection, Selected Components, 2010-2045

	2010 ¹⁾	2016 ¹⁾	2020	2025	2030	2035	2040	2045
Total resident population	155,072	165,474	172,762	181,577	189,947	197,836	205,040	211,537
Population: 0 to 4 years	10,011	10,145	10,161	10,588	10,955	11,388	11,751	12,033
School age children: 5 to 11 years	13,797	14,518	14,991	14,962	15,499	15,990	16,585	17,123
School age children: 12 to 13 years	3,884	4,039	4,193	4,378	4,287	4,546	4,688	4,864
School age children: 14 to 17 years	7,613	7,536	7,930	8,576	8,616	8,714	9,013	9,332
Population: 18 to 44 years	53,845	55,047	56,858	58,625	60,356	62,865	65,031	67,213
Population: 45 to 64 years	45,873	46,647	45,453	44,705	45,144	45,580	47,084	48,149
Population: 65 to 84 years	17,355	24,032	29,243	35,067	38,640	39,228	38,642	38,573
Population: 85 years and over	2,695	3,509	3,932	4,676	6,451	9,525	12,245	14,250
De facto population	194,384	218,059	232,448	245,344	258,143	270,545	281,913	293,348
Annual growth rates (%)								
		2010-2016	2016-2020	2020-2025	2025-2030	2030-2035	2035-2040	2040-2045
Total resident population		1.1	1.1	1.0	0.9	0.8	0.7	0.6
Population: 0 to 4 years		0.2	0.0	0.8	0.7	0.8	0.6	0.5
School age children: 5 to 11 years		0.9	0.8	0.0	0.7	0.6	0.7	0.6
School age children: 12 to 13 years		0.7	0.9	0.9	-0.4	1.2	0.6	0.7
School age children: 14 to 17 years		-0.2	1.3	1.6	0.1	0.2	0.7	0.7
Population: 18 to 44 years		0.4	0.8	0.6	0.6	0.8	0.7	0.7
Population: 45 to 64 years		0.3	-0.6	-0.3	0.2	0.2	0.7	0.4
Population: 65 to 84 years		5.6	5.0	3.7	2.0	0.3	-0.3	0.0
Population: 85 years and over		4.5	2.9	3.5	6.6	8.1	5.2	3.1
De facto population		1.9	1.6	1.1	1.0	0.9	0.8	0.8

1) 2016 vintage population estimates for July 1st of the year by the U.S. Census Bureau.

According to the State Health Planning & Development Agency, Health Care Utilization Reports for 2020, the island of Maui had a long-term care bed utilization of 84.57%, (the highest in the State) indicating there is a need for more long-term care services on Maui.⁵ In fact, given the fact that 2020 was in the midst of the COVID19 pandemic, the utilization of Maui beds increased from 83.90% in 2019, contrary to the trend across the state and nation-wide.

⁴ State of Hawaii, Department of Business and Economic Development, Population and Economic Projections for the State of Hawaii to 2045, "Table A-6. Maui County Population Projection, Selected Components, 2010-2045". <https://dbedt.hawaii.gov/economic/economic-forecast/2045-long-range-forecast/>

⁵ State of Hawaii, State Health Planning & Development Agency, Health Care Utilization Reports (2020 Data), Table 5: Licensed Long-Term Care Bed Utilization, 2020. health.hawaii.gov/2Fshpda%2Ffiles%2F2021%2F10%2F2020UR-Table-5-Licensed-Long-Term-Care-Bed-Utilization.pdf

	2019			2020		
	Beds	Days	%	Beds	Days	%
Maui County	459	140,981	84.15	459	142,196	84.88
Hawaii County	794	250,541	86.45	781	237,094	83.17
Oahu County	2,853	853,987	82.01	2,897	805,682	76.19
Kauai County	333	99,467	81.84	333	93,391	76.84
State-wide	4,439	1,344,976	83.01	4,470	1,278,363	78.35

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In addition, in 2020, there were 491 waitlisted patients in Maui County accounting for 13,219 patient days⁶. Waitlisted patients, i.e., those who no longer require acute care but continue to occupy an acute bed due to the unavailability of a long-term care bed, cannot be discharged from the hospital and therefore still receive care and services from the acute care facility. The cost for the provision of waitlisted care and services significantly exceeds the cost at a long-term care facility.⁷ In some cases, the acute care facility is never paid despite provision of the care and services. Based on the 2020 data, across Maui County an average of 36 patients per day were waiting to be discharged to a long-term care facility. Access to additional long-term care, expanded home health, and care management services will help to reduce some of the waitlist patient days.

There is currently a ratio of 14 long-term care beds per 1000 aged 65 and over. This is far below the national average of 34 beds per 1000⁸ and indicates that there is a need for long-term care beds. Using the national average, there is currently a shortage of 658 beds in Maui County and 4,883 beds in the State.

	Population age 65+	beds/1000	beds to reach statewide average	Difference	beds to reach national average	Difference
Maui County	32,847	14	526	(67)	1,117	(658)
Hawaii County	45,787	17				
Oahu County	181,138	16				
Kauai County	15,308	22				
State-wide	275,080	16			9,353	(4,883)
National average		34				

⁶ State of Hawaii, State Health Planning & Development Agency, Health Care Utilization Reports (2020 Data), Table 18: Wait Listed Patients in Acute Care Beds Ready to Discharge but Unable to Place, 2020. health.hawaii.gov/2Fshpda%2Ffiles%2F2021%2F10%2F2020UR-Table-18-Wait-Listed-Patients-in-Acute-Care-Beds.pdf

⁷ Hawaii Free Press (2014). Waitlisted patients cost Hawaii Hospitals \$62.7M. <http://www.hawaiifreepress.com/Articles-Main/ID/12814/Waitlisted-patients-cost-Hawaii-Hospitals-627M>

⁸ National Center for Health Statistics, Vital and Health Statistics, February 2019, Series 3, Number 43.

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Accessibility

As with all of its facilities, HMHS and OPH intend to provide care and services with integrity and compassion at all times. Care and services will be provided regardless of income, ethnicity or disabilities. HMHS and OPH strive to meet the needs of the community. HMHS will continue to accept Medicare and Medicaid patients in need of skilled nursing, physical, occupational, and speech therapy, social services and all aspects of residential care.

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c. Quality of Service/Care

HMHS will continue to comply with all Federal and State licensure and certification requirements. HMHS provides care that is patient-centered and customized to the patient needs. HMHS not only provides care to the patient, but also provides education to the family, caregivers upon discharge, and other individuals in the client’s circle of support in the areas of disease management, methods of caregiving and how to access needed services after discharge from the facility.

HMHS’s two nursing home facilities, Hale Makua Kahului and Hale Makua Wailuku, are recognized by CMS⁹ as 5-star providers for the quality of resident care ratings.

	Hale Makua Kahului	Hale Makua Wailuku
Quality of resident care rating	5 Stars	5 Stars
Short-Stay quality of resident care rating	5 Stars	5 stars
Long-Stay quality of resident care rating	5 Stars	3 Stars

HMHS collaborates with the OPH corporate staff to develop and implement corporate-wide policies and procedures. In addition, OPH provides training for all corporate policies implemented at each community. HMHS and OPH will continue to apply the same procedures, guidance and oversight necessary for HMHS to maintain high quality care for patients. There is a quality assurance process in place to continually assess and monitor care and identify improvement opportunities. Also, the corporate team conducts 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 HMHS. HMHS will not admit a patient if the organization does not have trained and qualified staff in place to properly care for the patient. A new state of the art building with a training center will assist in ensuring that the organization

⁹ Medicare.gov <https://www.medicare.gov/care-compare/results?searchType=NursingHome&page=1&city=Kahului&state=HI&zipcode=96732&radius=25&sort=closest>

has the infrastructure to care for post-acute residents and assure that staff have a place dedicated to improving their education, safety, and clinical skills.

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d. Cost and Finances

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There will be significant capital costs associated with this new building. This project will provide access to skilled nursing and rehabilitation therapy services for in-patients and out-patients in a state-of-the-art facility-setting.

The project is estimated to cost \$37.5M of which \$30.5M will be financed with debt, the remainder will be financed by equity and the donation of land from the County of Maui. The Year 1 and Year 3 revenues and expenses for this expansion are included in Appendix G.

It is expected that the project will generate a positive net income and positive cash flow from year 2. HMHS anticipates hiring 48 employees in year 1 and 68 employees in year 3.

As a well-established provider with a long history of providing quality services to its patients, HMHS has sufficient resources to undertake this project, including sustaining operations through the first year of anticipated losses. As a not-for-profit agency, HMHS anticipates securing financial capital through federal and state lending programs and through a capital campaign. More importantly, the project will have a positive impact by reducing the cost of hospitalizations for the community.

e. Relationship to the Existing Health Care System



As previously mentioned, there is a need for expanded long-term care bed capacity in Maui County. The additional beds will enhance the health care system in the community by providing a much needed service to a fast growing aging population and relieve the pressure on acute care hospitals. In addition, the administrative areas of the building will allow HMHS and OPH to expand the availability of home and community-based services which is consistent with national trends and Hawaii Medicaid initiatives as it provides quality care in a more cost-effective manner.

As the largest organization providing long-term care services to the Maui community, HMHS values its long-standing relationships with the other health care providers and believes that each is essential to the health care community.

HMHS will work closely with the Maui County hospitals, skilled nursing facilities, physicians, home and community-based providers and other agencies to coordinate care with the goal to provide the right care in the right place at the right time. It will work closely with case managers at all Maui Health System hospitals to plan for timely discharge of patients to a long-term care facility or back to their home with minimal interruption in services.

f. Availability of Resources

HMHS currently employs 475 staff across all of its Maui facilities and is supported by additional OPH team members. In addition, HMHS has developed a workforce development program that engages the local high schools and the University of Hawaii Maui College to develop healthcare pathways for students who may choose healthcare as a long-term career. The workforce development program is composed of the following elements:

Nurse Aide Training Program	Nurse Aide Apprenticeship	LPN Training Program	LPN Residency Program	RN Residency Program	Preceptor Training Program
<ul style="list-style-type: none"> • Produces Nurse Aides upon graduation who are ultimately employed by HMHS • Classroom, simulation lab, and hands-on training provided at Waiuku campus. • Work-based skills gained through onsite clinical rotation at Waiuku or Kahului campuses • Certification exam preparation 	<ul style="list-style-type: none"> • Graduates of NATP enter a year-long apprenticeship program • Prepares Nurse Aides for higher level careers through further classroom learning and preparation • Increases likelihood of advancing to a Certified Nurse Aide 	<ul style="list-style-type: none"> • Launched in 2018 in partnership with UHMC • Ten new Practical Nurses graduate annually with a Practical Nurse - Certificate of Achievement • HMHS provides classroom space and clinical experiences required for completion of the program 	<ul style="list-style-type: none"> • Graduates of the LPN Training Program transition into Residency Program • 8-10 week Residency combines structured on-the-job learning with related classroom instruction • Held once a year for newly graduated LPNs • LPN Residents are provided additional support and supervision by LPN Preceptors in order to transition confidently into independent practice 	<ul style="list-style-type: none"> • Supports newly graduated Registered Nurses • 8-12 week Residency combines instruction into real life situations • Held twice a year for newly graduated RNs • RN Residents are provided valuable learning experiences by RN Preceptors, who are role models of safe patient care 	<ul style="list-style-type: none"> • Trains senior healthcare providers in roles of a preceptor to promote retention of new graduate nurses as they transition to practice • Includes training on how to be a role model, educator, evaluator • Held once a year or as needed for adequate staffing support
					

HMHS has also conducted CNA training classes to provide education and hands-on training for those interested in achieving certification and working at HMHS.

In addition to establishing the work force development programs, HMHS aggressively recruits staff using a combination of staffing websites, job fairs and recruiters to identify qualified candidates. This enables residents of Maui to remain on their home island. As needed, OPH also has the ability to transfer or temporarily deploy staff statewide within the organization.

Hiring staff for the additional 72 beds is not anticipated to be an issue.

We are confident that HMHS will have the financial resources to fund this project including:

- \$4M of cash in the HMHS Foundation
- \$3M of an already approved Federal grant
- Community support for a capital campaign
- HMHS is already in discussions with the USDA and banks regarding loans