



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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## ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 25-05A  
To be assigned by Agency

Date of Receipt:

STATE HEALTH  
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### APPLICANT PROFILE

Project Title: Establishment of 8 bed Special Treatment Facility

Project Address: 1931 Baldwin Ave. Makawao HI 96768

Applicant Facility/Organization: Maui Youth and Family Services, Inc.

Name of CEO or equivalent: Nicole Hokoana

Title: CEO

Address: 1931 Baldwin Ave. Makawao HI 96768

Phone Number: 808-579-8414 Fax Number: 808-579-8426

Contact Person for this Application: Chelene Arnold


Title: Program Director

Address: 1931 Baldwin Ave. Makawao HI 96768

Phone Number: 808-280-8899 Fax Number: 808-579-8426

### 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

7-16-2025

Date

Chelene Arnold

Name (please type or print)

Program Director

Title (please type or print)

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1. TYPE OF ORGANIZATION: (Please check all applicable) 25 JUL 16 AM 11:53

Public \_\_\_\_\_  
Private \_\_\_\_\_  
Non-profit ☒ \_\_\_\_\_  
For-profit \_\_\_\_\_  
Individual \_\_\_\_\_  
Corporation ☒ \_\_\_\_\_  
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: ☒ \_\_\_\_\_  
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)
- 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.)
- C. Your governing body: list by names, titles and address/phone numbers
- 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
  - By-Laws
  - Partnership Agreements
  - Tax Key Number (project's location)

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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. JUL 16 11:53

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service	STF Change in Beds HCL Change in Beds DEV 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
STF	0	8	8
TOTAL			8

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6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

AMOUNT:

1.	Land Acquisition	0
2.	Construction Contract	60,000
3.	Fixed Equipment	20,000
4.	Movable Equipment	20,000
5.	Financing Costs	0
6.	Fair Market Value of assets acquired by lease, rent, donation, etc.	0
7.	Other: _____	0

TOTAL PROJECT COST: 100,000

B. Source of Funds

1.	Cash	_____
2.	State Appropriations	_____
3.	Other Grants	_____
4.	Fund Drive	_____
5.	Debt	_____
6.	Other: <u>Donation</u>	100,000

TOTAL SOURCE OF FUNDS: 100,000

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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.

Opening an 8 bed STF for 30-day Stabilization Program. The property currently has a 9 bed gender specific

shelter on the property. The program will serve youth ages 8-17 funding through CAMHD as a fee for service funded program

The building the program will be in has been used as office spaces but was originally built as a residential space.

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,
- b) Dates by which other government approvals/permits will be applied for and received,
- c) Dates by which financing is assured for the project,
- d) Date construction will commence,
- e) Length of construction period,
- f) Date of completion of the project,
- g) Date of commencement of operation

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)

☒

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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## IMPLEMENTATION SCHEDULE

The projected timeline for the completion of this project is outlined below, ensuring all necessary approvals, permits, and construction phases are completed before the scheduled opening date.

a) Date of site control for the proposed project:

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1978 – Date site was acquired or lease agreement was executed.

b) Dates by which other government approvals/permits will be applied for and received:

02-15-2025 – Submission of permit applications (e.g., zoning, building, health/safety).  
Expected date of permit upon licensing approval by OCHA

c) Dates by which financing is assured for the project:

01-01-2025 – Completion of funding agreements or loan approvals.

d) Date construction will commence:

02-15-2025 – Start of construction or renovation work.

e) Length of construction period:

Estimated 6 weeks.

f) Date of completion of the project:

03-31-2025

g) Date of commencement of operation:

Official Opening upon licensing approval by OCHA

## EXECUTIVE SUMMARY

### Project Overview

The Residential Stabilization Program (RSP) is a short-term crisis stabilization program designed for youth experiencing behavioral health crises. This trauma-informed residential program will provide 24/7 supervision, crisis intervention, and therapeutic services to stabilize youth and transition them into appropriate long-term placements, whether that be family reunification, step-down residential programs, or community-based care.

The RSP program fills a critical gap in Hawai'i's youth behavioral health system by reducing reliance on hospital emergency rooms, psychiatric inpatient units, and out-of-state placements. The program is scheduled to have Official Opening upon licensing approval by OCHA and will provide immediate access to stabilization services for youth in crisis.

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## Certificate of Need Criteria

### a) Relationship to the State of Hawai'i Health Services and Facilities Plan JUN -2 P3:58

The RSP program aligns with the State of Hawai'i Health Services and Facilities Plan by:

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#### Statewide Alignment – Residential Stabilization Program (RSP)

1. Promote and support the long-term viability of the health care delivery system  
RSP strengthens the behavioral health continuum by offering short-term stabilization services, reducing the burden on emergency departments and inpatient hospitalization.
2. Expand and retain the health care workforce  
RSP contributes to workforce development by employing trained behavioral health staff, with opportunities for ongoing training and career advancement in youth services.
3. Maintain overall access to quality health care at a reasonable cost  
RSP helps divert youth from high-cost institutional care by providing community-based, trauma-informed stabilization at a lower cost.
4. Strive for equitable access to health care services  
RSP prioritizes services for underserved populations, including Native Hawaiian and low-income youth, eliminating transportation and financial barriers by providing on-site support and Medicaid-covered services.
5. Ensure appropriateness for the continuum of care  
As a step-down or alternative to hospitalization, RSP fills a critical gap in the youth mental health continuum, ensuring smooth transitions between crisis, outpatient, and long-term care.
6. Encourage health education, promotion, and prevention  
RSP integrates psychoeducation and early intervention programming that builds emotional regulation and decision-making skills to reduce future crises.
7. Expand awareness of available resources  
RSP connects youth and families with community-based supports and educates them on local health, housing, and behavioral services during their stay.
8. Increase access to mental health services  
RSP is designed to rapidly assess, stabilize, and connect youth in crisis to outpatient therapy, psychiatric care, and wraparound services, directly increasing system access.
9. Increase access to substance use services  
Many youth served by RSP are dually diagnosed; RSP provides referrals and in-house screenings, ensuring early identification and connection to substance use treatment services.

#### Maui-Specific Alignment – Residential Stabilization Program (RSP)

1. Increase home and community-based services and bed supply  
RSP directly increases the number of youth stabilization beds on Maui, addressing a longstanding shortage of adolescent mental health placements on island.



2. Promote a paradigm shift toward home and community-based care  
By offering youth a therapeutic, short-term residential environment in lieu of hospitalization, RSP supports a model of care closer to home and community.
3. Streamline and eliminate barriers to establishing community-based services  
RSP demonstrates how licensing, Medicaid billing, and inter-agency partnerships can be streamlined to operationalize urgent mental health services in a rural island context.
4. Educate and supply a home and community-based services workforce  
RSP trains direct care workers, case managers, and mental health staff specific to adolescent care, helping build a local behavioral health workforce.
5. Expand accessibility for low-income individuals  
Services at RSP are accessible to all youth regardless of ability to pay, with Medicaid reimbursement and no out-of-pocket cost for families.
6. Investigate public-private partnerships  
The RSP model depends on partnerships between state agencies (e.g., CAMHD) and nonprofit providers like MYFS to deliver cost-effective care tailored to local needs.

#### b) Need and Accessibility

Hawai'i faces a significant and ongoing gap in youth crisis stabilization services. This gap results in delayed treatment, increased psychiatric hospitalizations (sometimes requiring out-of-state placement), and severe disruptions to education, family stability, and emotional regulation during critical developmental windows. A waitlist alone cannot reflect the true depth of need; our client population is dynamic, with rapidly shifting behavioral health and safety concerns. When Residential Stabilization Program (RSP) beds are not available, providers are forced to rely on alternative placements that are often less appropriate or more restrictive.

The need is clearly reflected in the referral and admission data for the CAMHD Residential Stabilization Program between 2020 and 2025:

Year	Referrals	Admissions	Unmet Need (%)
2025	9	1	89%
2024	41	14	66%
2023	43	19	56%
2022	60	33	45%
2021	74	37	50%
2020	66	26	61%

Over the last six years, the average unmet need for RSP services is approximately 61%, with a significant spike in 2025 (89%). This demonstrates a worsening gap in timely stabilization services for youth in crisis, despite a clear demand across the state.

This shortage has led to the following system-wide challenges:

- Increased psychiatric hospitalizations, often in O'ahu or out-of-state, due to lack of local options.

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- Extended wait times for appropriate placement, which delay intervention and recovery.
- Educational and family disruptions caused by prolonged crisis states and placement delays.

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How RSP Addresses Statewide and Maui Priorities:

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The RSP program directly aligns with SHCC priorities by:

- Serving youth statewide, ages 6 to 17, regardless of island or referral source.
- Offering 24/7 access to immediate behavioral health intervention in a safe, trauma-informed setting.
- Streamlining referrals from CAMHD, CWS, OYS, and CMOs to ensure rapid, coordinated access.
- Supporting equity by prioritizing low-income, Native Hawaiian, and system-involved youth.
- Reducing the need for hospitalization and preventing out-of-state placements by offering short-term, community-based stabilization.

On Maui, where these disparities are compounded by limited youth behavioral health infrastructure, the establishment of an RSP bed capacity:

- Increases community-based residential options for Maui youth, aligning with the statewide push for home- and community-based services.
- Helps retain youth in their home communities, avoiding separation from family, school, and cultural supports.
- Strengthens Maui's continuum of care and mitigates the need to rely on O'ahu-based or mainland facilities.

The data underscores the urgency. Without expanded bed capacity and adequate funding for youth stabilization services, the state will continue to see unaddressed psychiatric crises, escalating costs, and system strain across education, juvenile justice, and child welfare sectors.

#### c) Quality of Service/Care

The RSP program will deliver high-quality, trauma-informed care through:

- Individualized treatment planning, ensuring each youth receives tailored support.
- Multidisciplinary staff, including licensed therapists, case managers, and direct care professionals trained in crisis de-escalation and youth development.
- Evidence-based interventions, including cognitive-behavioral strategies, trauma-informed therapy, and skills-building sessions.
- Compliance with CAMHD performance standards, state licensing requirements, and best practices in residential care.

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#### d) Cost and Finances

The Residential Stabilization Program (RSP) contracts for 8 beds, operating under a fee-for-service model with a daily reimbursement rate of \$799.35 per youth (H0019 U6) and an additional \$119.60 per day for room & board (S9976). To ensure financial stability, CAMHD provides a 50% bed guarantee, covering at least 4 beds per day even if the census falls below that threshold.

#### *Funding Breakdown:*

- Fee-for-Service Rate (H0019 U6): \$799.35 per day per youth.
- Room & Board Reimbursement (S9976): \$119.60 per day per youth, applicable for all days the youth is physically present.
- Bed Guarantee Model (First two years):
  - If program census drops below 50%, CAMHD will reimburse at 50% of the total contracted beds to ensure financial stability.
- Paid Holds:
  - The full daily rate will be reimbursed for authorized Bed Holds and Therapeutic Passes, ensuring stable revenue despite temporary absences.

Based on an assumed occupancy rate of 70% in Year 1 and 85% in Year 3, the updated financial projections are:

- Year 1 (70% occupancy, 8 beds available):
  - Projected Revenue: \$1,677,083.75
  - Projected Expenses (85% of revenue): \$1,425,521.19
  - Net Income: \$251,562.56
- Year 3 (85% occupancy, 8 beds available):
  - Projected Revenue: \$2,012,500.50
  - Projected Expenses (85% of revenue): \$1,710,625.43
  - Net Income: \$301,875.08

#### e) Relationship to the Existing Health Care System

The RSP program will seamlessly integrate into Hawai'i's behavioral health and child welfare systems by:

- Reducing emergency room visits and inpatient hospitalizations for youth in crisis.
- Providing an alternative to out-of-state placements, keeping youth closer to family and community supports.
- Collaborating with CAMHD, DHS, and local behavioral health providers to ensure smooth transitions and continuity of care.
- Partnering with schools, outpatient mental health providers, and juvenile justice agencies to support long-term stabilization and reintegration into the community.

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f) Availability of Resources

- **Staffing Plan:** The program will be staffed by qualified professionals, including licensed therapists, case managers, and youth care workers, ensuring 24/7 support.
- **Facility Readiness:** The site has been secured, and necessary preparations (renovations, licensing, and staffing) will be completed before the Official Opening upon licensing approval by OCHA.
- **Secured funding** through CAMHD contracts.
- **Financial Stability:**
  - The program's revenue structure ensures financial viability, even in cases of fluctuating census levels.
  - The combination of daily service rates, bed guarantee payments, and room & board reimbursement provides a predictable revenue stream.
- **Community Partnerships:**
  - Strong collaborations with state agencies, schools, hospitals, and community-based programs will support referrals, treatment planning, and transition services.

Conclusion

The Residential Stabilization Program (RSP) is a critical addition to Hawai'i's youth behavioral health continuum, addressing the urgent need for crisis stabilization, trauma-informed care, and service accessibility.

With a financially sustainable model, strong state partnerships, and evidence-based care practices, RSP will reduce reliance on emergency services, provide youth with immediate stabilization, and strengthen Hawai'i's long-term mental health support system.