

House District 46

Senate District 23

THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS & SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Ko'olauloa Community Health and Wellness Center, Inc.

Dbas: Ko'olauloa Health Center

Street Address: 56-119 Pualalea St., Kahuku, HI 96731

Mailing Address: P.O. Box 395, Kahuku, HI 96731

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name TERRENCE ARATANI

Title Interim Chief Executive Officer

Phone # 808-792-3840

Fax # 808-293-5390

e-mail taratani@koolauloachc.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

KO'OLAULOA COMMUNITY HEALTH AND WELLNESS CENTER RENOVATION AND EXPANSION OF THE KAHUKU HEALTH CENTER

4. FEDERAL TAX ID _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$180,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 0
 FEDERAL \$ 1,139,462
 COUNTY \$ 0
 PRIVATE/OTHER \$ 15,793



RECEIVED

1/29/15

K. Aratani

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[Redacted Signature]

AUTHORIZED SIGNATURE

TERRENCE ARATANI, INTERIM CHIEF EXECUTIVE OFFICER

NAME & TITLE

1/29/2015

DATE SIGNED

**POS Proposal Application
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Application for Grants and Subsidies

I. Background and Summary

1. A brief description of the applicant's background;

Ko'olauloa Health Center (KHC) was organized in 2003 by community members in response to the need for affordable, quality, culturally appropriate health care for the residents of Ko'olauloa which spans from Haleiwa to Kahalu'u. Since opening its doors eleven years ago as a Federally Qualified Health Center (FQHC), it has steadily increased the number of residents served as well as expanded its service array to address the unique needs of the residents in the community. Over the past three years, on average, KHC has served 5,756 patients through 18,426 encounters per year.

KHC is one of two organizations in the 35-mile service area of Ko'olauloa that provides primary medical services, dental, behavioral health and pharmaceutical services regardless of ability to pay and on a sliding discount. This area *has the greatest shortage of primary medical doctors and dentists in the entire State of Hawaii*, as determined by the U.S. Department of Health and Human Resource, Health Resources Services Administration (HRSA).

2. The goals and objectives related to the request;

Goals and objectives. The goal for this project is provide financial assistance to allow KHC to continue its operations while current management stabilizes its finances.

Prior management and key board members, who are no longer with KHC, proceeded with a CIP project without securing funding sources; used out-of-state consultants who to date, have not justified work performed; and basically spent moneys willy nilly without much thought to KHC and the impact to the community.

KHC is facing a large debt situation which it is attempting to resolve through decreasing executive salaries, establishing payment plans with major vendors related to its operations, reviewing hours of operation and finding ways to decrease expenses while recruiting providers who will generate additional revenues. In addition, key management positions have been filled with knowledgeable individuals who have shown a commitment to KHC and the community.

3. State the public purpose and need to be served;

Ko'olauloa was designated a Medically Underserved Area (MUA) by HRSA in 2003, and has the highest Health Personnel Shortage Area (HPSA) scores in the

entire state for primary medical and dental care. This means that *the Ko'olauloa community has the most severe shortage of primary care doctors and dentists than any other community in the entire State of Hawaii.*

In addition, over 51% of Ko'olauloa residents live below 200% of the Federal Poverty level, and KHC is the only FQHC in Ko'olauloa, and the only organization that will provide medical, dental, behavioral health and pharmaceutical services regardless of ability to pay. No other organization in the community utilizes a sliding scale fee and has eligibility workers on staff to assist with securing government health insurance and social service benefits.

4. Describe the target population to be served; and

Poverty. Ko'olauloa is home to 21,406 residents.¹ Of these residents, 51% or 9,287 are low/moderate income. However, this statistic is skewed by a small population of high income residents and a large number of vacation rentals in the community. In census tract 102.01 alone, over 57% are low/moderate income residents.² Utilization of public benefits among Ko'olauloa residents has consistently exceeded statewide rates: 8.8% received financial aid (4.9% statewide) and 16.3% received food stamps (12.9% statewide).³ The rate of uninsured in Ko'olauloa is 7.9%, compared to 6.1% statewide.⁴

Ethnic mix. Over 46% of residents are Native Hawaiian or Other Pacific Islanders.⁵ Native Hawaiians have some of the poorest health indicators, including the highest death rate, of all ethnic groups in Hawaii.

Health disparities. The major health care needs of area residents include asthma, poor dental health, drug abuse, obesity, high teen birth rates, diabetes, stroke, obesity, asthma, low immunization rates, low medical utilization rates, inadequate prenatal care, high percentage of mothers with pre-existing medical conditions, and the need for community based support for the elderly.⁶ Substance abuse is a continuing concern, with high rates of smoking and binge drinking. These rates are even higher among Native Hawaiians and Pacific Islanders.

KHC patient population. Over 24% of KCHWC patients are uninsured, and over 40% are insured by government insurance programs (Medicaid/QUEST or Medicare). A majority of KHC patients, over 4,000, are served at the Kahuku Health Center site, and the remaining at the smaller Hau'ula Health Center.

¹U.S. Department of Commerce, U.S. Census Bureau, 2010 Census, Summary File 1.

²US Census Bureau, 2010 Census, accessed on the web at www.census.gov.

³2012 Primary Care Needs Assessment Databook, Hawaii State Department of Health.

⁴State of Hawai'i Primary Care Needs Assessment Databook 2012

⁵US Census Bureau, 2010 Census, assessed at www.census.gov.

⁶State of Hawai'i Primary Care Needs Assessment Databook 2012

Anticipated population growth. Over the coming years, the population of Ko'olauloa is anticipated to increase, and this will bring an even greater need for quality, affordable healthcare in the area:

- *Turtle Bay* plans an expansion of its facility, including workforce housing for its hotel staff.
- *Brigham Young University* (BYU) is in the process of expanding its campus to double their enrollment and faculty. Although BYU has its own health center, many students and faculty access KHC family planning services and other healthcare needs not covered by BYU health insurance.

5. Describe the geographic coverage.

KHC serves the 35-mile coastal north/northeastern shore community of Ko'olauloa on the main island of Oahu. The service area includes the three census tracts of 101.00, 102.01 and 102.02, also delineated by the seven Census Designated Places (CDP⁷) of Ka`a`awa, Punalu`u, Hau`ula, Laie, Kahuku, Kawela Bay and Pupukea).

⁷ U.S. Department of Commerce, U.S. Census Bureau

II. Service Summary and Outcomes

1. Scope of work, tasks and responsibilities;

Scope of work and tasks. KHC provides medical, dental, and behavioral health services to the Ko'olauloa region and its primary mission is to serve the underserved and uninsured.

2. The applicant shall provide a projected annual timeline for accomplishing the results or outcomes of the service;

Timeline	Year 1				Year 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pay new invoices on utilities (telephone/electric)	X	X	X	X				
Purchase medical and dental supplies	X	X	X	X				
Pay monthly insurance premiums	X	X	X	X				
Rent for Hau'ula clinic and office space	X	X	X	X				
Pay professional services (billing)	X	X	X	X				

3. Quality assurance and evaluation plans for the request

KHC bylaws establishes a Quality Assurance Committee to ensure that services to patients are addressing their needs.

In addition to the ongoing monitoring of the project, each year KHC undergoes a financial audit by certified public accountants to ensure that the organization complies with Generally Accepted Accounting Principles.

4. Measure(s) of effectiveness

Effectiveness of this project will be determined by the completion of tasks within the projected timeline and approved budget, as evaluated by the CEO and the Board of Directors.

III. Financial**Budget****1. Budget**

All required budget forms are attached to this request.

2. Quarterly funding requests for the fiscal year 2015-2016

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$60,000	\$40,000	\$40,000	\$40,000	\$180,000

3. Other sources of funding for fiscal year 2015-2016

The total cost of the project is approximately \$10 million, and KHC will aggressively seek funding for the balance from the City and County of Honolulu Community Development Block Grant (CDBG) Program, USDA Rural Development Programs, Harold K. L. Castle Foundation, The Harry and Jeanette Weinberg Foundation and other private sources.

4. State and federal tax credits

KHC has not applied for or been granted any state or federal tax credits.

IV. Experience and Capability

A. Necessary Skills and Experience

KHC has the skills, abilities, knowledge and experience to successfully implement and complete this project.

Board Governance. The Board of Directors has a Building Committee comprised of four board members plus the CEO. They meet at least once a month and are responsible for evaluating all matters regarding facilities, and for reporting to the full Board.

B. Facilities

KHC operates out of three sites, one is a freestanding structure in Kahuku that KHC owns in fee, a clinic and administrative office leased at the Hau'ula Kai Shopping Center, and the newest addition, the first school-based health clinic in the State located on the campus of Kahuku Middle and High School.

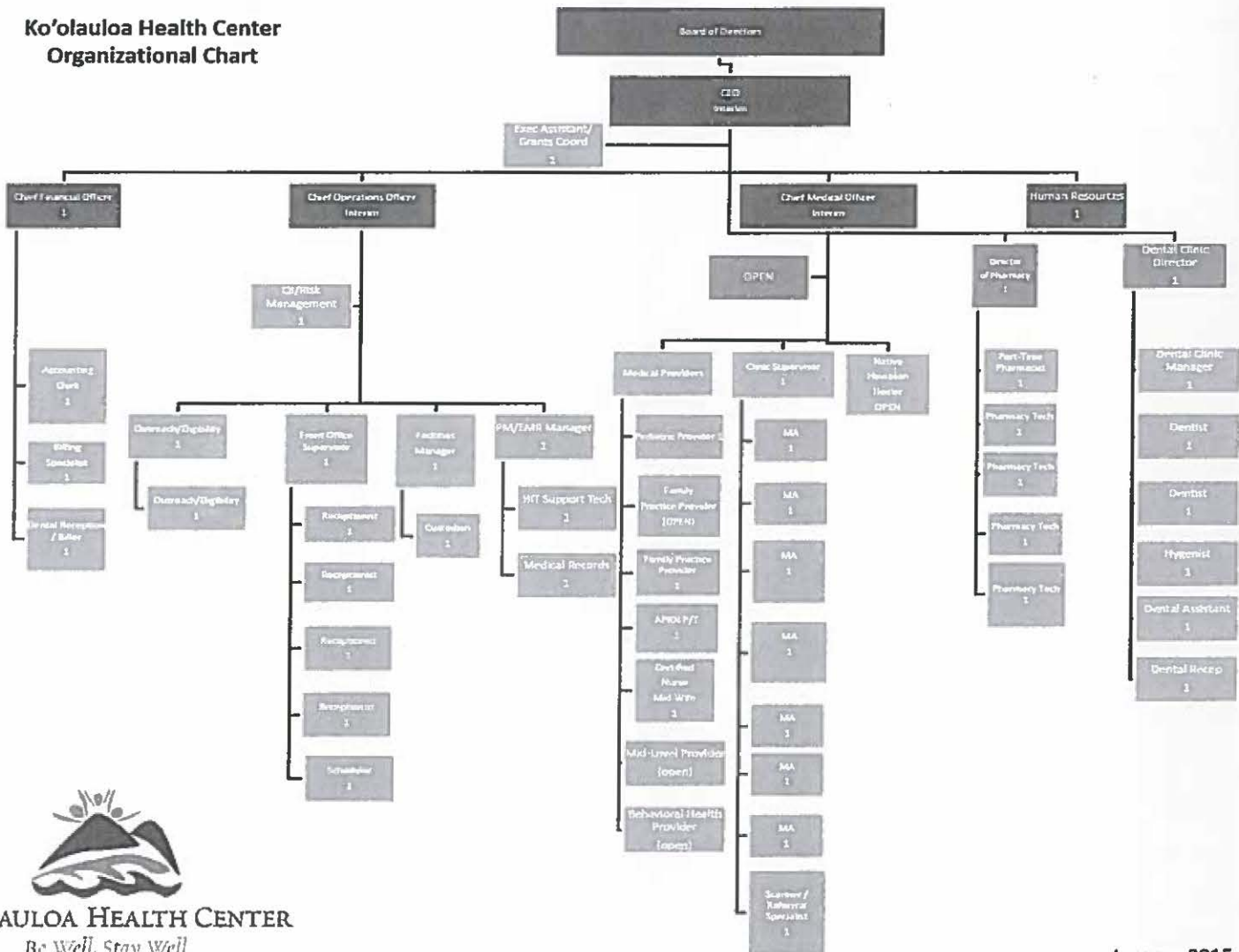
V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

For this project KHC will hire a project manager to coordinate the development and construction activities, and oversee and direct the services of an architect, engineers and contractors through a competitive bid process to maximize funding received from the Grant in Aid program. These positions are noted in the organizational chart.

B. Organization Chart

**Ko'olauloa Health Center
Organizational Chart**



KO'OLAULOAA HEALTH CENTER
Be Well, Stay Well.

January 2015

C. Compensation

The top three salaried employees are: Pediatric Physician (\$175,000), Family Physician (\$135,000), and Pediatric Dentist (\$130,000)

VI. Other

A. Litigation

KHC is currently involved in litigation with a former employee and has been placed on notice of potential litigation with the former CEO.

B. Licensure or Accreditation

KHC is a Federally Qualified Health Center as designated by the U.S. Department of Health and Human Services, Health Resources and Services Administration, and is a nonprofit 501(c)(3) organization as designated by the U.S. Internal Revenue Service.

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Ko'olauloa Community Health and Wellness Center, Inc.
(Typed Name of Individual or Organization)


(Signature)

January 29, 2014
(Date)

Terrence Aratani
(Typed Name)

Chief Executive Officer
(Title)

GOVERNMENT CONTRACTS AND/OR GRANTS

Applicant: Ko'olauloa Community Health & Wellness Center, Inc.

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1.	330e Grant	01/01/2015 – 12/31/2015	HRSA	US	940,462.00
2.	Primary Care - Reimbursement based on patient activity, similar to a PPS rate. No fixed award amount given.	07/01/2014 – 06/30/2015	DOH	US/State	
3.	Family Planning – Clinical & Educational	06/30/2014 – 06/29/2016	DOH	US/State	199,000.00
4.					
5.					
6.					
7.					
8.					
9.					
10.					
				TOTAL	1,139,462.00