



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 14-10 Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: **Establishment of Hospice Services – Honolulu County**

Project Address: **500 Ala Moana Boulevard, Suite 400, Honolulu, HI 96813**

Applicant Facility/Organization: **Hawaii Healthcare Partners, LLC**

Name of CEO or equivalent: **David Kowalski**

Title: **CEO**

Address: **500 Ala Moana Boulevard, Building 7, Suite 400, Honolulu, HI 96813**

Phone Number: **808-223-1831** Fax Number: **808-356-1973**

Contact Person for this Application: **David Kowalski**

Title: **CEO**

Address: **500 Ala Moana Boulevard, Suite 400, Honolulu, HI 96813**

Phone Number: **808-223-1831** Fax Number: **808-356-1973**

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.

David A. Kowalski
Signature

8/4/14
Date

David Kowalski
Name (please type or print)

CEO
Title (please type or print)

1. **TYPE OR ORGANIZATION:** (Please check all applicable)

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

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)
 - 1. See Attachment A
- 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.)
 - 1. See Attachment B
- C. Your governing body: list by names, titles and address/phone numbers
 - 1. See Attachment 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
 - N/A
 - Partnership Agreements
 - See Attachment D
 - Tax Key Number (project's location)
 - 46-1608379

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)	Change in ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility						
Outpatient Facility					X	
Private Practice						

5. **TOTAL CAPITAL COST:** \$111,400

6. **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
TOTAL			

7. **CHANGE IN 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 consult 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.

HHP proposes the establishment of a new outpatient hospice agency serving Honolulu County. Hospice services are identified in Section 11-186-5(4)(H) of the Certificate of Need Rules and is subject to certificate of need approval as outlined in Section 11-186-6(a).

8. PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	_____
2. Construction Contract	_____
3. Fixed Equipment	_____
4. Movable Equipment	<u>\$25,000</u>
5. Financing Costs	_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.*	<u>\$86,400</u>
7. Other: _____	_____
TOTAL PROJECT COST:	<u>\$111,400</u>

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

Project cost # 6 reflects the cost of a two-year lease for \$1.50 square feet of office space at a rate of \$1.50 per square foot (psf), with a \$1.25 psf common area maintenance share and general excise tax of 4.712%

A. Source of Funds

1. Cash	<u>\$25,000</u>
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	_____
6. Other: <u>2 Year Office Lease</u>	<u>\$86,400</u>
TOTAL SOURCE OF FUNDS:	<u>\$111,400</u>

9. **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,
 - **May 1, 2014**
- b) Dates by which other government approvals/permits will be applied for and received,
 - **Within 30 days of CON Approval**
- c) Dates by which financing is assured for the project,
 - **Financing is secured**
- d) Date construction will commence,
 - **N/A**
- e) Length of construction period,
 - **N/A**
- f) Date of completion of the project, and
 - **Upon receiving CON Approval**
- g) Date of commencement of operation.
 - **Upon receiving CON Approval**

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.

10. **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

Executive Summary:

Hawaii Healthcare Partners, LLC (HHP) is a Hawaii based limited liability company formed in 2014 for the sole purpose of providing hospice care to residents of Honolulu County. The CEO of HHP, David Kowalski, has over 25 years of sub-acute healthcare experience, including skilled nursing, hospice, home health, therapy and assisted living. Prior to forming HHP, Mr. Kowalski held senior level management positions with St. Francis Healthcare System Hawaii and Avalon Healthcare Hawaii, which together represent 50% of the hospice operators serving Honolulu County.

HHP is proposing to open a free-standing, Medicare certified, hospice program that will provide outpatient services throughout the island of Oahu. The hospice services provided by HHP will administer care to terminally ill individuals, those with life-limiting illnesses who have a remaining life expectancy of six months or less. The hospice services provided by HHP will address the physical, psychosocial, and spiritual needs of hospice patients, their family members and caregivers. The services offered by HHP will be provided to patients in their place of residence, be it their own home, a care home, assisted living or nursing facility. HHP will offer four levels of care: Routine Care, Continuous Care, General Inpatient Care and Respite Inpatient Care. Each patient will have a customized plan of care developed by HHP's interdisciplinary team designed specifically to address each patient's unique needs and updated regularly to reflect each patients changing circumstances.

The services included in each plan of care will consist of care from a broad range of highly trained professionals including physicians, nurses, social workers, therapists, dieticians, home health aides, spiritual counselors, as well as medications, medical equipment and supplies. HHP's offices will be open Monday through Friday, from 8:00 a.m. to 5:00 p.m., however staff will be accessible to patients, family members and their caregivers 24 hours a day, 7 days a week. HHP's services will be available to any individuals with terminal illnesses, whether or not they have the ability to pay and HHP has budgeted 10-15% of its care for indigent patients with no reimbursement source.

The projected cost of starting this program is approximately \$110,000, consisting of furniture, equipment and office lease expenses. The hospice program is projected to achieve profitability during its 2nd fiscal year of operations. To fund anticipated 1st year losses of approximately \$200,000, HHP has obtained a \$500,000 starting commitment from it's financial backer, Pacific Ventures Partners, with additional capital to be provided in the future, if necessary.

HHP believes this application will demonstrate that SHPDA approval of this hospice CON application will achieve the following HSFP goals:

- ***Increase cost-effective access to necessary health care services***
- ***Promote the financial viability of the health care delivery system***
- ***Optimize services by ensuring that supply meets the need and cost is reasonable***

A) Relationship to the Health Services and Facilities Plan (HSFP)

HHP believes approval of its hospice CON application addresses both Statewide and Honolulu County priorities set forth in HSFP. These specific priorities include the following:

STATEWIDE PRIORITIES

- Promote & support the long-term viability of the health care delivery system
- Expand health care workforce to enable access to appropriate & timely care
- Encourage & support health education, promotion & prevention initiatives
- Ensure capacity & access to a continuum of long-term care services

HONOLULU COUNTY PRIORITIES

- Increasing availability of home & community-based services and hospice services
- Improve & increase access to geriatric services to keep older adults out of institutions
- Improve hospital bed availability through timely transfers to sub-acute levels of care
- Improve & increase access of services for uninsured and underinsured
- Help maintain quality of life and social support for independent living
- Identify & address shortages in health care, with particular emphasis on senior care

By expanding access to more cost effective sub acute care that enables patients to minimize costly acute hospital stays, HHP believes its proposed hospice program addresses all the priorities highlighted above. The sections that follow expand upon each of the ways in which HHP's proposed hospice program address each of the priorities outlined above.

B) Need and Accessibility

In 2012, an estimated **83% OF HOSPICE PATIENTS** were **65 YEARS OF AGE OR OLDER**, according to the National Hospice and Palliative Care Organization (NHPCO), the largest organization representing hospice and palliative care programs in the U.S. Because hospice primarily serves the senior population, any study evaluating the need and accessibility of hospice warrants an assessment of the potential need in terms of the size and growth of the over 65 segment of the population.

With 15.1% of residents 65 years or older, **HAWAII RANKED 9TH** in the nation in terms of its **CONCENTRATION OF SENIORS** according to the U.S. Census Bureau in 2012. As the table below indicates, of 50 states and the District of Columbia, Hawaii's 9th place ranking places it in the **TOP 20%** in terms its **CONCENTRATION OF SENIORS**.

% Senior Population by State

Honolulu County	15.1%
National Average	13.7%

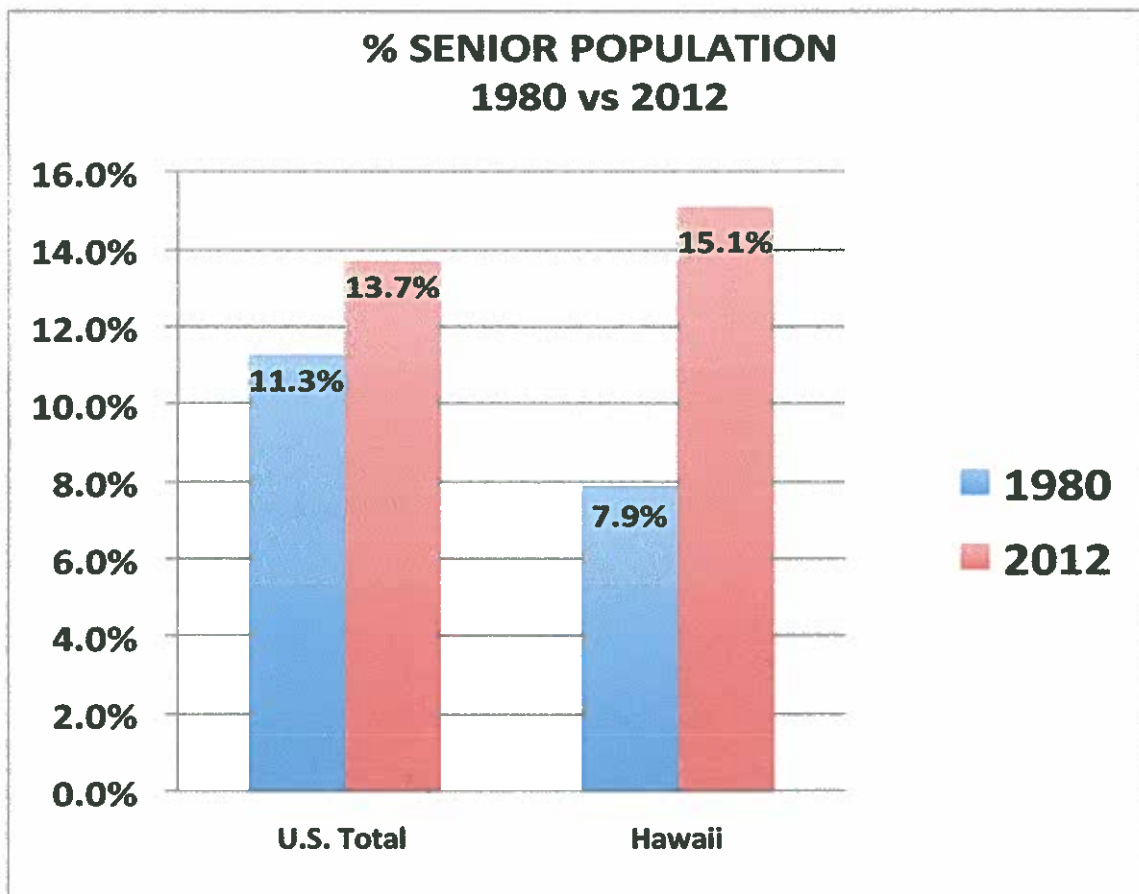
Ranking	State	% Over 65
1	Florida	18.2%
2	Maine	17.0%
3	West Virginia	16.8%
4	Pennsylvania	16.0%
5	Montana	15.7%
6	Vermont	15.7%
7	Delaware	15.3%
8	Iowa	15.3%
9	Hawaii	15.1%
10	Rhode Island	15.1%
11	Arkansas	15.0%
12	Oregon	14.9%
13	Arizona	14.8%
14	Connecticut	14.8%
15	Ohio	14.8%
16	Missouri	14.7%
17	New Hampshire	14.7%
18	South Carolina	14.7%
19	South Dakota	14.7%
20	Michigan	14.6%
21	Alabama	14.5%
22	Massachusetts	14.4%
23	North Dakota	14.4%
24	Wisconsin	14.4%
25	Tennessee	14.2%
26	New Jersey	14.1%

Ranking	State	% Over 65
27	New Mexico	14.1%
28	New York	14.1%
29	Kentucky	14.0%
30	Oklahoma	14.0%
31	Nebraska	13.9%
32	North Carolina	13.8%
33	Kansas	13.7%
34	Indiana	13.6%
35	Minnesota	13.6%
36	Mississippi	13.5%
37	Idaho	13.3%
38	Illinois	13.2%
39	Washington	13.2%
40	Nevada	13.1%
41	Wyoming	13.1%
42	Maryland	13.0%
43	Virginia	13.0%
44	Louisiana	12.9%
45	California	12.1%
46	Colorado	11.8%
47	Georgia	11.5%
48	District of Columbia	11.4%
49	Texas	10.9%
50	Utah	9.5%
51	Alaska	8.5%

B) Need and Accessibility (continued)

In addition to being in the top 20% in terms of concentration of seniors, **HAWAII** has also **FAR OUTPACED THE NATION** in terms of its **SENIOR POPULATION GROWTH**. From 1980 to 2012, the **SENIOR POPULATION IN HAWAII HAS** nearly **TRIPLED**, increasing from just under 75,000 in 1980 to approximately 210,000 in 2012. Hawaii's **OVER 85 POPULATION** has experienced **EVEN MORE DRAMATIC GROWTH** during the past 30 years. From 1980 to 2010, **HAWAII'S OVER 85 POPULATION** has **GROWN 10X FASTER** than the overall population, according to Hawaii's Executive Office on Aging. In contrast to Hawaii, the number of **SENIORS IN THE U.S.** has **GROWN BY ONLY ONE THIRD** the rate of Hawaii's senior population during the 1980-2012 time period.

As the chart below indicates, between 1980 and 2012, the **CONCENTRATION OF SENIORS** in **HAWAII** has nearly **DOUBLED** from 7.9% of the population to 15.1%. In stark contrast, the concentration of seniors nationwide, which exceeded Hawaii in 1980, only increased from 11.3% to 13.7%, and currently lags behind Hawaii.



While Hawaii's senior population has experienced dramatic growth historically, nearly tripling over the past 20 years, the **NUMBER SENIORS IN HAWAII** will **DOUBLE AGAIN** during the **NEXT 20 YEARS**. Hawaii's senior population is expected to increase from 15% to nearly 30% of the population by 2035, according to the Hawaii Department of Business, Economic Development and Tourism.

B) Need and Accessibility (continued)

The dramatic growth in **HAWAII'S SENIOR POPULATION**, which **GREATLY EXCEEDS THE NATIONAL AVERAGE**, suggests that Hawaii's needs in terms of its senior population also greatly exceeds the national average. **DESPITE** a seemingly **HIGHER THAN AVERAGE NEED** for senior services including hospice care, **HAWAII RANKED IN THE BOTTOM 20%** in terms of hospice utilization according to the most recent Medicare data on hospice utilization.

2012 Hospice Utilization by State

Honolulu County 42.0%

National Average 44.4%

Ranking	State	Utilization
1	Arizona	58.9%
2	Utah	55.5%
3	Iowa	55.1%
4	Delaware	54.8%
5	Florida	54.7%
6	Oregon	53.2%
7	Rhode Island	52.1%
8	Colorado	52.1%
9	Michigan	50.9%
10	Ohio	50.0%
11	Texas	48.0%
12	Georgia	47.9%
13	Wisconsin	47.3%
14	Nebraska	46.8%
15	Kansas	46.7%
16	Idaho	46.4%
17	Missouri	46.1%
18	South Carolina	46.0%
19	Minnesota	45.9%
20	New Mexico	45.7%
21	Louisiana	44.4%
22	Illinois	44.3%
23	Pennsylvania	44.2%
24	Oklahoma	44.1%
25	Nevada	43.6%
26	Washington	43.2%

Ranking	State	Utilization
27	North Carolina	43.2%
28	Maine	42.6%
29	New Hampshire	42.6%
30	Massachusetts	42.2%
31	Montana	42.1%
32	Alabama	42.0%
33	Connecticut	41.7%
34	New Jersey	41.6%
35	Arkansas	41.5%
36	California	41.3%
37	Indiana	40.9%
38	Maryland	40.4%
39	Tennessee	39.3%
40	Virginia	39.0%
41	Hawaii	38.3%
42	West Virginia	37.6%
43	Kentucky	35.6%
44	Mississippi	35.5%
45	South Dakota	34.1%
46	District of Columbia	31.0%
47	Vermont	30.3%
48	New York	28.7%
49	Wyoming	28.4%
50	North Dakota	27.9%
51	Alaska	19.7%

B) Need and Accessibility (continued)

DESPITE having an equally **HIGH GROWTH RATE** and concentration of seniors as the State of Hawaii, **HONOLULU COUNTY RANKED** in the **BOTTOM 40%** in terms of hospice utilization as compared to the national average, and fell short of the national average of 44%.

Among one of the significant factors impacting **LOWER UTILIZATION OF HOSPICE** in Honolulu County is the **LOW NUMBER OF HOSPICE PROVIDERS**. As the table below indicates, with 5,600 hospice programs nationwide, there are over 2 hospices per 1,000 deaths nationally. **HONOLULU COUNTY**, in contrast, with only 0.5 hospices per 1,000 deaths, had **76% FEWER HOSPICES** per 1,000 deaths compared to the national average.

Hospice Providers Per 1,000 Deaths

	Annual Deaths	Hospice Programs	Hospices Per 1,000 Deaths
U.S. Total	2,513,171	5,600	2.2
Honolulu County	7,426	4	0.5

The dramatically lower number of hospice providers per 1,000 deaths in Honolulu County seems at odds with the higher challenges associated with adequately addressing the end of life needs of Hawaii's rapidly growing senior population.

In summary, Honolulu County does not appear to be satisfying the need for hospice care based on the following factors:

- *The **NEED FOR HOSPICE** is **HIGHEST AMONG SENIORS** who comprise 83% of patients*
- ***HAWAII'S CONCENTRATION OF SENIORS** is among the **HIGHEST IN THE NATION***
- ***HAWAII'S SENIOR POPULATION** has **GROWN 3X FASTER** than the U.S. senior population since 1980*
- ***HAWAII'S SENIOR POPULATION** will **DOUBLE AGAIN** over the next 20 years*
- ***HOSPICE UTILIZATION** in **HONOLULU COUNTY** is in the **BOTTOM 40%** compared to other states and well below the national average*
- ***HONOLULU COUNTY** has **76% FEWER HOSPICE PROVIDERS** per 1,000 deaths than the U.S. overall*

C) Quality of Care

As previously discussed, HHP's management team has over 50 years of sub-acute healthcare experience including hospice, home health, skilled nursing, therapy and assisted living. HHP's management has successfully undergone accreditation surveys from a number of accreditation agencies including Joint Commission on Accreditation of Healthcare Organizations (JCAHO) as well as the Community Health Accreditation Program (CHAP) and successfully obtained accreditations from these organizations for multiple health care programs. In order to achieve the highest level of patient care, HHP will utilize the following three resources to establish and maintain the best standards of care:

- Medicare Conditions of Participation for Hospice
- National Hospice and Palliative Care Organization Standards
- Community Health Accreditation Program (CHAP) Standards

Within three months following CON approval, HHP will be seeking to obtain accreditation for its hospice program from the Community Health Accreditation Program (CHAP). The rigorous CHAP standards that HHP will need to comply with in order to obtain its CHAP accreditation will require HHP to achieve quality standards in some areas that exceed Medicare's Conditions of Participation for hospice. By obtaining its CHAP accreditation, HHP will be one of only 3 accredited hospice programs in the State of Hawaii.

To ensure maintenance and compliance with the highest possible standards of care, HHP's hospice will have a dedicated Quality Assessment Performance Improvement (QAPI) Program focused on the following:

- Tracking, measuring & analyzing clinical, financial and operational data
- Identifying high-risk, problem-prone areas to improve patient outcomes
- Develop target outcomes, measure outcomes & show measurable results

The QAPI Program and QAPI Manager will report directly to the Governing Board of HHP on a quarterly basis or more frequently if needed to ensure the success of HHP's QAPI Program and its goal of continuing to improve the quality of care for HHP's hospice patients.

D) Cost and Finances

The table below highlights, total revenues and expenses projected during HHP's initial 3 years. Although a loss of approximately \$200,000 is projected during HHP's first year of operations, HHP expects to achieve profitability during its 2nd year of operations, and generate positive income its 2nd and 3rd years of providing hospice care.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Net Patient Revenues	\$422,805	\$1,953,085	\$3,302,478
Operating Expenses	<u>(\$635,911)</u>	<u>(\$1,942,304)</u>	<u>(\$2,973,280)</u>
Operating Income (Loss)	(\$213,105)	\$10,781	\$329,199

HHP's management team is confident in its ability to achieve the projections above. The management members have many years of healthcare management experience, with senior level position in the areas of hospice, home health and skilled nursing operations. The management team has been involved in managing both start up and established hospice operations both in Hawaii and on the mainland. HHP's financial sponsors have committed \$500,000 toward funding 1st year start-up costs and operating losses of \$200,000 and are willing to provide additional capital, if necessary, to fund unanticipated losses.

HHP's budget assumes Medicare Certification does not occur until 7 months after starting its hospice operations, during which time HHP will be funding 100% of patient care, personnel and other expenses with no reimbursement from Medicare, Medicaid or private insurance. 100% of the care provided by HHP during this time period will be focused primarily on charity care.

With available capital to fund start up costs and 1st year losses, HHP will not create a drain on any of Honolulu County's resources, but on the contrary will expand the county's ability to educate and service the rapidly growing terminally ill population. In addition to augmenting Honolulu County's resources and expanding access to hospice care, HHP believes its efforts will save millions of dollars for the health care system. As illustrated below, assuming HHP's hospice patients avoid 1-3 days of acute care at a rate of \$4,550 per day, HHP's program should save Honolulu County an estimated \$4-12 million during HHP's first 3 years of operations. This conservative estimate does not include the cost of preventable nursing home stays.

	HOSPICE ADMISSIONS	COST PER ACUTE DAY	COST PER HOSPICE DAY	NET SAVINGS PER DAY	# OF ACUTE DAYS SAVED		
					1	2	3
					ACUTE CARE SAVINGS		
YEAR 1	90	\$4,550	(\$182)	\$4,368	\$393,158	\$786,316	\$1,179,473
YEAR 2	296	\$4,550	(\$182)	\$4,368	\$1,293,736	\$2,587,472	\$3,881,208
YEAR 3	502	\$4,550	(\$182)	\$4,368	\$2,193,369	\$4,386,737	\$6,580,106
TOTAL	888	\$4,550	(\$182)	\$4,368	\$3,880,262	\$7,760,525	\$11,640,787

*Source: Hawaii Health Trends - Average cost of 1 day of hospitalization in Hawaii

E) Relationship to the Existing Health Care System

As thoroughly demonstrated in Section B, "Need and Accessibility", the growth of **HAWAII'S SENIOR POPULATION** has **FAR OUTPACED** the national average, **INCREASING 3X FASTER** than the overall senior population during the **PAST 30 YEARS**. In spite of having a higher concentration of seniors and a faster growing senior population, the State of Hawaii and **HONOLULU COUNTY** are **NOT KEEPING PACE** with nation in terms of access to end of life care. **HONOLULU COUNTY**, while in the **TOP 20%** in terms of **SENIOR POPULATION**, ranks in the **BOTTOM 40%** in terms of its **HOSPICE UTILIZATION**.

In 2011, just 3 years ago, the initial wave of baby boomers just began reaching age 65. The number of **HAWAII'S SENIORS** is poised to accelerate, **DOUBLING** in number over the **NEXT 20 YEARS**. At such a **CRITICAL JUNCTURE**, **URGENT STEPS** are **NECESSARY** to **SHORE UP** the current **SHORTAGE OF HOSPICE CARE** in **HAWAII**, as well as **PREPARE** for the **RAPIDLY GROWING DEMAND** for **END OF LIFE CARE** the aging population will be placing **ON HAWAII'S HEALTHCARE SYSTEM**.

PRIOR TO 2008, ONLY TWO HOSPICE PROVIDERS served **HONOLULU COUNTY** for nearly **THREE DECADES**, St. Francis Hospice and Hospice Hawaii. **IN 2008, SHPDA APPROVED TWO ADDITIONAL HOSPICE PROVIDERS** to serve **HONOLULU COUNTY**, Bristol Hospice and Islands Hospice. By **DOUBLING** the number of **HOSPICE PROVIDERS**, **HOSPICE UTILIZATION** has also **DOUBLED** in **HONOLULU COUNTY**. In 2007, prior to SHPDA's approval of two additional providers, approximately 1,200 of the Medicare beneficiaries who died received hospice care. In 2012, that number had doubled to more than 2,400. The impact on the healthcare system of **DOUBLING THE NUMBER OF HOSPICE PROVIDERS** appears to be clear, a **DOUBLING IN HOSPICE UTILIZATION** over a **5 YEAR PERIOD**, from 2008 to 2012.

HHP believes **APPROVAL OF A 5th HOSPICE PROVIDER** in Honolulu County will have a similarly **POSITIVE IMPACT** on **BOTH ACCESS** to hospice care **AND** the **AMOUNT OF CARE** provided by the **FOUR EXISTING HOSPICE PROVIDERS** currently serving Honolulu County. **SINCE** approving two additional hospice providers in **2008, HOSPICE UTILIZATION HAS DOUBLED AND** the **CARE PROVIDED BY TWO ORIGINAL HOSPICES HAS INCREASED BY 50%**.

Based on the significant positive impact from the addition of the prior two hospice provider in 2008, HHP believes it will have a similar impact in terms of increasing access to hospice care and utilization of hospice care in Honolulu County, as well as having a positive impact on the 4 existing hospice providers currently serving Honolulu County. By increasing the amount of resources available for community education, funding care for indigent patients and increasing the number of hospice care personnel, HHP hopes to expand access to hospice care and bridge the gap between the current utilization of hospice in Honolulu County and the higher utilization of hospice nationwide. Given the dramatic growth in hospice demand anticipated as the senior population doubles over the next 20 years, adding 1 more hospice agency in Honolulu County helps provide some additional assurance that enough resources will be available to meet the accelerating need for end of life care. Lastly, as indicated in Section D, HHP anticipates saving the healthcare system \$4-12 million over the next 3 years by reducing the need for more expensive acute care services

F) Availability of Resources

In terms of Financial Resources, as indicated previously, HHP already has a \$500,000 capital commitment toward its start up costs and first year operating expenses of \$200,000. This level of capital commitment is sufficient to cover HHP's anticipated needs more than 2x over. Should anticipated losses exceed HHP's projections by more than 200%, HHP's investors are willing to provide additional capital in order to ensure the success of HHP's hospice operations.

In terms of availability of Human Resources, HHP's has already recruited a CEO and COO with significant experience with opening and operating hospice agencies. The management team has been involved in managing both start up and established hospice operations both in Hawaii and on the mainland. The management team members have established relationships with many healthcare professionals both in Hawaii and on the mainland and have many qualified candidates interested in joining HHP.

In terms of HHP's staffing, the needs are very minimal to start up its hospice operations. HHP anticipates needing only 5.6 full time equivalent staff members initially to start its operations following CON approval. HHP's initial staff will consist of the following positions:

STAFFING NEEDS	
DISCIPLINE	FTEs
Administrator	1.0
Medical Director	0.2
Office Manager	1.0
RNs/LPNs	1.2
CNAs	1.2
SWs	0.5
Chaplains	0.5
TOTAL FTEs	5.6