



# HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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## STANDARD APPLICATION - CERTIFICATE OF NEED PROGRAM

STATE  
& DEV. AGENCY

Application Number: #17-02 Date of Receipt:  
To be assigned by Agency

### APPLICANT PROFILE

Project Title: Establishment of Medicare-Certified Hospice Agency

Project Address: 500 Ala Moana Blvd., Suite 7-400, Honolulu, Hawaii 96813

Applicant Facility/Organization: Mālama Ola Health Services LLC

Name of CEO or equivalent: Michael G. Duick, M.D.

Title: Executive Director

Address: 500 Ala Moana Blvd., Suite 7-400, Honolulu, Hawaii 96813

Phone Number: (808) 543-1141 Fax Number: (808) 441-1994

Contact Person for this Application: Michael G. Duick, M.D.


Title: Executive Director

Address: 500 Ala Moana Blvd., Suite 7-400, Honolulu, Hawaii 96813

Phone Number: (808) 543-1141 Fax Number: (808) 441-1994

### 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

May 4, 2017  
Date

Michael G. Duick, M.D.  
Name (please type or print)

Executive Director  
Title (please type or print)

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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)
  - Please 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.)
  - Medicare Certification is required for full implementation of this proposal.
- C. Your governing body: list by names, titles and address/phone numbers
  - Please see Attachment B.
- D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:
  - Articles of Incorporation
    - Please see Attachment C.
  - By-Laws
    - By-laws are not applicable for this proposal.
  - Partnership Agreements
    - Please see Attachment D.
  - Tax Key Number (project's location)
    - The Tax Key Number is 1-2-1-29-1.

**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<br>(over \$400,000) | New/Upgraded Medical Equip.<br>(over \$1 million) | Other Capital Project<br>(over \$4 million) | Change in ownership | Change in service/<br>establish new service/facility | Change in Beds |
|---------------------|--|---|---|---------------------|--|----------------|
| Inpatient Facility  |  |   |   |                     |  |                |
| Outpatient Facility |  |   |   |                     | X  |                |
| Private Practice    |  |   |   |                     |  |                |

**5. TOTAL CAPITAL COST:**                     \$169,383                    

**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 |
|--------------|-------------------|--------------------------------|---|
|              |                   |                                |   |
|              |                   |                                |   |
|              |                   |                                |   |
| <b>TOTAL</b> |                   |                                |   |

**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.

Mālama Ola Health Services proposes the establishment of a new Medicare-certified Hospice agency in Honolulu County. The standard category of proposed health care service is located at Section 11-186-5(4)(H).

**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>\$144,383</u> |
| 7. Other: _____  | _____            |

**TOTAL PROJECT COST: \$169,383**

**B. Source and Method of Estimation**

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

The movable equipment costs above include \$25,000 for office furniture and other movable equipment. The Fair Market Value of assets acquired by lease reflect a two-year lease of 1650 square feet at \$2.00 per square foot plus \$1.50 common area maintenance charge per square foot with 4.172% Hawaii General Excise Tax.

**C. Source of Funds**

**AMOUNT:**

|  |                  |
|--|------------------|
| 1. Cash  | <u>\$25,000</u>  |
| 2. State Appropriations  | _____            |
| 3. Other Grants  | _____            |
| 4. Fund Drive  | _____            |
| 5. Debt  | _____            |
| 6. Other: <u>Fair market value of leased space to be paid by monthly rent payments</u> | <u>\$144,383</u> |

**TOTAL SOURCE OF FUNDS: \$169,383**

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:
  - Site control was obtained May 1, 2017.
- b) Dates by which other government approvals/permits will be applied for and received:
  - Government approvals will be applied for within 60 days after CON approval.
- c) Dates by which financing is assured for the project:
  - Financing is secured.
- d) Date construction will commence
  - No construction is required for this proposal.
- e) Length of construction period:
  - No construction is required for this proposal.
- f) Date of completion of the project, and:
  - The project will be complete upon receiving CON approval and Medicare certification.
- g) Date of commencement of operation
  - The operation will commence 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

Mālama Ola Health Services LLC (Mālama Ola) is a new company formed by Dr. Michael Duick to provide needed Hospice and Supportive Care services to residents of Oahu. Our locally owned and operated company will provide compassionate care to those with life-limiting illness as well as to their loved ones and caregivers. More specifically, Mālama Ola will provide expert medical care, pain management, emotional and spiritual support specifically tailored to a patient's needs and wishes at the patient's home.

In addition to traditional Hospice Care, Mālama Ola will provide Supportive Care, which is a new palliative care benefit offered to HMSA Members. Supportive Care can only be provided by Medicare-certified Hospice agencies. This novel benefit coupled with the aging population in Honolulu County create a clear and compelling need for an additional provider of Hospice and Supportive Care on the island of Oahu. To fill this need, Mālama Ola respectfully submits our application to the State Health Planning and Development Agency (SHPDA) to be evaluated through the Certificate of Need (CON) program.

## CERTIFICATE OF NEED CRITERIA

a) Mālama Ola's proposal relates to the State of Hawai'i Health Services and Facilities Plan in the following ways:

- 1) Supports the State of Hawaii Health Services and Facilities Plan by focusing on cost-effective access to necessary health care services and encouraging optimization of services by ensuring supply meets the community need.
- 2) Supports the State Health Planning & Development Agency's purpose of promoting accessibility to quality health care services at reasonable cost.
- 3) Supports the Statewide Health Coordination Council's priorities of promoting and supporting the long-term viability of the health care delivery system by ensuring that the growing demand for cost-effective, community-based services is met by adequate supply.
- 4) Supports the Honolulu, West Oahu and Windward Subarea Health Planning Councils' priorities by helping to control escalating costs in the senior care industry by reducing the needs for institutionalized care, increasing access to home and community based geriatric services and improving hospital bed availability.

b) The Need of Accessibility of Mālama Ola's proposed service is as follows:

- Need and Demand for Hospice Care

The greatest need and demand for Hospice Care comes from our senior population. In 2014, approximately 84% of Hospice patients were 65 years of age or older and 41.1% were older than age 85 (please see Attachment G: "Facts and Figures – Hospice Care in America." 2015 Edition. National Hospice and Palliative Care Organization).

As noted in Hawaii's Health Services and Facilities Plan, both Hawaii's acute care and long-term care bed supplies are lower than the national rates. In particular, the shortage is sharply felt in the long-term care services market. If no long-term care beds are available, many patients needing these beds are waitlisted and often occupy acute care beds. Hospitals do not recoup the full

costs for waitlisted patients, while the supply of acute care beds for patients who need acute care is diminished.

Our aging population on Oahu has a clear need for community-based Hospice Care. The number of Medicare Beneficiaries in Honolulu County has consistently grown by 2-3% each year since 2008, which is the last year a new Hospice agency was approved by SHPDA via the CON process.

The following table details the annual growth rate of Medicare Beneficiaries in Honolulu County from 2007 through 2015:

| Year         | Medicare Beneficiaries in Honolulu County | Annual Growth Rate from Previous Year |
|--------------|---|---------------------------------------|
| 2015         | 175,200                                   | 2.4%                                  |
| 2014         | 171,154                                   | 2.5%                                  |
| 2013         | 166,967                                   | 2.8%                                  |
| 2012         | 162,468                                   | 3.2%                                  |
| 2011         | 157,429                                   | 2.9%                                  |
| 2010         | 153,028                                   | 2.3%                                  |
| 2009         | 149,531                                   | 2.7%                                  |
| *** 2008 *** | 145,655                                   | 2.4%                                  |
| 2007         | 142,238                                   |                                       |

**\*\*\* 2008 \*\*\* MRI dba Islands Hospice Inc. received CON approval from SHPDA to establish a Hospice operation. This was the last year a new Hospice agency was approved via SHPDA's CON process.**

- Need and Demand for Supportive Care

On January 1, 2017, Hawaii's largest private insurer, HMSA, formalized a major palliative care benefit called Supportive Care. HMSA's Supportive Care benefit is truly ground breaking and more encompassing than any palliative care benefit offered on the Mainland. In fact, most health insurers have no such benefit.

Under this new benefit, eligible HMSA Members may receive traditional, curative medical care such as chemotherapy while also receiving home-based visits from Hospice professionals geared towards symptom control, psychosocial and spiritual support. Foremost, the goal is to alleviate or at least minimize physical and mental suffering. A secondary benefit is the reduction of medically unnecessary emergency department visits and acute care

hospitalizations. HMSA mandates that Supportive Care is delivered by Medicare-certified Hospice agencies.

HMSA currently has over 726,000 members statewide (please see Attachment H: HMSA 2015 Annual Report). The demand for Supportive Care services during its multi-year pilot phase reached over 100 patients per year. Now that Supportive Care is a defined HMSA benefit, the demand on Oahu could reach 500 or even 1,000 patients per year. The demand during Supportive Care's pilot phase created a strain on the limited number of Medicare-certified Hospice providers on the island of Oahu, and the upcoming need will not likely be met by these four providers.

In addition, the need and demand for HMSA Supportive Care will only grow as HMSA Members and Medical Providers gain more exposure to the wonderful benefits of the program – a program which is unique and special to Hawaii. No such benefit exists anywhere else in the United States. It is Mālama Ola's belief that a locally owned and operated Hospice agency which understands the unique needs of our Hawaii Residents and Medical Providers is best suited to meet the significant demand created by HMSA's new Supportive Care benefit.

- Estimates for supply and utilization with description of methodologies used:

The island of Oahu has just four Medicare-certified Hospice agencies to supply all of our Hospice and Supportive Care needs island-wide. The last Hospice agency to be approved by SHPDA's CON procedure was in September of 2008 (Ministry Research Inc. dba Islands Hospice; CON # 08-10). In their approved application from nearly one decade ago, Ministry Research Inc. dba Islands Hospice claimed that Honolulu County needed thirteen (13) Hospice programs.

**The current supply of Hospice and Supportive Care Providers in the County of Honolulu is as follows:**

| Hospice Agency                        | Medicare Certification Date | State of Incorporation | Business Type       |
|---------------------------------------|-----------------------------|------------------------|---------------------|
| St. Francis Community Health Services | 12/20/1983                  | Hawaii                 | Local Nonprofit     |
| Hospice Hawaii, Inc.                  | 3/25/1986                   | Hawaii                 | Local Nonprofit     |
| Bristol Hospice - Hawaii LLC          | 8/10/2007                   | Utah                   | Mainland For-Profit |
| Islands Hospice, Inc.                 | 11/26/2009                  | Oklahoma               | Mainland Nonprofit  |



Over the past several years, Oahu's four dedicated, high-quality Hospice and Supportive Care providers have significantly improved access to and the utilization of Hospice Care. Unfortunately, Honolulu County continues to lag behind national averages with respect to utilization of Hospice Care. Medicare Hospice utilization is defined as the number of Medicare Beneficiaries who expire receiving Hospice Care divided by the total number of Medicare Beneficiaries who expire during the same time period.

The Medicare population in Honolulu County grew by 2.4% from 2014 to 2015. If supply were to meet demand, we would expect that Hospice utilization would grow accordingly. However, **Medicare Hospice utilization on our island started decreasing in 2015 at a rate of 0.5%. While Oahu's Hospice utilization decreased, the overall Hawaii state average of Hospice utilization actually increased.** It is clear that despite the excellent work of the four Oahu Hospice providers, supply is not meeting demand in Honolulu County.

The following table illustrates that:

- National Medicare Hospice Utilization ***INCREASED*** Every Year;
- Oahu Medicare Hospice Utilization ***DECREASED*** in 2015 for the First Time Since the Medicare-certification of Bristol Hospice in 2007 and Islands Hospice in 2009.

| Year | Oahu Medicare Decedents | Oahu Medicare Hospice Decedents | Oahu Medicare Hospice Utilization | National Medicare Hospice Utilization | Oahu Medicare Hospice Utilization Growth Rate | Oahu Hospice Information                     |
|------|-------------------------|---------------------------------|-----------------------------------|---------------------------------------|---|--|
| 2015 | 6,244                   | 2,811                           | 45.02%                            | 46.57%                                | -0.5%   | Need for an Additional Oahu Hospice Provider |
| 2014 | 6,123                   | 2,770                           | 45.24%                            | 45.65%                                | 4.4%  |  |
| 2013 | 5,961                   | 2,584                           | 43.35%                            | 45.20%                                | 4.2%  |  |
| 2012 | 5,815                   | 2,419                           | 41.60%                            | 43.92%                                | 7.9%  |  |
| 2011 | 5,535                   | 2,134                           | 38.55%                            | 42.23%                                | 10.1%   |  |
| 2010 | 5,385                   | 1,886                           | 35.02%                            | 40.96%                                | 20.4%   |  |
| 2009 | 5,537                   | 1,610                           | 29.08%                            | 39.02%                                | 11.5%   | Islands Hospice is Medicare Certified        |
| 2008 | 5,319                   | 1,387                           | 26.08%                            | 37.01%                                | 13.3%   |  |
| 2007 | 5,208                   | 1,199                           | 23.02%                            | 35.48%                                |   | Bristol Hospice is Medicare Certified        |

The following table illustrates the absolute change in Medicare Hospice utilization rates from 2014 to 2015:

| National Utilization | State of Hawaii Utilization | Honolulu County Utilization |
|----------------------|-----------------------------|-----------------------------|
| + 0.7%               | + 0.9%                      | - 0.2%                      |

All Medicare utilization data in our application is obtained from Hospice Analytics, Inc., a company which specializes in the collection and compilation of data from Medicare claims.

Kōkua Mau, Hawaii’s Hospice and Palliative Care Organization, collaborates with Hospice Analytics. Additionally, Kōkua Mau offers all Hawaii-based Hospice agencies access to this data.

The Chief Executive Officer of Hospice Analytics is Dr. Cordt T. Kassner. He provided testimony at the last two CON hearings for applicants proposing new programs on the island of Oahu.

On January 27, 2014, SHPDA issued a letter of denial to Hawaiian Health Care Corporation dba ProHealth Hospice & Home Care partially based on the CON criteria regarding Need and Accessibility (please see Attachment I: “Decision on the Merits.” Hawaiian Health Care Corporation dba ProHealth Hospice & Home Care). At those hearings, Dr. Kassner stated that “if current trends continue, Honolulu’s Medicare Hospice Utilization rate is expected to increase above the national average in 2015.”

On December 1, 2014, SHPDA issued a letter of denial to Hawaiian Healthcare Partners LLC based on the CON criterion regarding Need and Accessibility (please see Attachment J: “Decision on the Merits.” Hawaiian Healthcare Partners LLC). At those hearings, Dr. Kassner stated that “Honolulu’s Medicare Hospice Utilization rate has been increasing faster than the national average over the past eight years, with a noticeable increase and departure from Hawaii’s state average beginning in 2008 and continuing through 2012. If current trends continue, Honolulu’s Medicare Hospice Utilization rate is expected to increase above the national average in 2015.”

The data clearly shows that Oahu’s Medicare Hospice utilization rate should have exceeded national averages in 2015 if the four Oahu Hospice providers collectively kept pace with the increasing need for their services. In the two Hospice CON hearings from 2014, every Oahu Hospice Care agency argued that Oahu Medicare Hospice utilization rates would exceed national averages in 2015 and, as such, no additional Hospice Care agency was needed.

We now know that due to the shortage of Hospice Care providers in Honolulu County, the 2015 Medicare Hospice utilization rate on our island fell from 2014 levels. This underutilization of Hospice Care creates a strain on our island’s health care system and denies access for our most medically frail population to receive these very important and beneficial community-based services.

- Deficits or surpluses between need/demand and supply are as follows:

The utilization of Medicare Hospice on Oahu decreased from 2014 to 2015. During this same time period, the number of Medicare Beneficiaries on Oahu increased. Also during this same time period, Medicare Beneficiaries both statewide and nationwide used Hospice Care more than ever before. It is clear that a deficit in Hospice Care specifically exists on our island.

If the Medicare Beneficiaries of Oahu were receiving Hospice Care at national utilization levels (46.6%), the four Hospice providers would have attended to the deaths of 2908 Medicare Beneficiaries in 2015. However, the actual number was 2811, which is a deficit of 99 patients. This deficit will continue to grow as the Medicare population on Oahu increases in number and the Hospice utilization on Oahu stays either stagnant or decreases.

**The following table shows the deficit of Oahu Medicare Beneficiaries receiving Hospice Care compared to the national average in 2015:**

| 2015 Oahu Medicare Hospice Usage Compared to National Average    |      |
|--|------|
| Medicare Decedents Attended to by four Oahu Hospices             | 2811 |
| Medicare Decedents if Oahu Hospices were at the National Average | 2910 |
| DEFICIT in terms of Terminally-III Patients Not Served in 2015   | -99  |

Additionally, those of us who are passionate about and advocate for high quality end-of-life care aim for Hospice utilization rates above the national average. Mālama Ola believes that in Hawaii, we should not look towards just being average.

Florida, which is a CON state, had a Medicare Hospice Utilization of 56.2% in 2015 (Please see Attachment K: 2017 State Hospice Report. Hospice Analytics, Inc.). If the Medicare Beneficiaries on Oahu had received Hospice Care at Florida utilization levels, the four hospice providers would have attended to the deaths of 3509 Medicare Beneficiaries in 2015. Because the actual number was 2811, this deficit is 698 patients who could have potentially benefited from Hospice Care if Hawaii were on par with Florida.

**The following table shows the deficit of Oahu Medicare Beneficiaries receiving Hospice Care compared to the Florida utilization in 2015:**

| 2015 Oahu Medicare Hospice Usage Compared to Florida           |      |
|--|------|
| Medicare Decedents Attended to by four Oahu Hospices           | 2811 |
| Medicare Decedents if Oahu Hospices were at the Florida Levels | 3509 |
| DEFICIT in terms of Terminally-III Patients Not Served in 2015 | -698 |

The deficit in the current provision of Hospice Care may grow when coupled with the significant new demand created by HMSA's Supportive Care benefit. The influx of patients eligible for home-based Supportive Care services will very likely overwhelm the capacity of the limited number of Hospice providers on our island.

While SHPDA does not provide a formula to determine the deficit of hospice providers, it is clear that the time has come for an additional provider of Hospice and Supportive Care to be approved by SHPDA's CON process to fill our current deficits and to help with the heavy workload all Hospice and Supportive Care providers are facing. It is Mālama Ola's position that a locally owned and operated Hospice agency which understands the unique challenges and opportunities on Oahu is best poised to succeed with this endeavor.

c) Mālama Ola's proposal meets the CON Criterion for Quality in the following ways:

- Hospice Care provides medical care, psychosocial and spiritual support to patients with a prognosis of 6 months or less. Hospice Care also provides patients' family members and loved ones with education on caregiving with a focus on quality of life as opposed to life prolongation or unrealistic expectations of cure. The Hospice philosophy embraces the general principle of a comfortable death with dignity. Hospice Care is well known to increase the quality of life of those suffering from terminal illness.
- Mālama Ola will provide Supportive Care to individuals with HMSA medical insurance that qualify for this new benefit. These individuals will have advanced cancer, lung disease or heart disease. These patients will receive medical care, psychosocial and spiritual support at their home. Unlike Hospice Care, these patients will continue to have access to life prolonging and/or curative therapies.
- Mālama Ola will follow the National Hospice and Palliative Care Organization's (NHPCO) 10 Components of Quality Care. NHPCO's 10 Components of Quality Care are described in further detail in Section C.
- The founder and Executive Director of Mālama Ola served as the Chief Executive Officer of Islands Hospice for over 6 years prior to submitting this application. Under Dr. Duick's leadership, Islands Hospice grew from the smallest to the largest provider of Hospice and Supportive Care in the state of Hawaii in terms of patients served. During his tenure, he oversaw the expansion of Islands Hospice to include two islands - Oahu and Maui. The growth and excellent reputation of Islands Hospice is a testament to the high-quality care provided by that agency under Dr. Duick's leadership.
- Dr. Duick is an Assistant Clinical Professor of Medicine at the John A. Burns School of Medicine at the University of Hawaii, a member of the National Hospice and Palliative Care Organization (NHPCO), Kōkua Mau and the American Academy of Hospice and Palliative Medicine (AAHPM).

d) Mālama Ola's proposal meets the CON Criterion for Cost and Finances in the following ways:

- Mālama Ola has reserved \$500,000 to fund this proposal. The initial capital commitment provided by Dr. Duick is more than sufficient to fund the initial projected losses of nearly \$300,000 in the first year. Mālama Ola expects to be profitable by the second year of operation.
- Mālama Ola provides detailed, three-year projections for revenues and expenses for these proposed services in Exhibit D-2. The projections demonstrate the sustainability of our business model.
- Dr. Duick has years of experience operating a clinically successful and financially solvent Medicare-certified Hospice company in Hawaii. Dr. Duick took the lead executive role at Islands Hospice in January 2011. Gross receipts from services performed in that year totaled \$4,092,379. Revenue has since increased year after year. In 2015, gross receipts from services performed reached \$34,546,764 (please see Attachment M: 2015 Islands Hospice Form 990). This financial data is publically available in Islands Hospice's 2015 Form 990, Return of Organization Exempt From Income Tax, which is freely obtainable online from the Hawaii Attorney General Tax & Charities Division.
- In 2013, Dr. Duick was invited by the Hawaii Chapter of the American College of Physicians to provide a lecture discussing the theme of that year's conference, "Cost-Conscious, High-Quality Health Care" (please see Attachment N: High Quality, Cost Conscious End-of-life Care). To date, every study looking at Hospice Care's effect on overall health care costs reveals significant reductions to the overall health care system.

e) Mālama Ola's proposal relates to the Existing Health Care System in the following ways:

- Based upon Medicare claims data from 2015, the utilization of Hospice Care in the United States is growing. However, this same data reveals that the utilization on the island of Oahu is decreasing. Therefore, a gap exists in our *status quo*.
- In Hawaii, history has shown us that prudent addition of Hospice Care providers results in increased promotion, availability, access and utilization of end-of-life care by allowing patients and families to access this type of care at a time of their choosing.
- Historically, the addition of a "competitor" into the "Hospice market" has raised awareness and utilization of Hospice Care across the board. For this reason, Mālama Ola prefers to use the term "collaborator" as opposed to "competitor."
- With HMSA adding a new benefit to their health plan focusing on Palliative Care, the demand for end-of-life care on Oahu has never been greater. An additional Medicare-certified Hospice provider is necessary to meet this demand.

f) Mālama Ola's has the Availability of Resources to carry out the proposal in the following ways:

- Financial Resources

As mentioned above, Mālama Ola has the financial resources to fund this proposal. The initial capital commitment provided by Dr. Duick is more than sufficient to sustain the initial projected losses of nearly \$300,000 in the first year. Mālama Ola expects to be profitable by the second year of operation.

- Human Resources

Because there are shortages of professionals with experience in home-based Hospice and Supportive Care in Hawaii, Mālama Ola will develop and offer extensive training to new hires to ensure the highest quality delivery of Hospice and Supportive Care. As such, Mālama Ola will recruit and hire compassionate, dedicated health care professionals who wish to receive training and certification in Hospice and Palliative Care. Employees will be encouraged and financially incentivized to become certified in Hospice and Palliative Care. Educational opportunities with National Certification will be available for Nurses, Nursing Aides, Social Workers, Spiritual Care Providers (Chaplains), Administrative Staff and Physicians. Educational scholarships will be offered to those who actively pursue such certification. Employees who succeed in their efforts to achieve advanced certification in Hospice and Palliative Care will receive increased pay.