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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 17-12A
To be assigned by Agency

Date of Receipt:
& DEV. AGENCY

APPLICANT PROFILE

Project Title: Establishment of Outpatient Clinic

Project Address: 820 Mililani St., Suite 400
Honolulu, HI 96813

Applicant Facility/Organization: Milestones

Name of CEO or equivalent: Dr. Ryan Lee

Title: President

Address: 3215 Pali Highway
Honolulu, HI 96817

Phone Number: (808) 754-1073 Fax Number: NA

Contact Person for this Application: Dr. Ryan Lee

Title: President

Address: 3215 Pali Highway, Honolulu, HI 96817

Phone Number: (808) 754-1073 Fax Number: NA

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

4/10/2018
Date

Ryan Lee
Name (please type or print)

President + CEO
Title (please type or print)

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

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

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2. PROJECT LOCATION INFORMATION

A. Primary Service Area(s) of Project: (please check all applicable)

- Statewide: _____
- O'ahu-wide: 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) – Attached as 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.) – Attached as Attachment B
- C. Your governing body: list by names, titles and address/phone numbers – Attached as 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 – Attached as Attachment D-1
 - By-Laws – Attached as Attachment D-2
 - Partnership Agreements - NA
 - Tax Key Number (project's location) Attached as Attachment D-3

4. **TYPE OF PROJECT.** This section helps our reviewers understand the type of project you are proposing. Please place an "x" in the appropriate box.

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	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in Service ST HLTH PLNG & DEV. AGENCY	Change in Beds
Inpatient Facility					
Outpatient Facility				X	
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.

Not Applicable to Milestones.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL			

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

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- 1. Land Acquisition _____
- 2. Construction Contract (renovations to leased space) _____
- 3. Fixed Equipment _____
- 4. Movable Equipment \$25,000
- 5. Financing Costs _____
- 6. Fair Market Value of assets acquired by lease, rent, donation, etc. _\$540,000_
- 7. Other: Startup fees and expenses _____

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TOTAL PROJECT COST: \$565,000

B. Source of Funds

- 1. Cash _____
- 2. State Appropriations _____
- 3. Other Grants \$25,000
- 4. Fund Drive _____
- 5. Debt _____
- 6. Other: \$540,000
(Fair market value of leased space to be paid by monthly rent)

TOTAL SOURCE OF FUNDS: \$565,000

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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.

Milestones is proposing to open a new Outpatient Clinic (HAR 11-186-5 (3)(A)). The clinic will include two medical doctors, a nurse practitioner, two medical assistants, two psychologists, three therapists, a care coordinator, and several administrative personnel.

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

See Appendix 1

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)

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e) Relationship to the existing health care system

f) Availability of Resources.

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See Appendix 2

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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.

 X The applicant believes it will not have a significant impact on the health care system.

APPENDIX 1

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PROJECTED TIME SCHEDULE FOR IMPLEMENTATION

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December 5, 2017	Site Control (Letter of intent signed with landlord) & DEV. AGENCY
December 11, 2017	Submission of Certificate of Need Application
December 15, 2017	Date landlord expected to commence remodeling of clinic space (45 day expected remodeling timeline).
January 12, 2018	Expected approval of Certificate of Need
January 31, 2018	Expected completion of remodeling of clinic space
February 5, 2018	Commencement of operations

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APPENDIX 2

EXECUTIVE SUMMARY 18 JAN 10 P12 20

Milestones is a newly formed Hawaii nonprofit organization dedicated to children's developmental health in Hawaii. Milestones aspires to improve the system of care for children impacted by neurological, behavioral, social/emotional or cognitive challenges through opening a new children's behavioral health clinic and center of excellence (the "Clinic") in Honolulu, Hawaii.

Mission

Milestones aims to transform families' lives by providing the highest quality assessment and treatment services for children and adolescents impacted by developmental, behavioral and social/emotional challenges and by leading research, professional and workforce development efforts throughout Hawaii.

Rationale

At present, too many young children with developmental needs fall through the cracks of a broken system. Milestones will serve as a unifying force in the Hawaii landscape: the Clinic will provide the highest quality care, work closely with community partners, build the field through professional development and advance care through research efforts. Milestones is founded on the belief that a coordinated system that identifies and diagnoses children early in life (ages 0 – 5) and provides timely, high quality, family-centered care for each child can expect to:

- Improve outcomes for these children at home, in school and in the community
- Provide stronger prevention and care systems for all children, especially high risk children
- Realize long-term cost savings by reducing downstream needs for special education, behavioral and mental health interventions and law enforcement actions

Children & Families Served

Milestones will serve children with a range of neurological, behavioral and social/emotional challenges stemming from diagnoses that include, but are not limited to: Autism Spectrum Disorder, Attention Deficit/Hyperactivity Disorder, speech and language delays, Fetal Alcohol Spectrum Disorder and other prenatal substance exposure, learning disorders, anxiety/depression. Many children will have co-occurring disorders and complications from trauma or neglect. Treating the whole child by involving the family and engaging with community resources is a cornerstone of Milestones' philosophy. The Clinic will be located in Honolulu, but expects to serve families throughout O'ahu. Milestones also plans to serve a limited number of patients on the Neighbor Islands through telemedicine, consultations with primary care doctors on other islands, and periodic in-person visits to other islands.

Operating Model

Milestones will encompass three lines of business, all of which will primarily be operated out of its planned Clinic:

- The **Neurodevelopmental Clinic** will perform medical evaluations, assessments, and care coordination services to children with a range of neurological, developmental, behavioral and cognitive needs.

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- The **Autism Treatment Program** will provide comprehensive evaluation and treatment services for children with Autism Spectrum Disorder.
- The **Early Childhood Behavioral Health Program** will provide children ages 0-5 with transdisciplinary assessments and treatment plans, work with children and families to integrate therapeutic approaches, and coordinate care with the child welfare system and other agencies.

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During its first 3 years, Milestones expects to reach approximately 1,800 children per year with a staff of 15-20. Following this launch phase, Milestones expects to increase its staffing to allow it to reach up to 2,800 children per year.

Leadership & Staffing

Milestones is headed by Dr. Ryan Lee, who was born and raised in Hawaii, attended medical School at the University of Hawaii John A. Burns School of Medicine and worked at the Kennedy Krieger Institute, a nationally renowned center of excellence for children's neurological and behavioral health. He is currently the head of pediatric neurology at Shriners' Hospitals for Children – Honolulu ("Shriners"). After considering a proposal to expand its current operations into the multi-disciplinary clinic envisioned by Dr. Lee, Shriners' decided that an expanded pediatric neurology clinic did not fit into its business model and passed on the opportunity. Dr. Lee then began working intensively with the Hawaii Community Foundation and other advisors and consultants to develop and open Milestones.

Financing & Support

Milestones has raised \$3.245 million in committed funds from the Hawaii Community Foundation and other private funders in Hawaii. Milestones is continuing to seek additional funding, but the \$3.425 million—when combined with expected insurance reimbursements—is sufficient to cover its initial five years of the Clinic's operations. Milestones has received letters of support from both the Kapiolani Medical Center for Women and Children and from the University of Hawaii John A. Burns School of Medicine.

A. Relationship to the State of Hawai'i Health Services and Facilities Plan

Milestones' mission and its planned activities support all seven of the "General Principles" enumerated in the State of Hawai'i Health Services and Facilities Plan (the "Plan"), as detailed below.

- **Promote and support the long-term viability of the health care delivery system.** Milestones will promote and support the long-term viability of the health care delivery system by (a) continuing a service that is currently being offered in the community through Shriners'; and (b) by expanding on those services and providing an integrated, multi-disciplinary approach that will strengthen the overall health care delivery system in the field. More particularly, some of the weaknesses in the current health care delivery system, especially from a patient perspective, arise out of communications failures and treatment gaps as a patient is passed from one specialist to another, or from a medical doctor to another care provider. Through its integrated, multi-disciplinary approach, Milestones seeks to ameliorate some of these weaknesses and provide a more seamless coordination of its patients' care. Milestones will also work to build capacity among primary care providers, further strengthening the overall health care delivery system.

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- **Expand and retain the health care workforce to enable access to the appropriate level of care in a timely manner.** Milestones will be hiring a number of employees; these employees will then assist Milestones in providing the appropriate level of care to its patients. Milestones believes that it will be able to provide a higher overall level of care through its multi-disciplinary approach than can be offered through a traditional single-specialty approach.
- **Ensure that any proposed service will at least maintain overall access to quality health care at a reasonable cost.** Milestones plans to work with insurance companies to ensure that the services Milestones provides are covered by its patients' health insurance plans. To the extent its services are not covered, Milestones will keep its rates as low as possible. As a nonprofit organization, Milestones is not seeking to profit off its patients – its goal is to provide the best possible care for its patients.
- **Strive for equitable access to health care services (i.e., remove financial barriers, increase availability of physicians).** Milestones is planning to make the services it provides as equitable as possible. It will accomplish this goal in several ways. First, from a geographic perspective, Milestones intends to continue the outreach efforts to neighbor island that Dr. Lee currently engages in through Shriners, making Milestones' services accessible to those that do not live on Oahu. Second, Milestones will enhance the availability of health care services by working with the State of Hawaii and other partners to ensure that other institutions and organizations are aware of the services that Milestones offers and understand how to refer children to Milestones that could benefit from Milestones' services. Third, Milestones will increase the accessibility of care by building a suite of ancillary services around its core medical diagnosis and treatment services. This will include psychologist services, nutritionist support, occupational therapies, and workshops and trainings for parents. All of these ancillary services will make treatment more accessible to children and their families.
- **Ensure all projects are appropriate for the regional and statewide continuum of care.** Milestones' new clinic will be appropriate for the regional and statewide continuum of care. Many of the services that Milestones will offer are already currently being offered through Shriners, and will no longer be offered there once Dr. Lee leaves Shriners. The services that will be added are all designed to enhance the quality of care the patients receive and make additional treatment options available. As described further below, there is a critical need in Hawaii for additional services in the areas of pediatric neurology and children's behavioral health.
- **Encourage and support health education, promotion, and prevention initiatives.** Milestones will encourage and support health education, promotion and prevention initiatives through its multi-disciplinary approach, which can involve nutrition-based solutions and interventions, and its holistic treatment approach. Milestones will also provide training and education to primary care doctors, as well as educational workshops for the parents and families of its patients.
- **Expand awareness of available human, financial, programmatic resources.** As discussed above, Milestones will expand awareness of available human, financial, and programmatic resources by working with primary care physicians to increase their awareness of pediatric neurology and behavioral health issues, and also by working with

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parents and families of its patients to increase their understanding of the resources that are available to them.

In addition, Milestones will address at least one of the Plan's Special Needs Areas of Concern, namely ensuring capacity and access to primary care services. Although Milestones will not itself be providing primary care services, Milestones plans to conduct a variety of outreach efforts among primary care pediatricians to assist them in better understanding autism, ADHD, and the other conditions that Milestones treats.

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B. Need and Accessibility

There is an undeniable need for more accessible high-quality, multi-disciplinary pediatric neurology services and children's behavioral health treatment programs in Hawaii. Dr. Lee's current waiting list at Shriner's is five months. In addition, Dr. Lee is not currently able to offer the full spectrum of multi-disciplinary services that would best serve his patients. These long wait times have a negative impact on the community -- when children with neurological, behavioral or developmental needs are unable to find adequate, quality services, the delay can result in devastating effects for each child and his or her family. This gap in services impacts institutions across society. Education, healthcare, human services, community organizations and public services suffer higher costs when children lack the support they need to grow to their full potential.

More quantitatively, Hawaii is home to over 340,000 children age 0 – 19, nearly one-quarter of the state's population. More than 110,000 of these children are age 0 – 5, in the most critical early stages of their development. And each year, another 18,000 – 19,000 babies are born in the state. Milestones will serve children of all ages with special needs, with a particular focus on reaching those from birth to age 5. Some statistics regarding the population Milestones expects to serve is set forth below.

CHILDREN IN HAWAII

- 10%** are born prematurely
- 20%** have chronic health, developmental or behavioral conditions
- 17%** demonstrate some form of special needs
- 31%** at moderate to high risk for developmental, behavioral, social delay
- 11%** receive special education services within public schools
- 1 in 64** children diagnosed with autism (nationally)
- 46%** experienced Adverse Childhood Events (ACEs)
- 20%** experience 2 or more ACEs

Sources: National Survey of Children's Health

Milestones expects to serve children with conditions that include:

- Autism Spectrum Disorder (ASD or Autism). Autism incorporates a range of developmental disabilities characterized by social and communication difficulties, repetitive behaviors, limited interests that inhibit an individual's ability to function socially in school, work and

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other aspects of life. Usually recognized within the first two years of life, symptoms can range from mildly impairing to severely disabling.

- Attention Deficit and Hyperactivity Disorder (ADHD). As the most common neurobehavioral disorder, ADHD affects as many as one in ten children. ADHD symptoms include persistent patterns of inattention, lack of ability to focus or sustain tasks, hyperactivity or excessive movement and fidgeting and/or impulsive behaviors that interfere with functioning or development.
- Receptive/Expressive Language Delays. Children with receptive language delays have difficulty understanding what people say to them and struggle to follow directions or organize their thoughts. Those with expressive language delays might struggle to find the right words, incorrectly string words together, leave out words when speaking or use tenses incorrectly. Language delays often occur in children with ASD, ADHD or other intellectual and learning disabilities.
- Fetal Alcohol Spectrum Disorders (FASD) and Prenatal Substance Exposure. Prenatal exposure to alcohol, drugs and other substances, including prescription medications, affects the developing fetal brain. Children whose mothers use legal or illegal substances during pregnancy can experience a range of physical and behavioral problems from abnormal facial features, low height and weight or poor coordination to hyperactive behavior, intellectual or learning disabilities, difficulty in school, speech and language delays and a host of other mental or behavioral challenges.
- Intellectual and specific learning disabilities. Intellectual disabilities are those that present before the age of 18 and create significant limitations in a person's intellectual functioning (also called intelligence, or the ability to learn, reason and problem solve) and adaptive behavior. Adaptive behavior spans conceptual, social and practical skills performed in everyday life. Learning disabilities are specific conditions that inhibit functioning in school and work.
- Trauma and neglect. Advanced neuroimaging technologies and a surge of research in early brain development make clear connections between behavior and early childhood trauma and neglect. Children who experience "Adverse Childhood Events" (or ACEs) demonstrate significant effects of recurring physical, emotional abuse or sexual abuse. Chronic stress or persistent traumatic experiences place infants and very young children in elevated states of fear, prompting biological reactions and developing neural pathways that can permanently alter the brain. ACEs affect many parts of the developing brain and can have mild to severe impacts that include developmental delays, intellectual disabilities or long-term anxiety disorders. Early identification and aggressive interventions have been shown to positively influence development of abused or neglected children.
- Reactive attachment disorder (RAD). Young children with RAD may exhibit chronic symptoms that include feeding difficulties and failure to gain weight, difficulty being comforted, defiant behavior and either excessive inhibition or lack of inhibition in social circumstances. RAD can present as early as one year, most of the children having experienced some form of early trauma or neglect that interfered with their ability to develop secure relationships with adults.

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- Oppositional and defiant behavior (ODD). Children with Oppositional Defiant Disorder, one of a group of disruptive behavior disorders, may exhibit patterns of disobedient, hostile or defiant behavior toward adults and have difficulty controlling temper and anger outbursts. ODD often contributes to disengagement with family and school and places children at increased risk of substance abuse. Research estimates 1% to 16% of children have ODD; it usually appears in late preschool or early school-aged children and is more common in boys than girls.
- Mood disorders such as anxiety and depression. Persistent, extreme forms of fear or sadness (internalizing disorders) include separation anxiety, phobias, social anxiety or panic disorders that can interfere in healthy sleeping and eating. Depression can also be marked by changes in eating, sleeping, energy and lack of interest, and it can manifest itself in harmful behaviors like self-injury and suicidal thoughts. Suicide is the leading cause of death for youth ages 10-24, making this a pressing problem for families, schools and communities.

As a center of excellence specializing in diagnosis and treatment of the conditions above, Milestones will greatly increase the ability of children and their families to access high-quality, relevant, and effective services.

Shriner's Neurodevelopmental Clinic

Dr. Ryan Lee, the Milestones founder, opened the first clinic of this kind in Hawaii at Shriner's Children's Hospital. While the Shriner's Clinic does not offer the same level of transdisciplinary and community-based care, it lends several observations that support the need and demand for these comprehensive services. In its short operating history, the clinic demonstrated a growing demand for services. Using a 12-month rolling average of patients seen each month, the clinic demonstrated an average year-over-year growth rate of 49%. New patients currently wait nearly five months for their first appointment, and this lag prevents children and families from accessing timely care. It also demonstrates a need for more capacity.

The national Shriners Hospital has decided not to expand its services and grow staff capacity to treat more children through trans-disciplinary care. The projected closing of the Shriners Clinic creates a pressing need and compelling opportunity for Milestones to fill this void. Hawai'i has a chronic shortage of physicians across primary care and specialty fields. This shortage is particularly stark in children's neurodevelopmental and behavioral health. The most vulnerable and complex children, who face lifelong chronic issues, cumulatively command a large share of the resources in our community pediatric healthcare system. With only a handful of pediatricians trained in neurological and behavioral pediatrics, Milestones hopes to both work with existing providers to alleviate pressure on them and to play a role in building the field in Hawai'i.

Milestones envisions filling a void by providing comprehensive services, but it will not be able to meet community demand on its own. An existing network of government agencies, for-profit companies and nonprofit organizations that provide therapies to children and services to families is critical to this venture. The Center expects to refer children to established treatment partners, and a partial list of entities and service providers that Milestones hopes to work with includes:

- **Hawai'i Department of Education**. The statewide Department of Education (DOE) will be one of the most critical partners for Milestones. The DOE serves an estimated 11,000 children who receive special education services and dedicates significant funding to their treatment and services.

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- **Hawai'i Department of Health, Developmental Disabilities Division (DDD)** serves approximately 3,200 individuals and provides case management, family support, Medicaid waivers for home and community-based services. Dr. Jeff Okamoto, MD is the Medical Director of the DDD. This department oversees the federally funded individuals with Disabilities Education Act (IDEA) Early Intervention Section (EIS) that provides services to children ages 0 – 3 and support for their parents.
 - **Hawai'i Department of Health, Child & Adolescent Mental Health Division (CAMHD)** provides services through multidisciplinary team care for children and adolescents. Many services are provided through contracts and tend to focus on older children and teens.
 - **Hawai'i Department of Human Services, Child Welfare Services** provides family support and strengthening services to children. A majority of the children in the Child Welfare system exhibit behavioral health needs due to trauma or neglect, prenatal exposure to alcohol or both.
 - **Zero to Three Safe Babies Court** was established in Hawai'i with national funding in 2009. The Safe Babies Court is a collaboration of the Hawai'i Judiciary where cases involving children ages 0 – 3 are reviewed more frequently and referred to family support services. A study completed in July 2016 determined the project has been successful in reducing parental alcohol or other substance abuse, decreasing foster care placements, increasing parent-child visitations and improving family reunification.
 - **Easter Seals**, a nonprofit organization established in Hawai'i in 1946, is the largest treatment program for special needs children, youth and adults in the state. It is the largest state contracted provider of early intervention services, for birth to age 3. Easter Seals uses a primary service provider model trained to help families navigate the system of services.
 - **Hawaii Behavioral Health Service** was founded in 1993 and its 550 staff provides behavioral health treatments to children and families from locations based in Honolulu, Hilo and Lihue.
 - **Behavioral Analysis No Ka Oi, Inc.** operates two clinics on Oahu with about 20 staff that provide diagnoses, assessments and treatment for children with autism and developmental disabilities.
 - **SPROUTS Therapy** is a pediatric treatment facility offering evaluations and occupational, speech/language and other therapies. A staff of 9 therapists provides over 300 treatments per week and more than 80% of children served have autism. Sprouts accepts TriCare, CIGNA, United Healthcare and Aetna insurance, and is an out of network provider for HMSA, HMAA, UHSA Kaiser.
 - **LD-ADHD Center of Hawaii** offers neuropsychology and family therapy for children beginning at age 18-months from two O'ahu locations in Honolulu and Pearl City. LD-ADHD provides diagnosis and treatment of learning disabilities, attention disorders, neuro-development disorders, auditory processing, autism spectrum disorders and social and emotional issues and trauma. LD-ADHD also offers social skills groups for children with ASD and ADHD.
 - **Bayada**, a multi-state for-profit home health care company, has a line of business dedicated to children with developmental needs.
 - **Family Programs Hawai'i** works with children and families in the child welfare system, providing prevention services that prevent children from needing out-of-home placements and support for children in foster care.

Milestones will provide access to care for patients of all income levels, racial/ethnic backgrounds, and religious affiliation. In the first two years of business, the financial model assumes 30% of children seen will be Medicaid beneficiaries and the remaining 70% of private pay clients (whether paying out of pocket or through insurance coverage). The proportion of Medicaid children will steadily grow as Milestones expands. As the Clinic grows, it will work toward a sliding scale model that waives the fee for low-income patients. Increased staff capacity and patient visits will enable the Clinic to increase the number of Medicaid patients to 40% by year 6 of operations.

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C. Quality of Service/Care

Milestones will offer the highest quality of service and care to its patients. Dr. Lee was born and raised in Hawaii, attended medical School at the University of Hawaii, John A. Burns School of Medicine and worked at the Kennedy Krieger Institute, a nationally renowned center of excellence for children's neurological and behavioral health. He is currently the head of pediatric neurology at Shriner's. Dr. Lee is highly trained in this field, with over a decade of experience in seeing and treating children. More importantly, Milestones will surround Dr. Lee with a multi-disciplinary team of people that will enhance the care and treatment that Milestones' patients receive. These supporting professionals are also highly trained and/or have years of experience in this field.

Milestones will prepare policies and procedures ensuring quality and safety for patients, including but not limited to HIPPA training and Medicare/Medicaid Fraud, Waste, and Abuse. Training in these information security measures will be required for new employees prior to opening of our clinic, and will be done for all addition staff joining the organization. Updated training will occur every other year for HIPPA training, and annually for Medicare/Medicaid Fraud, Waste, and Abuse. The standard patient care OSHA safety measures will be included in training as required by Federal law (e.g. blood borne pathogens). Quality programs will be implemented according to the MACRA program(s) to monitor and provide continuous improvement for quality care for our patients, and maintain best practices. Providers will have current licenses to practice in the State of Hawaii according to their scope of care, and will be credentialed based on their professional board certification requirements.

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D. Cost and Finances (include revenue/cost projections for the first and third year of operation)

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MILESTONES FINANCIAL PROJECTIONS

	2018	2019	2020
REVENUES			
Patient Revenues	1,801,253	2,149,329	2,580,765
Funding Commitments	750,000	750,000	650,000
Total Revenues	2,551,253	2,899,329	3,210,765
EXPENSES			
<u>Personnel</u>			
Salaries & Wages	1,265,000	1,320,000	1,450,000
Payroll Taxes & Benefits	316,250	330,000	362,500
Independent Contractors	270,000	360,000	450,000
SUBTOTAL	1,851,250	2,010,000	2,262,500
<u>Facilities & Equipment</u>			
Rent	189,141	193,870	198,716
Parking	36,000	36,900	38,639
Office Supplies	8,000	8,000	8,000
Medical Equipment & Supplies	20,000	25,000	32,000
SUBTOTAL	253,141	263,770	277,355
<u>Community Outreach</u>			
Travel	9,000	12,000	15,000
Training	5,000	8,000	10,000
Food & Beverage	5,000	7,500	10,000
SUBTOTAL	19,000	27,500	35,000
<u>General & Administrative</u>			
Human Resources & Payroll	9,360	10,080	11,520
IT Contracting	15,000	12,000	12,000
EHR & Billing	129,330	154,322	183,863
Accounting	18,000	18,000	18,000
Malpractice Insurance	20,000	25,000	25,000
Other Insurance	50,000	50,000	50,000
Telecommunications	18,000	20,000	22,000
Misc & Other Admin	100,000	100,000	100,000
SUBTOTAL	359,690	389,402	422,383
Total Expenses	2,483,081	2,690,671	2,997,238
Excess (Deficit)	68,172	208,658	213,527

E. Relationship to the existing health care system

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Overview

Children with behavioral or developmental needs and their families access services from a variety of providers in the community. Dedicated providers include government, hospitals, physicians and community organizations. Despite this good work, a lack of resources and coordination among agencies remain a key challenge for children and their families. The uneven landscape and limited resources leave many children with the greatest needs without appropriate care. Navigating the best path to access appropriate services in this field presents daunting challenges for Hawaii families. Yet Hawaii also has an untapped opportunity to offer better services to children with the most complex cases. Our state is home to centers of excellence in other disciplines, and there is significant interest from diverse stakeholders to invest in a better system of care.

By focusing on the most challenging cases, Milestones will add capacity that alleviates pressure within the current system. Through its child-centered model, the Clinic expects to refer children to the current community of providers and treatment programs. The Clinic will amplify the work already being done in the community by reaching children not yet served and trying to better integrate care.

Policy Climate

In Hawaii, a combination of national and state policy informs delivery of behavioral, developmental and mental health services for children. These policies impact eligibility to receive treatment, standards of care and reimbursement models. These include:

- The Felix Consent Decree is the landmark policy that most broadly impacts special education in Hawaii public school. A federal court decision issued in May 1994 settled a class-action lawsuit alleging the State of Hawaii Department of Education violated the Individuals with Disabilities Education Act (IDEA) by failing to provide adequate mental health services and special education for disabled students. The Consent Decree laid out benchmarks for the Department of Education to create a system to serve special needs children. Although the court terminated the Consent Decree in 2005, the court mandate is still broadly cited as a pivotal force that continues to drive special education policy and services in Hawaii.
- Luke's Law, passed in 2015, was a significant milestone for children with autism and their families. The law made Hawaii the forty-second state in the nation to mandate insurance coverage for the diagnosis and treatment of autism in children ages 13 and under. The law caps services at \$25,000 annually.
- The Affordable Care Act requires private health insurance companies to include coverage for mental health services in individual and small employer insurance plans. Covered services include prevention and rehabilitation services and behavioral screening for children. ACA also expanded Medicaid eligibility, under which more children qualified for the Children's Health Insurance Program (CHIP) that ensures children receive a wide range of medically necessary services, including mental health services. Any replacement American Healthcare Act would likely reverse Medicaid expansion and eliminate mental health services. A repeal or reform scenario that impacts Medicaid and CHIP programs could have substantial adverse impacts on children's access to behavioral and mental health services.

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Insurance Payers

Ultimately, Milestones long-term success will rest on its relationship with Hawaii's insurance companies. Milestones will work with insurance companies to ensure that the services it provides are reimbursable charges and that insurance companies understand the value that Milestones is adding. Milestones has had preliminary conversations with HMSA, UHA, HMAA, MDX Hawaii, Ohana Wellcare, and Aloha Care.

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Partners: Community Resources & Treatment Programs

Milestones listed companies that may be viewed as partners or challenges in a competitive analysis on pages 14 and 15 of this document. In addition to entities providing direct services, a handful of nonprofit organizations play an important role inpatient and family support and advocacy. These organizations will be important partners in Milestones' community engagement efforts.

- Autism Society of Hawaii (ASH) is a 501(c)(3) organization dedicated to serving families and individuals affected by Autism Spectrum Disorder. ASH is a membership organization and the Hawaii chapter of the National Autism Society, and Dr. Lee is the former President of the organization.
- Hawaii Autism Foundation partners with ASH advocacy and education efforts and sponsors Talk About Curing Autism (TACA) sessions.
- Hawai'i Disability Rights Center has Client Assistance Program (CAP) sites with Congressionally granted authority to serve all disabilities and protect and enforce statutes that impact the rights of those with developmental disabilities and mental illness.

F. Availability of Resources

Hawaii has a chronic shortage of physicians across primary care and specialty fields. This shortage is particularly stark in children's neurodevelopmental and behavioral health. The most vulnerable and complex children, who face lifelong chronic issues, cumulatively command a large share of the resources in our community pediatric healthcare system. With only a handful of pediatricians trained in neurological and behavioral pediatrics, Milestones hopes to both work with existing providers to alleviate pressure on them and to play a role in building the field in Hawaii.

Pediatricians and Family Practitioners

Pediatricians, family practitioners, and nurse practitioners are often the first to identify many developmental challenges in children. Because Hawaii lacks enough qualified specialists, these professionals bear the burden of diagnosing and treating children with a range of disabilities. The process of diagnosis, finding an available specialist and going through the referral process requires a significant amount of time and can be challenging for these providers who have not been trained in these fields.

- Specialized Pediatricians and Family Practitioners have completed board certification in their general field and advanced subspecialty training in neurological or behavioral health. This group includes Pediatric Neurologists, Neurodevelopmental Pediatricians, Developmental-Behavioral Pediatricians, and Child Psychiatrists, disciplines that differ slightly in their training and focus, but assess and treat children with the same

conditions. In Hawai'i, there are only six Pediatric Neurologists and Behavioral Developmental-Behavioral Pediatricians. This represents a severe shortage of providers for a growing population of children with neurologic and behavioral disabilities. All practices are located in Honolulu, leaving the neighbor islands with little to no access to these specialized pediatricians.

- Child Psychiatrists, Psychologists and Children's therapists also play important roles in assessing and treating children with behavioral health difficulties. Child psychiatric therapies and treatment often overlap with physician care, but tend to focus on the behavioral side and not neurology. There is similarly a severe shortage of psychiatrists locally in Hawaii, and nationally, to serve the expanding mental health needs in our communities. There are greater numbers of child psychologists and licensed social workers, who are critical to therapy delivery across the islands. Many of the treatment agencies listed in the following section rely on Masters level social workers to deliver therapy.

Milestones has commitments from the following staff positions: President & CEO, CFO, Medical Director, Autism Program Director/Speech Language Pathologist, Care Coordinator, Dietitian, Medical Assistant, and Board of Directors. The plan to recruit other positions is to develop benefits packages and job descriptions through human resources, and post job offerings at various professional training and workplaces throughout the state, and online. Additionally, we will recruit through recommendations from peer relationships within related health care fields.

Milestones has secured funding commitments of \$3.2M to date for its initial startup and early-stage operations while it moves towards financial self-sufficiency. The Hawaii Community Foundation has been instrumental in securing these commitments from various funders and is deeply committed to the success of the organization. Milestones also has broad support in the medical community. Both the Kapi'olani Medical Center for Women and Children and the John A. Burns School of Medicine have endorsed Milestones and offered to provide resources and knowledge to the enterprise. In addition, the Department of Education and other State agencies have also expressed an interest in working with Milestones and in supporting its efforts.