

**HORIZON HOSPICE
BUSINESS PLAN
1993 - 1995**

- * AN EXPANDED HOME HOSPICE PROGRAM
- * A CAPITAL CAMPAIGN FOR A HOSPICE FACILITY,
CHICAGO'S FIRST

DRAFT
4/7/93

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MISSION STATEMENT

A not-for-profit corporation, Horizon Hospice exists to provide support and care for persons in the last phases of incurable disease so that they might live as fully and comfortably as possible. Horizon Hospice neither hastens nor postpones death. Horizon Hospice exists in the hope that, through appropriate medically-directed symptom management, professional and lay support services, and the promotion of a caring community, patients and families can prepare for death in a way which is compatible with their needs.

HISTORY OF HORIZON HOSPICE

The origin of Horizon Hospice, the first hospice in Chicago, and its subsequent growth is a story of physicians and other medical professionals, committed families, religious leaders, and community groups searching for ways to meet the human as well as medical needs of terminally ill patients. In 1978 a group of Chicagoans with varied backgrounds founded Horizon Hospice. They were realists and they were dreamers. Realism dictated establishing a home-care hospice program that would prove its worth, value, and success, while the dream was to supplement home hospice services with a residential facility for hospice care.

Horizon Hospice began with a handful of other American hospices as part of a reform movement to overcome society's denial of the existence of dying patients. Dr. Frank Duda, one of four Horizon Hospice founders, documented the program's goals:

Patients come first.

Patients will be pain free and alert.

Health care should be controlled by and oriented to patients.

Patients will never die alone.

The first hospice programs developed palliative care (aimed at comfort not cure) as an effective treatment option. The safe use of morphine, taken orally, for pain control, was the keystone to effective symptom management at home. Building on a strong medical foundation, Horizon Hospice developed an interdisciplinary team of professionals and volunteers to meet the psychological, social, spiritual as well as medical needs terminally ill people. From the beginning Horizon Hospice has served as a model for subsequent programs.

Horizon Hospice was a founding member of the Illinois State Hospice Organization and assisted in drafting the hospice licensing law in Illinois in 1983. In 1988, Horizon Hospice was approved to provide care to Medicare and Medicaid beneficiaries as well as subscribers of many Commercial Insurance companies.

It was evident from the beginning that while home hospice services worked for most of the patients, there was always a significant percentage of terminally ill people for whom it would not work. It is to those terminally ill people for whom traditional home-based care is no longer feasible, and whose numbers are growing even larger, that Horizon Hospice is planning and developing the first hospice facility in Illinois.

In fifteen years of service to Chicago, Horizon Hospice has built its reputation on providing excellent home-based care to patients and their families and on its ability to anticipate changing patient needs. These same values drive Horizon Hospice today. As its name implies, Horizon Hospice is keyed into the future and to the challenges and opportunities the future holds.

EXECUTIVE SUMMARY

This business plan has been developed as a resource document for both internal and external purposes. It outlines program development plans and accompanying budgets for the next three years.

Governance and Management

Horizon Hospice is governed by a Board of Directors which has complete and ultimate responsibility for the agency. The Board has assembled three groups of advisors - Business, Medical, and Community - to call upon as needed.

The Board of Directors has entrusted the Executive Director and Management Team with planning, organizing, staffing, evaluating the services of, and operating Horizon Hospice.

Hospice Care

Horizon Hospice provides palliative care, defined as treatment that enhances comfort and improves the quality of a patient's life, to people in the last six months of life. The goals of intervention are pain control, symptom management, and spiritual-emotional comfort for patients and their families.

A highly qualified, specially trained team of hospice professionals and volunteers work together to meet patients' needs. The Horizon Hospice interdisciplinary team continuously collaborates with the patient's attending physician to develop and maintain a patient-directed individualized plan of care.

Horizon Hospice care is available 24 hours a day, seven days a week.

Settings

The focus of Horizon Hospice care is to maintain an individual in the familiar surrounding of his or her own home as long as possible. When home care is no longer feasible, Horizon Hospice care is available along a continuum of affiliated care settings from group residences to hospitals at:

*Saint Joseph, Northwestern Memorial, Louis A. Weiss Memorial Hospitals
Whitehall Nursing Home*

Chicago House and Bonaventure House - residential facilities for people with HIV disease

Plans for a Horizon Hospice Facility - Expanding the Continuum of Hospice Care

Over the past four years, Horizon Hospice has seen a particular growth in patients referred who could not be cared for safely and comfortably in a home setting or in existing affiliated alternate settings. Responding to this community need, Horizon Hospice is actively planning to build a hospice facility. With this new addition to the range and level of service already provided, Horizon Hospice completes the continuum of care enabling anyone regardless of circumstantial need to access hospice care.

Strategic Plan and Marketing Program

Based on an assessment of needs for terminal care in the community, Horizon's response is defined in its strategic plan.

Goal: To provide anyone in need a full range of Horizon Hospice services.

Objectives:

To enhance capacity to deliver care by collaborative, cooperative arrangements with existing channels.

To expand service capacity by 20% per year.

Four major marketing strategies drive Horizon Hospice plans for the future:

To increase awareness of Horizon Hospice services among target populations.

To add one medical center/hospital affiliate per year.

To expand the amount and extent of third party payor coverage of hospice services.

Long term, to integrate its services to the forthcoming government sponsored managed health care network.

Horizon Hospice services an 80 square mile area in Chicago, Cook County, that covers close to one million people. Its borders extend to:

*Lake Michigan - East
Roosevelt Road (1200 S) - South
Austin Blvd (6000 W) - West
Evanston border (7600 N) - North*

Finances

The Hospice's accounting records are maintained on an accrual basis and follow the fund accounting method. Three funds have been established - Operating, Endowment, and Capital Campaign.

The Operating Fund was established for the purpose of providing a comprehensive range of services to terminally ill patients and their families without regard for their ability to pay. Seventy percent of the income for this fund stems from reimbursement. The remaining 30% is solicited from individuals, foundations and corporations.

The Endowment Fund, current assets valued at \$731,000, is under the discretionary control of the Board of Directors.

Horizon Hospice has launched a Capital Campaign to raise funds for the hospice facility. These funds are segregated within the Endowment Fund. The campaign goal of \$6,000,000 comprises:

Land acquisition/development	\$ 1,300,000
Building/renovating facility	\$ 3,500,000
Operating capital to fund cashflow	\$ 1,200,000

HORIZON HOSPICE BUSINESS PLAN 1993 - 1995

This business plan has been developed as a resource document for both internal and external purposes. It outlines program development plans and accompanying budgets for the next three years, for internal purposes. Abstractions of this plan will be developed for current and potential donors as well as other external audiences.

GOVERNANCE AND MANAGEMENT

Horizon's leadership combines a commitment to compassionate care with expert knowledge and special expertise, as well as a conservative fiscal policy, to ensure the future success of the organization. Leadership's vision extends beyond the confines of the organization to the entire hospice movement. Horizon is recognized as a leader in the hospice field both locally and nation-wide and strives to continue to set the standard for hospice care. Toward that end, Staff from Horizon Hospice currently hold positions of leadership within the National Hospice Organization and the Illinois State Hospice Organization. Horizon Hospice seeks to employ and retain the highest qualified dedicated professionals to uphold the hospice philosophy and standard of care. A recent compensation study and subsequent three-year-plan seek to compensate Staff at the top of the hospice market.

In the summer of 1992, the President, President-Elect, and the Executive Director, with the help of a consultant, conducted an evaluation of the Board and Management. Out of that evaluation came these recommendations:

- 1) to reorganize and streamline board committees and more effectively assign areas of responsibility to each committee, and
- 2) to focus board development on Fundraising and Finance.

Board of Directors

The Board is comprised of 14 individuals, representing a mix of age, gender, and race in an attempt to reflect the communities we serve. Their role is to set policy and ensure implementation and achievement of goals by means of adequate financing, monitoring spending, and evaluating the Executive Director. Officers directing the board in their governance are listed below with an indication of their involvements and special expertise. These six officers comprise the Executive Committee. Their special task over the next three years is to assess affiliation opportunities necessary to meet community needs and achieve Horizon Hospice projected growth.

Ada Addington - 15 years experience
Chairman and Founder
Capital Campaign Chairman
Patient Care Volunteer

Martha Mabie - 15 years experience
President
Developed Horizon Volunteer Program
Assembled Business Advisory Group
Patient Care Volunteer
Co-Chair 1992 Fundraising Benefit

Sally Downey - 5 years experience
President-Elect
Personnel Committee Chair

J. Philip Lathrop - 3 years experience
Vice President
Member Finance Committee
Vice President at Booz, Allen & Hamilton in Health Practice

Robert J. Ferrari - 15 years experience
Treasurer, Past President
Finance Committee Chairman
Retired President of Excel Electric Service Co.

Joie Harris - 3 years experience
Secretary
Patient Care Volunteer
Co-Chair 1992 Fundraising Benefit
Realtor at Kahn Realty Company

STAFF

An organizational chart is attached (page 22) showing 42 full time equivalent staff positions headed by Elizabeth Deyermond, MPH, Executive Director.

The patient-care Staff and Volunteers of Horizon Hospice are organized into three teams and united around a single purpose: to provide the highest quality patient care. Two of these teams deliver home hospice care to the North and South segments of our service area. The third team serves on-site at Chicago House - a residential facility. By the end of 1996 we project expansion to a total of six patient care teams: four home hospice teams (geographically defined), one Horizon Hospice facility team and one Chicago House team. Each patient-care team is led by a Nurse Coordinator responsible for managing the patients' care, supervising all team members, and monitoring the team budget.

Horizon Hospice's Volunteer Program provides the backbone that supports the organization. One hundred twenty men and women receive comprehensive training to provide practical hands-on help, and to lend a good listening ear to terminally ill patients and their families. Additionally, a corps of special volunteers assist with fundraising, special events, and office work. Two Horizon Hospice board members developed the first volunteer hospice training program which has served as a model for several programs throughout the country. In 1987 the United Way recognized Horizon Hospice's Volunteer Program with their annual achievement award - noteworthy because Horizon Hospice is not a United Way agency.

The administrative Staff is committed to support the patient-care Staff and Volunteers in their efforts to deliver efficient, quality care. The administrative team members divide their responsibilities for agency planning, development, and operations which includes Public Relations, Budgets, Fundraising, Marketing, Long Range Planning, State/National/Interagency Liaison and Regulatory Compliance.

HOSPICE CARE

Nature of Services

Horizon Hospice offers its patients comprehensive services that enhance patients' comfort and improve the quality of life during the last stage of their illness. The comfort measures focus on pain control, symptom management, and spiritual/emotional comfort for patients and their caregivers.

- * Horizon offers palliative care to all terminally ill people and their families without prejudice or regard for ability to pay.
- * The unit of care includes both patient and family/caregiver.
- * A highly qualified specially trained team of hospice professionals and volunteers work together to meet all of the needs of patients and families facing terminal illness and bereavement.
- * The hospice team continually collaborates with the patients' attending physicians.
- * Hospice care is available twenty-four hours a day, seven days a week.

Settings

The focus of Horizon Hospice care is to maintain an individual in the familiar surrounding of his or her own home as long as possible. When home care is no longer feasible, Horizon Hospice care is available along a continuum of affiliated care settings from group residences to hospitals.

The continuum of hospice care away from the patient's home includes:

Residential Care

Short-term respite (up to 5 days) stays are options available to Horizon patients at Whitehall Nursing Home. When home care is not feasible or families need a brief spell from the caregiving routine, Horizon Hospice can provide the palliative care that ordinarily would not be offered in a nursing home.

Whitehall is a private skilled care residence that has been serving older adults on Chicago's North side since 1962. Whitehall has received numerous awards and recognition for its quality of care and innovative design.

For people with HIV disease including those with AIDS who are unable to stay at home and are not eligible for nursing home placement, Horizon Hospice provides a coordinated approach to hospice care at either of two residential facilities - Bonaventure House and Chicago House. At these facilities HIV positive and AIDS patients can receive care by a Horizon Hospice team in a group residential setting.

Acute Inpatient Care

For hospice care during acute periods of medical crisis, Horizon's staff coordinates care to ensure continuity with the hospice plan of care on designated units at affiliated hospitals: Saint Joseph, Northwestern Memorial and Louis A. Weiss Memorial.

PLANS FOR A FACILITY

Expanding the Continuum of Hospice Care

In 1991, 20% of the patients cared for lived alone or did not have a primary caregiver. It is projected that this percentage will increase significantly over the next ten years. The only alternative for patients without caregivers is to turn for help to a nursing home or hospital. Both options are very expensive and in most cases the staff is not trained to address the medical and emotional needs of a person who is dying.

Patients who need hospice residence care are:

- * Dying people who live alone
- * Elderly spouses who cannot manage the burden of terminally ill patients at home
- * Young people with AIDS who have no family or partner
- * Dying people whose pain cannot be managed at home by primary caregivers

As with every project undertaken during the past fifteen years, careful planning and investigation have gone into the hospice facility project. Architect, James L. Nagle, and Health Care Consultants Richard Baehr, Robert Friesen, and Kathy Hankins, from Ernst & Young, were commissioned to prepare a study of the feasibility of this project for review by a special task force comprised of representatives from Horizon's board, staff, business advisors, and community "experts". Over the past three years nine study tasks were undertaken by this task force:

- * quantifying the need for a hospice facility
- * reviewing current reimbursement regulation and future capacity
- * reviewing licensing, zoning and other regulatory requirements
- * assessing staffing requirements and physical plant requirements
- * developing operating budgets
- * assessing associated investment risk
- * assessing the feasibility of operating the facility within a range of operating contingencies
- * planning for ongoing expansion of current programs as well as the hospice facility
- * selecting and pricing sites

Horizon's residential facility will have none of the traditional restrictions found in a hospital or nursing home. It will offer patients and families/caregivers the flexibility and privacy to direct what, when, how, and where their care is delivered. The 24,000 square foot facility will accommodate 25 patients with expanded capacity of twice that. Features and services of the hospice residence will include:

- * relaxed visitation privileges for anyone the patient wants to see (including pets)
- * a comfortable, tranquil, "homelike" atmosphere with easy access to the outdoors
- * all private rooms
- * private lounges for family and friends
- * a chapel
- * meal service dedicated to meeting personal preferences
- * highly qualified staff to provide one-on-one personal care and attention

Horizon Hospice is looking to acquire a site for a 25 bed residential hospice to include office space for their homecare and administrative staffs (a site no less than 30,000 square feet). The location and quality of the site for new construction or renovation of an existing building will have a profound impact on Horizon's goal of creating a loving and homelike environment for the terminally ill and their families.

The search has centered in neighborhoods that are residential in character with some commercial property and are safe and secure (feeling of comfort while walking at night). The community should be open-minded about hospice. There should be light to medium traffic with sidewalks in good condition, no sunlight obstructions and a tree lined street. The primary focus is on a neighborhood centrally located within Horizon's service area.

A Capital Campaign, for the purpose of raising funds for this project, is in the planning phases. Currently, we are studying the feasibility of raising 6 million dollars. The Capital Campaign goal of \$6,000,000 includes: land acquisition, building/renovating the facility, and operating capital to fund cashflow.

Horizon Hospice is operating in an increasingly complex and competitive environment. The plethora of government regulations and fiscal restrictions on health care delivery, individual third party payor's unique demands, and the rapid emergence of expanded managed health care networks demand a constant vigilance on the part of Horizon's leadership with the willingness and ability to quickly adapt to the changes.

But, it is also an environment that includes growing numbers in the elderly population (by the year 2000 it is projected that 25% of the population will be over 65) as well as a still growing number in HIV infections. The highest incidence of HIV infection in the Midwest occurs in the Horizon Hospice service area. Horizon Hospice services an 80 square mile area in Chicago, Cook County, that covers close to one million people. Its borders:

- Lake Michigan - East
- Roosevelt Road (1200 S) - South
- Austin Blvd (6000 W) - West
- Evanston border (7600 N) - North

Based on mortality rates applied to the population in the Horizon Hospice service area we project 20,000 deaths from cancer and 300 from AIDS, annually. From these statistics we calculate the maximum potential demand, assuming one in ten people eligible actually chooses hospice care, at 2500¹ people annually. We project Horizon Hospice's market share at 1/3 of that - 835 patients with an average length of stay of 40 days; at 20% growth per year we'll have the capacity to achieve that goal by 1997.

Horizon Hospice Patient Statistics

<u>Fiscal Year</u>	<u>Number of Patient Days²</u>
1987	3,515
1988	4,181
1989	5,143
1990	6,586
1991	8,066
1992	13,749
1993 (projected)	16,500
1994 "	19,800
1995 "	24,000
1996 "	29,000
1997 "	35,000

¹Assumes small demand among terminally ill people with diagnoses other than cancer and AIDS.

²To translate into number of patients divide by an average length of stay of 40 days

Beginning in 1989, Horizon Hospice Board and Staff have met annually to determine a strategic plan. That process started with an internal assessment of strengths and weaknesses, then considered needs of target communities relative to what services Horizon Hospice is well positioned to address and where gaps in other services exist. From there we evaluated our competition. The analysis of these factors culminated in the definition of a strategic plan:

Goals:

To increase awareness of Horizon Hospice services among target populations.

To become a preferred provider of hospice services throughout Horizon's service area.

To provide anyone in need a full range of Horizon Hospice services, without prejudice or regard for ability to pay.

Objective:

To enhance capacity to deliver care by

- * collaborative, cooperative arrangements with other health care providers and community organizations through their existing channels of care, and,
- * increasing service capability by 20% per year, and
- * completing the continuum of care from home care to in-hospital settings.

Three major marketing strategies drive Horizon Hospice plans to achieve the above objectives:

to increase awareness of Horizon Hospice services among target populations through outreach to community clergy and local congregations in which hospice patients are already involved,

to broaden access to Horizon Hospice care through the addition of selected institutional affiliates and close working relationships with private physicians,

to expand the amount and extent of third party payor coverage of hospice services by educating case managers and employer groups.

COST-EFFECTIVENESS OF HOSPICE CARE

Hospice care has consistently shown itself to be a cost-effective option for terminal care. This is very important in the current climate of escalating health care costs and pressures to cut spending.

There are two aspects of hospice care that account for cost-savings. First, palliative care emphasizes the use of non-invasive treatment and avoids the use of highly technical medical equipment, diagnostic workups, and therapies. Second, the focus of care is at home - the least costly health care setting.

The following data was collected on 41 commercially insured Horizon Hospice patients in 1992, for Blue Cross Blue Shield of Illinois:

The average number of days in hospice was 51 per person

The average number of in-hospital admissions was 1 "

The average number of days spent in-hospital was 3 "

Data from HCFA (Health Care Financing Administration) indicates that half of lifetime health care expenditures occur in the last 6 months of life and in-hospital care accounts for approximately 80% of these expenditures.

Based on these data, we generated a cost comparison of hospice versus non-hospice terminal care:

With hospice care

48 home hospice days @ \$ 138/day ³	= \$ 6,624
3 in-hospital days @ \$1,000/day ⁴	= \$ <u>3,000</u>
	\$ 9,624

Without hospice care

40⁵ days in-hospital @ \$1000/day = \$ 40,000

On average hospice realizes a per patient cost saving of \$ 30,376

³Represents the cost per day for Horizon Hospice care.

⁴Represents the average cost per day for in-hospital care.

⁵Assumes 80% of 51 days in hospital, no cost for care at home.

ANNUAL FUNDRAISING FOR HORIZON HOSPICE

Providing hospice services to individuals regardless of their ability to pay has been Horizon Hospice's mission since its founding. Although the majority of Horizon Hospice costs are defrayed by reimbursement there is a significant percent of patients who cannot pay. For example, in 1991, we provided 2,459 patient care days to people without reimbursement at a cost to Horizon Hospice of \$331,965. As the number of people unable to pay for hospice services and health care costs increases, Horizon Hospice will raise more funds to meet these community health care needs.

A Fundraising Committee has been organized with the responsibility of educating board, staff, and volunteers to achieve Horizon Hospice's fundraising goals. The Fundraising Committee is refining the organization's strategy for soliciting donors: 1) broadening the donor base, or 2) soliciting larger and more gifts from existing donors. The goals of the Fundraising Committee are integrated within the organization's community awareness efforts.

In addition to raising money for medically indigent home hospice patients, Horizon Hospice is committed to building and operating a hospice facility as previously discussed (\$6 million capital campaign). Raising this money requires a strategic and systematic approach. A special task force, with input from Sumner Rahr, Fundraising Consultant, is working on the feasibility, organization, structure and timeline for the Capital Campaign. We estimate \$110,000 will be spent between 1993 and 1995 for materials and consulting fees.

The attached chart on Financial Data shows Horizon Hospice financial results for 1991 and 1992 and financial projections for 1993-1995. Fundraising goals are \$604,000 for 1993, \$635,000 for 1994, and \$640,000 for 1995 to cover reimbursed costs and overhead.

FINANCIAL DATA
(in thousands)

Revenue	1991 \$	1992 \$	1993 \$	1994 \$	1995 \$
HOME CARE					
Reimbursement	1,072	1,028	1,598	2,001	2,501
Fundraising	429	686	604	635	640
CHICAGO HOUSE					
Reimbursement	0	89	266	266	266
Fundraising	0	79	273	273	273
HOSPICE FACILITY					
Patient Revenue	0	0	0	1,068	1,789
TOTAL	1,501	1,882	2,741	4,243	5,469
Expenses					
HOME CARE					
Direct Care	1,367	1,316	1,840	2,194	2,601
Overhead	204	354	284	314	344
CHICAGO HOUSE					
Direct Care	0	135	494	494	494
Overhead	0	30	46	46	46
HOSPICE FACILITY					
Direct Care	0	0	0	1,104	1,504
Overhead	0	0	0	320	330
TOTAL	1,571	1,835	2,664	4,472	5,319
Net Gain/(Loss)	(70)	47	77	(229)	150

PROGRAM DEVELOPMENT EXPENSES

	1993	1994	1995
Cost of Hospice Affiliations (on site coordinator) ⁶	50,000	50,000	50,000
Capital Campaign ⁷ Materials	30,000	10,000	10,000
Fundraising ⁵ , Consulting Service	20,000	20,000	
Technical Assistance ⁵ Consulting for Facility	20,000		

⁶To be funded initially by funds set aside in the endowment fund for program development. As the program becomes fully developed and realizes patient volume and reimbursement the program will be financed through operations.

⁷To be funded through donations and funds set aside in the Endowment Fund for in-patient facility expenses.

PROGRAM ORGANIZATION

*Program Director (1)		*Medical Director (.5)
*Director Staff Development/Recruitment (1)		Hospice Physician (.25)
*Coordinator of Volunteer Development (1)		
Director Bereavement/Spiritual Care Services (1)		
TEAM I (NORTH)	TEAM II (SOUTH)	TEAM III (CHICAGO HOUSE)
*Coordinator (1)	*Coordinator (1)	*Nursing Administrator (1)
Nurses (2.5)	Nurses (2.5)	Nurses (5.2)
Aides (3)	Aides (5)	Aides (3.7)
SW/Counselor (1)	SW/Counselor (1.25)	SW/Counselor (.5)
Volunteer Coordinator (1)	Volunteer Coordinator (1)	Volunteer Coordinator (.25)**
Volunteers	Volunteers	Volunteers
Secretarial Support (1)	Secretarial Support (1)	Secretarial Support (.5)
Pastoral Counselor (.1)	Pastoral Counselor (.1)	Pastoral Counselor (.1)
Other Disciplines (.2)	Other Disciplines (.2)	

General Responsibilities: Program planning, regulatory compliance, direct services to all hospice families; quality assurance; billing; statistical gathering; liaison with other service providers/facilities; documentation of service delivery; local interagency/community outreach; staff development; program evaluation; policy and standard development.

ADMINISTRATION

*Executive Director - Supervises Program Director

*Reimbursement/Finance Director (1)	*Development Director (1)
Office/Personnel Manager (1)	Administrative Assistant (1)

General Responsibilities: Agency planning, development and operations; fundraising, public relations, marketing; budgets, contracts; long range planning; state, national, interagency liaison.

Parentheses express positions in Full Time Equivalent (FTEs)

*Denotes management team

**employed by Chicago House