The Lincoln Serenity Garden Hospice House

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The Lincoln Serenity Garden Hospice House

The death of a family member can be an emotional journey. During the dying process, family members tend to take on the care of their loved ones, or in some cases, end up staying at a facility. Hospice houses take the burden off the family and allow for a more “home” feeling. It is the authors’ mission to allow for better care of patients with life-limiting illnesses and their families. Within this business plan, the authors will present a discussion on the importance of this proposed project, The Lincoln Serenity Garden Hospice House. An executive summary, market analysis, operational plan, and financial plan will be presented.

**Executive Summary**

The Lincoln Serenity Garden Hospice House is being purposed due to the overwhelming need for additional hospice care. Hospice care is giving to those stopping curative treatment with a diagnosis of a terminal illness, limiting their life to six months or less. The approach to this care is comfort and quality of life, not quantity. Treating symptoms but no longer treating the underlying condition and no longer seeking to cure. The mission of the Lincoln Serenity Garden Hospice House is to provide compassionate medical, emotional, and spiritual care for individuals living with life-limiting illness and their families.

Death is a part of healthcare and life. As healthcare workers, we need to be able to take care of patients and their families at every stage, this includes the dying process. Through this business plan the business concept, market analysis, operational plan, and financial plans will be discussed. The main points conveyed within this plan are the lack of hospice houses in the service area and the feasibility presented through the financial statements provided. Although hospice care is available through home care and the inpatient setting, this hospice house aims to provide these services with the comfort of “home” without the burden being placed on the families. A professional care team would be available 24/7/365. This house would not be set up like an inpatient unit; instead, it would be “home-like” as possible. The project aim is to provide a different option for patients and their families in this difficult time. The Lincoln Serenity Garden Hospice House would provide the needed support for these individuals since the death of a family member is difficult enough. Through the business plan, it will become evident to the reader that this is a vital need within Lincoln and the surrounding areas.

**Business Concept**

The authors have identified a need for future growth and development of a hospice house. The Lincoln Serenity Garden Hospice House would have the mission to provide compassionate medical, emotional, and spiritual care for individuals living with life-limiting illness and their families. This mission is accomplished through support care programs for patients living with advanced illness and requiring end-of-life care and their families. This service would be completed through an innovative type of care unlike any other hospice in the region. A team of healthcare professionals will coordinate treatment and care, as well as building a support system to meet the needs of the patient, and their family. Being close to loved ones when they are in a hospice house is vital to their holistic health. It makes it easier to visit but, yet be close to home. We want to provide the same for the people in Lincoln, Burleigh Counties, and the surrounding area. There is such a need for this due to the lack of any such hospice house in the area. The population is growing and will continue to do so. It will be well-utilized because of its proximity to a large population with many smaller communities.

**Market Analysis**

A market analysis is a qualitative and quantitative assessment of the dynamics of a market. This includes the size and value of the market as well as various customer segments, patterns, competition, and economic environment (Business Plan Shop, 2013). The purpose of a market analysis is to formulate a strategy on how to address the various components of the market with special attention on the competition (Finkler, Jones, & Kovner, 2013). The market analysis for the proposed Lincoln Serenity Garden Hospice House will include an environmental scan which will have a description of the current market, the impact on other organizations, an implementation plan, a timetable, and an explanation of superiority of the plan over the competitors.

**Environmental Scan**

**Current Market.** The global long-term care market size was valued at USD 718 billion in 2015 and is expected to grow at a compound annual growth rate (CAGR) of around 6% over the forecast period. The long-term care market is expected to boom owing to the aging baby boomers, increasing disabilities, the dearth of skilled nursing staff, government funding, and increased collaborations of private insurers with the government. The hospice care segment is the fastest growing segment of long-term care with a CAGR of 7.6%.

In June 2013, the Cicely Saunders International and the Commission into the Future of Hospice Care published a report emphasizing the current and future demand for hospice care. The increasing need for chronic care, especially Alzheimer’s and Dementia, is expected to further accelerate the demand for hospice care. The hospice care providers will use interdisciplinary collaboration to deliver care in other care settings and care models; this is where a hospice house would be of value. A complete market analysis can be purchased from the Grand View Research Inc. (2018) for a nominal fee. An example of the report can be found in Appendix A.

**Impact.** As part of the market analysis, it is to necessary to determine the impact a new residential hospice house will have on other local organizations and competitors. According to Finkler, Kovner, & Jones (2013), some of the questions to consider during this analysis are:

* Is there possible competition?
* How will the competitors react when they hear of the new service being provided?
* What are the strengths and weaknesses of the competition?
* What is the payor mix of the competition and what is our market share?
* What is the pricing of the competition?
* How does the location of the hospice house affect the competition?
* How does the hospice house affect the local job market?
* Does future demand support both the competition and our business?

In the current Bismarck market, hospice care is provided in the home, in the acute care setting (two local hospitals), and in long-term care facilities. The closest competing business model to the residential hospice house is a four-bed assisted living that does advertise hospice care (Lynette Frank, n.d.). Providing the community with a 12-bed residential hospice house as an option for care can have a positive effect on acute care providers as it gives an obtainable discharge destination with increased palliative treatment options. This can decrease their length of stay and increase hospital revenue. It is expected that the acute care hospitals would be supportive of residential hospice house.

The two most significant sources of skilled nursing home competition that provides hospice care would be Baptist Health Care Center and Missouri Slope Lutheran Care Center. Baptist Health Care Center in Bismarck is a 140-bed long-term care facility that provides hospice care (U.S. News & World Report, 2016). Missouri Slope Lutheran Care Center is a 225-bed facility in Bismarck (U.S. News & World Report, 2016). Though this is a significant amount of skilled nursing home beds, it does not always represent availability. Though more recent data is needed, according to Kincaid (2006), the Bismarck-Mandan area is below the national average for long-term care beds and there are often extensive waiting lists for placement.

It is important to know if the current market need for hospice care is expected to grow. According to the Centers for Disease Control and prevention (2014), for every 100,000 men and women in North Dakota (ND), an average of 431 people were diagnosed with cancer and approximately 152 die from it. The greatest portion of deaths in ND being from lung, breast, and prostate cancer. According to the North Dakota Department of Health (2013), death from cancer has slightly declined in the last ten years and is following national trends. It is important to note that hospice is not only utilized by individuals with cancer. Hospice utilization for dementia, heart disease, and lung disease is on the rise (Seegert, 2013). With the baby boomers aging, the increased need for hospice care will be expected to grow for a variety of diseases and conditions.

**Implementation Plan.** The implementation plan is where the objectives, assigned tasks, deadlines, and progress toward goals are identified (Richards, 2007). Objectives should be specific and spelled out with great detail and broken down into tasks and steps. The amount of time needed for each task, as well as the expense, should also be determined. This process will assist in building the timetable and aide in the achievement of goals and objectives (Richards, 2007). According to Richards (2014), a successful implementation plan will contain the following listed parts.

* Task – list of project tasks
* Percentage Completed – lists the percentage of each task completed
* Status – task status such as: completed, on schedule, behind schedule, canceled
* Day Started – date task began
* Day to Be Complete – estimated date of task completion
* Actual Completion Date – date task was completed
* Task Assignment – Name of task owner
* Priority – task priority such as High, Medium or Low
* Milestone – Yes or No to indicate if this is a milestone task

**Timetable.** The Lincoln Serenity Garden Hospice House project will need a management tool to organize the implementation plan progress and timelines. The timeline tool selected for this project is a Gantt Chart (Appendix B). This project management tool will be utilized to view individual tasks, duration, and sequencing of tasks, an overall timeline of the project, and expected completion date. There are several benefits to a Gantt chart (Appendix B). This includes the ability for it to be utilized as a communication tool to contractors, subcontractors, staff, donors, and financial institutions. It also will assist with greater efficiency and can assist in improving overall costs and time outcomes. (Anderson, 2016)

**Explanation of Superiority.** The options for hospice care in the Bismarck area are limited to long-term care facilities, in-patient hospital care, and home health. The closest competitor is the Lynette Frank assisted living. The Lincoln Serenity Garden Hospice House would be superior as Lynette Frank does not accept Medicare, Medicaid, or long-term care insurance. At Lynette Frank, payment is only available via private pay, subsidies are not available, and skilled nursing is limited (Lynette Frank, n.d.). The proposed residential hospice home will provide skilled nursing and a variety of payment options.

The hospice house would also specialize in hospice care at a greater capacity than that of Lynette Frank. Though the local long-term care facilities provide hospice care as an option, this care can come at a considerable cost. According to the Lincoln Financial Group, the national average private skilled nursing home room costs just over $102,000 per year (Mongan, 2017). The cost of the residential hospice house would be competitive with the cost of a skilled nursing facility and significantly more cost-effective than inpatient acute care. The Lincoln Serenity Garden Hospice House is also superior due to the environment it will provide, as comfort through hospice care is the mission and focus. The non-institutional environment will provide a personal and home-like atmosphere that will be free from many of the code requirements and regulations of long-term and acute care facilities (Beresford, 2003).

**Operational Plan**

**Structure/Facilities**

The first step in opening Lincoln Serenity Garden Hospice House is securing a location on which to build the facility. A search of the area’s real estate opportunities identified 40 acres of land available at the cost of $240,000 (Vacant Land, n.d.). The land chosen for the building site already has utilities available which will cut down on some of the construction costs. To meet the needs of the hospice patients throughout the community, the next step would be to work with an architect and a construction company to determine the style and floor plan.

Through a review of current hospice houses, a structure able to house 12 hospice patients was determined to be the first phase of this business project. For the purpose of this business plan, a current hospice house floor plan will be used. Tidewell Hospice House is a 14,000-square foot facility; which closely matches the authors desired facility (Tidewell lwr, n.d.). The floor plan for the Lincoln Serenity Garden Hospice House will include areas for family interaction and involvement in patient care. In addition to the patient rooms, the floor plan will have accommodations to meet the patients' spiritual, emotional, and mental needs.

After determining the floor plan and land required for the facility, it is necessary to meet with the architect and construction companies to determine the cost of the building project. Research shows the average cost of building a medical facility nationally is approximately $400 per square foot (Hoppszallern, Vesely, & Morgan, 2016). The startup costs will include, in addition to the land and structure, the landscaping and furnishings of all the common areas. However, healthcare equipment is not included in these startup costs.

**Human Resources**

The hiring and training of staff for the Lincoln Serenity Garden Hospice House will be one of the biggest challenges in opening the facility. The current lack or shortage of nurses would be a concern for the hiring process. Another issue is orienting new staff to a brand-new facility without having patients present. To compensate for this, it would be important to include newly hired staff in the ordering and stocking of supplies. This is so that they know where these items are located in the various care units, as well as in the kitchen, laundry, and grounds facilities. Another way to overcome this barrier would be to include the staff in the development of the operational policies and procedures, quality programs, environmental safety, and emergency planning. By including them in the development of the processes one can ensure their familiarity and competence without having patients present for hands-on training.

Time must be allowed for the new staff to engage in computerized education related to the care of the hospice patient. The staff will be allowed time to become familiar with the computer documentation processes in the weeks prior to opening. In addition to this, an agreement would be sought at a different hospice house to allow staff to have hands-on training with patients. This will provide competency checks for the staff related to the care of the hospice patient and families.

The timeline reflects utilizing a period of approximately three weeks prior to opening for the stocking of supplies, development of protocols, quality and safety manuals, and hospice care education. The Lincoln Serenity Garden Hospice House staff will include: a medical director, a nurse director, registered nurses, medical assistants, a case manager, social workers, a nurse practitioner, grief counselors, a cook, housekeeping, janitorial and grounds personnel, administrative assistants, a business assistant, a marketing coordinator, a fundraising specialist, kitchen assistants, and volunteers. A weekly schedule would be developed to provide nursing coverage for a 6-1 ratio with patient care technician support. The developed schedule allows for the care of the patient twenty-four hours a day, seven days a week. Some positions, though, will be covered with a call duty.

The total full-time equivalents (FTEs) were estimated to be 31.1. These salaries used in this business plan were estimated based on national average figures found by searching each position listed above in the “Salary” area on the glassdoor website (n.d). The total estimated salaries for an annual period came to a total of $1,612,675. The schedule does not reflect clergy positions as they will be sought to be covered in alliance with local religious communities. Job descriptions for this business plan were researched and utilized from Heart to Heart Hospice (Job Descriptions, n.d.).

**Equipment**

One of the other components of an operational plan would be the equipment costs, such as capital expenditures, technologic costs, office equipment, and other needs of the business. As the Lincoln Serenity Garden Hospice House will be a new build, equipment will be new to the facility rather than being previously used or renovated from a prior tenant. One of the larger costs will be that of the kitchen since it will need to have the size and equipment available for storing and serving food for at least three meals a day for up to twelve patients. There is also the potential that some meals or snacks would be provided for patient’s families or perhaps the staff. Decker (2018) wrote that the estimated cost for remodeling a kitchen in a small business can be around $15,000; whereas, the cost of a new kitchen for a small business can range from $25,000-$100,000. Given that this kitchen would be for a 12-bed house and a new build, the cost of the kitchen will be estimated at $40,000. This would include all appliances needed such as stoves, refrigerators, and freezers as well as items such as utensils, serving ware, and the initial food cost.

Due to the nature of hospice care, pharmacy services will also be imperative to the care of the patients. Ideally, oversight for pharmacy would be subcontracted. For example, Professional Care Pharmacy (n.d.) in Maryland provides twenty-four hours a day, seven days a week and three-hundred-sixty-five days a year, assistance with pharmacy care. Their services can include providing med carts, fax machines and EMAR equipment in addition to other durable medical equipment (DME) and medical supplies. They offer free daily medication delivery, free after-hours emergency medication delivery, and monthly fill cycles (Professional Care Pharmacy, n.d.).

According to Professional Care Pharmacy (n.d.), they can provide direct administrative services to replace the middleman drug manager that many hospice agencies use. Additionally, they provide many drug management services which assist hospices in controlling drug utilization and costs since these utilization reports and drug price management tools help regulate patient medication selection which increases a hospice's control over drug costs. The exact costs for their service were not readily found, but they offer multiple contact methods for more information on pricing of services. If this service was to be utilized, according to Health Care Review Reform Committee (2018), these pharmacy services are subject to prior authorization and reporting to the Department of Human Services for eligibility verification, since the services would be obtained in jurisdictions other than ND and its three contiguous states.

Subcontracting pharmacy oversight would also need to include contracting with a pharmacist. According to Indeed (2018), the average pay for a pharmacist in ND is between $50-$62 per hour. The exact hours and time commitment would need to be determined, but it would typically involve a part-time need. As an employer, liability insurance coverage for the pharmacist would also be a necessity in order to provide coverage against medical malpractice (Lindsay, 2016).

The majority of the equipment cost would be allotted for the capital budget. Typically, with equipment purchases, a business would contact different vendors and receive bids on the cost. Based on those numbers and working relationships, a vendor would be chosen. This is similar to Medicare’s Competitive Bidding Program (CBP) in which suppliers submit bids to provide certain medical supplies and equipment to people with Medicare either living in or visiting, competitive bidding areas. According to the CBP (n.d.), all suppliers are thoroughly screened to make sure they meet Medicare requirements, such as eligibility and financial, accreditation, and quality standards, before they're awarded contracts.

For the sake of this discussion, Vitality Medical (2018) values were used for cost estimation unless otherwise indicated. For example, two different bed frames would be used at this facility. Ten of the rooms would have a “Joerns ultra care XT” full electric hospital bed bundle which estimates at $2,574.00, has a 500-pound capacity, elevates head and feet, and has two upper side rails. The other two rooms would be supplied with a “Hill-Rom care assist ES” medical-surgical bed which estimates at $13,275.00, additionally has two lower side rails, and has “SafeView” which alerts the medical staff if the patient is attempting to or has left the bed. Each of the ten Joerns beds would have a “Comfort Mattress” priced at $158 each, and the Hill-Rom bed would be supplied with “MicroAIR” alternating pressure with on-demand low air loss which is priced at $688 each. Both bariatric beds and chairs were considered for purchase, but due to cost and unknown need for the product, it was decided that it would be more cost-effective to rent bariatric equipment as the need arises.

Another large cost included in the capital equipment would that for ceiling lifts in each room to assist both staff and patients with safe repositioning and movement. In order to accommodate a wider range of patients, the ceiling lift would have a 440-pound weight capacity and is estimated at $3,253.00 per lift (“Ceiling Lift”, 2018). Other equipment used for each patient’s room was found from National Business Furniture (2018) which included a recliner chair priced at $1,250 each and a couch with sleeper sofa priced at $1,895 each. Additional equipment considered for each patient’s room would be items such as linen carts, bedside tables, overbed tables, and trash cans. The total estimated cost of capital equipment was $98,000.

Other DME needed for patient rooms would be bedside commodes priced at $65 each and walkers priced at $75 each (RehabMart, 2018). Additionally, blood sugar monitors, oxygen and nebulizer supplies, and infusion pumps with associated supplies would be needed. The total estimated costs for other DME is $6,000. Other patient care needs items that would be considered are toiletries, personal-protective equipment (PPE), and medical items such as tubing, insulin syringes. Also, a hospital sheet bedding set was priced at $62.00 each, a traditional tie-back patient gown was priced at $16 each, and a microfiber reusable bed pillow was priced at $13 each (Vitality Medical, 2018). The total estimated for patient care items was $2,000.

Technological and office equipment must also be considered in the budget. The total estimated cost for these supplies and services was $16,000. Originally, it was considered to have a computer in each room, but due to cost, it was decided to have four mobile workstations. The cost for this would include a Clinton tec-cart mobile workstation priced at $552 and a Dell laptop computer priced at $800. The nurses’ station as well as offices for the administrator and social worker would require the purchase of four L-desks with hutches priced at $929 each and a Dell all-in-one desktop computer priced at $950 each. Other required items would be computer chairs each priced at $119, HP printer priced at $200 each, and an AT&T expandable corded/cordless phone priced at $100. Internet, phone, and business solutions would be estimated at $1,000 per year. Other items taken into consideration would be ink cartridges, paper, tape, and other office supplies (National Business Furniture, 2018; Staples, 2018).

Another service to consider for the future would be the purchase of televisions and a service provider for each patient room along with the waiting room. The cost for furniture for the waiting room and breakroom and the cost of landscaping would be factored into the cost per square foot of the build. Additionally, the potential for equipment donation is another option that can be explored.

**Legal**

Another significant part of the operational plan is the factors of legality such as licensing/permit requirements and/or environmental or other special regulations. The intent of the Lincoln Serenity Garden Hospice House is to function as a not-for-profit organization as there are multiple benefits that come with this determination. A not-for-profit provides an organizational structure that allows a group of people, who have similar interests, to carry out a stated mission and conduct their business affairs in support of that mission in a responsible manner (Jaeger, 2017). According to Jaeger (2017), the Secretary of State acknowledges and issues a certificate of incorporation when the submitted articles of incorporation have met all the requirements of law. Additionally, a not-for-profit corporation must maintain a commercial or noncommercial registered agent with an address in ND. This agent would serve as the official contact person for the corporation for service of any process, notice, or demand (Jaeger, 2017). For our hospice house, we have chosen our agent to be a domestic limited liability company (LLC) since it falls under the classification of a noncommercial registered agent.

According to the North Dakota Secretary of State (2018), an LLC’s existence begins after the articles of organization are filed with the Secretary of State, and he or she grants a charter that legally recognizes the LLC as a separate legal entity having its own rights, privileges, and liabilities distinct from those of its members. The form for submission of LLC requested from the Secretary of State (n.d.), and submission includes a one-time $135 filing.

North Dakota (2006) also requires that a potential business must have a valid Federal Employer ID Number (FEIN) from the (Internal Revenue Service) IRS before being able to register the type of business in the state. The IRS (2017), provides a guide and link on applying for a FEIN. This guide mentions that if the form is filed electronically, and the information is validated during the online session, then a FEIN can be issued immediately. There are also multiple other obligations as an employer that the State of North Dakota (2006) references including department of labor requirements, income tax withholding guidelines and registration, North Dakota child support employer information, unemployment insurance tax requirements, and workforce safety and insurance.

The ND legislative branch has century and administrative codes for health and safety requirements. The two that affect hospice programs are located under Chapter 23-17.4 (North Dakota Century Code, n.d.) and Chapter 33-03-15 (North Dakota Administrative Code, n.d.) which describe in great detail stipulations, expectations, and requirements for any hospice program. For example, the North Dakota Department of Health (2017) requires a separate application for those specifically seeking to operate a hospice program. Part of the requirement is to include a National Provider Identifier (NPI); which can be applied for through the Department of Health and Human Services (2016). This requirement is a standard required by the Health Insurance Portability and Accountability Act (HIPAA) (Centers for Medicare and Medicaid Services, 2015).

In planning for a new build, there are other legal items to consider. For example, North Dakota offers incentives on property tax for new or expanding businesses. The application would be submitted to the city auditor (Rauschenberger, 2014). The Small Business Administration (2016) provides a checklist for those who look to start a business in ND. The checklist includes other special regulations such as contacting the United States patent and trademark office, copyright office, and all of the regulations that come with hiring employees. Also, the Environmental Protection Agency (2017) provides links for the laws and regulations as well as compliance guides for new construction sites which include the following affected areas: air, general, lead, waste, and water. Each of these categories would need to be explored in order to comply with environmental regulations relating to new construction.

**Financial Plans**

The purpose of the financial analysis is to determine if the organization will be financially sound enough to fulfill the mission of caring for hospice patients. For this business plan, startup costs, staffing schedule grid, salary estimates, pro forma, cash flow and break-even analysis would be used and are estimated within this business plan to make this determination.

**Budget Estimates**

Startup costsare the costs associated solely with the implementation of a plan, project, or business. Startup costs typically represent the costs incurred prior to the realization of benefits from the plan, project or business (Schmidt, n.d.). In the startup cost analysis (Appendix C) the estimates of funds were compared to the expenses required to build and open the Lincoln Serenity Garden Hospice House. To calculate the amount of funding, the assumption was made that $150,000 was raised in a dinner/auction event. Funds are also available from benefactors in the amount of $350,000 in honor of loved ones. The monies needed to purchase the land and build the facility will be obtained from a business loan.

The Lincoln Serenity Garden Hospice House will be a not-for-profit healthcare provider. As such, loans will be explored to determine if a low or no-interest rate are available. The interest rate used for the amortization of the loan (Appendix D) to determine monthly payment will be 3.8% current commercial interest rate (Average Commercial, n.d.).The number of funds requested in the loan will equate to the purchase of the land and building cost plus contingency monies. This is a total of $6.5 million. The estimates of expenses in the business plan were based on research of the national averages when available. The estimated expenses were as follows: building/land expense of $5,850,000, capital expenses of $163,000, location/administration expenses of $147,373, opening inventory of $23,500, advertising/fundraising of $75,000, and 10% contingency. The startup funds minus startup expenses result in a projected $156,127 cash on hand at opening (Appendix C).

**Pro Forma**

According to Finkler, Kovner, and Jones (2013), Pro forma financial statements are predictions of what the financials for the project or program will appear in the future. These financial statements provide an opportunity to view a more comprehensive summary of the financial elements of the plan than is provided by the operating budget. The key financial statements are projected for each year into the future. These projections usually run for 3 to 5 years.

The pro forma (Appendix E) for the Lincoln Serenity Garden Hospice House was developed incorporating figures from the startup cost spreadsheet, equipment depreciation, bad debt/charity care, and reimbursement per patient day. Patient revenue was calculated based on standard Medicare/Medicaid reimbursement of the base rate (Hill, 2014) per inpatient day with reported quality measures of $708.77. Medicare reimburses for additional modifiers such as respite care and therapies; for this business plan, these additional modifiers were not included due to the variability of patient needs. It was based on 12 beds at 75% occupancy with 5% growth per year. This business plan also does not reflect potential income from fundraising. The majority of the expenses for the pro forma were determined in the start-up cost spreadsheet.

Salaries were based on national averages for the job titles from the job information website Glassdoor (n.d). An increase in salaries and expenses was calculated using the 2.6% increase expected in healthcare costs, as mentioned in the market analysis. For this pro forma, the following statements were included and may have been assumed for the purpose of this business plan. The employer pays approximately 27% of salaries in benefit costs. Monthly loan payment calculated using amortization of $6.5 million at 3.8% interest over 30 years (Average Commercial, n.d.). National average cost of hospital utility usage is $3.23 per square foot (Garber, 2013). The floor plan for the facility is 14,000 square feet. Kitchen expenses were calculated using $20 per day per patient. Research showed costs from $12-15 per day per patient (Luz Mejia, 2016). At Lincoln Serenity Garden Hospice House, a complimentary meal will be provided each day to one patient friend or family member., extra 5$ was expensed for this purpose This is done in alignment with the mission.

The pharmaceutical cost was an estimation based on pain and comfort medication. Required medications will be purchased in generic form and in bulk to decrease costs. Initial year fundraising is included in the startup costs. Marketing/fundraising expense recommendations varied greatly in research. Therefore, the amount used in this proforma is 1.5% of the revenue. The monies allocated for marketing are usually the first to be cut when adjusting the budget, but this can cost an organization money in the long run. Less marketing can result in decreased patients and donations.

The insurance coverage used is an estimate. It includes building, contents, and medical liability coverage. Depreciation was calculated on the equipment over 10 years since the life expectancy of basic equipment is varied. Expenses for bad debt and charity care are also difficult to predict. For this pro forma, 1.5% of revenue is used. Taxes in the pro forma are to cover the employer’s portion of FICO or social security at a 3% rate. Collaboration with an accountant will be needed to determine additional taxes. Since the Lincoln Serenity Garden Hospice House will be not-for-profit, it will be important to properly establish the appropriate tax elements. Overall, this pro forma shows a positive income each year with growth.

**Cash Flow Analysis**  
 According to Finkler, Kovner, and Jones (2013), the cash-flow analysis provides information on the amount of cash the program will spend each year, and how much cash will be received in general. The cash flow analysis (Appendix F) for the Lincoln Serenity Garden Hospice house was developed using figures for cash after startup, revenue from reimbursement, and operational expenses. The operational expenses did not include depreciation or bad debt. The business plan’s cash flow analysis shows a positive cash flow over 3 years.

**Break-even analysis**  
 According to Finkler, Kovner, and Jones (2013), break-even analysis (Figure 1) is a technique used to find the specific volume at which a program or service neither makes nor loses money. The projected information about the probable performance of the service can be compared with the break-even volume to make a prediction on whether there will be profits or losses. The analysis is formatted by month instead of yearly. The purpose of this is to prevent unrecognized failure to meet break-even numbers. The early recognition allows for adjustments in expenses and need for fundraising before it is too large to cover.

Figure 1



**Feasibility Statement**

Feasibility studies are generally done to ensure the organization has the capacity to repay loans. This would usually be an outside consultant firm (i.e. accounting firm) that would evaluate all of the financial implications of the proposed project (Finkler, Kovner, & Jones, 2013). The financials presented within the financial analysis would be useful within these studies. Also, ratio analysis would be done to show the organizations ability to cover interest charges and the principal payments. To complete the feasibility study, an outside hire would be consulted.

**Conclusion**

The proposed hospice house would be of great value to Lincoln and the surrounding communities. This is a needed service that does not exist within the area or the state. With the purposed business plan, it is the author's recommendations that serious consideration is to build this facility. Patients deserve the best through all stages of their life and death. The authors presented a discussion on all aspects of a business plan, including the executive summary, business concept, market analysis, operational plan, and estimated financial statements. It would be the authors’ honor to bring this type of service to the area.

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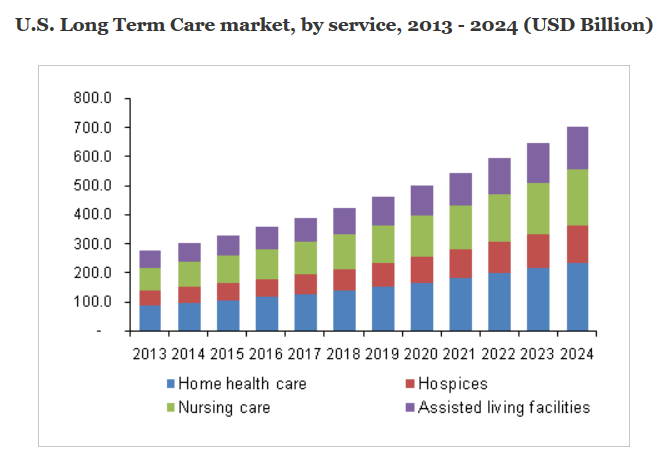
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**Appendix A**



(Grand View Research, 2018)

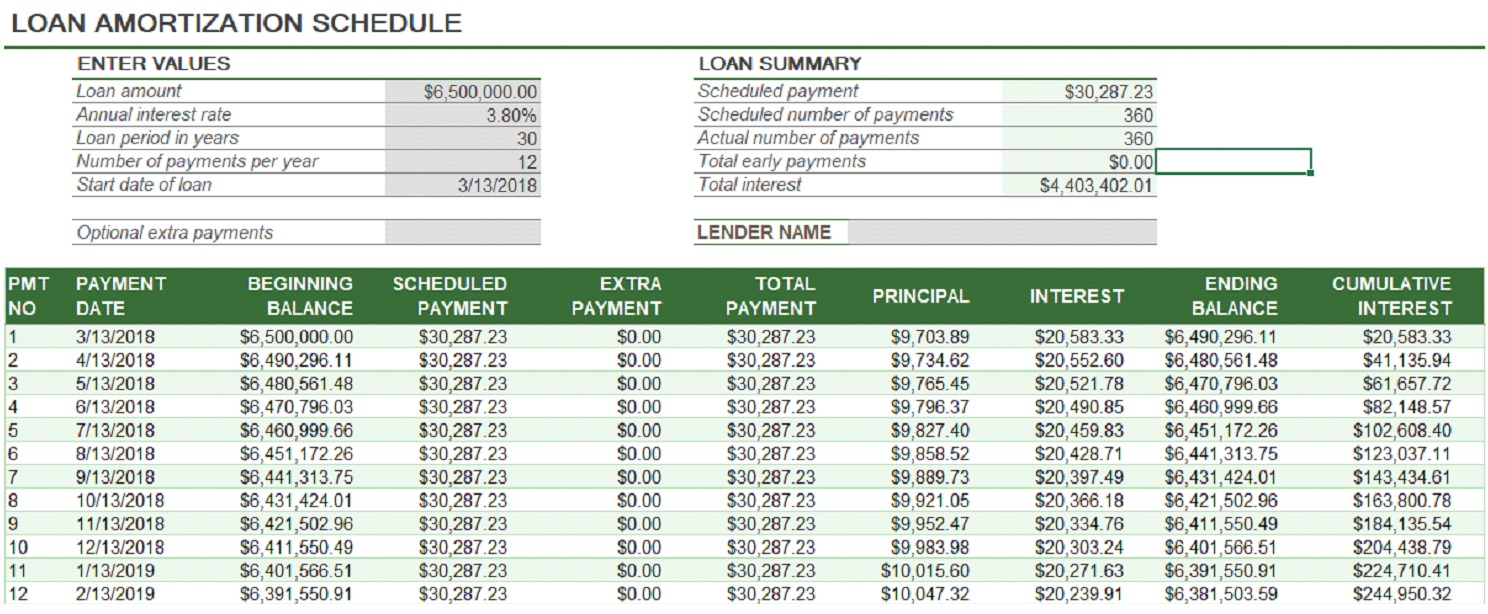
**Appendix B**

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Appendix C



Appendix D



**Appendix E**



**Appendix F**

