ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

DECISION DATE:	September 27, 2012
FINDINGS DATE:	September 28, 2012
PROJECT ANALYST:	Jane Rhoe-Jones
CHIEF:	Craig R. Smith
PROJECT I.D. NUMBER:	P-8811-12 / Carolina East Home Care and Hospice, Inc. / Convert three residential hospice beds to three inpatient hospice beds for a total of six inpatient hospice beds / Duplin County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Carolina East Home Care & Hospice, Inc. (CEHCH) operates the Carolina East Hospice Care Center (CEHCC), a six bed hospice facility in Kenansville, with three hospice inpatient and three hospice residential care beds. The applicant proposes to convert three hospice residential care beds to three hospice inpatient beds, for a post project complement of six hospice inpatient beds. The 2012 State Medical Facilities Plan (SMFP) identifies an adjusted need determination for three new hospice inpatient beds in Duplin County. The applicant proposes to convert no more than three beds, thus the application is conforming to the adjusted need determination in the 2012 SMFP.

Policy GEN-3 of the 2012 SMFP is applicable to this review. Policy GEN-3: Basic Principles states:

> "*A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical*

Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area."

Promote Safety and Quality

In Section II.4, pages 27-30, Section III.3, pages 37-38, and Section V.7, page 53, the applicant discusses how the proposal will promote safety and quality. CEHCH's plan for performance improvement in Exhibit II, page 224.

On pages 37-38, the applicant states in part:

"*Quality and safety is* [sic] *an important principle for the delivery of care to individuals served by CEHCH. … This continued commitment to quality and safety is evidenced because not only is CEHCH licensed by the State of North Carolina for home care/home health and hospice services, certified by Medicare and Medicaid participation, the agency is also accredited by an independent third party accrediting body, the Accreditation Commission for Health Care (ACHC). CEHCH has been accredited by an independent third party for more than 20 years. …*"

Promote Equitable Access

In Section III.3, pages 38-39 and Section V.7, page 53, the applicant states how the proposal will promote equitable access:

"*The proposed project will make hospice inpatient services more accessible to residents of Duplin and surrounding counties. The policies, tax-exempt status and financing structure allow CEHC to make services available to all individuals in need of hospice inpatient care as beds are available. CEHCH does not discriminate on the basis of age, race, sex, religion, handicap, or ability to pay. No person has ever been refused care because of inability to pay or no payer source. Because of increasing the inpatient capacity of CE Hospice Care Center, this will allow the patient to be cared for at the most appropriate level and for CEHCH to be reimbursed at the level of care provided to the patient.*

The applicant provides additional discussion regarding accessibility to CEHC services in Section VI, pages 54-58.

Maximize Healthcare Value

In Section III.3, page 39 and Section V.7, page 53, the applicant states how the proposal promotes healthcare value:

> "*CEHCH is proposing a cost-effective approach to meeting the hospice inpatient needs for Duplin and surrounding counties. The proposed project is for the conversion of existing residential beds to inpatient beds. This project involves no construction or renovation because all beds were constructed to the inpatient level of care standard.*
>
> *The financial pro formas in Tab XIII B* [Applicant emphasis.] *on page 88, which is built on utilization projected in Section IV, documents that the project will be financially feasible and increase the financial stability of the CE Hospice Care Center. Based upon the documentation provided there is sufficient need to maintain the beds at capacity, thus represents an effort to maximize health care value for the resources that are expended*."

See also the applicant's response in Section V.7, page 53 about cost effectiveness, quality and access. The applicant adequately demonstrates that the projected volumes for the proposed hospice facility incorporate the basic principles in meeting the needs of patients to be served. The application is consistent with Policy GEN-3 in the 2012 SMFP.

In summary, the application is consistent with the need determination identified in the 2012 SMFP. Further, the application is consistent with Policy GEN-3. Therefore, the application is conforming to this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

Carolina East Home Care & Hospice, Inc. (CEHCH) operates the Carolina East Hospice Care Center (CEHCC), a six bed hospice facility in Kenansville, with three hospice inpatient and three hospice residential care beds. The applicant proposes to convert three hospice residential care beds to three hospice inpatient beds, for a post project complement of six hospice inpatient beds.

Population to be Served

In Section III.4, page 39, the applicant states the following about current patient origin:

> "*Based on the 2012 Licensure Application Data 65% of CE Hospice Care Center patients and days of care were residents of Duplin County. Another 16 % of patients and days of care were from the adjoining Onslow Counties* [sic]. *CEHCH service area includes Duplin and surrounding counties which include Jones, Lenoir, Onslow, Pender, Sampson and Wayne. The Licensure application data indicates that patients from all seven counties received services in the CE Hospice Care Center*."

In Section III, page 43, the applicant provides a table that shows increasing hospice inpatient patients and decreasing hospice residential patients at CEHCC. The table below reflects the number and percentages of patients for both levels of service. The applicant notes that the numbers below represent unduplicated patients and that 90% of the residential patients would have qualified for inpatient level of care, had a bed been available when the patients were admitted.

CE Hospice Care Center Patient Origin
06/1/2011 - 02/29/2012

County & Location	Inpatient # of Patients	Inpatient % of Total Patients	Residential Projected # of Residents	Residential % of Total Residents
Duplin	63	69%	30	79%
Onslow	14	15%	5	12%
Pender	5	6%	1	3%
Lenoir	2	2%		
Wayne	5	6%	1	3%
Sampson	1	1%		
Jones	1	1%	1	3%
TOTAL	91	100%	38	100%

Note: These patient numbers are unduplicated patients. The residential patient/residents above - estimated at 90% would have qualified for general inpatient level of care had a bed been available.

In Section III.10 and III.11, pages 42-43, the applicant provides tables with current patient origin data. In clarifying information requested by the Agency, the applicant provides projected patient origin for project Years 1 and 2 (10/1/2012 - 9/30/2013 and 10/1/2013 - 9/30/2014) as shown in the following table:

CECH Hospice Center
Patient Origin
First Three Operating Years

10/1/2012 – 9/30/2014				
County	Inpatient # of Patients	Inpatient % of Total	Residential # of Patients	Residential % of Total
Duplin	484	81%	55	81%
Onslow	54	9%	6	10%
Pender	36	6%	4	6%
Lenoir	6	1%	1	1%
Wayne	6	1%	1	1%
Sampson	6	1%	1	1%
Jones	5	1%	-	-
Total*	**597**	**100%**	68	100%

Although the number of residential care beds is being reduced, the above actual and projected utilization reflect a reduction in patient utilization of hospice residential care beds. The applicant adequately identifies the population projected to be served in the future by the facility.

Demonstration of Need

In Section III.1, pages 31-37, the applicant describes the need for the proposed conversion of three hospice residential care beds to become three hospice inpatient beds, for a post project complement of six hospice inpatient beds in Duplin County. The following factors are discussed on page 31-37:

- The adjusted need identified in the 2012 State Medical Facilities Plan for three additional hospice inpatient beds in Duplin County.
- The increasing and aging service area population.
- The health status of the service area.
- The deaths in the service area; including the increasing number of deaths of persons aged 65 and older.
- The increasing utilization of hospice services at CEHCC.
- The internal need for additional inpatient beds at CEHCC.

Population Projections

In Section III, pages 31-32, the applicant discusses its service area population. The applicant states in part:

> "*Carolina East has served patients in all seven counties of its service area; however, more than 80% of patients served are residents of Duplin County. Duplin County is a rural, large geographic county located in eastern North Carolina. … The population of Duplin is growing at a steady rate, comparable to the State's population growth per the OSBM. … The population of Duplin County is aging faster that the North Carolina average. … Hospice utilization increases with age. ...*"

The North Carolina Office of State Budget and Management (OSBM) July 2011 estimates indicate that Duplin County has greater than 59,000 residents. The applicant states that the Duplin County population has experienced significant growth. In its 2011 estimates (most recent), OSBM lists Duplin County among the fastest growing counties (12th rank) in the state. The OSBM annual projections of total population growth also show that the Duplin County rate (1.7%) exceeds the state rate (1.4%).

In Section III, pages 31-32, the applicant includes tables with 2012 to 2015 Duplin County population and compares the county's population growth and age growth to state population growth and age growth. According to the applicant, the county's overall population growth is keeping pace with the population growth of the state; while the 2011 to 2014 population age 65+ will outpace the state's growth.

2012 – 2015 Population					
Area	2012	2013	2014	2015	2011-2015 % Change
Duplin County	55,375	61,527	62,463	63,333	4.4%
North Carolina	9,866,725	10,035,382	10,331,630	10,479,127	5.9%

2012 – 2015 Population Age 65+					
Area	2012	2013	2014	2015	2011-2015 % Change
Duplin County	9,221	9,654	10,113	10,490	12.1%
North Carolina	1,356,133	1,417,175	1,441,768	1,525,635	11.1%

In Exhibit 3, page 230, the applicant provides *Hospice Patients Admitted by Age*, from Section 2, page 1 of 1 in the 2010 Fiscal Year North Carolina (October 1, 2009 – September 30, 2010) Hospice Data & Trends report.

In Section III, pages 32-33, the applicant states that chronic diseases are responsible for 60% of all deaths in North Carolina. The leading contributors to the most hospice days of care in the state are shown in the following table:

Hospice Days of Care by Diagnosis – North Carolina		
Primary Diagnosis	2010 Patient	2010 % of Patient

	Days of Care	Days of Care
Cancer	765,316	28.8%
Dementia/Alzheimer's	463,834	17.5%
Debility (unspecified)	424,046	16.0%
Heart	372,524	14.0%
Lung	312,307	11.8%
Other	316,162	12.0%
TOTAL	2,624,189	100.0%

Source: Carolinas Center or Hospice and End of Life Care

Also, in Section III, pages 34-36, the applicant state the increasing demand for hospice services at CEHCH. The applicant states:

> "*Hospice utilization has increased at Carolina East Home Care & Hospice, Inc. … Since the opening of the CE Hospice Care Center the number of hospice inpatient admissions has increased as was projected in the original CON. See the table below to support the use of the Care Center*."

	2008*	**2009**	**2010**	**2011**	**2008-2011 % Change**
Inpatient Days of Care	42	352	724	721	1,616.6%
Respite Days of Care	4	44	27	67	1,575.0%
CE Hospice Patient Admissions	0	42	106	116	116.0%

*CEHCH did not have an inpatient/residential facility in 2008. This service was provided through contract arrangement with Hospitals and Nursing Homes.

The applicant also describes the waitlist for hospice inpatient beds. The applicants state that in 2011, 50 persons needed hospice inpatient care and the applicant had no beds available. Further, on pages 35-36, the applicant provides its methodology to justify the need for three additional inpatient hospice beds. The applicant states:

> "*The methodology used by the NC SMFP utilizes hospice admission, average length of stay and a statewide ratio of hospice inpatient days to hospice days of care. The methodology used is based on the SMFP with adjustments specific to Duplin County.*
>
> *Since Carolina East Hospice Care Center did not begin to provide services until February 2009 – thus only nine months of data are available. It was a new facility and utilization was not consistent*."

Duplin County Hospice Admissions				
	2009	2010	2011	Two Year Trailing Average Annual Change
Admissions	218	167	327	5.45%

Source: SMFP: 2010-2012

Carolina East Home Care & Hospice Admissions				
	2009	2010	2011	Two Year Trailing Average Annual Change
Unduplicated Patients	186	253	254	18.50 %

Source: SMFP: 2010-2012

"*Utilizing this data from the SMFP the demand for hospice services and persons served in Duplin County is expected to continue at current rates. … The demand for hospice services in Duplin County is higher than the two-year average change rate noted in the SMFP.*

…

The current fiscal year's occupancy rate for the residential beds has been at least 85% and 85% for general inpatient beds. More than fifty (50) persons have needed inpatient care and CE Hospice Care Center had no beds available. At least 25 patients have had status changes to inpatient from residential because of needing inpatient on admission. CE Hospice Care Center accepts all referrals if they are appropriate for inpatient or residential status. This allows for transfer to the appropriate level of care and allows us the option to accommodate our referring hospitals when they have patients that need hospice facility care."

Duplin County Hospice Inpatient Days of Care as a Percent of Hospice Days of Care			
	2009	**2010**	**2011**
Hospice Inpatient Days of Care Provided	NA	620	704
Hospice Inpatient Days of Care Wait-list	-	140	525
Total Hospice Inpatient Days of Care Demanded	-	760	1,229
Hospice Days of Care	12,308	13,414	17,783
Hospice Inpatient Days of Care as a % of Hospice Days of Care	NA	5.67%	6.91%

CEHCH Internal Data

"*As demonstrated above, the demand for hospice inpatient days of care is higher than the 'Two-year Trailing Growth Rate' of 4.4%. In the service area of CEHCH there is only one county with a hospice care center* [Wayne County]. *No other facilities are located in close proximity of the CE Hospice Care Center. There are six hospitals in the seven counties served by CEHCH. In addition, many of the residents of Duplin and surrounding areas seek inpatient care in medical centers located in Wilmington, Greenville, and the Triangle area. These local and tertiary hospitals/medical centers … are major sources of referrals* [sic] *the CE Hospice Care Center.*

As indicated in the chart above the hospice days of care have increased since the opening of the hospice care center. This trend supports the need for hospice care in our community and the need for inpatient beds proposed in this project."

CEHCC Projected Utilization Data 10/01/2012 – 09/30/2015								
	General Inpatient Care				Residential Level of Care in GIP Beds			
Quarter	Patients	Patient Days	# Beds		Duplicate Patients*	Patient Days	Total Days of Care	Occupancy Rate
1st	75	491	6		7	50	541	98%
2nd	65	447	6		6	70	517	96%
3rd	67	461	6		7	80	541	99%
4th	70	482	6		7	65	547	99%
Total Yr. 1	277	1,881	6		27	265	2,146	98%
5th	78	494	6		5	52	546	99%
6th	80	505	6		6	42	547	*101%
7th	79	499	6		6	38	537	98%
8th	83	525	6		5	22	547	99%
Total Yr. 2	320	2,023	6		22	167	2,177	99%
9th	79	509	6		6	38	547	99%
10th	80	515	6		5	30	545	*101%
11th	79	510	6		5	34	544	*100%
12th	83	534	6		3	13	547	99%
Total Yr. 3	321	2,068	6		19	115	2,183	*100%

*Occupancy will exceed 100% when a patient expires or is discharged and another patient is admitted on the same day.
**GIP = General Inpatient

The applicant states that occupancy is projected to be greater than 97% in the inpatient beds. Although there will be no beds designated as residential level of care, it is anticipated that admissions will be at the inpatient level of care and the level of care is subject to change from inpatient to residential based on changing patient condition. Respite level of care will also be administered in the inpatient beds.

In Section IV, pages 47-49, the applicant discusses current and projected nursing home utilization by hospice patients and assumptions, as well as the CEHCH/CEHCC market share. The following tables provide the applicant's projected agency office (CEHCH) hospice utilization by nursing home patients for the first three operating years following the completion of the project.

Projected CEHCH Utilization			
	2013	2014	2015
Patients Served	338	361	372
Days of Care	17,520	18,215	18,912
Deaths	286	307	316
Discharges	34	28	27
ALOS	51.83	50.56	50.84

CEHCH projects that patients served, days of care, deaths, and discharges will all increase; while the average length of stay will remain constant.

Projected Nursing Home Patients and Days of Care			
	2013	**2014**	**2015**
# Nursing Home Residents	10	12	12
Total # Nursing Home Days	480.8	600.0	650.0
Nursing Home Deaths	8	9	10
ALOS	48.8	50.0	54.17

The applicant projects that the number of nursing home days will show the most increase; while the number of residents, average length of stay and deaths will increase slightly.

The applicant provides assumptions and methodology to project the above utilization in Section IV, page 47. The applicant states in part:

> "*CE Hospice Care Center is the only hospice care center located in six of the counties in its service area … CEHCH serves more than half the hospice patients in Duplin County. This market share is expected to continue as indicated in the increase in patients since the opening of the CE Hospice Care Center in 2009. …*"

In summary, the applicant's projected utilization for hospice inpatient beds is reasonable, based on the assumptions and methodology stated in the application. The applicant adequately identifies the population to be served and adequately demonstrates the need the population has for the proposed services at the hospice facility. Further, based on projected utilization, the applicant's average occupancy will exceed the performance standards as stated in 10A NCAC 14C .4003. Consequently, the application is conforming to this criterion.

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

In Section III.6, 7 and 9, pages 41-42, the applicant states:

> "*CE Hospice Care Center will not have any designated residential care beds at the completion of this project. However, inpatient beds can be used for residential level of care. Many of the residential days provided since the opening of the facility in 2009 would have been inpatient days had the beds been available. Many residential days are the result of patients admitted at the inpatient level of care and improve so not to meet the Medicare/Medicaid clinical guidelines for inpatient level of hospice care. Most stay at the residential level long enough to determine that the plan of care*

is sufficient to meet the needs of the patient and then are returned to their place of residence. Some at the residential level will return to the inpatient level of care due to deterioration of their condition/patient status.

When hospice beds are licensed as inpatient, both inpatient and residential can be provided. Therefore, any patients requiring hospice residential care can receive this level of care in any of the six beds at CE Hospice Care Center. The proposed project will not impact by reducing or eliminating hospice residential services. The project will convert the three (3) residential beds to inpatient beds which allows care at the appropriate level and reimbursement for the level of care provided.

The proposed project will not relocate or displace any persons currently being served at the date the project is completed. The NC Licensure Section permits a hospice facility to use licensed hospice inpatient beds for residential care if necessary to meet the needs of the hospice patient."

In Section III, the applicant provides data that show increasing hospice inpatient patients and decreasing hospice residential patients at the hospice care center. The applicant admitted more than double the number of inpatient level patients than residential level patients during the nine months preceding submission of this application. The applicant states that had inpatient beds been available, 90 of the residential patients would have qualified for inpatient status. Thus, CEHCC projects that that there will continue to be a reduction in residential level admissions during the first two years following project completion.

In summary, there are adequate nursing home beds in Duplin County for patients who need residential level of hospice care services. The applicant adequately demonstrates that the needs of the residential hospice care population will be met via beds in CE Hospice Care Center and nursing homes. Reduction in the number of hospice residential care beds will not affect access by medically underserved groups. Therefore, the application is conforming to this criterion.

(4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

In Section III, page 44, the applicant discusses the following alternatives considered prior to the submission of this application:

1) Construction of three additional beds. The applicant did not choose this alternative because the applicant estimates that it would take two years to build, building would be disruptive to operations and would be more expensive than converting residential to inpatient beds.

2) Conversion of three hospice residential care beds to hospice inpatient beds. Bed conversion would meet the need identified in the 2012 SMFP. Bed conversion would

allow both inpatient and residential patients to be served in the most appropriate level of care. It would allow the agency to make maximum use of the staff and facility capacity. Additionally, conversion can occur almost immediately after the CON has been granted.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable.

In summary, the applicant adequately demonstrates that its proposal to convert three hospice residential care beds to hospice inpatient beds is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **Carolina East Home Care & Hospice, Inc. shall materially comply with all representations made in the certificate of need application and supplemental responses. In those instances where representations conflict, Carolina East Home Care & Hospice, Inc. shall materially comply with the last-made representation.**

2. **Carolina East Home Care & Hospice, Inc. shall convert three hospice residential care beds to three hospice inpatient beds and shall be licensed for a total of six hospice inpatient beds upon completion of this project.**

3. **Carolina East Home Care & Hospice, Inc. shall acknowledge acceptance and compliance with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

In Section VIII.1, page 66, the applicant projects that the total capital cost of the project will be $30,000; including $5,000 for consultant fees and $25,000 for up-fitting the current building. In Section VIII.5 and 7, pages 67 and 68, the applicant states that the capital cost will be funded with accumulated reserves. Exhibit 8, page 309 contains a letter from Lynn Hardy, the President/CEO of Carolina East Home Care & Hospice, Inc., stating in part:

> "*Carolina East Home Care & Hospice, Inc., has the necessary accumulate* [sic] *funds in the amount of $936,735 in cash reserves for the project to convert the three (3) residential beds to general inpatient beds in the Carolina East Hospice Care Center*."

Exhibit 8 contains the audited financial statements of Carolina East Home Care & Hospice, Inc. as of September 30, 2011 and 2010. As September 30, 2011, Carolina East Home Care & Hospice, Inc. had total assets of $4,326,151 and $1,161,858 in cash and cash equivalents.

In Pro Forma B for Operating Years 1-3, pages 88-90, the applicant projects that expenses for the Hospice Care Center will exceed revenues for the first operating year after project completion. However, revenues will exceed expenses in the second and third years of operation following completion of the project, as shown in the table below:

	Year 1 - 2013	**Year 2 - 2014**	**Year 3 - 2015**
Revenue	$1,332,760	$1,420, 386	$1,461, 536
Expenses	$1,393, 520	$1,413,552	$1,429,718
Profit	($60,760)	$6,834	$31,818

In Section X.3, page 75, the applicant projects the following reimbursement rates and charges for the first three years of operation of the proposed project.

Projected Per Diem Reimbursement Rates/Charges Carolina East Home Care & Hospice			
Source of Payment by Type of Care	**10/1/2012-9/30/2013**	**10/1/2013-9/30/2014**	**10/1/2014-9/30/2015**
Hospice Inpatient			
Commercial	$685.00	$695.00	$706.00
Medicare	$623.00	$632.00	$642.00
Medicaid	$623.00	$632.00	$642.00
Hospice Residential Care	**Room and Board**		
Commercial	$61.00	$62.00	$63.00
Private Pay	$61.00	$62.00	$63.00
Hospice Respite Care			
Commercial	$162.00	$165.00	$167.00
Medicare/ Medicaid	$147.00	$149.00	$151.00
Hospice Home Care Rate	$139.00	$141.00	$143.00
Medicare/Medicaid – Routine Home Care Rate	$139.00	$141.00	$143.00
Commercial/Other	$162.00	$165.00	$167.00

In Section X.4, page 75, regarding assumptions, the applicant states:

> "*Refer to Exhibit 9, pages 370-374. The rate increase is estimated on a 1.50% per year for Medicare/Medicaid. This is a conservative approach due to the reimbursements predicted by CMS and Affordable Care Act*."

In summary, the applicant adequately demonstrates the availability of sufficient funds for the proposed hospice bed conversion and adequately demonstrates the financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing hospice inpatient, residential and respite care services. Therefore, the application is conforming to this criterion.

(6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

Carolina East Home Care & Hospice, Inc. (CEHCH) operates the Carolina East Hospice Care Center (CEHCC), a six bed hospice facility in Kenansville, with three hospice inpatient and three hospice residential care beds. It is the only hospice facility in Duplin County. There is only one other hospice facility in the seven counties that are adjacent to Duplin County. That facility is in Wayne County. The applicant proposes to convert three hospice residential care beds to three hospice inpatient beds to better address the need of both hospice inpatient and hospice residential care patients, as both can be served in hospice inpatient beds but not conversely. This project comports with the 2012 State Medical Facilities Plan (SMFP) which identifies an adjusted need determination for three more hospice inpatient beds in Duplin County. For the past twelve months, the applicant's current average occupancy rate for the existing hospice inpatient beds is 71%; exceeding the performance standard set in 10A NCAC 14.C .4003 – projected utilization with six hospice inpatient beds.

The applicant adequately demonstrates the need for the three additional hospice inpatient beds and thus the applicant's proposal will not result in unnecessary duplication of existing hospice services. Therefore, the application is conforming to this criterion.

(7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

Section VII, pages 59-65 contains information regarding staffing, contract staffing and proposed staffing for the facility in the second year following completion of the project. In Section VII, page 60, the applicant states:

> "*The total projected FTEs are the same as the existing FTEs. CE Hospice Care Center currently staffs all beds at the inpatient level of care. No new staff is projected to be needed for this proposed project*."

The applicant provides the proposed staffing for inpatient level of care only in the following table:

CEHCC Proposed Staff in Project Year 2	
	Inpatient Hospice
	FTEs
Routine Services	
Medical Director (consultant)	
RNs	4.46
LPNs (weekly rotation by contract)	
CNAs	5.46
Medical Records (consultant)	
Pharmacy (consultant)	
Dietary Services	
Dietician/Nutritional (consultant)	
Social Work Services	
Social Worker	.10
Bereavement/Chaplain	.10
Housekeeping	
Housekeepers (contract)	
Administrative	
Clerical, billing & support (CEHCH) agency support)	
Vice President of Hospice Services (CEHCH)	
Total Positions	**10.12**
Total Hours	**19,808**

In Section VII, pages 66-67, the applicant provides the projected staffing pattern. The applicant provides its staffing methodology and assumptions on pages 66-67, which include:

- The Nursing Director is a scheduled RN for the facility.
- One RN and one CNA per each 12-hour shift.
- Contract LPN works an 8-hour shift.
- Second CNA II on 8-hour shift/5 days/week.

The Nursing Hours Per Patient Day (NHPPD) proposed by the applicant in the facility will be 9.96 [21,680 nursing hours per year / 2,177 inpatient days = 9.96]. In the following tables, on pages 63 and 64, the applicant proposes staffing which exceeds the minimum standard for nursing care.

CEHCC Projected Staffing for Year 2 (2014)			
	DAYSHIFT	**NIGHTSHIFT**	**TOTAL FOR DAY**
	Inpatient	**Inpatient**	**Inpatient**
RNs	1	1	2
LPNs	1		1
Aides	2.5	2.5	5
TOTAL	4.5	3.5	8

CEHCC Hours of Work by Staff Year 2 (2014)		
	HOSPICE INPATIENT BEDS	
	Hours Per Day	Hours Per Year
RNs (RN 24/7)	24	*8,760
LPNs (2-hour shift on Wednesday and another 12-hour shift and 2/8-hour/days/week)	8	2,080
Aides (12-hour shift x 1)	24	*8,760
Aides (8-hour shift 5days/week x 1)	8	2,080
TOTAL	64	21,680

***Note: FTE hours are 1975 worked annually – allowing for paid time off (PTO) and sick time for full-time employees.**

In VII.9, page 65, the applicant discusses availability of staff, recruitment and retention.

> "*No new staff will be hired for this proposed project. The current staff will provide more than adequate staffing for the conversion of the three residential beds to the general inpatient level of care. While Duplin County is a rural county, adequate personnel are available for staffing. CEHCH has available home care staff and CAN IIs has* [sic] *been cross-trained for CE Hospice Care Services. The CE Hospice Care Center has a pool staff of "PRN" RN that* [sic] *able and willing to provide shift coverage as needed.*
>
> *In addition, a letter is on file with NC DHSR granting authorization to utilize contract staffing for nursing as needed. Refer to Exhibit 7 on page 302*."

The applicant states in Section V.3(d), page 124, that C. Daniel Pate, Jr., MD is the current Medical Director of CE Hospice Care Center and that he will continue to serve in that capacity. A copy of Dr. Pate's letter of support is found in Exhibit 2, and a copy of his contract is in Exhibit 2, page 138. The applicant provides letters of support from area physicians in Exhibit 5.

The applicant projects adequate health manpower and management personnel to provide the proposed hospice services and budgets sufficient funds for the number of positions it projects to provide. Therefore the application is conforming to this criterion.

(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Section II(7), pages 18-19 the applicant states,

"*Carolina East Home Care & Hospice has established strong relationships with the community's health care providers. CEHCH has experienced excellent referral patterns that are expected to continue following the completion of this application project. Referrals and transfers agreements are received from Vidant Duplin Hospital – formerly Duplin General Hospital, Vidant Medical Center – formerly Pitt Memorial Hospital, Greenville, Onslow Memorial Hospital, Wayne Memorial Hospital, New Hanover Regional Medical Center, Sampson Regional Medical Center, Lenoir Memorial Hospital and Pender Memorial Hospital. Inpatient service agreements are in place with Vidant Duplin Hospital, Onslow Memorial Hospital, Wayne Memorial Hospital and Pender Memorial Hospital if needed because no bed is available at the Hospice Care Center or the patient desires transfer to the local hospital.*

In addition CEHCH has transfer agreements with skill [sic] *nursing facilities – Kenansville Health and Rehab, GlenCare of Warsaw, the Brian Center in Wallace – and assisted living facilities that include Autumn Village in Beulaville, Parrish Assisted Living in Warsaw, Golden Care and DaySpring in Wallace, Rosemary in Rose Hill, GlenCare Assisted Living in Mount Olive, Lenoir Assisted Living in Pink Hill and Wyndham Hall in Kenansville.*

Also, CEHCH has established relationships with many community physicians. These relationships are expected to continue following the completion of this project application and approval."

The applicant references Exhibit 2, starting on page 118 for letters of support and referral projections from area healthcare providers.

In Section II, pages 21-22, the applicant documents the core services in indicated in *10A N.C.A.C. 14C .4004 Support Services*. The applicant provides nursing services, social work services, counseling services including dietary, spiritual, and family counseling, bereavement counseling services, volunteer services, physician services, and medical supplies. The applicant provides a list of the core services as Table II.7, on page 26.

In Section II, pages 24-25, the applicant discusses the services CEHCH provides at CEHCC and whether the services are provided directly by agency/facility staff or through contractual arrangements.

In Section V, pages 50-52, the applicant discusses relationships and coordination with existing healthcare providers and provides documentation in Exhibits 2, 4, and 5. On page 51, CEHCH states that referrals are received from discharge planners in hospitals, social workers in nursing facilities and assisted living facilities.

The applicant adequately demonstrates that necessary ancillary and support services will be available and that the proposed services will be coordinated within the existing health care system. Therefore the application is conforming to this criterion.

(9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages as of June 2010 and Calendar Year 2009, respectively. The data in the table was obtained on July 12, 2012. More current data, particularly with regard to the estimated uninsured percentages, was not available.

	Total # of Medicaid Eligibles as % of Total Population	**Total # of Medicaid Eligibles Age 21 and older as % of Total Population**	**% Uninsured CY 2009***
Statewide	17.0%	6.7%	19.7%
Duplin County	20.0%	7.5%	24.6%

*Source: Cecil G. Sheps Center

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services offered by hospice inpatient and residential facilities.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. However, as of July 12, 2012, no population data was available by age, race or gender. Even if the data were available, a direct comparison to the applicants' current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

Annual data provided by the Carolinas Center for Hospice and End of Life Care reports that hospice patients in North Carolina had the following payor mix during NC Fiscal Year 2010.

Hospice Patients by Payor Mix		
Payor	**% Patient Days**	**% Patients**
Hospice Medicare	91.3%	85.3%
Hospice Private Insurance	3.9%	7.1%
Hospice Medicaid	3.3%	4.6%
Self Pay / Other	1.6%	2.9%
Total	100.0%	100.0%

The following table shows North Carolina and national hospice patients by race and ethnicity for NC Fiscal Year 2010.

Hospice Patients Admitted by Race			
Race	**% of Hospice Patients NC Data - 2010**	**% of Hospice Patients NC Data - 2009**	**% of Hospice Patients National Data - 2009**
White/ Caucasian	80.5%	78.3%	80.5%
Black/ African American	15.4%	15.0%	8.7%
Other Race	2.7%	5.4%	8.7%
American Indian or Alaskan Native	1.0%	0.9%	0.2%
Asian, Hawaiian, Other Pacific Islander	0.4%	0.3%	1.9%
Total	100.0%	100.0%	100.0%
Ethnicity:			
Hispanic or Latino Origin	0.7%	0.7%	5.3%
Non-Hispanic or Latino Origin	99.3%	99.3%	94.7%
Total	100.0%	100.0%	100.0%

Source: Carolinas Center for Hospice and End of Life Care - 2010

The following table shows North Carolina and national hospice patients by age groups for NC Fiscal Year 2010.

Hospice Patients by Age Categories			
Age Category	**% of Hospice Patients NC Data - 2010**	**% of Hospice Patients NC Data - 2009**	**% of Hospice Patients National Data - 2009**
0-34	0.8%	0.8%	0.8%
35-64	17.4%	17.1%	16.3%
65-74	18.4%	18.8%	16.3%
75-84	29.5%	29.7%	28.7%
85+	33.9%	33.6%	38.0%
Total	100.0%	100.0%	100.0%

Source: Carolinas Center for Hospice and End of Life Care - 2010

In Section VI.1, page 54, the applicant provides the payor mix for hospice patients and days of care provided by Carolina East Home Care & Hospice, Inc's entire organization and Carolina East Hospice Care Center for FY11, as shown in the tables below. The payor mix at CHCH corresponds to the payor mix of North Carolina hospice patients as a whole.

CEHCH FY11 Payor Mix		
Payor	**Patients**	**Days of Care**
Medicare	93.0%	98.0%
Medicaid	3.0%	1.0%
Commercial	2.0%	.6%
Indigent	2.0%	.6%
Total	100.0%	100.0%

CEHCC FY11 Payor Mix		
Payor	**Patients**	**Days of Care**
Medicare	90.0%	92.0%

Medicaid	2.8%	2.0%
Commercial	3.6%	2.0%
Indigent	0.0%	2.0%
Total	3.6%	2.0%

In Section VI.5, pages 55-56, the applicant further states how the facility will continue to provide access to the medically underserved including the elderly, Medicaid and Medicare recipients, racial and ethnic minorities, women, handicapped persons and other underserved persons, such as those with HIV status and the homeless.

The applicant adequately demonstrates that medically underserved populations currently have adequate access to hospice services provided by Carolina East Home Care & Hospice and Carolina East Hospice Care Center. Therefore, the application is conforming to this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

In Section VI.10, page 58, the applicant states that there have been no such complaints. Therefore, the application is conforming to this criterion.

(c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section VI.4 and 5, pages 55-56, the applicant discusses service to the elderly and medically underserved groups. In clarifying information requested by the Agency, the applicant also provides the projected payor mix for hospice inpatient and hospice residential services for the second year of operation after completion of the proposed bed addition, as shown in the table below:

Projected Payor Mix						
Payor	**Hospice Inpatients**	**Hospice Inpatient Days of Care**	**Hospice Residents**	**Hospice Residential Days of Care**	**Hospice Respite Patients**	**Hospice Respite Days of Care**
Medicare	90%	92%	0%	0%	90%	95%
Medicaid	3%	2%	0%	0%	5%	3%
Commercial	4%	2%	0%	0%	0%	0%

Private	0%	2%	100%	100%	5%	2%
Indigent	3%	2%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

The projected payor mix is consistent with the statewide hospice payor mix provided in the FY10 annual report from The Carolinas Center for Hospice and End of Life Care. The applicant adequately demonstrates that medically underserved groups will be adequately served by the proposed additional beds. Therefore, the application is conforming to this criterion.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section VI.9, page 57, the applicant states:

> "*Accessing the services of CEHC and CE Hospice Care Center are available through many sources. Referrals for services are made from physician offices, hospital discharge planners, skilled nursing facilities, assisted living (adult care homes) facilities, other hospice programs, home health agencies and community agencies. …*"

The applicant adequately demonstrates the range of means by which a person will have access to the proposed hospice facility; therefore, the application is conforming to this criterion.

(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section V.1, page 50, the applicant documents training agreements with the University of North Carolina – Wilmington (social work) and James Sprunt Community College – Kenansville (nursing). The applicant refers to the training agreements in Exhibit 4, pages 236 and 238. CEHCH also has an agreement with Duplin County Services for the Aged (CNA). This agreement is found in Exhibit 4, page 244.

The applicant adequately demonstrates that the facility will accommodate the clinical needs of health professional training programs in the area and therefore, the application is conforming to this criterion.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.

(18) Repealed effective July 1, 1987.

(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

See Sections II, III, V, VI and VII. In particular, see Section V.7, page 53, in which CEHCH discusses the impact of the project as it relates to promoting cost-effectiveness, quality and access at CEHCC. The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition include a positive impact on cost-effectiveness, quality and access to hospice inpatient services in Duplin County. This determination is based on the information in the application, and the following:

- The applicant adequately demonstrates the need to convert three hospice residential care beds to hospice inpatient beds and that it is a cost-effective alternative;
- The applicant has and will continue to provide quality services; and
- The applicant has and will continue to provide adequate access to medically underserved populations.

Therefore, the application is conforming to this criterion.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section II.4, pages 27-30 and in Section V.7, page 53, the applicant discusses quality at CE Hospice Care Center which includes the Board of Directors' accountability, the Compliance Committee responsibility and impact, and the agency performance improvement plan.

In Section II.5, page 30, the applicant asserts that the hospice care licenses of CEHCH and CE Hospice Care Center have never been revoked and that the Medicare/Medicare provider agreement for the agency and facility has never been terminated as they have never been out of Medicare/Medicaid compliance. In Section VI.10(a), page 58, the applicant states that there have never been civil rights equal access complaints or patients' rights complaints filed against the agency or facility.

According to files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding the date of this decision for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The applicant is conforming to the Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities, codified at **10A NCAC 14C Section .4000** as discussed below.

10A NCAC 14C .4002 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall complete the application form for Hospice Inpatient and Hospice Residential Care Services.

-C- The applicant used the correct application form.

(b) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall provide the following information:

(1) the projected annual number of hospice patients, admissions, deaths, and other discharges, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be served in the facility in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;

-C- In Section IV.2 and IV.3, pages 46-49, the applicant provides the projected number of hospice patients, admissions, deaths, and discharges to be served at Carolina East Hospice Care Center in each of the first three years following project completion. The assumptions and methodology used to develop the projections are provided in Section III, pages 31-44 and Section IV, pages 46-49. See Criterion (3).

CEHCC Projected Utilization			
	2013	**2014**	**2015**
Inpatient			

Patients Served	277	320	321
Admissions	319	368	369
Deaths	235	272	273
Discharges	42	48	48
***Residential**			
Patients Served	27	22	19
Admissions	27	22	19
Readmissions (Residential)	3	2	2
Discharges	27	22	16
Respite			
Patients Served	12	12	12
Admissions	12	12	12
Discharges	12	12	12

*****Residential utilization: duplicated numbers from the inpatient numbers. It is anticipated that patients will be admitted at the inpatient level of care and later change to residential with symptom management.

(2) the projected annual number of hospice patients, admissions, deaths, and other discharges for each level of care to be served by the applicant's licensed hospice agency in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;

-C- In Section IV.4.(a) and IV.4.(d), pages 46-49, the applicant provides the projected number of hospice patients, admissions, deaths, and discharges for Carolina East Home Health and Hospice in each of the first three years following project completion. The assumptions and methodology used to develop the projections are provided in Section III.1, pages 31-44 and Section IV, pages 46-49. See Criterion (3).

Carolina East Home Health & Hospice Projected Utilization			
	2013	**2014**	**2015**
Community/Hospice Home Care Patients Served	255	265	275
Hospice Care Center Direct Admissions	83	96	97
Total Patients Served	338	361	372
Days of Care	17,520	18,215	18,912
Deaths	286	307	316
Discharges	34	28	27

ALOS	51.83	50.86	50.84

Source: Clarifying info submitted to the Agency, September 24, 2012

Carolina East Hospice Care Center Projected Utilization			
	2013	**2014**	**2015**
Inpatient			
Patients Served	277	320	321
Direct Admits	83	96	97
Hospice Home Care Patients - Community	194	224	224
Deaths	235	272	273
Discharges	42	48	48
***Residential**			
Patients Served	27	22	19
Admissions	27	22	19
Readmissions (Residential)	3	2	2
Discharges	27	22	16
Respite			
Patients Served	12	12	12
Admissions	12	12	12
Discharges	12	12	12

Source: Clarifying info submitted to the Agency, September 24, 2012.
*The patient numbers of the residential utilization are duplicated numbers from the inpatient numbers. It is anticipated that patients will be admitted at the inpatient level of care and later change to residential with symptom management.

(3) the projected annual number of patient care days, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be provided in each of the first three years of operation following completion of the project and the methodology and assumptions used to make the projections;

-C- In Section IV, pages 46-49 the applicant provides the projected number of patient care days for each level of care to be provided at Carolina East Hospice Care Center for the first three operating years, as shown in the table below. This information also contains the assumptions and methodology used by the applicant to project days of care. On page 46, the applicant states, "… *Since there will be no residential beds, the occupancy is based on upon the general inpatient bed patient's condition stabilizing and/or improving so that the level of care is changed to residential. It is not anticipated that the patient will be admitted to residential level of care; but, that the level of care will change from inpatient to residential. Respite level of care occupies the inpatient level of care bed; thus patients in the 'patient' column are cumulative of respite level of care and general inpatient level of care. In the proposed project no residential beds will be available in the facility; however, residential level of care can be provided in a general inpatient bed.*"

CEHCC Patient Days of Care			
	Year 1 FY 2013	**Year 2 FY 2014**	**Year 3 FY 2015**
Inpatient	1,881	2,023	2,068
Residential Care in			

GIP beds	265	154	115
Respite Care in GIP beds	58	58	58

(4) the projected average length of stay (ALOS) based on admissions to the applicant's facility, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;

-C- In Section II, pages 16-17, Section IV, pages 47-48, and in clarifying information requested by the Agency, the applicant states projected average length of stay (ALOS) and assumptions for inpatient, residential and respite care.

CEHCC Projected ALOS			
	2013	**2014**	**2015**
Inpatient	6.8	6.3	6.4
Residential	9.8	7.0	6.1
Respite	4.8	4.8	4.8

(5) the projected readmission rate, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;

-C- In Section II, pages 17-18, the applicant provides readmissions and in Section IV, page 48, states assumptions about readmissions. The Certificate of Need Project Analyst recalculated residential readmissions based on clarifying information Agency requested of applicant (based on the formula – readmissions/total patients admitted: 3/27 = 11%; 2/22 = 9%; 2/19 = 11%).

CEHCC Projected Readmission Rate			
	2013	**2014**	**2015**
Inpatient	15%	15%	15%
Residential	11%	9%	11%
Respite	0%	0%	0%

(6) the projected average annual cost per patient care day, by level of care (i.e., respite care, hospice residential care and hospice inpatient care) for each of the first three operating years following completion of the project and the methodology and assumptions used to project the average annual cost;

-C- The applicant provides pro forma financial statements in clarifying information requested by the Agency and in the application, pages 87-97. The assumptions are provided in Section IV, pages 45-48. The pro forma financial statements for Form D are on pages 95-97. The projected average annual cost per day for inpatient and residential levels of care for the first three operating years are shown in the table below.

CEHCC Cost Per Patient Day			
	2013	**2014**	**2015**
Inpatient	$649.36	$649.36	$654.93
Residential	$649.36	$649.36	$654.93

(7) documentation of attempts made to establish working relationships with sources of referrals to the hospice facility including copies of proposed agreements for the provision of inpatient care and residential care;

-C- In Section II, page 18, the applicant states, "*Carolina East Home Care & Hospice has established strong relationships with the community's health care providers. CEHCH has experienced excellent referral patterns that are expected to continue following the completion of this application project.*" These transfer and referral relationships include hospitals, physicians, skilled nursing facilities and assisted living facilities in the proposed service area. Exhibit 2 contains physician letters of support from and service agreements; while Exhibit 5contains additional letters of support from other health care service providers.

(8) documentation of the projected number of referrals to be made by each referral source;

-C- In Exhibit 2, the applicant provides documentation of physician referral sources. See Criterion (8).

(9) copies of the proposed contractual agreements, if the applicant is not a licensed hospice, with a licensed hospice or a licensed home care agency with a hospice designation on its license, for the provision of hospice services;

-NA- CEHCH is a licensed hospice.

(10) documentation of the projected number of patients to be referred for each payor type from the referring hospices, if the applicant is not a licensed hospice or if the applicant proposes to admit patients on a contractual basis;

-NA- CEHCH is a licensed hospice.

(11) a copy of the admission policies, including the criteria that shall be used to select persons for admission to the hospice inpatient and residential care beds.

-C- Exhibit 2 (pages 127-130), contains the CEHCH admission policy.

10A NCAC 14C .4003 PERFORMANCE STANDARDS

(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that:

(1) the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 50 percent for the last six months of the first operating year following completion of the project;

-C- In Section IV, page 46, the applicant documents occupancy. The average occupancy rate for the six hospice inpatient beds (including residential care beds) is projected to average 97.99% for the last six months of the first operating year following completion of the project. Therefore the application is conforming to this rule. See Criterion (3).

(2) the average occupancy rate for the licensed hospice beds, for each level of care, in the facility is projected to be at least 65 percent for the second operating year following completion of the project;

-C- In Section IV, page 46, the applicant documents occupancy. The average occupancy rate for hospice inpatient beds (including residential care beds) is projected to average 99.41% for the last six months of the second operating year following completion of the project. Therefore the application is conforming to this rule.

(3) if the application is submitted to address the need for hospice residential care beds, each existing hospice residential care facility which is located in the hospice service area operated at an occupancy rate of at least 65 percent for the 12 month period reported on that facility's most recent Licensure Renewal Application Form.

-NA- This application does not include any additional hospice residential care beds.

(b) An applicant proposing to add hospice inpatient facility beds to an existing hospice inpatient facility shall document that the average occupancy of the licensed hospice inpatient facility beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.

-C- In Section IV, page 45, the average occupancy for the applicant's hospice inpatient beds was 70.2% for the nine months immediately preceding the submittal of this proposal.

(c) An applicant proposing to add residential care beds to an existing hospice residential care facility shall document that the average occupancy of the licensed hospice residential care beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.

-NA- This applicant does not propose to add residential care beds.

10A NCAC 14C .4004 SUPPORT SERVICES

(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that the following services will be provided directly by the applicant or by a contracted hospice to the patient and the patient's family or significant others:
(1) nursing services;
(2) social work services;
(3) counseling services including dietary, spiritual, and family counseling;
(4) bereavement counseling services;
(5) volunteer services;
(6) physician services; and
(7) medical supplies.

-C- In Section II, pages 21-22 and Section VII, pages 59-65, the applicant documents that CEHCC will provide all of the above services. See also Exhibit 2 for agreements with service providers.

(b) An applicant shall demonstrate that the nursing services listed in Paragraph (a) of this Rule will be available 24 hours a day, seven days a week.

-C- In Section II, page 22, the applicant states that nursing care is provided 24 hours a day, seven days a week. In Section VII, pages 61-65, the applicant provides the current and projected

direct care staffing plan, which states that nursing services will be available 24 hours a day, seven days per week.

(c) An applicant proposing to develop a hospice inpatient facility or a hospice residential care facility shall provide documentation that pharmaceutical services will be provided directly by the facility or by contract.

-C- In Section II, page 22, the applicant states that pharmaceutical services will be provided through Southern Pharmacy of Pink Hill. See Section II.3, page 27, for the CEHCC Service Table II and Exhibit 2, page 101, for the pharmacy contract.

(d) For each of the services listed in Paragraphs (a) and (c) of this Rule which are proposed to be provided by contract, the applicant shall provide a copy of a letter from the proposed provider which expresses its interest in working with the proposed facility.

-C- See Section II.7, page 27, for the CEHCC Service Table and Exhibit 2, beginning at page 138, for agreements with service providers.

10A NCAC 14C .4005 STAFFING AND STAFF TRAINING

(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall document that staffing will be provided in a manner consistent with G.S. 131E, Article 10.

-C- In Section II, page 30, the applicant states that staffing will be provided in a manner consistent with *G.S. 131E, Article 10*. In Section VII, the applicant provides staffing information.

(b) The applicant shall demonstrate that:
(1) the staffing pattern will be consistent with licensure requirements as specified in 10A NCAC 13K, Hospice Licensing Rules;

-C- In Section II.2, page 23, the applicant states that the staffing pattern will be consistent with the requirements set forth in *10A NCAC 13K, Hospice Licensing Rules*. In Section VII, the applicant provides staffing information.

(2) training for all staff will meet the requirements as specified in 10A NCAC 13K, Hospice Licensing Rules;

-C- In Section II, page 31, the applicant states that training for all staff will meet the requirements as specified in 10A *NCAC 13K .0400, Hospice Licensing Rules; Personnel*. The applicant provides a staff and volunteer training policy in Exhibit 2, pages 212-219.

10A NCAC 14C .4006 FACILITY

An applicant proposing to develop new hospice inpatient facility beds or new hospice residential care facility beds shall document:

(1) that a home-like setting shall be provided in the facility;

-C- In Section II, page 23, the applicant documents that the facility has a home-like setting. Exhibit 6 contains the existing facility space program and an architectural description of the facility. The line drawing for the facility is included in clarifying information the Agency required of the applicant.

(2) that the services will be provided in conformity with applicable state and local laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements;

-C- In Section II, page 24, the applicant states that the CEHCH facility will not change with this project. CEHCC will continue to offer inpatient and residential hospice services in conformity with applicable laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements. Exhibit 6 contains documentation that confirms this aspect of providing services.

(3) for new facilities, the location of the site on which the services are to be operated. If the site is neither owned by nor under option to the applicant, the applicant must provide a written commitment to pursue acquiring the site if and when the approval is granted, must specify a secondary site on which the services could be operated if acquisition efforts relative to the primary site ultimately fail, and must demonstrates that the primary and secondary sites are available for acquisition.

-NA- CEHCC is an existing facility.