

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: October 29, 2014
PROJECT ANALYST: Kim Randolph
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: G-10310-14/ Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care d/b/a Joan & Howard Woltz Hospice Home/ Convert 3 hospice residential beds to 3 hospice inpatient beds for a total of 16 hospice inpatient beds and 4 hospice residential beds/ Surry 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

The applicant, Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care (**MVHPC**) d/b/a Joan & Howard Woltz Hospice Home (**Woltz Hospice Home**) proposes to convert 3 hospice residential beds to 3 hospice inpatient beds for a total of 16 hospice inpatient beds and 4 hospice residential beds. The Woltz Hospice Home is located at 945 Zephyr Road in Dobson, Surry County.

The 2014 State Medical Facilities Plan (2014 SMFP) identifies an adjusted need determination for three additional hospice inpatient beds in Surry County. The applicant proposes to develop no more than three additional hospice inpatient beds. Thus, the application is conforming to the need determination in the 2014 SMFP.

Additionally, Policy GEN-3 of the 2014 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 III.3, page 66, the applicant states

“MVHPC is an organization that is recognized for its excellence in care delivery. Each of MVHPC’s home health and hospice programs are accredited the Accreditation Commission for Health Care, Inc. (ACHC). MVHPC also maintains active membership in the Association for Home and Hospice Care of North Carolina (AHHNC) and the National Hospice and Palliative Care Organization (NHPCO).”

The applicant states MVHPC requires employees and contractors to attend ongoing in-service education and training and certification programs related to patient safety, infection control, CPR and emergency preparedness. See Exhibit 7 for supporting documentation.

Staff Orientation and Competence Policies and Procedures are included in Exhibit 7. Quality Assessment and Performance Improvement Policies are included in Exhibit 8.

The applicant adequately demonstrates that the proposed project will promote safety and quality.

Promote Equitable Access

In Section III.3, pages 65-66 the applicant states

“MVHPC has a policy to provide all services to all terminally ill patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.”

In Section VI.5, pages 96-97, the applicant further states

“MVHPC has historically provided substantial care and services to all of the above persons at its Woltz Hospice Home, and at all of its hospice home care agencies. Please see Exhibit 2 for a copy of the 2013 Woltz Hospice Home LRA, which shows the relevant patient demographic data, indicating that MVHPC has served the elderly (83%), women (52%), and Medicaid and Medicare recipients (95%).

...

Low income and medically underinsured person in Surry County and neighboring communities will continue to have access to all services provided at Woltz Hospice Home. Medicaid patients represented 5.9% of hospice patients at Woltz Hospice Home during FY2013.

Ethnic minorities represented no hospice patients for Woltz Hospice Home during FY2013. However, MVHPC is committed to providing hospice services to any appropriate patients regardless of race, and will continue to offer access to hospice services to those underserved ethnic minorities.

...

Woltz Hospice Home is handicapped accessible, and conforms to the North Carolina State Building Code, the National Fire Protection Association 101 Life Safety Code, the Rules Governing to the Licensure of Hospices in North Carolina, ANSI Standards for Handicapped Access, the North Carolina Office of State Construction, the North Carolina Department of Insurance and all other requirement of federal, state, and local bodies. The inpatient facility will continue to be accessible to persons with disabilities, as required by the Americans with Disabilities Act."

The applicant provides the Admission Policy in Exhibit 4 and the Billing, Reimbursement, and Sliding Fee Scale Policy in Exhibit 10. The applicant adequately demonstrates that medically underserved groups will have equitable access to the proposed services. The discussion regarding the proposed service found in Criterion (3) is incorporated herein by reference.

Maximize Healthcare Value

In Section III.3, page 65, the applicant states hospice patients requiring inpatient hospice care are admitted to a local hospital when local hospice inpatient services are unavailable, often incurring costs greater than those at a hospice facility setting. The applicant states "*MVHPC's proposed project reflects a cost-effective alternative for improving access to palliative care services in the local service area.*"

The applicant states the residential hospice rooms to be converted to inpatient hospice rooms already conform to licensure requirements, so there are minimal costs associated with the proposed project. The applicant adequately demonstrates that the proposed project will maximize health care value.

MVHPC adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to the need determination in the 2014 SMFP, and 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

MVHPC operates a 20 bed inpatient and residential hospice facility, Woltz Hospice Home, located in Dobson, Surry County. The current bed complement is 13 hospice inpatient beds and 7 hospice residential beds. MVHPC proposes to convert 3 hospice residential beds to 3 hospice inpatient beds for a proposed bed complement of 16 hospice inpatient beds and 4 hospice residential beds.

In Section I, pages 7-8, the applicant states MVHPC operates four hospice home care agencies located in Surry and Yadkin counties, in addition to Woltz Hospice Home. In July 2013, MVHPC received a CON to develop a new hospice facility with four hospice inpatient beds and two hospice residential beds in Yadkin County (Project I.D.# G-10137-13). Exhibit 2 contains copies of MVHPC's 2014 Hospice License Renewal Applications.

Population to be Served

In Section III, page 67, the applicant states the current and proposed service area is primarily Surry County. The applicant states Dobson, the city where Woltz Hospice Home is located, is centrally located within Surry County and is geographically accessible for residents of the service area.

In Section III, pages 74-75, the applicant provides the historical patient origin and the projected patient origin for Woltz Hospice Home as shown in the table below.

Woltz Hospice Home Patient Origin

	FFY 2013*	Projected FFY 2016 and FFY 2017
County	# of Patients as Percent of Total	# of Patients as Percent of Total
Alamance	0.7%	0.9%
Alleghany	2.4%	2.9%
Ashe	0.2%	0.3%
Davie	0.2%	0.3%
Forsyth	0.7%	0.9%
Stokes	5.5%	6.7%
Surry	56.2%	69.6%
Wake	0.2%	0.3%
Watauga	0.2%	0.3%
Wilkes	7.3%	0.0%
Yadkin	12.1%	0.0%
Out of State	14.2%	17.8%
Total	100.0%	100.0%

* Note: In the application, FY indicates a fiscal year starting on October 1 and ending on September 30. The Project Analyst uses FFY throughout the Findings to denote the same time period.

On page 75, the applicant states the projected patients and admission are based on *“the historical patient origin for MVHPC’s existing hospice inpatient and residential services, minus the Yadkin and Wilkes County patients that are projected to shift to the approved Yadkinville Care Center beginning FY2016.”*

In Section II.2, page 17, the applicant states *“Each of MVHPC’s hospice agencies and offices currently refer patients to Woltz Hospice Home.”* Exhibit 14 contains the projected number of hospice patients, admissions, deaths, and other discharges for each level of care to be served by the MVHPC licensed hospice agencies for three years following completion of the project.

In Section III.10 and III.11, pages 71-74, the applicant provides the FFY 2013 historical patient origin for its current hospice home care agencies located in Surry and Yadkin counties and Woltz Hospice Home located in Surry County.

The applicant adequately identifies the population to be served by the proposed project.

Demonstration of Need

In Section III.2, page 64, the applicant states Table 13H in the 2014 SMFP indicates a need determination for three hospice inpatient beds in Surry County.

In Section III.1, pages 34-64, the applicant discusses the need for the proposed project and states the following factors support the need for the proposed project.

- The population in Surry County is continuing to age, with a corresponding need for increased access to local hospice inpatient services. (pp. 35-38)

- Surry County has a comparatively higher incidence rates for cancer, Alzheimer’s, and heart and lung disease compared to North Carolina incidence rates and related mortality. (pp. 39-44)
- Surry County’s hospice inpatient facility is operating at practical capacity and the closest alternative regional hospice inpatient facility for Surry County residents is located over 45 minutes away. (pp. 45-47)
- Surry County residents utilize hospice services at more than twice the rate of all North Carolina residents. (pp. 47-51)
- Surry County’s inpatient use rate during FFY 2013 was 7.8% compared to the 6.0% rate used in the 2014 SMFP standard methodology. (pp. 50-51)
- Hospice providers serve a higher percentage of Surry County deaths compared to North Carolina deaths. (pp. 51-52)
- Surry County’s hospice admissions are increasing at considerably faster rates compared to North Carolina hospice admissions. (pp. 53-56)

In Section III.1, page 35, the applicant states *“In projecting demand for the proposed project, MVHPC reviewed service area population and aging growth trends, utilization of hospice services, and geographic need.”*

Population and Aging Growth Trends

On page 35, the applicant states the service area for the proposed project is Surry County. On page 36, the applicant states although Surry County’s population is projected to remain constant during the next four years, the aging population, age 65+, is projected to steadily increase, from 18.3% of the total Surry County population in 2014 to 19.6% of the total Surry County population in 2018. On page 37, the applicant states that during FFY 2013, 83% of patients served at Woltz Hospice Home were age 65+.

Disease Incidence and Death Rates

On page 39, the applicant states *“Hospice use is higher for diseases that impose a high burden on caregivers.”* On page 40, the applicant provides a chart illustrating the percentage of hospice admission by primary diagnosis, as shown in the table below.

Primary Diagnoses	% of Hospice Admissions
Cancer	37.1%
Dementia / Alzheimer’s	13.6%

Debility Unspecified*	12.8%
Heart Disease	11.9%
Lung Disease	9.9%
Stroke	3.9%
Kidney Disease	2.9%
Liver Disease	2.4%
Motor Neuron Diseases	1.8%

* Includes frail elders with multiple illnesses and steady deterioration.

On pages 40-44, the applicant discusses Surry County's comparatively higher mortality rates due to cancer, Alzheimer's disease, heart disease, and lung disease when compared to North Carolina as a whole.

Geographic Location

On page 45, the applicant states that MVHPC's hospice inpatient beds located in Surry County are operating at practical capacity. The applicant states that when a hospice inpatient bed is not available at Woltz Hospice Home, the patient must be referred to a hospice inpatient facility in another county, approximately one hour away, or admitted to the local acute care hospital. On page 46, the applicant states hospice services are most effective for patients and family when they are provided close to their home and in a home-like setting. On page 47, the applicant states local access to hospice inpatient services is particularly important for hospice patients since family and friends often visit daily.

Historical Hospice Utilization

On page 49, the applicant states total hospice admissions have increased 26.88% in North Carolina, from FFY 2007 – FFY 2012. The applicant states a key indicator of hospice acceptance is the percent of all deaths served by hospice. The applicant states 40.4% of North Carolina deaths in 2012 were served by hospice, compared to 14.6% in 2004. On page 51, the applicant states in recent years, the percentage of Surry County deaths served by hospice is higher than the statewide median. The applicant states in 2010, Surry County ranked 31st out of 100 counties in North Carolina for the percent of deaths served by hospice and by 2012, Surry County had the 7th highest percentage of deaths served by hospice.

On page 49, the applicant states the use of inpatient hospice services in North Carolina has increased. In 2013 there were 42 hospice inpatient facilities with 422 beds, compared to 2006 when there were only 23 hospice inpatient facilities with 116 beds in North Carolina. On page 50, the applicant states the two year trailing average growth rate from FFY 2011 – FFY 2013 was 3.4% in North Carolina, compared to 7.4% in Surry County. The applicant states that Surry County hospice utilization was greater in FFY 2013, when compared to the State as a whole based on 750.8 days of care per 1,000 population in Surry County compared to 301.4 days of care per 1,000 population statewide. On page 53, the applicant states in FFY 2013, Woltz Hospice Home operated at 90.96% occupancy, with three separate months operated in excess of 100% occupancy. The applicant states FFY 2014 utilization has been consistent with FFY 2013 utilization and the average occupancy at Woltz Hospice Home was

92.63%., from October 2013 - April 2014. On page 54, the applicant states Woltz Hospice Home has been operating at over 90% occupancy since FFY 2010.

Exhibits 17 and 18 of the application contain letters from physicians and other health care providers expressing support for the proposed project. The applicant provides sufficient documentation to demonstrate the reasonableness of the utilization projections. Woltz Hospice Home adequately demonstrates the need for three additional hospice inpatient beds.

Projected Utilization

In Section II, pages 14-18, the applicant provides projections for hospice admissions, days of care, ALOS, deaths, and discharges for Woltz Hospice Home hospice inpatient and residential beds through the first three years of operation (FFY 2016 - FFY 2018), which is summarized below.

**Projected Woltz Hospice Home Utilization
 FFY 2016 – FFY 2018**

	PY 1* 10/01/15 - 09/30/16	PY 2 10/01/16 - 09/30/17	PY 3 10/01/17 - 09/30/18
Inpatient Hospice Beds			
Patients	415	438	459
Unduplicated Admissions	135	143	150
Inpatient Days of Care	3,924	4,146	4,342
Average Length of Stay (ALOS)	9.5	9.5	9.5
Deaths	307	325	340
Other Discharges**	107	113	119
Number of Beds	16	16	16
Residential Hospice Beds			
Patients	34	35	35
Unduplicated Admissions	34	35	35
Residential Days of Care	552	562	572
Average Length of Stay (ALOS)	16.2	16.2	16.2
Deaths	0	0	0
Other Discharges***	34	35	35
Number of Beds	4	4	4

* Project Year (PY).

** Includes patients transferred from an inpatient bed to a residential bed, to another provider facility, such as a hospital or returned to home.

*** Includes patients returned to a nursing home or place of residence.

Inpatient Utilization

In Section III.1, pages 57-62, the applicant provides the assumptions and methodology for its utilization projections, which are summarized below.

Inpatient Utilization Methodology	
Step	Description
1	Project Hospice Inpatient Admissions.
2	Project Hospice Inpatient Admissions that will shift to Yadkinville Care Center.
3	Project Hospice Inpatient Days of Care.

Step 1: Project Hospice Inpatient Admissions

On page 57, the applicant states it reviewed its historical hospice inpatient utilization from FFY 2010 – FFY 2013, to project hospice inpatient admissions. The applicant states the three year compound annual growth rate (CAGR) is 9.43%; however due to current capacity constraints at Woltz Hospice Home, its growth potential is limited.

The applicant states that since it is planning to convert three existing hospice residential beds, which already conform to facility licensure requirements, to three hospice inpatient beds, it projects the three additional hospice inpatient beds will be licensed and certified by January 1, 2015. The applicant states its first full fiscal year of operation will be FFY 2016.

To project hospice admissions during the interim project year (FFY 2015), the applicant states MVHPC applied one half of the three year CAGR of 9.43% ($0.0943 / 2 = 0.0471$) to annualized FFY 2014 hospice inpatient admissions. The applicant states the 4.71% projection is reasonable, since it projects the three additional hospice inpatient beds will be operational for nine months of FFY 2015, (January 1, 2015 – September 30, 2015).

The applicant states, to project inpatient hospice admissions during the first project year (FFY 2016), MVHPC increased hospice inpatient admission by two-thirds of the three year CAGR or 6.29% ($0.0943 \times 0.667 = 0.0629$). During the second project year (FFY 2017), MVHPC increased hospice inpatient admissions by 60% of the three year CAGR or 5.66% ($0.0943 \times 0.60 = 0.0566$). During the third project year (FFY 2018), MVHPC increased hospice inpatient admissions by 50% of the three year CAGR or 4.71% ($0.0943 \times 0.50 = 0.0471$), as shown in the table below.

	Historical		Interim	PY 1	PY 2	PY 3
	FFY 2013	FFY 2014*	FFY 2015	FFY 2016	FFY 2017	FFY 2018
Inpatient Admissions	456	462	484	515	544	569

* Annualized based on seven months of data (October 2013 – April 2014).

On page 59, the applicant states the factors that support the reasonableness of the above projections include the following:

- *“Hospice providers serve a higher percentage of Surry County deaths compared to the State as a whole.*
- *Surry County residents utilize hospice services at more than twice the rate of all North Carolina residents.*

- *Surry County's hospice admissions are increasing at considerably faster rates compared to the State as a whole.*
- *Surry County's inpatient use rate during FY2013 was 7.8 percent compared to the 6.0 percent rate used in the SMFP standard methodology.*
- *The population in Surry County is continuing to age, with a corresponding growing need for increased access to local hospice inpatient services.*
- *Surry County has comparatively higher incidence rates (and related morality [sic] rates) for cancer, Alzheimer's disease, heart disease and lung disease compared to the State as a whole."*

Step 2: Project Hospice Inpatient Admissions that will shift to Yadkinville Care Center

On page 59, the applicant states that in July 2013, MVHPC received a CON to develop a new hospice inpatient facility, Yadkinville Care Center, in Yadkin County which is contiguous to Surry County. Since Woltz Hospice Home serves residents in Yadkinville Care Center's service area, Yadkin and Wilkes counties, the applicant reviewed its FFY 2013 historical hospice inpatient utilization to project the hospice inpatient admissions that will be shifting to Yadkinville Care Center in its first year of operation, FFY 2016.

On page 60, the applicant states in FFY 2013, approximately 12.1% or 54 hospice inpatients at Woltz Hospice Home were residents of Yadkin County and approximately 7.3% or 30 hospice inpatients at Woltz Hospice Home were residents of Wilkes County. In FFY 2016, MVHPC projects approximately 19.4% (12.1% + 7.3% = 19.4%) of hospice inpatient admissions will shift to Yadkinville Care Center (YCC), as shown in the table below.

Woltz Hospice Home Projected Hospice Inpatient Admission	PY 1	PY 2	PY 3
	FFY 2016	FFY 2017	FFY 2018
Inpatient Admissions	515	544	569
Yadkin County Admissions Shifting to YCC	-62	-66	-69
Wilkes County Admissions Shifting to YCC	-38	-40	-42
Total Projected Inpatient Admissions	415	438	459

Step 3: Project Hospice Inpatient Days of Care

On page 61, the applicant states, in FFY 2013, Woltz Hospice Home reported 456 hospice inpatient admissions and a total of 4,316 hospice inpatient days of care with an ALOS of 9.5 days (4,316 / 456 = 9.5). The applicant states it applied the historical ALOS of 9.5 days to the total projected hospice inpatient admissions calculated in Step 2, as shown below.

	Historical		Interim	PY 1	PY 2	PY 3
	FFY 2013	FFY 2014*	FFY 2015	FFY 2016	FFY 2017	FFY 2018
Inpatient Admissions	456	462	484	415†	438	459
Inpatient Days of Care	4,316	4,377	4,583	3,924	4,146	4,342
Inpatient Beds	13	13	16**	16	16	16

Mountain Valley Hospice and Palliative Care

Project I.D.# G-10310-14

Page 11

% Occupancy	91.0%	92.2%	78.5%	67.2%	71.0%	74.3%
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* Annualized based on seven months of data (October 2013 – April 2014).

** Proposed hospice inpatient beds become operational on January 1, 2015.

† Decrease in hospice inpatient admissions due to the opening of YCC in Yadkin County.

As shown above, the applicant documents that the hospice inpatient occupancy rate is projected to be 67.2% for the first full operating year following completion of the project. In Section IV.2, page 79, the applicant provides data to document that the occupancy rate is projected to be 67% for inpatient beds [1,962 patient days / 184 days = 10.66 average daily census / 16 beds = 0.67] during the last six months of the first full operating year following completion of the project (FFY 2016), which exceeds the minimum utilization standard of 50% required in 10A NCAC 14C .4003(a)(1).

Also, the applicant projects it will provide 4,146 patient days of care in the 16 hospice inpatient beds at Woltz Hospice Home in the second operating year of the proposed project (FFY 2017), which is equivalent to an average occupancy rate of 71% [4,146 patient days / (16 beds X 365 available beds days) = .71], which exceeds the minimum utilization standard of 65% required in 10A NCAC 14C .4003(a)(2).

Residential Utilization

In Section III.1, pages 62-63, the applicant describes the assumptions and methodology used to project hospice residential care admissions for the proposed project. The applicant states it proposes to convert three of its seven hospice residential beds to hospice inpatient beds. In FFY 2013, the applicant provided 682 residential days of care at Woltz Hospice Home, or an average daily censuses (ADC) of 1.9. The applicant states reducing the number of hospice residential beds will not have a negative impact on access to residential beds in Surry County. The applicant states it projects residential hospice days of care will increase based on the 1.8% Surry County growth rate for the population age 65+, as shown in the table below.

	FFY 2013	FFY 2014*	FFY 2015	FFY 2016	FFY 2017	FFY 2018
Residential Days of Care	682	533	542	552	562	572
Inpatient Beds	7	7	4**	4	4	4
% Occupancy	26.7%	20.9%	37.2%	37.8%	38.5%	39.1%

* Annualized based on seven months of data (October 2013 – April 2014).

** Proposed hospice inpatient beds become operational on January 1, 2015.

Respite Utilization

In Section III.1, page 63, the applicant describes the assumptions and methodology used to project respite admissions for the proposed project. The applicant states it serves a very small number of respite care admissions. The applicant states less than one percent of patient days of care at Woltz Hospice Home are respite care days. MVHPC projects respite care admission will be consistent with FFY 2013 utilization.

The applicant provides sufficient documentation to demonstrate the reasonableness of the utilization projections to support the need for the proposed services.

Access

In Section VI.5, page 96, the applicant states

“MVHPC will continue to have a policy to provide all services to all terminally ill patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.”

The applicant states Exhibit 4 contains a copy of MVHPC’s inpatient admission policies and Exhibit 10 contains a copy of MVHPC’s financial policies.

Exhibit 2 contains a copy of the 2014 MVHPC’s License Renewal Application (LRA) indicating MVHPC served 88.9% Medicare and 5.9% Medicaid patients, 83% elderly, and 52% females. The applicant projects patients aged 65+ will continue to be the largest cohort of patients served at its facility.

In Section VI.4, page 95, the applicant projects 88.9% of its patients will be covered by Medicare and 5.9% of its patients will be covered by Medicaid. The applicant demonstrates adequate access for medically underserved groups to the proposed services.

In summary, the applicant adequately identifies the population to be served, and adequately demonstrates the need the population has for the proposed services at its hospice facility. The applicant adequately demonstrates its projected utilization for hospice inpatient beds, hospice residential care beds and respite care is reasonable, based on the assumptions and methodology stated in the application. The applicant also demonstrates all residents of the service area, and, in particular, underserved groups, are likely to have access to the services proposed. Therefore, 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, page 69, the applicant states the reduction in residential hospice beds will not have any negative impact on access to residential beds in Surry County. The applicant states

“During FY2013, MVHPC provided 682 residential days of care at Woltz Hospice Home, or an average daily census (ADC) of 1.9. Therefore, reducing the number of

residential beds from seven to four will not have a negative impact on access at Woltz Hospice Home. Rather, the conversion of three underutilized residential beds to hospice inpatient beds is a cost effective alternative to better manage MVHPC's resources. Surry County residents will continue to have access to residential services upon completion of the proposed project."

Upon completion of the proposed project, Woltz Hospice Home will have four residential beds. The applicant demonstrates all residents of the service area, and, in particular, underserved groups, are likely to have access to the services proposed. 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.

CA

In Section III.14, pages 76-77, the applicant describes the alternatives considered prior to submission of the application, which include:

- 1) Maintain the status quo - the applicant states on page 76, this alternative is not the most effective because it is not responsive to the need for hospice services in Surry County. Woltz Hospice Home's inpatient beds consistently operate in excess of 90% occupancy and maintaining the status quo will not improve barriers to accessibility for service area residents.
- 2) Pursue a joint venture – the applicant states on page 77, that this alternative is not the most effective because Woltz Hospice Home is an existing facility. It is not feasible to pursue a joint venture when MVHPC is only proposing to convert underutilized hospice residential beds to hospice inpatient beds.
- 3) Develop an inpatient facility at another location – the applicant states on page 77, this alternative is not the most effective because establishing another inpatient hospice facility in Surry County is not realistic or cost effective at this time. The applicant states Dobson is centrally located, serves the greatest number of local patients and provides the most convenient access for service area residents. The applicant states no other location would serve a greater number of local residents.

The applicant adequately demonstrates that the proposed alternative is the most effective or least costly alternative for providing service area residents with greater accessibility to hospice inpatient services based on the following:

- Woltz Hospice Home inpatient beds have a high occupancy rate;
- Woltz Hospice Home residential beds have a relatively low occupancy rate; and

- Converting current hospice residential beds to hospice inpatient beds requires very little capital expense.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that its proposal 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. Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care d/b/a Joan & Howard Woltz Hospice Home shall materially comply with all representations made in the certificate of need application and the supplemental information received September 30, 2014. In those instances where representations conflict, Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care d/b/a Joan & Howard Woltz Hospice Home shall materially comply with the last made representation.**
 - 2. Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care d/b/a Joan & Howard Woltz Hospice Home shall convert no more than three hospice residential beds to three hospice inpatient beds for a total of not more than 16 hospice inpatient beds and four hospice residential beds upon completion of the project.**
 - 3. Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care d/b/a Joan & Howard Woltz Hospice Home shall acknowledge acceptance of and agree to comply 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 112, the applicant projects the total capital cost for the project will be \$50,000 for administrative fees. On page 111, the applicant states the project does not require any new construction or facility up fit.

On page 114, the applicant states MVHPC will use accumulated reserves to fund the project. Exhibit 16 contains a letter dated May 27, 2014, from the Chief Financial Officer stating the

project will be funded through accumulated cash reserves. In Section IX.1-4, pages 118-119, the applicant states there are no start-up or initial operating expenses required for the project.

Exhibit 16 contains the audited financial statements for Hospice of Surry County, Inc. d/b/a Mountain Valley Hospice and Palliative Care for the year ended September 30, 2013 and 2012, which document that MVHPC had \$3,371,804 in cash, \$10,117,391 in total assets, and \$8,498,147 in total net assets as of September 30, 2013. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant provides pro forma financial statements for the first three years of the project. The applicant projects revenues will exceed operating expenses in all three years of the project for hospice inpatient services as illustrated in the table below.

Woltz Hospice Home

	PY 1 FFY 2016	PY 2 FFY 2017	PY 3 FFY 2018
Total Income	\$2,671,539	\$2,819,875	\$2,951,540
Total Expense	\$2,661,017	\$2,730,960	\$2,800,064
Net Income (Loss)	\$10,522	\$88,915	\$151,477

Operating costs and revenues are based on reasonable assumptions including projected utilization. See the pro forma financial statements in the application for the assumptions and the supplemental information provided by the applicant in response to a question from the Project Analyst during the expedited review of this project for a clarification of residential care expenses. The discussion regarding utilization assumptions found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and therefore, the application is conforming with 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

MVHPC proposes to convert three hospice residential beds to three hospice inpatient beds in its existing facility, pursuant to an adjusted need determination for three hospice inpatient beds in the 2014 SMFP in Surry County. Upon project completion, Woltz Hospice Home will have a total of 16 hospice inpatient beds and 4 hospice residential beds. In Section VI, pages 92-94, the applicant states MVHPC operates three licensed and certified hospice home care agencies and the Woltz Hospice Home in Surry County.

In Section III, page 46, the applicant discusses Woltz Hospice Home's central location within Surry County and how far patients have to travel when all inpatient beds are full at Woltz Hospice Home, as shown in the following table.

Regional Hospice Inpatient Facilities

Facility Name	Facility County	Distance from Dobson		Distance from Mt. Airy	
		Miles	Minutes	Miles	Minutes
Kate B. Reynolds Hospice Home	Forsyth	44 miles	52 min.	43 miles	48 min.
Gordon Hospice House	Iredell	48 miles	51 min.	60 miles	63 min.
Hospice of Rockingham County	Rockingham	68 miles	85 min.	61 miles	76 min.
Catawba Valley Hospice House	Catawba	78 miles	79 min.	90 miles	90 min.
Caldwell Hospice & Palliative Care	Caldwell	78 miles	92 min.	90 miles	103 min.
Caldwell Hospice & Palliative Care	Caldwell	73 miles	86 min.	84 miles	97 min.

On page 46, the applicant states that in July 2013, MVHPC was approved to develop a new hospice facility, Yadkinville Care Center, in Yadkin County (Project I.D.# G-10137-13), which will be located approximately 30 minutes away from Woltz Hospice Home. Yadkinville Care Center is approved for four inpatient beds and is designed to serve Yadkin and Wilkes counties. The applicant states that even with the opening of YCC, there is still a need for three additional hospice inpatient beds in Surry County.

On page 54, the applicant states Woltz Hospice Home has consistently operated at practical capacity since FFY 2010. Woltz Hospice Home’s hospice inpatient beds have operated between 88% and 97% during the last five operating years.

MVHPC adequately demonstrates the need to develop three additional hospice inpatient beds, based on historical utilization rate of its current beds and the projected increase in utilization of hospice services by the residents of Surry County. Consequently, the applicant adequately demonstrates the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities in the applicant’s service area. Therefore, the application is conforming with 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

In Section VII.1, pages 101-104, the applicant states the current and proposed staffing are the same for Woltz Hospice Home, since the total number of beds is not changing. The staffing is shown in the table below.

	Inpatient Hospice FTEs	Residential Hospice FTEs	Total FTEs
Routine Services			
Medical Director	1.37	0.03	1.40
Director of Nursing/Facility Manager	1.71	0.29	2.00

Registered Nurse	7.98	0.44	8.42
LPNs	1.99	0.11	2.10
Nursing Assistant	9.02	1.50	10.53
Dietary			
Cooks	3.43	0.57	4.00
Social Work Services			
Social Worker	0.86	0.14	1.00
Housekeeping			
Maintenance Worker	0.21	0.04	0.25
Housekeepers/Laundry	1.71	0.29	2.00
Administrative			
Receptionist/Secretary	0.86	0.14	1.00
Volunteer Coordinator	0.43	0.07	0.50
Chaplain	0.86	0.14	1.00
Total FTEs	30.43	3.77	34.20

In Section VII.3, page 106, the applicant indicates MVHPC allocates administrative and support staff costs based on the total number of beds. MVHPC allocates nursing and nurse aide staff based on 95% of the RN and LPN staff time for inpatients, and 85% of the nurse aide staff time for inpatients.

In Section VII.4, page 107, the applicant projects the number of direct care staff. The applicant projects that a minimum of seven direct care staff members will be on duty at all times, including three registered nurses.

In Section VII.5, page 107, the applicant states MVHPC operates two “Baylor” 12 hour staffing shifts 7 days per week for RNs, LPNs and nursing assistants. In Section VII.7, page 108, the applicant projects to provide 5.01 nursing hours per patient day (NHPPD) for hospice inpatient services [(56.96 RN and LPN hours per day X 365 days = 20,790 RN and LPN hours) / 4,146 inpatient days of care = 5.01 NHPPD].

In Section VII.9, pages 109-110, the applicant describes the availability of employees to fill the proposed positions. In Section V.3, page 88, the applicant identifies Glenn Golaszewski, M.D. as the Medical Director for Woltz Hospice Home. Exhibits 17-19 of the application contain copies of letters from physicians and the community expressing support for the proposed project. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services. 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.3, pages 27-31, the applicant states that all of the necessary ancillary and support services for the proposed services are currently provided at Woltz Hospice Home. In Section V.2, page 87, the applicant states “*MVHPC will accept transfers from any healthcare facility if the patient qualifies for hospice services.*”

On page 88, the applicant provides a list of acute care facilities with which Woltz Hospice Home has formal agreements, and Exhibit 9 of the application contains a copy of MVHPC’s patient transfer policy and a copy of its ambulance service agreement. Exhibits 17-19 contain copies of letters from physicians and the community expressing support for the proposed project. The applicant adequately demonstrates that necessary ancillary and support services will be available and that the proposed project will be coordinated with the existing health care system. Therefore, the application is conforming with 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

In Section XI.1, page 130, the applicant states the project involves converting existing hospice residential beds to hospice inpatient beds at its existing facility, Woltz Hospice Home. The applicant states MVHPC already owns the land and the facility and no new construction or facility up fit is required.

- (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

In Section VI.3, page 94 the applicant provides the FFY 2013 payer mix for the hospice inpatient services at Woltz Hospice Home, as shown in the table below.

Woltz Hospice Home Hospice Inpatient Services

Payor Source	Patient Days of Care as % of Total
Medicare	88.5%
Medicaid	7.7%
Commercial Insurance	2.7%
Private Pay / Charity	1.1%
Total	100.0%

The applicant's payor mix corresponds to the payor mix reported in North Carolina hospice patients as a whole, as shown in the annual data provided by The Carolinas Center for Hospice and End of Life Care reports.

NC Hospice Patients by Payor Mix – FFY 2012

Payor	Patient Days	Patient Count
Hospice Medicare	90.8%	85.7%
Hospice Private Insurance	3.5%	6.3%
Hospice Medicaid	4.0%	5.0%
Self Pay	1.2%	2.4%
Other	0.5%	0.7%
Total	100.0%	100.0%

Source: The Carolinas Center for Hospice and End of Life Care.

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 for Surry County and statewide.

County	2010 Total # of Medicaid Eligibles as % of Total Population*	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population*	2009 % Uninsured (Estimate by Cecil G. Sheps Center)*
Surry	20.4%	9.0%	19.1%
Statewide	16.5%	6.7%	19.7%

* More current data, particularly with regard to the estimated uninsured percentages, was not available.

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 hospice inpatient services proposed in this application.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicant's current payer 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.

The applicant adequately demonstrates that medically underserved populations currently have adequate access to the applicant's existing hospice services. Therefore, the application is conforming with 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.5, page 96, the applicant states "*MVHPC will continue to have a policy to provide all services to all terminally ill patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.*" See Exhibit 4 for a copy of MVHPC's inpatient admission policies. See Exhibit 10 for a copy of MVHPC's financial policies.

In Section VI.10, page 100, the applicant states that no civil rights complaints have been filed against MVHPC or Woltz Hospice Home in the last five years. 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, page 95, the applicant provides the projected payer mix for the second year of operation (FFY 2017) for the hospice inpatient services at Woltz Hospice Home, as shown in the table below.

Woltz Hospice Home Hospice Inpatient Services

Payor Source	Patient Days of Care as % of Total
Medicare	88.5%
Medicaid	7.7%

Commercial Insurance	2.7%
Private Pay / Charity	1.1%
Total	100.0%

The projected payor mix is consistent with the statewide hospice payor mix provided for FFY 2012 in the 2013 annual report from the Carolinas Center for Hospice and End of Life Care. The applicant demonstrates that medically underserved groups will be adequately served by the proposed additional inpatient beds. Therefore, the application is conforming with 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 98, the applicant describes the range of means by which a person will have access to its services. The applicant provides sufficient documentation to demonstrate the reasonableness of access to its services. Therefore the application is conforming with 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 87, the applicant states MVHPC has established relationships with area health professional training programs. MVHPC currently has training agreements with Gardner-Webb University, Surry Community College, and Wytheville Community College. Exhibit 11 contains a copy of the contract with Gardner-Webb and a letter of support from Surry Community College. The applicant demonstrates that the proposed health services will accommodate the clinical needs of health professional training programs in the service area. Therefore, the application is conforming with 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

MVHPC proposes to convert three hospice residential beds to three hospice inpatient beds in its existing facility, pursuant to an adjusted need determination for three hospice inpatient beds in Surry County in the 2014 SMFP. Upon project completion, Woltz Hospice Home will have a total of 16 hospice inpatient beds and 4 hospice residential beds. There is no other provider of licensed hospice inpatient beds in the applicant's proposed service area. MVHPC has been approved to develop four hospice inpatient beds in Yadkin County (Project I.D.# G-10137-13), to serve Yadkin and Wilkes counties. That project is currently under development.

In Section V.7, pages 90-91, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. See also Sections II, III, V, VI, and VII where the applicant discusses the impact of the project on cost-effectiveness, quality, and access.

The information provided by the applicant in those sections is reasonable and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on information in the application and the following analysis:

- The applicant adequately demonstrates the need to develop three additional hospice inpatient beds by converting three existing hospice residential beds and that it is a cost-effective alternative (see Section III of the application);
- The applicant adequately demonstrates that it will continue to provide quality services (see Sections II and V of the application);
- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations (see Sections III, V, and VI of the application); and
- The applicant demonstrates the proposal will have a positive impact on competition by providing residents with increased access to quality services (see Sections II and VI of the application).

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

MVHPC and Woltz Hospice Home are certified by CMS for Medicare and Medicaid participation, and licensed by the North Carolina Department of Health and Human Services. According to files in the Acute and Home Care Licensure and Certification Section in the Division of Health Service Regulation, no incidents have occurred at MVHPC or Woltz Hospice Home within the eighteen months immediately preceding the date of the 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 proposes to convert three hospice residential beds to three hospice inpatient beds for a total of 16 hospice inpatient beds and 4 hospice residential care beds upon project completion. Therefore, the Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities 10A NCAC 14C .4000 are applicable to this review. The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities. The specific criteria are 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 II.2, pages 14-16, the applicant provides the projected number of hospice inpatient, residential and respite admissions, deaths, and other discharges to be served at Woltz Hospice Home in each of the first three years following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Woltz Hospice Home’s Projected Patients by Level of Care

Level of Care	PY 1 FFY 2016	PY 2 FFY 2017	PY 3 FFY 2018
Inpatient			
Patients	415	438	459
Unduplicated Admissions	135	143	150
Deaths	307	325	340
Other Discharges*	107	113	119
Residential			
Patients	34	35	35
Unduplicated Admissions	34	35	35
Deaths	0	0	0
Other Discharges**	34	35	35
Respite			
Patients	8	8	8
Unduplicated Admissions	5	5	5
Deaths	0	0	0
Other Discharges**	8	8	8

* Includes patients transferred from an inpatient bed to a residential bed, to another provider facility, such as a hospital or returned to home.

** Includes patients returned to a nursing home or place of residence.

(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 Exhibit 14, the applicant projects the annual number of hospice patients, admissions, deaths, and other discharges to be served by MVHPC’s licensed hospice agencies in each of the first three years following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided on page 17 and in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

**Projected Utilization for MVHPC’s
 Yadkin and Surry County Licensed Hospice Agencies**

Level of Care	PY 1 FFY 2016	PY 2 FFY 2017	PY 3 FFY 2018
Routine Home Care			
Days of Care	82,970	85,734	88,588
Patients	1,135	1,173	1,211
Unduplicated Admissions	900	930	959
Deaths	547	566	584
Other Discharges*	226	234	240
Inpatient			
Days of Care	6,049	6,357	6,645
Patients	535	564	591
Unduplicated Admissions	175	184	193
Deaths	408	431	450
Other Discharges*	126	133	140
Respite			
Days of Care	121	124	128
Total Agency			
Days of Care	89,141	92,214	95,359
Patients	1,670	1,737	1,802
Unduplicated Admissions	1,075	1,114	1,152
Deaths	955	997	1,034
Other Discharges*	352	367	380

* Includes patients transferred from an inpatient bed to a residential bed, to another provider facility, such as a hospital or returned to home.

- (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 II.2, page 17, the applicant projects the annual number of patient days of care for inpatient, residential and respite levels of care, respectively, as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The

discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Woltz Hospice Home Projected Patient Days of Care

Level of Care	PY 1 FFY 2016	PY 2 FFY 2017	PY 3 FFY 2018
Inpatient	3,924	4,146	4,342
Residential	552	562	572
Respite	43	43	43

(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.2, page 18, the applicant projects the ALOS for the inpatient, residential, and respite levels of care, respectively, as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Woltz Hospice Home's Projected Average Length of Stay (ALOS)

ALOS	FFY 2016	FFY 2017	FFY 2018
Inpatient	9.5	9.5	9.5
Residential	16.2	16.2	16.2
Respite	5.4	5.4	5.4

(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.2, page 19, the applicant projects the anticipated readmission rates for inpatient, residential and respite levels of care, respectively, as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Woltz Hospice Home’s Projected Readmission Rate

ALOS	FFY 2016	FFY 2017	FFY 2018
Inpatient	67.3%	67.3%	67.3%
Residential	0.0%	0.0%	0.0%
Respite	37.5%	37.5%	37.5%

On pages 19-20, the applicant states that based on its experience at Woltz Hospice Home, MVHPC anticipates some patients will require inpatient care in the facility more than once. “... MVHPC projects patient readmission rates will remain consistent with FY2013 utilization.”

On page 20, the applicant states that “During the most recent three years, MVHPC has not experienced any readmissions in its residential care beds located in its Woltz Hospice Home. Therefore, MVHPC does not anticipate patients will be readmitted to its residential care beds.”

On page 20, the applicant states that “Due to the intermittent nature and small number of respite care admissions at Woltz Hospice Home, MVHPC projects the respite care readmission rate will remain consistent with FY2013 utilization.”

- (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- In Section II.2, page 21, the applicant provides the projected average cost per patient day by level of care as shown in the table below. In Section XIII, the applicant provides the assumptions and pro forma statements.

Woltz Hospice Home’s Projected Cost per Patient Day

Year	Inpatient	Residential	Respite
FFY 2016	\$610	\$485	\$610
FFY 2017	\$593	\$485	\$593
FFY 2018	\$581	\$485	\$581

- (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.2, page 21, the applicant states

“Based on over 30 years of community service as a local healthcare provider, MVHPC has long-standing, established referral relationships

with physicians, hospitals, and other healthcare facilities in Surry County and surrounding communities. Many of these referral sources support MVHPC's proposed project. Please refer to Exhibits 17 and 18 for letters of support from some of these referral sources."

- (8) *documentation of the projected number of referrals to be made by each referral source;*
- C- In Section II.2, page 21, the applicant states it projects referrals will come from MVHPC's various hospice agencies located in Surry County, since MVHPC currently serves approximately 93% of the hospice admissions in that county. Additionally, the applicant states MVHPC has received letters of support from physicians, hospitals, and nursing homes serving Surry County and the surrounding communities.
- (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- MVHPC 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; and*
- NA- MVHPC is a licensed hospice and does not propose to admit patients on a contractual basis.
- (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 4 contains a copy of the applicant's admission policy, including the criteria used to admit persons to the existing hospice beds at Woltz Hospice Home.

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.2, page 79, the applicant projects an average occupancy rate for the licensed inpatient hospice beds to be in excess of 50% for the last six months of the first operating year (FFY 2016) following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

FFY 2016
Woltz Hospice Home's Projected Quarterly Utilization

Inpatient					Residential				
Qtr	Patient Days	Occupancy Rate	# of Beds	Total* Patients	Qtr	Patient Days	Occupancy Rate	# of Beds	Total Patients
1st	981	67.2%	16	104	1st	138	37.8%	4	8
2nd	981	67.2%	16	104	2nd	138	37.8%	4	8
3rd	981	67.2%	16	104	3rd	138	37.8%	4	8
4th	981	67.2%	16	104	4th	138	37.8%	4	8
Total	3,924	67.2%	16	415	Total	552	37.8%	4	34

* Includes duplicated patients (readmissions).
 Note: Totals may not foot due to rounding.

- (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; and*

- C- In Section IV.2, page 79, the applicant projects an average occupancy rate of the licensed inpatient beds in excess of 65% for the second operating year (FFY 2017) following completion of the project, as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

FFY 2017
Woltz Hospice Home's Projected Quarterly Utilization

Inpatient					Residential				
Qtr	Patient Days	Occupancy Rate	# of Beds	Total* Patients	Qtr	Patient Days	Occupancy Rate	# of Beds	Total Patients
5 th	1,037	71.0%	16	110	5th	140	38.5%	4	9
6 th	1,037	71.0%	16	110	6th	140	38.5%	4	9
7 th	1,037	71.0%	16	110	7th	140	38.5%	4	9
8 th	1,037	71.0%	16	110	8 th	140	38.5%	4	9
Total	4,146	71.0%	16	438	Total	562	38.5%	4	35

* Includes duplicated patients (readmissions).

Note: Totals may not foot due to rounding.

(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- The application was not submitted to address the need for 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 II.2, page 23, the applicant states during FFY 2013, Woltz Hospice Home operated at 90.96% occupancy, providing 4,316 hospice inpatient days of care. In Section IV.1, page 78, the applicant documents that the average occupancy of the licensed hospice inpatient facility beds in Woltz Hospice Home was at least 65% for the nine months immediately preceding the submittal of the proposal, as shown in the table below.

Woltz Hospice Home's Utilization

Inpatient				
Month	ADC	Patient Days	# of Beds	Occupancy Rate
August 2013	11.42	354	13	87.8%
September 2013	9.47	284	13	72.8%
October 2013	11.45	355	13	88.1%
November 2013	12.80	384	13	98.5%
December 2013	11.55	358	13	88.8%
January 2014	10.94	339	13	84.1%
February 2014	12.71	356	13	97.8%
March 2014	12.42	385	13	95.5%
April 2014	12.53	376	13	96.4%
Total	11.69	3,191	13	89.9%

Note: Totals may not foot due to rounding.

(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- The applicant does not propose to add residential care beds to an existing facility.

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.2, page 24, the applicant states “*As a licensed Medicare/Medicaid-certified hospice, MVHPC currently provides the above listed core services. These services will continue to be available and provided to patients at Woltz Hospice Home.*” The applicant provides documentation that the services required by this rule are provided by Woltz Hospice Home in Section II.3 and Section VII.
- (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.2, page 24, the applicant also states that nursing services will continue to be available 24 hours a day, 7 days a week. In Section VII.5, page 107, the applicant demonstrates that nursing services will be available 24 hours a day, 7 days a 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 Exhibit 5, the applicant provides a copy of a letter from Mt. Airy Drug documenting that pharmaceutical services will be provided.
- (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- In Section II.2, page 24, the applicant states “*As a licensed Medicare/Medicaid-certified hospice, MVHPC currently provides the above listed core services. These services will continue to be available and provided to patients at Woltz Hospice Home.*” In Section VII.3, page 105, the applicant indicates Mt. Airy Drug provides pharmacy services, and High Chatham Memorial Hospital provides dietary services

and facility maintenance. See Exhibit 5, for a letter from Mt. Airy Drug documenting that pharmaceutical services will be provided.

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.2, page 25, the applicant states the staffing of the inpatient hospice facility will be staffed in a manner consistent with N.C.G.S. 131E, Article 10. In Section VII.3, pages 102-104, 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 25, the applicant states

“Please refer to Section VII.3 for staffing details, documenting that Woltz Hospice Home will continue to be staffed in a pattern consistent with licensure requirements as specified in the Hospice Licensing Rules. MVHPC has demonstrated the ability to routinely maintain staffing patterns consistent with G.S. 131E, Article 10 as well as licensure rules, in its existing inpatient facility and home care services programs.”

(2) *training for all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules.*

-C- In Section II.2, page 25, applicant states all staff will meet the requirements as specified in 10A NCAC 13K .0400. Exhibit 7 contains copies of policies related to staff orientation, staff education and continuing education for staff and volunteers.

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.2, pages 25-26, the applicant describes the home-like setting it provides in the facility. The applicant states *“All aspects of Woltz Hospice Home consider the*

comfort and care of the patients, their families and loved ones in order to surround them with the comforts of home even when they can no longer be at home.”

- (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; and*
- C- In Section II.2, page 26, the applicant states “*All services provided in Woltz Hospice Home will continue to 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.*”
- (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 demonstrate that the primary and secondary sites are available for acquisition.*
- NA- Woltz Hospice Home is not proposing a new facility in this application.