

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: July 19, 2019

Findings Date: July 19, 2019

Project Analyst: Celia C. Inman

Assistant Chief: Lisa Pittman

Project ID #: F-11703-19

Facility: Mooresville Inpatient Unit

FID #: 190169

County: Wake

Applicant: Hospice of Iredell County, Inc.

Project: Develop a new 10 bed hospice facility in southern Iredell County by relocating no more than 6 inpatient beds from Gordon Hospice House and adding no more than 4 residential beds

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §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 Iredell County, Inc. (HIC), proposes to develop a 10-bed hospice facility in southern Iredell County by relocating six hospice inpatient beds from Gordon Hospice House and adding four hospice residential beds. HIC owns and operates Gordon Hospice House (GHH) and Hospice & Palliative Care of Iredell County (HPCIC).

#### **Need Determination**

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2019 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

## Policies

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 31 of the 2019 SMFP is applicable to this review. Policy GEN-4 states:

*“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”*

In Section B.4, page 12, the applicant explains why it believes its application is conforming to Policy GEN-4, referring to the architect’s letter in Exhibit 2, which states:

*“One of the major goals will be to incorporate energy conservation methods in the design and construction of the new hospice facility.”*

On page 12, the applicant states that the design for the 10-bed facility includes:

- High “R Value” insulation,
- Double thermal pane glaze windows,
- LED lighting fixtures,
- SEER energy efficient HVAC compressors,
- Energy recovery heating/cooling units,
- Low flow toilets, lavatories and shower valves, and
- Instant hot water heating.

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- information publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion because the applicant adequately demonstrated that it provided a written statement describing the project's plan to assure improved energy efficiency and water conservation.

- (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

The applicant proposes to develop Mooresville Inpatient Unit (MIU), a 10-bed hospice facility in southern Iredell County, by relocating six hospice inpatient beds from Gordon Hospice House and developing four hospice residential beds. In Section C.1, page 13, the applicant describes the proposed project, stating that it proposes to construct a new 10-bed facility in southern Iredell County in the town of Mooresville, NC to provide residents of Mooresville and surrounding communities with inpatient care when it is no longer feasible in the home. The applicant further states that the 10-bed facility will be composed of six hospice inpatient beds relocated from Gordon Hospice House in Statesville to the proposed facility and four new residential beds.

### **Patient Origin**

On page 322, the 2019 SMFP defines the service area for hospice inpatient services as the planning area in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed planning area. The proposed inpatient hospice facility is located in Iredell County. Thus, the service area is Iredell County. Facilities may serve residents of counties not included in their service area.

The proposed hospice facility is not existing and therefore has no historical patient origin. The applicant provides the historical patient origin for Gordon Hospice House for fiscal year 2018 (FY2018) as summarized below.

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**Gordon Hospice House  
Patient Origin**

COUNTY	HISTORICAL FY2018 NUMBER OF ADMISSIONS			HISTORICAL FY2018 PERCENT OF TOTAL ADMISSIONS*	
	INPATIENT	RESIDENTIAL	Total	INPATIENT	RESIDENTIAL
Iredell	401	84	485	72.0%	15.1%
Alexander	31	2	33	5.6%	0.4%
Catawba	4	0	4	0.7%	0.0%
Caldwell	1	0	1	0.2%	0.0%
Chesterfield	1	0	1	0.2%	0.0%
Cleveland	1	0	1	0.2%	0.0%
Davie	7	2	9	1.3%	0.4%
Mecklenburg	10	1	11	1.8%	0.2%
Rowan	6	1	7	1.1%	0.2%
Rutherford	1	0	1	0.2%	0.0%
Wake	1	0	1	0.2%	0.0%
Yadkin	3	0	3	1.5%	0.0%
<b>Total</b>	<b>467<sup>^</sup></b>	<b>90<sup>^</sup></b>	<b>557</b>	<b>83.8%</b>	<b>16.2%</b>

\*The applicant provides the percent of inpatient and residential admissions as the percent of total patient admissions.

<sup>^</sup>The applicant states in Exhibit 3 that Gordon Hospice House admissions of 467 and 90 do not include all re-admissions.

The Project Analyst extends the percent calculation to tenths of a percent for consistency.

In Section C.3(a), page 14, the applicant provides the projected patient origin by county percentages at the proposed hospice facility in its third year of operation, as summarized below.

**Mooresville Inpatient Unit  
Patient Origin  
FY2024**

COUNTY	PROJECTED FY2024 PERCENT OF TOTAL ADMISSIONS*	
	INPATIENT	RESIDENTIAL
Iredell	75.6%	13.0%
Catawba	1.7%	0.3%
Cabarrus	0.7%	0.0%
Mecklenburg	5.7%	1.0%
Rowan	1.3%	0.3%
<b>Total</b>	<b>84.9%</b>	<b>15.1%</b>

\*The applicant provides the percent of inpatient and residential admissions as the percent of total patient admissions. The Project Analyst extends the percent calculation to tenths of a percent for consistency.

In Section C.3(b), page 14, the applicant states that it projects the Mooresville patient origin based on the Gordon Hospice House historical patient origin, with some adjustments. The counties that are north, northeast or northwest of Iredell County were excluded because residents from those counties are more likely to be served in the facility in Statesville. Historical

Iredell County residents were separated into a northern and southern patient population based on their home address. The applicant's assumptions are reasonable and adequately supported.

### Analysis of Need

In Section C, pages 15-17, the applicant explains why it believes the population projected to utilize the proposed hospice inpatient and residential services needs the proposed services, including:

- The population center in Iredell County has shifted south from Statesville to Mooresville and is growing. The applicant states that Mooresville residents are underrepresented in hospice care, evidenced by comparisons of northern Iredell County versus southern Iredell County hospice usage and population. The applicant provides supporting documentation in Exhibits 4 through 8.
- Hospice of Iredell County's hospice program has shown significant growth in the Mooresville/South Iredell area. Residents in southern Iredell County need a hospice inpatient and residential facility that is in their own community. The applicant states that many residents go out of county, remain at home, or die in the hospital to avoid traveling north to Statesville. The applicant also notes that lack of public transportation contributes to the need for hospice inpatient and residential services in southern Iredell County.

On page 18, the applicant states:

*"The existing Gordon Hospice House facility has 15 inpatient beds and during FY2018 maintained an inpatient average daily census (ADC) of 8.4 patients and inpatient occupancy rate of 56% during FY2018. Overall occupancy rate is 74% when residential and respite days are included; total ADC 11.1 reflects the actual bed utilization at Gordon Hospice House.*

*These findings demonstrate that our proposal to relocate six beds to an area of greater need is sound. Currently based on average daily census, 3.5 beds are available; these beds could be relocated to southern Iredell where the need is greater. In addition, 28% (3.1 patients/day) of Gordon Hospice House patients reside in the southern Iredell area and would likely choose to go the local community facility if available. These calculations make clear that 6 beds are available and are needed in the south Iredell area.*

*It was also noted that there is a need for residential care. Patients admitted as inpatient often improve but cannot go back home for reasons related to inadequate caregiver support, unsafe home environment, or other discharge planning issues. Situations of this type have resulted in a significant number of placements to assisted living facilities, long term care and other residential settings. Thirty patients (nearly 10% of admissions) were placed in other facilities from Gordon Hospice House. These patients could be better served in a hospice facility if residential beds were available.*

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*...To fully serve the south Iredell area, 6 inpatient and 4 residential beds are needed in Mooresville.”*

In Exhibit 8, the applicant provides the following assumptions to support the need to relocate six inpatient hospice beds from Gordon Hospice House to the Mooresville Inpatient Unit.

- Total FY2018 Gordon Hospice House occupancy rate for the inpatient hospice beds, including residential and respite days, is 72.9%
- Total average daily census (ADC) is 11.2
  - 8.4 of the 15 inpatient beds are used daily for inpatients
  - 2.7 of the 15 inpatient beds are used on average for residential and respite care
- 5.9 days is the average length of stay (ALOS) for all patients at Gordon Hospice House
- Gordon Hospice House admitted 81 patients from southern Iredell x 5.9 days ALOS = 478 inpatients/residential days of care = 1.3 patients per day at Mooresville, reducing Gordon Hospice House’s ADC from 11.2 to 9.9
- Because 8.4 of the 15 beds will usually be occupied by inpatients, Gordon Hospice House needs 9 inpatient beds, leaving 6 of the 15 inpatient beds to relocate to Mooresville.

The information provided by the applicant is reasonable and adequately supported for the following reasons:

- The applicant uses clearly cited and reasonable historical and demographic data to make the assumptions with regard to identifying the population to be served, and
- The applicant uses reasonable assumptions to demonstrate the need the population projected to be served has for the proposed hospice inpatient and residential services.

Projected Utilization

The Mooresville Inpatient Unit is not an existing provider of hospice inpatient and residential services.

In Section Q, Form C, the applicant provides projected utilization for the proposed hospice inpatient and residential beds. The applicant also provides assumptions for projecting the utilization in Section C; however, the projected utilization and assumptions were not complete, as provided. In supplemental information requested by the Agency during the expedited review of this application, the applicant provides an adjusted Form C, as summarized in the following table:

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<b>Mooresville Inpatient Unit Projected Patient Days of Care</b>			
	<b>Year 1 FY2022</b>	<b>Year 2 FY2023</b>	<b>Year 3 FY2024</b>
<b>Hospice Inpatient Beds</b>			
# of Hospice Inpatient Beds	6	6	6
# of Admissions	290	299	308
Total Inpatient Days of Care	1,623	1,675	1,727
Average Length of Stay	5.6	5.6	5.6
Occupancy Rate	74.12%	76.50%	78.88%
<b>Hospice Respite Beds*</b>			
# of Hospice Residential Beds	0	0	0
# of Admissions	25	26	27
Total Residential Days of Care	127	131	135
Average Length of Stay	5.0	5.0	5.0
Occupancy Rate	5.81%	6.00%	6.19%
<b>Hospice Residential Beds</b>			
# of Hospice Residential Beds	4	4	4
# of Admissions	25	25	26
Total Residential Days of Care	1,034	1,068	1,101
Average Length of Stay	42	42	42
Occupancy Rate	70.85%	73.13%	75.40%

\*The applicant state that MIU will use hospice inpatient beds for hospice respite care when beds are available.

In the supplemental information, the applicant provides the following assumptions for projecting utilization:

- Days of care were projected by determining historical utilization for the existing facility.
- Utilization is projected to increase 5% in FY2020 and 3% during the next four years (FY2021-FY2024).
- The percentage of days for each level of care were applied to project organization patient days of care, producing expectations for inpatient, respite and residential days of care for the entire organization.
- 33% of the admissions at GHH are patients from the Mooresville area and additional growth for the MIU facility is expected to come from growth related to new programs, changes in referral, admission and discharge patterns.
- 60% of the inpatient and respite days were allocated to the existing facility and 40% were allocated to the proposed MIU facility.
- All residential days of care are projected for MIU after the reduction in beds from 15 to 9 at the GHH facility.

Projected utilization is reasonable and adequately supported in the supplemental information for the following reasons:

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- The applicant projects total Hospice of Iredell County utilization of hospice inpatient and residential beds based on historical utilization of the existing hospice facility and its ALOS data.
- The applicant projects utilization of the proposed facility’s hospice inpatient beds based on the percentage of total inpatient hospice beds, allocating 40% to MIU.
- The applicant projects utilization of the proposed facility’s hospice residential beds based on historical utilization of residential beds at GHH and moves all days of care to MIU with the reduction of inpatient beds from 15 to 9 at GHH.

**Access**

In Section C, page 13, the applicant states:

*“Hospice of Iredell County. [sic] proposes to construct a new inpatient and residential hospice facility located in southern Iredell County in the town of Mooresville, NC. This facility will provide residents of Mooresville and surrounding communities with inpatient care when it is no longer feasible in the home. The care this hospice house will provide will be accessible to terminally ill patients of any age, gender, socioeconomic, racial or ethnic group. Services will be available to any hospice eligible patient regardless of payor source or ability to pay.”*

In Section C.7, page 19, the applicant further states:

*“Locating a hospice house in Mooresville would provide more equitable access to care across the county. In addition, a Mooresville inpatient facility would increase access to care for low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved populations.”*

In Section L.3, page 51, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as shown in the following table.

**Mooresville Inpatient Unit  
Payor Mix  
FY2024**

<b>Payment Source</b>	<b>Hospice Inpatient % of Admissions</b>	<b>Hospice Residential % of Admissions</b>	<b>Total Patients % of Admissions</b>
Self-Pay	3.0%	0.3%	3.3%
Insurance*	4.0%	0.3%	4.3%
Medicare*	75.0%	14.0%	89.0%
Medicaid*	3.0%	0.3%	3.3%
<b>Total</b>	<b>85.0%</b>	<b>15.0%</b>	<b>100.0%</b>

Source: Table on page 51 of the application. The applicant adds hospice inpatient and residential patients for total facility patients and provides the percent inpatient and residential admissions as a percent of total admissions.

The projected payor mix is reasonable and adequately supported.



### Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- information publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (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

The applicant, Hospice of Iredell County, Inc., proposes to develop a 10-bed hospice facility in southern Iredell County by relocating six hospice inpatient beds from Gordon Hospice House and adding four hospice residential beds.

In Section D, pages 24-26, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following complete of the project. On page 24, the applicant states:

*“For the past year (FY2018) Gordon Hospice House has had an occupancy rate of 74% and average daily census of 11.1 (Exhibit 2, Gordon Hospice House License Renewal Application). Our review shows that 28% of patients admitted to Gordon Hospice House resided in southern Iredell/Mooresville.”*

The applicant further states that according to its assumptions, based on location of residence, approximately 3.1 patients per day will go to the Mooresville Inpatient facility instead of Gordon

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Hospice House. Exhibit 8 contains the applicant’s assumptions for the relocation of six beds. The applicant states that Gordon Hospice House’s FY2018 daily census would have averaged 8.4 without south Iredell patients; on average, 7 patients per day required inpatient beds. After relocation of six beds, nine inpatient beds will remain in the Gordon Hospice House facility and will adequately accommodate inpatient admissions.

In Section Q, Form D, the applicant provides the historical utilization for Gordon Hospice House and the projected utilization for FY 2019 and the first three operating years of the Mooresville Inpatient Unit. In supplemental information requested by the Agency, the applicant provides adjusted projected utilization to include the interim years FY2020 and FY2021.

<b>Gordon Hospice House Patient Days of Care</b>							
	<b>Last Full FY FY2018</b>	<b>Interim FY2019</b>	<b>Interim FY2020</b>	<b>Interim FY2021</b>	<b>Year 1 FY2022</b>	<b>Year 2 FY2023</b>	<b>Year 3 FY2024</b>
<b>Hospice Inpatient Beds</b>							
# of Hospice Inpatient Beds	15	15	15	15	9	9	9
# of Admissions	546	707	685	705	435	449	463
Total Inpatient Days of Care	3,059	3,957	3,835	3,946	2,435	2,513	2,591
Average Length of Stay	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Occupancy Rate	55.87%	72.27%	70.05%	72.07%	74.12%	76.50%	78.88%
<b>Hospice Respite Beds</b>							
# of Respite Beds	0	0	0	0	0	0	0
# of Admissions	67	62	62	62	38	39	41
Total Residential Days of Care	336	311	301	310	191	197	203
Average Length of Stay	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Occupancy Rate*	6.14%	5.68%	5.50%	5.66%	5.81%	6.00%	6.19%
<b>Hospice Residential Beds</b>							
# of Hospice Residential Beds	0	0	0	0			
# of Admissions	54	72	72	72			
Total Residential Days of Care	709	1,009	977	1006			
Average Length of Stay	13.0	14.0	14	14			
Occupancy Rate*	12.95%	18.42%	17.85%	18.37%			

\*Gordon Hospice House uses hospice inpatient beds for hospice respite and residential admissions in FY2018 and the interim years. After the relocation of the six hospice inpatient beds to Mooresville Inpatient Unit, Gordon Hospice House will operate nine hospice inpatient beds. All residential days of care are moved to MIU until GHH applies for a CON for residential hospice beds.

After relocation of the six inpatient beds to Mooresville, the applicant states that Gordon Hospice House will have residual space for six beds in the facility and will apply for a CON to allow those beds to be used as residential hospice beds.

On page 25, the applicant states:

*“This plan considers the needs of the patients currently utilizing the beds and shows that we can continue to meet their needs following completion of the project.”*

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant projects utilization of the facility's hospice inpatient beds based on historical admissions at the existing hospice facility and historical ALOS data at the facility,
- The applicant projects a 5% increase in days of care in FY2020 and a 3% increase in FY2021 through FY2024, and
- 60% of the inpatient and respite days were allocated to the existing facility and 40% were allocated to the proposed MIU facility.
- All residential days of care are projected for MIU after the reduction in beds from 15 to 9 at the GHH facility.

In Section D.3, page 25, the applicant states:

*“Hospice of Iredell County does not and will not discriminate in providing the appropriate level and location of care based on income, race or ethnicity, gender, age or payor source. Our existing facility and the proposed facility are designed to facilitate access for handicapped persons whether as patients or caregivers. Our Policy statement regarding discrimination is attached as Exhibit 10- Page 1; Affirmative Action.”*

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application,
- information publicly available during the review and used by the Agency, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the applicant adequately demonstrates that:

- The needs of the population currently using the services to be relocated will be adequately met following project completion.
- The project will not adversely impact the ability of underserved groups to access these services following project completion.

- (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

The applicant proposes to develop MIU, a 10-bed hospice facility in southern Iredell County, by relocating six hospice inpatient beds from Gordon Hospice House and adding four hospice residential beds.

In Section E, pages 27-28, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed to meet the need in this application. The alternatives considered were:

- Maintain the status quo – The applicant states this was not an effective alternative because the option does not meet the needs of the southern Iredell residents, causing them to leave their own community for care.
- Provide continuous care in patients' homes – The applicant states that continuous home care is not the most effective alternative because continuous home care is most appropriately used in a crisis situation and long term use is difficult to arrange. Ongoing care for more than a few days is costly to Medicare and to a hospice agency. While often caregivers appreciate crisis help in their homes, they feel it is invasive when hospice staff come and stay.
- Identify an existing location to provide inpatient care – The applicant states that existing locations include one hospital and two skilled nursing facilities in southern Iredell County, where the applicant currently uses beds when appropriate and will continue those relationships. While these facilities provide good and safe care, it is often not care that is consistent with hospice philosophy and not offered in a home-like environment. Currently, hospitalized hospice patients are spread out among acutely ill patients and are treated like hospital patients. Hospice of Iredell County has offered to renovate an area in the Iredell hospital to use as a dedicated hospice area, but the hospital has not been agreeable to this proposal. Care in skilled nursing facilities has many of the same problems noted in hospital care. In addition, these facilities cannot hold beds available for hospice patients, so they may not have available beds to admit patients in need of inpatient hospice care. Thus, the applicant states this is not a satisfactory alternative.

On page 28, the applicant states:

*“A hospice inpatient facility is a far superior choice.”*

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.

### **Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Hospice of Iredell County, Inc. shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, Hospice of Iredell County, Inc. shall materially comply with the last made representation.**
  - 2. Hospice of Iredell County, Inc. shall develop a new 10 bed hospice facility in southern Iredell County by relocating no more than 6 inpatient beds from Gordon Hospice House and adding no more than 4 residential beds.**
  - 3. Upon completion of the project, Mooresville Inpatient Unit shall be licensed for no more than six hospice inpatient beds and four hospice residential beds and Gordon Hospice Home shall be licensed for no more than nine hospice inpatient beds.**
  - 4. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Hospice of Iredell County, Inc. shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
    - a. Payor mix for the services authorized in this certificate of need.**
    - b. Utilization of the services authorized in this certificate of need.**
    - c. Revenues and operating costs for the services authorized in this certificate of need.**
    - d. Average gross revenue per unit of service.**
    - e. Average net revenue per unit of service.**
    - f. Average operating cost per unit of service.**
  - 5. Hospice of Iredell County, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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

The applicant proposes to develop MIU, a 10-bed hospice facility in southern Iredell County, by relocating six hospice inpatient beds from Gordon Hospice House and adding four hospice residential beds.

**Capital and Working Capital Costs**

In Section Q, Form F.1a, the applicant projects the total capital cost of \$4,800,000 for the proposed project as summarized in the table below.

<b>Projected Capital Costs</b>	
	<b>Total Costs</b>
Land/Closing Costs/Site Prep	\$1,213,500
Construction/Landscaping/Architect /Engineering Fees	\$3,084,000
Equipment and Furniture	\$502,500
<b>Total Capital Costs</b>	<b>\$4,800,000</b>

In Section F.3, pages 31-32, the applicant projects that start-up costs will be \$619,870 and initial operating expenses will be \$247,833 for a total working capital of \$867,703.

**Availability of Funds**

In Section F.2, page 29, the applicant states the capital cost will be funded with the accumulated reserves or owner’s equity of \$720,000 and a capital campaign in the amount of \$4,080,000 (85% of the capital needed). The applicant provides documentation in Exhibit 14 of alternative financing from BB&T if the capital campaign falls short. In Section F.2(c), the applicant states that Hospice of Iredell County, Inc. is a financially sound entity with reserves exceeding \$8 million with an endowment of an additional \$1 million. The applicant further states that the organization’s Board of Directors voted and approved that the organization’s reserves may be used toward 15% of the proposed project costs. The Board also documents its expectation to raise 80% to 100% of the funding through a community-wide capital campaign and its agreement to borrow funds from BB&T if the capital campaign is unsuccessful.

In Section F.3(g), the applicant states that the Hospice of Iredell County’s Board of Directors voted and approved the use of the organization’s reserves for working capital needs. In supplemental information requested by the Agency, the applicant provides letters from the Chairman of Board of Directors of Hospice of Iredell County and the President and CEO of Hospice of Iredell County documenting the applicant’s intent to fund the capital, working capital and operating needs of the proposed project. The letters also document the availability of Hospice of Iredell County operating reserves exceeding \$8 million.

The applicant adequately demonstrates the availability of funds for the development of the proposed project.

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**Financial Feasibility**

In Section Q, the applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. However, along with the changes in the projected utilization provided in the supplemental information requested by the Agency, the pro forma financial statements also changed. In the supplemental Form F.2, the applicant projects that operating expenses for the proposed Mooresville Inpatient Unit will exceed revenues and philanthropy in the first three operating years of the project, as shown in the table below.

**Mooresville Inpatient Unit**

	<b>YEAR 1 FY2022</b>	<b>YEAR 2 FY2023</b>	<b>YEAR 3 FY2024</b>
Total Inpatient/Respite Admission	315	325	335
Total Residential Admissions	25	25	26
Total Gross Revenue	\$1,624,996	\$1,719,821	\$1,819,063
Total Net Revenue	\$1,552,887	\$1,643,169	\$1,737,656
Average Net Revenue per Admissions	\$4,568	\$4,683	\$4,811
Total Operating Expenses (Costs)	\$2,294,108	\$2,355,899	\$2,455,635
Average Operating Expense per Day of Care	\$6,747	\$6,731	\$6,802
Philanthropy	\$83,000	\$43,000	\$83,000
Net Income	(\$658,221)	(\$669,731)	(\$634,979)

In supplemental information requested by the Agency, the applicant provides the pro forma financial statements for FY2022 through FY2024 for Hospice of Iredell County, Inc., which includes the operation of Gordon Hospice House, Hospice & Palliative Care of Iredell County and the proposed Mooresville Inpatient Unit. As the table below shows, Hospice of Iredell County's revenues exceed expenses in each of the project's first three operating years.

**Hospice of Iredell County**

	<b>YEAR 1 FY2022</b>	<b>YEAR 2 FY2023</b>	<b>YEAR 3 FY2024</b>
Admissions	1,062	1,094	1,127
Total Gross Revenue	\$17,005,184	\$18,039,771	\$19,121,169
Total Net Revenue	\$16,207,293	\$17,191,556	\$18,220,339
Total Operating Expenses (Costs)	\$15,952,963	\$16,441,454	\$16,945,067
Other Expenses	\$403,859	\$415,975	\$428,454
Other Revenue and Philanthropy	\$806,957	\$740,478	\$802,431
Net Income	\$657,428	\$1,074,605	\$1,649,248

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application and the supplemental information for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions.
  - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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

The applicant proposes to develop MIU, a 10-bed hospice facility in southern Iredell County, by relocating six hospice inpatient beds from Gordon Hospice House and adding four hospice residential beds.

On page 322, the 2019 SMFP defines the service area for hospice inpatient services as the planning area in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed planning area. The proposed inpatient hospice facility is located in Iredell County. Thus, the service area is Iredell County. Facilities may serve residents of counties not included in their service area.

The 2019 SMFP identifies Gordon Hospice House, with 15 licensed beds owned and operated by Hospice of Iredell County, Inc., as the only provider of hospice inpatient services located in Iredell County. The applicant proposes to develop four new residential hospice beds and relocate six hospice inpatient beds from Gordon Hospice House to the proposed Mooresville Inpatient Unit. The total number of inpatient hospice beds in Iredell County will not change as a result of the proposed project.

In Section G, page 35, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved hospice services in Iredell County, stating:



*“This proposal will not cause a duplication of services since the inpatient beds will be relocated within the same service area to an area of higher need where there is **no** [emphasis in original] hospice facility. We are not requesting additional inpatient beds. The residential beds requested will not duplicate services as there are **zero** [emphasis in original] residential beds in all of Iredell County.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- The applicant adequately demonstrates that the relocated hospice inpatient beds are needed in southern Iredell County.
- The applicant adequately demonstrates that there are no existing hospice residential beds located in Iredell County.

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 the supplemental Section Q Form H Staffing information, the applicant provides the projected full-time equivalent (FTE) positions for the proposed services, as illustrated in the following table.

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<b>Position</b>	<b>FY2022 FTE</b>	<b>FY2023 FTE</b>	<b>FY2024 FTE</b>
IPU Manager	0.50	0.50	0.50
RNs	7.20	7.20	7.20
Nursing Aides	10.20	10.20	10.20
Dietary	1.30	1.30	1.30
Bereavement	0.40	0.40	0.40
Social Worker	1.00	1.00	1.00
Housekeeping	1.50	1.50	1.50
Chaplain	0.50	0.50	0.50
Secretary	0.60	0.60	0.60
Physician/NP	1.50	1.50	1.50
<b>TOTAL*</b>	<b>24.70</b>	<b>24.70</b>	<b>24.70</b>

\*Totals may not sum due to rounding

The assumptions and methodology used to project staffing are provided in Section H.2, page 36 and in supplemental information. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H.2, pages 36-39, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. In Section H.4, page 39, the applicant identifies the current medical director. In Exhibits 19 and 20, and in supplemental information, the applicant provides supporting documentation.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

**Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 I.1 pages 40-41, the applicant adequately identifies and explains how each ancillary and support service will be made available.

In Section I.2, pages 41-42, the applicant describes Hospice of Iredell County's existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibits 11 and 36.

In Section C.1, page 13, the applicant states:

*“The facility will become a part of our successful hospice agency that provides well trained staff that includes round the clock nurses, daily physician/nurse practitioner rounds, on-call medical and administrative support 24/7, electronic medical records, secure patient care, kitchen with safe-serve trained staff and medication preparation areas with access to pharmacist 24/7.”*

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

**Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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.

C

In Section K, page 44, the applicant states that the project involves constructing 13,400 square feet of new space. Line drawings are provided in Exhibit 22.

On page 44, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal and provides supporting documentation in Exhibit 22 and Section Q.

On page 45, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services.

On page 45, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit 2.

On pages 46-47, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site.

**Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion.

(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 L, page 50, the applicant provides the payor mix for the existing hospice beds at Gordon Hospice House for FY2018, as a percent of total hospice services, as summarized in the following table.

**Gordon Hospice House  
FY2018**

<b>Payment Source</b>	<b>Inpatient Services as a Percent of Total Hospice Services</b>	<b>Residential Services as a Percent of Total Hospice Services</b>
Self-Pay	2.00%	0.00%
Commercial Insurance	4.00%	0.00%
Medicare	75.00%	15.00%
Medicaid	3.00%	0.00%
<b>Total*</b>	<b>84.00%</b>	<b>16.00%</b>

\*The applicant provides the payor mix for inpatient and residential services as a percent of the total hospice services provided  
Totals may not sum due to rounding

In Section L, page 49, the applicant provides the following comparison.

**Gordon Hospice House  
FY2018**

	<b>Percentage of Total Patients Served by the Facility*</b>	<b>Percentage of the Population of the Service Area</b>
Female	54.00%	51.00%
Male	46.00%	49.00%
64 and Younger	13.00%	85.00%
65 and Older	86.00%	15.00%
Asian	0.40%	2.00%
Black or African-American	10.00%	12.00%
White or Caucasian	89.00%	78.00%
Other Race	1.20%	7.00%

\*Total patients served by the facility includes inpatient hospice and residential hospice patients

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that 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**

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L.2, page 50, the applicant states:

*“In 2018 Hospice of Iredell County provided \$1.3 million in uncompensated patient care and community programs. Hospice of Iredell County does not and will not discriminate in providing the appropriate level and location of care based on income, race or ethnicity, gender, age, or payor source and will continue to provide services to all eligible patients regardless of ability to pay.”*

In Section L, page 50, the applicant states that during the last five years no patient civil rights access complaints have been filed against the facility.

The Agency reviewed the:

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- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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 L, page 51, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as shown in the following table.

**Mooresville Inpatient Unit  
FY2024**

<b>Payment Source</b>	<b>Inpatient Services as a Percent of Total Hospice Services</b>	<b>Residential Services as a Percent of Total Hospice Services</b>
Self-Pay	3.00%	0.03%
Commercial Insurance	4.00%	0.03%
Medicare	75.00%	14.00%
Medicaid	3.00%	00.03%
<b>Total*</b>	<b>85.00%</b>	<b>15.00%</b>

\*The applicant provides the payor mix for inpatient and residential services as a percent of the total hospice services provided

Totals may not sum due to rounding

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.03% of total services will be provided to self-pay patients, 89.0% to Medicare patients and 3.03% to Medicaid patients.

On page 51, the applicant refers to Exhibit 24 for the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. However, Exhibit 24 contains the assumptions for projecting patient origin, not payor source. In supplemental information requested by the Agency, the applicant states that the projected payor mix is based upon the historical payor mix at Gordon Hospice House.

The projected payor mix is reasonable and adequately supported for the following reasons:

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- The projected payor mix is based on the historical payor mix of patients at the existing Hospice of Iredell County facility, and
- The applicant adequately demonstrates that medically underserved populations will have access to the proposed services.

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that 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 L.4(b), page 52, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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 M, pages 53-54, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and states that Hospice of Iredell County has served as a clinical site for Mitchell Community College, University of North Carolina Charlotte, University of North Carolina Greensboro, Gardner-Webb, Appalachian State University, and Hood Theological Seminary.

The Agency reviewed the:

- application, and



- exhibits to the application.

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, 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

The applicant proposes to develop MIU, a 10-bed hospice facility in southern Iredell County, by relocating six hospice inpatient beds from Gordon Hospice House and adding four hospice residential beds.

On page 322, the 2019 SMFP defines the service area for hospice inpatient services as the planning area in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed planning area. The proposed inpatient hospice facility is located in Iredell County. Thus, the service area is Iredell County. Facilities may serve residents of counties not included in their service area.

The 2019 SMFP identifies Gordon Hospice House, with 15 licensed beds owned and operated by Hospice of Iredell County, Inc., as the only provider of hospice inpatient services located in Iredell County. The applicant proposes to develop four new residential hospice beds and relocate six hospice inpatient beds from Gordon Hospice House to the proposed Mooresville Inpatient Unit. The total number of inpatient hospice beds in Iredell County will not change as a result of the proposed project.

In Section N, pages 55-56, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. On page 55, the applicant states:

*“Addition of a new inpatient facility is expected to have a positive impact on the quality of care and services provided by all facilities in the service area. Providing more choice for patients and caregivers drives all hospice providers to improve. . . .*

*Competition will also increase for well-trained, compassionate staff. Recruitment and retention become priorities and better wages, benefits, working conditions and job satisfaction should be the result.*

*. . . Quality and convenience will be increased greatly for hospice patients in southern Iredell County but costs of services will not increase for patients.”*

On page 56, the applicant states:

*“By providing hospice inpatient and residential care in the Mooresville area, Hospice of Iredell County can provide valuable services to more terminally ill residents and caregivers.”*

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits)
- Quality services will be provided (see Section O of the application and any exhibits)
- Access will be provided to underserved groups (see Section L of the application and any exhibits)

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental information requested by the Agency, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 A.7(a), page 8, the applicant states Gordon Hospice House is the only inpatient or residential hospice facility owned and operated by Hospice of Iredell County or a related entity located in North Carolina.

In Section O, page 59, the applicant states that Gordon Hospice House has not operated out of compliance with the Medicare Conditions of Participation during the 18 month look-back period. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in the Hospice of Iredell County facility. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all its facility, the applicant provided sufficient evidence that quality care has been provided in the past. 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 Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities as promulgated in 10A NCAC 14C .4000 is applicable to this review and discussed below.

***SECTION .4000 - CRITERIA AND STANDARDS FOR HOSPICE INPATIENT FACILITIES AND HOSPICE RESIDENTIAL CARE FACILITIES***

***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 supplemental information requested by the Agency, the applicant projects that the utilization rate for licensed inpatient and residential hospice beds will be 74% and 71%,

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respectively, in the first operating year (FY2022) following completion of the proposed project. This exceeds the required 50% performance standard for the last six months of that year.

*(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 supplemental information requested by the Agency, the applicant projects that the utilization rate for licensed inpatient and residential hospice beds will be 77% and 73% for inpatient and residential hospice beds, respectively, in the second operating year (FY2023) following completion of the proposed project. This exceeds the required performance standard of 65% in the second operating year. The discussion on projected utilization in Criterion (3) is incorporated herein by reference.

*(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 applicant states that no facilities in Iredell County have residential 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.*

-NA- The applicant does not propose to add hospice inpatient beds to an existing facility.

*(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 hospice residential beds to an existing facility.