

**Long-Term and Behavioral Health Committee
Agency Report for Petitions Regarding
Hospice Adjusted Need Determination Petitions
Proposed 2012 State Medical Facilities Plan**

Petitioners:

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| 1. Carolina East Home Care & Hospice, Inc.
Carolina East Hospice Care Center
Post Office Box 887
748 Kenansville Bypass
Kenansville, N.C. 28349 | 3. Hospice of Scotland County
610 Lauchwood Drive
Laurinburg, N.C. 28352 |
| 2. Gordon Hospice House
Hospice of Iredell County, Inc.
2347 Simonton Road
Statesville, N.C. 28625 | 4. Hospice of Rockingham County
Post Office Box 281
Wentworth, N.C. 27375 |

Requests:

1. Carolina East Home Care & Hospice requests an adjusted need determination for three hospice inpatient beds (Duplin County).
2. Gordon Hospice House requests an adjusted need determination for three hospice inpatient beds (Iredell County).
3. Hospice of Scotland County requests an adjusted need determination for two hospice inpatient beds (Scotland County).
4. Hospice of Rockingham County requests an adjusted need determination for three hospice inpatient beds (Rockingham County).

Background Information:

The current hospice methodology uses projected hospice days of care, calculated by multiplying projected hospice admissions by the lesser of the statewide median average length of stay or the actual average length of stay for each county. Projected hospice admissions are determined by the application of a two-year trailing average growth rate in the number of admissions served to current admissions. Inpatient days, as a percent of total days of care, are determined to be approximately six percent, based on statewide inpatient days of care.

The hospice inpatient methodology projects inpatient beds based on 85 percent occupancy and adjusts projected beds for occupancy rates of existing facilities that are not at 85 percent occupancy. The methodology makes single-county determinations when the county deficit is six or more beds based on the standard methodology. Application of the methodology does not show a projected need for additional inpatient hospice beds in Duplin, Iredell, Scotland or Rockingham counties for the Proposed 2012 SMFP. In deference to the standard methodology, Chapter Two of the Proposed 2012 SMFP allows for persons to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology. All four

petitioners, Carolina East Home Care & Hospice, Gordon Hospice House, Hospice of Scotland County and Hospice of Rockingham County are requesting additional inpatient beds.

Analysis/Implications:

Analysis of the data tables and additional information for each petitioner follows:

1. Carolina East Home Care & Hospice (Duplin County):
 - The facility currently has three licensed inpatient beds and three licensed residential beds.
 - The occupancy rate for three licensed inpatient beds is 64.29%. There is a mathematical issue with occupancy rates for a small facility like Carolina East, because three patients in three beds is 100% occupancy, but two patients in three beds drops the rate to 66.66%.
 - The standard methodology shows “Projected Total Inpatient Bed” utilization of six beds by 2015 (i.e., three beds more than they currently have) but there is “no need determination” because the facility is below 85% occupancy, and allocations are usually made in units of “six beds.”
 - Days of care have increased dramatically (44.68%) since the previous reporting period.

Hospice Inpatient Bed Utilization

Duplin County	2008	2009	2010
County Population	56,880	57,788	58,729
County Days of Hospice Care	25,669	21,273	30,778
County Hospice Days/1,000	451.28	368.12	524.07
Hospice Inpatient Bed	Deficit of 1	0	0

2. Gordon Hospice House (Iredell County):
 - Gordon Hospice House has nine licensed inpatient beds and six residential beds, but has applied to the Certificate of Need (CON) Section to convert three of the residential beds to “inpatient care.”
 - The occupancy rate for the nine licensed inpatient beds was 86.45% for the most recent annual reporting period.
 - In their findings, CON gave consideration of 1100 patient days for persons on a wait list in Iredell County. This approximates the number of patients being served in hospital beds, which is the placement alternative for “inpatient care” if no hospice bed is available.
 - The standard methodology shows a “Projected Total Inpatient Bed” utilization of 11 beds by 2015 (i.e., two beds above the current inventory). However, an adjusted need determination for three additional beds was allowed in the 2011 SMFP, which received conditional approval from the CON Section for Iredell County on August 29, 2011. If no appeals are filed, this would take the Iredell County inpatient hospice bed inventory up to 12 beds, or a projected surplus of one bed through 2015.
 - Days of care have increased by 12.73% since the previous reporting period.

Hospice Inpatient Bed Utilization

Iredell County	2008	2009	2010
County Population	154,467	157,039	160,107
County Days of Hospice Care	38,158	42,051	47,404
County Hospice Days/1,000	247.03	267.77	296.07
Hospice Inpatient Bed	Deficit of 1	0	Surplus of (1)

3. Hospice of Scotland County (Scotland County):

- Hospice of Scotland County facility has six licensed inpatient beds and six licensed residential beds.
- The most recent annual reporting period showed an occupancy rate of 74.86% for the six licensed inpatient beds.
- The standard methodology shows a “Projected Total Inpatient Bed” utilization of four beds by 2015 (i.e., two less than the current licensed capacity).
- Days of care have increased by only 3.89% since the previous reporting period.

Hospice Inpatient Bed Utilization

Scotland County	2008	2009	2010
County Population	36,488	36,330	36,098
County Days of Hospice Care	21,624	17,525	18,207
County Hospice Days/1,000	592.63	482.38	504.37
Hospice Inpatient Bed	Surplus of (1)	Surplus of (3)	Surplus of (2)

4. Hospice of Rockingham County (Rockingham County):

- This facility has three licensed inpatient beds and five licensed residential beds.
- The occupancy rate for the three licensed inpatient beds was 119.09% for the most recent annual reporting period.
- This is a new facility which does not know if the rapid rate of growth will continue, however deaths are occurring among patients still on the facility’s waiting list.
- The standard methodology shows “Projected Total Bed” utilization of four beds by 2015 (i.e., one bed above the current inventory) but there is “no need determination” because allocations are usually made in units of “six beds.”
- Days of care have decreased (-6.31%) since the previous reporting period.

Hospice Inpatient Bed Utilization

Rockingham County	2008	2009	2010
County Population	92,783	93,273	93,764
County Days of Hospice Care	17,926	17,424	16,324
County Hospice Days/1,000	193.20	186.81	174.09
Hospice Inpatient Bed	Deficit of 2	Deficit of 1	Deficit of 1

Agency Recommendations:

1. Carolina East Home Care & Hospice - Based on the minimal size of the existing facility and the significant increase in hospice days of care, the Agency recommends an adjusted need determination for three additional inpatient beds in Duplin County.

2. Gordon Hospice House (Iredell County) - Because the adjusted need for three additional hospice inpatient beds from the 2011 SMFP are not yet operational and the standard methodology shows a projected surplus of one bed when that expansion is implemented, the Agency recommends that the petition for an additional adjustment in the 2012 SMFP be denied. Current utilization will be reflected in the Proposed 2013 SMFP and may generate additional need by the standard methodology.

3. Hospice of Scotland County – The reported utilization indicates that the current capacity is sufficient through 2015 and shows a projected surplus of two beds. Therefore, the Agency recommends the request for an adjusted need determination in Scotland County for two inpatient beds be denied.

4. Hospice of Rockingham County requested an adjusted need determination for three hospice inpatient beds for Rockingham County. Based on the extremely high occupancy rate for the previous reporting period and the minimal size of this new facility, the Agency recommends an adjusted need determination for two additional inpatient beds in Rockingham County.