

**Long-Term and Behavioral Health Committee
Agency Report
Adjusted Need Petition for a
Hospice Home Care Office in Mecklenburg County
in the 2025 State Medical Facilities Plan**

Petitioner:

Heart’ n Soul Hospice of the Carolinas, LLC
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Request:

Heart’n Soul Hospice of the Carolinas (“Heart’n Soul”) requests an adjusted need determination for a hospice home care office in Mecklenburg County in the *North Carolina 2025 State Medical Facilities Plan (SMFP or “Plan”)*.

Background Information:

Chapter Two of the *SMFP* notes that during the summer, the Agency accepts petitions that “involve requests for adjustments to need determinations in the *Proposed SMFP*. Petitioners may submit a written petition requesting an adjustment to the need determination in the *Proposed SMFP* if they believe that special attributes of a service area or institution give rise to resource requirements that differ from those provided by the standard methodologies and policies.” Any person may submit a certificate of need (CON) application for a need determination in the *SMFP*. The CON review could be competitive and there is no guarantee that the Petitioner would be the approved applicant. The Agency accepts petitions that “involve request for changes to the *SMFP* that have the potential for a statewide effect, such as the addition, deletion or revision of policies or need determination methodologies” at the beginning of the planning cycle, in the spring.

The hospice home care office methodology calculations are used to project need for service areas three years beyond the current reporting year. Each service area is comprised of one of the State’s counties. Two key components of the methodology are the total number of hospice deaths among each county’s residents, as reported on Hospice License Renewal Applications (LRAs), and the county population. In the *Proposed 2025 SMFP*, the projection year is 2026 for population and deaths and deaths served. No need determinations are considered for counties with three or more hospice home care offices per 100,000 population. The threshold for a need determination is a deficit of 90 or greater deaths. The placeholder for new hospice offices is the same as the current threshold of 90 deaths.

In 2023, Heart'n Soul Hospice submitted a petition for an adjusted need determination for one hospice home care office in Mecklenburg County in the *2024 SMFP*. According to the petition, the hospice home care office would be “focused on serving historically underserved racial and ethnic minority populations.” The Petitioner emphasized “the growth and aging of Mecklenburg County’s racially/ethnically diverse population, socioeconomic health disparities, and the importance of and need for culturally competent hospice home care services.” The SHCC denied the petition based on data that demonstrated: 1) Mecklenburg’s minority population is younger and therefore less likely to need hospice services compared to the state’s minority population; and 2) facilities in Mecklenburg County served a greater percentage of hospice minority patients than the percentage of minority patients served statewide.

Analysis/Implications:

The Petitioner asserts that the hospice home care office methodology applies only to new providers because existing providers are allowed to expand services to other counties irrespective of need determinations generated by the methodology. The development of a new hospice home care office requires a CON pursuant to § 131E-176 (16)a. The methodology determines need for new hospice home care offices for which anyone- a new or existing provider- may submit a CON application. However, an existing licensed hospice home care office is allowed to expand in accordance with 10A NCAC 13K .301(f) which states:

If an agency plans to permanently expand its geographic service area beyond that currently on file with the Department without opening an additional site, the Department shall be notified in writing 30 days in advance. The agency must offer its full scope of hospice services in its entire geographic service area.

The Petitioner further states that Step 4 of the methodology “presents statistical concerns for all providers.” In this step, each county’s total number of hospice patient deaths from all facilities providing hospice services to its residents are summed together. The Petitioner contends that the methodology should include only deaths reported by licensed hospice home care offices physically located in each county to project need. Table 1 below contains an excerpt from “Table 13B: Year 2026 Hospice Home Care Office Need Projection” for Mecklenburg County in the *Proposed 2025 SMFP*. This shows there were 4,173 (Column E) deaths for residents of the county reported on the 2024 LRAs. Based on the methodology calculations, Mecklenburg County has a projected capacity to serve an additional 1,273 patients (Column K). This is more than the deficit of 90 or greater deaths needed to trigger a need determination.

Table 1: Table13B: Year 2026 Hospice Home Care Office Need Projection*

A	E	H	I	J	K	L	M	N
County	2023 Reported Number of Hospice Patient Deaths (all facilities)	Projected 2026 Number of Hospice Deaths Served	Median Projected 2026 Hospice Deaths	Place-holders for New Hospice Office	Projected Number of Additional Patients in Need Surplus (Deficit)	Licensed Hospice Offices in County	Licensed Home Care Offices in County per 100,000	Add'l Hospice Office Need
Mecklenburg	4,173	4,364	3,091	0	1,273	7	0.6	0

Source: 2024 Hospice License Renewal Applications (LRAs)

* Table is truncated for display purposes.

In accordance with Step 4, the number of deaths displayed in Column E of Table 13B takes into consideration the total number of hospice patient deaths, by county of residence, served by all facilities, regardless of the facility’s location. Agency staff examined whether inputting the number of deaths served only by the licensed hospice care facilities located in Mecklenburg County in Step 4/Column E would generate a need determination. As shown in Table 2, if all other values were kept constant for the *Proposed 2025 SMFP*, the projected surplus would be 906 patients (Column K), which is well above the -90-threshold for a need determination. Therefore, even if the methodology excluded the number of Mecklenburg County hospice deaths served by licensed hospice home care offices located outside of the county, there would be no need determination for an additional hospice home care office in Mecklenburg County.

Table 2: Hypothetical Table13B: Year 2026 Hospice Home Care Office Need Projection*

A	E	H	I	J	K	L	M	N
County	2023 Reported Number of Hospice Patient Deaths (only facilities located in Mecklenburg)	Projected 2026 Number of Hospice Deaths Served	Median Projected 2026 Hospice Deaths	Place-holders for New Hospice Office	Projected Number of Additional Patients in Need Surplus (Deficit)	Licensed Hospice Offices in County	Licensed Home Care Offices in County per 100,000	Add'l Hospice Office Need
Mecklenburg	3,822	3,997	3,091	0	906	7	0.6	0

Source: 2024 Hospice License Renewal Applications (LRAs)

* Table is truncated for display purposes.

The Petitioner uses hospice penetration (HP) rates and death service ratio (DSR) data published by HealthPivots¹ to assert there is “unrealized opportunity” to increase hospice services in Mecklenburg County. According to the Petitioner’s calculations, over 35,000 Medicare patients are being “missed” or should have had access to hospice services but did not receive them. To calculate a conversion rate to demonstrate underserved segments of the county’s population, the Petitioner deducts HP rates from DSRs. It is important to note that: 1) HealthPivots only uses Medicare paid claims data; 2) HP rates can be influenced by the admission of patients who are not appropriate for hospice care; and 3) Agency staff are unable to access these data. Notwithstanding, the provider of HealthPivots data has clarified that the HP rate represents Medicare hospice patients **served** divided by the total number of Medicare **deaths**. Meanwhile, the DSR is calculated by dividing Medicare hospice **deaths** by total Medicare **deaths**. Since the HP rate includes all patients served by hospice, but the DSR only includes the patients who died while in hospice care it is incorrect to calculate a “patient equivalent missed” by subtracting the rate from the ratio.

Agency staff reviewed additional hospice patient demographic data requested by State Health Coordinating Council Member Representative Carla Cunningham. However, the Agency is unable to confirm the veracity of the data received and is unable to correlate it with the assumptions and steps in the existing need determination methodology.

The Agency notes that while there is no need determination for a new Medicare-certified hospice home care office in Mecklenburg County in the *Proposed 2025 SMFP*, the methodology has generated a need determination for a new office in Cumberland County.

Agency Recommendation:

The Agency supports the standard methodology for hospice home care as presented in the *North Carolina Proposed 2024 SMFP*. Given available information and comments submitted by the August 7, 2024 deadline, and in consideration of factors discussed above, the Agency recommends denial of this Petition.

¹ HealthPivots “Medicare Advantage and Hospice”. <https://healthpivots.com/resources/white-papers/medicare-advantage-and-hospice#:~:text=In%20the%20State%20Hospice%20Profile,%2C%20deaths%2C%20and%20hospice%20use.> Accessed 8/14/24