

HOSPICE and PALLIATIVE CARE
of GREENSBORO

DFS Health Planning
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AUG 31 2010

Medical Facilities
Planning Section

Mr. Patrick Baker
Planning Analyst
North Carolina Division of Health Service Regulation
Medical Facilities Planning Section
2714 Mail Service Center
Raleigh, NC 27699-2714

August 27, 2010

RE: Comments Regarding Adjusted Bed Need Petition Submitted by Hospice of the Piedmont, Inc., (HOP) Guilford County, North Carolina

Dear Mr. Baker and Members of the Long Term and Behavioral Health Committee:

Thank you very much for the opportunity to offer public comments. Hospice and Palliative Care of Greensboro (HPCG), is located in Guilford County, NC. We support the proposed 2011 State Medical Facilities Plan (SMFP) which includes no need determinations for additional hospice inpatient beds in Guilford or its contiguous counties. We support the standard methodology which, at this time, does not support allocation of the 13 beds because the required 85% threshold is not met. For reference, our hospice inpatient facility, Beacon Place, operates at 65% occupancy while the Petitioner, Hospice of the Piedmont's (HOP) hospice inpatient facility, operates at 96% occupancy. Together, both Guilford County hospice inpatient facilities operate at 78.24% occupancy; thus, not triggering "need" or activating the allocation of beds to Guilford County. HPCG supports the State's standard methodology for reasons outlined below. Therefore, HOP's petition to allocate six (6) inpatient hospice beds is not supported at this time and their Petition did not provide clear documentation or methodology to support their request for six additional hospice inpatient beds versus another number of beds.

As background, our hospice program (HPCG) is a large, comprehensive hospice program serving an average daily census of 320(+) patients – adults and children. Hospice of the Piedmont serves fewer patients, e.g. an average daily census of 111 patients reported as of the September 30, 2009 licensure report.

Please consider the relevant following issues:

- **Increased Hospice Inpatient Bed Capacity Available in the Region:** The methodology in the Proposed 2011 SMFP does not account for dramatically increased additional hospice inpatient bed capacity in the five-county region (Guilford, Forsyth, Davidson, Randolph and Alamance counties) that will become available between 2010 and 2013 due to recent CON approvals. A total of 22 additional inpatient beds are being or will be developed in Forsyth, Alamance, and Randolph Counties by the end of 2012 while another CON project for Randolph County has just been approved for an additional six beds. Therefore, a total of 28 additional hospice inpatient beds have been approved

Hospice Beacon Place Kids Path¹ Counseling and Education Center

in the region including at Kate B. Reynolds in Forsyth County, Hospice of Alamance/Caswell, and Hospice of Randolph County. In addition, the new Hospice of Davidson County inpatient facility reported 21% occupancy in the Proposed 2011 SMFP and therefore, they also have significant inpatient capacity to expand to meet inpatient demand. Davidson County is located in close proximity to Hospice of the Piedmont's inpatient facility (26 miles). The 2009 State Hospice Licensure report reveals that Hospice of the Piedmont had 17.7% of its total unduplicated hospice admissions coming from Davidson County – patients who in the future could elect to remain in their own county for hospice care instead of traveling to HOP in Guilford County. The fact that 28 additional hospice inpatient beds have been CON-approved in the region and many are already under development and construction obviates Hospice of the Piedmont's Petition that forecasts need in the area.

- **Available Hospice Inpatient Bed Capacity Exists Now in Guilford County:** Our hospice inpatient facility, Beacon Place, operates at 65% occupancy. One of Hospice of the Piedmont's arguments in their Petition is that Beacon Place's lower occupancy (65%) is the reason that the 85% trigger has not been met; hence, no allocation of beds. *But that very statement also supports our argument that there IS existing capacity available in Guilford County, most notably at Beacon Place. Routinely, we have hospice inpatient beds available for any Guilford County hospice patient who meets inpatient level criteria.* In Guilford County there also exists a distinctive "continuum of care" model not seen in many communities across North Carolina. There are two "palliative care" units (using acute care beds) at the Moses H. Cone Memorial Hospital and at Wesley Long Hospital, each ten-bed units. This highlights that there is sufficient capacity available for hospice inpatient care in Guilford County at Beacon Place or in the two hospital palliative care units.
- **Driving Distance to Hospice Inpatient Facilities:** At the Public Hearing held in Greensboro, Hospice of Piedmont (HOP) stated that their patients prefer to stay closer to High Point or if they cannot be admitted to their own hospice inpatient facility, then the patients/families would prefer to drive to Forsyth or Davidson counties for that care, versus driving to Beacon Place in Greensboro (in Guilford County). The driving distance from Hospice of the Piedmont to our facility, Beacon Place, is 23.7 miles, one way, which is almost identical to the driving distance from HOP to Hospice of Forsyth (22.1 miles) and only three miles fewer than the drive from HOP to Hospice of Davidson (26.5 miles). The perception that High Point families would prefer not to drive to Beacon Place is perplexing because the driving distances are almost identical among the three regional hospice inpatient options. There is hospice inpatient capacity available in Guilford County at our Beacon Place facility (65% occupancy); hence, the State's determination that the beds should not be allocated because the 85% trigger is not met. We believe the standard methodology is the best method to determine when additional inpatient beds are needed for counties with two or more inpatient hospice facilities.
- **Impact on Hospice of the Piedmont's (HOP) Census Should the Petition be Approved:** If HOP's Petition were approved and they ultimately received Certificate of Need (CON) approval, by the time their facility was built and operational, it is highly likely their overall census would actually decline due to increased hospice inpatient bed

capacity in the region within the next two to three years: Please consider the potential consequences of excess capacity of inpatient hospice beds. There are fixed costs of maintaining the hospice facility including utilities, insurance, facility maintenance agreements and facility overhead. The development of excess capacity adds unnecessary cost to the healthcare system which in turn is a burden to consumers.

- **Impact of Healthcare Reform and Proposed Hospice Payment Reform:** Because the financial management and viability of hospice inpatient facilities is of paramount importance for healthcare economic reasons, it is worth noting upcoming healthcare reform includes reductions in hospice reimbursement that are expected to be implemented in 2013. Also, The National Association for Home Care & Hospice predicts that the Patient Protection and Affordable Care Act, which is included in the recently adopted health care reform, will cut hospice reimbursement by \$7 billion between 2013 and 2019. In addition, the Centers for Medicare and Medicaid Services (CMS) have undertaken a study of hospice payment reform which likely will occur within the next five years. A MEDPAC recommendation is likely to change hospice reimbursement from a "straight" per diem model (per level of care) to one more shaped like a "U" curve, e.g. hospices would receive greater per diem reimbursement at the beginning of the patient's stay, less in the "middle," and then again, higher reimbursement at the end of the patient's stay (hence, the "U" shape). This model accurately reflects that hospices incur higher costs at the beginning and end of patient's hospice experiences compared to the middle. But this proposed methodology change will also have a major impact on hospices' financial status with many programs seeing declining hospice reimbursement.
- **Overall Hospice "Market" Penetration:** One of Hospice of Piedmont's (HOP) arguments is that hospice penetration (percentage of total deaths served by hospice in a county) continues to be slightly lower than the statewide average. Guilford County's hospice penetration is 33.33% compared to the statewide average of 34.2%. This fact, while interesting and important, is less relevant because the Petition relates specifically to *hospice inpatient beds* versus overall access for hospice patients, most of whom are served in their home or long-term care facilities, with far fewer patients served in inpatient settings. Anecdotally, both Guilford County hospices are committed to continuing to increase overall hospice "access" in Guilford County...not just, inpatient access.
- **Average Length of Stay:** Hospice of Piedmont's (HOP) Petition cites average length of stay (ALOS) data for both their and our program, Beacon Place. The data provided could be misleading because it shows ALOS data for our *overall hospice program – home care and inpatient care*. If you were to look only at our ALOS statistics for hospice inpatient care (which is relevant to the Petition), you would find that our Beacon Place inpatient facility also has a declining ALOS trend. Year-to-date, our hospice inpatient facility has an ALOS of 16.4 days compared to 21.3 days for the same ten-month period last fiscal year. Nationwide, the majority of hospice inpatient facilities are witnessing declining ALOS, so HOP's experience is not unique or even dissimilar from that of our own Beacon Place facility.

These public comments in response to Hospice of Piedmont's Petition to develop six additional hospice inpatient beds in Guilford County have been reviewed and approved by the Hospice and Palliative Care of Greensboro leadership team and the Executive Committee of our Board of Directors. Approval of any additional hospice inpatient beds based on adjusted need determinations would be contrary to the goals of the State Medical Facilities Plan and would have a negative impact on the existing facilities and regional hospice inpatient facilities under development.

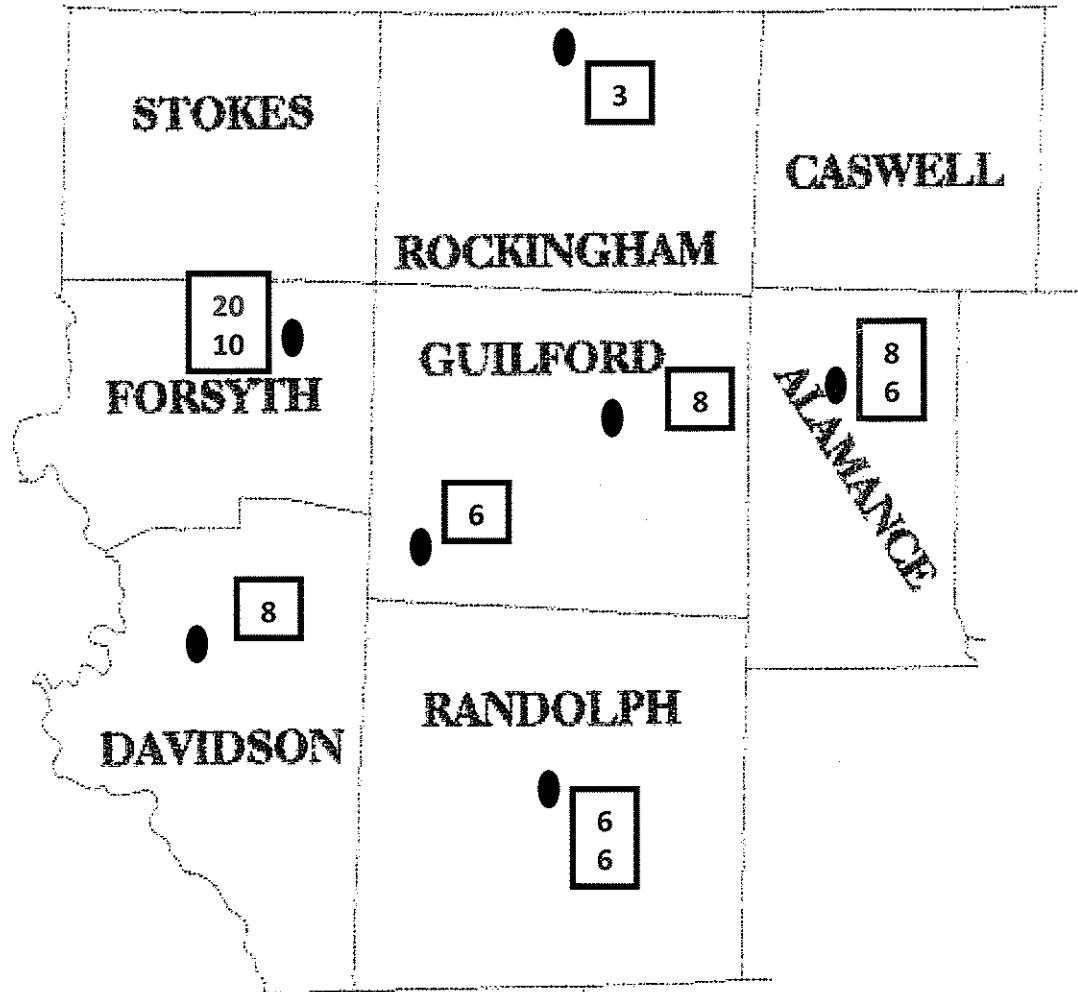
Thank you kindly for your careful consideration of our public comments.

Sincerely,

A handwritten signature in black ink that reads "Pat Soenksen". The signature is written in a cursive, flowing style.

Patricia A. Soenksen, MBA, MA
President and CEO
Hospice and Palliative Care of Greensboro, Inc. (HPCG)

Hospice Inpatient Beds



Blue numbers indicate existing inpatient hospice beds

Red numbers indicate CON approved inpatient hospice beds in development