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JUL 18 2011

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PLANNING SECTION

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DATE: July 19, 2011

RE: Petition for Adjusted Need Determination for Three Inpatient Hospice Beds  
in Rockingham County

## I. Introduction

Hospice of Rockingham County provides a full complement of both Medicare-certified hospice home care and inpatient hospice services. The Hospice serves the majority of hospice-eligible patients in Rockingham County. In 2007, Hospice of Rockingham County opened a licensed hospice facility with three inpatient beds and five residential beds. The three inpatient beds have been operating at full capacity for over two years and the facility often has a waiting list for admission. The high utilization of the inpatient beds supports the need to convert some of the residential beds into inpatient beds.

The standard hospice methodology in the State Medical Facilities Plan does not promulgate need determinations of less than six inpatient hospice beds. Consequently this petition aims to address the needs of Rockingham County for additional inpatient hospice capacity.

### **Hospice of Rockingham County petitions for an adjusted need determination for three inpatient hospice beds in Rockingham County.**

The requested change relates to the inventory and utilization data and need determinations provided in Chapter 13 of the 2012 State Medical Facilities Plan.

## **II. Rationale for the Adjusted Need Determination**

Multiple factors support the petitioner's request for the adjusted need determination and are summarized as follows:

- Demand for inpatient hospice beds far exceeds the current three bed capacity; during the past two years, the annual occupancy of the three inpatient beds has exceeded 100 percent. The high occupancy, combined with the waiting list data, justifies the request for three additional inpatient hospice beds.
- Hospice of Rockingham County is the sole inpatient hospice facility provider in the county and is geographically distant from other licensed inpatient hospice facilities in Guilford, Forsyth and Alamance Counties. No hospice facilities are present in the adjoining counties to the east, west and north.
- The population of Rockingham County has a higher average age and higher mortality rate as compared to statewide averages.
- The proposed expansion of the inpatient hospice beds in Rockingham County has extensive support from physicians, hospitals and County officials.

Each of these factors is explained in the following paragraphs:

## Growth in Demand Exceeds Hospice Inpatient Bed Capacity

The total number of patients served by Hospice (including hospice home care and inpatient and residential) has increased from 323 patients for the 12 month period ending September 30, 2008 to 398 patients for the period ending in September 2010. For the past two years the occupancy of the inpatient hospice unit **has exceeded 100 percent.** Hospice of Rockingham County provided 1,304 days of care in the three inpatient rehabilitation beds for the 12 month period ending September 30, 2010.

Hospice of Rockingham County	Hospice Total Patients Services	Percentage Increase from Previous Year				
2007-08	323	NA				
2008-09	377	16.72%				
2009-10	398	5.57%				
Hospice of Rockingham County	Hospice Inpatient Facility (3 Licensed Beds)		Hospice Residential (5 Licensed Beds)			
	Days of Care	Occupancy %	Days of Care	Occupancy %		
2007-08	484	44.20%	165	9.04%		
2008-09	1517	138.54%	118	6.47%		
2009-10	1304	119.09%	134	7.34%		
Sources: Hospice License Renewal Application Data Supplements for 2009, 2010 and 2011						

The high utilization in the most recent year represents 119 percent occupancy. With a waiting list for inpatient admission, new patients are often admitted to the facility within hours of an inpatient bed becoming available. Also, some patients initially admitted to an inpatient hospice bed are reassessed in a few days and are appropriately transitioned to a residential hospice bed. These two factors allow the facility to achieve greater than 100% occupancy of the inpatient hospice beds.

As seen in the table above, the extremely high occupancy of the inpatient beds sharply contrasts with the low occupancy of the hospice residential beds. Based on these circumstances, Hospice of Rockingham County is convinced that the most effective alternative is to convert three of the existing residential beds to inpatient beds. This proposed change would result in a total of six inpatient beds and two residential beds. The increase of three inpatient beds is justified based on the high occupancy of the existing beds and the number of patients that are on the waiting list.

The lack of available inpatient beds is clearly the limiting factor that restricts patient access. Patient admissions to the inpatient hospice beds are often delayed by several days due to the lack of an available bed. During the eight month period between October 2010 and April 2011, a total of 16 patients died in the hospital or at another facility while waiting admission to the inpatient hospice bed. This figure annualized is 24 deaths, which represent approximately 7.4 percent of the total expected deaths in Rockingham County based on 2009 mortality rates.<sup>1</sup>

### Utilization Data Shows Continued Growth in Overall Hospice Demand

Hospice of Rockingham County provides a continuum of hospice home care services as well as the inpatient hospice facility beds. The following tables demonstrate that with the continuum of care, Hospice of Rockingham County has made great progress in expanding access to the population. The following tables reflect total hospice utilization for the continuum of hospice services. The second table below demonstrates that Hospice of Rockingham County provided care to 97 percent of all Rockingham hospice patients in 2009.

	% of Deaths Served by Hospice in 2000	% of Deaths Served by Hospice in 2009			
Rockingham County Population	19.10%	29.84%			
Sources: Year 2000 percentage of deaths served by hospice based on 2002 SMFP					
Year 2009 percentage of Rockingham deaths served based on 313 deaths served by hospice as reported in the 2011 SMFP and 1,049 total Rockingham deaths from State Center for Health Statistics mortality data					
	# Rockingham County Deaths Served by Hospice in 2000	# Rockingham County Deaths Served by Hospice in 2009			
Hospice of Rockingham County	181	303			
Other Hospices	10	10			
Totals	191	313			
Sources: 2002 SMFP and 2011 SMFP					

This long-term trend in improving access to hospice services is jeopardized by the current lack of available inpatient hospice bed capacity. Hospice of Rockingham County definitely needs additional inpatient beds to provide access to a full continuum of services.

<sup>1</sup> The current year 2010-11 total number of deaths is estimated at 1055 based on the current population multiplied times the 2009 mortality rate of 11.25 per 1000 population.

## Methodology, Projections and Assumptions

Hospice of Rockingham County has developed a methodology to calculate the need for additional inpatient hospice beds as demonstrated in the following table. The methodology, projections and assumptions are outlined in the table. The key assumptions are explained as follows:

In future years, the three inpatient beds are assumed to continue to be utilized at 1304 days of care (119% occupancy) based on 2009 historical data. Growth is constrained by lack of additional beds.

The unmet need for additional inpatient hospice beds is based eight months data for 2010-2011 during which 16 patients died while on the inpatient hospice waiting list with annualize projection of 24 patient deaths which represents 7.3 percent of total Rockingham County annual deaths. The petitioner assumes that the unmet need grows by 1.5% annually. Average length of stay of 9.73 days is based on 2009 actual data.

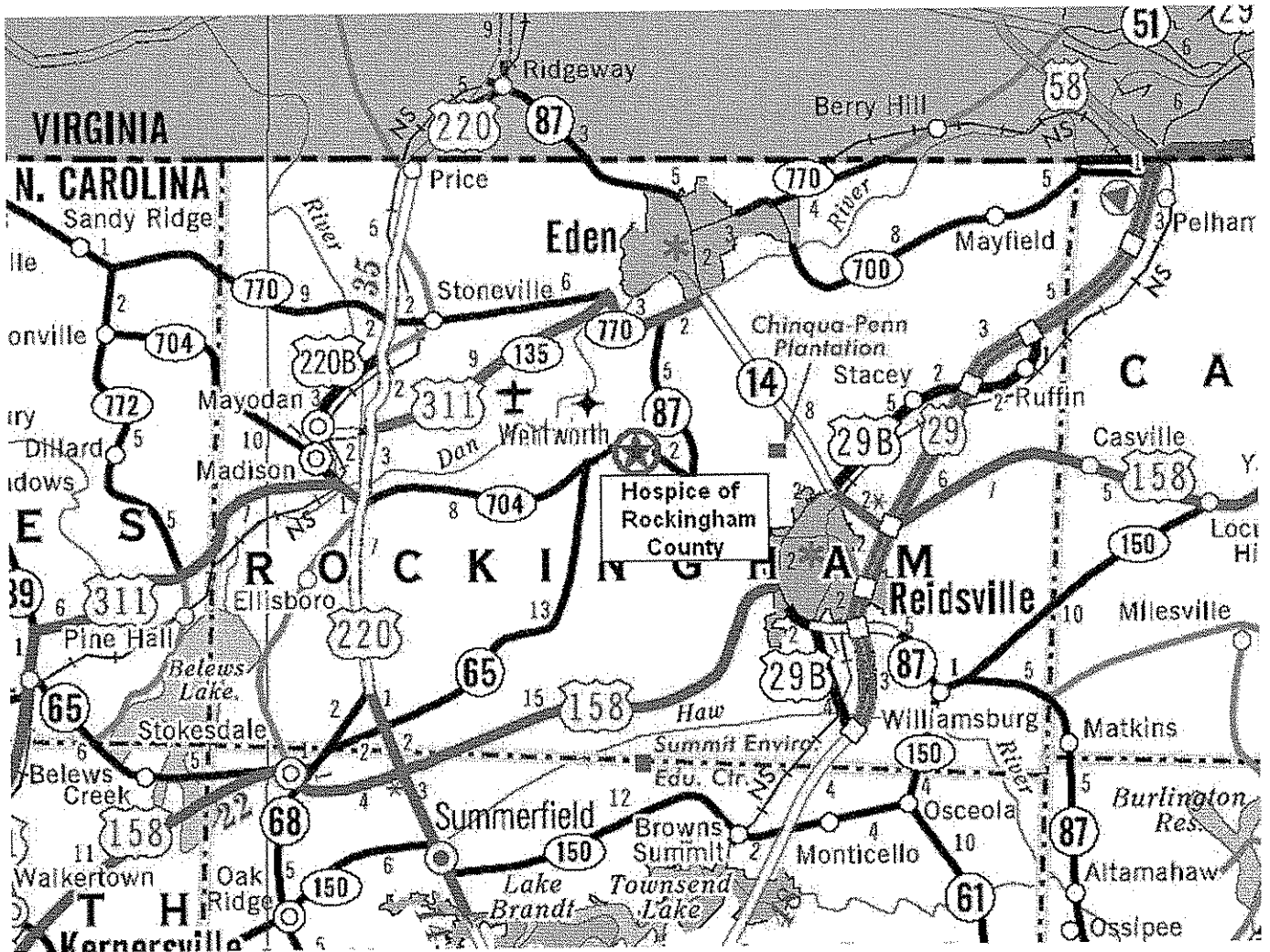
Total potential inpatient days equals the 1304 days plus the unmet inpatient days added together for each year.

Annual occupancy projections of 79 to 87 percent demonstrate that three additional inpatient hospice beds are needed for a total of six inpatient beds at the facility.

Historical Data	2009-10	Future Years Assumptions	Projections			YR 1	YR 2	YR 3
			2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Rockingham County	Actual							
Population	93,273	Projections from NC OSBM	93,764	94,252	94,742	95,234	95,722	96,211
Deaths per 1000 population	11.25	Based on Previous Year	11.25	11.25	11.25	11.25	11.25	11.25
Total Number of Rockingham Deaths	1,049	Pop. X Death Rate / 1000	1,055	1,060	1,066	1,071	1,077	1,082
Percentage Deaths Served by Hospice	29.8%	Assume 1.5% additional per year	31.3%	32.8%	34.3%	35.8%	37.3%	38.8%
Deaths Served by Hospice	313	Based on % and number of deaths	330	348	366	384	402	420
Inpatient Facility Beds Days of Care Hospice of Rockingham (119% Occupancy/ Full Capacity for 3 Bed)	1,304	Days of Care for Current Inpatient Beds at Maximum Capacity Projected Based on 2009 Actual	1,304	1,304	1,304	1,304	1,304	1,304
Unmet Need - Patients Expired Waiting Admission	No data	Unmet Need - # Patients Died Waiting Admission to Inpatient Hospice	24	31	38	45	53	62
		Percent of Total Deaths for # Patients Died Waiting Admission to Inpatient Hospice	7.3%	8.8%	10.3%	11.8%	13.3%	14.8%
		(Assumes increase 1.5% per year)						
		Unmet Need Inpatient Days of Care (based on historical ALOS at 9.73 days)	234	297	365	439	519	604
		Total Inpatient Days plus Unmet Days of Care	1,538	1,601	1,669	1,743	1,823	1,908
		Number of Beds (3 existing plus 3 requested)	3	3	3	6	6	6
		Available Bed Days				2,190.00	2,190.00	2,190.00
		Annual Occupancy				79.60%	83.23%	87.11%

## Geographical Access

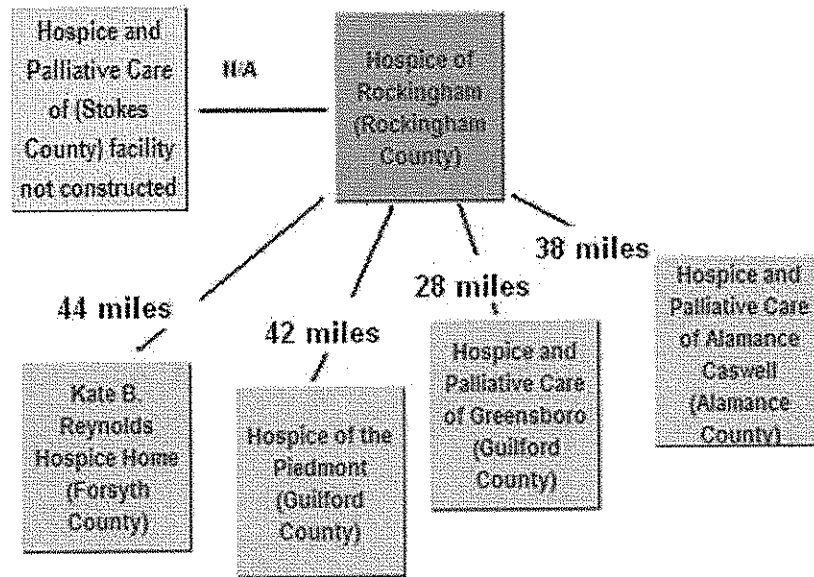
Hospice of Rockingham County is located in Wentworth and is central to the municipalities including Eden, Reidsville, Madison, Mayodan and Stoneville as seen in the map below. This arrangement provides equitable access to the inpatient facility for patients and families from throughout the county. Furthermore the central location is effective for the hospice home care staff serving patients throughout the county.



(North Carolina Department of Transportation Map is modified to show location of Hospice of Rockingham County.)

As the sole inpatient hospice facility within the county, Hospice of Rockingham County is geographically distant from the existing licensed inpatient hospice facilities in Forsyth, Guilford, and Alamance Counties. No hospice facilities are located in the counties to the north, east or west.

### Travel Distances to Inpatient Hospice Facilities in Adjoining Counties



### Demographics

Rockingham County has need for greater access to the inpatient hospice facility due to the population's higher average age as compared to the North Carolina statewide average. The older age segment of the population has the highest demand for hospice services.

2010 Population	North Carolina	Rockingham
Median Age	37.22	40.8
Over 65 Years % Population	12.3%	15.9%
Source: NC Office of State Budget and Management Sept., 2010 data release for county age groups		

Mortality rates for the Rockingham County population are considerably higher as compared to the North Carolina statewide death rates for all types of deaths and the specific types of deaths that are often served by hospice.

Mortality Statistics	North Carolina	Rockingham County	% Variance
2005-09 Death Rates	837.2	1157.6	38.3%
2004-08 Age-Adjusted Heart Disease	202.22	227.5	12.5%
2004-08 Age-Adjusted Stroke	54.4	61.6	13.2%
2004-08 Age-Adjusted Total Cancer	192.5	210.7	9.5%
Source: North Carolina State Center for Health Statistics			

## Community Support

Letters of support included in Attachment 1 show widespread community support. The following table summarizes this information:

Names	Organization	Comments
Edward L. Hawkins, MD	Internal Medicine Practice Reidsville, NC	Fully supports petition. Patient admissions delayed by all current beds being full.
Kenneth S. Karb, MD Boris M. Darovsky, MD	Oncologists with Smith McMichael Cancer Center, Eden, NC	Urgently need more inpatient hospice beds. Many of our patients have been on the waiting list.
Mickey Foster, President	Annie Penn Hospital Reidsville, NC	Often a waiting list for admission. Extended hospital stay is costly and inappropriate. With additional beds, many more patients can obtain timely access.
W. Carl Martin, President and CEO	Morehead Memorial Hospital Eden, NC	Organization works collaboratively with hospice team. Waiting list and extended hospital stay.
Rebecca W. Knight Executive Director	Medical Education and Greensboro AHEC	Supports petition. Need to develop additional inpatient beds. The right thing to do.
T. Lee Covington Executive Director	Aging, Disability & Transit Services of Rockingham County	Supports approval of the petition. High occupancy of existing beds and increases in demand.
Helen L. Bondurant Annie Penn Hospital HR Director (retired)	Community Member	Supports approval of the petition. Excellent facility. Additional inpatient beds needed.
Rev. Dr. Randy Cash Mrs. Martha Cash, LCSW	Associational Missionary, Dan Valley Baptist Association	With additional beds, many more patients can obtain timely access.
Betty Craddock	Community Member	Supports approval of the petition. High occupancy of existing beds and increases in demand.
Jean Ann Wood President	Eden Chamber of Commerce	Existing inpatient beds are fully utilized. Three additional beds are greatly needed.
Jonathan Jobe	Community Member	Supports approval of the petition. Excellent facility. Additional inpatient beds are needed.
Cheryl Albrecht Director	Madison-Mayodan Senior Center	Supports approval of the petition. Excellent facility. Additional inpatient beds are needed.
Debra E. Caldwell Town Manager	Town of Mayodan	Supports approval of the petition. Exceptional care. Additional inpatient beds are needed.
Jesse L. Mills President	J.L. Mills Company, Inc.	Supports approval of the petition. Exceptional care. Additional inpatient beds are needed.
Dr. P. Steven Neal	Community Member	Supports approval of the petition. Exceptional care. Additional inpatient beds are needed.



Danny F. Smith	Flynn Furniture and Carpet	Additional beds are needed to keep pace with demand.
R. Craig Cardwell, Executive Director	Reidsville Area Foundation	Foundation has long supported Hospice. Waiting list delays admissions. Additional inpatient beds needed.
Robert L. Page Chairman and CEO	Replacements Ltd. Greensboro, NC	Supports approval of the petition. Exceptional care. Additional inpatient beds needed.
Glenn L. Martin, MSEH, REHS Director	Rockingham County Department of Public Health	Supports approval of the petition. Exceptional care. Additional inpatient beds needed.
Lionel and Lois Rudd	Community Members	Additional beds are needed to keep pace with demand.
Harold Vaden	Community Member	Additional beds are needed to keep pace with demand.
T. Anne Griffin Executive Director	Western Rockingham Chamber of Commerce	Strongly supports petition. Higher median age and higher mortality. Existing beds are consistently full.

### III. Adverse Effects of No Adjustment

Hospice of Rockingham County predicts that without the proposed adjustment, the following adverse effects will occur:

- Patients and families will lack adequate and timely access to specialized inpatient hospice services.
- Acute care lengths of stay at local hospitals will be extended causing unnecessary expenditures to the healthcare system.
- Occupancy of the three existing inpatient beds will continue to be at or above 100 percent.
- Hospice of Rockingham County will continue to operate the inpatient hospice beds at peak utilization but will be unable to keep pace with the needs of the growing patient waiting list.

### IV. Alternatives Considered

Maintaining the status quo is an alternative that fails to respond to the lack of adequate capacity in Rockingham County. Patients, families, physicians and hospital providers strongly advocate that the current inventory of three inpatient hospice beds must be increased. The current situation limits access and creates hardship, which are inconsistent with the goals of hospice. Requesting an adjusted need determination for four or more additional inpatient hospice beds is an alternative that is overreaching and too costly to achieve.

Petitioning for an adjusted need determination for three inpatient hospice beds is the ideal alternative because the requested capacity is sufficient to eliminate the waiting list and allow for future growth. Also, Hospice of Rockingham County can pursue this alternative with minimal cost and an expedited schedule.

## **V. Evidence That the Requested Adjustment Would Not Cause Unnecessary Duplication of Services**

The requested adjustment of three inpatient hospice beds would not cause unnecessary duplication of services based on the high utilization of the current inpatient beds. No other hospice providers serve a significant number of inpatient hospice patients from Rockingham County.

The facility requires no new construction to increase the inpatient beds because the petition intends to convert three of the existing five residential beds. The five residential beds have maintained an average daily census of less than 0.5 to 1.0 patients per day for the past two years. Rarely does the census of the residential beds exceed two patients. In fact, the annual occupancy level of the existing residential hospice beds has been below 10 percent during the past two years.

In addition, patients have access to multiple long term care facilities and assisted living facilities in Rockingham County as alternatives to utilizing the residential hospice beds. Therefore it is reasonable to conclude that the proposed reduction of residential beds will not restrict access.

## **VI. Evidence That Requested Adjustment is Consistent With The Basic Principles of the State Medical Facilities Plan; Safety, Quality, Access and Value**

Hospice of Rockingham County is convinced that the requested adjustment is consistent with the principles that relate to safety, quality and value. As a licensed inpatient hospice facility, Hospice of Rockingham County proposes to add inpatient hospice beds within a licensed and certified facility that is accredited by the Accreditation Commission for Health Care. Patient safety and quality of care standards will be integrated into the planning, development, licensure and operation of the three additional beds. In addition, the requested change will enhance healthcare value in several ways:

- The requested increase in capacity will allow patients to transition to the appropriate level of specialized hospice care without costly and extended stays in an acute care setting.
- Adding three hospice beds to the present facility can be accomplished without new construction or any significant increase in fixed costs.
- With the completion of the project, facility overhead costs can be spread over the increased days of care. Cost effectiveness will be enhanced due to greater economies of scale based on higher utilization of inpatient hospice beds.
- The requested change supports the continuum of care and coordination with local hospitals that will enhance access and value as seen in the attached letters of support

## **VII. Summary**

For the past two years, the annual inpatient occupancy percentages for Hospice of Rockingham County have exceeded all other inpatient hospice facilities in North Carolina. Based on this high occupancy and the ongoing patient waiting list, additional capacity is needed. Converting three existing residential beds to inpatient beds is justified based on the historical data and future years' projections that are based on reasonable assumptions. Approval of the adjusted need determination for three inpatient hospice beds in Rockingham County is consistent with both the needs of the population and the principals of the State Medical Facilities Plan.

Thank you for your consideration of this request.