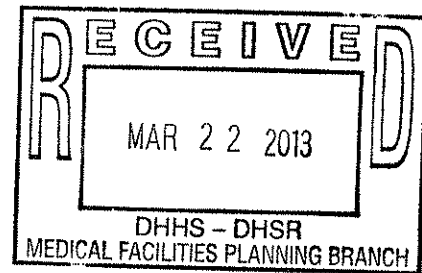


March 22, 2013



Mr. Johnnie Farmer
Chair, Long-Term & Behavioral Health Committee
North Carolina State Health Coordinating Council
2714 Mail Service Center
Raleigh, NC 27699-2714

Re: Written comments in response to the Spring 2013 petition to change the hospice inpatient bed need methodology

Dear Mr. Farmer,

Palliative Care Center & Hospice of Catawba Valley, Four Seasons Compassion for Life, Caldwell Hospice and Palliative Care, Hospice & Palliative Care - Mitchell County, Hospice of the Carolina Foothills, Hospice Cleveland County and Hospice of Rutherford County appreciate the opportunity to comment on the petition by Hospice of Wake County (HOWC) to change the hospice inpatient bed need methodology. Specifically, HOWC has requested that the inpatient utilization rate as a percent of total hospice days (Step 7 of the hospice inpatient bed need methodology) be reduced from 6.0% to 3.5%. As North Carolina providers of hospice inpatient services, we are surprised by and concerned about this petition. We believe that the petition should be denied, and respectfully recommend that the SHCC consider formally establishing a workgroup to evaluate the existing hospice methodologies, with careful thought and input from a broad range of hospice providers. The following letter identifies several reasons why the HOWC petition should be denied.

Inpatient Hospice Growth

The HOWC petition summarized the Centers for Medicare and Medicaid (CMS) clarifications regarding general inpatient (GIP) eligibility requirements. However, the impact of these clarifications resulted in a one-time adjustment that occurred in 2008. As shown in the following table, since 2008, hospice inpatient utilization has steadily increased. Specifically, inpatient days of care have grown at a rate more than two times that of total hospice days of care.

Historical North Carolina Hospice Utilization

Year	Total NC Hospice Days	NC Hospice Inpatient Days	NC GIP % of Total Days
2007	2,691,555	152,703	5.67%
2008	2,679,298	83,728	3.12%
2009	2,657,371	91,646	3.45%
2010	2,873,424	99,178	3.45%
2011	2,915,218	102,824	3.53%
08-11 CAGR	2.9%	7.1%	

Hospice inpatient days of care have experienced a compound annual growth rate (CAGR) of 7.1% compared to overall hospice days of care, which grew an average of 2.9% annually. Additionally, the GIP percent of total days continues to rise, increasing 13.1% between 2008 and 2011.

The petitioner’s comment that “6% inpatient utilization rates are not sustainable in the current market” is unfounded. The following table provides a summary of 16 North Carolina counties whose inpatient utilization rate is greater than five percent.

North Carolina Hospice Inpatient Utilization Rates

County	Facility	FY11 IP Days of Care	FY11 Total Hospice Days of Care	IP % of Total Hospice Days
Buncombe	CarePartners Hospice & Palliative Care Services	6,459	88,682	7.3%
Caldwell	Caldwell Hospice & Palliative Care	2,581	51,029	5.1%
Catawba	Catawba Valley Hospice House & Sherrills Ford Hospice House	3,792	70,503	5.4%
Cleveland	Wendover - Hospice House & Kings Mountain Hospice House	3,132	53,976	5.8%
Columbus	Lower Cape Fear Hospice, Inc.	2,045	35,419	5.8%
Davidson	Hospice of Davidson County/Hinkle House	2,301	44,737	5.1%
Durham	Duke Hospice, Hock Family Pavilion	3,578	47,887	7.5%
Henderson	Elizabeth House (Four Seasons Compassion for Life)	4,690	68,151	6.9%
Iredell	Gordon Hospice House	3,123	48,955	6.4%
New Hanover	Hospice Care Center (Lower Cape Fear Hospice)	4,446	88,540	5.0%
Robeson	Southeastern Regional Medical Center	2,319	38,628	6.0%
Rockingham	Hospice of Rockingham County, Inc.	1,026	15,826	6.5%
Rutherford	Hospice of Rutherford County, Inc.	3,139	49,043	6.4%
Scotland	Hospice of Scotland County	1,997	19,648	10.2%
Surry	Mountain Valley Hospice and Palliative Care	5,255	55,750	9.4%
Wayne	3HC/Kitty Askins Hospice Center	2,497	26,609	9.4%

Source: 2013 State Medical Facilities Plan

Additionally, 20 of the 35 counties with operational hospice inpatient facilities have an inpatient utilization rate greater than 3.5% (based on FY11 data). Thus, the petitioner’s request to reduce the inpatient hospice utilization rate is not consistent with a majority of the counties that operate hospice inpatient facilities.

Utilization of Existing Hospice Inpatient Facilities

Hospice utilization is increasing statewide, as is the development of hospice inpatient facilities throughout the State, including in urban and rural counties. According to the 2013 SMFP, the median number of hospice inpatient beds in existing North Carolina facilities is eight (8). The

median occupancy during FY2011 was **80.6%**. See Attachment A. Despite the petitioner’s commentary to the contrary, North Carolina hospice inpatient facilities are well utilized and approaching practical capacity.

Access

According to the 2013 SMFP, free-standing hospice facilities are located in only 35 of North Carolina’s 100 counties. Eighty five counties in North Carolina are considered rural (see Attachment 2). Many residents of rural counties have limited access to healthcare services.

Geographic access to hospice inpatient services is particularly important for hospice patients. Family members and friends often visit hospice inpatients on a daily basis. Travel can be disruptive, expensive and time consuming for families who must travel out of county long distances to visit their loved ones. When an acute episode occurs and hospice inpatient services are not available, hospice patients are often admitted to the local hospital or skilled nursing facility. Patients may receive end-of-life care in these settings, which are (appropriately) designed to provide general acute care or nursing care rather than palliative care. The cost of providing such care in a hospital or skilled nursing facility setting is also relatively expensive, and less cost effective compared to care administered in a hospice inpatient facility setting.

The HOWC petition would have a negative impact on access to cost effective hospice inpatient services and should be denied.

Aging & Population Growth

Hospice utilization in North Carolina has steadily grown, due in part to the population increase of individuals age 65 and older. During the next five years, this age cohort is expected to grow more than three times faster than the overall population in North Carolina. See table below.

North Carolina Projected Population Growth

	2013	2014	2015	2016	2017	2018	5-Yr CAGR
Total NC Population	9,886,347	9,992,391	10,096,810	10,201,611	10,305,263	10,409,046	1.0%
NC Population Age 65+	1,405,311	1,456,557	1,506,334	1,555,063	1,605,949	1,657,624	3.4%
% of Total Population	14.2%	14.6%	14.9%	15.2%	15.6%	15.9%	

Source: NC Office of State Budget & Management

As the State’s population continues to grow and age, the utilization of hospice services (including hospice inpatient services) will also increase. Likewise, the hospice inpatient utilization rate (as a percent of total days) is likely to continue to increase, which in turn will result in continued demand for hospice inpatient bed capacity.

Conclusion

Revision of state-wide need methodologies is a significant action, with broad impacts on many providers throughout the entire state. Such an action should not occur without detailed analysis of the data, consideration of likely consequences, and input from a broad representation of providers in both urban and rural counties. For these reasons, we request that the SHCC deny the HOWC petition to change the hospice inpatient need methodology in the 2014 SMFP. As a prudent alternative, we urge the SHCC to convene a hospice methodologies workgroup.


The SHCC has a long history of establishing workgroups to evaluate state-wide need methodologies. In this way, the SHCC can enable thoughtful discussion and broad input to more carefully consider intended and unintended consequences of potential changes to methodologies. The most recent SHCC methodology workgroups include:

<u>Workgroup</u>	<u>Year</u>
Hospice Methodologies Taskforce (Home Care & Hospice IP Beds)	2008
Acute Care Services Workgroup (Acute Care Beds & ORs)	2009
Long Term Care Nursing Home Beds Work Group	2010


Because a SHCC workgroup evaluated the hospice methodologies fairly recently (2008), we recommend that a workgroup be convened during 2014 with the workgroup results being considered by the SHCC for development of the 2016 State Medical Facilities Plan.

We would be pleased to join with The Carolinas Center for Hospice and End of Life Care, other North Carolina hospice providers, the Association for Hospice and Home Care of North Carolina and members of the SHCC to study these important issues in a workgroup setting.

Sincerely,

pp. 

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Attachment A: North Carolina Hospice Inpatient Facilities

County	Facility	Number of Licensed Beds 10/1/2010	Number of Beds Added during FY2010	Number of Licensed Beds 9/30/2011	Days of Care per 2012 Data Supplement	Occupancy Rate for Reporting Period
Alamance	* Hospice Home (Hospice of Alamance-Caswell)	8	6	14	2,432	80.6%
Buncombe	* CarePartners Hospice & Palliative Care Services	15	5	20	6,459	95.3%
Burke	Burke Palliative Care Center	8	0	8	1,362	46.6%
Cabarrus	Hospice & Palliative Care of Cabarrus County	6	0	6	1,556	71.1%
Caldwell	* Caldwell Hospice & Palliative Care	0	5	5	1,597	95.9%
Caldwell	* Caldwell Hospice and Palliative Care, Inc	4	0	4	984	95.7%
Catawba	Catawba Valley Hospice House	11	0	11	3,739	93.1%
Catawba	* Sherrills Ford Hospice House	0	6	6	53	34.0%
Cleveland	Wendover - Hospice House	5	0	5	1,825	100.0%
Cleveland	Kings Mountain Hospice House	4	0	4	1,307	89.5%
Columbus	Lower Cape Fear Hospice, Inc.	6	0	6	2,045	93.4%
Cumberland	Carrol S. Roberson Center	8	0	8	1,673	57.3%
Davidson	Hospice of Davidson County/Hinkle House	8	0	8	2,301	78.8%
Duplin	Carolina East Hospice Care Center	3	0	3	745	68.0%
Durham	Duke Hospice, Hock Family Pavilion	12	0	12	3,578	81.7%
Forsyth	* Kate B. Reynolds Hospice Home	20	10	30	8,765	90.2%
Gaston	Robin Johnson House - Gaston Hospice	6	0	6	2,000	91.3%
Guilford	Hospice & Palliative Care Greensboro-Beacon Place	8	0	8	1,753	60.0%
Guilford	Hospice Home at High Point	6	0	6	2,309	105.4%
Harnett	E. Carlton Powell Hospice Center	8	0	8	1,456	49.9%
Henderson	Elizabeth House (Four Seasons Compassion for Life)	19	0	19	4,690	67.6%
Iredell	Gordon Hospice House	9	0	9	3,123	95.1%
Johnston	Johnston Memorial Home Care and Hospice	12	0	12	683	15.6%
Mecklenburg	Levine & Dickson Hospice House	11	0	11	4,330	107.8%
Mecklenburg	Presbyterian Hospital - Harris Hospice Unit	8	0	8	2,215	75.9%
New Hanover	Hospice Care Center (Lower Cape Fear Hospice)	12	0	12	4,446	101.5%
Orange	Duke Hospice at the Meadowlands	6	0	6	1,638	74.8%
Pitt	University Health Systems Inpatient Hospice	8	0	8	1,923	65.9%
Randolph	* The Randolph Hospice House	0	6	6	994	61.4%
Robeson	Southeastern Regional Medical Center	12	0	12	2,319	53.0%
Rockingham	Hospice of Rockingham County, Inc	3	0	3	1,026	93.7%
Rutherford	Hospice of Rutherford County, Inc.	10	0	10	3,139	86.0%
Scotland	Hospice of Scotland County	6	0	6	1,997	91.2%
Surry	Mountain Valley Hospice and Palliative Care	13	0	13	5,255	110.8%
Union	Hospice of Union County	6	0	6	1,266	57.8%
Wake	Hospice of Wake County, Inc	14	0	14	3,028	59.3%
Wayne	* 3HC/Kitty Askins Hospice Center	6	6	12	2,497	80.5%
Median Hospice Inpatient Beds Per Facility						8
Median Occupancy Rate						80.6%

Source: 2013 SMFP

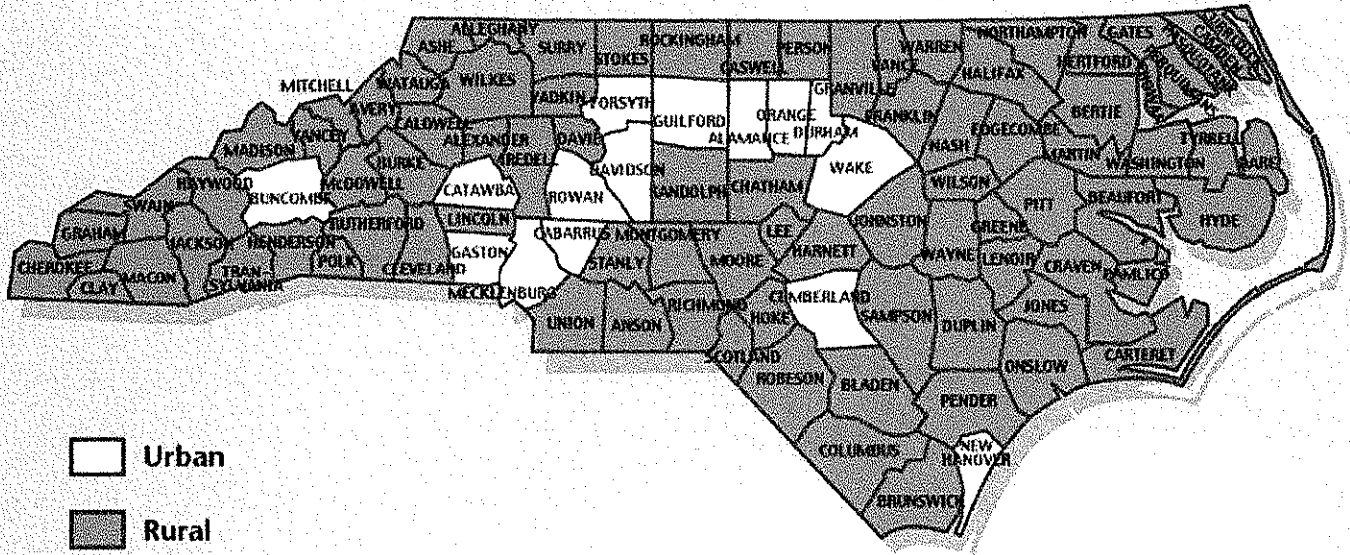
*Occupancy rates adjusted for beds open during the data reporting year or for part of reporting year.

Figures were taken from the 2012 Hospice Data Supplements. Data were self reported to the Medical Facilities Planning Branch.

Attachment B: North Carolina Rural County Map

RURAL AND URBAN COUNTIES

North Carolina



□ Urban
■ Rural

Source: NC Rural Economic Development Center, www.ncruralcenter.org/