

PETITION

Petition for Special Need Adjustment for Inpatient Hospice Beds

PETITIONER

Richmond County Hospice, Inc.
1119 US Highway 1
Rockingham, NC 28379

Kristina Leyden, Interim Chief Executive Officer
(910)997-4464
kmleyden@rchospice.com

STATEMENT OF REQUESTED ADJUSTMENT

Richmond County Hospice, Inc. respectfully petitions the State Health Coordinating Council to create in the *2015 SMFP* an adjusted need determination of three (3) inpatient hospice beds for Richmond County.

BACKGROUND

Richmond County Hospice operates a successful Medicare-certified hospice agency as well as Hospice Haven, a six-bed inpatient hospice facility, in Rockingham, North Carolina. Richmond County Hospice has been providing end-of-life care to residents of Richmond and surrounding counties since 1986. In February 2002, Richmond County Hospice admitted its first patient to Hospice Haven, its new six-bed residential hospice facility in Rockingham. In 2012, with Certificate of Need approval, Richmond County Hospice converted its residential beds to inpatient hospice beds and in December 2012 began operating as the six-bed inpatient hospice facility that is in operation today. The conversion from residential to inpatient beds was in response to a declining demand for residential hospice care and an increasing need to provide inpatient acute care.

The decline in demand for residential hospice care was in part attributable to trends in referral patterns both statewide and nationally. Specifically, physicians and patients appear to be increasingly waiting longer to cease curative treatment and initiate hospice care. In 2012 (the most recent year of data available), 35.5 percent of hospice deaths nationwide occurred within seven days or less of hospice admission. This is up 3.8 percentage points from 31.7 percent in 2005.¹ Similarly, the percentage of all hospice deaths in North Carolina occurring within seven days or less of admission is up more than four percentage points from 2005.² These data suggest that over the last several years, admissions to hospice have been occurring later and later. When an end-of-life

¹ Source: National Hospice and Palliative Care Organization's National Summary of Hospice Care reports

² Source: The Carolinas Center for Hospice and End of Life Care's Hospice Data and Trends reports

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 2 of 11

patient is first admitted to hospice within seven days of death, his or her condition is typically more acute than a patient admitted to hospice much earlier in disease progression. More acutely ill patients, with death imminent, more often require more intensive nursing care to meet advanced needs for symptom control and pain management, thus requiring the inpatient rather than the residential level of care. Richmond County Hospice believes that this trend had significant impact on its shifting demand from residential to inpatient hospice care, and as such with Certificate of Need approval, converted its residential beds to inpatient beds to better meet the needs of its patients and the community.

REASON FOR THE REQUESTED ADJUSTMENT

1. Richmond County Hospice’s historical experience indicates an increasing need for inpatient beds.

Richmond County Hospice converted its original residential facility to a six-bed inpatient hospice facility in 2012 in response to its growing need to serve hospice patients with more intense needs than it could provide in its residential beds and a corresponding decline in demand for the residential level of care. The six inpatient beds have been in operation since December 2012. Since that time, Richmond County Hospice has experienced increasing acuity levels among its hospice facility patients. As such, its inpatient beds are consistently operated at full capacity. Utilization of Richmond County Hospice’s Hospice Haven since the conversion to inpatient beds is provided in the table below.

	<i>FY 2013*</i>	<i>FY 2014^</i>	<i>FY 2013 - 2014 Growth</i>
Days of Care	1,217	2,016	66%
Admissions	92	189	106%
Occupancy	56%	92%	66%
ADC	3.33	5.52	66%

*The inpatient beds became operational in December 2012 and therefore were operational for 10 months of the FY 2013 reporting period.

^FY 2014 volumes are annualized based on actual data for October 1, 2013 through June 30, 2014.

These data clearly indicate significant growth in demand for inpatient beds. The average daily census of Richmond County Hospice’s six inpatient beds is projected to be 5.52 in FY 2014 based on annualized volume statistics. Given the nature of averages, this means that on any given day the census could be six, and on another day five. Over the last nine months, the average daily census of the six inpatient beds has been five or greater in all but one month as shown in the table below, indicating that Richmond County Hospice did not have an inpatient hospice bed available at some point during those months.

Petition: Richmond County Inpatient Hospice Beds
Richmond County Hospice, Inc.
Page 3 of 11

<i>Month</i>	<i>Hospice Haven ADC</i>
October 2013	4.51
November 2013	5.53
December 2013	6.12
January 2014	5.29
February 2014	5.71
March 2014	5.77
April 2014	5.00
May 2014	5.77
June 2014	5.13

In fact, in December 2013, the average daily census of the inpatient beds was 6.12 as there were some days on which a death occurred and the bed was occupied on the same day by a new patient who had been waiting for an inpatient bed to become available. At the time of submission of this petition, all six of Richmond County Hospice's inpatient beds are occupied, and more than one patient is waiting for a bed to become available. Richmond County Hospice maintains a daily waiting list of patients waiting for an inpatient bed at Hospice Haven to become available. The average daily waiting list in each month from April 2013 through May 2014 is provided in the table below.

<i>Month</i>	<i>Hospice Haven Average Daily Waiting List</i>
April 2013	0.9
May 2013	0.8
June 2013	0.8
July 2013	0.6
August 2013	0.7
September 2013	1.2
October 2013	1.4
November 2013	1.4
December 2013	1.6
January 2014	2.6
February 2014	2.4
March 2014	4.6
April 2014	4.5
May 2014	6.4

It is clear to see that the demand for inpatient beds at Richmond County Hospice's Hospice Haven is steadily increasing, with an average of more than six patients waiting

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 4 of 11

for a bed on any given day. In fact, over the last four months, there have been nearly 50 different days on which there were between six and 10 patients on the waiting list.

Historically prior to the development of the inpatient beds, when a patient requiring the inpatient level of care was referred or transferred to Richmond County Hospice's facility, or when a residential patient's needs escalated to the inpatient level of care, Richmond County Hospice transferred the patient to one of two local hospitals, FirstHealth Richmond Memorial or Sandhills Regional, for acute care. This practice continues today since the conversion and opening of the six inpatient beds when an inpatient hospice bed is not available in the facility. As such, the patient is admitted to an inpatient bed in an acute care setting until a bed at Hospice Haven becomes available. These patients are therefore cared for in a less appropriate and more costly setting and are unable to realize the benefits of an inpatient hospice facility at the time they needed it most, with some patients never being able to experience it at all. Just a few examples of Richmond County Hospice's inability to provide an inpatient bed when needed follow.

- A female patient, who was a former Richmond County Hospice Volunteer of the Year, was admitted to Hospice Haven from FirstHealth Moore Regional to stabilize her and provide symptom management before she returned home. After the patient was home for a week, she started to vomit profusely. Unable to get her symptoms under control at home, the family requested that she be readmitted to Hospice Haven, but by that time, there was no bed available. The patient therefore required another hospital admission where she received treatment of her symptoms until a bed became available at Hospice Haven.
- A patient in need of inpatient hospice care and seeking admission to Hospice Haven was held at FirstHealth Richmond Memorial because Richmond County Hospice did not have a bed available at that time. The other alternative offered was a transfer 45 minutes away to FirstHealth Moore Regional's inpatient hospice facility. However, the family faced intense psychosocial challenges that made driving such a distance to visit their loved one difficult if not impossible. As such, the patient was maintained in the acute care setting at FirstHealth Richmond Memorial for four days until a bed became available at Hospice Haven.
- A new patient was directly admitted to Hospice Haven for symptom control and pain management. With symptoms under control, the patient was discharged home, but subsequently had another episode requiring symptom management. Unfortunately, no bed was available at Hospice Haven this time, and the patient was admitted to FirstHealth Richmond Memorial where IVs were started. The patient's daughter wanted the patient returned to Hospice Haven so that unnecessary IVs could be discontinued; as such the hospital called Hospice Haven every day for several days inquiring about inpatient bed availability.

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 5 of 11

- In addition to its continuous struggles to provide adequate bed capacity when needed for acute inpatient hospice care as noted above, Richmond County Hospice is also struggling to meet its mission of providing respite beds due to the acuity of its patients in need of acute inpatient care. As of late, the two local hospitals will no longer contract with Richmond County Hospice for respite beds due to low reimbursement for the service. Richmond County Hospice has contracts with the local skilled nursing facilities for respite care, but consistently finds that patients and families refuse to utilize these facilities for respite care.

Arguably, patients and their families would be more comfortable in the loving environment of a hospice facility rather than in an acute care setting, whether it be the patient's final days, for episodic symptom control and pain management, or for respite care.

2. Richmond County Hospice has sufficient volume to support at least nine inpatient hospice beds.

As previously stated, Richmond County Hospice currently operates six (6) inpatient hospice beds and is seeking to apply for three (3) additional inpatient hospice beds for a total of nine (9) inpatient beds. Richmond County Hospice has experienced significant increases in overall agency utilization in recent years, and based on annualized year-to-date FY 2014 data, will provide more than 23,000 days of care and serve an average daily census of 63.5 patients in 2014.³ Furthermore, Richmond County Hospice is the leading provider of hospice care to patients in Richmond County, providing for 201 of the 289 (70 percent) total hospice deaths in Richmond County in FY 2013.⁴

The *Proposed 2015 SMFP* has determined that there is neither a deficit nor a surplus of inpatient hospice beds in Richmond County. This determination is based on the standard methodology used by the Medical Facilities Planning Section of the Division of Health Service Regulation. The standard methodology calculates need projections based on current average length of stay applied to projected hospice admissions to derive projected hospice days of care, and then inpatient days of care. While Richmond County Hospice does not oppose the general application of the standard methodology, it does believe that the standard methodology fails to account for the unique circumstances experienced by Richmond County Hospice, as previously described in this petition.

Specifically, Richmond County Hospice has experienced a 66 percent increase in days of care provided in its inpatient beds since they became operational (from December 2013 through annualized FY 2014), and as previously discussed routinely has a waiting list of several patients waiting for a bed to become available. Richmond County Hospice expects its growth to continue on an upward trend and given the continuously

³ Per internal data, Richmond County Hospice and Hospice Haven provided 17,383 total days of care from October 1, 2013 through June 30, 2014. This represents an annualized total of 23,177 days of care and an average daily census of 63.5 patients.

⁴ Source: *Proposed 2015 SMFP*

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 6 of 11

increasing pent-up demand evidenced by its daily waiting list that often has up to 10 patients waiting for a bed on any given day, believes it is reasonable to assume that its Hospice Haven days of care will continue to grow conservatively at 10 percent of its growth from FY 2013 through annualized FY 2014, or 6.6 percent per year. Applying this growth rate, Richmond County Hospice projects the following inpatient days of care for Hospice Haven through the next five years.

<i>Fiscal Year</i>	<i>Hospice Haven Inpatient Days of Care</i>
FY 2015	2,149
FY 2016	2,291
FY 2017	2,442
FY 2018	2,603
FY 2019	2,775
CAGR*	6.6%

*Compound annual growth rate

The table below shows the number of beds that would be needed to accommodate the projected days of care assuming the beds operate at 85 percent occupancy (consistent with the *SMFP* methodology).

<i>Fiscal Year</i>	<i>Hospice Haven Inpatient Days of Care</i>	<i>Number of Beds Needed at 85% Occupancy (per SMFP Methodology)</i>
FY 2015	2,149	7
FY 2016	2,291	7
FY 2017	2,442	8
FY 2018	2,603	8
FY 2019	2,775	9

As clearly indicated above, Richmond County Hospice believes that it can reasonably support nine inpatient beds based on the *SMFP* methodology's application of an 85 percent occupancy target applied to its projected inpatient days of care. Therefore, in order to most effectively meet projected need and to serve the best interests of its existing and future patients, Richmond County Hospice is requesting a special need determination for three inpatient beds in the 2015 *SMFP*, which would allow it to seek Certificate of Need approval to expand its existing six-bed facility to provide needed additional capacity.

3. Existing alternatives to the special needs adjustment are less effective and more costly.

Richmond County Hospice operates, in Hospice Haven, six inpatient beds. Thus, patients in Richmond County do have some access to freestanding inpatient hospice

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 7 of 11

care. However, as discussed above, on numerous occasions, patients have experienced significant delays in gaining admission to Hospice Haven, thus requiring several patients to be admitted to an acute care bed at one of the local acute care hospitals while waiting for an inpatient hospice bed to become available. If utilization increases as projected, more and more patients will be forced into alternative treatment locations, including hospitals and nursing homes. Since Richmond County Hospice is the only provider of freestanding inpatient hospice services in the county, options are limited. The only local alternative to an adjusted need determination for patients who require inpatient hospice care, when Richmond County Hospice's beds are full, is admission to an acute care hospital or to a nursing facility.

Richmond County has two acute care hospitals as previously noted and two operational nursing facilities, Richmond Pines Healthcare & Rehabilitation Center and Rockingham Manor⁵. None of these facilities, however, have inpatient hospice beds and thus are generally not as effective in providing the care needed by hospice patients. Care provided to hospice patients outside a hospice facility is generally fragmented and the hospice home care staff is constantly challenged to orient, train, and educate the staff of the institutional inpatient provider. The non-hospice staff, while not specifically trained in hospice care, is required to care for hospice patients as well as acute care patients. As a result, they must transition moment to moment between two extremes in treatment philosophies – the aggressive, curative care for the acute care patient and the palliative and comfort management care of the hospice patient -- one treatment focusing on wellness and healing; the other focusing on death and dying. Inevitably, the result is a departure from the hospice philosophy of care and a less than ideal end-of-life experience for dying patients and their loved ones.

Freestanding inpatient hospice care is a much better option for hospice patients who need more acute symptom control or pain management and more intensive nursing care than can be effectively provided in a home or residential setting. Some advantages to such a facility include:

- Hospice principles and practices are the primary focus of care as the unit is not physically or programmatically attached to any other facility.
- The inpatient unit is designed to be a non-clinical, homelike atmosphere.
- The agency's cost reflects only those costs required to support the needs of hospice patients, not the high technology equipment and services required for an acute care setting.
- Hospice maintains control to ensure that only hospice-appropriate services are provided.
- Patients are served by an interdisciplinary team, with staffing that reflects the needs of both patients and families.

⁵ FirstHealth Richmond Memorial Hospital is licensed for 51 nursing facility beds that are not operational.

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 8 of 11

- The facility and its staff make provisions for teaching caregiver skills to family members so they can participate in the care and support of the patient while in the facility.
- Continuity between home care and facility-based care is consistent with the overall hospice interdisciplinary team plan of care.

It should be noted that Hospice of Scotland County and FirstHealth Hospice & Palliative Care in neighboring Scotland County and Moore County, respectively, each operate an existing inpatient hospice facility. However, those existing facilities are on average a 30 minute and 45 minute drive for Richmond County residents respectively, which can pose a significant challenge for family and friends, particularly the elderly, who wish to visit their loved one in the hospice facility on a frequent basis. Further, neither Hospice of Scotland County nor FirstHealth Hospice & Palliative Care serves a significant number of Richmond County patients. Specifically, as reported in the *Proposed 2015 SMFP*, in FY 2013, Hospice of Scotland County and FirstHealth Hospice & Palliative Care served only 12 and 16 Richmond County hospice deaths respectively, out of a total of 289 deaths.

4. The six-bed minimum should not be applied in Richmond County.

Richmond County Hospice believes that the minimum threshold of six beds for an allocation of inpatient hospice beds should not apply to its agency or to the Richmond County community for the following reasons.

Richmond County Hospice currently operates a facility with six inpatient beds. Thus, unlike other counties without existing inpatient hospice facilities, the expansion of Richmond County Hospice's existing inpatient capacity with the addition of three inpatient beds does not elicit concerns regarding financial viability that arise when a new facility must be constructed. Furthermore, the Certificate of Need process will require Richmond County Hospice to prove the financial feasibility of the proposed project.

Richmond County Hospice currently enjoys a reputation of being a provider of high quality inpatient hospice care in Richmond County. Thus, the community of patients and providers is familiar with the existing services and will support the expansion resulting in three additional inpatient hospice beds. Given its status in the community, Richmond County Hospice will have no challenges receiving the referrals necessary to support the additional inpatient beds, thus eliminating the need for a six-bed threshold for allocation in Richmond County. Further, it is unlikely that another provider would be interested in developing a second freestanding hospice facility in Richmond County, and thus interested in pursuing an allocation of six beds, given that Richmond County Hospice cares for 70 percent of all hospice patients in the county.

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 9 of 11

ADVERSE EFFECTS IF PETITION IS NOT APPROVED

The alternative to the changes requested in this petition is to maintain status quo and continue to operate six inpatient beds. However, if the petition is not approved, Richmond County Hospice will continue to be limited in its ability to meet the needs of its patients and families. Hospice patients needing inpatient care when Hospice Haven's six inpatient hospice beds are occupied will have to be admitted to an acute care hospital or a nursing facility, which is a less effective alternative for the reasons presented in this petition. These patients will either face dying in a hospital or nursing facility, or will have to endure the inconvenience of being transferred from a hospital or nursing facility if and when an inpatient hospice bed becomes available. These patients will receive care in a less appropriate and more costly acute care setting.

ALTERNATIVES CONSIDERED

Only one viable alternative to the proposal in this petition exists – to maintain the status quo. To maintain the status quo would continue to force patients in need of an inpatient hospice bed into less appropriate and more costly acute care settings and would not meet the increasing demand for inpatient bed capacity as evidenced by Richmond County Hospice's daily waiting list for an inpatient bed at Hospice Haven. Please see the full discussion of #3 under the heading: "Reasons for Requested Adjustment" beginning on page 6 of this petition.

EVIDENCE THAT THE PROPOSED CHANGE WOULD NOT RESULT IN UNNECESSARY DUPLICATION

As previously discussed, Richmond County Hospice can support more than the six inpatient beds that it currently operates. Further, no other inpatient hospice beds exist in Richmond County. As previously discussed, Hospice of Scotland County and FirstHealth Hospice & Palliative Care each operate an existing inpatient hospice facility in neighboring Scotland County and Moore County respectively. Neither Hospice of Scotland County nor FirstHealth Hospice & Palliative Care provides a significant level of service to Richmond County hospice patients. This, coupled with the fact that Richmond County Hospice provided 70 percent of the Richmond County hospice utilization in FY 2013, indicates that the majority of Richmond County residents do not seek hospice care from out-of-county providers.

However, to demonstrate that the addition of three inpatient beds to Richmond County Hospice's inpatient bed capacity would not result in a duplication of inpatient services provided by Hospice of Scotland County or FirstHealth Hospice & Palliative Care in their inpatient hospice facilities, Richmond County Hospice adjusted its projected inpatient utilization as follows. In FY 2013, Scotland County residents and Moore County residents accounted for 9.3 percent and 2.6 percent of Richmond County Hospice's days of care respectively. As such, to account for the possibility that some of Richmond County Hospice's patients might choose admission to Hospice of Scotland County's or FirstHealth Hospice & Palliative Care's facilities, Richmond County Hospice

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 10 of 11

very conservatively reduced its projected inpatient days by 12.0 percent per year (9.3 percent plus 2.6 percent) to exclude any potential Scotland and Moore County patients from the projections. The results, as well as the impact on Richmond County Hospice’s projected inpatient bed need, are shown in the table below.

	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>
<i>Inpatient Days of Care</i>					
Total Inpatient Days	2,149	2,291	2,442	2,603	2,775
Inpatient Days Excluding Scotland and Moore County Days	1,892	2,017	2,150	2,292	2,443
<i>Number of Inpatient Beds Needed at 85% Occupancy (per SMFP Methodology)</i>					
Inpatient Beds Needed	7	7	8	8	9
Inpatient Beds Needed Excluding Scotland and Moore County Days	6	7	7	7	8

Clearly, even if 100 percent of Richmond County Hospice’s existing Scotland and Moore County patients were to choose to transfer their care to Hospice of Scotland County or FirstHealth Hospice & Palliative Care for an inpatient admission, which based on its experience Richmond County Hospice believes to be extremely unlikely, Richmond County Hospice could still support eight inpatient hospice beds. Based on its belief in its need for at least nine inpatient beds in the future as well as the design of the existing facility and expansion options, developing three additional inpatient beds is the best alternative and as demonstrated above, also will not result in unnecessary duplication of health resources in the area.

EVIDENCE OF CONSISTENCY WITH THE THREE BASIC PRINCIPLES

Richmond County Hospice believes the petition is consistent with the three basic principles: quality and safety, access and value.

As previously discussed, Richmond County Hospice is known in its community and beyond for providing high quality and compassionate end-of-life care through its home care agency and in its existing hospice facility, Hospice Haven. When an inpatient bed is not available at Hospice Haven, patients must be admitted to the hospital or a nursing home. As explained in this petition, care provided to hospice patients outside a hospice facility is generally fragmented and the hospice home care staff is constantly challenged to orient, train, and educate the staff of the institutional inpatient provider. The non-hospice staff, while not specifically trained in hospice care, is required to care for hospice patients as well as acute care patients. As a result, they must transition moment to moment between two extremes in treatment philosophies – the aggressive, curative care for the acute care patient and the palliative and comfort management care of the hospice patient -- one treatment focusing on wellness and healing; the other focusing on death and dying. Inevitably, the result is a departure from the hospice philosophy of care and a less than ideal end-of-life experience for dying patients and their loved ones. The quality of hospice care can be significantly enhanced in a hospice facility setting rather

Petition: Richmond County Inpatient Hospice Beds

Richmond County Hospice, Inc.

Page 11 of 11

than an acute care setting. As such, the proposal presented in this petition would allow Richmond County Hospice to develop sufficient access to inpatient hospice care in Richmond County, thereby creating a quality inpatient experience for more patients. Further, the necessary provision of inpatient hospice care in an acute care setting when no inpatient hospice bed is available not only requires patients to be cared for in a less appropriate setting, but also represents a more costly means of providing end-of-life care. Finally, because Richmond County Hospice's existing site is conducive to the addition of three inpatient bedrooms and because the addition to the existing building will not require the construction of all of the support and ancillary space that is already sufficiently available, Richmond County Hospice can develop the three additional beds in the most cost-effective manner possible for increasing needed inpatient hospice capacity in Richmond County.

CONCLUSION

Richmond County Hospice believes that the proposed petition is needed to ensure that the end-of-life care needs of Richmond County residents are appropriately and adequately met.

Thank you for your consideration.