

**Long-Term Behavioral Health Committee  
Agency Report  
Adjusted Need Petition for  
Hospice Inpatient Bed Need Determinations  
Proposed 2015 State Medical Facilities Plan**

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***Petitioner:***

Caldwell Hospice and Palliative Care  
902 Kirkwood Street, NW  
Lenoir, North Carolina 28645

***Contact:***

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***Request:***

Caldwell Hospice and Palliative Care requests an adjusted need determination for three hospice inpatient beds for Caldwell County in the *2015 State Medical Facilities Plan* (SMFP).

***Background Information:***

The current hospice methodology uses projected hospice days of care, calculated by multiplying projected hospice admissions by the lower of the statewide median average length of stay or the actual average length of stay for each county. Projected hospice admissions are determined by the application of a two-year trailing average growth rate in the number of admissions served to current admissions. Inpatient days as a percent of total days of care are determined to be approximately six percent, based on statewide inpatient days as a percent of total days of care.

The hospice inpatient methodology projects inpatient beds based on 85 percent occupancy and adjusts projected beds for occupancy rates of existing facilities that are not at 85 percent occupancy. The methodology makes single-county determinations when the county deficit is six or more beds based on the standard methodology.

Chapter Two of the SMFP allows people to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology. Caldwell Hospice and Palliative Care is requesting new beds in addition to their existing licensed beds.

It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. Therefore, should there be additional need determinations in the

2015 SMFP, the CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

***Analysis/Implications:***

Caldwell Hospice and Palliative Care requests an adjusted need determination for three hospice inpatient beds for Caldwell County in the 2015 SMFP. Caldwell Hospice has two hospice facilities in Caldwell County. The Williams E. Stevens, Jr. Patient Care Unit in Kirkwood with four inpatient beds and two residential beds and the Forlines Patient Care Unit in Hudson with five inpatient beds and seven residential beds. Based on the Hospice 2014 Annual Data Supplement to the License Renewal Application information (FY2013), the inpatient facilities’ occupancy rates are 92.88% and 94.90% respectively. The countywide occupancy rate is 94.00% as indicated in the Proposed 2015 SMFP.

By application of the standard methodology, the Proposed 2015 SMFP identifies a deficit of one hospice inpatient bed for Caldwell County however, it does not trigger a need determination for new hospice inpatient beds in the county.

The petitioner states the primary reason for the request for additional inpatient beds is “its inpatient beds consistently operate at high occupancy rates...in the last three full fiscal years”. This statement is supported by occupancy rates calculated by information collected on the Hospice Annual Data Supplement and is depicted in Table 1 below.

|                                    | FY2011 | FY2012 | FY2013 |
|------------------------------------|--------|--------|--------|
| Caldwell County                    | 95.8   | 96.8   | 94.0   |
| Proposed 2015 SMFP; 2013-2014 SMFP |        |        |        |

However, as explained by the petitioner, this data does not tell the whole story. Due to the increasing acuity levels among patients, Caldwell Hospice’s inpatient beds are full. A residential patient with a condition that has increased in acuity often must be maintained in a residential bed because there is no inpatient bed available. This patient receives the appropriate inpatient treatment, the only difference is Caldwell Hospice cannot bill for inpatient level of care for the patient. In these cases, they bill and receive reimbursement for only routine home care and this is negatively affecting the agency’s finances. Furthermore, patients who receive inpatient level of care services in a residential bed are not included in the inpatient days of care count suppressing Caldwell’s total number of inpatient days of care.

The FY2013 data shows there were 551 total admissions and 53,449 total days of care reported in Caldwell County and based on the calculations of the standard methodology, Table 13C in the Proposed 2015 SMFP shows 43,048 days of care projected for 2018 for Caldwell County, a total of 10,401 days of care less than the county actually reported for FY2013 as detailed in the next table.

| Table 13C: Year 2018 Hospice Inpatient Bed Need Projection - Caldwell County |                              |                                |                    |                       |                                  |                                     |                                                     |                               |                                |                         |                                  |                   |
|------------------------------------------------------------------------------|------------------------------|--------------------------------|--------------------|-----------------------|----------------------------------|-------------------------------------|-----------------------------------------------------|-------------------------------|--------------------------------|-------------------------|----------------------------------|-------------------|
| County                                                                       | Total Admissions (2013 Data) | Total Days of Care (2013 Data) | ALOS per Admission | 2018 Total Admissions | 2018 Days of Care at County ALOS | 2018 Days of Care at Statewide ALOS | Projected 2018 Days of Care for Inpatient Estimates | Projected Inpatient Days (6%) | Projected Total Inpatient Beds | Currently Licensed Beds | Existing Facility Occupancy Rate | Deficit (Surplus) |
| Caldwell                                                                     | 551                          | 53,449                         | 97.00              | 651                   | 63,175                           | 43,048                              | 43,048                                              | 2,583                         | 8                              | 9                       | 94.00%                           | 0                 |
| *Statewide Median ALOS per Admission 66.1%                                   |                              |                                |                    |                       |                                  |                                     |                                                     |                               |                                |                         |                                  |                   |
| Proposed 2015 State Medical Facilities Plan                                  |                              |                                |                    |                       |                                  |                                     |                                                     |                               |                                |                         |                                  |                   |

To accurately reflect what is occurring in the county, the agency recommends projecting 2018 days of care for the inpatient estimate utilizing 2018 days of care at the county average length of stay (ALOS) for Caldwell County. This will result in a total projected hospice inpatient bed deficit of three beds as illustrated in the table below.

| Table 13C: (showing 2018 DOC adjusted at the County ALOS) - Caldwell County |                              |                                |                    |                       |                                  |                                                     |                               |                                |                         |                                  |                   |
|-----------------------------------------------------------------------------|------------------------------|--------------------------------|--------------------|-----------------------|----------------------------------|-----------------------------------------------------|-------------------------------|--------------------------------|-------------------------|----------------------------------|-------------------|
| County                                                                      | Total Admissions (2013 Data) | Total Days of Care (2013 Data) | ALOS per Admission | 2018 Total Admissions | 2018 Days of Care at County ALOS | Projected 2018 Days of Care for Inpatient Estimates | Projected Inpatient Days (6%) | Projected Total Inpatient Beds | Currently Licensed Beds | Existing Facility Occupancy Rate | Deficit (Surplus) |
| Caldwell                                                                    | 551                          | 53,449                         | 97.00              | 651                   | 63,175                           | 63,175                                              | 3,791                         | 12                             | 9                       | 94.00%                           | 3                 |

Despite small variations in population the Caldwell County's days of care (DOC) and ALOS have steadily increased over the last five reporting periods as shown in the Table 2 below.

| Table 2: Hospice Inpatient Data - Caldwell County                            |        |        |        |        |        |
|------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
|                                                                              | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 |
| County Population                                                            | 81,373 | 81,746 | 83,493 | 81,881 | 82,231 |
| Total Admissions                                                             | 464    | 537    | 526    | 537    | 551    |
| Days of Care                                                                 | 44,158 | 51,442 | 51,029 | 50,764 | 53,449 |
| Average Length of Stay (ALOS)                                                | 95.2   | 95.8   | 97.01  | 94.53  | 97     |
| Population figures are from N.C. OSBM; Proposed 2015 SMFP and 2011-2014 SMFP |        |        |        |        |        |

Caldwell Hospice serves almost one-half of all deaths in Caldwell County. A trend that has outpaced the statewide median percentage of deaths served by hospice as depicted in Table 3 below. Further, adding to the need for additional inpatient bed capacity.

| Table 3: Percentage of Deaths Served by Hospice - Caldwell County                       |        |        |        |
|-----------------------------------------------------------------------------------------|--------|--------|--------|
|                                                                                         | FY2009 | FY2010 | FY2011 |
| County Deaths                                                                           | 844    | 953    | 895    |
| Hospice Patient Deaths                                                                  | 407    | 462    | 434    |
| Percentage of Total Deaths Served by Hospice                                            | 48.22% | 48.48% | 48.49% |
| Statewide Median Percentage                                                             | 30.91% | 32.00% | 40.42% |
| The Carolina Center for Hospice and End of Life Carem Hospice Data & Trends FY2010-2012 |        |        |        |

***Agency Recommendation:***

The agency supports the standard methodology for hospice inpatient beds as presented in the Proposed 2015 Plan. However, the standard methodology does not project an inpatient days of care figure that accurately reflects the actual hospice inpatient bed need in Caldwell County. This is because the county ALOS exceed the statewide median ALOS. If the agency projects inpatient days of care using Caldwell County's ALOS, a deficit of three inpatient beds results.

The agency recognizes and supports the state health planning process and policies as identified in the SMFP and approved by the SHCC and the governor. Given available information submitted by the August 15, 2014 deadline and in consideration of factors discussed above, the agency recommends approval of this petition.