

**Long-Term and Behavioral Health Committee  
Agency Report  
Adjusted Need Petition to  
Remove Hospice Home Care Office in Rowan County  
Proposed 2020 State Medical Facilities Plan**

---

***Petitioner # 1:***

Novant Home Health  
1229 Statesville Blvd.  
Salisbury, NC 28144

***Petitioner # 2:***

Trellis Supportive Care  
101 Hospice Lane  
Winston-Salem, NC 27103

***Contact # 1:***

Andrea Gymer  
Vice President,  
Operational Planning and Innovation  
(336) 277-1523  
[agymer@novanthealth.org](mailto:agymer@novanthealth.org)

***Contact # 2:***

Linda Darden  
President & CEO  
(336) 768-3972  
[ldarden@trellissupport.org](mailto:ldarden@trellissupport.org)

***Request:***

Novant Health Hospice (Novant) and Trellis Supportive Care (Trellis) submitted two separate petitions, each requesting the removal of a need determination for a hospice home care office for Rowan County from the *Proposed 2020 State Medical Facilities Plan (SMFP)*.

***Background Information:***

Chapter Two of the State Medical Facilities Plan (SMFP) provides that “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions.” The planning process and time allow for submission of petitions requesting adjusted need determinations in the summer. It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The hospice home care methodology utilizes a two-year trailing average growth rate in the number of deaths served and in the percent of deaths served. No need determinations are considered for counties with three or more hospice home care offices per 100,000 population. The threshold for a need determination is a deficit of 90 or greater deaths, which represents the penetration rate (8.5 deaths per 1,000 [statewide death rate] x 100 = 850 deaths per 100,000 x 29.5 % of deaths served = 251 deaths served per hospice agency/3 hospice agencies = approximately 90). Thus, the placeholder for a new hospice office is 90 in order to maintain consistency.

***Analysis/Implications:***

Beginning in 2010, Novant and Trellis provided licensed hospice services as Rowan Hospice and Palliative Care (RHPC). The joint venture ended when Novant left in August 2018. Novant and Trellis now provide hospice services to the residences of Rowan County separately. Neither entity supports the county need determination for one additional hospice home care office or agency in Rowan County as reflected in the *Proposed 2020 Plan*.

The petitioners’ reference three rationales for the removal of the adjusted need determination: (1) hospice admissions, days of care (DOC) and deaths are declining in the county; (2) residents have enough access to services; and (3) dissolution of the joint business venture between the two local providers caused a decrease in the reported number of hospice patient deaths resulting in an unwarranted need determination.

**Key Figures**

The petitions mention three years of declining hospice admissions (FY2015-2017) and DOC (FY2016-2018) as reasons why an additional hospice home care office is unnecessary. However, unlike the hospice inpatient bed standard methodology, the hospice home care standard methodology does not use hospice admissions or DOC to calculate need for a hospice home care agency or office.

Instead, as previously mentioned, the methodology uses a two-year trailing average growth rate in the number of deaths served and in the percent of deaths served. The methodology also uses a five-year death rate per 1,000 population for each county. Table 1 shows Rowan County’s five-year trend in the death rate per 1,000 population for the 2016 – 2019 SMFPs and the Proposed 2020 SMFP. The county’s death rate per 1,000 population reflects a compound annual growth rate (CAGR) of 2.02%.

**Table 1**

**Five-Year Trend of Death Rate/1000 Population for Rowan County**

<b>SMFP Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Proposed 2020</b>	<b>5-Year CAGR</b>
<b>Death Rate/1000 Population</b>	10.8	11	11.3	11.5	11.7	2.02%

*Source: SMFPs 2016-2019; Proposed 2020 SMFP*

Another key component of the standard methodology is the estimated population of each county. Figures obtained from the N.C. Office of State Budget and Management show that Rowan County’s estimated population continues to increase, following close behind the state’s 5-year CAGR, as reflected in Table 2 below.

**Table 2**

**Rowan County Comparison to Statewide Population**

<b>Population</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>5-Year CAGR</b>
<b>Rowan County</b>	138,710	138,718	143,493	144,755	145,248	1.16%
<b>North Carolina</b>	10,179,881	10,285,840	10,399,818	10,542,144	10,677,899	1.20%

*Source: SMFPs 2016-2019; Proposed 2020 SMFP*

Access to Services

The petitioners correctly state that the residents of Rowan County received services from 20 hospice home offices. Table 13A, Hospice Data by County of Patient Origin – 2018 Data, in the Proposed 2020 Plan lists two hospice home care offices located in Rowan County, ten offices located in a county contiguous to Rowan, and eight hospice home care offices located elsewhere in the state that provided services to residents of the county.

The Petitioners believe that because, “county residents have been able to choose from among 18-20 hospice licensed operations every year for the last four years,” that the county need determination is unwarranted. In Chapter 13 of the SMFP it states, “a hospice office service area is the county in which the hospice office is located.” However, if this were the case, residents would be able to choose from additional local providers as opposed to 18 providers located outside the county.

Need Determination

The Petitioners are of the opinion that the dissolution of the joint business venture between Novant and Trellis caused a decrease in the reported number of hospice patient deaths which erroneously resulted in the county need determination. While the break-up between the two hospice providers may have disrupted their business, thus causing lower patient volumes for the FY2018 data reporting year, it was not the cause of the need determination.

The need determination can be directly attributed to increases in the county’s death rate per 1,000 population, estimated county population, and to an increase in the statewide median percentage of deaths served. The median projected hospice deaths is calculated by applying the projected statewide median percentage of deaths served by hospice to projected deaths in the county. The statewide median percentage of deaths served increased from 40.6% in projected Y2020 to 44.5% in projected Y2021. This is shown in the excerpt from Table 13B of the *Proposed 2020 SMFP*, below in Table 3.

**Table 3**

Table 13B: Year 2021 Hospice Home Care Office Need Projections													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
County	2013-2017 Death Rate/1000 Population	2021 Population (excluding military)	Projected 2021 Deaths	2018 Reported Number of Hospice Patient Deaths	2021 Number of Hospice Deaths Served at Two Year Trailing Average Growth Rate	2021 Number of Hospice Deaths Served Limited to 60%	Projected 2021 Number of Hospice Deaths Served	Median Projected 2021 Hospice Deaths	Placeholders for New Hospice Office	Projected Number of Additional Patients in Need Surplus (Deficit)	Licensed Hospice Offices in County	Licensed Home Care Offices in County per 100,000	Additional Hospice Office Need
Source or Formula =>	Deaths - N.C. Vital Statistics	N. C. Office of State Budget and Management	Col. B x (Col. C/1,000)	2019 License Data Supplements	Col. E x 3 Years Growth at 2.3% annually	Col. D x 60%	Lower Number of Deaths between Col. F and Col. G	Col. D x Projected Statewide Median Percent Deaths Served (44.5%)		Col. H + Col. J - Col. I	2019 License Renewal Applications	Col. L / (Col. C / 100,000)	If Col. M <= 3 and Col. K <= 90
Rowan	11.7	145,248	1,699	557	597	1,020	597	756	0	-160	4	2.8	1

The Petitioners claim that low volumes, in general, affected the methodology. The only provider reported figure used in the standard methodology is the number of hospice patient deaths obtained from the Hospice 2019 Annual Data Supplement to the License Renewal Application (FY2018). The Agency substituted the reported number of hospice patient deaths from FY2017 for Rowan County and kept all other values constant then ran the methodology. The results appear below in Table 4, a need determination for one hospice home care agency or office still remains.

**Table 4**

Table 13B: Year 2021 Hospice Home Care Office Need Projections													
A	B	C	D	E	F	G	H	I	J	K	L	M	N
County	2013-2017 Death Rate/1000 Population	2021 Population (excluding military)	Projected 2021 Deaths	2018 Reported Number of Hospice Patient Deaths	2021 Number of Hospice Deaths Served at Two Year Trailing Average Growth Rate	2021 Number of Hospice Deaths Served Limited to 60%	Projected 2021 Number of Hospice Deaths Served	Median Projected 2021 Hospice Deaths	Placeholders for New Hospice Office	Projected Number of Additional Patients in Need Surplus (Deficit)	Licensed Hospice Offices in County	Licensed Home Care Offices in County per 100,000	Additional Hospice Office Need
Source or Formula =>	Deaths - N.C. Vital Statistics	N. C. Office of State Budget and Management	Col. B x (Col. C/1,000)	2019 License Data Supplements	Col. E x 3 Years Growth at 2.3% annually	Col. D x 60%	Lower Number of Deaths between Col. F and Col. G	Col. D x Projected Statewide Median Percent Deaths Served (44.5%)		Col. H + Col. J - Col. I	2019 License Renewal Applications	Col. L / (Col. C / 100,000)	If Col. M <= 3 and Col. K <= 90
Rowan	11.7	145,248	1,699	605	648	1,020	648	756	0	-109	4	2.8	1

Using a prior year’s data, the methodology generated a need determination for one hospice home care office. The assumptions of the standard methodology state, “[a] need for an additional hospice home care office exists if: the county’s deficit is 90 patients or more and the number of licensed hospice home care offices located in the county is three or fewer per 100,000 population.” Even

using last year's reported number of hospice patient deaths, Rowan County's deficit of 109 is 19 patients above the 90-patient threshold.

After analysis of county data and review of standard methodology it is clear the county need determination for a hospice home care agency or office would have occurred regardless of the declining hospice numbers or the dissolution of the joint venture between the two local providers.

***Agency Recommendation:***

The Agency supports the standard methodology for hospice home care offices as presented in the Proposed 2020 Plan. The Agency considered the available information and comments submitted by the August 8, 2019 deadline for comments on petitions and comments, and in consideration of factors discussed above, recommends denial of this petition.