



PETITION

Petition for Changes to the Hospice Home Care Need Methodology

PETITIONER

The Carolinas Center for Hospice and End of Life Care
P.O. Box 4449

Cary, NC 27519

Judy Brunger, President and CEO
919.677.4123
jbrunger@carolinasendoflifecare.org

DFS HEALTH PLANNING
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MAR 05 2008

Medical Facilities
PLANNING SECTION

NORTH CAROLINA
PO Box 4449

Cary, NC
27519-4449

PHONE
919 677 4100

FAX
919 677 4199

TOLL FREE
800 662 8859

SUMMARY

The Carolinas Center for Hospice and End of Life Care respectfully petitions the State Health Coordinating Council to:

- 1) Modify the existing hospice home care methodology for the 2009 SMFP; and,
- 2) Convene a task force to fully evaluate the hospice home care and hospice inpatient bed need methodologies for the 2010 SMFP¹.

SOUTH CAROLINA
1000 Center Point Rd.
Columbia, SC
29210

PHONE
803 791 4220

FAX
803 791 5664

BACKGROUND

As a result of the numerous petitions related to the current hospice home care methodology and subsequent decisions by the SHCC to adjust need determinations to no need for new hospice home care agencies in the last two years, The Carolinas Center convened a provider group in the summer of 2007 to review the hospice home care methodology and develop recommendations for improvements to the methodology, with the expectation of petitioning for those changes in the 2009 SMFP. After reviewing each component of the existing methodology, making multiple adjustments to the existing methodology, and discussing these adjustments at numerous provider group meetings, The Carolinas Center recognized that its review and discussions had generated significant issues with the current methodology, more than could be addressed in time for the 2009 SMFP. However, The Carolinas Center identified a clear, recurring inequity in the methodology that could easily and equitably be made to the 2009 SMFP. Thus, The Carolinas Center is submitting this petition with its requests for minor modifications to the existing methodology for inclusion in the 2009 SMFP and the appointment of a task force to develop a new methodology for the 2010 SMFP.

¹ Although the hospice inpatient bed need methodology is not the subject of this petition, there are numerous interactive factors between the home care and inpatient methodologies that lead The Carolinas Center to strongly recommend that the proposed task force evaluate both methodologies simultaneously.

REQUESTED CHANGES

Modify the Methodology for the 2009 SMFP

Although The Carolinas Center is requesting that the SHCC appoint a task force to evaluate the methodology for the 2010 SMFP, it also believes that there are two changes to the existing methodology that would improve its application in the 2009 SMFP. Both modifications will require limited effort on behalf of MFPS staff, and The Carolinas Center is more than willing to share its files, which would further reduce the staff's workload to institute these changes.

1. **Use the median, rather than the average, for percent of deaths served by hospice.** The current methodology uses the North Carolina average (total North Carolina deaths served by hospice divided by total North Carolina deaths) to calculate the percent of deaths served by hospice. Because of the dramatic variances in penetration rates discussed below, The Carolinas Center believes the median, rather than the average, is a more appropriate statistic given the intent of the methodology to use what "typically" occurs in the state.
2. **Apply a three-year compound annual growth rate to the number of deaths served by existing hospices to then be subtracted from projected hospice deaths to determine unmet need.** Unlike the home health methodology (the only similar service/methodology in the SMFP), the current hospice home care methodology assumes that existing providers will serve the same number of hospice deaths four years later (e.g., the same number of deaths in 2009 [projection year for the 2008 SMFP] as in 2005 [base year for the 2008 SMFP]). This assumption of the current methodology is not substantiated by actual experience. Existing hospices, on average, have increased the number of deaths served by 10 percent *per year* since 2002. To continue under the current methodology does not credit existing providers for the services they actually render and creates need in service areas where need may not actually exist, particularly in areas of high population growth.

Convene Task Force for 2010 SMFP

Given the numerous issues raised during its review of the current methodology, the Carolinas Center is requesting that the SHCC convene a task force to thoroughly examine planning policies that should drive the hospice home care methodology and the most appropriate method for incorporating those policies into a new hospice home care methodology.

The Carolinas Center's review of the existing methodology identified the following issues that it believes should be addressed by the proposed task force, recognizing that additional issues may be discovered by the task force:

1. **Definition of "met" need and saturation of hospice home care in a given service area.** At present, the median North Carolina hospice penetration rate (as measured by percent of total deaths in a county) is 27 percent. However, some counties within the state have penetration rates as high as 55 percent, with others as low as 10 percent. Based on its own brief investigation of other states, The Carolinas Center has discovered that other communities have penetration rates as high as 70 percent. In order to devise a methodology that assures the most appropriate access to hospice care for North Carolina citizens, The Carolinas Center believes the proposed task force should define the circumstances under which a service area's hospice home care need is met.
2. **Evaluate differences between need in urban versus rural service areas.** The current methodology (and the various alternatives The Carolinas Center explored) does not differentiate between urban and rural service areas. As a result, a county of 50,000 may generate a need for two (or more) hospice home care

agencies, while urban counties of 200,000 and more may never generate a need for more than one hospice home care agency. One alternative for addressing this issue may be the creation of multi-county service areas for rural communities.

3. **Consider chronically underutilized hospice service areas.** As noted above, counties in North Carolina experience significantly different rates of hospice penetration. Anecdotally, The Carolinas Center understands that in some counties, the lack of hospice penetration is not the result of insufficient hospice providers or existing providers' failed efforts to reach the community, but rather other factors beyond the control of the local providers. Such factors may include the unwillingness of local physicians to refer patients to hospice care or cultural beliefs that create reluctance on behalf of patients and families to accept hospice services.
4. **Consider the differences in approach to the provision of hospice home care services.** While the majority of hospices in North Carolina are currently Medicare certified, and thus must comply with Medicare's specific guidelines regarding the provision of hospice home care services, the approaches among hospice providers has diversified in recent years. For example, some hospice providers focus on service to patients residing in long-term care facilities, which may reduce their influence and impact on the general community population in contrast to "traditional" community-based hospice agencies. The Carolinas Center believes these differences should be considered with regard to the definition of "met" need discussed in (1) above.
5. **Account for age differences among hospice service areas.** Another quantitative factor that drives differences in penetration rates is the age of a particular community. Although the current methodology accounts for age differences to a degree by applying a penetration rate to the actual projected deaths in a given county, it fails to address the fact that counties with much younger populations experience deaths from different causes than those with much older populations. A higher proportion of the causes of deaths among younger populations are not foreseeable and therefore not appropriate for hospice care.
6. **Use non-adjusted death rate in calculating projected deaths.** Currently the methodology applies a county's age-adjusted death rate when projecting deaths. (An age-adjusted death rate "normalizes" the death rate between different populations, such that a higher number of deaths that result only from age differences in the population are excluded.) While adjusted deaths are useful in many circumstances (especially for comparison purposes between populations), For purposes of calculating an individual county's expected number of deaths, using adjusted death rates produces the opposite of the desired result. For example, the projected deaths for counties with older populations will be lower than the county actually experiences, while the projected deaths for counties with younger populations will be higher. The Carolinas Center believes the non-adjusted death rate would be the preferable statistic for calculating actual, expected deaths in a given county.
7. **Apply a growth factor for existing hospice home care providers.** (See above discussion regarding modifications to the 2009 SMFP methodology).

IMPACT IF PETITION IS NOT APPROVED

The Carolinas Center believes the impact of denying this petition is threefold: 1) providers will continue to seek more special need adjustments to the standard methodology (both for and against need determinations) than would be expected under a methodology that accurately reflects need for most of the state; 2) need may be generated in service areas for which a true need does not actually exist, thus negatively impacting both the existing and new providers; and 3) need may not be generated in areas for which a true need does exist, thereby depriving North Carolina citizens of access to needed health services.

CONCLUSION

As stated previously, it was The Carolinas Center original intent to petition the SHCC with comprehensive changes to the current methodology that would address many of the recent issues surfaced by hospice providers and that could be incorporated into the 2009 SMFP. However, the extensive analysis that went into that effort led The Center to the conclusion that the optimal, short-term solution would be to propose to easily adapted changes for the 2009 SMFP and, long-term, to establish a task force to thoroughly evaluate hospice home care need, both the policies that determine need and the subsequent methodology. The Carolinas Center is prepared to assist the SHCC, the MFPS staff, and the proposed task force in any way possible to develop hospice policies and need methodologies that promote the most appropriate utilization of, and access to, hospice services.

Thank you for your consideration.