



**PETITION FOR AN ADJUSTED NEED DETERMINATION FOR THREE  
HOSPICE INPATIENT BEDS FOR CATAWBA COUNTY**

**Petitioner:**

Palliative Care Center & Hospice of Catawba Valley, Inc.  
d/b/a Catawba Regional Hospice  
3975 Robinson Road  
Newton, NC 28658

David Clarke, President/CEO  
(828) 466-0466

**Requested Change:**

Catawba Regional Hospice (CRH) seeks to expand access to hospice inpatient services in Catawba County and *petitions for an adjusted need determination for three hospice inpatient beds in Catawba County in the 2014 SMFP.*

**Reasons Supporting Requested Change:**

**Proposed 2014 State Medical Facilities Plan/Identified Need:**

The standard methodology for projecting hospice inpatient beds in the Proposed 2014 SMFP shows there is no need determination for hospice inpatient beds for Catawba County. However, CRH believes there are numerous reasons that justify the development of additional hospice inpatient beds in Catawba County. As described in the Proposed 2014 SMFP,

*“People who believe that unique or special attributes of a particular geographic area or institution give rise to resource requirements that differ from those provided by*

*application of the standard planning procedures and policies may submit a written petition requesting an adjustment be made to the need determination given in the North Carolina Proposed State Medical Facilities Plan.”*

Additionally, Chapter 13 of the Proposed 2014 SMFP states,

*“The Long-Term and Behavioral Health Committee and the State Health Coordinating Council will consider petitions for adjusted need determinations that are filed in accordance with provisions outlined in Chapter 2 of the State Medical Facilities Plan.”*

CRH recognizes the long-standing support of the Long-Term and Behavioral Health Committee and the State Health Coordinating Council with respect to petitions for adjusted need determinations. After careful evaluation, CRH has determined that there are special and unique circumstances in Catawba County that necessitate the development of additional hospice inpatient beds. Approval of this petition will provide CRH the opportunity to submit a Certificate of Need (CON) application during 2014 to develop three additional hospice inpatient beds in Catawba County.

CRH justifies the proposed adjusted need determination based on several factors, including:

- CRH’s existing hospice inpatient beds are well-utilized.
- Catawba County’s hospice admissions, days of care and deaths are increasing at considerably faster rates compared to the State.
- More than one-half of all deaths in Catawba County are served by hospice.
- Catawba County exhibits a higher inpatient utilization rate compared to the rate utilized in the standard hospice inpatient methodology.
- Catawba County has higher death rates compared to statewide statistics.
- The population in Catawba County is aging and has need for expanded hospice inpatient services.
- Catawba County residents typically have less access to financial resources, and thus may have limited ability to travel long distances for hospice care.

- Capacity of regional hospice inpatient facilities is limited and often at or near capacity.
- CRH's petition request will promote the three Basic Principles of the State Medical Facilities Plan.

### **Background**

Palliative Care Center & Hospice of Catawba Valley, Inc. d/b/a Catawba Regional Hospice was founded in 1979 by volunteers dedicated to providing end of life care for both patients and families residing in Catawba County. We have since grown to offer quality services to patients of Alexander, Burke, Caldwell, Cleveland, Gaston, Iredell, Lincoln, McDowell and Mecklenburg counties. Today, our team of professionals and volunteers serves more than 300 hospice patients and 345 Palliative Care clients daily. Our Mission is to provide high quality, compassionate care to all individuals and their families by enhancing living.

CRH currently owns and operates two hospice inpatient facilities in Catawba County: Catawba County Hospice House and Sherrills Ford Hospice House. Based on FY2013 year-to-date utilization (Oct-June), CRH's collective hospice inpatient beds are operating in excess of the 85 percent target occupancy described in the SMFP standard methodology.

Should this petition be granted, CRH would submit a CON application to develop an additional three hospice inpatient beds at its existing Catawba Valley Hospice House. The detailed rationale for the requested adjustment to the need determination is described in the following pages.

### **Hospice Utilization**

#### *Days of Care per 1,000 Population*

Residents of Catawba County and their physicians realize the significant benefits of hospice services. Accordingly, hospice services are highly utilized in Catawba

County and the Unifour<sup>1</sup> area. The Proposed 2014 SMFP shows Catawba County and its adjacent counties as having an increased number of hospice care days per 1,000 population compared to the State overall. Please refer to the following table.

**FY2012 Hospice Days of Care per 1,000 Population**

<i>Area</i>	<i>2012 Pop</i>	<i>2012 Days of Care</i>	<i>Days of Care/1000</i>
Catawba	155,494	76,114	489.5
Burke	89,977	45,722	508.2
Caldwell	82,605	50,764	614.5
Alexander	37,389	14,297	382.4
<i>North Carolina</i>	<i>9,765,229</i>	<i>3,022,811</i>	<i>309.5</i>

Source: Proposed 2014 SMFP, NC Office of State Budget & Management

Residents of Catawba County utilize hospice services at a rate that is over 58 percent higher compared to the statewide rate. This is a clear indication that hospice is an essential and highly utilized service for residents of Catawba County.

*Hospice Admissions, Days of Care and Deaths*

In addition to having a high overall use rate for hospice days of care, Catawba County has also experienced significant growth in hospice admissions, days of care and deaths, as shown in table on the following page.

---

<sup>1</sup> The Hickory-Lenoir-Morganton Metropolitan Statistical Area or 'The Unifour', as defined by the United States Census Bureau, is an area consisting of Alexander, Burke, Caldwell and Catawba counties in the Catawba Valley region of western North Carolina.

**Hospice Utilization, FY2010-FY2012**

Hospice Admissions				
	FY2010	FY2011	FY2012	2-YR CAGR
Catawba County	853	969	962	6.2%
North Carolina	35,403	38,743	39,214	5.2%

Hospice Days of Care				
	FY2010	FY2011	FY2012	2-YR CAGR
Catawba County	70,865	70,503	76,114	3.6%
North Carolina	2,872,314	2,915,218	2,972,047	1.7%

Hospice Deaths				
	FY2010	FY2011	FY2012	2-YR CAGR
Catawba County	789	884	964	10.5%
North Carolina	29,926	31,841	33,060	5.1%

Source: Carolinas Center for Hospice and End of Life Care

The most recent four-year growth rates for hospice admissions, days of care and deaths in Catawba County were all greater than the respective growth rates experienced by the State overall. Notably, the two-year trailing growth rate for hospice admissions in Catawba County (6.2%) is higher compared to the statewide two-year trailing growth rate (5.2%) utilized in the standard methodology for hospice inpatient beds in the Proposed 2014 SMFP. Additionally, Catawba County hospice days of care and deaths each grew over twice as fast compared to statewide hospice days of care and deaths, respectively.

*% of Deaths Served by Hospice*

A key indicator of the growing acceptance of hospice is the percent of all deaths that are served by hospice. During the past 14 years, the number of North Carolina deaths served by hospice has increased dramatically. According to the Carolinas Center for Hospice and End of Life Care, in 2004, only 14.6 percent of deaths in North Carolina were served by hospice. In 2010 (the most recent data available), the percent of North Carolina deaths served by hospice nearly tripled to 38.3 percent.

During recent years, the percentage of total Catawba County deaths served by hospice has far exceeded the statewide average, as shown in the following table.

**2009-2010 Percent of Deaths Served by Hospice, Catawba County**

	2009	2010
Total Deaths	1,484	1,561
Hospice Patient Deaths	747	789
<b>% of Total Deaths Served by Hospice</b>	<b>50.34%</b>	<b>50.54%</b>
Statewide Total	35.78%	38.3%

Source: The Carolinas Center for Hospice and End of Life Care

Based on most recent data, approximately one-half of all deaths in Catawba County are served by hospice. According to FY2012 data provided in the Proposed 2014 SMFP, CRH serves approximately 95 percent of all hospice deaths in Catawba County (913 CRH hospice deaths ÷ 964 total hospice deaths in Catawba = 95%). In fact, many of these deaths occur in CRH’s own hospice inpatient beds. Therefore, CRH is intimately aware of the growing number of hospice deaths in Catawba County and the need for additional hospice inpatient beds.

*Hospice Inpatient Beds*

As described previously, CRH currently owns and operates two hospice inpatient facilities in Catawba County: Catawba Valley Hospice House located in Newton and Sherrills Ford Hospice House located in Sherrills Ford (southeast Catawba County). Both hospice inpatient facilities are well-utilized, as shown in the table on the following page.



**Catawba Regional Hospice  
Hospice Inpatient Bed Utilization, FY2011-FY2013**

	FY2010	FY2011	FY2012	FY2013*
Catawba Valley Hospice House	3,772	3,739	3,519	3,888
<i>Occupancy (11 beds)</i>	<i>93.9%</i>	<i>93.1%</i>	<i>87.6%</i>	<i>96.8%</i>
Sherrills Ford Hospice House	N/A	53	1,278	1,509
<i>Occupancy (6 beds)</i>	<i>N/A</i>	<i>34.0%^</i>	<i>58.4%</i>	<i>68.9%</i>
Total IP Facility Days of Care	3,772	3,792	4,797	5,397
<i>Combined IP Bed Occupancy</i>	<i>93.9%</i>	<i>72.3%^</i>	<i>77.3%</i>	<i>87.0%</i>

\*Annualized based on 9 months data (Oct-June).

^Occupancy rate adjusted for beds open less than one month of data reporting year (Sept 2011)  
Source: 2012 SMFP, Proposed 2014 SMFP, Catawba Regional Hospice internal data

In April 2005, CRH opened Catawba Valley Hospice House in Newton with five hospice inpatient beds and four residential beds (CON Project ID # E-6949-03). During its first year of operation, CRH’s five hospice inpatient beds operated at 72.8 percent capacity.

In response to the need determination in the 2007 SMFP, CRH received a CON to develop six additional hospice inpatient beds at its Newton facility (CON Project ID # E-7948-07). These beds became operational April 2009. The facility has maintained high occupancy rates during subsequent years (as noted in the previous table). Based on FY2013 year-to-date utilization, Catawba Valley Hospice house is currently operating at approximately 97 percent occupancy, which far exceeds the SMFP utilization target of 85 percent capacity.

Due to the high occupancy of its existing hospice inpatient beds, the increasing demand for hospice inpatient services and the need for improved geographic access to hospice inpatient services in Catawba County, CRH received CON approval to develop a new hospice inpatient facility with six hospice inpatient beds in Sherrills Ford (CON Project ID# E-8346-09). The facility became operational in September 2011. During its first full fiscal year of operation (FY2012), Sherrills Ford Hospice House operated at nearly 60 percent occupancy, exceeding the CON performance standard of 50 percent occupancy during the

first project year. Based on FY2013 year-to-date utilization, Sherrills Ford Hospice House is projected to operate at nearly 70 percent occupancy, which also exceeds the CON performance standard of 65 percent during the second project year. In fact, Sherrills Ford operated above 80 percent occupancy during each month of January – April 2013 for its six hospice inpatient beds (January: 89.8%, February: 80.4%, March: 84.9%, April: 81.7%). Based on this actual data, Sherrills Ford is expected to meet or exceed the SMFP utilization target of 85 percent occupancy during its third project year (FY2014).

As noted in the previous table, the combined occupancy for CRH's 17 hospice inpatient beds during FY2013 (year to date) is 87 percent, which exceeds the SMFP utilization target of 85 percent occupancy.

Catawba County is large geographically, and CRH's existing inpatient facility located between Hickory and Newton serves well the northwestern and central part of the county. Sherrills Ford Hospice House is located in the southeast corner of Catawba County, near the Catawba-Lincoln County line. As such, the facility primarily serves residents in the Sherrills Ford and Lake Norman area. During peak travel times, the commute to Sherrills Ford Hospice House from the northwestern and central portions of the county can reach 45 minutes for some residents. This can be further exacerbated if a school bus or farm tractor is traveling on the rural roads. Furthermore, there is no public transportation that serves the direct route between CRH's two hospice inpatient facilities. Thus, access can be severely limited for individuals with limited or no means of personal transportation.

In summary, additional hospice inpatient beds are needed at Catawba Valley Hospice House because 1) Catawba Valley Hospice House is currently operating at 97 percent occupancy, 2) Sherrills Ford Hospice House primarily serves a separate population than Catawba Valley Hospice House, and 3) Sherrills Ford Hospice House is currently exceeding utilization targets and is projected to operate at practical capacity during FY2014.

Clearly, circumstances exist in Catawba County regarding the high utilization of hospice services that justify the development of additional hospice inpatient beds. Catawba County residents utilize hospice services well above the rate of all North Carolina residents. Additionally, Catawba County's existing hospice inpatient beds are utilized above state planning utilization targets. This data is indisputable evidence that hospice services are well-utilized in Catawba County.



Additionally, based on local demographic and epidemiologic data, the utilization of hospice services is likely to continue to increase in Catawba County.

**Demographics**

*Aging*

The increase in hospice days of care and deaths served by hospice in Catawba County can be partially attributed to its rapidly aging population. As shown in the table below, Catawba County has a significantly older population compared to the State and this demographic is projected to increase significantly in the next four years.

**2013-2018 Projected Population Age 65+**

County/State	2013		2018	
	65+	% of Total	65+	% of Total
Catawba	24,364	15.6%	28,009	17.5%
North Carolina	1,403,047	14.2%	1,655,847	15.9%

Source: NC Office of State Budget & Management

The population age 65 and older is projected to increase 15 percent during the next five years. This is six times faster than the overall growth of the county which is projected to increase by 2.5 percent during the next five years. Notably, the growth in population age 65 and older represents nearly the entire absolute population increase during the next five years. Please refer to the following table.

**Catawba County  
 2013-2018 Projected Population**

	2013	2018	5-Yr CAGR	Absolute Growth
Total Population	156,287	160,247	0.5%	3,960
<i>Population Age 65+</i>	24,364	28,009	2.8%	3,645

Source: NC Office of State Budget & Management

The growing elderly population in Catawba County is important to note because according to the National Hospice and Palliative Care Organization (NHPCO) 82.7 percent of hospice patients are aged 65 and older<sup>2</sup>. Additionally, data from The Carolinas Center for Hospice and End of Life Care indicates that in 2011, 82.7percent of North Carolina hospice patients were 65 and older. Thus, this population represents the most significant demographic in need of the proposed hospice facility.

*Median Household Income*

Catawba County citizens typically also have less access to financial resources to travel long distances for hospice services. According to the US Census Bureau, the 2007-2011 median household income for Catawba County was only \$43,373. This is 5.5 percent lower than the North Carolina state median household income of \$46,291. The comparatively less financial resources available to most residents in Catawba County make locally accessible hospice services especially important to the local community.

*Health Status*

According to the Hospice Foundation of America, over 59 million people--more than 25 percent of Americans -- live in what is considered a rural area. Almost one in three adults living in rural America is in poor to fair health; nearly half have at least one major chronic illness. Indeed, Catawba County is considered rural according to the NC Rural Economic Development Center and, likewise, exhibits disproportionate health data compared to the State overall. For example, Catawba County has a higher death rate per 1,000 population compared to the statewide death rate, as shown in the following table.

**2007-2011 Death Rate per 1,000 Population**

Area	2007-2011 Death Rate/ 1,000 Population
Catawba County	9.5
North Carolina	8.3

Source: North Carolina Vital Statistics

<sup>2</sup> NHPCO Hospice Facts and Figures: Hospice Care in America, 2011 Edition

According to the NC State Center for Health Statistics, cancer was the leading cause of death in North Carolina during 2011. According to the Carolinas Center for Hospice and End of Life Care, cancer was also the leading diagnosis for hospice admissions during 2011. Heart disease is the second most common cause of death in North Carolina and the fourth leading diagnosis for hospice patients. The death rates for cancer and heart disease are high in Catawba County, as shown in the following table.

**2011 Death Rate per 1,000 Population**

Area	Cancer	Heart Disease
Catawba County	199.1	199.1
North Carolina	188.5	179.3

Source: North Carolina Vital Statistics

The comparatively higher death rates are obvious contributing factors to the high use of hospice services in Catawba County. Based on this information and the growing population age 65 and older, hospice services will continue to be in high demand in Catawba County.

Finally, residents of Catawba County have a geographic need for increased capacity for hospice inpatient services.

**Geography**

As stated previously, CRH’s Catawba Valley Hospice House located in Newton is currently operating at 97 percent occupancy. In fact, during FY2013 year-to-date there have been at least three months where the occupancy exceeded 100 percent. This is an exceptionally high occupancy rate. Despite the addition of six hospice inpatient beds in Sherrills Ford in 2011, Catawba Valley Hospice House continues to operate near 100 percent occupancy. In addition to the increasing utilization at Sherrills Ford Hospice House, geography also impacts the need for additional hospice inpatient services in Catawba County.

The Sherrills Ford facility was developed to increase geographic access to hospice inpatient services in Catawba County and primarily serve residents in

the eastern and southeastern portion of the county. Catawba County is large geographically, and Catawba County Hospice House located between Hickory and Newton serves well the northwestern and central part of the county. Sherrills Ford Hospice House is located in the southeast corner of Catawba County, near the Catawba-Lincoln County line. As such, the facility serves residents of the Sherrills Ford and Lake Norman area.

CRH's Sherrills Ford facility is 19.42 miles or approximately 40 minutes driving distance from Catawba Valley Hospice House in Newton. During peak travel times, the commute to Sherrills Ford Hospice House from the northwestern and central portions of the county can reach 45 to 50 minutes for some residents. This can be further exacerbated if a school bus or farm tractor is traveling on the rural roads. Furthermore, there is no public transportation that serves the direct route between CRH's two hospice inpatient facilities. Thus, access can be severely limited for individuals with limited or no means of personal transportation.

Geographic access to hospice inpatient services is particularly important for hospice patients. Family members and friends often visit patients on a daily basis because of the dire conditions that patients are in during the last days of their lives. Travel is disruptive, expensive and time consuming for many families who must travel long distances to visit their loved ones. Family stress is already high when dealing with a terminally ill family member, and the distance from home simply increases stress.

In summary, in addition to the quantitative need described previously, Catawba County has a geographic need for additional hospice inpatient beds.

**Existing Hospice Providers**

Most of the existing hospice inpatient facilities in adjacent counties are operating at or near practical capacity. Please refer to the following table.

**Area Hospice Inpatient Facilities & Occupancy Rates, FY2012**

Facility	Facility County	FY2012 Occupancy
Caldwell Hospice & Palliative Care	Caldwell	95.0%
Caldwell Hospice & Palliative Care	Caldwell	98.4%
Wendover Hospice House	Cleveland	92.1%
Kings Mountain Hospice House	Cleveland	87.0%
Gordon Hospice House	Iredell	82.4%

Source: Proposed 2014 SMFP

CRH provides this data for contextual purposes to demonstrate that hospice inpatient services are an integral component of the continuum of hospice care for rural hospice providers like CRH. Additionally, high occupancy of regional hospice inpatient facilities emphasizes the need for expanded access to hospice inpatient beds in Catawba County.

**Need for Three Hospice Inpatient Beds**

*Scenario 1*

As described previously, Catawba County has experienced much higher growth rates for hospice admissions, days of care and deaths compared to the State overall. Therefore, to validate the requested number of three (3) hospice inpatient beds, CRH provides two alternative projection scenarios using the standard methodology as a template.

The first scenario utilizes the two-year trailing average growth rate for Catawba County hospice admissions (6.2%) in place of the two-year trailing average growth rate for statewide hospice admissions (5.3%). The first scenario also



utilizes the Catawba County average length of stay (ALOS) of 79.12 in place of the statewide medial ALOS of 73.5. Please refer to the following table.

**Scenario 1: Table 13C Adjusted Hospice Inpatient Bed Need Methodology  
 Catawba County**

Total Admissions	Days of Care	ALOS per Admission	Total 2017 Admissions	2017 DOC at County ALOS	Projected IP Days (6.0%)	Total Projected IP Beds	Currently Licensed	Existing Facility Occupancy Rate^	Deficit/ (Surplus)
962	76,114	79.12	1,299	102,809	6,169	20	17	87.0%	3

^Based on FY2013 year-to-date utilization (Oct-Jun).

Projecting need for hospice inpatient beds in Catawba County based on the actual experience of local hospice patients indicates the need for three additional hospice inpatient beds in Catawba County. It is important to consider the current occupancy of CRH’s existing hospice inpatient facilities as the FY2013 year-to-date occupancy rate is a more accurate representation of utilization compared to the outdated FY2012 data.

*Scenario 2*

To be conservative, CRH developed an alternative scenario which utilizes the two-year trailing average growth rate for statewide hospice admissions (5.3%) similar to the standard methodology. However, in scenario two, CRH utilized the FY2012 Catawba County hospice inpatient utilization rate (as a percent of total hospice days). Please refer to the following table.

**Catawba County Hospice Inpatient Utilization, FY2012**

	Catawba Co. IP Days of Care	Catawba Co. Total Hospice Days of Care	% of Total Hospice Days	SMFP Standard Methodology
FY2012	4,797	76,114	6.3%	6.0%

Source: Proposed 2014 SMFP

While Catawba County’s hospice inpatient utilization rate is higher compared to the 6 percent rate used in the standard methodology, it is representative of



appropriate use for hospice inpatient beds. CRH remains well below the Medicare cap rate of 20 percent hospice inpatient utilization (as a percent of total hospice days).

CRH also utilized the Catawba County average length of stay (ALOS) of 79.12 as shown in the following table.

**Scenario 2: Table 13C Adjusted Hospice Inpatient Bed Need Methodology  
 Catawba County**

Total Admissions	Days of Care	ALOS per Admission	Total 2017 Admissions	2017 DOC at County ALOS	Projected IP Days (6.3%)	Total Projected IP Beds	Currently Licensed	Existing Facility Occupancy Rate^	Deficit/ (Surplus)
962	76,114	79.12	1,245	98,539	6,210	20	17	87.0%	3

^Based on FY2013 year-to-date utilization (Oct-Jun).

Scenario 2 which uses a more conservative admission growth rate compared to Scenario 1 also generates a need for three hospice inpatient beds in Catawba County.

In summary, in addition to the quantitative and qualitative factors described previously in this petition, CRH demonstrates that the standard methodology yields a need for three additional hospice inpatient beds in Catawba County when actual Catawba County data and growth rates are utilized in place of broad, statewide data.

**Historical SHCC Need Determinations**

The State Health Coordinating Council has a recent history of issuing need determinations for less than the six hospice bed threshold when improvements to local access, quality, and costs are apparent and SMFP provisions are upheld. The following table summarizes recent SHCC need determinations for less than six beds.

**Recent Hospice Bed Need Determinations < 6 Inpatient Beds**

<i>SMFP</i>	<i>County</i>	<i>Need Determination</i>
2013	Yadkin	4
2012	Rockingham	2
2012	Iredell	3
2012	Duplin	3
2011	Iredell	3
2011	Guilford	4
2011	Cleveland	1
2010	Buncombe	5
2010	Alexander	3
2009	Scotland	2

As the table above shows, there is a precedent for including need determinations of less than six hospice beds when expanded capacity of hospice services is necessary and benefits to access, quality, and costs are available. As described below, CRH is confident the proposed adjusted need determination for Catawba County is consistent with the Basic Principles of the State health planning process.

**Quality, Access & Value**

The requested adjustment is consistent with the three Basic Principles Governing the Development of the SMFP: Safety and Quality, Access and Value.

*Access*

If this petition is approved, access will be greatly improved as expanded hospice inpatient services will be available to patients in Catawba County. CRH has a long history of providing hospice care to all terminally ill patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved.



### *Safety & Quality*

Approval of this petition will also enhance the quality of hospice services available to Catawba County patients. Patients will benefit from an experienced provider of hospice services. CRH has provided hospice services for over 34 years.

As a measure of quality, CRH participates in Family Evaluation of Hospice Care (FEHC) surveys, a post-death survey that asks questions about families' perception of the care provided to the patient, as well as their own hospice experience. FEHC surveys are designed to yield actionable information that reflects the quality of hospice care delivery from the perspective of family caregivers. Hospices that submit FEHC data to NHPCO receive quarterly reports that include individual hospice results plus state and national results for comparison. CRH's FEHC survey results from Q1 2013 reflect an overall rating of "excellent" and a score of 94.2%. This far exceeds the North Carolina score of 79.7% and the National score of 73.5%. The following summarizes CRH's FEHC survey results:

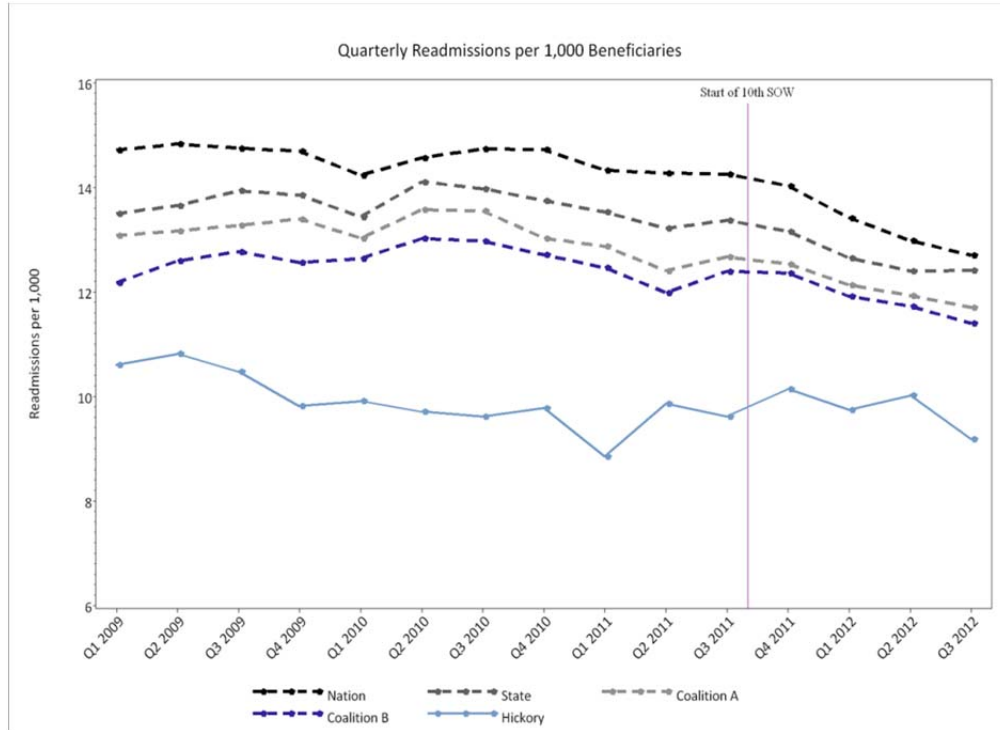
- Patients personal needs were taken care of. CRH-94.3%; NC-84.6%; National-78.7%
- Family was kept informed of patient's condition. CRH-90.2%; NC-84.8%; National-71.1%
- Emotional support to family after patient's death. CRH-99%; NC-94.4%; National 92.9%
- Team response to evening and weekend needs. CRH-86.5%; NC 72.9%; National-66.7%
- Would recommend this hospice to others. CRH-99% (no ratings listed for NC or nation)

As evidenced by recent industry satisfaction surveys, the expanded hospice inpatient services will be offered with the expertise, care, and compassion that have been offered by CRH for the three decades.

### *Value*

As described in the Value Basic Principle of the SMFP, disparity between demand growth and funding constraints for health care services increases the need for affordability and value in health services. CRH's hospice services promote such value in Catawba County. CRH receives quarterly reports from the Carolinas Center for Medical Excellence (CCME) including national, state, and Hickory specific information regarding hospital readmission rates. As noted in the following graph, Hickory experienced considerably lower quarterly readmissions per 1,000 beneficiaries compared to the State and the Nation during Q1 2009 through Q3 2012.

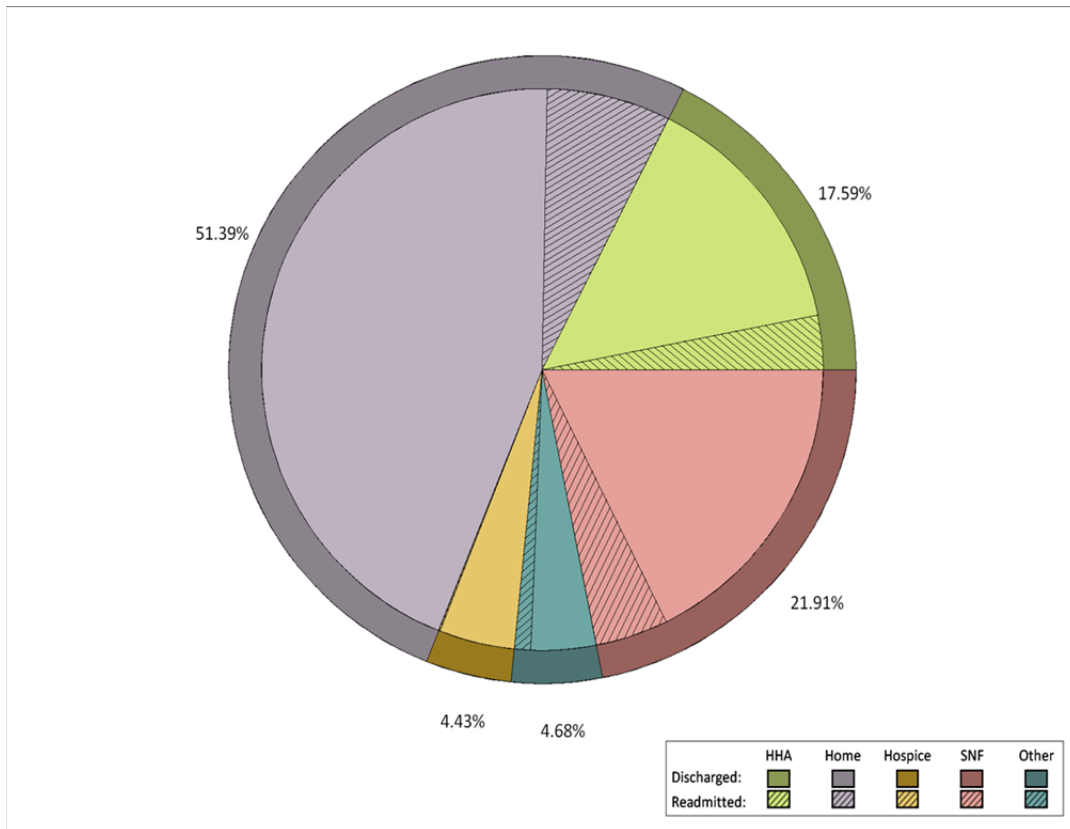
### Seasonally Adjusted Quarterly Readmission Hickory, NC



Source: Carolinas Center for Medical Excellence

Additional data from CCME indicates that based on annual post-acute care setting readmissions from Jan. 1, 2011 through Dec. 31, 2011, 4.43 percent of local Hickory area patients were discharged to hospice and three percent or less of those patients admitted to hospice were readmitted to the hospital compared to the numbers for the other post-acute care providers. This is illustrated in the graph on the following page.

*Hickory Annual Post-Acute Care Setting Readmissions  
 January 1, 2011 - December 31, 2011*



Source: Carolinas Center for Medical Excellence

The significance of this information is that patients who are admitted to CRH for hospice care are far less likely to be readmitted to a hospital than any other post-acute care provider...thus, saving Medicare and Medicaid money. There is widely published documented evidence that the last month of a patient's life is the most expensive. The preceding readmission data is proof that CRH is doing its part in managing patient care through its capitated resources, with a high level of patient/family satisfaction as evidenced by a sample of our ratings above. Expanding access to hospice inpatient services will further the objectives of quality and value in Catawba County.

CRH has identified a cost effective solution for developing the proposed additional hospice inpatient beds. CRH intends to convert three of its existing residential beds located at Catawba Valley Hospice House to hospice inpatient beds. The existing residential beds already meet construction and licensure

requirements for hospice inpatient beds; thus, converting the beds will require no facility-related capital expenditure. The proposed conversion will not negatively impact local residents seeking residential care services as there will continue to be access to residential beds at Catawba Valley Hospice House. Approval of this petition will greatly benefit patients in terms of healthcare costs and value.

**Adverse Effects of No Adjustment to the Need Determination**

If this petition is not approved, the need for additional hospice inpatient beds in Catawba County will continue to be unmet. There are adverse effects associated with this scenario. For example, due to capacity constraints at Catawba Valley Hospice House, many hospice patients are admitted to a local or regional hospital when they are in need of inpatient hospice care. Lack of access to additional hospice inpatient beds has contributed to approximately 100 patients being served in area hospitals during recent years. The following table summarizes the locations of these hospitals and days of care provided at each location.

**Catawba Regional Hospice  
 Hospice Inpatient Days of Care Provided in Hospitals**

Hospital	FY2011	FY2012
Frye Regional Medical Center	100	108
Catawba Valley Medical Center	132	114
Grace Hospital	20	6
Valdese General Hospital	2	0
CMC-Lincoln	13	16
Lake Norman RMC	132	124
Iredell Memorial	7	19
Davis Regional	3	0
<b>Total</b>	<b>409</b>	<b>387</b>

Source: Catawba Regional Hospice

Care provided to hospice patients outside a hospice facility can be fragmented and the hospice home care staff is challenged to train and educate the clinical staff of the host institution. The non-hospice staff members, who are not specifically trained in hospice care, must care for both hospice and acute or post-acute care patients. As a result, they must transition their care and thinking

between these two different treatment philosophies – the aggressive, curative care for the acute or post-acute patient, and the palliative and comfort care of the hospice patient. One treatment is focused on healing and wellness, and the other is focused on dying and death. Inevitably, this can result in a diminishment of the hospice philosophy of care, and result in a less-than-ideal end-of-life experience for the patient and their family members. In addition, the cost of providing such care in a hospital setting is also expensive and not cost effective compared to care administered in an inpatient hospice setting.

For information purposes, CRH is unable to expand inpatient capacity via its 10 existing residential beds at Catawba Valley Hospice House because licensure requirements prohibit CRH from providing inpatient hospice care in a residential bed. Therefore, regardless of the amount of available capacity in its residential beds, CRH cannot use that capacity to serve hospice inpatients. As described previously, if approved to develop three additional hospice inpatient beds, CRH intends to convert three of its underutilized residential beds to inpatient beds. This would require no capital cost and would be a more cost effective use of resources.

### **Conclusion**

In summary, Catawba Regional Hospice requests an adjusted need determination to include three (3) additional hospice inpatient beds in the 2014 SMFP. The above petition has identified various special and unique circumstances in Catawba County that necessitate the development of additional hospice inpatient beds. Furthermore, CRH has demonstrated that the request and proposed project are consistent with the Basic Principles of the State health planning process. For these reasons, CRH respectfully requests the Long-Term and Behavioral Health Committee and the State Health Coordinating Council include a need determination for three hospice inpatient beds in Catawba County in the 2014 SMFP.