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Via U.S. Mail

TO: North Carolina Division of Health Service Regulation
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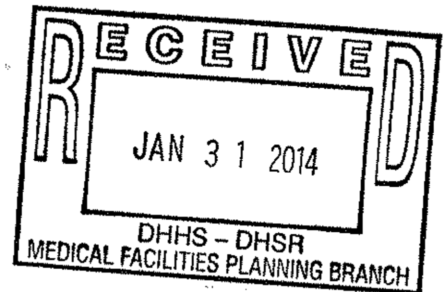

FROM: Joy Heath
Ruth Levy

DATE: January 27, 2014

RE: Petition for Change in Methodology

PETITION

This Petition requests a change in the basic methodology used in the North Carolina State Medical Facilities Plan.

1. **The name, address, email address and phone number of the Petitioner.**

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2. **Statement of the requested change, citing the policy or planning methodology in the North Carolina State Medical Facilities Plan for which the change is proposed.**

Petitioner requests a change in the planning methodology for Hospice Inpatient Beds.

In step 6c of the Hospice Inpatient bed methodology, projected days of care for inpatient estimates are determined using the lower of the days of care at the county ALOS or days of care at the statewide ALOS.

Petitioner requests that the Hospice Inpatient Bed methodology be changed such that the projected days of care for inpatients estimates are determined using the county ALOS.

A hospice inpatient facility bed's service area is the hospice inpatient facility bed planning area in which the bed is located. Each of the 100 counties in the State is a separate hospice inpatient facility bed planning area.

Because the need for new hospice inpatient facility beds is determined for planning purposes on a county by county basis, there is no reason or rationale supporting the current approach in step 6c of the methodology which effectively rejects actual county experience in favor of a statewide statistic in instances in which the statewide statistic is lower.

The current methodology is flawed in that step 6c essentially removes from the methodology calculation an actual county ALOS figure and replaces it with a lower statewide ALOS figure that, by definition, does not represent the actual county ALOS experience.

In instances in which a county is experiencing an ALOS exceeding the statewide ALOS, there is no reason why the methodology should ignore the actual county experience and replace the actual data with a lower statewide number.

Referring physicians and others who have worked to increase hospice utilization and ensure that patients are brought into hospice early enough to receive the full benefits of hospice care should see the fruits of their efforts included in the planning methodology for new hospice inpatient beds. If a county has a higher ALOS than the state as a whole, one can presume that it is doing more to bring patients into hospice sooner; the actual experience in the county should be a part of the planning methodology that is used to identify new bed need.

Stated another way, the fact that other counties might have a lower ALOS that feeds into the statewide ALOS statistic should not be used against a county with a higher ALOS. If physicians and others within a particular county are doing their part to contribute to a higher ALOS, that statistic should be used in the methodology to ensure that an adequate bed supply is available for the provision of hospice services within that particular county.

3. Reasons for the proposed change to include:

a. A statement of the adverse effects on the providers or consumers of health services that are likely to ensue if the change is not made; and

The change proposed by this Petition should be made because the ALOS experience of each county should be used in the methodology in order to derive a need determination that best depicts the actual need in the county at issue.

If the change requested by this Petition is not made, there will be an adverse effect upon providers and consumers of Hospice Inpatient beds, as explained below.

If the methodology is not changed, any county with a higher ALOS than the statewide ALOS will have its actual ALOS experience ignored and a different, lower statewide ALOS factored into the methodology, with the result of erroneously reducing the projected deficit determined by application of the methodology.

When the service of providers in a county results in a particular ALOS, that ALOS should be used in the methodology to avoid the adverse result which occurs when the methodology artificially replaces actual ALOS experience with an alternate statistic that necessarily tends to reduce the showing of need.

Providers and consumers are hurt when the State planning process does not accurately identify the extent of need for new services; absent a need determination in the State Medical Facilities Plan, no interested party can propose to develop new Hospice Inpatient beds to serve county residents. Thus, when step 6c in the methodology replaces an actual ALOS statistic with a lower ALOS number, that step in the methodology leads to an artificially depressed need showing which hurts the providers and consumers who would otherwise be in a position to apply for, develop and utilize additional Hospice Inpatient beds.

Absent a change in the methodology, providers will be required to petition the Long-Term Behavioral Health Committee in every instance in which the county ALOS exceeds the statewide ALOS in order to argue that the county statistics should be used instead of the statewide number to accurately reflect the need by county.

For instance, in 2013, the Agency prepared a report on the petition of Mountain Valley Hospice & Palliative Care (Surry County), stating:

> While both Surry County's ALOS and the statewide ALOS have fluctuated, Surry County's ALOS has consistently been higher than the statewide ALOS the past five years. ... Based on this trend and the fact that the statewide median ALOS does not come close to accurately reflecting what is occurring in the county, the agency recommends projecting 2017 days of care for the inpatient estimate utilizing 2017 days of care at the county ALOS for Surry County."

While the Agency Report was specific to Surry County, the logic of the Agency Report exemplifies the reason for a change in the methodology. Essentially, the Agency Report concludes that the methodology should not be using a statewide median ALOS that fails to represent the actual experience of the county (in that case, Surry County).

Indeed, not only for Surry County, but for every county across our State, the methodology should be using the actual county experience to derive the ALOS statistic that drives the determinations of need. As the Agency Report concluded:

> .... [t]he standard methodology does not project an inpatient days of care figure that accurately reflects the actual hospice inpatient

bed need in Surry County. This is because the county ALOS exceeds the statewide median ALOS.

Instead of making piecemeal county-by-county corrections to an obvious methodology-driven issue, the methodology should simply be changed.

If the methodology uses the county ALOS, in the words of the Agency, that will more "accurately reflect[] the actual hospice inpatient bed need" in the county. Naturally, an accurate reflection of need in each county is the very goal of the State Planning process and the methodology.

The flip-side is true; if the methodology as written does not accurately reflect need, it creates an adverse effect by denying providers and consumers the opportunity to apply for, develop and utilize needed health care services.

b. A statement of alternatives to the proposed change that were considered and found not feasible.

The methodology in its present form calls for the use of the lower of the days of care at the county ALOS or days of care at the statewide ALOS. If a county has a higher ALOS than the statewide ALOS, the current methodology defaults to the lower statewide ALOS; if a county has a lower ALOS than the statewide ALOS, the current methodology relies on the lower county ALOS for purposes of calculating the days of care.

As an alternative to using the county ALOS in each instance, the Agency could:

- Use the statewide ALOS when it is higher than the county ALOS; or
- Use the statewide ALOS in every instance.

Neither of these alternatives would be sensible.

If a county has a lower ALOS than the statewide ALOS, the most reasonable choice would be to use that actual county ALOS and not replace it with a higher statewide ALOS. Replacing the actual ALOS with a statewide number that fails to reflect county experience is the very "evil" this Petition seeks to remedy. Thus, it would not be rationale to incorporate an alternative that would replace a low county ALOS with a higher statewide statistic.

Using a statewide ALOS in every instance would also fail to produce the best methodology. A good methodology gives an accurate picture of the need in the defined planning area. In this context, using a statewide number that may or may not align with actual county experience creates a less desirable methodology.

4. **Evidence that the proposed change would not result in unnecessary duplication of health resources in the area.**

Clearly, the change requested by this Petition would not lead to "unnecessary" duplication of health resources because the change would actually improve the accuracy of the methodology in terms of its functional ability to identify the true extent of need for new services in each county.

By using the actual documented county ALOS statistic, the methodology would do a better job of truly identifying the extent to which any of the 100 counties in North Carolina does or does not need new Hospice Inpatient beds.

Because the change would improve the accuracy and reliability of the results obtained through application of the methodology (by allowing for use of the county-specific ALOS), the change would, by definition, not lead to any unnecessary duplication.

5. **Evidence that the requested change is consistent with the three Basic Principles governing the development of the North Carolina State Medical Facilities Plan: Safety and Quality, Access and Value.**

The change requested by this Petition is consistent with the Basic Principles governing the development of the State Medical Facilities Plan as evidenced by the following:

As part of the Safety and Quality Basic Principle, citizens of North Carolina expect health services to be safe and efficient. Improving the Hospice Inpatient methodology in the manner proposed by this Petition will allow the State Plan to better and more accurately identify the number of Hospice Inpatient beds needed in each of North Carolina's 100 counties. Having an appropriate number of beds to provide services to citizens improves the likelihood that services will be delivered in a safe and efficient manner. As a practical matter, an insufficient number of beds to meet patient demand results in inefficiencies in the delivery and continuity of care that can be offered.

As part of the Access Basic Principle, citizens expect equitable access to timely, clinically appropriate and high quality health care. Revising the Hospice Inpatient methodology to improve its ability to accurately identify the need for new Hospice Inpatient beds will aid in ensuring that patients and families facing end-of-life issues have access to care appropriate to their needs. When the number of beds in a county is inconsistent with the needs of the area, patients and families may be forced to wait for an available bed or rely on less-desirable interim care alternatives; an insufficient inventory of beds detracts from the ability to offer timely, clinically appropriate, high quality health care. A competitive marketplace fosters the delivery of high quality care at a good value; a methodology that accurately identifies need will allow for

competitive marketplaces in counties across our State. Barriers of time and distance can be alleviated by revising the Hospice Inpatient methodology to better identify those counties in which additional resources are needed.

As part of the Value Basic Principle, the citizens of North demand maximized health benefits through regulated health care services. Achieving maximum population-based health care value requires that our State's planning process work at peak efficiency. Improvements to the methodologies for identifying need, such as suggested by this Petition, will allow providers to compete, innovate and enhance the level of service delivery in counties throughout our State.

In conclusion, to most accurately identify the actual hospice inpatient bed need in each North Carolina County, the Hospice Inpatient Bed methodology should be revised to project inpatient days of care using the county ALOS.

Thank you for your attention to this Petition.