REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conforming as Conditioned
NC = Nonconforming
NA = Not Applicable

Decision Date:	April 22, 2024
Findings Date:	April 22, 2024
Project Analyst:	Gregory F. Yakaboski
Co-Signer:	Mike McKillip
Project ID #:	Q-12476-24
Facility:	ECU Health Inpatient Hospice
FID #:	080719
County:	Pitt
Applicant:	HealthAccess, Inc.
Project:	Convert no more than 2 inpatient hospice beds to residential hospice beds for a total of no more than 6 inpatient hospice beds and 2 residential hospice beds upon project completion

REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

NA

HealthAccess, Inc. (hereinafter referred to as "the applicant"), proposes to convert no more than 2 existing hospice inpatient facility beds (HI beds) to hospice residential care facility beds (HR beds) for a total of no more than 6 HI beds and 2 HR beds at ECU Health Inpatient Hospice (EHIH) upon project completion.

University Health Systems of Eastern North Carolina, Inc. d/b/a ECU Health (ECUH) (f/k/a Vidant Health) is a private not-for-profit company for the ECU Health system in eastern North Carolina. HealthAccess, Inc. is an existing licensed healthcare facility under the ECUH parent company.

The applicant does not propose to:

- develop any beds or services for which there is a need determination in the 2024 SMFP
- acquire any medical equipment for which there is a need determination in the 2024 SMFP
- offer a new institutional health service for which there are any policies in the 2024 SMFP

Therefore, Criterion (1) is not applicable to this review.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, … persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

Patient Origin

In Chapter 13, page 259, the 2024 SMFP defines the service area for hospice inpatient services as *"the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area."* EHIH is located in Pitt County; thus, the service area is Pitt County. Facilities may serve residents of counties not included in their service area.

The following tables illustrates historical and projected patient origin for the entire facility and projected patient origin for the proposed residential hospice services.

EHIH: Entire Facility

County	Historical *(10/1/2022 – 9/30/2023)*		Third Full FY of Operation following Project Completion *(10/1/2026 – 9/30/2027)*	
	Patients	% of Total	Patients	% of Total
Pitt	130	38.1%	175	38.7%
Beaufort	37	10.9%	49	10.8%
Duplin	34	10.0%	0	0.0%
Edgecombe	18	5.3%	0	0.0%
Lenoir	15	4.4%	20	4.5%
Nash	12	3.5%	16	3.5%
Martin	12	3.5%	0	0.0%
Wilson	11	3.2%	15	3.3%
Halifax	10	2.9%	13	2.9%
Craven	9	2.6%	0	0.0%
Bertie	9	2.6%	0	0.0%
Greene	7	2.1%	0	0.0%
Northampton	7	2.1%	9	2.1%
Hertford	6	1.8%	0	0.0%
Onslow	5	1.5%	7	1.6%
Chowan	4	1.2%	0	0.0%
Wayne	0	0.0%	5	1.0%
All Other	15	4.4%	144	31.7%
Total	341	100.0%	453	100.0%

Source: Tables on pages 33 & 35 of the application.

County	EHIH: Residential Hospice Beds Projected Patient Origin					
	1st Full FY (10/1/2024-9/30/2025)		2nd Full FY (10/1/2025-9/30/2026)		3rd Full FY (10/1/2026-9/30/2027)	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Pitt	8.5	51.8%	9.0	51.8%	9.2	51.8%
Beaufort	1.6	9.6%	1.7	9.6%	1.7	9.6%
Lenoir	1.2	7.2%	1.3	7.2%	1.3	7.2%
Onslow	0.8	4.8%	0.8	4.8%	0.9	4.8%
Wilson	0.8	4.8%	0.8	4.8%	0.9	4.8%
Wayne	0.6	3.6%	0.6	3.6%	0.6	3.6%
Halifax	0.4	2.4%	0.4	2.4%	0.4	2.4%
Nash	0.4	2.4%	0.4	2.4%	0.4	2.4%
Northampton	0.4	2.4%	0.4	2.4%	0.4	2.4%
All Other	1.8	10.8%	1.9	10.8%	1.9	10.8%
Total	16	100.0%	17	100.0%	18	100.0%

Source: Section C, page 34.

In Section C, pages 34-35, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported because they are based on the applicant's historical (FY20-23) patient origin while incorporating in and basing residential hospice patients utilizing the actual average percent distribution for patients in EHMC's palliative care unit that stayed 7 days or longer waiting on residential hospice placement.

Analysis of Need

In Section C, pages 36-39, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Addresses a gap in ECUH's continuum of hospice care;
- Allows for patients that currently must stay in the hospital for weeks waiting for placement to limited available residential beds to be placed quicker;
- Allows patients to access a residential hospice closer to home; and
- Allows for the longer-term financial stability of ECUH's hospice services.

The information is reasonable and adequately supported based on the following:

- The applicant provides information and data to support their assertions regarding the historical and projected growth in patients needing residential hospice services.
- The applicant documented capacity constraints in servicing existing and projected patients needing residential hospice service.

Projected Utilization

In Section Q, the applicant provides projected utilization, as illustrated in the following table.

Projected Utilization

ECU Health Inpatient Hospice	1st Full FY (10/1/2024-9/30/2025)	2nd Full FY (10/1/2025-9/30/2026)	3rd Full FY (10/1/2026-9/30/2027)
HI Beds			
# of Beds	6	6	6
# of Discharges	415	431	436
Average Length of Stay	4.2	4.2	4.2
Days of Care	1,750	1,820	1,838
% Occupancy	79.9%	83.1%	83.9%
HR Beds			
# of Beds	2	2	2
# of Discharges	16	17	18
Average Length of Stay	30.0	30.0	30.0
Days of Care	494	519	535
% Occupancy	67.7%	71.1%	73.2%
Total Beds (HI Beds + HR Beds)			
# of Beds	8	8	8
# of Discharges	431	449	453
Average Length of Stay	5.2	5.2	5.2
Days of Care	2,244	2,339	2,373
% Occupancy	76.9%	80.1%	81.3%

Source: Application page 102.

In Section Q, pages 105-107, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The number of discharges is equal to the number of admissions and discharges equals the number of patients served.

- In the ECU Health Inpatient Hospice facility in FY23, the percent of patients that did not expire in the facility and were discharged either home or to another facility was 11.0%. If it is assumed that percent distribution would approximate future experience.

- The historical data from FY20-FY23 is from internal databases and represents actual discharges and days.

- EHIH believes that historical growth trends are indicative of future growth trends:

    - Thus Hospice Inpatient Days for FY24-FY27 is projected based on the actual historical CAGR from the previous four years.
    - Hospice Inpatient ALOS is projected based on the average actual historical ALOS from the previous four years.
    - Hospice Inpatient Discharges, ADC and Occupancy Rate are calculated based on these assumptions

Patients in EHMC Palliative Care Unit 7+ Days Waiting for Hospice Residential Placement

	Historical				Interim	Projected		
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Patients	17	19	21	26	30	33	35	36
% Change		11.8%	10.5%	23.8%	15.2%	10.0%	5.0%	3.0%
Days	259	193	263	307	371	409	429	442
ALOS	15.2	10.2	12.5	11.8	12.4	12.4	12.4	12.4
50% of Patients						16	17	18

- EHMC has an inpatient palliative acute care unit at the hospital. Most patients waiting for discharge to home hospice, inpatient hospice or residential hospice are placed in this palliative acute care unit. Most patients (89%) requiring either residential or inpatient hospice are placed within 7 days. However, 11% of these patient (shown in the table above), stay 7 days or more. EHIH projects that 50% of these patients could be placed in a more timely manner in the proposed new residential hospice beds.

- Hospice Residential ALOS for FY24-FY27 is projected based on the national average ALOS for residential hospice being 30 days.

Summary

EHIH: Hospice Inpatient

	Historical				Interim	Projected		
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Discharges	283	301	299	341	384	415	431	436
Days	1,319	1,352	1,342	1,439	1,620	1,750	1,820	1,838
% Change (Discharges)		6.4%	-0.7%	14.0%	12.6%	8.0%	4.0%	1.0%
ALOS	4.7	4.5	4.5	4.2	4.2	4.2	4.2	4.2
ADC	3.6	3.7	3.7	3.9	4.4	4.8	5.0	5.0
Beds	8	8	8	8	8	6	6	6
Occupancy Rate	45.2%	46.3%	46.0%	49.3%	55.5%	79.0%	83.1%	83.9%

EHIH: Hospice Residential

	Historical				Interim	Projected		
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Discharges	0	0	0	0	0	16	17	18
Days	0	0	0	0	0	494	519	535
ALOS	0	0	0	0	0	30.0	30.0	30.0
ADC	0	0	0	0	0	1.4	1.4	1.5
Beds	0	0	0	0	0	2	2	2
Occupancy Rate	0	0	0	0	0	67.7%	71.1%	73.%

EHIH-Entire Facility: (Hospice Inpatient + Hospice Residential)

	Historical				Interim	Projected		
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Discharges	283	301	299	341	384	431	449	453
Days	1,319	1,352	1,342	1,439	1,620	2,244	2,339	2,373
ALOS	4.7	4.5	4.5	4.2	4.2	5.2	5.2	5.2
ADC	3.6	3.7	3.7	3.9	4.4	6.1	6.4	6.5
Beds	8	8	8	8	8	8	8	8
Occupancy Rate	45.2%	46.3%	46.0%	49.3%	55.5%	76.9%	80.1%	81.3%

The information is reasonable and adequately supported based on the application, exhibits to the application, exhibits and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The applicant provides information and data to support their assertions regarding the historical and projected growth in patients needing HI bed services.

- In FY23, the last full year of historical data, the existing HI beds operated at only 49.3% capacity.

- The applicant provides information and data to support their assertions regarding the historical and projected growth in patients needing HR bed services.

- The applicant documented capacity constraints in servicing existing and projected patients needing residential hospice service. There are no other existing or approved HR beds in Pitt County.

- The applicant utilized conservative growth projections for both HI and HR beds based on historical data.

Access to Medically Underserved Groups

In Section C, page 44, the applicant states:

> *"ECUH, and all of its subsidiaries, including HealthAccess (HA), have an obligation to accept any eastern NC resident requiring medically necessary treatment and quality health care services to ALL persons seeking care. . ... ECUH's policy on Patient Rights and Responsibilities expressly states '[Patients] have the RIGHT to treatments without discrimination based on age, ethnicity, race, color, religion, culture, language, national origin, sex, gender identity or expression, sexual orientation, physical or mental disability, socioeconomic status, or source of payment.'".*

The applicant provides the estimated percentage for each medically underserved group during the third full fiscal year, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients Surgical Services
Low-income persons*	n/a
Racial and ethnic minorities	30.2%
Women	54.0%
Persons with Disabilities*	n/a
Persons 65 and older	80.5%
Medicare beneficiaries	72.8%
Medicaid recipients	6.2%

Source: Table on page 45 of the application.
*ECU Medical Center does not collect patient level data related to handicapped status or personal income.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, … persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

EHIH currently has 8 HI beds and no HR beds. The proposed project is to convert 2 of the HI beds to HR beds. Upon project completion EHIH will have 6 HI beds and 2 HR beds.

In Section D.2, page 52, the applicant explains why it believes the needs of the population presently utilizing the services to be reduced will be adequately met following completion of the project. On page 52, the applicant states:

"EHIH beds are under-utilized, operating at less than 50% occupancy today. Reducing inpatient hospice licensed beds from 8 to 6 will have no impact on the inpatient hospice patients ECUH currently, and is projected, to serve. In fact, EHIH projects the inpatient hospice patients and days to continue to grow over the first three operating years (from C.1b). Even with this growth, EHIH is projecting operating at 84% occupancy with 6 beds during the third year of the project's operation. Therefore, EHIH believes the reductio of inpatient hospice beds will have no impact on the facility's ability to continue to serve inpatient hospice patients."

In Section Q, page 105, the applicant provides projected utilization, as illustrated in the following table.

EHIH: Hospice Inpatient

	Historical				Interim	Projected		
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
Discharges	283	301	299	341	384	415	431	436
Days	1,319	1,352	1,342	1,439	1,620	1,750	1,820	1,838
% Change (Discharges)		6.4%	-0.7%	14.0%	12.6%	8.0%	4.0%	1.0%
ALOS	4.7	4.5	4.5	4.2	4.2	4.2	4.2	4.2
ADC	3.6	3.7	3.7	3.9	4.4	4.8	5.0	5.0
Beds	8	8	8	8	8	6	6	6
Occupancy Rate	45.2%	46.3%	46.0%	49.3%	55.5%	79.0%	83.1%	83.9%

In Section Q, pages 105-107, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- The number of discharges is equal to the number of admissions and discharges equals the number of patients served.

- In the ECU Health inpatient facility in FY23, the percent of patients that did not expire in the facility and were discharged either home or to another facility was 11.0%. If it is assumed that percent distribution would approximate future experience.

- The historical data from FY20-FY23 is from internal databases and represents actual discharges and days.

- EHIH believes that historical growth trends are indicative of future growth trends:

    - Thus Hospice Inpatient Days for FY24-FY27 is projected based on the actual historical CAGR from the previous four years.
    - Hospice Inpatient ALOS is projected based on the average actual historical ALOS from the previous four years.
    - Hospice Inpatient Discharges, ADC and Occupancy Rate are calculated based on these assumptions

Projected utilization is reasonable and adequately supported based on the following:

- The applicant provides information and data to support their assertions regarding the historical and projected growth in patients needing HI bed services.

- In FY23, the last full year of historical data, the existing HI beds operated at only 49.3% capacity.

Access to Medically Underserved Groups

In Section D.3, page 53, the applicant states

> *"EHIH believes the reduction of inpatient hospice beds will have no impact on the facility's ability to continue to serve inpatient hospice patients. Therefore, none of the groups listed above* [medically underserved] *would be negatively impacted or limited in obtaining inpatient hospice services."*

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use HI beds will be adequately met following completion of the project as the 8 HI beds are currently utilized in FY23 at less than 50% and there will still be 6 HI beds upon project completion.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

(4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

In Section E, page 57, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Maintain the Status Quo*- The applicant states that maintaining the status quo would not meet the patient need for residential hospice care services. Patients waiting weeks for residential hospice care placement is not the best end-of-life care. Therefore, the applicant states the this is not the most effective alternative.
- *Add New Residential Hospice Beds in a New Addition to the Existing Inpatient Hospice Facility*- There is no space in the existing facility to accommodate additional beds without converting existing beds. The capital costs and construction time of adding on to the existing facility outweigh the benefits. Therefore, the applicant states the this is not the most effective or least costly alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

1. **HealthAccess, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**

2. **The certificate holder shall develop no more than 2 residential hospice beds by converting 2 existing inpatient hospice beds to 2 residential hospice beds.**

3. **Upon completion of the project ECU Health Inpatient Hospice shall be licensed for no more than 6 inpatient hospice beds and 2 residential hospice beds.**

4. **Upon completion of this project, the certificate holder shall take the necessary steps to delicense 2 inpatient hospice beds for a total of no more than 6 inpatient hospice beds and 2 residential hospice beds at ECU Health Inpatient Hospice.**

5. **Progress Reports:**
   a. **Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: https://info.ncdhhs.gov/dhsr/coneed/progressreport.html.**
   b. **The certificate holder shall complete all sections of the Progress Report form.**
   c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
   d. **The first progress report shall be due no later than October 15, 2024.**

6. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**

7. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 108, the applicant projects the total capital cost of the project, as shown in the table below.

Construction Costs	$0
Medical Equipment	$0
Contingency Costs	$250,000
Total	**$250,000**

In Section Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant proposes to convert two existing inpatient hospice beds to two residential hospice beds in the same existing facility. There are no known capital costs however, as a precaution the applicant has included $125,000 in continency costs for each of the proposed HR beds to cover any unexpected costs.
- The applicant projects no capital costs other than contingency funds.

In Section F.3, page 51, the applicant states there will be no start-up costs or initial operating expenses because EHIH is an existing inpatient hospice facility.

Availability of Funds

In Section F.2, page 59, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	HealthAccess, Inc.	Total
Loans	$	$
Cash and Cash Equivalents, Accumulated Reserves or OE *	$250,000	$250,000
Bonds	$	$
Other (Specify)	$	$
Total Financing	$250,000	$250,000

* OE = Owner's Equity

Exhibit 7 contains a letter dated February 12, 2024, from the Chief Financial Officer for ECH Health, parent company to HealthAccess, Inc., documenting the availability of enough accumulated reserves for the capital needs of the proposed project. Exhibit 8 contains the audited financial statements of ECU Health that show that as of September 30, 2022, ECU Health had $84 million in cash and cash equivalents and a total net position of $1.223 billion.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

• Exhibit 7 contains a letter from the Chief Financial Officer for ECU Health that documents both the availability and commitment of sufficient funds to finance the proposed project.

• Exhibit 8 contains a copy of ECH Health's balance sheet as of September 30, 2022, showing adequate funds and revenue necessary to cover the capital costs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

	1st Full Fiscal Year*	2nd Full Fiscal Year	3rd Full Fiscal Year
Total Patient Days	2,244	2,339	2,373
Total Gross Revenues (Charges)	$2,407,467	$2,580,450	$2,687,841
Total Net Revenue	$2,118,826	$2,271,069	$2,365,584
Average Net Revenue per Patient Day	$944	$971	$997
Total Operating Expenses (Costs)	$2,090,987	$2,150,837	$2,208,915
Average Operating Expense per Patient Day	$932	$920	$931
Net Income	$27,838	$120,232	$156,668

*1st Full Fiscal Year: 10/1/2024-9/30/2025

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected charges and revenues are reasonable and adequately supported.
- Projected operating expenses are reasonable and adequately supported.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

(6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

In Chapter 13, page 259, the 2024 SMFP defines the service area for hospice inpatient services as *"the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area."* EHIH is located in Pitt County; thus, the service area is Pitt County. Facilities may serve residents of counties not included in their service area.

Pursuant to Table 13D, page 282 of the 2024 SMFP, there are no other existing or approved hospice inpatient facilities in Pitt County other than EHIS (f/k/a Vidant Home Health and Hospice).

In Section G, page 68, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved HR bed services in Pitt County. The applicant states: *"There are no identified providers of residential hospice services in Pitt County."*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There are currently no identified providers of residential hospice services in Pitt County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

In Section Q, Form H, the applicant provides both the current and projected staffing for the EHIH through the first three operating years of the project.

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 70-72, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- Staffing is based on the historical staffing at EHIH with the assumption that only one additional FTE (nursing assistant) will be needed.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

Ancillary and Support Services

In Section I.1, page 73, the applicant identifies the necessary ancillary and support services for the proposed services. On page 73-74, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the fact that EHIC is an existing inpatient hospice facility, currently provides all necessary ancillary and support services for its existing surgical services and has the capacity in place to support converting two HI beds to two HR beds.

Coordination

In Section I, pages 74-75, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit 9. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- EHIH is an existing hospice inpatient facility with extensive existing relationships with other local health care and social service providers.
- The applicant provides a list of facilities that ECUH has official relationships with in Exhibit 9.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons stated above.

(9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

The applicant does not propose to construct any new space or renovate any existing space. Therefore, Criterion (12) is not applicable to this review.

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and … persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, page 81, the applicant provides the historical payor mix during the last full fiscal year (10/1/2022-9/30/2023) for the proposed services, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	1.2%
Medicare*	75.2%
Medicaid*	6.3%
Insurance*	8.8%
Other (Workers Comp/TRICARE)	8.5%
Total	**100.0%**

Source: Table on page 81 of the application.
*Including any managed care plans.

In Section L, page 82, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	54.0%	50.3%
Male	46.0%	49.7%
Unknown	0.0%	0.0%
64 and Younger	19.5%	81.1%
65 and Older	80.5%	18.9%
American Indian	0.0%	1.0%
Asian	0.3%	1.5%
Black or African American	30.2%	30.4%
Native Hawaiian or Pacific Islander	0.0%	0.2%
White or Caucasian	67.3%	64.2%
Other Race	0.9%	2.7%
Declined / Unavailable	1.3%	0.0%

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities

and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, pages 83-84, the applicant states:

> *"As a not-for-profit 501c3 organization, EHIH has an obligation to accept any patient requiring medically necessary treatment. … In addition, EHIS is accessible to persons with disabilities, as required by the Americans with Disabilities Act (ADA"*

In Section L, page 84, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights equal access complaints have been filed against EHIH.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

(c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, page 85, the applicant provides the historical payor mix during the 3rd full fiscal year (10/1/2026-9/30/2027) for the proposed services, as shown in the table below.

Payor Category	Percentage of Total Patients Served
Self-Pay	2.2%
Medicare*	72.8%
Medicaid*	6.2%
Insurance*	8.4%
Other (Workers Comp/TRICARE)	10.4%
Total	**100.0%**

Source: Table on page 85 of the application.
*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.2% of total inpatient hospice services will be provided to self-pay patients, 72.8% to Medicare patients and 6.2% to Medicaid patients.

In Section Q, page 114, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L, page 87, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

In M, pages 89-90, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- Existing relationships with, among others, Brody School of Medicine at East Carolina University, East Carolina University School of Nursing, Pitt Community College, Barton College of Nursing and Edgecombe Community College.
- The applicant provided a list of educational institutions and programs that ECUH and EHIS has a formal relationship with in Exhibit 11.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to convert no more than 2 existing HI beds to HR beds for a total of no more than 6 HI beds and 2 HR beds at EHIH upon project completion.

In Chapter 13, page 259, the 2024 SMFP defines the service area for hospice inpatient services as *"the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area."* EHIH is located in Pitt County; thus, the service area is Pitt County. Facilities may serve residents of counties not included in their service area.

Pursuant to Table 13D, page 282 of the 2024 SMFP, there are no other existing or approved hospice inpatient facilities in Pitt County other than EHIS (f/k/a Vidant Home Health and Hospice).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 92, the applicant states:

"The proposed project will foster competition by promoting high quality, delivering cost effective services, and providing enhanced access to inpatient and residential hospice services."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 92, the applicant states:

"EHIH will use the proposed residential hospice beds to enhance the operational efficiency of the entire inpatient hospice facility and to increase patient access. These efforts will contain costs…

EHIH will also use the proposed new residential hospice beds to enhance the quality of hospice services to patients in ENC. These efforts will contain costs… ."

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, pages 92, the applicant states:

"ECUH's comprehensive quality assurance program ensures continuation of a high standard of care for all people in the service area. The proposed residential hospice beds will be seamlessly integrated into ECUH's overall hospice service programs and assures patients receive the highest level of service the system can offer."

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 92, the applicant states:

"ECUH's mission is to improve the health status of the region, even at the end of life. ECUH is dedicated to offering needed hospice services to anyone in the community, especially the medically underserved populations. EHIH will us the proposed residential hospice beds to assure services are available to all members of the community – particularly the medically underserved."

See also Section L and C*"*

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.

2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section Q, Form O, page 119, the applicant identifies one hospice facility located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O, page 97, the applicant states that, during the 18 months immediately preceding the submittal of the application, *"None of the facilities …were determined by the Division of Health Service Regulation to have had any situations resulting in a finding of immediate jeopardy during the 18-month look-back period."* According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to immediate jeopardy at the facility. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at the facility, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical

center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The application is conforming with all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities as promulgated in 10A NCAC 14C .4000. The specific criteria are discussed below.

14C .4003 PERFORMANCE STANDARDS

(a) An applicant proposing to develop new hospice inpatient facility beds pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

(1) provide projected utilization of all existing approved, and proposed hospice inpatient facility beds on the license during each of the first three full fiscal years of operation following completion of the project;
(2) project the occupancy rate for all existing, approved, and proposed hospice inpatient facility beds on the license shall be at least 65 percent during the third full fiscal year of operation following completion of the project; and
(3) provide the assumptions and methodology used to provide the projected utilization and occupancy rate required by Subparagraphs (1) and (2) of this Paragraph.

-NA- The application is not proposing to add new HI beds.

(b) An applicant proposing to develop new hospice residential care facility beds shall:

(1) provide projected utilization of all existing, approved, and proposed hospice residential care facility beds on the license during each of the first three full fiscal years of operation following completion of the project;

-C- In Section Q, page 102-103, the applicant provides projected utilization of all existing, approved and proposed HR beds on the license during each of the first three full fiscal years of operation following completion of the project.

(2) project that the occupancy rate for all existing, approved, and proposed hospice residential care facility beds on the license shall be at least 65 percent during the third full fiscal year of operation following completion of the project; and

-C- In Section Q, page 102, the applicant documents that the occupancy rate for all existing, approved and proposed HR beds on the license shall be 73.2% percent during the third full fiscal year following completion of the project which exceeds 65.0% are required by the Rule.

(3) provide the assumptions and methodology used to provide the projected utilization and occupancy rate required by Subparagraphs (1) and (2) of this Paragraph.

-C- In Section Q, pages 105-107, the applicant provides the assumptions and methodology used to provide projected utilization and occupancy rate of all existing, approved and proposed HR beds on the license during each of the first three full fiscal years of operation following completion of the project.