ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

DECISION DATE: January 22, 2013

PROJECT ANALYST: Tanya S. Rupp
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: J-10175-13 / University of North Carolina Hospitals at Chapel Hill d/b/a UNC Hospitals Inpatient Hospice Facility / Develop an inpatient hospice facility with six inpatient hospice beds and four residential hospice beds / Chatham County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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.

C

The applicant, University of North Carolina Hospitals at Chapel Hill (UNC), currently operates a hospice agency with offices in both Chatham and Orange Counties; but the applicant does not currently operate a free standing hospice inpatient facility. In this application, UNC proposes to develop an inpatient hospice facility with six inpatient hospice beds and four residential hospice beds on Russett Run Road in Pittsboro, Chatham County.

Chapter 13 of the 2013 State Medical Facilities Plan (SMFP) identifies a need determination for six additional hospice inpatient beds in Chatham County. The applicant proposes to develop no more than six additional hospice inpatient beds. Thus, the application is conforming to the need determination in the 2013 SMFP.

Additionally, Policy GEN-3 of the 2013 SMFP is applicable to this review. Policy GEN-3, on page 42 states:

> *"A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State*

*Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area."*

In Section III.3, pages 46 - 47, and in Section II.4, page 24, UNC describes how its proposal will promote safety and quality. In addition, the applicant provides a copy of UNC's Performance Improvement Plan in Exhibit 21, which details quality improvement and quality maintenance measures undertaken by UNC. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote safety and quality.

In Section VI.5, pages 70 - 72, UNC describes how its proposal will promote equitable access to hospice inpatient and residential services. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will promote equitable access.

In Section III.3, pages 47 - 48, in Section III.1, pages 29 – 34, in Section X.4, pages 100 – 103, and in the pro forma financial statements, UNC describes how its proposal will maximize health care value for resources expended. The information provided by the applicant is reasonable, credible and supports the determination that the applicant's proposal will maximize hospice health care value for resources expended.

UNC adequately demonstrates how its proposal will promote safety and quality, equitable access and maximize health care value for resources expended. Therefore, the application is consistent with Policy GEN-3.

Additionally, Policy GEN-4, on page 43 of the 2013 SMFP is applicable to this review. *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* states:

*"Any person proposing a capital expenditure greater than $2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project's plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than $5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building*

*Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."*

In Section III.3, page 49, the applicant states:

*"UNC Hospitals will develop and implement an Energy Efficiency and Sustainability Plan for the hospice project that conforms to or exceeds the energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The Plan shall not adversely affect patient or resident health, safety or infection control.*

*…*

*UNC Hospitals will develop and implement an Energy Efficiency and Sustainability Plan that is specific to the project and will address the following systems and features:*

1. *Lighting Systems - Lighting systems will be selected and installed within the scope of the project to provide higher energy efficiency in accordance with energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The changes to the lighting systems shall not adversely affect patient or resident health, safety or infection control.*
2. *Water Systems - Water systems, hand wash facilities, and toilets will be selected and installed at the facility to provide higher energy efficiency in accordance with energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The changes shall not adversely affect patient or resident health, safety or infection control.*
3. *Heating, Ventilation, and Air-conditioning (HVAC) Systems — HVAC systems will be selected, installed in the facility to provide higher energy efficiency in accordance energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The changes shall not adversely affect patient or resident health, safety or infection control.*
4. *Minor Equipment such as ice machines will be evaluated prior to purchase and implementation based on energy efficiency and water conservation. The*

*minor equipment shall not adversely affect patient or resident health, safety or infection control.*

5. *Other potential energy conservation measures for the project will be researched and evaluated by the project engineer and architect as well as UNCH administration.*

*In addition to the Plan outlined above, the applicant is committed to design and construct the hospice facility to be in compliance with all federal, state and local requirements for energy efficiency and consumption."*

The applicant adequately demonstrates that it will assure improved energy efficiency and water conservation in the proposed development of six hospice inpatient beds and four residential hospice beds. Therefore, the application is consistent with Policy GEN-4.

In summary, the application is conforming to the need determination in the 2013 SMFP, and is consistent with Policy GEN-3 and Policy GEN-4. Therefore, the application is conforming to this criterion.

(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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant, University of North Carolina Hospitals at Chapel Hill (UNC), proposes to develop an inpatient hospice facility with six inpatient hospice beds and four residential hospice beds by constructing a new 11,000 square foot facility ("UNC Hospitals Inpatient Hospice Facility") in Pittsboro.

Population to be Served

In Section III.12, page 55, the applicant provides two tables to illustrate the inpatient and residential hospice population it proposes to serve in the proposed hospice facility. The applicant states the projections are based on UNC Hospice Agency historical data of patients served from July 1, 2012 to June 30, 2013. See the following tables:

**UNC Hospice Inpatients**

| COUNTY | YEAR 1 | % OF | YEAR 2 | % OF |
|---|---|---|---|---|

| | INPATIENTS | TOTAL | INPATIENTS | TOTAL |
|---|---|---|---|---|
| Chatham | 100 | 53.76% | 108 | 52.94% |
| Orange | 68 | 36.56% | 78 | 38.24% |
| Durham | 9 | 4.84% | 9 | 4.41% |
| Alamance | 2 | 1.08% | 2 | 0.98% |
| Lee | 6 | 3.23% | 7 | 3.43% |
| Total | 186 | 100.00% | 204 | 100.00% |

**UNC Hospice Residential Patients**

| COUNTY | YEAR 1 INPATIENTS | % OF TOTAL | YEAR 2 INPATIENTS | % OF TOTAL |
|---|---|---|---|---|
| Chatham | 25 | 53.76% | 27 | 52.94% |
| Orange | 17 | 36.56% | 20 | 38.24% |
| Durham | 2 | 4.84% | 2 | 4.41% |
| Alamance | 0 | 1.08% | 1 | 0.98% |
| Lee | 1 | 3.23% | 2 | 3.43% |
| Total | 46 | 100.00% | 51 | 100.00% |

The applicant adequately identifies the population it proposes to serve.

Demonstration of Need

In Section III.1(a), page 26 of the application, the applicant summarizes the need for the proposed hospice facility as follows:

- *"The 2013 State Medical Facilities Plan provides a need determination for six inpatient hospice beds in Chatham County based on the standard methodology for inpatient hospice.*
- *The need for four residential beds in the facility is to provide hospice patients continuity of care and balanced capacity.*
- *Demographic factors for the population of Chatham County include an aging population with elevated disease incidence rates.*
- *Mortality rates for the Chatham County population are considerably higher as compared to the North Carolina statewide death rates for all types of deaths and the specific types of deaths that are often served by hospice.*
- *UNC Hospice provides a broad array of hospice home care services to the populations of Chatham, Orange and other counties.*
- *Future projections for UNC Hospice inpatient utilization show the need for six inpatient hospice beds and four residential hospice beds based on reasonable and conservative assumptions and methodology.*
- *UNC Hospice recognizes the urgent need to improve timely access to inpatient hospice beds and to eliminate waiting lists and delays in admissions.*
- *The proposed project has extensive support from hospitals, referring physicians and community members."*

On pages 27 – 45, the applicant provides more details to support each of the points listed above.

*State Medical Facilities Plan*

The applicant relies on the methodology provided in the 2013 States Medical Facilities Plan (SMFP), Chapter 13. The standard methodology, found on pages 332 – 335 of the SMFP, results in a need determination in Chatham County for 6 hospice inpatient beds. There is no methodology for determining a need for hospice residential beds. In Section III.1, page 27, the applicant states:

> *"The 2013 State Medical Facilities Plan shows that Chatham County has no existing or approved licensed inpatient hospice facility with either inpatient beds or residential beds. Consequently patients* [who] *require the inpatient hospice level of care must either utilize a nursing facility or be admitted to an inpatient hospice in another county."*

Additionally, on pages 27 – 28 the applicant compares Chatham County, a rural county, with other counties that it states are similar in population to Chatham County. The applicant states:

> *"Inpatient hospice facilities are operational in three counties with total populations that are smaller or close to that of Chatham County with 67,857 persons. Lower Cape Fear Hospice in Columbus County operates a hospice facility with six inpatient beds and 93 percent occupancy for FY 2011. Hospice of Rutherford County operates a hospice home with ten inpatient beds and 86 percent occupancy for FY 2011. Hospice of Scotland County has a facility with six inpatient beds and 91 percent occupancy for FY 2011. In addition, both Hospice of Rutherford and Hospice of Scotland County also have eight and six residential beds respectively. UNC Hospice recognizes that the need for hospice inpatient beds and residential beds in Chatham County is supported by historical data showing high occupancy levels for these inpatient hospice facilities in rural counties of smaller or similar size."*

Although the 2013 SMFP does not provide a need determination for hospice residential beds, the applicant describes the need that exists in Chatham County for both levels of care. On page 27, the applicant states:

> *"Hospice inpatient beds can serve patients at either the inpatient level or residential level of care. In contrast, hospice residential beds can only be used to serve patients at the residential level of care. Facilities with both inpatient and residential beds typically have greater capacity to accommodate peaks in demand for facility admissions as well as changes in the status of patients after they have been admitted to the facility. Based on the strong growth in hospice utilization for Chatham and nearby counties, UNC Hospice plans to develop a facility with six inpatient beds and four residential beds to provide a balance of capacity to support access and continuity of care. The six inpatient beds are consistent with the need determination and the four residential beds are based on the applicant's utilization projections…."*

Thus, the applicant states its own historical data supports the need for hospice inpatient and hospice residential beds in Chatham County.

*Demographic Factors*

In Section III.1(b), on page 28, the applicant discusses demographic factors that are both unique to Chatham County and support a need for hospice inpatient beds. Citing data from the North Carolina Office of State Budget and Management (OSBM), the applicant states the population growth projections in Chatham County are greatest in the over 65 age group through 2017, as shown in the following table:

| AGE GROUP | 2013 | 2017 | PERCENT GROWTH |
|---|---|---|---|
| 0 - 64 | 53,483 | 55,524 | 3.8% |
| 65 + | 14,374 | 17,583 | 22.3% |
| Total | 67,857 | 73,107 | 7.7% |

*Source: application page 28

The project analyst examined historical population growth in Chatham County from OSBM, and found similar results, as shown in the following table:

| AGE GROUP | 2011 | 2012 | 2013 | 2014 | PERCENT GROWTH |
|---|---|---|---|---|---|
| 0 - 64 | 52,928 | 53,104 | 53,467 | 53,990 | 2.0% |
| 65 + | 12,711 | 13,514 | 14,373 | 15,163 | 19.3% |
| Total | 65,639 | 66,618 | 67,840 | 69,153 | 5.4% |

*Source: www.osbm.state.nc.us
*Age defined population data prior to 2011 is not available on the OSBM website.

The data shows that, from 2011 – 2012, the age 65 and over population grew at a faster rate than the under age 65 population in Chatham County. Additionally, the OSBM data projects similar growth from 2013 to 2014. Therefore, it is reasonable to project that a similar growth pattern will continue into the first two project years of this proposal, as projected by the applicant. In Section III.1(b), page 28, citing data obtained from The Carolinas Center for Hospice and End of Life Care, the applicant reports that in 2011, approximately 84% of all hospice patients in North Carolina were over the age of 65.

The analyst looked at the *2011Fiscal Year Hospice Data and Trends* published by the Carolinas Center for Hospice and End of Life Care. The data shows that, in FY 2011, approximately 14% of all hospice admissions in North Carolina were in a freestanding hospice inpatient/residential facility, while approximately 25% of all hospice deaths in North Carolina were in a freestanding hospice inpatient/residential facility. Furthermore, the data shows that since 2010, the percent of patients who die in a hospice facility has increased both nationally and in North Carolina. In 2010, approximately 25.8% of hospice deaths in North Carolina were in a hospice facility, and in 2011, that number increased to 28.9%. Thus, the data in the application provided by the applicant, as well as the data researched by the analyst show that the number of people who

receive end of life care in a hospice inpatient/residential facility is increasing both nationally and in North Carolina.

*Mortality Data*

In Section III.1(b), page 28, the applicant states that mortality rates in Chatham County are *"considerably higher"* than in North Carolina as a whole. See the following table, from page 28 of the application:

| | 2011 DEATH RATE | 2007 – 2011 DEATH RATE |
|---|---|---|
| North Carolina | 825.2 | 827.8 |
| Chatham County | 965.8 | 919.8 |

Further analysis of the data from the applicant shows that the types of deaths that are often served by hospice are likewise higher in Chatham County than in North Carolina as a whole. See the following table from page 29 of the application, which illustrates more detailed mortality data in Chatham County and North Carolina as a whole:

| 2007 – 2011 DEATH RATES / 100,000 | NORTH CAROLINA | CHATHAM COUNTY |
|---|---|---|
| Total Deaths – All Causes | 827.8 | 919.8 |
| Cancers – All Sites | 188.8 | 220.0 |
| Diseases of the Heart | 183.6 | 212.1 |
| Chronic Lower Respiratory | 46.4 | 63.4 |
| Cerebrovascular Disease | 46.4 | 36.6 |

The data also shows Chatham County has an historically higher death rate than North Carolina as a whole for those types of death commonly served by hospice.

*Access to Inpatient Hospice*

In Section III.1(b), page 29, the applicant states that, while admissions to hospice facilities in North Carolina continue to increase, some counties, including Chatham County, have no hospice inpatient facility. The applicant provides a table, shown below, that illustrates the growth in total hospice days of care in North Carolina:

| NC HOSPICE DATA | 2010 | 2011 | 2012 |
|---|---|---|---|
| Total Inpatient Hospice Days | 85,367 | 92,508 | 102,607 |
| Annual Percent Increase | -- | 8.4% | 10.9% |

The nearest hospice inpatient facility to residents of Chatham County is in Wake County, approximately 30 miles away. The other hospice inpatient facilities in counties that are contiguous to Chatham County range from 32 to 42 miles away, according to MapQuest®. See the following table, prepared by the analyst:

| FACILITY | LOCATION | DISTANCE FROM PITTSBORO* |
|---|---|---|

| | | |
|---|---|---|
| Hospice of Wake County, Inc. | Raleigh, Wake County | 30.27 Miles |
| Duke Hospice, Hock Family Pavilion | Durham, Durham County | 32.31 Miles |
| Duke Hospice at the Meadowlands | Hillsborough, Orange County | 33.20 Miles |
| Randolph Hospice House | Asheboro, Randolph County | 39.05 Miles |
| FirstHealth Hospice House | West End, Moore County | 41.98 Miles |
| E. Carlton Powell Hospice Center | Lillington, Harnett County | 42.02 Miles |

Thus, the applicant shows there is currently no access to any hospice inpatient facility in Chatham County, or within 30 miles from Pittsboro, the location of the proposed facility.

In Section III.1, pages 34 – 43, the applicant provides the methodology and assumptions with which it projects utilization for the proposed hospice inpatient facility. The applicant provides 13 steps to summarize its methodology, each of which will be analyzed.

Step 1

In Step 1, the applicant calculates the historical compound annual growth rate (CAGR) in hospice days of care and admissions for the years 2009 – 2012 *"for all hospice providers in the counties that UNC Hospice has historically served"*, as shown in the tables below:

**Days of Care, 2009 - 2012**

| COUNTY | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Chatham | 23,581 | 29,558 | 25,273 | 25,680 |
| Orange | 24,853 | 33,584 | 36,405 | 29,429 |
| Durham | 43,173 | 54,072 | 47,884 | 44,039 |
| Alamance | 60,749 | 71,065 | 90,910 | 85,657 |
| Lee | 15,424 | 12,699 | 17,817 | 28,622 |
| Totals | 167,780 | 200,978 | 218,289 | 213,427 |

**Admissions, 2009 - 2012**

| COUNTY | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Chatham | 217 | 231 | 287 | 314 |
| Orange | 401 | 402 | 478 | 446 |
| Durham | 644 | 793 | 954 | 905 |
| Alamance | 765 | 851 | 917 | 906 |
| Lee | 219 | 255 | 308 | 365 |
| Totals | 2,246 | 2,532 | 2,944 | 2,936 |

**CAGR for Total Hospice Days of Care**
**2009 - 2012**

| | CAGR |
|---|---|
| Chatham | 2.88% |
| Orange | 5.58% |
| Durham | 0.66% |
| Alamance | 12.14% |
| Lee | 22.89% |

Step 2

In Step 2 the applicant calculates UNC Hospice's historical market share of general hospice admissions, by dividing the number of UNC admissions in each county by the total hospice admissions in those counties. See the following table, from page 34 of the application:

| COUNTY | 2011 | 2012 |
|---|---|---|
| **All Hospice Providers** | | |
| Chatham | 287 | 314 |
| Orange | 478 | 446 |
| Durham | 954 | 905 |
| Alamance | 917 | 906 |
| Lee | 308 | 365 |
| **Totals** | 2,944 | 2,936 |
| **UNC Hospice** | | |
| Chatham | 136 | 141 |
| Orange | 125 | 103 |
| Durham | 23 | 28 |
| Alamance | 4 | 0 |
| Lee | 5 | 8 |
| **Totals** | 293 | 280 |
| **UNC Market Share** | | |
| Chatham | 47.4% | 44.9% |
| Orange | 26.2% | 23.1% |
| Durham | 2.4% | 3.1% |
| Alamance | 0.4% | 0.0% |
| Lee | 1.6% | 2.2% |

The data shows that, in 2011 and 2012, UNC Hospice served nearly one half of the Chatham County hospice patient population and nearly a quarter of the hospice patient population of nearby Orange County. The applicant also calculated a two year historical average of its 2011 and 2012 hospice market share, as illustrated in the table below:

| | 2011 | 2012 | TWO-YEAR AVERAGE |
|---|---|---|---|
| Chatham | 47.4% | 44.9% | 46.15% |
| Orange | 26.2% | 23.1% | 24.62% |
| Durham | 2.4% | 3.1% | 2.75% |
| Alamance | 0.4% | 0.0% | 0.22% |
| Lee | 1.6% | 2.2% | 1.91% |

Step 3

Using one-half of the CAGR for hospice days of care that the applicant calculated in Step 1 of its methodology, the applicant in Step 3 projects the total hospice days of care for each of the counties listed in the tables above. The applicant states on page 35 that it chose to use one-half of the CAGR (from 2009 – 2013 days of care) to be conservative. See the following table:

| 2009 – 2012 CAGR HOSPICE DAYS OF CARE | CAGR | ½ CAGR |
|---|---|---|
| Chatham | 2.88% | 1.44% |

| | | |
|---|---|---|
| Orange | 5.58% | 2.79% |
| Durham | 0.66% | 0.33% |
| Alamance | 12.14% | 6.07% |
| Lee | 22.89% | 11.44% |

The following table shows the applicant's projections of total hospice days of care, using the one-half CAGR growth calculated above, multiplied by the 2012 total hospice days of care for all providers as shown in Step 1 of the applicant's methodology.

**Total Hospice Days of Care, FY 2013 - 2018**

| SERVICE AREA | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| Chatham | 26,050 | 26,425 | 26,805 | 27,191 | 27,583 | 27,980 |
| Orange | 30,250 | 31,094 | 31,962 | 32,853 | 33,770 | 34,712 |
| Durham | 44,185 | 44,332 | 44,479 | 44,627 | 44,775 | 44,924 |
| Alamance | 90,856 | 96,371 | 102,221 | 108,426 | 115,007 | 121,988 |
| Lee | 31,896 | 35,545 | 39,612 | 44,143 | 49,193 | 54,821 |

Step 4

In Step 4, on page 36 of the application, the applicant projects total hospice inpatient days of care in the service area, based on 6% of total days of care. The applicant states it chose to use 6%, consistent with the formula used in the 2013 SMFP to project inpatient days of care. See the following table, from page 36 of the application:

**Total Hospice Inpatient Days of Care, FY 2013 - 2018**

| SERVICE AREA | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| Chatham | 1,563 | 1,585 | 1,608 | 1,631 | 1,655 | 1,679 |
| Orange | 1,815 | 1,866 | 1,918 | 1,971 | 2,026 | 2,083 |
| Durham | 2,651 | 2,660 | 2,669 | 2,678 | 2,686 | 2,695 |
| Alamance | 5,451 | 5,782 | 6,133 | 6,506 | 6,900 | 7,319 |
| Lee | 1,914 | 2,133 | 2,377 | 2,649 | 2,952 | 3,289 |

Step 5

In Step 5 of its methodology, the applicant projects future growth in its market share of hospice admissions. The applicant begins with the two-year historical average market share of hospice admissions that was calculated in Step 2, from page 35 of the application. On page 37, the applicant states:

> *"For Orange and Chatham Counties, UNC Hospice conservatively expects to gain 3 percent market share in each of Years 1, 2 and 3 by being able to accept referrals to the inpatient hospice facility. Market share for Durham, Alamance and Lee Counties are projected to remain at historical levels."*

In supplemental information provided at the Agency's request, the applicant states:

> *"The 3 percentage points annual gains in market share for Chatham and Orange Counties are calculated based on the historical market share value plus 3 percent in*

*each of the subsequent years. For Chatham County the historical value of 46.15% plus 3.0% results in 49.15% for Year 1, adding the 3.0% gain results in 52.15% for Year 2 and adding the 3.0% gain results in 55.15% for Year 3. Orange County's market share is calculated in the same way by adding 3.0% to the historical market share 24.62% resulting in 27.62% for Year 1, 30.62% for Year 2 and 33.62% for Year 3."*

The applicant provides a table on page 37 to illustrate the market share growth of three percent for the first three project years. See the table, reproduced below:

**UNC Hospice Market Share Growth, 2016 - 1018**

| COUNTY | ASSUMPTIONS | HISTORICAL | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Chatham | Based on historical average with 3% annual gain | 46.15% | 49.15% | 52.15% | 55.15% |
| Orange | Based on historical average with 3% annual gain | 24.62% | 27.62% | 30.62% | 33.62% |
| Durham | Years 1, 2, and 3 based on historical with no increase | 2.75% | 2.75% | 2.75% | 2.75% |
| Alamance | | 0.22% | 0.22% | 0.22% | 0.22% |
| Lee | | 1.91% | 1.91% | 1.91% | 1.91% |

While the applicant states it projects a *"3% annual gain"*, the effect is annual growth by three percentage points, rather than a 3% increase over the previous year. In fact, a 3% annual growth yields the following projections:

**UNC Hospice Market Share Growth**
**Calculated by Project Analyst**

| COUNTY | HISTORICAL | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Chatham | 46.15% | 47.53% | 48.96% | 50.43% |
| Orange | 24.62% | 25.36% | 26.12% | 26.90% |

In supplemental information provided at the Agency's request, the applicant states the three percentage points per year growth projection is reasonable because Chatham and Orange Counties currently have no inpatient hospice facility. The applicant states that the residents of those counties who need inpatient hospice care must travel out of county to receive that care. Upon completion of this project, there will be hospice inpatient beds in Chatham County, and thus the utilization growth will be rapid as those patients who currently travel to other counties will stay in Chatham County to receive hospice inpatient care. In addition, the applicant states:

- *"Growth in referrals from Chatham and Orange County will be supported by the referral sources* [in the application] *which are based in Orange and Chatham Counties.*
- *The ramp-up in inpatient hospice days of care typically occurs in the first three years of operation based on utilization data from other NC hospices.*
- *The population of Chatham increased by approximately 29 percent from 2000 to 2010. Continued high growth is projected.*
- *Market share gains and increased admissions are expected due to increased patient education and the availability of a full scope of hospice services.*
- *The population of Chatham County has higher mortality rates for total deaths and for multiple diagnoses that are often served by hospice."*

In Steps 5 – 6, on pages 37 – 38, the applicant uses the data calculated in the first four steps to project UNC Hospice's market share of total days of care and inpatient days of care. The applicant projects inpatient days of care on based on a calculation of 6% of total days of care, consistent with the 2013 SMFP methodology.

Step 7

On page 39, the applicant provides a table that illustrates UNC inpatient days of care, percent occupancy, ALOS, and admissions for the first three project years. See the following table:

| UNC HOSPICE | 2016 (OY 1) | 2017 (OY 2) | 2018 (OY 3) |
|---|---|---|---|
| Total Inpatient Days of Care | 1,485 | 1,629 | 1,779 |
| Available Bed Days (6 x 365) | 2,190 | 2,190 | 2,190 |
| Number of Inpatient Patients | 186 | 204 | 222 |
| Average Length of Stay* | 8 | 8 | 8 |
| Percent Occupancy | 67.8% | 74.4% | 81.2% |

*The applicant projects an ALOS of eight days, which it calculated by dividing the number of patient days reported on page 50 of the *2011 Fiscal Year North Carolina Hospice Data and Trends*[1] by the number of deaths reported on the same page of that report. [The actual calculation reveals 10.25 days. 93,245 / 9,094 = 10.25.]

Therefore, the applicant projects in excess of 65% occupancy for all three project years. 10A NCAC 14C .4003(2) requires an applicant to show that occupancy levels in a new hospice inpatient facility are projected to be at least 65% in the second operating year. The applicant projects occupancy levels in excess of the percentage required by the rule.

Step 8

In Step 8, on pages 39 – 40, the applicant projects days of care for all levels of care to be provided by the proposed hospice agency, by multiplying the total days of care from Step 3 by the market share projections calculated in Step 4. See the following table, from page 40:

| TOTAL HOSPICE AGENCY DOC | 2016 (OY 1) | 2017 (OY 2) | 2018 (OY 3) |
|---|---|---|---|
| Chatham County | 13,363 | 14,383 | 15,430 |
| Orange County | 9,075 | 10,341 | 11,671 |
| Durham County | 1,228 | 1,232 | 1,236 |
| Alamance County | 236 | 251 | 266 |
| Lee County | 842 | 938 | 1,046 |
| Total Patient Days of Care | 24,745 | 27,146 | 29,649 |

Step 9

In Step 9, on page 41, the applicant calculates the projected number of admissions by county for the hospice agency for the first three years of operation following project completion. The applicant divides the days of care calculated in Step 8 by the ALOS of 72.65 used in the 2013 SMFP to calculate projected admissions by county of patient origin. The applicant

[1] Published annually by *The Carolinas Center for Hospice and End of Life Care*.

states *"UNC Hospice projects three percent of hospice home care patients will be readmitted during the same year. No readmissions to hospice inpatient beds or hospice residential beds are projected."* See the following table, from page 41:

| PROJECTED ADMISSIONS TOTAL AGENCY | YEAR 1 2016 | YEAR 2 2017 | YEAR 3 2018 |
|---|---|---|---|
| Chatham County | 184 | 198 | 212 |
| Orange County | 125 | 142 | 161 |
| Durham County | 17 | 17 | 17 |
| Alamance County | 3 | 3 | 4 |
| Lee County | 12 | 13 | 14 |
| Total Annual Admissions | 329 | 361 | 394 |
| 3% Readmissions | 10 | 11 | 12 |
| Total Patient Admissions | 339 | 372 | 406 |

Step 10

In Step 10 the applicant calculates the UNC Hospice agency admissions for the two intervening years and the first three project years following project completion based on the two most recent years' growth. The applicant states:

> *"The annual admissions growth assumptions during the intervening years and the first three of operation are conservative as compared to the 12.1 percent growth in the most recent year.*

| | 2012 | 2013 | 2014 | 2015 | YR 1 | YR 2 | YR 3 |
|---|---|---|---|---|---|---|---|
| | ACTUAL | ACTUAL | INTERVENING YRS. | | 2016 | 2017 | 2018 |
| UNC Hospitals total agency admissions | 280 | 314 | 317 | 320 | 339 | 372 | 406 |
| Percent increase from previous year | | 12.1% | 1.0% | 1.0% | 5.8% | 9.6% | 9.1% |
| UNC Hospice inpatient beds | 0 | 0 | 0 | 0 | 6 | 6 | 6 |

Given that UNC has historically served the largest percentage of hospice patients from Chatham County when compared with other hospice agencies that serve Chatham County residents, as shown in Step 2; combined with the fact that there is currently no hospice inpatient facility in Chatham County, the applicant's projections are reasonable. This is particularly true considering that growth in UNC hospice admissions grew by 12.1% from 2012 to 2013, and the applicant is projecting only a 1% growth in admissions in the intervening years.

Step 11

In Step 11, the applicant projects the number of residential patients, based on 24% of hospice inpatient admissions. The applicant states the 24% is based on "*research and discussions with other NC hospices."* The applicant's calculations, however, are based on 25% of the inpatient admissions, not 24% as stated by the applicant.

| | ADMISSION INPATIENT | ASSUMPTION 25% | RESIDENTIAL PATIENTS |
|---|---|---|---|
| Year 1 | 186 | **25%** | 46 |
| Year 2 | 204 | **25%** | 51 |
| Year 3 | 222 | **25%** | 56 |

Step 12

In Step 12, on page 42, the applicant projects the residential days of care, based on the assumption that the ALOS for residential care is 25 days. The applicant calculated a historical ALOS for residential care of 48 days in 2011, based on statewide data provided by The Centers for Hospice and End of Life Care.

Step 13

In Step 13, the applicant projects respite days of care, based on one respite patient every other month, for a total of six respite patients per year. The applicant states national data confirms respite days of care are approximately two percent of hospice patients.

Utilization

In Section III.1(b), pages 30 – 33, the applicant provides historical utilization information for UNC Hospice. On page 30, the applicant states:

> *"In 2012 and in previous years, UNC Hospice served the largest number of patients from Chatham County and provided appropriate and high quality services to patients with a broad range of primary diagnoses including cancer and non-cancer diseases….*
>
> …
>
> *UNC Hospice has office locations in both Chatham and Orange Counties and serves many patients from both of these counties. In Chatham County, UNC Hospice served the largest number of hospice patients of all providers for the most recent reporting period ending in 2012."*

On page 31, the applicant illustrates the percentage of Chatham County hospice patients who received care through UNC Hospice in 2012. See the following table:

**2012 Chatham County Hospice Patients**

| HOSPICE AGENCY COUNTY | HOSPICE NAME | NUMBER CHATHAM COUNTY PATIENTS | PERCENT OF TOTAL |
|---|---|---|---|
| Chatham | UNC Hospice | 141 | 45.0% |
| Chatham | Community Home Care and Hospice | 82 | 26.0% |
| Chatham | Liberty Home Care and Hospice | 28 | 9.0% |
| Orange | Duke Hospice | 15 | 5.0% |

| | | | |
|---|---|---|---|
| Wake | Heartland Home Healthcare and Hospice | 26 | 8.0% |
| Various | Other Out of County Hospices (9) | 22 | 7.0% |
| Total Chatham County Hospice Patients | | 314 | |

The information shows that UNC Hospice has historically served a larger percentage of hospice patients than other facilities which also serve Chatham County residents who require hospice care.

In addition, in Section IV, page 60, and in supplemental information provided to the Agency, the applicant projects hospice inpatient, residential and respite admissions, deaths, and discharges for the first three project years. See the following table:

| | TOTAL AGENCY | NURSING FACILITY | HOMECARE | INPATIENT | RESIDENTIAL |
|---|---|---|---|---|---|
| **FFY 2016 (YEAR 1)** | | | | | |
| New Admissions (includes readmissions) | 339 | 44 | 147 | 148 | 46 (duplicated) |
| Admits from hospice homecare (25%) | 0 | 0 | 38* | 38 | 0 |
| Deaths by level of care | 288 | 42 | 70 | 176 | Included in IP deaths |
| Deaths (same year) as % of admissions | 85% | 95% | 48% | 95% | |
| Transfers back to homecare | 0 | 0 | 0 | 6 | 0 |
| Discharges and carry over to next year | 51 | 2 | 49 | 4 | 0 |
| **FFY 2017 (YEAR 2)** | | | | | |
| New Admissions (includes readmissions) | 372 | 45 | 165 | 162 | 51 (duplicated) |
| Admits from hospice homecare (25%) | 0 | 0 | 42* | 42 | 0 |
| Deaths by level of care | 316 | 43 | 80 | 193 | Included in IP deaths |
| Deaths as percent of admissions | 85% | 96% | 49% | 95% | |
| Transfers back to homecare | 0 | 0 | 0 | 7 | 0 |
| Discharges and carry over to next year | 56 | 2 | 54 | 4 | 0 |
| **FFY 2018 (YEAR 3)** | | | | | |
| New Admissions (includes readmissions) | 406 | 46 | 186 | 174 | 56 (duplicated) |
| Admits from hospice homecare (25%) | | 0 | 48* | 48 | 0 |
| Deaths by level of care | 345 | 44 | 91 | 210 | Included in IP deaths |
| Deaths as percent of admissions | 85% | 96% | 49% | 95% | |
| Transfers back to homecare | 0 | 0 | 0 | 8 | |
| Discharges and carry over to next year | 61 | 2 | 59 | 4 | |

*The applicant projects that these patients will be admitted to inpatient care from home care.

To substantiate its projection of a high percentage of deaths, the applicant refers to the data provided by the North Carolina Center for Hospice and End of Life Care (NC Center). The applicant distinguishes between the general information provided and the more county-specific information that the Agency looks for in its analysis. In addition, the applicant states that the data provided by the NC Center recognizes that the percentage of hospice admissions and deaths varies according to the location of the admission or death [e.g. residential, home care, or inpatient] and the type of care received. The applicant states a calculation of average admissions and deaths by county based on information contained in the NC Center's data could be misleading because it fails to account for the variance in location of hospice care received. The applicant states:

"*Hospice IP Facilities* [sic] *apply stricter admission criteria concerning end of life.*

*Very few patients that are discharged from an IP hospice facility end up living for considerable period of time, as compared to hospice home care. It is much more common for hospice home care patients to be discharged and live on well past discharge. The data* [in the Carolina Center for Hospice and End of Life Care data] *supports this as well. … hospice Inpatient Facilities* [sic] *account for a higher percent of deaths* [than admissions].

*Based on this information, it is reasonable to assume that* [h]*ospices that offer a full continuum of hospice level of care are likely to have high percentages of deaths per admissions…."*

The applicant provides a table, reproduced below, that illustrates death percentages among different hospice agencies that have inpatient beds:

| **ROCKINGHAM COUNTY HOSPICE (5 BEDS)** | |
|---|---|
| Total Agency Patient Admissions | 414 |
| Patient Deaths | 401 |
| Percentage of deaths/admissions | 96.86% |
| **HOSPICE OF SCOTLAND COUNTY (6 BEDS)** | |
| Total Agency Patient Admissions | 257 |
| Patient Deaths | 257 |
| Percentage of deaths/admissions | 100.0% |
| **HOSPICE OF THE PIEDMONT (6 BEDS)** | |
| Total Agency Patient Admissions | 466 |
| Patient Deaths | 441 |
| Percentage of deaths/admissions | 94.64% |
| **CARL S. ROBERSON CENTER (8 BEDS)** | |
| Total Agency Patient Admissions | 216 |
| Patient Deaths | 214 |
| Percentage of deaths/admissions | 99.07% |

The applicant states that, by contrast, there are many hospice home care agencies without inpatient beds and have correspondingly low percentage of deaths per admission. In addition, the applicant provided additional data from the NC Center that shows even some hospice agencies that do not operate inpatient beds had a percentage of deaths per admission that was between 50% and 100%. In fact, the applicant provides data to show that, in FY 2012, the existing UNC Hospice Agency reported deaths per admission of 84%. Therefore, the applicant concludes, UNC Hospice Agency's historical percentage of deaths per admissions is reasonable, credible, and supported.

In additional information submitted to the Agency by the applicant shows these projections are reasonable based on the following:

- *"Growth in referrals from Chatham and Orange County will be supported by the referral sources … based in Orange and Chatham Counties.*
- *The ramp-up in inpatient hospice days of care typically occurs in the first three years of operation based on utilization data from other NC hospices.*

- *The population of Chatham increased by approximately 29 percent from 2000 to 2010. Continued high growth is projected.*
- *Market share gains and increased admissions are expected due to increased patient education and the availability of a full scope of hospice services.*
- *The population of Chatham County has higher mortality rates for total deaths and for multiple diagnoses that are often served by hospice…."*

The information provided by the applicant and available in the NC Center's data, as well as the information contained in the State Medical Facilities Plans [2009 through 2013] substantiates the applicant's projections with regard to utilization of the proposed hospice inpatient beds. This is particularly true, given that the existing UNC Hospice Agency currently serves a majority of Chatham County residents who need hospice treatment, and there is currently no hospice inpatient facility in the county. Therefore, residents of Chatham County who are in need of hospice inpatient care must currently travel out of the county to receive their care. The burden of traveling to visit loved ones in hospice care, combined with the burden already placed on families of having a family member in hospice care, is great. The applicant's proposal to develop a hospice inpatient facility in Chatham County that will serve Chatham County residents is reasonable. Furthermore, the information provided by the applicant is reasonable, credible, and supported.

Access

The applicant projects 87.6% of its patients will be covered by Medicare (82.0%) and Medicaid (5.6%). The applicant demonstrates that medically underserved groups will have adequate access to the proposed hospice inpatient services.

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need the population projected to be served has for the proposed project, and adequately demonstrates that all residents of the service area, and, in particular, underserved groups, are likely to have access to the services proposed. Therefore, the application is conforming to this criterion.

(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, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

(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.

CA

In Section III.14, page 56, the applicant describes the alternatives it considered prior to submitting this proposal, including maintaining the status quo and developing a hospice facility with fewer residential beds.

- The applicant states it rejected the status quo alternative because this alternative fails to address the needs of the patients in and around Chatham County who are in need of hospice inpatient care.
- The applicant rejected the alternative of developing a hospice facility with fewer residential beds because fewer residential beds would not provide the balance of capacity that allows a hospice facility to maximize patient access to services. Hospice residential care beds are only available to provide hospice residential care, but hospice inpatient care beds can be used for both hospice inpatient and hospice residential care. Therefore, developing the facility as proposed, with four hospice residential beds allows for flexibility in treatment options for hospice patients in Chatham County.

The applicant adequately demonstrates that the proposal is its least costly or most effective alternative to meet the need for six hospice inpatient beds as identified in the 2013 SMFP.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that its proposal is the least costly or most effective alternative. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **University of North Carolina Hospitals at Chapel Hill d/b/a UNC Hospitals Inpatient Hospice Facility shall materially comply with all representations made in the certificate of need application.**

2. **University of North Carolina Hospitals at Chapel Hill d/b/a UNC Hospitals Inpatient Hospice Facility shall develop no more than six hospice inpatient beds and four hospice residential beds.**

3. **University of North Carolina Hospitals at Chapel Hill d/b/a UNC Hospitals Inpatient Hospice Facility shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application and that would otherwise require a certificate of need.**

4. **University of North Carolina Hospitals at Chapel Hill d/b/a UNC Hospitals Inpatient Hospice Facility shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section, 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

In Section VIII.1, page 89 of the application, the applicant projects the total capital cost of the proposed hospice inpatient and residential facility will be $4,710,222, including $1,300,000 in site costs, $2,514,677 in construction costs, $286,672 in consultant fees, and $608,874 in furniture and equipment costs. In Section IX.1(a), on page 94, the applicant projects $403,714 in start-up expenses and $296,286 in operating expenses, for a total working capital of $700,000. Exhibit 14 contains documentation from a registered architect, which certifies the construction costs as reported by the applicant in Section VIII.1, page 89.

In Section VIII.5, on page 90, the applicant states the entire capital cost will be financed with owner's equity. In Exhibit 15 of the application, the applicant provides a letter signed by the Executive Vice President and Chief Financial Officer for UNC Hospitals, which states:

> *"This letter is to confirm the availability of funding in excess of $5,410,222 specifically for use for the $4,710,222 in capital costs plus the $700,000 for the start-up and working capital costs associated with the development of the … project."*

In Exhibit 16, the applicant provides a copy of the audited financial reports for UNC Hospitals for the fiscal year ending June 30, 2012. The financial report indicates that, as of June 30, 2012, UNC Hospitals had total current assets in the amount of $566,386,526, including cash and cash equivalents in the amount of $144,227,747. The applicant adequately demonstrated the availability of sufficient funds for the capital needs of the proposal.

In the *Financials* section of the application, the applicant provides pro forma financial statements for UNC's inpatient hospice facility (Form D), in which the applicant projects income will meet or exceed expenses in the second and third operating years, as shown below:

**UNC Hospital Inpatient Hospice Facility**

| | **FFY 2016 YEAR 1** | **FFY 2017 YEAR 2** | **FFY 2018 YEAR 3** |
|---|---|---|---|
| Total Income | $1,069,857 | $1,173,299 | $1,278,242 |
| Total Expenses | $1,084,409 | $1,144,359 | $1,155,099 |
| Net Income (Loss) | ($14,553) | $ 28,940 | $ 123,142 |

Operating costs and revenues are based on reasonable assumptions including projected utilization. The assumptions for the pro forma financial statements are provided at the end of the

*Financials* section. See also Criterion (3) for discussion regarding utilization assumptions which is incorporated hereby as if set forth fully herein. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of operating costs and revenues, and the application is conforming with this criterion.

(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

University of North Carolina Hospitals at Chapel Hill currently operates a hospice agency based in Pittsboro, in Chatham County. According to the 2013 LRA, the agency had 281 new admissions in FY 2012, 141 of which (50%) were from Chatham County. The applicant proposes to develop a freestanding hospice inpatient facility with six inpatient hospice beds and four residential hospice beds in Pittsboro. Currently, there are no inpatient hospice facilities in Chatham County. There are eight counties that are contiguous to Chatham, six of which have freestanding hospice inpatient facilities.

The nearest hospice inpatient facility is Hospice of Wake County, in Raleigh which, according to Mapquest®, is just over 30 miles from the proposed location of the UNC facility. The other hospice inpatient facilities in other contiguous counties are between 32 and 42 miles away. On page 29, the applicant provides a part of a presentation given by UNC Hospitals during the public hearing for the proposed 2013 SMFP:

> *"'The lack of inpatient hospice beds within Chatham County causes hardships for patients and family members due to travel distances. Many low income and older adults lack access to transportation to reach hospice facilities in other counties. I have personally talked with dozens of patients and families who face the agonizing choice to travel far from loved ones to seek best care — for them, this means inpatient hospice — or to compromise on the quality of care while remaining where they can visit with family as they die.'"*

In addition, of all the hospice agencies that served residents of Chatham County for FY 2008 – FY 2011, UNC served in excess of 45% of those admissions. See the following table, prepared by the analyst with data compiled from *The Center for Hospice and End of Life Care:*

**UNC Percent of Total Chatham County Hospice Admissions**
**FFY 2008 – FFY 2011**

| FISCAL YEAR | CHATHAM CO. TOTAL HOSPICE ADMISSIONS | UNC HOSPICE ADMISSIONS | PERCENT OF CHATHAM CO. ADMISSIONS |
|---|---|---|---|
| 2008 | 211 | 113 | 53.6% |
| 2009 | 217 | 112 | 51.6% |
| 2010 | 231 | 115 | 50.0% |
| 2011 | 287 | 136 | 47.4% |

Although the percentage has been decreasing, the actual number of admissions, both in Chatham County and for UNC Hospice Agency, has been increasing. In fact, Chatham County total admissions grew by 36% [(287 / 211) – 1 = 0.3602]. UNC Hospice admissions grew by 20% during that same time [(136 / 113) – 1 = 0.2035].

Moreover, the counties that are contiguous to Chatham County are less rural, more urban counties; particularly Wake, Durham, and Orange. Traffic congestion, particularly for an out-of-county resident, can add time to the commute for family members, thereby compounding the burden that is already upon them when faced with end of life care for loved ones.

In addition to increasing hospice admissions and traffic issues, the 2013 SMFP identified a need for six hospice inpatient beds in Chatham County. UNC proposes to develop no more than six hospice inpatient beds in Chatham County. UNC adequately demonstrates the need to develop six hospice inpatient beds in Chatham County, given the increasing hospice admissions for its agency, and the projected growth in utilization of hospice services by the residents of Chatham County. Consequently, the applicant adequately demonstrates the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities in Chatham County. Therefore, the application is conforming to this criterion.

(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

In Section VII.2, page 83, the applicant provides the proposed staffing for UNC Hospice inpatient facility, as shown in the table below.

**UNC Hospice Inpatient Facility Total Staffing**
**(Inpatient and Residential)**

| POSITION | NUMBER OF FTES |
|---|---|
| Director of Nursing | 0.108 |
| Nurse Educator | 0.108 |
| Registered Nurse | 6.750 |
| Certified Nursing Assistant | 4.800 |
| Office Manager | 0.108 |
| Social Worker | 0.108 |
| Chaplain | 0.108 |
| Community Relations | 0.108 |
| Executive Director | 0.108 |

| | |
|---|---|
| Business Office Manager | 0.108 |
| Billing Specialist | 0.108 |
| Volunteer Coordinator | 0.108 |
| **Total Positions** | **12.63** |

Since this application is for a proposed hospice facility, there is no historical staffing to report. In Section VII.3, on page 78, the applicant states the nursing care positions, which include RNs and CNAs, will be assigned directly to the facility. In Section II, page 21, the applicant states other staff will be shared with UNC Home Care

In Section VII.4, page 85, the applicant projects the number of direct care staff in the second year of operation. The applicant projects that 3.6 staff members will be on duty at all times in the facility, including 3 registered nurses and 0.6 nursing aides. The applicant states nursing services will be provided 24 hours per day, seven days per week.

In Section VII.7, page 89, the applicant projects to provide 6.45 nursing hours per patient day (NHPPD) for hospice inpatient services [28.8 nursing hours per day X 365 days = 10,512 RN hours) / 1,629 inpatient days of care = 6.5 NHPPD] in the second operating year following completion of the project.

In Section VII.9, page 87, the applicant describes the recruiting methods for the proposed staff positions. In Section V.3(c), page 64, the applicant identifies James B. Holt, M.D., who currently serves as Medical Director for UNC Hospice, as the Medical Director for UNC Hospitals Inpatient Hospice Facility. In Exhibit 5, the applicant provides a letter signed by Dr. Holt confirming his willingness to continue as Medical Director following completion of the inpatient facility. In addition, in Exhibit 4, the applicant provides copies of letters from physicians expressing support for the proposed project. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

(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

In Section II.3, pages 20 - 23, the applicant states that all of the necessary ancillary and support services for the proposed hospice inpatient and residential services are currently provided through UNC Hospice and UNC Homecare Services, which have operated for 29 years. In Section V.2, page 63, the applicant states,

> *"Since UNC Hospitals is an academic medical center, no transfer agreements are required for UNC Hospitals / UNC Hospice patients. …*
>
> …

*UNC Hospitals / UNC Hospice has existing referral relationships with hospitals and physicians throughout the state. In general, it is UNC Hospitals' operating policy to work actively with any agency, program, service, or provider that may want to refer patients to the Hospitals, its medical staff and programs. Transfer agreements are not required, but exist for many hospitals and other providers in the State."*

Exhibit 11 of the application contains an example of an existing transfer agreement. Exhibit 6 has copies of referral agreements with local long-term care facilities. Exhibit 5 contains copies of letters from physicians expressing support for the proposed project. The applicant adequately demonstrates that necessary ancillary and support services will be available and that the proposed project will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

(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

(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

(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.

C

In Section XI.2, on page 104, the applicant states the land on which the facility will be developed will be donated to UNC Hospitals. In Section XI.7, on page 110, the applicant proposes the facility will be 11,000 square feet, at a cost of $228.61 per square foot. Exhibit 14 contains a certification from a registered architect, which confirms that the total construction costs are consistent with the costs reported by the applicant in Section VIII.1, page 89. Additionally, in Section III.3, pages 48 - 50, the applicant states that applicable energy savings features will be incorporated into the plans. The energy savings features include, but are not limited to:

- Lighting systems that will provide higher energy efficiency in accordance with the latest edition of the NC State Building Codes,
- Water systems, toilets, and hand wash stations will be installed to maximize water conservation,
- Heating, Ventilation and Air-conditioning systems will be installed to provide higher energy efficiency in the proposed facility.

On page 49, the applicant states all these features will be installed without compromising patient or resident health or safety. The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative for the project it proposes, and that the construction costs will not unduly increase costs and charges for health services. See Criterion (5) for discussion of costs and charges, which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming to this criterion.

(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 handicapped persons, 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 VI.3, page 69, the applicant states it has no historical payor mix for inpatient hospice services, because it does not currently operate a hospice inpatient facility. However, the applicant does provide a table to show projected payor mix for the hospice inpatient services at the proposed facility, and states those projections are based on the historical payor mix for UNC Hospice home care. See the following table:

| UNC HOSPICE HOME CARE FY 2012 PAYOR CATEGORY | PATIENT DAYS AS % OF TOTAL |
|---|---|
| Medicare | 88.12% |

| | |
|---|---|
| Medicaid | 4.60% |
| Commercial | 6.44% |
| Self Pay (includes indigent) | 0.84% |
| **Total** | **100.0%** |

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. More current data, particularly with regard to the estimated uninsured percentages, was not available.

| COUNTY | TOTAL # OF MEDICAID ELIGIBLES AS % OF TOTAL POPULATION JUNE 2010 | TOTAL # OF MEDICAID ELIGIBLES AGE 21 AND OLDER AS % OF TOTAL POPULATION JUNE 2010 | % UNINSURED CY2008-2009 (ESTIMATE BY CECIL G. SHEPS CENTER) |
|---|---|---|---|
| Chatham | 12% | 4.1% | 19.3% |
| Statewide | 17% | 6.7% | 19.7% |

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the hospice inpatient services proposed in this application.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicant's current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

Annual data provided by the Carolinas Center for Hospice and End of Life Care reports that hospice patients in North Carolina had the following payor mix during 2011.

**NC Hospice Patients by Payor Mix**

| PAYOR | PERCENT OF DAYS | PERCENT OF PATIENTS |
|---|---|---|
| Hospice Medicare | 91.6% | 86.3% |
| Hospice Private Insurance | 3.4% | 5.9% |
| Hospice Medicaid | 3.4% | 4.9% |
| Self Pay | 1.2% | 2.2% |
| Other | 0.4% | 0.6% |
| **Total** | **100.0%** | **100.0%** |

Source: 2011 Fiscal Year Carolinas Center for Hospice and End of Life Care

The following table shows North Carolina and national hospice patients by race and ethnicity.

**Hospice Patients by Race and Ethnicity**

| RACE | % OF HOSPICE PATIENTS 2011 NC DATA | % OF HOSPICE PATIENTS 2010 NC DATA | % OF HOSPICE PATIENTS 2010 NATIONAL DATA |
|---|---|---|---|
| White / Caucasian | 80.1% | 80.5% | 77.3% |
| Black / African American | 13.6% | 15.4% | 8.9% |
| Other Race | 2.5% | 2.7% | 11.0% |
| American Indian or Alaskan Native | 1.0% | 1.0% | 0.3% |
| Asian, Hawaiian, Other Pacific Islander | 2.7% | 0.4% | 2.5% |
| **Total** | **100.0%** | **100.0%** | **100.0%** |
| Ethnicity: | | | |
| Hispanic or Latino Origin | 1.0% | 0.7% | 5.7% |
| Non-Hispanic or Latino Origin | 99.0% | 99.3% | 94.3% |
| **Total** | **100.0%** | **100.0%** | **100.0%** |

Source: 2011 Fiscal Year Carolinas Center for Hospice and End of Life Care

The table below illustrates North Carolina and national hospice patients by age groups, which indicates more than 80% of the patients are age 65+ and thus Medicare eligible.

**Hospice Patients by Age Categories**

| AGE CATEGORY | % OF HOSPICE PATIENTS 2011 NC DATA | % OF HOSPICE PATIENTS 2010 NC DATA | % OF HOSPICE PATIENTS 2010 NATIONAL DATA |
|---|---|---|---|
| 0-34 | 0.8% | 0.8% | 1.3% |
| 35-64 | 16.5% | 17.4% | 16.1% |
| 65-74 | 18.2% | 18.4% | 15.9% |
| 75+ | 64.5% | 63.4% | 66.8% |
| **Total** | **100.0%** | **100.0%** | **100.0%** |

Source: 2011 Fiscal Year Carolinas Center for Hospice and End of Life Care

The applicant demonstrates that medically underserved populations currently have adequate access to the applicant's existing services and 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 handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

In Section VI.5, pages 70 - 72, the applicant describes the manner in which its services have been and will continue to be made accessible to minorities and handicapped persons. In Section VI.10(a), page 76, the applicant states that no civil rights complaints have been filed against UNC Hospitals in last five years. Therefore, 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 VI.4, page 69, the applicant provides the projected payor mix for the second year of operation (FY 2017) for the hospice inpatient services to be provided in the proposed inpatient facility, as shown in the table below.

| UNC HOSPITALS HOSPICE INPATIENT SERVICES PAYOR CATEGORY | PATIENT DAYS AS % OF TOTAL |
|---|---|
| Medicare | 88.12% |
| Medicaid | 4.60% |
| Commercial | 6.44% |
| Private Pay | 0.84% |
| **Total** | **100.0%** |

The applicant demonstrates that medically underserved populations will have adequate access to the proposed hospice inpatient services. Therefore, the application is conforming to this criterion.

(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 VI.9(a), page 73, the applicant describes the range of means by which a person will have access to its services. On pages 73 – 76, the applicant provides a list of referral sources historically utilized. The information provided is reasonable and credible and supports a finding of conformity 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

In Section V.1(a), on page 63, the applicant states:

> *"UNC Hospice currently provides health professional training programs including the UNC school of Medicine Geriatric Medicine Fellowship with Hospice and Palliative Care. The proposed facility will expand this clinical training and also provide additional clinical training opportunities for the students of the UNC School of Nursing."*

The information provided in Section V.1 is reasonable and credible and supports a finding of conformity to this criterion.

(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

University of North Carolina Hospitals at Chapel Hill proposes to develop an inpatient hospice facility with six inpatient hospice beds and four residential hospice beds in Pittsboro, Chatham County. There is currently no hospice inpatient facility in Chatham County.

In Section V.7, on pages 66 – 67, the applicant discusses how the proposed project will enhance competition in the service area and have a positive effect on cost effectiveness, quality of care and access to services. The applicant states:

> *"The proposed project will enhance competition and have a positive effect on cost effectiveness, quality of care and access by underserved groups.*
>
> *UNC Hospitals / UNC Hospice plan to implement this project with a favorable impact on cost effectiveness due to multiple factors:*

- *Constructing the hospice facility with plumbing fixtures, building systems and lighting to maximize energy efficiency*
- *Expanding access to inpatient beds to reduce delays in admissions and unnecessary lengths of stay in local hospitals*
- *Continuing to control expenses through purchasing contracts and group purchasing*
- *Cross train staff to improve productive and schedule flexibility*
- *Implementing information systems*

…

*Access by underserved groups will be strengthened with the proposed project because the overall mix of inpatient and residential beds will be better suited to the needs of the community."*

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and on the following analysis:

- The applicant adequately demonstrates the need to develop six hospice inpatient beds and four hospice residential beds and that it is a cost-effective alternative;
- The applicant adequately demonstrates that it will continue to provide quality services; and
- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations.

The application is conforming to this criterion.

(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

UNC Hospitals is certified by CMS for Medicare and Medicaid participation, and licensed by the NC Department of Health and Human Services. According to files in the Acute and Home Care Licensure and Certification Section in the Division of Health Service Regulation, no incidents have occurred at UNC Hospitals within the eighteen months immediately preceding the date of the decision for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(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

UNC proposes to develop a new hospice facility with six hospice inpatient beds and four hospice residential beds in Chatham County. Therefore, the Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities 10A NCAC 14C .4000 are applicable to this review. The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities. The specific criteria are discussed below.

**10A NCAC 14C .4002 INFORMATION REQUIRED OF APPLICANT**

*(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall complete the application form for Hospice Inpatient and Hospice Residential Care Services.*

-C- The applicant used the correct application form;

*(b) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall provide the following information:*

*(1) the projected annual number of hospice patients, admissions, deaths, and other discharges, <u>for each level of care</u> (i.e., respite care, hospice residential care and hospice inpatient care), to be served in the facility in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;*

-C- In Section IV, page 60, and in supplemental information provided to the Agency, the applicant provides the projected number of hospice inpatient, residential and respite admissions, deaths, and other discharges to be served in the UNC Hospice Inpatient Facility in each of the first three years following completion of the project, as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 33 – 42 and in supplemental information provided to the Agency.

**UNC Hospice Inpatient Facility Projections by Level of Care**

| LEVEL OF CARE | FFY 2016 | FFY 2017 | FFY 2018 |
|---|---|---|---|
| **Inpatient** | | | |
| Admissions** | 186 | 204 | 222 |
| Deaths* | 176 | 193 | 210 |
| Discharges | 4 | 4 | 4 |
| **Residential** | | | |
| Admissions | 46 | 51 | 56 |
| Deaths* | * | * | * |
| Discharges | 0 | 0 | 0 |
| **Respite** | | | |
| Admissions | 6 | 6 | 6 |
| Deaths | 0 | 0 | 0 |
| Discharges | 0 | 0 | 0 |

**The applicant states in supplemental information that admissions to inpatient care include new admits and admits from hospice homecare.
*The applicant states in Sections II and III that it combines inpatient and residential deaths.

*(2) the projected annual number of hospice patients, admissions, deaths, and other discharges <u>for each level of care</u> to be served by the applicant's licensed hospice agency in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;*

-C- In Section II, on page 13, and in supplemental information submitted by the applicant, the applicant projects the annual number of hospice patients, admissions, deaths, and other discharges for total hospice agency operations in each of the first three years following completion of the project. The methodology and assumptions used to develop the projections are provided on page 14 and in Section III.1, pages 33 - 42. See the following table, from page 13:

**UNC Hospice Agency Projections by Level of Care**

| LEVEL OF CARE | FY 2016 | FY 2017 | FY 2018 |
|---|---|---|---|
| **Inpatient** | | | |
| Patients | 186 | 204 | 222 |
| Admissions | 148 | 162 | 174 |
| Deaths* | 172 | 190 | 208 |
| Discharges | 0 | 0 | 0 |
| **Residential** | | | |
| Patients (duplicated) | 46 | 54 | 60 |
| Admissions | 46 | 51 | 56 |
| Deaths* | * | * | * |
| Discharges | 0 | 0 | 0 |
| **Respite**** | | | |
| Patients | 6 | 6 | 6 |
| Admissions | 6 | 6 | 6 |
| Deaths | 0 | 0 | 0 |
| Discharges | 0 | 0 | 0 |

*On pages 13 and 14, the applicant states total agency deaths were calculated as 85% of total agency admissions. On page 14, the applicant states it combines total hospice deaths because *"patients are timely admitted to the inpatient level of care…."*

**The applicant does not provide respite agency admissions; rather, on page 42, the applicant states it projects respite days of care based on an assumption of one respite patient every other month, for a total of six per year. Total Agency admissions are provided in the table above.

*(3) the projected annual number of patient care days, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be provided in each of the first three years of operation following completion of the project and the methodology and assumptions used to make the projections;*

-C- In Section III.1, page 43, the applicant provides a table showing projected annual number of patient care days for the inpatient, residential and respite levels of care to be provided in each of the first three years of operation, as summarized below. The methodology and assumptions used to develop the projections are provided on pages 33 - 46.

**UNC Projected Patient Care Days by Level of Care**

| LEVEL OF CARE | FY 2016 | FY 2017 | FY 2018 |
|---|---|---|---|
| Inpatient | 1,485 | 1,629 | 1,779 |
| Residential | 1,160 | 1,272 | 1,390 |
| Respite | 18 | 18 | 18 |

*(4) the projected average length of stay (ALOS) based on admissions to the applicant's facility, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;*

-C- In Section II.2, page 15, the applicant provides a table showing the projected average length of stay (ALOS) for the inpatient, residential and respite levels of care to be provided in each of the first three years of operation, as summarized below. The methodology and assumptions used to develop the projections are provided on pages 33 - 46.

**UNC Projected ALOS by Level of Care**

| LEVEL OF CARE | FY 2016 | FY 2017 | FY 2018 |
|---|---|---|---|
| Inpatient | 8 | 8 | 8 |
| Residential | 25 | 25 | 25 |
| Respite | 3 | 3 | 3 |

*(5) the projected readmission rate, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;*

-C- In Section II.2, page 15, the applicant states it projects readmissions based on 3% of total admissions. The methodology and assumptions used to develop the projections are provided on pages 33 – 46.

*(6) the projected average annual cost per patient care day, by level of care (i.e., respite care, hospice residential care and hospice inpatient care) for each of the first three*

*operating years following completion of the project and the methodology and assumptions used to project the average annual cost;*

-C- In Section II.2, page 15, and in Form C in the *Financials* Section of the application, applicant provides the projected average annual cost per patient care day for the inpatient, residential care and respite levels of care for each of the first three operating years following completion of the project. However, the table provided in Section II, page 15 shows the average cost per patient day for fiscal years 2013, 2014, and 2015, not the first three project years as required by the rule. In addition, the applicant combines cost per patient day for residential and respite care. In Form C, the applicant provides the average cost per patient day for each of the three project years, as shown below. The applicant provides the information in a table with headings for *inpatient* and *residential*. The analyst concludes the applicant projects cost for respite and residential combined as stated in Section II page 15. The methodology and assumptions are provided in Form C.

| YEAR | INPATIENT | RESIDENTIAL AND RESPITE |
|---|---|---|
| FY 2016 | $541.96 | $373.01 |
| FY 2017 | $492.93 | $398.11 |
| FY 2018 | $453.42 | $410.52 |

*(7) documentation of attempts made to establish working relationships with sources of referrals to the hospice facility including copies of proposed agreements for the provision of inpatient care and residential care;*

-C- In Section II.2, page 16, the applicant states:

> *"UNC Hospice has established excellent working relationships with physicians, hospitals and other providers in Chatham and Orange Counties and surrounding areas."*

In Exhibit 3, the applicant provides a list of referral sources. In Exhibit 4, the applicant provides letters of support from physicians, hospitals and other referral sources.

*(8) documentation of the projected number of referrals to be made by each referral source;*

-C- In Exhibit 3, the applicant provides a table that documents the number of referrals to be made by each referral source.

*(9) copies of the proposed contractual agreements, if the applicant is not a licensed hospice, with a licensed hospice or a licensed home care agency with a hospice designation on its license, for the provision of hospice services;*

-NA- UNC is an existing licensed hospice facility.

*(10) documentation of the projected number of patients to be referred for each payor type from the referring hospices, if the applicant is not a licensed hospice or if the applicant proposes to admit patients on a contractual basis; and*

-NA- UNC is an existing licensed hospice facility.

*(11) a copy of the admission policies, including the criteria that shall be used to select persons for admission to the hospice inpatient and residential care beds.*

-C- Exhibit 7 contains a copy of UNC's *"Admissions Criteria"* policy.

**10A NCAC 14C .4003 PERFORMANCE STANDARDS**

*(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that:*

*(1) the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 50 percent for the last six months of the first operating year following completion of the project;*

-C- On pages 58 – 59, the applicant provides two tables to show the average occupancy rate for each level of care for the licensed hospice beds. The average occupancy in the last six months of the first operating year is projected to be 69.22% [(760 total days of care for six months / 183 total days) / 4 residential beds = 0.6922].

*(2) the average occupancy rate for the licensed hospice beds, for each level of care, in the facility is projected to be at least 65 percent for the second operating year following completion of the project; and*
`

-C- In Section II.2, pages 58 and 59, the applicant provides two tables to show the average occupancy rate for each level of care for the licensed hospice beds. See the table, from data found on pages 58 and 59:

| FISCAL YEAR | INPATIENT DAYS OF CARE | OCCUPANCY RATE | RESIDENTIAL DAYS OF CARE | OCCUPANCY RATE |
|---|---|---|---|---|
| 2017 | 1,629 | 74.38% | 1,272 | 87.12% |

The applicant indicates on page 59 that respite days of care stay at 18 per year. No occupancy is calculated for respite care.

*(3) if the application is submitted to address the need for hospice residential care beds, each existing hospice residential care facility which is located in the hospice service area operated at an occupancy rate of at least 65 percent for the 12 month period reported on that facility's most recent Licensure Renewal Application Form.*

-NA- There are currently no hospice residential beds in the service area.

*(b) An applicant proposing to add hospice inpatient facility beds to an existing hospice inpatient facility shall document that the average occupancy of the licensed hospice inpatient facility beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.*

-NA- The applicant does not have an existing hospice inpatient facility. Furthermore, there are currently no hospice inpatient facility beds in Chatham County.

*(c) An applicant proposing to add residential care beds to an existing hospice residential care facility shall document that the average occupancy of the licensed hospice residential care beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.*

-NA- The applicant does not propose to add residential care beds to an existing facility.

**10A NCAC 14C .4004 SUPPORT SERVICES**

*(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that the following services will be provided directly by the applicant or by a contracted hospice to the patient and the patient's family or significant others:*

*(1) nursing services;*
*(2) social work services;*
*(3) counseling services including dietary, spiritual, and family counseling;*
*(4) bereavement counseling services;*
*(5) volunteer services;*
*(6) physician services; and*
*(7) medical supplies.*

-C- In Section II, page 22, the applicant provides a table that illustrates that all of the services delineated in the rule are currently provided at UNC by UNC Hospice staff. Following completion of the project, the applicant states the services will continue to be provided by UNC Hospice staff.

*(b) An applicant shall demonstrate that the nursing services listed in Paragraph (a) of this Rule will be available 24 hours a day, seven days a week.*

-C- In Section VII.4, page 85, the applicant states that nursing services will be available 24 hours a day, seven days a week for the provision of direct patient care.

*(c) An applicant proposing to develop a hospice inpatient facility or a hospice residential care facility shall provide documentation that pharmaceutical services will be provided directly by the facility or by contract.*

-C- In Exhibit 8 the applicant provides a copy of a letter from UNC Hospitals indicating that it will provide pharmacy services to UNC Hospice Inpatient Facility in Pittsboro.

*(d) For each of the services listed in Paragraphs (a) and (c) of this Rule which are proposed to be provided by contract, the applicant shall provide a copy of a letter from the proposed provider which expresses its interest in working with the proposed facility.*

-C- In Exhibit 8 the applicant provides a copy of a letter documenting UNC Hospitals pharmacy services' intent to provide pharmacy services. In Exhibit 9 the applicant provides a copy of a letter documenting the availability UNC Medical Director and physician services.

**10A NCAC 14C .4005 STAFFING AND STAFF TRAINING**

*(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall document that staffing will be provided in a manner consistent with G.S. 131E, Article 10.*

-C- In Section II.2, page 19, the applicant states that the staffing will comply with the requirements of 131E, Article 10. In Section VII, the applicant provides staffing information.

*(b) The applicant shall demonstrate that:*

*(1) the staffing pattern will be consistent with licensure requirements as specified in 10A NCAC 13K, Hospice Licensing Rules;*

-C- In Section II.2, page 19, the applicant states:

*"…the staffing pattern will be consistent with 10A NCAC 13K Licensing Rules. At least one registered nurse will be on duty in the facility at all times. The staffing assignments for all shifts provide appropriate nursing staff coverage."*

In addition, the proposed staffing shown in Table VII.2, pages 83 - 84, reflects that the above services will be provided.

*(2) training for all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules.*

-C- In Section II.2, page 19, applicant states:

*"…training for all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules."*

In addition, Exhibit 9 provides an undated letter signed by the clinical director of post-acute care services at UNC Hospitals that confirms that staff training will meet all the necessary federal and state statutory licensing requirements. In addition, in Exhibit 24, the applicant provides a copy of UNC's staff training policies.

**10A NCAC 14C .4006 FACILITY**

*An applicant proposing to develop new hospice inpatient facility beds or new hospice residential care facility beds shall document:*

*(1) that a home-like setting shall be provided in the facility;*

-C- In Section II, page 19, the applicant states that the proposed hospice inpatient facility will be designed and constructed to provide a home-like setting. The applicant provides details about the design on page 19.

*(2) that the services will be provided in conformity with applicable state and local laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements; and*

-C- In Section II, page 20, the applicant states that the hospice services will be provided in conformity with applicable state and local laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements.

*(3) for new facilities, the location of the site on which the services are to be operated. If the site is neither owned by nor under option to the applicant, the applicant must provide a written commitment to pursue acquiring the site if and when the approval is granted, must specify a secondary site on which the services could be operated if acquisition efforts relative to the primary site ultimately fail, and must demonstrate that the primary and secondary sites are available for acquisition.*

-C- In Section II, page 20, the applicant states the facility will be constructed on land that will be donated to UNC. In Section XI, pages 104 – 106, the applicant provides documentation that a primary and a secondary site have been selected. In Exhibit 10 the applicant provides a June 24, 2013 letter signed by a representative of Preston Development Company that confirms that 2 acres will be donated to UNC for development of the hospice inpatient facility.

*(a) Describe all services that will be provided in the facility*

-C- In Section II, pages 20 – 21, the applicant describes the services that will be provided in the proposed inpatient hospice facility.

*(b) Describe how the facility will be administratively and clinically organized to accommodate the provision of these services. Describe any additional square footage, staffing or other accommodations that are either proposed or required to implement these services*

-C- In Section II, pages 21 – 22, the applicant describes how the facility will be administratively and clinically organized to accommodate the provision of hospice inpatient services.

*(c) Provide documentation that the Division of Medical Assistance has been contacted regarding proposed reimbursement for inpatient hospice services*

-C- In Section II, page 22, the applicant documents that the Division of Medical Assistance has been contacted regarding proposed reimbursement for inpatient hospice services. In addition, in Exhibit 22, the applicant provides a copy of UNC's reimbursement rates for inpatient hospice services.