ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

DECISION DATE: July 31, 2014
PROJECT ANALYST: Celia C. Inman
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: G-10285-14 / The Hospice Home at High Point / Convert five hospice residential beds to five hospice inpatient beds for a total of 15 hospice inpatient beds and three hospice residential beds upon completion of the project / Guilford 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 2014 State Medical Facilities Plan (SMFP) identifies a need determination for 16 new hospice inpatient beds in Guilford County. The applicant, Hospice of the Piedmont, Inc. (HPI), currently operates a hospice agency and a hospice inpatient / residential facility in High Point, The Hospice Home at High Point (HHHP). HHHP operates ten hospice inpatient beds and eight hospice residential care beds. HPI proposes to convert five hospice residential beds to five hospice inpatient beds for a total of 15 hospice inpatient beds and three hospice residential beds at project completion. The application is conforming to the need determination in the 2014 SMFP.

Policy GEN-3 in the 2014 SMFP is applicable to this review. Policy GEN-3: Basic Principles states:

"A CON 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."

The applicant's discussion of Policy GEN-3 is as follows:

Promote Safety and Quality

In Section III.3, pages 36-37, the applicant speaks of its ongoing commitment to safety and quality, citing the unencumbered maintenance of state license, current Medicare and Medicaid provider agreements (certifications) and national accreditation. The applicant states:

"Approval of this application will further enhance the quality of end of life care services currently available to residents of Guilford County. If approved, the access created from the proposed conversion, will give both patients and families greater access to evidence-based, holistic care specifically designed to address the medical, psycho-social, and spiritual needs of patients at the end of life.

…

Hospice of the Piedmont has two full-time medical directors and three nurse practitioners, all of whom are certified in hospice and palliative medicine. The agency has an active quality management program, driven by the Quality Assurance and Performance Improvement (QAPI) Committee.

…

Hospice of the Piedmont believes quality healthcare services are a direct result of developing good staff practices through effective educational programming designed to improve staff competencies."

In Section II.3(b), page 26, the applicant describes how the facility is currently and will continue to be administratively and clinically organized. In Section II.4, page 28, the applicant states:

"Hospice of the Piedmont's commitment to quality patient care starts with hiring qualified and sufficient staff to support the goals of our patients and their families. Background checks are completed on all employees, as well as, all patient/family volunteers. Newly hired staff complete an extensive orientation program, and are competency tested prior to receiving an independent patient assignment. Annual continuing education hours are required, and are provided by the organization at no

cost to agency employees. Close supervision and regular feedback, including annual written evaluations, encourage staff to perform at their optimal level.

Hospice of the Piedmont supports an active performance improvement program. Continuous measures include family satisfaction/outcome measurement surveys, bereavement outcome measures, infection control surveillance, utilization review, and complaint/incident/accident reports. Results of all measures are analyzed by the agency's Quality Assurance and Performance Improvement Committee. Recommendations for improvements and any immediately actionable items, are reported to the Board of Directors.

In addition, audits of various functions and processes are conducted on a regular basis. If performance improvement opportunities are identified, a performance improvement team may be initiated to develop and test new processes."

The applicant adequately demonstrates its commitment to promote safety and quality.

Promote Equitable Access

In Section III.3, page 38, the applicant states the following with regard to how the proposal will promote equitable access:

"Hospice of the Piedmont provides services to all patients who are medically eligible regardless of income, race/ethnic origin, gender, age, physical or mental conditions or ability to pay. Refer to Exhibits 6 and 15.

Hospice of the Piedmont promotes the inclusion of diversity by maintaining a diverse staff, providing diversity training for staff and volunteers and by engaging with historically under-served populations by offering care in a variety of settings.

Similarly, Hospice of the Piedmont is committed to providing residential care to those patients needing inpatient residential hospice. The proposed conversion of five (5) residential hospice beds to five (5) general inpatient hospice beds would not prohibit or prevent a patient requiring inpatient residential hospice services from receiving them."

In Section VI.5, page 61, the applicant further states how the proposal will promote equitable access:

"Hospice of the Piedmont maintains ongoing outreach activities with the local elderly population.

…

Hospice of the Piedmont is a participating provider in both the Medicare and Medicaid programs.

…

Hospice of the Piedmont's Admissions Policy guarantees equal access to hospice services for members of all racial, ethnic, and religious minority groups."

The applicant continues, stating its commitment to serve women, handicapped persons and other underserved persons. The applicant adequately demonstrates that all eligible patients will have equitable access to the proposed services. See also Criterion 13.

Maximize Healthcare Value

In Section III.3, pages 38-39, the applicant states:

"*This proposed conversion is incredibly cost effective, since it does not propose the building of additional physical space, rather, this proposal seeks to convert five (5) existing residential beds, all of which were built to general inpatient specifications. Conversion costs are minimal. … increasing the number of inpatient beds in an existing facility holds overhead costs flat, but allows any fixed costs of operating the hospice to be spread over a greater number of beds, making the cost per licensed bed less than it is currently*."

The applicant further states that hospice care provides significant cost savings to Medicare through a reduction in hospitalizations and heroic end-of-life procedures. In Section X.7, page 107, the applicant states the following regarding how the proposal promotes healthcare value:

"All of Hospice of the Piedmont's services concentrate on containing costs while offering high quality services. At least monthly, departmental budgets are examined for potential waste and new, more efficient cost control processes are implemented when appropriate. Hospice of the Piedmont has secured bulk purchasing arrangements with many of its suppliers, and has contained cost of employee benefits by offering high-quality, cost effective coverage to its staff. Hospice of the Piedmont uses its extensive network of volunteers to provide services and support that might otherwise require a paid staff member."

The applicant adequately demonstrates its attempt to maximize healthcare value in the development and offering of the proposed services.

In summary, the application is conforming to the need determination in the 2014 SMFP and is consistent with Policy GEN-3. 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, HPI, proposes to convert five hospice residential beds to five hospice inpatient beds for a total of 15 hospice inpatient beds and three hospice residential beds at its Hospice Home at High Point facility located in Guilford County. HPI was founded in 1981 and opened HHHP, its hospice inpatient/residential facility, in 2006.

Population to be Served

In Section III.4, pages 39-40, the applicant provides data showing the current and proposed service area is primarily Guilford County. Speaking of High Point, the city where the facility is located, the applicant states:

> *"The municipal boundaries fall into 4 counties - Guilford, Davidson, Forsyth and Randolph. The Hospice Home at High Point is centrally located in the southwestern corner of Guilford County and is at least 20 miles from another hospice inpatient facility."*

The applicant provides the patient origin data for HHHP for the last nine months and that projected for Project Years 1 and 2, as shown in the following table.

County	Percent
Guilford	63.8%
Davidson	14.4%
Forsyth	4.5%
Randolph	15.7%
Other	1.6%

The applicant further states, *"The central location of the facility promotes a greater access to individuals and families living within Hospice of the Piedmont's four county service area of Guilford, Davidson, Forsyth, and Randolph counties."* Exhibit 16 contains a map depicting the counties in the proposed service area.

The applicant adequately identified the population projected to be served by the proposed project.

Demonstration of Need

Hospice of the Piedmont operates an 18-bed inpatient and residential hospice facility, The Hospice Home at High Point. The current bed complement, effective April 2013 at the completion of CON Project ID #G-8696-11, is ten inpatient and eight residential beds. The

applicant proposes to convert five of the existing hospice residential beds to hospice inpatient beds for a complement of 15 inpatient and three residential beds.

In Section III.1, pages 30-34, the applicant discusses the need for the proposed project and states that the need is based on:

- the deficit of inpatient hospice beds shown in the 2014 SMFP;
- the high inpatient utilization rates for HHHP and Beacon Place at Greensboro, the only two Guilford County inpatient hospice facilities;
- the high number of referrals that HHHP cannot accommodate;
- the lack of available, timely respite care in the area; and
- the increasing percentage of the population 65 and older, the cohort accounting for the greatest usage of hospice and inpatient hospice services.

2014 SMFP Deficit of Inpatient Hospice Beds

The applicant provides the table as shown below on page 30 of the application, illustrating the projected deficit of inpatient hospice beds in Guilford County, based on the standard methodology utilized in the most recent five SMFPs.

Projected Deficit of Inpatient Hospice Beds in Guilford County

State Medical Facilities Plan Year	**2010**	**2011**	**2012**	**2013**	**2014**
Adjusted Projected Need	16 beds	13 beds	12 beds	17 beds	16 beds

High Inpatient Hospice Utilization Rates in Guilford County

The applicant states that the standard methodology for projecting need in a county sets a target county occupancy rate of 85% for existing facilities in the county. The applicant provides the occupancy for Guilford County inpatient hospice facilities on page 30, as shown in the table below.

Inpatient Hospice Bed Occupancy for Guilford County

	2009	**2010**	**2011**	**2012**	**2013**
The Hospice Home at High Point	89.80%	96.21%	104.75%	105.43%	105.78%
Beacon Place at Greensboro	74.08%	64.76%	61.99%	60.03%	71.76%
Total Guilford County Occupancy Rate	78.24%	80.31%	79.49%	86.58%	88.77%

Source: 2009-2012 rates from the 2010-2014 SMFPs, 2013 rates based on 2013 days of care date in the 2013 Annual Data Supplement to Licensure Applications.

Based on the 2012 occupancy data reported in the 2014 SMFP, the total average occupancy of Guilford County's two inpatient hospice facilities for 2012 was 86.58%, above the target occupancy of 85%. As the table above shows, HHHP has consistently had utilization rates far above the 85% threshold.

Number of New Referrals That Cannot Be Served

The applicant cites the past inability to admit a large number of referrals as a growing issue. On pages 31-32, the applicant provides statistics on HHHP new referrals who were not admitted during the period from May 1, 2012 through April 30, 2014. The statistics reveal that of the 311 referrals, 125 (40%) died before they could be admitted, and another 29% were referred to other hospice agencies/facilities. The applicant further explains that the data presented is not inclusive of current Hospice of the Piedmont hospice home care patients who could not be admitted for inpatient care due to lack of bed availability. The applicant states:

> *"These same statistics have improved only slightly since the completion of the recent addition to the hospice inpatient facility (Reference CON Project ID G-8696-11)* [emphasis in original]*, further demonstrating the need for additional access to general inpatient hospice beds in Guilford County.*

Lack of Respite Care

The applicant discusses the need for and availability of respite care in Guilford County on page 32. The applicant states:

> *"Respite care is a level of care offered through the Medicare and Medicaid hospice benefit. Respite care offers families relief from the stresses of caring for seriously ill family members. Pursuant to current regulations, this level of care must be provided in licensed inpatient beds. Due to the volume of acute care needs, Hospice of the Piedmont must utilize local area acute care hospitals to provide this valuable service to the families of existing Hospice of the Piedmont patients. Contracted nursing and/or assisted living facilities are unable to meet the staffing requirement of 24-hour on-site Registered Nurses which is a requirement for the provision of respite care services. With available inpatient hospice beds currently in short supply, Hospice of the Piedmont can only consider providing respite care in The Hospice Home at High Point on a case by case basis."*

The applicant states that many families would prefer to use The Hospice Home at High Point for respite services because the home-like environment at The Hospice Home at High Point is less distressing to the patient compared to an acute hospital or alternate healthcare setting.

Increasing Population Aged 65+ and Its Need for Hospice Services

On pages 32-34, the applicant discusses the Guilford County growing population and the increasing percentage of the population aged 65 and older. Data from the North Carolina State Office of Budget and Management (NC OSBM) shows Guilford County's population is expected to increase from 489,677 in 2010 to 551,258 in 2019, a 12.5% increase. The applicant states:

"Similarly, as the population of Guilford County continues to grow, Guilford County's population of individuals age 65 and older continues to grow, and is projected to grow 40.5% from 2010-2019."

The applicant suggests that the population aged 65 and older accounts for the greatest use of hospice services and supports its premise with documentation from The Carolinas Center for Hospice and End of Life Care and the National Hospice & Palliative Care Organization (NHPCO). On pages 32-33, the applicant states:

"Additionally, The Carolinas Center for Hospice and End of Life Care (v. 09/05/2013) cites 83.2% of the 43,383 hospice patients admitted in North Carolina in 2012 were 65 years of age or older. The numbers of hospice patients admitted in North Carolina and the percentage of patients aged 65 or older has increased proportionally from 2010-2012. Refer to Exhibit 14. These correlated statistics are indicative of the need to increase available access to inpatient hospice beds."

On page 33, the applicant also references the NHPCO as citing, *"the 65 and older population as the population cohort accounting for the greatest usage of hospice and general inpatient hospice services."*

Projected Utilization

In Section II, pages 10-14 and Section IV, pages 48 and 50, the applicant provides projections for admissions, deaths, discharges and ALOS. Below are excerpts from the tables and information provided by the applicant on pages 10-15 and 46-51 of the application.

Project Year 1

	Inpatient	Respite	Residential
Admissions	470	58	117
Deaths	351	0	75
Discharges	0	0	6
ALOS	6.66	4.85	11.00

Project Year 2

	Inpatient	Respite	Residential
Admissions	494	63	113
Deaths	379	0	70
Discharges	0	0	6
ALOS	6.66	4.85	10.80

Project Year 3

	Inpatient	Respite	Residential
Admissions	524	73	114

Deaths	408	0	65
Discharges	0	0	6
ALOS	6.66	4.85	10.45

The applicant provides the assumptions and methodology for its utilization projections on pages 49 and 51. In supplemental information provided by the applicant in response to questions from the Project Analyst during the expedited review of this project, the applicant clarifies what appears to be inaccurate information, specifically:

- The totals for *"# Patients"* for Inpatient, Respite and Residential calculations in Tables 4.1 and 4.2 on pages 46 and 48, respectively, do not sum. The applicant explains the monthly and quarterly patient utilization represents patients utilizing the service that month/quarter. The total represents unduplicated patients (eliminating the duplicated patients month-to-month/quarter-to-quarter); thus the totals do not sum.
- The assumption for *"Transfers From Hospice Home care Program"* on pages 11-12 and 51, should have reflected an annual growth rate of 4.8% with an additional increase of 31 patients for Year 1 and 15 over the next two years (three in Year 2 and 12 in Year 3). The applicant states the projection represents an estimation of patients in the hospice in-home care program who have previously been served in area hospitals due to a lack of available capacity at the Hospice Home at High Point for Year 1, with a gradual shift in referral patterns to Hospice Home at High Point in Years 2 and 3, as capacity is more often available.

On page 32, the applicant states that pursuant to current regulations, the respite level of care must be provided in licensed hospice inpatient beds, therefore HPI's utilization projections combine inpatient and respite patients/days of care.

In Section IV.2(b), page 48, the applicant provides data to document that the occupancy rate is projected to be 61.8% for inpatient/respite beds and 115.9% for residential care beds during the last six months of the first full operating year following completion of the project.

[Inpatient/Respite care: 1,707 patient days / 184 = 9.27 average daily census / 15 beds = .6184
Residential care: 640 patient days / 184 = 3.47 average daily census / 3 beds = 1.1159]

Thus, the applicant projects that the average occupancy rate of the licensed hospice inpatient beds and residential care beds will exceed the required performance standard of 50 percent occupancy for the last six months of the first operating year codified in 10A NCAC 14C .4003(a).

The applicant also documents that the occupancy rate is projected to be 65.7% for inpatient/respite beds and 111.4% for residential care beds during the second operating year following completion of the project.

[Inpatient/Respite care: 3,595 patient days / 365 = 9.0 average daily census / 15 beds = .6566
Residential care: 1,220 patient days / 365 = 3.34 average daily census / 3 beds = 1.114]

See discussion on occupancy in Criterion (21b) 10A NCAC 14C .4003 (a)(1), which is hereby incorporated by reference as if set forth fully herein.

Thus, the applicant projects that the average occupancy rate of the licensed hospice inpatient beds and of residential care beds will exceed the required performance standard of 65 percent occupancy for the second operating year following completion of the project codified in 10A NCAC 14C .4003(a).

The applicant provides sufficient documentation to demonstrate the reasonableness of the utilization projections to support the need for the proposed services.

Access

In Section III, page 38, the applicant discusses access and states its commitment to providing access for all residents in its service area, including those individuals who may have limited financial resources. The applicant states:

"Hospice of the Piedmont provides services to all patients who are medically eligible regardless of income, race/ethnic origin, gender, age, physical or mental conditions or ability to pay."

Thus, the applicant demonstrates it will provide adequate access to the proposed services.

In summary, the applicant adequately identifies the population to be served and adequately demonstrates the need the population has for the proposed services at its hospice facility. The applicant adequately demonstrates its projected utilization for hospice inpatient beds, hospice residential care beds and respite care is reasonable, based on the assumptions and methodology stated in the application and supplemental data. The applicant also demonstrates 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. Consequently, the application is conforming with 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.

The applicant addresses the reduction in residential hospice beds in Section III.2, page 36, stating:

> *"While residential days have been on a trailing decline in recent years, the conversion of the five (5) residential beds to general inpatient beds affords the community with far greater access to general inpatient hospice beds. ... The Hospice Home at High Point has an average residential occupancy of 48.9% which is an average of less than four residential hospice patients per day."*

Upon completion of the proposed project, HHHP will have three residential hospice beds. In Section III, page 38, the applicant states:

> *"The proposed conversion of five (5) residential hospice beds to five (5) general inpatient hospice beds would not prohibit or prevent a patient requiring inpatient residential hospice services from receiving them. Hospice of the Piedmont is aware that residential hospice services may be provided in a general inpatient bed, but general inpatient services may not be provided in a residential bed. With a commitment to the service of the patient, their family, and the unmet needs in the community, Hospice of the Piedmont believes that continuing to provide its patients with access to residential inpatient services, even if they are in a general inpatient bed, is a decision commensurate to the agency's commitment to providing the greatest levels of access to the patient and their family."*

(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, page 44, the applicant discusses the alternatives considered prior to the submission of this application, which include:

1) Maintain the Status Quo – the applicant states that HHHP's hospice inpatient beds consistently operate in excess of the 85% occupancy threshold and maintaining the status quo cannot improve barriers to accessibility for service area residents needing inpatient hospice services. Therefore, the applicant determines status quo is not a reasonable alternative.

2) Expand the Hospice Home at High Point's Inpatient Hospice Service – the applicant states its belief that expanding the facility by converting hospice residential beds that are not fully utilized to hospice inpatient beds is a better alternative than applying for additional inpatient hospice beds.

3) Construct a Freestanding Hospice Home – the applicant states that constructing another freestanding hospice home would cost millions and isn't logical given Hospice of the Piedmont's current operations. Therefore, the applicant does not consider this a viable alternative.

The applicant adequately demonstrates that the proposed alternative is the most effective or least costly alternative for providing service area residents with greater accessibility to hospice inpatient services at HHHP based upon the following:

- HHHP's hospice inpatient beds have a high occupancy rate,
- HHHP's hospice residential beds have a relatively low occupancy rate, and
- Converting the existing hospice residential beds to hospice inpatient beds requires very little capital outlay.

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 to meet the need identified for additional inpatient hospice services. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

1. **Hospice of the Piedmont, Inc. d/b/a Hospice Home at High Point shall materially comply with all representations made in its certificate of need application and the supplemental information received July 8, 2014. In those instances where representations conflict, Hospice of the Piedmont, Inc. d/b/a Hospice Home at High Point shall materially comply with the last made representation.**

2. **Hospice of the Piedmont, Inc. d/b/a Hospice Home at High Point shall convert no more than five hospice residential beds to five hospice inpatient beds at the Hospice Home at High Point facility.**

3. **Hospice of the Piedmont, Inc. d/b/a Hospice Home at High Point shall be licensed for no more than 15 hospice inpatient beds and three hospice residential care beds at its hospice facility in High Point upon completion of this project.**

4. **Hospice of the Piedmont, Inc. d/b/a Hospice Home at High Point shall acknowledge acceptance of and compliance 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.

In Section VIII.1, page 72, the applicant projects that the total capital cost of the project will be $14,000 in miscellaneous project costs. There are no projected construction costs; the residential hospice beds were originally built to inpatient specifications and the applicant does not anticipate any renovation costs.

In Section IX.1-4, pages 77-78, the applicant states there are no start-up or initial operating expenses required for the project. On page 74, the applicant states Hospice of the Piedmont will use accumulated reserves to fund the project. Exhibit 24 contains a letter dated May 7, 2014 from the Hospice of the Piedmont Treasurer acknowledging the proposed project and stating the project will be funded through accumulated reserves in the form of Cash and Cash Equivalents.

Exhibit 25 contains the financial statements for Hospice of the Piedmont for the years ending December 31, 2013 and 2012. As of December 31, 2013, Hospice of the Piedmont had cash of $1,902,953, temporary cash investments of $1,046,152, total current assets of $4,423,559 and total net assets of $16,434,151 (total assets – total liabilities).

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

In supplemental information provided during the expedited review of this project, the applicant provides pro forma financial statements for the first three years of the project. The applicant projects Hospice Home of High Point revenues will exceed operating expenses in the second and third operating years of the project, as illustrated in the table below.

Hospice Home at High Point	Project Year 1	Project Year 2	Project Year 3
Projected # of Patient Days	4,698	4,815	5035
Projected Average Charge (Gross Patient Revenue / Projected # of &)	$ 595.25	$ 611.45	$ 624.48
Patient Revenue	$ 2,796,469	$ 2,944,149	$ 3,144,237
Total Expenses	$ 3,011,877	$ 3,079,818	$ 3,161,335
Net Income from Operations	$ (215,408)	$ (135,670)	$ (17,098)
Other Revenue: Internally-designated Public Support	$ 200,000	$ 200,000	$ 200,000
Net Profit	$ (15,408)	$ 64,331	$ 182,902

In the supplemental information, the applicant states:

> *"Hospice of the Piedmont has been fortunate to receive substantial unrestricted support through private donations. During the most recent three fiscal years, 2013, 2012 and 2011, unrestricted public support has been $539,538, $368,107, and $869,725, respectively. Hospice of the Piedmont expects to continue to be the donor of choice for many members of the community it serves. It is anticipated that the organization will receive approximately $592,500 (average of the immediate past*

three years) in unrestricted public support during each of the pro-forma years. This will afford the organization the ability to internally designate a minimum of $200,000 per year in pro-forma Years One, Two and Three. Designation of $200,000 each year will bring net results of operations to a loss of $15,408.28 in Year One and income of $64,330.47 and $182,902.26 in Years Two and Three, respectively. After adjustments for pledges collected in Year One and non-cash depreciation in each of the three years, cash accumulates to a balance of $750,612 by the end of the pro-forma period. (Revised Form A and Form B attached.)"

In addition, pages 79-80 of Section IX illustrate a positive cash flow from operations at the end of Project Year 2.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section X for the assumptions regarding costs and charges. See Criterion (3) for discussion regarding projected utilization which is hereby incorporated by reference as if set forth fully herein. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and therefore, the application is conforming to this criterion.

In summary, the applicant adequately demonstrates the availability of sufficient funds for the proposed hospice residential to inpatient bed conversion project and adequately demonstrates the financial feasibility of the proposal. Therefore, 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

The applicant proposes to convert five hospice residential beds to five hospice inpatient beds for a total of 15 hospice inpatient beds and three hospice residential beds at the Hospice Home at High Point. In Section III, page 39, the applicant discusses HHHP's central location within a four-county catchment area that provides easy accessibility both by private and public transportation, stating:

"The central location of the facility promotes a greater access to individuals and families living within Hospice of the Piedmont's four county service area of Guilford, Davidson, Forsyth and Randolph counties."

In addition, the applicant states that HHHP is *"at least 20 miles from another hospice inpatient facility.*"

The applicant, who proposes to serve primarily Guilford County patients (64%), adequately demonstrates the need for the proposal. See Criteria (1) and (3) for discussion of need and projected utilization which is hereby incorporated by reference as if set forth fully herein.

Further, the only other hospice inpatient facility in Guilford County is Hospice and Palliative Care Greensboro – Beacon Place. Hospice and Palliative Care of Greensboro also submitted an application to convert three of its hospice residential beds to hospice inpatient beds. Together, the two hospice inpatient providers are requesting to convert eight residential beds to eight inpatient beds. Page 358 of the 2014 SMFP identifies a need for 16 hospice inpatient beds in Guilford County. See Exhibit 17 for a letter from Hospice and Palliative Care of Greensboro expressing support for Hospice of the Piedmont's proposed project.

Therefore, the applicant adequately demonstrates that the proposal will not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming with 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 Table VII.2, page 68, the applicant projects staffing for the proposed conversion of five hospice residential beds to hospice inpatient beds at HHHP in the second operating year, as shown in the table below.

Projected HHHP Staffing for Second Operating Year

	Annual Salary	Hourly Consultant Fee	FTEs	Annual Consultant Hours
Routine Services				
Medical Director	$197,676		1.20	
RN Team Leaders	$71,341		1.60	
RNs	$64,089		13.70	
CNAs	$28,132		13.70	
Nurse Practitioner	$91,971		1.00	
Registered Dietician		$60		24
Social Worker	$61,373		1.00	
Administrative Support	$27,872		1.00	
Hospice Home Director	$85,616		1.00	
Total Hours/FTEs			**34.2**	**24**

Housekeeping, laundry, and food prep are provided through outside vendor service contracts. Their cost is reflected on Pro Forma Form C.

On page 69, the applicant projects the number of direct care staff. The applicant projects that six to seven staff members will be on duty at all times. This includes four RNs on the day shift and three RNs on the evening and night shifts, and three CNAs per shift. There is also one nurse practitioner on duty during the day shift. As shown on page 70, in the second year of operation, the applicant projects to provide 13.98 total nursing hours per patient day (NHPPD) for inpatient services [50,271 nursing hours per year / 3,595 patient days of care (inpatient and respite) = 13.98 NHPPD]. If total inpatient and respite nursing hours per year

are combined for the calculation, the NHPPD would be 14.48 [52,080 nursing hours per year / 3,595 patient days of care (inpatient and respite) = 14.48 NHPPD]. In Form C, pages 95, 98, and 101, the applicant provides its budget for contract therapy services for project years one through three, as shown in the table below.

Budgeted Expense Per Year for Therapy Services PY1 – PY3

Contract Service	Inpatient Care
Physical therapy	$250
Speech therapy	$125
Occupational therapy	$125

Exhibit 20 contains letters from the current Medical Director, Genevieve Wroblewski, MD, and the Associate Medical Director, Amy R. Baruch, MD confirming their intention to continue in their roles at The Hospice Home at High Point. Form C shows budgeted expense for the positions of $237,374 in Project Year 2.

The applicant adequately demonstrates the availability of resources, including health manpower and management personnel, for the provision of the proposed hospice services. Therefore, the application is conforming with 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 25-27, the applicant describes the necessary ancillary and support services that will be provided for the inpatient, respite and residential levels of hospice care at HHHP, upon project completion. The applicant states that these services are currently being provided and will continue to be provided. Although most of the services are provided by HHHP staff, other services such as pharmacy and physical therapy, occupational therapy, and speech therapy are provided through the contract agencies Deep River Pharmacy, Advanced Homecare, Gentiva Homecare and Legacy Healthcare Services. Exhibits 8 and 11 contain the provider contracts.

Section V.2, pages 55-56, contains a list of six area hospitals, and nine area nursing facilities with which HHHP has a contractual relationship. HHHP also contracts with assisted living facilities. Exhibit 4 contains copies of the contracts. On page 56, the applicant states:

> *"Hospice of the Piedmont has been working with physicians in its service area for more than three decades. Hospice of the Piedmont employs Medical and Hospital Liaisons who call on both new and existing physicians within the agency's local service area."*

Exhibit 19 contains letters of support for the proposed project from area physicians and other healthcare providers. The applicant adequately demonstrates that necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming with 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.

NA

The proposed project does not involve construction or renovation.

(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;

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. The following table illustrates those percentages for Guilford, Randolph, Davidson and Forsyth counties (the proposed service area) and statewide.

	2010 Total # of Medicaid Eligibles as % of Total Population *	**2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population ***	**2009 % Uninsured (Estimate by Cecil G. Sheps Center) ***
Guilford County	15%	5.89%	19.5%
Randolph County	19%	7.20%	19.5%
Davidson County	17%	6.90%	18.4%
Forsyth County	16%	5.70%	19.5%
Statewide	17%	6.71%	19.7%

* More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group would not typically utilize the health 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 applicants' 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 FFY12.

Hospice Patients by Payor Mix

Payor	Patient Days	# Patients
Hospice Medicare	90.8%	85.7%
Hospice Private Insurance	3.5%	6.3%
Hospice Medicaid	4.0%	5.0%
Self Pay / Other	1.7%	3.1%
Total	**100%**	**100%**

In Section VI.1, page 59, the applicant provides the payor mix and distributions of days of care for Hospice of the Piedmont hospice patients for FFY13, as shown in the table below. The payor mix corresponds to the payor mix of North Carolina hospice patients as a whole.

Hospice of the Piedmont FFY13 Payor Mix

Payor	% of Patients	% of Days of Care
Hospice Medicare	86.63%	87.97%
Hospice Medicaid	5.13%	3.76%
Private Insurance	7.50%	7.90%
Self Pay	0.38%	0.03%
Other	0.37%	0.35%
Total	**100.00%**	**100.00%**

The applicant references its admission policy in Exhibit 6, which requires the provision of services to all service area residents in need of hospice services, including the medically underserved. The applicant adequately demonstrates that medically underserved populations currently have adequate access to hospice services provided by HPI, including HHHP. Therefore, the application is conforming with 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;

Exhibit 6 contains the Admission Policy for Hospice Home at High Point, which states:

> *"Hospice of the Piedmont offers services to patient/families regardless of diagnosis, age, gender, nationality, creed, sexual orientation, disability, code status, or ability to pay. HHHP prioritizes patients for admission according to clinical, home, and family/caregiver status."*

In Section VI.10, page 64, the applicant states that it is not aware of any documented civil rights equal access complaints or violations filed against Hospice of the Piedmont. 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.5, pages 61-63, the applicant further states how the facility will continue to provide access to the medically underserved:

> *"Hospice of the Piedmont expects that the persons aged 65 and older will continue to account for the majority of patients served as a result of the proposed conversion of beds. Not surprisingly, this population is widely known to have the greatest incidence of chronic and life-threatening diseases. As noted in Section III, 82% of all patients served by the Hospice Home at High Point were aged 65 or older.*
>
> *…*
>
> *Hospice of the Piedmont is a participating provider in both the Medicare and Medicaid programs. As a mission-driven, community-supported organization, Hospice of the Piedmont makes care available to all eligible persons equally, independent of their economic status or ability to pay.*
>
> *…*
>
> *Hospice of the Piedmont's Admissions Policy guarantees equal access to hospice services for members of all racial, ethnic, and religious minority groups.*
>
> *…*
>
> *Similarly, when a patient or family is a non-English or Spanish speaker, translation services are provided to ensure quality and accessibility.*

…

As stated in Hospice of the Piedmont's Admission Policy, Hospice of the Piedmont does not discriminate on the basis of gender.

…

Hospice of the Piedmont provides care to all persons needing hospice services, regardless of handicap. … The facility meets all applicable handicap accessibility codes pursuant to the North Carolina State Building Code.

…

Hospice of the Piedmont does and shall continue to be accessible to all persons, including the medically indigent and terminally ill, including children."

In Section VI.4, page 60, the applicant provides data for the projected payor mix for hospice inpatient, respite and residential care services for the second year of operation after completion of the proposed project, as shown in the table below.

HHHP Projected Year 2 Payor Mix

	Inpatient		**Respite**		**Residential**	
	% of Patients	**% of Days of Care**	**% of Patients**	**% of Days of Care**	**% of Patients**	**% of Days of Care**
Private Insurance	6.54%	2.52%	6.25%	2.02%	5.08%	6.44%
Medicaid	6.31%	4.93%	0.00%	0.00%	4.24%	4.57%
Medicare	85.98%	91.64%	93.75%	97.98%	89.83%	88.73%
Self-Pay / Uninsured	1.17%	0.57%	0.00%	0.00%	0.85%	0.26%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Totals may not sum due to rounding.

The applicant states that the projections are based on HPI's current payor data. The projected payor mix is consistent with the statewide hospice payor mix provided for FFY12 in the 2013 annual report from The Carolinas Center for Hospice and End of Life Care. The applicant adequately demonstrates that medically underserved groups will be adequately served by the proposed additional beds. Therefore, the application is conforming with 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.

In Section VI.9, pages 63-64, the applicant states:

> *"Referrals for The Hospice Home at High Point are accepted 24-hours per day, 7 days per week by Hospice of the Piedmont's Referral Department and/or after hours, including weekend, on call staff. Referrals to The Hospice Home at High Point are triaged according to the patient's medical need and/or symptom burden, as determined by Hospice of the Piedmont's medical staff, in consultation with the patient's attending physician.*
>
> *...*
>
> *Hospice of the Piedmont has been providing hospice and end of life care to its community for more than three decades. Because of our long-standing collaborations with local health care providers, referrals to The Hospice Home at High Point may be made from any of the following:*
> - *referring hospitals,*
> - *long-term care facilities, including skilled nursing and assisted living facilities,*
> - *current recipients of in-home hospice services*
> - *other hospice agencies that do not operate an inpatient unit or that do not have sufficient capacity to provide access to inpatient services."*

The applicant adequately demonstrates the range of means by which a person will have access to the proposed hospice facility; therefore, the application is conforming to this criterion.

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

C

In Section V.1, page 55, the applicant states:

> *"Hospice of the Piedmont currently maintains agreements with the University of North Carolina at Greensboro, The University of North Carolina at Chapel Hill, and Winston Salem State University to provide experiential learning opportunities for nursing and social work students. Refer to Exhibit 18.*
>
> *...*
>
> *Area universities with nursing programs need access to providers willing to offer students observational opportunities specific to the nursing and social work processes. These internship opportunities to practice their skills in a controlled environment, provide students with invaluable work-related experiences. Hospice of*

the Piedmont will continue offering these opportunities at Hospice of the Piedmont inclusive of The Hospice Home at High Point."

Exhibit 18 contains educational affiliation agreements between HPI and the University of North Carolina at Greensboro, Winston-Salem State University and A&T State University. The applicant adequately demonstrates that the facility will accommodate the clinical needs of health professional training programs in the area, and therefore, the application is conforming 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

Hospice of the Piedmont proposes to convert five hospice residential beds to five hospice inpatient beds at The Hospice Home at High Point. The 2014 SMFP identifies a need for 16 additional hospice inpatient beds in Guilford County. Per the 2014 SMFP, there are two providers of hospice inpatient services in Guilford County as shown in the following table.

Guilford County Inpatient Hospice Services (Per the 2013 Hospice Data Supplements)

Provider	Licensed Beds	2013 Days of Care	Occupancy Rate
Hospice & Palliative Care Greensboro - Beacon Place	8	2,101	71.76%
Hospice Home at High Point	6	2,323	105.78%

Source: 2014 SMFP, page 353
Note: HHHP was approved to develop four additional hospice inpatient beds in CON Project ID #G-8696-11. Effective April 23, 2013, HHHP is licensed for 10 hospice inpatient beds.

Hospice & Palliative Care Greensboro – Beacon Place also submitted a CON application to convert three hospice residential beds to three hospice inpatient beds on June 15, 2014. Assuming the approval of both projects, there will still be a deficit of eight hospice inpatient beds in Guilford County, based on the 2014 SMFP's need methodology. The two providers are supportive of each other's proposed conversion of beds and have submitted support letters indicating such support. See Exhibit 17 for a copy of Hospice & Palliative Care Greensboro's support letter.

In Section V.7, pages 57-58, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access. The applicant states:

> *"Hospice services, in general, have been proven to have a positive impact on both the cost effectiveness and quality of care to all eligible patient populations. Refer to Exhibit 22. Inpatient hospice services are a less costly alternative for those hospitalized patients needing inpatient care that can be provided in the hospice inpatient setting. For many hospice patients who are at the end of their lives or whose death is imminent, nursing home or other long-term care options are not feasible. … The Hospice Home at High Point offers a reasonably seamless, cost effective alternative to providing such services in other locations who are not as adept at managing acute and, often complex, symptoms."*

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 the following analysis:

- The applicant adequately demonstrates the need to convert five hospice residential beds to five hospice inpatient 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.

Therefore, 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

In Section II.1, page 9, the applicant states that Hospice of the Piedmont is currently licensed by the Division of Health Service Regulation, is certified for participation in the Medicare and Medicaid programs and is accredited by the Accreditation Commission for Homecare.

According to files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding the date of this

decision for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming with 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

The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities 10A NCAC 14C .4000. 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, for each level of care (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 II, pages 10-14 and Section IV, pages 48 and 50, the applicant provides the projected number of Agency, homecare, hospice inpatient, respite and residential admissions, deaths and other discharges in each of the first three years following completion of the project incorporated into the tables as shown below.

Project Year 1

	HPI Agency Totals	Homecare	HHHP			
			Hospice Facility Totals	Inpatient	Respite	Residential
Direct Admissions	713	413	300	300	0	0
Readmission	32	26	6	6	0	0
Transfer from HHHP to Homecare		94	-94	0	-58	-36
Transfer to HHHP from Homecare		-220	220	164	56	0
In-House HHHP Acuity Transfers				-119	2	117
Deaths	-676	-250	-426	-351	0	-75
Discharges	-69	-63	-6	0	0	-6
Net Increase/Decrease	0	0	0	0	0	0
Total Duplicated Admissions	745	533	526	470	58	117
Patients Readmitted, Transferred to and From	19					
Total Unduplicated Admissions	726	485	491			
Total Deaths	676	250	426	351	0	75
Other Discharges	69	63	6	0	0	6

Project Year 2

	HPI Agency Totals	Homecare	HHHP			
			Hospice Facility Totals	Inpatient	Respite	Residential
Direct Admissions	747	431	316	316	0	0
Readmission	35	29	6	6	0	0
Transfer from HHHP to Homecare		100	-100	0	-63	-37
Transfer to HHHP from Homecare		-233	233	172	61	0
In-House HHHP Acuity Transfers				-115	2	113
Deaths	-710	-261	-449	-379	0	-70
Discharges	-72	-66	-6	0	0	-6
Net Increase/Decrease	0	0	0	0	0	0
Total Duplicated Admissions	782	560	555	494	63	113
Patients Readmitted, Transferred to and From	21					
Total Unduplicated Admissions	761	508	518			
Total Deaths	710	261	449	379	0	70
Other Discharges	72	66	6	0	0	6

Project Year 3

	HPI Agency Totals	Homecare	HHHP			
			Hospice Facility Totals	Inpatient	Respite	Residential
Direct Admissions	783	450	333	333	0	0
Readmission	37	31	6	6	0	0
Transfer from HHHP to Homecare		116	-116	0	-73	-43
Transfer to HHHP from Homecare		-256	256	185	71	0
In-House HHHP Acuity Transfers				-116	2	114
Deaths	-745	-272	-473	-408	0	-65
Discharges	-75	-69	-6	0	0	-6
Net Increase/Decrease	0	0	0	0	0	0
Total Duplicated Admissions	820	597	595	524	73	114
Patients Readmitted, Transferred to and From	23					
Total Unduplicated Admissions	797	540	555			
Total Deaths	745	272	473	408	0	65
Other Discharges	75	69	6	0	0	6

The methodology and assumptions used to make the above projections are provided on pages 10-14, 49 and 51 of the application and in supplemental data provided during the expedited review of the project.

(2) the projected annual number of hospice patients, admissions, deaths, and other discharges for each level of care 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, pages 10-14 and Section IV, pages 48 and 50, the applicant provides the projected number of Agency, homecare, hospice inpatient, respite and residential admissions, deaths and other discharges in each of the first three years following completion of the project incorporated into the table as shown in response to the question above. The methodology and assumptions used to make the above projections are provided on pages 10-14, 49 and 51 of the application and in supplemental data provided by the applicant during the expedited review of this project. See the table in response to 10A NCAC 14C .4002 (b)(1) 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 II, page 15 and Section IV, pages 48-50, the applicant shows projected annual number of patient care days for the Inpatient, Respite and Residential levels

of care to be provided in each of the first three years of operation, as shown in the table below. The methodology and assumptions used to make projections are on pages 15, 49 and 51, and in supplemental data provided by the applicant during the expedited review of this project.

Projected Patient Care Days

	Year 1	Year 2	Year 3
Inpatient	3,130	3,290	3,489
Respite	281	305	354
Residential	1,287	1,220	1,192
HHHP Total	4,698	4,815	5,035

(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, page 15 and Section IV.3, page 50, the applicant provides the projected average length of stay (ALOS) for the Inpatient, Residential, and Respite levels of care, as shown in the table below.

Projected Average Length of Stay (ALOS)

	Year 1	Year 2	Year 3
Inpatient	6.66	6.66	6.66
Respite	4.85	4.85	4.85
Residential	11	10.8	10.45

The methodology and assumptions used to make these projections are on pages 11-12, 49 and 51, and in supplemental data provided by the applicant during the expedited review.

(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 16, the applicant provides the following information.

Projected Readmissions

	Year 1	Year 2	Year 3
Patients Discharged and Readmitted			
Inpatient	3	3	3
Respite	0	0	0
Percent of Total Admissions	0.98%	0.94%	0.89%
Patients Transferred Both To and From Homecare			
Inpatient	10	11	11
Respite	22	23	26
Percent of Total Transfers	14.55%	14.60%	14.46%

The applicant states:

> *"Readmission rates at the inpatient level of care are projected to be commensurate with actual performance. Transfers from home care and back to home care have a projected increase by an additional 15 patients per year to account for increased utilization of Respite Care due to proposed increase in capacity".*

The methodology and assumptions used to make the above projections are on pages 11-12 and 16, and in supplemental data provided by the applicant during the expedited review of this project.

(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, page 17 and Section X, Form C, pages 93-101, the applicant provides the projected average annual cost per patient care day, for the Inpatient, Respite and Residential levels of care for each of the first three operating years following completion of the project, as shown below.

Projected Cost per Day

	Year 1	Year 2	Year 3
Inpatient	$775.58	$757.30	$734.25
Respite	$381.89	$365.66	$334.56
Residential	$370.63	$390.81	$403.60

The applicant's expense assumptions for Form C are provided on page 102.

(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 VI.9, pages 63-64, the applicant states:

"Referrals for The Hospice Home at High Point are accepted 24-hours per day, 7 days per week by Hospice of the Piedmont's Referral Department and/or after hours, including weekend, on-call staff. Referrals to The Hospice Home at High Point are triaged according to the patient's medical need and/or symptom burden, as determined by Hospice or the Piedmont's medical staff, in consultation with the patient's attending physician.

…

Hospice of the Piedmont has been providing hospice and end of life care to its community for more than three decades. Because of our long-standing collaborations with local health care providers, referrals to the Hospice Home at High Point may be made from any of the following:

- *referring hospitals,*
- *long-term care facilities, including skilled nursing and assisted living facilities,*
- *current recipients of in-home care hospice services*
- *other hospice agencies that do not operate an inpatient unit or that do not have sufficient capacity to provide access to inpatient services.*

…

Hospice of the Piedmont has established strong working relationships with referring physicians and other healthcare providers as a result of the agency's on-going collaborations with those providers. Those efforts are on-going. These relationships will continue by expanding The Hospice Home at High Point's inpatient hospice service."

In Section II, page 17, the applicant states:

"As an existing hospice provider with 33 years of experience, Hospice of the Piedmont and The Hospice Home at High Point has long-established relationships with hospitals, physicians, skilled nursing and assisted living facilities, and other healthcare facilities in Guilford and the surrounding communities. Refer to Exhibit 4 [for] *Hospice of the Piedmont's existing contractual relationships with the referenced providers. Refer to Exhibit 5 for letters of support from area physicians and other healthcare providers."*

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

-C- In Section II.2, page 18, the applicant provides its projection of referrals by source:

Referral Source	Year 1	Year 2	Year 3
Hospitals	531	560	589
Physicians	205	216	227
Nursing Homes	71	75	79
Assisted Living Homes	17	18	19
Other Hospice Providers	13	14	14
Home Health Agencies	11	11	12
Family Members/Friends	126	133	140
Self-Referrals	1	1	1
Other	4	5	5

Section V.2, pages 55-56, contains a list of 6 area hospitals, and 9 area nursing facilities with which HHHP has contracts. HHHP also contracts with 20 assisted living facilities. The applicant states that it has been working with physicians in its service area for more than three decades and that it employs medical and hospital liaisons who call on new and existing service area physicians. Exhibit 19 contains letters of support for the proposed project from area physicians. Exhibit 20 contains letters of support from the current medical director and associate medical director.

(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- The applicant, Hospice of the Piedmont, Inc. is a licensed hospice.

(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- The applicant, Hospice of the Piedmont, Inc. is a licensed hospice.

(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 6 contains admission policies, including the criteria that shall be used to select persons for admission to the hospice inpatient beds.

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- The applicant provides occupancy data by quarter for the first operating year on pages 20 and 48 of the application. Inpatient and Respite care are provided in the same 15 inpatient beds; therefore the applicant provides a combined occupancy rate for Inpatient/Respite care. The average occupancy rate for the Inpatient/Respite and Residential levels of care are projected to be at least 50 percent, as shown in the following tables.

Inpatient/Respite Care

	Patient Days	Days Per 6 Mo. Period	# Beds	Occupancy Rate
Quarters 1 & 2	1,704	181	15	62.8%
Quarters 3 & 4	1,707	184	15	61.8%
Total Year 1	**3,411**	**365**	**15**	**62.3%**

Residential Care

	Patient Days	Days Per 6 Mo. Period	# Beds	Occupancy Rate
Quarters 1 & 2	647	181	3	119.2%
Quarters 3 & 4	640	184	3	115.9%
Total Year 1	**1,287**	**365**	**3**	**117.5%**

(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- The applicant provides occupancy data for the second operating year on pages 21 and 48 of the application. Inpatient and Respite care are provided in the same 15 inpatient beds; therefore the applicant provides a combined occupancy rate for Inpatient/Respite care. The average occupancy rate for the Inpatient/Respite and Residential levels of care are projected to be at least 65 percent, as shown in the following table.

Occupancy Rate Year Two

	Patient Days	Days Per Year	# Beds	Occupancy Rate
Inpatient/Respite Care	3,595	365	15	65.7%
Residential	1,220	365	3	111.4%

(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- The application is not submitted to address the need for hospice residential care beds.

(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.

-C- In Section II, page 22 and Section IV.1, page 48, the applicant shows that HHHP's licensed hospice inpatient beds had an occupancy rate of 82.9% during the nine months immediately preceding the submittal of the proposal.

(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 is not proposing to add hospice residential care beds.

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 23, the applicant states:

> *"As a licensed, Medicare and Medicaid certified hospice provider, Hospice of the Piedmont currently provides all of the core services identified in 10A NCAC 14C .4004 SUPPORT SERVICES (a)(1)-(7). Hospice of the Piedmont shall continue to provide such services to its patients and their families, inclusive of those patients and their families served by The Hospice Home at High Point."*

In Section II.3, pages 25-26, the applicant discusses the services it will continue to provide as well as the proposed staffing which reflects that nursing, social work and medical services, personal care, spiritual, bereavement, nutritional counseling services, and volunteer services will be provided by the applicant. Exhibit 7 contains

Hospice of the Piedmont's staffing policy. Exhibits 8 and 11 contain the pharmacy contract and the contracts for therapy services and medical equipment, respectively.

(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 II, page 23, the applicant states:

> *"The Hospice Home at High Point has Registered Nurses on site 24 hours per day, 7 days per week. Please refer to Section VII.3, staffing charts in Table VII.2 and Exhibit 7 for the policy regarding staffing and a statement from the agency's President and CEO confirming the organization's commitment to maintaining the required staffing levels."*

In Section VII.4, page 69, the applicant shows that on weekdays of the second year of operations, 10 RNs, 9 CNAs and one RN team leader will work each 24 hour period, divided between the day, evening, and night shifts. Table VII.5 shows a total of 13.7 RN FTEs, 13.7 CNA FTEs and 1.6 RN Team Leader FTEs are proposed for the facility in Year Two.

(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 Section II, page 23, the applicant states that HHHP uses a contracted provider for pharmaceutical services. Exhibit 8 contains a copy of the pharmacy services agreement with Deep River Pharmacy.

(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- The Hospice Home at High Point is an existing hospice provider that currently contracts for pharmacy, therapy and durable medical equipment services. In Section II.3, page 27, the applicant provides the names of the providers of the services listed in Paragraphs (a) and (c) of this Rule. The applicant will provide the services listed in (a) and Deep River Pharmacy will provide the pharmaceutical services listed in (c). Advanced Homecare, Gentiva Homecare, and Legacy Healthcare Services will provide therapy services. Exhibits 8 and 11 contain copies of the pharmacy and therapy services agreements, respectively.

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 23, the applicant states that the staffing at HHHP will continue to comply with the requirements of 131E Article 10. See Exhibit 7 for a copy of HHHP's staffing policy and a statement from the President & CEO, confirming the organization's commitment to maintaining appropriate staffing.

(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 24, the applicant states that the staffing at HHHP will continue to comply with the staffing requirements specified in 10A NCAC 13K .0401 and .1202. See Exhibit 7 for a copy of HHHP's staffing policy and a statement from the President & CEO, confirming the organization's commitment to maintaining appropriate staffing.

(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 24, the applicant states that orientation and training are required for all staff and that its training programs are and will continue to be compliant with the requirements in 10A NCAC 13K .0402. Exhibit 9 contains the orientation policy and orientation content.

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.2, page 24, the applicant documents that the facility will continue to provide a home-like setting for its patients, stating, *"The Hospice Home at High point is already beautifully appointed. The facility's décor creates a home-like setting throughout the facility."* Exhibit 29 contains the facility's line drawing.

(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.2, page 24, the applicant states that the existing facility currently operates pursuant to all applicable Federal, State and local health and safety

requirements, and operates within conforming use zoning. See also Section XI.2, pages 108-109.

(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.

-NA- The proposed project is an expansion of HHHP which is an existing facility (original Project ID #'s G-6987-04, G-7297-05 and G-8696-11).