ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date:	April 24, 2015
Findings Date:	April 24, 2015
Project Analyst:	Fatimah Wilson
Team Leader:	Lisa Pittman
Project ID #:	F-10370-15
Facility:	East Mecklenburg Inpatient Unit at Aldersgate
FID #:	150025
County:	Mecklenburg
Applicant(s):	Hospice & Palliative Care Charlotte Region
Project:	Relocate six (6) hospice inpatient beds from Levine & Dickson Hospice House in Huntersville to develop a freestanding hospice inpatient unit, the East Mecklenburg Inpatient Unit at Aldersgate in Charlotte, which is a change of scope for Project I.D. #F-10132-13 (add six hospice inpatient beds)

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

NA

In 2013, Hospice & Palliative Care Charlotte Region (HPCCR) applied for and received certificate of need (CON) approval to add six (6) hospice inpatient beds to the existing Levine & Dickson Hospice House facility in Huntersville (LDHH Huntersville) for a total of no more than 22 hospice inpatient beds, pursuant to Project I.D. #F-10132-13. At that time, the 2013 State Medical Facilities Plan (SMFP) identified a need for six (6) additional hospice inpatient beds in Mecklenburg County. HPCCR was the sole applicant and was awarded a CON on August 29, 2013.

In the project summary and Section II.1, page 11 for this application, HPCCR states that the original LDHH Huntersville application submitted was both financially feasible and cost-effective at that time. However, the applicant states that they were not fully aware of the success of LDHH Southminster, a new hospice facility with 10 hospice inpatient beds located on the campus of Southminster Inc., a continuing care retirement community (CCRC). The applicant states that the facility at that time had only recently become operational. The applicant now states that based on the success of that project, HPCCR initiated discussions with Aldersgate United Methodist Retirement Community (Aldersgate) to consider a similar project with the six (6) inpatient hospice beds already approved to become operational at LDHH Huntersville.

HPCCR now proposes a change in scope of Project I.D. #F-1032-13 by relocating the six (6) hospice inpatient beds previously approved from LDHH Huntersville to the campus of Aldersgate in Charlotte. Relocation of the six (6) hospice inpatient beds under development from LDHH Huntersville to Aldersgate would result in a new institutional health service, as defined by §131E-176(16)(a)(n). The new hospice inpatient facility will be known as East Mecklenburg Inpatient Unit (EMIPU) at Aldersgate.

Need Determination

The applicant does not propose to increase the number of licensed beds in any category, add any new health services or acquire equipment for which there is a need determination in the 2015 SMFP. Therefore, there are no need determinations in the 2015 SMFP that are applicable to this review.

Policies

Policy GEN-3: BASIC PRINCIPLES, page 38, of the 2015 SMFP is not applicable to this review. In Project I.D. #F-10132-13, the application was consistent with Policy GEN-3. The applicant proposes no changes in the current application that would affect that determination.

Policy GEN-4: ENERGY EFFICIENCY AND SUSTAINABILITY FOR HEALTH SERVICE FACILITIES is not applicable to this review because the applicant is not proposing a capital expenditure greater than $2 million. The capital expenditure for the proposed project is only $103,000.

Conclusion

In summary, the applicant was previously approved to add six (6) new hospice inpatient beds to LDHH in Huntersville pursuant to Project I.D. #F-10132-13. In Project I.D. #F-10132-13, the application was conforming to this Criterion, and the applicant proposes no changes in the current application that would affect that determination. Consequently, 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

Effective August 29, 2013, HPCCR received a CON (Project I.D. #F-10132-13) to add six (6) hospice inpatient beds to the existing LDHH Huntersville facility for a total of 22 hospice inpatient beds upon project completion. This CON application, Project I.D. #F-10370-15, is a change in scope of the original application and proposes to relocate the six (6) hospice inpatient beds previously approved from Huntersville to Charlotte. In Section II.1, page 10, the applicant states that the proposed relocation will result in the development of a new healthcare facility, rather than the expansion of an existing healthcare facility. The new hospice inpatient facility will be known as East Mecklenburg Inpatient Unit (EMIPU) at Aldersgate.

Population to be Served

In Section III.11 and 12, pages 61-62 of the original application, the applicant projected patient origin for LDHH's hospice inpatient services for the first two years of operation of the proposed project (FY2016-FY2017). The applicant stated at that time that the assumptions and methodology used to project patient origin were based on the actual patient origin for HPCCR, the actual patient origin for LDHH and the LDHH actual patient origin adjusted for the opening of Lincoln County Hospice House.

In Section III.2, page 24 of this application, the applicant provides the projected patient origin for the first three years of the proposed project (FY2017-FY2019), as shown in the table below:

County	# of Patients FY2017	% of Total Patients	# of Patients FY2018	% of Total Patients	# of Patients FY2019	% of Total Patients
Mecklenburg	193	83.9%	206	84.1%	218	83.8%
Other Counties	37	16.1%	39	15.9%	42	16.2%
TOTAL	**230**	**100.0%**	**245**	**100.0%**	**260**	**100.0%**

In supplemental information, the applicant identifies the counties included in the "other" category as Iredell, Gaston, Cabarrus, Lincoln, Anson and Stanly Counties, as shown in the table below.

County	FY2017	FY2018	FY2019
Iredell	13	13	15
Gaston	11	12	13
Cabarrus	7	8	8
Lincoln	2	2	2
Anson	2	2	2
Stanly	2	2	2
Total	**37**	**39**	**42**

The applicant states in supplemental information that the projected patient origin in this application is the same as in the original application. The applicant also states,

> *"The proposed EMIU at Aldersgate is located 19 miles from the Levine & Dickson Hospice House in Huntersville. Two years ago, HPCCR opened the LDHH at Southminster, which is 26 miles from the Levine & Dickson Hospice House in Huntersville, but both facilities in 2015 served patients from the same counties. LDHH in Huntersville served patients from Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Stanly, and Union counties, while LDHH at Southminster served patients from Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, and Union counties.*
>
> *It is HPCCR's experience that when an inpatient hospice bed becomes available that patients from through* [sic] *HPCCR's service area will accept admission to any of its inpatient hospice houses. HPCCR expects this trend to continue when the EMIU at Aldersgate opens in the future."*

The applicant explained the difference in the projected number of patients to be served in this application compared to the projected number of patients to be served in the original application. In supplemental information, the applicant states,

> *"The difference in the number of projected patients in the original application and those projected to be served in this application is due to the number of beds that the projections are related to. The original application proposed to develop 6 inpatient hospice beds at LDHH, which would then* operate[s] *22 inpatient hospice beds after completion of the project. This application proposes to develop 6 inpatient hospice beds in a separate hospice unit at Aldersgate in Charlotte; as such the projections in this application are only for those 6 inpatient hospice beds."*

The applicant is proposing to the relocate six (6) hospice inpatient beds from 11900 Vanstory Drive in Huntersville to 3800 Shamrock Drive in Charlotte. The proposed site for the new hospice inpatient facility will be on the campus of a CCRC that is centrally located in Mecklenburg County. In the project summary and Section II.1, page 11, the applicant states that the beds will also be available to all residents of the retirement community as well as to the counties identified in the table above.

In Project I.D. #F-10132-13, the applicant adequately identified the population to be served. The applicant proposes no changes in the current application that would affect that determination. The applicant adequately identified the population to be served.

Analysis of Need

In Section II.3, page 16, the applicant states that there is no change in the scope of services from the previously approved CON application. In Section II.1, page 17, the applicant states,

> *"The proposed project is not based on an unsatisfied need in the service area, but rather the need for HPCCR to develop an inpatient hospice facility as proposed and approved in the inpatient Hospice Beds and Facility CON application, Project I.D. #F-10132-13 with the exception of the facility's location change."*

In Section II.1, page 11, the applicant describes the need to change the location of the beds from Huntersville to Charlotte, on the Aldersgate campus. The applicant states,

> *"HPCCR presented a financially feasible and cost-effective project in its CON application submitted on May 15, 2013. At that time, the project's feasibility and cost-effectiveness were based on constructing a 6,000 SF addition to the Levine & Dickson Hospice House in Huntersville, NC. HPCCR was not fully aware of the success that its Levine & Dickson Hospice House at Southminster would have because it had only recently started operation. Based on the success of that project, the location of inpatient hospice beds at a continuing care retirement community that are available to all residents, in addition to the goodwill achieved by locating inpatient hospice beds in the community, HPCCR initiated discussions with Aldersgate United Methodist Retirement Community to consider a similar project with the six (6) inpatient hospice beds already approved to become operational at the LDHH."*

In supplemental information, the applicant describes why it believes the LDHH Southminster project was a success and the justification proposed for relocation of the beds. The applicant states,

> *"LDHH Southminster operated for part of the year in 2013 and admitted 272 patients from 10 counties for a total of 1,845 days of care. In its first full year of operation, 2014, LDHH Southminster admitted 429 patients from 10 counties for a total of 3,154 days of care or 86.4 percent occupancy after just 18 months of operation. HPCCR expects a similar trend to occur when the EMIU at Aldersgate opens in the future."*

In the 2014 Licensure Renewal Application (LRA) for LDHH Southminster, HPCCR provided the following information:

County of Residence	Direct Admits	Transfer from Hospice Home Care	Total Days of Inpatient Care
Alamance	1		15
Anson	1		5
Ashe	1		3
Cabarrus		1	4
Gaston	1		16
Lincoln		1	3
Mecklenburg	147	77	1,389
Pamlico	1		2
Stanly	1		2
Union	12	20	351
Out of State	8		55
Total	**173**	**99**	**1,845**

The supplemental information provided above by the applicant for LDHH Southminster correlates to what the applicant reported in the 2014 LRA. The 2015 LRA data for LDHH Southminster was not available at the time of this review.

In Exhibit 5, pages 7-8, the applicant provides a project analysis that describes the need to relocate the six (6) hospice inpatient beds. The applicant states in part,

> *"We believe that distance is an important factor when considering a transfer into an IPU* [inpatient unit]. *This was the rationale used for establishing an IPU at Southminster back in 2012, and this has proven to be a valid factor. Our two IPUs are 25 miles apart and located at opposite sides of our service area: Huntersville and South Charlotte (map below):*
>
> *A large percentage of the patients admitted into the IPUs* live[s] *within a 10 to 15 mile radio* [sic] *of each facility. The map below clearly shows that the majority of patients live in relative proximity to each IPU.*
>
> *The map also shows that the Central and mainly the Eastern areas of the county are not properly served in terms of IPU coverage. As mentioned before, distance and traffic play a significant role on deciding on an IPU transfer.*
>
> *In order to cover part of the geographical coverage gap that we currently have, we are exploring the possibility of establishing an IPU within one of the oldest retirement communities in the area.*
>
> *Aldersgate is about to initiate an expansion project and they are open to the idea of establishing an IPU wing within their campus. This would require for us to transfer the IPU beds awarded in the CON application to HPCCR in 2013 for LDHH-H to this new location. Our intention is to explore the possibility of leasing space built to accommodate an IPU with capacity for six GIP beds."*

On page 9 of Exhibit 5, the applicant states that the residents of Aldersgate are familiar with HPCCR's services. The applicant states in part,

> *"We served 50 patients in 2013, and have served 51 patients through October 15th of this year."*
>
> *...*
>
> *Aldersgate is serious about their expansion. In June of this year, they filed a rezoning petition to rezone approximately 91 acres of property located within their Shamrock Drive Campus. Their petition indicates their plans to add 150 dependent residential units from 150 to 300 beds, and increase memory care (Alzheimer's & Dementia) beds from 45 to 61 beds, the addition of (5) Adult Care Home Beds, (12) Hospice Beds, Outpatient Dialysis (for up to 20) and up to 70,000 SF of additional resident amenity and service space."*

In 2014, Aldersgate applied and received CON approval to add 16 adult care home (ACH) beds to Cuthbertson Village, a 45 bed ACH dedicated to memory support and to replace and add 20 nursing facility (NF) beds to Asbury Care Center, a 105-bed combination NF and ACH. Both CONs for Cuthbertson Village and Asbury Care Center were issued in 2014. Aldersgate is actively undergoing expansion of its CCCR as stated by the applicant.

The project, as proposed in this change of scope application, will result in design changes to establish the new hospice inpatient facility. In Section II.1, page 10, the applicant states,

> *"The following table identifies the LDHH's original square footage (SF) approved in Project I.D. #F-10132-13; the proposed square foot changes, which were developed through the completion of a space plan; and square footage variations from the original floor plan to the revised floor plan.*
>
> *...The primary reason for the square footage difference is due to the addition of required services in a freestanding inpatient hospice facility.*

Facility Areas	***Construction***	***Previously Approved #F-10132-13***	***Proposed SF***	***Square Foot Variation***	***Note***
Public Space	*New*	*1,515*	*1,000*	*-515*	*1*
Family Space	*New*	*400*	*900*	*+500*	*2*
Patient Space	*New*	*2,340*	*3,000*	*+660*	*3*
Admin Space	*New*	*570*	*750*	*+180*	*4*
Ancillary Space	*New*	*460*	*750*	*+290*	*5*
Walls and Circulation	*New*	*715*	*1,600*	*+885*	*6*
Total		***6,000***	***8,000***	***+2,000***	

Notes:

1	*Decrease due to elimination of conference room.*
2	*Increase due to addition of family dining areas.*
3	*Increase due to addition of tub room and patient rooms.*
4	*Increase due to addition of nurse manager office.*
5	*Increase due to addition of bereavement room.*
6	*Increase due to building foundation footprint.*

As shown in the table above, the applicant is proposing a 2,000 sq.ft increase (33.3%) in space for the addition of required services in a freestanding inpatient hospice facility. The applicant provides copies of the original floor and space plans and the proposed floor and space plans in Section II, pages 12-13 and Exhibit 3.

In Section II.1, page 14 and Section VI.1 page 36, the applicant provides the proposed capital cost of the project to establish the new hospice inpatient facility, as shown in the table below.

COST DESCRIPTION	**PREVIOUSLY APPROVED PROJECT I.D. #F-10132-13**	**PROPOSED PROJECT F-10370-15**	**VARIANCE**	**NOTE**
Construction Contract				
Cost of Materials/Labor	$1,800,000	$1,800,000		
Miscellaneous Project Costs				
Furniture	$58,000	$128,000	+ $70,000	1
Consultant Fees				
Architect and Engineering Fees	$144,000	$150,000	+ $6,000	2
Administrative, Legal, Other Fees	$23,000	$50,000	+ $27,000	
Sub-Total Consultant Fees	$167,000	$200,000	+ $33,000	
Sub-Total Miscellaneous	$225,000	$328,000	+$103,000	
Total Capital Cost of Project	**$2,025,000**	**$2,128,000**	**$103,000**	4

Notes:

1	Based on additional rooms required for a freestanding inpatient hospice facility.
2	Increase in fees due to submission of Relocation CON Application.
3	Change in Lines (15) and (17).
4	Change in Line (21).

As shown in the table above, the applicant is proposing a $103,000 (5.1%) increase in the capital cost for the proposed project. The applicant provides copies of the original and the proposed certified construction cost estimates in Exhibit 4. As previously stated, the increase in square footage and capital cost is for the addition of required services needed in a freestanding inpatient hospice facility.

The applicant adequately demonstrates the need for this change of scope application to relocate six (6) previously approved hospice inpatient beds from LDHH in Huntersville to the campus of Aldersgate in Charlotte.

<u>*Projected Utilization*</u>

In Section IV.1, page 65 of the original application, the applicant provided a table showing the projected quarterly utilization for LDHH's hospice inpatient beds through the first two years of operation (FY2016-FY2017). In Section III.2, page 28 of this application, the applicant projected quarterly utilization for the hospice inpatient beds at EMIPU at Aldersgate through the first two years of operation for the proposed project, as illustrated in the table below:

Fiscal Year	Patient Beds	Patient Days	Occupancy Percent
1st Quarter – FY2017	6	374	67.8%
2nd Quarter – FY2017	6	434	80.4%
3rd Quarter – FY2017	6	443	81.0%
4th Quarter – FY2017	6	451	81.7%
Total FY2017	**6**	**1,702**	**77.7%**
1st Quarter – FY2018	6	457	82.8%
2nd Quarter – FY2018	6	447	82.8%
3rd Quarter – FY2018	6	452	82.8%
4th Quarter – FY2018	6	457	82.8%
Total FY2018	**6**	**1,813**	**82.8%**

As indicated in the above table, the applicant projects it will provide 894 patient days of care in the six hospice inpatient beds at EMIPU at Aldersgate in the last six months of the first operating year of the proposed project (FY2017), which is equivalent to an average occupancy rate of 81.4 percent [894 patient days / (6 beds X 183 available bed days) = 81.4%], which exceeds the minimum utilization standard of 50 percent required in required in 10A NCAC 14C .4003(a)(1). Also, the applicant projects it will provide 1,813 patient days of care in the six hospice inpatient beds at EMIPU at Aldersgate in the second operating year of the proposed project (FY2018), which is equivalent to an average occupancy rate of 82.8 percent [1,813 patient days / (6 beds X 365 available beds days) = 82.8%], which exceeds the minimum utilization standard of 65 percent required in 10A NCAC 14C .4003(a)(2).

In Section III.2, pages 23-25, the applicant describes the assumptions and methodology used to project the number of hospice inpatient days to be provided at EMIPU at Aldersgate during the first two years of operation based on historical Mecklenburg County hospice services. On pages 23-24, the applicant states,

> ***"A. Mecklenburg County Population***
> *Mecklenburg County has experienced continued population growth. HPCCR used 2009-2019 NC Office of State Budget and Management population estimates and projections.*
>
> ***B. Mecklenburg County Deaths***
> *With the population growth and aging of Mecklenburg County residents, Mecklenburg County has experienced an increase in the number of annual*

deaths; however, deaths have remained between 0.55% and 0.56% of the total county population (C). HPCCR used the FY2013 death rate (0.55%) as a percentage of total population to project the number of Mecklenburg County deaths through 2019.

C. Mecklenburg County Deaths as % of Population
HPCCR calculated the percentage of Mecklenburg County resident deaths as a percentage of the Mecklenburg County population for the years FY2009 through FY2013 and applied the FY2013 percentage of 0.55% through 2019.

D. Mecklenburg County Days of Care
Mecklenburg County has experienced mixed growth in hospice days of care. Over the last four years from FY2009 through FY2013, the number of hospice days of care has increased by over 20,000 days of care or a 4-year increase of 12.1%. The 2015 State Medical Facilities Plan hospice need methodology projects that hospice days of care will increase to 222,175 days of care in 2018, an increase of 15.9% over the next five year period.

E. Hospice Deaths
Likewise, with the population growth, aging of Mecklenburg County residents, expansion of inpatient hospice care, and continued hospice outreach programs to both patients and physicians, Mecklenburg County has experienced increasing annual hospice deaths, which have averaged 5.9% over the last four years (E), to project the number of Mecklenburg County hospice deaths through 2019.

F. Mecklenburg County Hospice Death Annual Increase
HPCCR calculated the Mecklenburg County hospice death annual increase rate for the years FY2009 through FY2013.

On page 25, the applicant states,

*"**A. EMIPU Mecklenburg County Inpatients***
EMIPU at Aldersgate is projected to serve 193 Mecklenburg County residents in FY2018. HPCCR assumes this Mecklenburg County patient origin (84.0%; based on EMIPU at Southminster) through FY2019.

B. EMIPU Other County Inpatients
EMIPU at Aldersgate is projected to serve 37 residents from other counties and South Carolina in FY2018. HPCCR assumes this patient origin (16.0%; based on EMIPU at Southminster) through FY2019.

D**[sic]**. Average Length of Stay (ALOS)

EMIPU at Aldersgate is projected to average 7.4 days per inpatient in FY2016; based on EMIPU at Southminster. HPCCR assumes this ALOS will continue through FY2019.

E. Total Days of Care
HPCCR multiplied the total admits (C) [sic] *by the ALOS (D) to project the EMIPU at Aldersgate total days of care. The projected ALOS will result in EMIPU at Aldersgate inpatient occupancy rate of approximately 82.8% in Year 2.*

F. Average Daily Census
HPCCR divided the EMIPU at Aldersgate total days of care (E) by 365 days to calculate the average daily census.

G. Occupancy Rate
HPCCR divided the EMIPU at Aldersgate average occupancy rate (F) [sic] *by 6 beds to calculate the occupancy rate."*

The applicant projects utilization for the proposed project based on LDHH Southminster's historical utilization. In supplemental information the applicant states that it is HPCCR's experience that when an inpatient hospice bed becomes available, patients from the service area will accept admission to any of its inpatient hospice facilities. The applicant states that they expect this trend to continue when the EMIPU at Aldersgate facility opens in the future. The applicant is proposing to relocate six (6) hospice inpatient beds from Huntersville to the campus of a CCRC in Charlotte. LDHH Southminster is also located on the campus of a CCRC in Charlotte, thus it is reasonable to assume that the proposed EMIPU at Aldersgate facility would trend similarly to that of the LDHH Southminster facility. The only other facility operated in Mecklenburg County by the applicant is LDHH Huntersville, however, this facility is not located on the campus of a CCRC. The applicant adequately demonstrates that the utilization projections are based on reasonable and adequately supported assumptions.

Access

In Section IV.2, page 29, the applicant states that HPCCR participates in the Medicare and Medicaid program and otherwise provides care to the elderly and will continue to make available services to low-income persons needing care. The applicant also states that HPCCR's Admission Criteria Policy and the Special Financial Consideration Policy 9 (see Exhibit 7) guarantees equal access to hospice services for members of all racial, ethnic and religious minority groups.

In Section IV.4, page 30, the applicant states, *"All persons regardless of their ability to pay will have access to appropriate services."*

In Section IV.6, page 31, the applicant provides the expected payor mix for hospice inpatient services, stating that 86.2% of its patients will be covered by Medicare/Medicaid. The applicant states that the proposed projections are based on current data at the LDHH Southminster facility. In supplemental information, the applicant provides the following payor mix data for LDHH Southminster from January-November, 2014 to date, as follows:

Payor Mix	Hospice Inpatient Days of Care	Percent of Total
Private Pay/Indigent	110	1.7%
Commercial Insurance	797	12.1%
Medicare	5,073	77.3%
Medicaid	585	8.9%
Total	**6,565**	**100.0%**

As shown in the table above, LDHH Southminster has and or is currently serving 77.3% Medicare patients and 8.9% Medicaid patients for a total of 86.2% of its patients being covered by Medicare/Medicaid. The applicant is projecting to serve the same percentage of Medicare/Medicaid patients for the proposed project, based on the historical experience of one of its other facilities that is also located on the campus of a CCRC.

The applicant adequately demonstrates 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 proposed services.

Conclusion

In summary, the applicant adequately identified the population to be served, adequately demonstrated the need the population projected to be served has for the proposed project, and demonstrated 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.

C

Effective August 29, 2013, HPCCR received a CON (Project I.D. #F-10132-13) to add six (6) hospice inpatient beds to the existing LDHH Huntersville facility for a total of 22 hospice inpatient beds upon project completion. This CON application, Project I.D. #F-10370-15, is a change in scope of the original application and proposes to relocate the six (6) hospice

inpatient beds previously approved from Huntersville to Charlotte. In Section II.1, page 10, the applicant states that the proposed relocation will result in the development of a new healthcare facility, rather than the expansion of an existing healthcare facility. The new hospice inpatient facility will be known as East Mecklenburg Inpatient Unit (EMIPU) at Aldersgate.

In supplemental information, the applicant states,

> *"The proposed 6 inpatient hospice beds to be developed at Aldersgate are currently not developed or operational at LDHH. With the development of the 6 inpatient hospice beds at Aldersgate, LDHH will continue to operate 16 inpatient hospice beds in Huntersville, remaining at its current number of licensed inpatient hospice beds.*
>
> *The development of the 6 inpatient hospice beds at Aldersgate will not change LDHH's ability to serve low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly.*
>
> - *HPCCR participates in the Medicare and Medicaid program and otherwise provides care to the elderly and will continue to make available services to low-income persons needing care.*
> - *HPCCR's Admission Criteria Policy guarantees equal access to hospice services for members of all racial, ethnic and religious minority groups.*
> - *HPCCR does not discriminate on the basis of gender as stated in the Admission Criteria Policy.*
> - *LDHH conforms to the North Carolina State Building Code, the National Fire Protection Association 101 Life Safety Code, the Rules and Statues applying to the Licensing of Hospices in North Carolina, ANSI Standards for Handicapped Access, and any other requirement of federal, state, and local bodies.*
> - *HPCCR is and will continue to accessible to all persons, including the medically indigent and terminally ill children.*
>
> *Most of the patients served by HPCCR can be classified into one or more categories of underserved persons. The specific needs of any other patient not previously addressed will be assessed in that individual's care plan. HPCCR will continue to be available to all in need of care, without discrimination."*

The applicant will continue to operate a 16-bed hospice inpatient facility, as licensed, at the LDHH Huntersville facility. The needs of the current population presently served will continue to be met as a result of the proposed project. The relocation of six (6) hospice inpatient beds from Huntersville to Charlotte will not adversely affect the ability of the underserved to obtain needed health care.

The applicant demonstrates that the needs of the population presently served at LDHH Huntersville; including underserved groups, will be adequately met following relocation of

six (6) hospice inpatient beds to EMIPU at Aldersgate. Therefore, the application is conforming to this criterion.

(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 II.5, page 18, the applicant discusses two alternatives that were considered prior to submitting this application. The first of these was to maintain the status quo. The applicant states this alternative was not acceptable for the following reasons: 1) at the time the original application was submitted, the applicant was not yet aware of the success of the LDHH Southminster facility, and 2) developing the project as previously approved would not take into consideration the success of LDHH at Southminster and the financial feasibility of a smaller inpatient hospice unit attached to an existing CCRC that is open to both county residents, as well as CCRC residents.

In Section II.5, page 18, Section II.7, page 19 and supplemental information, the applicant describes why they believe the proposed project is the most cost effective alternative.

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 the proposal is the least costly or most effective alternative to meet the need for relocating six (6) hospice inpatient beds from LDHH Huntersville to EMIPU at Aldersgate, both located in Mecklenburg County. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **Hospice and Palliative Care Charlotte Region d/b/a East Mecklenburg Inpatient Unit at Aldersgate shall materially comply with all representations made in the certificate of need application and supplemental information. In those instances where representations conflict, Hospice and Palliative Care Charlotte Region d/b/a East Mecklenburg Inpatient Unit at Aldersgate shall materially comply with the last-made representation.**

2. **Hospice and Palliative Care Charlotte Region d/b/a East Mecklenburg Inpatient Unit at Aldersgate shall develop no more than six (6) hospice inpatient beds for a total of not more than six (6) hospice inpatient beds upon completion of this project and Project I.D. #F-10132-13.**

3. **Hospice and Palliative Care Charlotte Region d/b/a East Mecklenburg Inpatient Unit at Aldersgate shall not acquire, as part of this project, any**

equipment that is not included in the project's proposed capital expenditure in Section VI of the application and that would otherwise require a certificate of need.

4. **The total capital expenditure for both projects combines should be $2,128,000.**

5. **Hospice and Palliative Care Charlotte Region d/b/a East Mecklenburg Inpatient Unit at Aldersgate shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

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

C

In Project I.D. #F-10132-13, the applicant was previously approved for a capital cost of $2,025,000. In this application, the applicant projects a capital cost of $2,128,000, which represents a 5.1 percent increase of $103,000. In Section II.1, page 14 and Section VI.1, page 36, the applicant provides a table to illustrate the difference in capital costs between the two applications, as shown in the table below.

Comparison of Capital Expense

COST DESCRIPTION	PREVIOUSLY APPROVED PROJECT I.D. #F-10132-13	PROPOSED PROJECT F-10370-15	VARIANCE	NOTE
Construction Contract				
Cost of Materials/Labor	$1,800,000	$1,800,000		
Miscellaneous Project Costs				
Furniture	$58,000	$128,000	+ $70,000	1
Consultant Fees				
Architect and Engineering Fees	$144,000	$150,000	+ $6,000	2
Administrative, Legal, Other Fees	$23,000	$50,000	+ $27,000	
Sub-Total Consultant Fees	$167,000	$200,000	+ $33,000	
Sub-Total Miscellaneous	$225,000	$328,000	+$103,000	
Total Capital Cost of Project	**$2,025,000**	**$2,128,000**	**$103,000**	4

Notes:

1	Based on additional rooms required for a freestanding inpatient hospice facility.
2	Increase in fees due to submission of Relocation CON Application.
3	Change in Lines (15) and (17).
4	Change in Line (21).

As shown in the table above, the applicant is proposing a $103,000 (5.1%) increase in the capital cost for the proposed project. The applicant provides copies of the original and the proposed certified construction cost estimates in Exhibit 4. As previously stated, the increase in capital cost is for the addition of required services needed in a freestanding inpatient hospice facility.

In Section VII.1, page 42, the applicant states the start-up expenses for this change of scope application are $134,684. There were no start-up expenses associated with the original application; therefore, the costs of this change of scope application are projected to be $237,684 higher than was originally approved. In Exhibit 9, the applicant provides a January 12, 2015 letter signed by the President and CEO of HPCCR, which confirms the total capital costs and the start-up costs reported in Sections VI and VII of the application. Additionally, the letter documents availability of funding for the total capital cost of $103,000 and the $134,684 working capital costs associated with start-up and initial operating expenses. All costs will be funded from the applicant's accumulated reserves. A copy of the proposed lease agreement with Aldersgate is provided in Exhibit 11.

Exhibit 10 contains the financial statements for HPCCR for the years ending December 31, 2013 and 2012. As of December 31, 2013, HPCCR had cash and cash equivalents of $4,609,582, total current assets of $16,121,543 and total net assets of $27,488,610 (total assets – total liabilities.

The applicant provides pro forma financial statements for the first three years of the project, beginning October 1, 2016. The applicant does not project that revenues will exceed operating expenses in operating year one, however, the applicant does project that revenues will exceed operating expenses in operating years two and three, as illustrated in the table below.

EMIPU at Aldersgate Hospice Services	Project Year 1	Project Year 2	Project Year 3
Total Revenue	$1,261,027	$1,340,108	$1,419,190
Total Operating Expenses	$1,298,953	$1,326,833	$1,353,965
Net Income	-$37,926	$13,275	$65,225

In Exhibit 9, the President and CEO of HPCCR states,

> *"LDHH typically operates with a negative net income. HPCCR hopes that this trend will reverse in the future, but low reimbursements and higher expenses make this scenario unlikely. Fortunately, annual donations to HPCR have reduced the negative net income and HPCCR projects the need for annual donations to cover hospice house expenses into the future. Annual donations total over $1.7 million per year. …"*

In Section VI.10, page 41, the applicant provides the annual donations that HPCCR receives that can be used to fund both operations and capital expenditures, as summarized in the table below.

	2012	2013	2014	2015 Goals
Donations	$636,834	$540,253	$493,321	$650,000
Memorials	$389,630	$453,237	$441,220	$600,000
Special Events	$352,190	$442,700	$460,097	$465,000
Grants	$71,500	$164,750	$133,750	$135,000
Bequests	$0	$30,097	$498,277	$150,000
Faith Communities	$34,089	$48,063	$24,347	$35,000
United Way	$11,250	$15,500	$15,500	$15,000
Total	**$1,495,493**	**$1,694,600**	**$2,066,512**	**$2,050,000**

The above revenue and expenses are representative of the entire facility, to include inpatient, respite and residential hospice. The applicant projects that revenues will exceed operating expenses in the second and third operating years following projection completion. The assumptions used in preparation of the pro formas, including the number of projected patients are reasonable and adequately supported. In Section V.1, page 32, the applicant states that there is no change in staffing from the previously approved application. The discussion regarding analysis of need found in Criterion (3) is incorporated herein by reference.

In summary, the applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of this project. The applicant also adequately demonstrates that the financial feasibility of the proposal is based on reasonable projections of costs and charges. Therefore, the application is conforming to 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 original application, Project I.D. #F-10132-13, was conforming to this criterion. In this application, the applicant proposes to develop the approved six (6) hospice inpatient beds in a freestanding hospice inpatient facility, rather than the expansion of an existing healthcare facility. The proposed location is within the same county. The applicant is not proposing to increase the number of hospice inpatient beds in the service area. Thus, the inventory of hospice inpatient beds in Mecklenburg County will not change. The applicant states that the population presently served will continue to be served following the development of the freestanding hospice inpatient facility; with greater geographical and financial access. 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

The original application, Project I.D. #F-10132-13, was conforming to this criterion. In Section V.1, page 32, the applicant states that there will be no change in staffing from the previously approved application. The previously approved application was to add six (6) hospice inpatient beds to LDHH Huntersville for a total of 22 hospice inpatient beds upon project completion. This application is to relocate those six (6) undeveloped hospice inpatient beds previously approved to the Aldersgate campus, to develop a six (6) bed freestanding inpatient hospice facility. In supplemental information, the applicant states the following regarding staffing for the proposed project,

> *"The addition of the six IP hospice beds at LDHH necessitated the hiring of administrative and clinical staff to serve the patients receiving care in those beds. LDHH is large enough and has a high enough utilization that existing staff could not serve those patients, as such the need to hire staff. HPCCR determined that the staff proposed to serve the six IP hospice beds at LDHH will also be needed to serve those beds at EMIPU at Aldersgate. The only staffing who may have been necessary to hire with the relocation would have been dietary staff, however, HPCCR established a contract with Aldersgate to provide dietary services*."

In Section VII.9, page 99 of the original application, the applicant describes the availability of health care professionals in the proposed service area and the efforts that will be made by the applicant to attract and retain staff. The applicant adequately documents the availability of sufficient health manpower and management personnel to provide the proposed hospice services at EMIPU at Aldersgate. 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

The original application, Project I.D. #F-10132-13, was conforming to this criterion. In supplemental information, the applicant states the following regarding the arrangements for the provision of the necessary ancillary and support services,

> *"HPCCR proposes to provide all necessary services to make the EMIPU at Aldersgate operational. ..."*

In Form B and C of the pro formas in Section XI, the applicant identifies staff in Nursing Services, Social Services, Housekeeping, and Administration. The applicant also includes funding for pharmaceuticals, medical supplies, therapies, DME, food, housekeeping supplies, laundry supplies, equipment maintenance, and administrative activities. The proposed floor plan in Exhibit 3 includes space for: staff lounge, serving, dining and a team work area.

In Section V.2, page 81 of the original application, the applicant states that HPCCR has contract agreements with the following:

CMC-Main
CMC-Mercy
CMC-Northeast
CMC-Pineville
CMC-Union
CMC-University
Levine Children's Hospital
Lake Norman Regional Medical Center
Presbyterian-Main
Presbyterian-Huntersville
Presbyterian-Matthews
Continuing Care Retirement Communities
Skilled Nursing Facilities
Assisted Living Facilities
Rest Homes
House of Mercy
Mecklenburg County Department of Social Services
Other hospice organizations-local and out of area

A sample contract was provided in Exhibit 18 of the original application. Exhibit 25 of the original applicant includes letters of support from physicians that have expressed support for the proposal to develop six (6) additional hospice inpatient beds, demonstrating that the proposed service 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

The original application, Project I.D. #F-10132-13, was conforming to this criterion, wherein the applicant proposed to construct a 6,000 sf addition to the existing LDHH Huntersville facility. In the proposed application, the applicant is proposing to construct an 8,000 sf freestanding hospice inpatient facility on the campus of an existing CCRC. As previously stated, the increase in square footage for the proposed project is a result of required services in a freestanding inpatient hospice facility. A discussion regarding cost and square footage found in Criterion (3) is incorporated herein by reference. Exhibit 3 contains the original and proposed floor plans and Exhibit 4 contains the original and proposed certified construction cost estimates.

In Section IX.5, page 55, the applicant states,

> *"The architects and engineers on the design team will comply with the North Carolina Division of Facility Services Guidelines, North Carolina Accessibility Code Vol.1-C, and all applicable national, state and local requirements. The fully sprinkled facility will comply with all Code mandated life safety and fire protection systems will provided* [sic]. *The North Carolina Division of Facility Services will review the Construction Documents and conduct joint inspections with the design team at appropriate intervals during construction.*
>
> *This design includes energy conservation as criteria of design.*
>
> *The upfit design of the 6-bed unit includes energy efficiency and water conservation includes the following items:*
>
> - *Fluorescent lighting*
> - *Insulated glass*

- *Gas heating*
- *Individual patient room heat pump controls*
- *The common areas will utilize a variable volume air system to prioritize energy needs and efficiency*
- *Low flow shower heads and low flow toilets"*

The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative for the project they propose, and that the construction costs will not unduly increase costs and charges for health services. See the discussion of costs and charges in Criterion (5), which is incorporated herein by reference. 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

The original application, Project I.D. #F-10132-13, was conforming to this criterion and the applicant proposes no changes in this current application to affect that determination. Therefore, the application is conforming to this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

The original application, Project I.D. #F-10132-13, was conforming to this criterion and the applicant proposes no changes in this current application to affect that determination. 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

The following table illustrates the projected payor mix for hospice inpatient services EMIPU at Aldersgate during the second operating year, as reported by the applicant in Section IV.6, page 31 and in the pro formas of the application in Section XI. The applicant states that the projections are based on current LDHH Southminster's hospice inpatient services.

Proposed Days as % of Total Days

Payor Source	Hospice Inpatient Days of Care	Hospice Residential Days of Care
Medicare	77.3%	81.0%
Medicaid	8.9%	15.2%
Commercial	12.1%	1.7%
Self-Pay/Indigent	1.7%	2.1%
Total	**100.0%**	**100.0%**

In Section IV.2, pages 29-30, the applicant states,

"HPCCR participates in the Medicare Medicaid program and otherwise provides care to the elderly. HPCCR will continue to make available services to low-income persons needing care.

HPCCR's Admission Criteria Policy guarantees equal access to hospice services for members of all racial, ethnic and religious minority groups.

HPCCR does not discriminate on the basis of gender as stated in the Admission Criteria Policy.

EMIPU at Aldersgate will conform to the North Carolina State Building Code, the National Fire Protection Association 101 Life Safety Code, the Rules and Statutes applying to the Licensing of Hospices in North Carolina, ANSI Standards for Handicapped Access, and any other requirement of federal, state, and local bodies.

HPCCR is and will continue to be accessible to all persons, including the medically indigent and terminally ill children.

...HPCCR will continue to be available to all in need of care, without discrimination."

The applicant demonstrates it will provide adequate access to the medical underserved population. 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

The original application, Project I.D. #F-10132-13, was conforming to this criterion and the applicant proposes no changes in this current application to affect that determination. 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

The original application, Project I.D. #F-10132-13, was conforming to this criterion and the applicant proposes no changes in this current application to affect that determination. In Section V.1, page 32, the applicant states,

"HPCCR has clinical affiliation agreements with many healthcare training programs. HPCCR will continue to commit to accommodating the needs of health professional training programs. ...EMIPU at Aldersgate will be available to students in these training programs, as needed."

Exhibit 8 includes a list of these training programs for which the applicant has affiliation agreements. The applicant adequately demonstrates that the proposed hospice inpatient service will accommodate the clinical needs of health professional training programs in the area. 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

Effective August 29, 2013, Hospice Palliative Care Charlotte Region was issued a certificate of need to add six (6) hospice inpatient beds to the existing facility at Levine & Dickson Hospice House in Huntersville for a total of 22 hospice inpatient beds upon project completion.

In this application, the applicant proposes to relocate the six (6) hospice inpatient beds approved in Project I.D. #F-10132-13 from Levine & Dickson Hospice House Huntersville to the proposed East Mecklenburg Inpatient Unit at Aldersgate in Charlotte. In Section II.1, page 10, the applicant states that the proposed relocation will result in the development of a new healthcare facility, rather than the expansion of an existing healthcare facility. The new hospice inpatient facility will be known as East Mecklenburg Inpatient Unit (EMIPU) at Aldersgate.

In Section II.3, page 16, the applicant states that there is no change in the scope of services from the previously approved CON application. In Section II.1, page 17, the applicant states,

> *"The proposed project is not based on an unsatisfied need in the service area, but rather the need for HPCCR to develop an inpatient hospice facility as proposed and approved in the inpatient Hospice Beds and Facility CON application, Project I.D. #F-10132-13 with the exception of the facility's location change."*

In Section II.1, page 11, the applicant describes the need to change the location of the beds from Huntersville to Charlotte, on the Aldersgate campus. The applicant states,

> *"HPCCR presented a financially feasible and cost-effective project in its CON application submitted on May 15, 2013. At that time, the project's feasibility and cost-effectiveness were based on constructing a 6,000 SF addition to the Levine & Dickson Hospice House in Huntersville, NC. HPCCR was not fully aware of the success that its Levine & Dickson Hospice House at Southminster would have because it had only recently started operation. Based on the success of that project, the location of inpatient hospice beds at a continuing care retirement community that are available to all residents, in addition to the goodwill achieved by locating inpatient hospice beds in the community, HPCCR initiated discussions with Aldersgate United Methodist Retirement Community to consider a similar project with the six (6) inpatient hospice beds already approved to become operational at the LDHH."*

See also Sections II, III, V, VI and VII of the original application, Project I.D. #F-10132-13. The original application was conforming to this criterion and the applicants propose no changes in this current application that would reverse that determination. In fact, this application has a more positive impact upon the cost effectiveness, quality, and access to the services proposed. In Section II.7, pages 19-20, the applicant states,

> *"HPCCR proposes to develop an inpatient hospice unit in central Charlotte at Aldersgate by relocating six (6) previously approved inpatient hospice beds that were originally planned to expand the LDHH inpatient hospice service in Huntersville. With the rising demand for inpatient services that are driven by a growing community, an aging population and an expanding physician referral base, HPCCR believes that any hospice patients who many benefit from the care at an inpatient hospice facility should have access to those services; the EMIPU at Aldersgate will*

open up an additional capacity to Charlotte/Mecklenburg County hospice patients. This proposed project will not hinder any existing providers' ability to compete.

Choice helps promote competition and competition helps promote better alternatives for the patients. HPCCR will complement the needs and ever growing demands of the patients, staff, and physicians within the service area. This project will promote an expanded community-based inpatient hospice facility that will be open to all patients within the service area.

Low-income persons needing hospice services have access to the facility. As an existing North Carolina health care provider, HPCCR has provided hospice services to Mecklenburg and surrounding counties for over 30 years. HPCCR remains committed to providing care for the uninsured, under-insured, and charity care patients.

All persons, including patients covered by Medicare, Medicaid, Commercial Insurance, Self-Pay (including self-pay, indigent, charity care), and any others, have access to appropriate services. HPCCR renders appropriate medical care to all persons in need of hospice care regardless of their ability to pay.

The aging population and the demands from the baby boomer generation continue to force the provision of health care services into a 'consumerism' mentality. Today's patients are demanding better care, better access to information, better outcomes, more patient (consumer) focus from the provider and their physician, and more economical options for health care services. HPCCR will address these demands in an ever growing segment of the health care delivery system; inpatient hospice services.

EMIPU at Aldersgaate3 will be designed to be homelike, a friendlier, relaxed, and less intimidating environment to the patient. The patients and their families have a facility that is easily accessible and easy to find. An inpatient hospice facility lessens the anxiety associated with end-of-life issues.

HPCCR offers an extensive continuum of care, recognized for its innovation and excellence (NHPCO award winner). HPCCR is recognized as a NHPCO 'Quality Partner' and provides the leadership to encourage quality care."

In supplemental information, the applicant states the following,

"Admissions criteria to Aldersgate will have a positive impact on cost-effectiveness, overall quality of care and access to the under-served patients in the community.

Currently, HPCCR:

- *Facilitates discharge planning for hospitalized patients that need inpatient care that can be provided in the hospice setting.*
- *Provides needed services for patients whose death is imminent, but for whom home or nursing care is not feasible.*
- *Provides for the growing needs of the elderly population.*
- *Provides intermittent inpatient care needed by home-managed patients (i.e. pain management).*
- *Provides the only specialized pediatric, home-based, hospice and palliative care program.*

In summary, as the region's population gets older, patients need access to an inpatient hospice facility that can provide the best quality care (for both patients and families) and a cost effective alternative to institutional settings. Aldersgate will offer a unique approach that best meets the needs of the patients and can offer families many resources, such as bereavement counseling services that are not typically provided by other healthcare providers."

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

- The applicant adequately demonstrates the need to develop the six (6) hospice inpatient beds previously approved in Project I.D. #F-10132-13 at a new location and that it is a cost-effective alternative;

- The applicant, Hospice and Palliative Care Charlotte Region, has and will continue to provide quality services and EMIPU at Aldersgate will provide quality service; and

- Hospice and Palliative Care Charlotte Region, has and will continue to provide adequate access to medical underserved populations and EMIPU at Aldersgate will 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

East Mecklenburg Inpatient Unit at Aldersgate will be a new facility, owned and operated by Hospice and Palliative Care Charlotte Region. HPCCR is the sole owner and Aldersgate

United Methodist Retirement Community will be the lessor of the property. HPCCR is certified by CMS for Medicare and Medicaid participation. According to the records in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents have occurred at HPCCR 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 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.

NA

There are no Criteria and Standards applicable to the review of this application for a Change of Scope for Project I.D.# F-10132-13 (add six hospice inpatient beds). The Criteria and Standards for Hospice Inpatient Facilities and Residential Care Facilities, promulgated in 10A NCAC 14C .4000 were applicable in the conditional approval of Project I.D.# F-10132-13.