ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date:	August 28, 2015
Findings Date:	August 28, 2015
Project Analyst:	Julie Halatek
Team Leader:	Lisa Pittman
Project ID #:	E-11040-15
Facility:	Burke Palliative Care Center
FID #:	060619
County:	Burke
Applicants:	Burke Hospice and Palliative Care, Inc.
Project:	Convert 3 hospice residential beds to 3 hospice inpatient beds for a total of 11 hospice inpatient beds and 3 hospice residential beds

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The applicant, Burke Hospice and Palliative Care, Inc. (BHPC), currently operates Burke Palliative Care Center (BPCC) located in Valdese, in Burke County. BPCC is currently licensed for eight inpatient beds and six residential beds. Burke Hospice proposes to convert 3 existing residential beds into 3 inpatient beds for a total of 11 inpatient beds and 3 residential beds upon project completion.

Need Determination

The 2015 State Medical Facilities Plan (2015 SMFP) identifies an adjusted need determination for three additional hospice inpatient beds in Burke County. The applicant

proposes to develop no more than three additional hospice inpatient beds. Thus, the application is conforming to the adjusted need determination in the 2015 SMFP.

Policies

There is one policy in the 2015 SMFP that is applicable to this review. Policy GEN-3: BASIC PRINCIPLES states:

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

Promote Safety and Quality

The applicant describes how it believes its proposal will promote safety and quality in Section II.1, page 11 and pages 22-23; Section II.4, page 31; Section III.3, page 64; Section V.7, page 87; Section VII.1, pages 96-97; Section VII.3(a), pages 98-100; Section VII.9, page 104; and Exhibits 3, 9, and 10. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal will promote safety and quality.

Promote Equitable Access

The applicant describes how it believes its proposal will promote equitable access in Section III.1(b), pages 43-45 and page 54; Section III.3, page 63; Section V.7, pages 86-87; Section VI, pages 88-95; and Exhibit 3. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal will promote equitable access.

Maximize Healthcare Value

The applicant describes how it believes its proposal will maximize health care value for resources expended in Section III.1(b), page 59; Section III.3, pages 62-63; Section V.7, page 86; Section VII.9, page 104; Section X.7, page 120; Section X.9, page 121; Exhibit 3; and the applicant's pro forma financial statements. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal will maximize health care value.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access, and maximum value for resources expended in meeting the facility need identified in the 2015 SMFP. Therefore, the applicant is consistent with Policy GEN-3.

Conclusion

The application is conforming to the adjusted need determination in the 2015 SMFP for three additional inpatient hospice beds in Burke County and is conforming to 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

Burke Hospice and Palliative Care, Inc. (BHPC) operates Burke Palliative Care Center (BPCC) located in Valdese, in Burke County. BPCC is currently licensed for eight inpatient beds and six residential beds. BHPC proposes to convert three existing residential beds into three inpatient beds for a total of 11 inpatient beds and 3 residential beds upon project completion.

Population to be Served

On page 319, the 2015 SMFP defines the service area for hospice inpatient facility beds as the county where the facility bed is located. Each of the 100 counties is a separate hospice inpatient facility bed planning area. Thus, in this application, the service area is Burke County. Hospice inpatient facilities may serve residents of counties not included in their service area.

In Section III.11, page 70, and Section III.12, page 71, the applicant provides the historical and projected patient origin by county for BPCC as shown in the table below.

BPCC – Historical and Projected Patient Origin by County		
County	**FFY2014 - % of Total**	**FFY2017 (PY1*) & FFY2018 (PY2) % of Total**
Burke	95.08%	95.08%
Catawba	2.23%	2.23%
McDowell	0.89%	0.89%
Caldwell	0.89%	0.89%
Total	**100.00%**	**100.00%**

Note: Totals may not foot due to rounding.
*Project Year

As illustrated in the table above, BPCC does not project a change in its patient origin as a result of the proposed project. In Section III.13, page 71, the applicant states that the projected patient origin is based on its historical experience.

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

Analysis of Need

In Section III.2, page 62, the applicant states Table 13H in the 2015 SMFP indicates a need for three hospice inpatient beds in Burke County.

In Section III.1, pages 32-54, the applicant discusses the need for the proposed project and states the following factors support the need for the proposed project.

- The population of the elderly (age 65 and older) in Burke County will continue to grow in coming years, and the lower income level of Burke County residents as opposed to the state as a whole means the residents have less access to distant facilities. (pp. 33-37)

- Burke County has higher disease incidence rates and mortality rates for several diseases found in the elderly population than the state as a whole. (pp. 37-43)

- The closest hospice facilities outside of Burke County are at least 30 minutes away and have high occupancy rates. (pp. 43-45)

- Burke County's days of care (DOC) and death rates are increasing faster than the state as a whole. (pp. 45-54)

- There is community support for the proposed project in Burke County. (p. 54)

Each factor is briefly described below.

Population Growth and Income

On page 33, the applicant states the service area for the proposed project is Burke County. The applicant states although Burke County's population is projected to decrease through 2018, the aging population, age 65 and over, is projected to steadily increase, from 18.6 percent of the total Burke County population in 2015 to 19.6 percent of the total Burke County population in 2018. On page 35, the applicant states that during FFY2014, 81.6 percent of patients served at BPCC were age 65 and over. On page 37, the applicant states that the per capita income and median household income for Burke County residents is lower than that for the state as a whole, and that Burke County has a higher population percentage with incomes below poverty level than the state as a whole. On page 36, the applicant states this is representative of an older population in Burke County.

Disease Incidence and Death Rates

On page 37, the applicant states: *"Hospice use is higher for diseases that impose a high burden on caregivers."* On page 32, the applicant provides a chart illustrating the percentage of hospice admission by primary diagnosis in North Carolina, as shown in the table below.

Percentage of Hospice Admissions by Primary Diagnosis State of NC – 2013*	
Primary Diagnosis	**% of Hospice Admissions**
Cancer	31.4%
Dementia / Alzheimer's	11.5%
Heart Disease	10.9%
Lung Disease	8.5%
Debility Unspecified**	5.7%
Other	3.4%
Stroke	3.2%
Kidney Disease	2.4%
Non-ALS Motor Neuron	2.1%
Liver Disease	2.0%
ALS	0.3%
HIV/AIDS	0.2%
Missing	18.5%

* Source: The Carolinas Center for Hospice and End of Life Care
**Debility unspecified population includes frail elders with multiple illnesses and steady deterioration.

On pages 38-43, the applicant discusses Burke County's comparatively higher mortality rates due to cancer, Alzheimer's disease, heart disease, and lung disease when compared to North Carolina as a whole.

Geographic Need

On page 43, the applicant states that BPCC's hospice inpatient beds located in Burke County are operating at or near practical capacity. The applicant states that when a hospice inpatient

bed is not available at BPCC, the patient must be admitted to the local acute care hospital or referred to a hospice inpatient facility in another county. The applicant states that the closest inpatient hospice facility is at least 30 minutes away, and all of the closest inpatient hospice facilities to Burke County are well-utilized already. On page 44, the applicant states hospice services are most effective for patients and family when they are provided close to their home and in a home-like setting. On page 45, the applicant states local access to hospice inpatient services is particularly important for hospice patients since family and friends often visit daily.

Historical Hospice Utilization

On page 46, the applicant states total hospice admissions have increased by 27.3 percent in North Carolina from FFY2008 to FFY2013. On page 47, the applicant states a key indicator of hospice acceptance is the percent of all deaths served by hospice. The applicant states 42.4 percent of North Carolina deaths in 2013 were served by hospice, compared to 14.6 percent in 2004. On page 48, the applicant states in that in 2013, Burke County and surrounding counties all had a higher hospice utilization rate than North Carolina as a whole, and Burke County's residents utilize hospice services at a rate that is over 81 percent higher than North Carolina as a whole.

On page 50, the applicant states the percent of deaths served by hospice in North Carolina has increased from 26.95 percent in 2008 to 42.44 percent in 2013. Burke County's percent of deaths served by hospice has increased from 36.56 percent in 2008 to 47.91 percent in 2013. The applicant states that according to the FFY2014 data for the proposed 2016 SMFP, 89.5 percent of Burke County's hospice deaths occurred at BPCC. On page 53, the applicant states that despite BPCC dealing with fluctuations in capacity based on the unpredictable nature of illness, in FFY2014, there were 12 weeks where BPCC operated near or at maximum inpatient capacity. On pages 53-54, the applicant states that it has at times had to offer inpatient services in residential beds and therefore be unable to bill for the actual level of care provided. The applicant states that it takes pride in their policy that doesn't deny service even to those who can't pay, and that converting three residential beds to inpatient beds will allow it to continue to provide service and still remain financially feasible.

Community Support

Exhibits 14, 15, and 16 of the application contain letters from physicians, other health care providers, and other members of the community expressing support for the proposed project. Letters in support of the proposed project were also mailed to the Healthcare Planning and Certificate of Need Section.

Projected Utilization

In Section III.1(b), pages 55-61, and supplemental information received August 10, 2015 and August 14, 2015, the applicant provides projections for hospice admissions, days of care, ALOS, and occupancy rates for BPCC inpatient and residential beds, as well as respite

admissions, through the first three years of operation (FFY2017 - FFY2019), which are summarized below.

BPCC Projected Utilization – Project Years 1-3			
	PY1 (FFY2017)	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Inpatient Hospice Beds			
Admissions	304	336	371
Days of Care	2,497	2,762	3,056
Average Length of Stay (ALOS)	8.2	8.2	8.2
Occupancy	62.2%	68.8%	76.1%
Number of Beds	11	11	11
Residential Hospice Beds			
Admissions	27	27	27
Days of Care	836	849	862
Occupancy	76.3%	77.5%	78.7%
Number of Beds	3	3	3
Respite Care			
Admissions	68	69	70
Days of Care	304	309	314

Inpatient Utilization

In Section III.1(b), pages 55-59, the applicant provides the assumptions and methodology for its utilization projections, which are summarized below.

Step 1: Review Historical BPCC Hospice Inpatient Utilization

On page 55 and in supplemental information received August 10, 2015, the applicant states it reviewed its historical hospice inpatient utilization at BPCC, as shown in the table below.

BPCC Historical Hospice Inpatient Days of Care					
	FFY2011	**FFY2012**	**FFY2013**	**FFY2014**	**FFY2015***
BPCC Hospice Inpatient DOC	1,362	1,456	1,574	1,892	2,040
Percent Occupancy (8 beds)	46.6%	49.9%	53.9%	64.8%	69.9%

*Annualized based on six months of data (October – March)

In supplemental information received August 14, 2015, the applicant states that since it is planning to convert three existing hospice residential beds, which already conform to facility licensure requirements, to three hospice inpatient beds, it projects the three additional hospice inpatient beds will be licensed and certified by October 1, 2016. The applicant states its first full fiscal year of operation will be FFY2017.

Step 2: Project BPCC Hospice Inpatient Utilization

Hospice Inpatient Days of Care

In supplemental information received August 10, 2015, the applicant states that the four year Compound Annual Growth Rate (CAGR) for hospice inpatient days is 10.6 percent. On page 56 and in supplemental information received August 14, 2015, the applicant states it applied the four year CAGR to the annualized FFY2015 data to project future utilization.

BPCC Projected Hospice Inpatient Days of Care			
	FFY2017	**FFY2018**	**FFY2019**
BPCC Hospice Inpatient DOC	2,497	2,762	3,056
Percent Occupancy (11 beds)	62.2%	68.8%	76.1%

Hospice Inpatient Admissions & Average Length of Stay

On page 58, and in supplemental information received August 14, 2015, the applicant states that its Average Length of Stay (ALOS) has been increasing, and that for FFY2015 annualized, its ALOS is 8.2 days. The applicant states that using its most recent ALOS of 8.2 days is consistent with other approved projects, as shown below.

Projected Hospice Inpatient ALOS Used in Approved Applications		
CON Project I.D. #	**County**	**ALOS**
P-8709-11	Carteret	8.0
G-10137-13	Yadkin	10.9
G-10310-14	Surry	9.5

In supplemental information received August 14, 2015, the applicant provides a table which summarizes its projections for the first three operating years after project completion.

BPCC Inpatient Projected Utilization – Project Years 1-3			
	PY1 (FFY2017)	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Admissions	304	336	371
Days of Care	2,497	2,762	3,056
Average Length of Stay (ALOS)	8.2	8.2	8.2
Occupancy	62.2%	68.8%	76.1%
Number of Beds	11	11	11

As shown in the table above, during Project Year 1 the applicant projects an average occupancy rate for the licensed inpatient hospice beds to be in excess of 50 percent for the last 6 months of the first operating year (FFY2017) following completion of the project as shown in the table below. This exceeds the minimum utilization of 50 percent during the last 6 months of the first operating year as required by 10A NCAC 14C .4403(a)(1).

Additionally, during Project Year 2 the applicant projects an average occupancy rate of the licensed inpatient beds in excess of 65 percent for the second operating year (FFY2018) following completion of the project, as shown in the table below. This exceeds the minimum utilization of 65 percent during the second operating year as required by 10A NCAC 14C .4403(a)(2).

Residential Utilization

In Section III.1, pages 59-60, the applicant describes the assumptions and methodology used to project hospice residential care admissions for the proposed project.

The applicant states it proposes to convert three of its six hospice residential beds to hospice inpatient beds. In FFY2014, the applicant provided 1,809 residential days of care at BPCC, and in FFY2015 (annualized based on 6 months of data), the applicant will provide 1,482 residential days of care at BPCC. On page 60, the applicant states:

> *"BHPC notes that the historical residential utilization may be artificially inflated due to the inclusion of inpatient days of care provided in a residential bed. BHPC is unable to quantify with certainty the actual number of inpatient days of care provided in a residential bed because BPCC did not collect inpatient revenue from these occurrences."*

On page 60 of the application and in supplemental information received August 14, 2015, the applicant states that to project residential days of care in FFY2016 and beyond, it took the average of FFY2014 days of care and FFY2015 annualized days of care [(1,809 + 1,482) / 2 = 1,646] and assumed utilization would be at 50 percent of the average (1,646 / 2 = 823). The applicant states it believes the calculation is reasonable because the capacity of the residential beds will be reduced by 50 percent. The applicant states that for subsequent years, the residential days of care are increased by 1.6 percent, based on the population growth rate for Burke County residents who are age 65 or greater. The applicant provides the following information about BPCC projected residential days of care on page 60 and in supplemental information received August 10, 2015 and August 14, 2015.

BPCC Residential Projected Utilization – Project Years 1-3			
	PY1 (FFY2017)	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Admissions	27	27	27
Days of Care	836	849	862
Occupancy	76.3%	77.5%	78.7%
Number of Beds	3	3	3

Respite Utilization

In Section III.1, page 61, the applicant describes the assumptions and methodology used to project respite care admissions for the proposed project. The applicant states it serves a very small number of respite care admissions and that the varying nature of individual patient

circumstances makes projections difficult. The applicant states that in FFY2014, there were 65 respite care patient admissions with a total of 290 respite care days. The applicant states it projected the days of care for respite care admissions by growing the FFY2014 days of care at a rate of 1.6 percent based on the population growth rate for Burke County residents who are age 65 or greater. The applicant provides the following information about BPCC projected days of care for respite care patients on page 61 and in supplemental information received August 10, 2015 and August 14, 2015.

BPCC Respite Care Projected Utilization – Project Years 1-3			
	PY1 (FFY2017)	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Admissions	68	69	70
Days of Care	304	309	314

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

Access

In Section VI.5, page 91, the applicant states that BHPC will continue to provide services to all terminally ill patients regardless of income, racial or ethnic origin, gender, age, or any other factor that classifies a patient as underserved. The applicant also states that it has historically served a population that is 84 percent elderly and that 94 percent of its historical patient population has received services through Medicare and/or Medicaid.

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

Conclusion

In summary, the applicant adequately identifies the population to be served, demonstrates the need the population has for the project, and demonstrates the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services. 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

In Section III.6, page 67, the applicant states the reduction in residential hospice beds will not have any negative impact on access to residential beds in Burke County. The applicant states:

> *"BHPC is the only licensed hospice home care agency located in Burke County. BHPC has received hundreds of letters of support from referral sources and members of the local community. There have been no objections to the proposed conversion of three residential beds to hospice inpatient beds. As described previously, there are many occasions when residential patients rapidly decline and require inpatient care. When BPCC is at peak occupancy and an inpatient bed is unavailable, inpatient care is delivered in a residential bed; however, BHPC is not reimbursed for inpatient services. Therefore, converting three residential beds to inpatient beds will enable BHPC to better manage its existing resources and appropriately respond to patient needs. Burke County residents will continue to have access to residential services upon completion of the proposed project."*

Upon completion of the proposed project, BPCC will have three residential beds. The applicant demonstrates 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.

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

CA

In Section III.14, pages 72-73, the applicant states the following three alternatives were considered prior to pursuing the proposed project:

- Maintain the Status Quo – the applicant states this alternative was not considered effective because it would not be responsive to the need for hospice inpatient services in Burke County and does not allow BHPC to expand access to services for residents of Burke County and surrounding counties.

- Pursue a Joint Venture – the applicant states this alternative is not feasible because BPCC is an existing facility and cannot undertake a joint venture to convert residential beds to inpatient beds.

- Develop an Inpatient Facility in Another Location – the applicant states this alternative is not effective because of the high costs to obtain land and construct a facility.

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 applicants adequately demonstrate that the proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **Burke Hospice and Palliative Care, Inc. shall materially comply with all representations made in the certificate of need application and the supplemental information received August 10, 2015, August 14, 2015, and August 25, 2015. In those instances where representations conflict, Burke Hospice and Palliative Care, Inc. shall materially comply with the last made representation.**

2. **Burke Hospice and Palliative Care, Inc. shall convert no more than 3 hospice residential beds to 3 hospice inpatient beds for a total of not more than 11 hospice inpatient beds and 3 hospice residential beds upon completion of the project.**

3. **Burke Hospice and Palliative Care, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

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

C

In Section VIII.1, page 106, the applicant projects the total capital cost for the project will be $40,000 for consultant/administrative fees. In Section VIII.2, page 107, the applicant states the project does not involve any site or construction costs.

In Section VIII.5, pages 107-108, the applicant states BHPC will use accumulated reserves to fund the project. Exhibit 13 contains a letter dated May 4, 2015, from the Interim Chief Executive Officer stating the project will be funded through accumulated cash reserves. In Section IX.1-4, page 111, the applicant states there are no start-up or initial operating expenses required for the project.

Exhibit 13 contains the audited financial statements for BHPC for the years ending December 31, 2014 and 2013, which document that BHPC had $1,186,435 in cash, $6,599,345 in total assets, and $5,445,627 in total net assets as of December 31, 2014. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

In supplemental information received August 10, 2015, the applicant provides pro forma financial statements for the first three years of the project. The applicant projects revenues will exceed operating expenses in all three years of the project for hospice inpatient services as illustrated in the table below.

BPCC Income/Expenses – Project Years 1-3			
	PY1 (FFY2017)	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Total Income	$1,964,993	$2,138,581	$2,330,012
Total Expense	$2,027,718	$2,074,760	$2,125,773
Net Income (Loss)	($62,725)	$63,821	$204,238

Operating costs and revenues are based on reasonable assumptions including projected utilization. See the pro forma financial statements in the application and in supplemental information received on August 10, 2015 for the assumptions used. The discussion regarding utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon 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

On page 319, the 2015 SMFP defines the service area for hospice inpatient facility beds as the county where the facility bed is located. Each of the 100 counties is a separate hospice inpatient facility bed planning area. Thus, in this application, the service area is Burke County. Hospice inpatient facilities may serve residents of counties not included in their service area.

Burke Hospice operates BPCC located in Valdese, in Burke County. BPCC is currently licensed for eight inpatient beds and six residential beds. Burke Hospice proposes to convert 3 existing residential beds into 3 inpatient beds for a total of 11 inpatient beds and 3 residential beds upon project completion.

In Section III.1, pages 43-45, the applicant discusses BPCC's central location within Burke County and how far patients have to travel to the nearest available hospice facility when all inpatient beds are full at BPCC. The applicant also states that these hospice facilities are often close to capacity as well, as shown in the following table.

Drive Times to Closest Hospice Inpatient Facilities from Morganton*				
Facility Name	**Facility County**	**FFY2014 Occupancy**	**Distance from Morganton**	
Caldwell Hospice & Palliative Care	Caldwell (Lenoir)	84.0%	17.6 miles	32 minutes
Caldwell Hospice & Palliative Care	Caldwell (Hudson)	83.7%	15.8 miles	25 minutes
Catawba Valley Hospice House	Catawba	93.2%	28.2 miles	31 minutes

*County seat located in central Burke County

On page 45, the applicant states:

> *"Local access to hospice inpatient services is particularly important for hospice patients. Family members and friends often visit patients on a daily basis because of the dire conditions of the inpatients during the final days of their lives. Travel is disruptive, expensive and time consuming for these families and friends who must travel out of county long distances to visit their loved ones. Family stress is already high when dealing with a terminally ill family member, and the long travel distance from home simply increases this stress."*

The applicant adequately demonstrates that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities. Therefore, the application is conforming to this criterion.

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

C

In Sections VII.1 and VII.3, pages 96-99, and supplemental information received August 14, 2015, the applicant provides the current and proposed staffing for BPCC as shown in the table below. The applicant states that staffing will not change as the number of beds will stay the same.

BPCC Current and Proposed FFY2018 Staffing			
	Inpatient Hospice FTEs	Residential Hospice FTEs	Total FTEs
Routine Services			
Medical Director	0.90	0.10	1.00
Director of Nursing/Facility Manager	0.79	0.21	1.00
Registered Nurse	8.36	0.93	9.29
Nursing Assistant	7.31	0.81	8.12
Dietary*			
Cooks	0.66	0.18	0.84
Social Work Services			
Social Worker	0.89	0.24	1.13
Housekeeping			
Maintenance Worker	0.59	0.16	0.75
Housekeepers/Laundry	0.79	0.21	1.00
Ancillary Services			
Medical Records	0.28	0.07	0.35
Administrative			
Receptionist/Secretary	0.59	0.16	0.75
Volunteer Coordinator	0.42	0.11	0.53
Chaplain	0.20	0.05	0.25
Billing Coordinator	0.32	0.08	0.40
Total FTEs	**22.10**	**3.31**	**25.41**

*Dietary staff also includes a registered dietician/nutritional consultant who works on a contract basis. The applicant states that the registered dietician/nutritional consultant spends 25 hours per year for inpatient hospice patients and 1 hour per year for residential hospice patients.

In Section VII.3(e), page 101, the applicant states BHPC allocates administrative and support staff costs based on the total number of beds. BHPC will allocate nursing and nurse aide staff based on 90 percent of the registered nurse and nurse aide staff time for inpatients.

In Section VII.4, page 101, the applicant states BPCC operates two "Baylor" 12 hour staffing shifts 7 days per week. The applicant projects that a minimum of four direct care staff members will be on duty at all times, with at least two registered nurses and two nurse aids.

Exhibit 4 contains a letter of support from Leon Goudas, MD, who currently serves as the Medical Director for BPCC and will continue to serve in that role after project completion. Exhibits 14-16 contain copies of letters from physicians, other healthcare providers, and members of the community, expressing support for the proposed project. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

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

C

In Section II.3(a), page 28, the applicant states that all of the necessary ancillary and support services for the proposed services are currently provided at BPCC and will continue to be provided after project completion. In Section V.2, page 83, the applicant states it will accept transfers from any facility if the patient qualifies for hospice services.

Exhibit 5 of the application contains a copy of BPCC's patient transfer policies and procedures. Exhibits 14-16 contain copies of letters from physicians, other healthcare providers, and members of the community, expressing support for the proposed project. The applicant adequately demonstrates that necessary ancillary and support services will be available and that the proposed project will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

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

NA

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA

(11) Repealed effective July 1, 1987.

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

NA

In Section XI.1, page 123, the applicant states the project involves converting existing hospice residential beds to hospice inpatient beds at its existing facility. The applicant states BHPC already owns the land and the facility. In Section VIII.2, page 107, the applicant states no site or construction costs are required.

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

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

C

In Section VI.3, page 89, the applicant provides the FFY2014 payer mix for hospice patients at BPCC, as shown in the table below.

BHPC Historical Payor Mix FFY2014				
Payor Source	**Inpatients**	**Inpatient DOC**	**Residents**	**Residential DOC**
Self-Pay/Charity	0.76%	0.46%	0.76%	0.46%
Commercial Insurance	4.88%	3.24%	4.88%	3.24%
Medicare	89.33%	90.58%	89.33%	90.58%
Medicaid	5.03%	5.72%	5.03%	5.72%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The applicant's payor mix corresponds to the payor mix reported in North Carolina hospice patients as a whole, as shown in the most recently available annual data provided by The Carolinas Center for Hospice and End of Life Care reports.

NC Hospice Patients by Payor Mix – FFY2012		
Payor	**Patient Days**	**Patient Count**
Hospice Medicare	90.8%	85.7%
Hospice Private Insurance	3.5%	6.3%
Hospice Medicaid	4.0%	5.0%
Self-Pay	1.2%	2.4%
Other	0.5%	0.7%
Total	**100.0%**	**100.0%**

Source: The Carolinas Center for Hospice and End of Life Care.

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 Burke County and statewide.

County	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)*
Burke	18.3%	7.7%	17.7%
Statewide	16.5%	6.7%	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 does not utilize the same health services at the same rate as older segments of the population, particularly the hospice inpatient services proposed in this application.

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

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race, or gender. However, a direct comparison to the applicant's current payer 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.

The applicant adequately demonstrates that medically underserved populations currently have adequate access to the applicant's existing hospice services. 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

In Section VI.5, page 91, the applicant states: *"BHPC will continue to have a policy to provide all services to all terminally ill patients, regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay, or any other factor that would classify a patient as underserved."* See Exhibit 5 for a copy of BHPC's inpatient admission policies. See Exhibit 11 for a copy of BHPC's financial policies.

In Section VI.10, page 95, the applicant states that no civil rights complaints have been filed against BPCC in the last five years. Therefore, the application is conforming to this criterion.

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

C

In supplemental information received August 14, 2015, the applicant provides the projected payor mix for the second year of operation (FFY2018) for hospice services at BPCC, as shown in the table below.

BHPC Projected Payor Mix FFY2018				
Payor Source	**Inpatients**	**Inpatient DOC**	**Residents**	**Residential DOC**
Self-Pay/Charity	0.76%	0.46%	0.76%	0.46%
Commercial Insurance	4.88%	3.24%	4.88%	3.24%
Medicare	89.33%	90.58%	89.33%	90.58%
Medicaid	5.03%	5.72%	5.03%	5.72%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The projected payor mix is consistent with the statewide hospice payor mix provided in the most recently available annual data provided by The Carolinas Center for Hospice and End of Life Care reports. The applicant demonstrates that medically underserved groups will be adequately served by the proposed additional inpatient beds. Therefore, the application is conforming to this criterion.

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

C

In Section VI.9, pages 93-95, the applicant describes the range of means by which a person will have access to its services. The applicant adequately demonstrates that the

facility will offer a range of means by which patients will have access to hospice inpatient services. 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 83, the applicant identifies the health professional training programs that BPCC has established relationships with in the service area, which are listed below:

- Appalachian State University
- Western Carolina University
- Western Piedmont Community College

Exhibit 8 contains a copy of the clinical training agreement with Western Carolina University as well as letters of support from affiliated programs. The information provided is reasonable and credible and supports a finding of conformity to this criterion.

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

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

C

On page 319, the 2015 SMFP defines the service area for hospice inpatient facility beds as the county where the facility bed is located. Each of the 100 counties is a separate hospice inpatient facility bed planning area. Thus, in this application, the service area is Burke County. Hospice inpatient facilities may serve residents of counties not included in their service area.

Burke Hospice and Palliative Care, Inc. (BHPC) operates Burke Palliative Care Center (BPCC) located in Valdese, in Burke County. BPCC is currently licensed for eight inpatient beds and six residential beds. BHPC proposes to convert three existing residential beds into three inpatient beds for a total of 11 inpatient beds and 3 residential beds upon project completion.

In Section V.7, pages 85-87, 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. 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 the application and supplemental information received August 10, 2015, August 14, 2015, and August 25, 2015 is reasonable and adequately demonstrates that any enhanced competition in the service area would have a positive impact on the 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 for the project and that it is a cost-effective alternative. The discussions regarding the analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference;

- The applicant adequately demonstrates it will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference; and

- The applicant adequately demonstrates that it will continue to provide adequate access to medically underserved populations. The discussion regarding access found in Criterion (13) is incorporated herein by reference.

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

According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the 18 months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by BHPC in North Carolina. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to

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

C

The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities. The specific criteria are discussed below.

10A NCAC 14C .4002 INFORMATION REQUIRED OF APPLICANT

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

-C- The applicant used the correct application form.

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

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

-C- In supplemental information received August 14, 2015, the applicant provides the projected number of hospice inpatient, residential, and respite admissions, deaths, and other discharges to be served at BPCC in each of the first three years following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 55-61, and supplemental information received August 10, 2015 and August 14, 2015. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

BPCC Projections by Level of Care Project Years 1-3			
Level of Care	**PY1 (FFY2017)**	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Inpatient			
Patients	304	336	371
Unduplicated Admissions	267	296	327
Deaths	231	256	283
Other Discharges*	72	80	88
Residential			
Patients	27	27	27
Unduplicated Admissions	27	27	27
Deaths	16	17	17
Other Discharges*	11	11	11
Respite			
Patients	68	69	70
Unduplicated Admissions	44	45	46
Deaths	0	0	0
Other Discharges*	68	69	70

*Includes patients returned to their home or place of residence.

(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 supplemental information received August 14, 2015 and August 25, 2015, the applicant projects the annual number of hospice patients, admissions, deaths, and other discharges to be served by BHPC's licensed hospice agency in each of the first three years following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section II.2, page 15, and in Section III.1, pages 55-61. The discussion regarding assumptions and methodology found in Criterion (3) is incorporated herein by reference.

BHPC Licensed Hospice Agency Projections Project Years 1-3			
Level of Care	**PY1 (FFY2017)**	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Routine Home Care			
Days of Care	48,101	50,698	53,436
Patients	557	587	619
Admissions	424	447	471
Deaths	355	374	394
Other Discharges*	77	81	86
Inpatient			
Days of Care	2,497	2,762	3,056
Patients	304	336	371
Admissions	267	296	327
Deaths	231	256	283
Other Discharges*	72	80	88
Residential			
Days of Care	836	849	862
Patients	27	27	28
Admissions	27	27	27
Deaths	16	17	17
Other Discharges*	11	11	11
Respite			
Days of Care	304	309	314
Patients	68	69	70
Admissions	0	0	0
Deaths	0	0	0
Other Discharges*	68	69	70
Total Agency			
Days of Care	51,738	54,618	57,668
Patients	956	1,019	1,088
Admissions	718	770	825
Deaths	602	647	694
Other Discharges*	228	241	255

*Includes patients transferred from an inpatient bed to a residential bed, to another provider facility, such as a hospital or returned to home.

(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.2, page 16, and supplemental information received August 10, 2015 and August 14, 2015, the applicant projects the annual number of patient days of care for inpatient, residential, and respite levels of care, respectively, as shown in the table below. The methodology and assumptions used to

develop the projections are provided in Section III.1, pages 55-61, and supplemental information received August 10, 2015 and August 14, 2015. The discussion regarding assumptions and methodology found in Criterion (3) is incorporated herein by reference.

BPCC Projected Patient Days of Care Project Years 1-3			
Level of Care	**PY1 (FFY2017)**	**PY2 (FFY2018)**	**PY3 (FFY2019)**
Inpatient	2,497	2,762	3,056
Residential	836	849	862
Respite	304	309	314

(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 supplemental information received August 14, 2015, the applicant projects the ALOS for the inpatient, residential, and respite levels of care to be 8.2 days, 30.9 days, and 4.5 days, respectively, for each of the first 3 years following project completion. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 55-61, and supplemental information received August 14, 2015. The discussion regarding assumptions and methodology found in Criterion (3) is incorporated herein by reference.

(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 supplemental information received August 14, 2015, the applicant projects the anticipated readmission rates for inpatient, residential, and respite levels of care, respectively, to be 11.9 percent, 1.6 percent, and 35.0 percent for each of the first 3 years following project completion. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 55-61, and supplemental information received August 14, 2015. The discussion regarding assumptions and methodology found in Criterion (3) is incorporated herein by reference.

In Section II.2, page 17, the applicant states that based on its experience at BPCC, BHPC anticipates some patients will require inpatient care in the facility more than once. *"..., BHPC projects inpatient readmission rates will remain consistent with FY2014 utilization."*

On page 20, the applicant states: *"During recent years, BHPC has experienced few readmissions in its residential care beds at BPCC. To remain conservative, BHPC projects residential readmission rates will remain consistent with FY2014 utilization."*

On pages 17-18, the applicant states: *"Respite care is short-term inpatient care provided to a hospice patient only when necessary to relieve the family members or other persons caring for the individual at home. ... . Due to the intermittent nature of respite care admissions at BPCC, BHPC projects the respite care readmission rate will remain similar to FY2014 utilization."*

(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 supplemental information received August 10, 2015 and August 14, 2015, the applicant provides in its pro forma statements the projected average cost per patient care day by level of care as shown in the table below. In Section XIII, the applicant provides the assumptions.

BPCC Projected Cost per Patient Care Day FFY2017 – FFY2019			
Year	**Inpatient**	**Residential**	**Respite**
FFY2017	$697.68	$342.08	$697.68
FFY2018	$646.35	$341.14	$646.35
FFY2019	$599.72	$340.24	$599.72

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

-C- In Section II.2, page 18, the applicant states:

> *"Based on over 30 years of community service as a local healthcare provider, BHPC has long-standing, established referral relationships with physicians, hospitals, and other healthcare facilities in Burke County and surrounding communities. Many of these referral sources support BHPC's proposed project. Please refer to Exhibits 14 and 15 for letters of support from some of these referral sources."*

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

-C- In Section II.2, page 19, the applicant states it projects referrals will come from BHPC's various hospice agencies located in Burke County, since BHPC

currently serves approximately 88 percent of the hospice admissions in that county. Additionally, the applicant states BHPC has received letters of support from physicians, hospitals, and nursing homes serving Burke County and the surrounding communities.

(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- BHPC 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- BHPC 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 5 contains a copy of the applicant's admission policy, including the criteria used to admit persons to the existing hospice beds at BPCC.

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- In supplemental information received August 14, 2015, the applicant projects an average occupancy rate for the licensed inpatient hospice beds to be in excess of 50 percent for the last 6 months of the first operating year (FFY2017) following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

BPCC Projected Quarterly Utilization – FFY2017									
Inpatient					Residential				
Qtr.	Patients*	DOC	Occupancy Rate	# of Beds	Qtr.	Patients*	DOC	Occupancy Rate	# of Beds
1st	76	624	62.2%	11	1st	7	209	76.3%	3
2nd	76	624	62.2%	11	2nd	7	209	76.3%	3
3rd	76	624	62.2%	11	3rd	7	209	76.3%	3
4th	76	624	62.2%	11	4th	7	209	76.3%	3
Total	**304**	**2,497**	**62.2%**	**11**	**Total**	**27**	**836**	**76.3%**	**3**

*Includes duplicated patients (readmissions).
Note: Totals may not foot due to rounding.

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

-C- In supplemental information received August 4, 2015, the applicant projects an average occupancy rate of the licensed inpatient beds in excess of 65 percent for the second operating year (FFY2018) following completion of the project, as shown in the table below. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 57-63. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

BPCC Projected Quarterly Utilization – FFY2018									
Inpatient					Residential				
Qtr.	Patients*	DOC	Occupancy Rate	# of Beds	Qtr.	Patients*	DOC	Occupancy Rate	# of Beds
1st	84	690	68.8%	11	1st	7	212	77.5%	3
2nd	84	690	68.8%	11	2nd	7	212	77.5%	3
3rd	84	690	68.8%	11	3rd	7	212	77.5%	3
4th	84	690	68.8%	11	4th	7	212	77.5%	3
Total	**336**	**2,762**	**68.8%**	**11**	**Total**	**27**	**849**	**77.5%**	**3**

*Includes duplicated patients (readmissions).
Note: Totals may not foot due to rounding.

(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 was 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.2, page 20, the applicant states during the most recent nine months (July 2014 – March 2015), BPCC operated at 65.2 percent occupancy, providing 1,429 hospice inpatient days of care in 8 beds (1,429 / 274 days = 5.22; 5.22 / 8 beds = 0.652 or 65.2 percent). In Section IV.1, page 74, the applicant provides a table showing the monthly occupancy rates from July 2014 to March 2015 that make up the total occupancy rate.

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

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

10A NCAC 14C .4004 SUPPORT SERVICES

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

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

-C- In Section II.2, page 21, the applicant states: *"As an existing, licensed and Medicare/Medicaid-certified hospice, BHPC currently provides all the above listed core services. These services will continue to be available and provided to patients at BPCC."* The applicant provides documentation that the services required by this rule are provided by BPCC in Section II.3 and Section VII.

(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.2, page 21, the applicant states that nursing services will continue to be available 24 hours per day, 7 days per week. In Section VII, the applicant

demonstrates that nursing services will be available 24 hours per day, 7 days per week.

(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.*

-NA- BPCC is an existing hospice inpatient facility. In Section II.2, page 21, the applicant states: *"For information purposes, pharmaceutical services are currently available to patients via an existing relationship with Burke 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.*

-NA- BPCC is an existing hospice inpatient facility. In Section II.2, pages 21-22, the applicant states: *"For information purposes, as a licensed and Medicare/Medicaid-certified hospice, BHPC currently provides the listed core services in Paragraph (a). These services will continue to be available and provided to patients at BPCC. With regard to Paragraph (c), pharmaceutical services are currently available to patients via an existing relationship with Burke Pharmacy."*

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 22, the applicant states BPCC will continue to be staffed in a manner consistent with N.C.G.S. 131E, Article 10. In Section VII.3, pages 98-101, the applicant provides staffing information.

(b) *The applicant shall demonstrate that:*

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

-C- In Section II.2, page 22, the applicant states:

"Please refer to Section VII.3 for staffing details, documenting that BPCC will continue to be staffed in a pattern consistent with licensure requirements as specified in the Hospice Licensing Rules. BHPC has demonstrated the ability to routinely maintain staffing patterns consistent with G.S. 131E,

Article 10 as well as all licensure rules, in both its existing inpatient facility and home care services programs."

(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 25, applicant states all staff will meet the requirements as specified in 10A NCAC 13K .0400. Exhibit 9 contains copies of policies related to staff orientation, staff education, and continuing education for staff and volunteers.

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 23, the applicant states that BHPC has demonstrated its ability to provide a home-like setting for hospice inpatients at its existing facility. The applicant states: *"All aspects of BPCC consider the comfort and care of the patients, their families and loved ones in order to surround them with the comforts of home when they can no longer be at home."*

(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 23, the applicant states: *"All services provided in BPCC will continue to be provided in conformity with applicable state and local laws, and regulations pertaining to zoning, physical environment, water supply, waste disposal, and other relevant health and safety requirements."*

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

-NA- BPCC is not proposing a new facility.