ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

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

Decision Date: July 29, 2015
Findings Date: July 29, 2015

Project Analyst: Celia C. Inman
Team Leader: Lisa Pittman

Project ID #: E-11039-15
Facility: Caldwell Hospice and Palliative Care a/k/a Jack and Shirley Robbins Center, Forlines Patient Care Unit
FID #: 070387
County: Caldwell
Applicant: Caldwell Hospice and Palliative Care, Inc.
Project: Develop three additional hospice inpatient beds by converting three residential beds for a total of eight inpatient beds and four 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, Caldwell Hospice and Palliative Care (Caldwell Hospice), proposes to convert three hospice residential beds to three hospice inpatient beds for a total of eight hospice inpatient beds and four hospice residential beds at Caldwell Hospice's Jack and Shirley Robbins Center, Forlines Patient Care Unit (Forlines PCU). Forlines PCU is located at 526 Pine Mountain Road in Hudson, Caldwell County.

Need Determination

The 2015 State Medical Facilities Plan (2015 SMFP), page 360, identifies an adjusted need determination for three additional hospice inpatient beds in Caldwell County. The applicant proposes to develop no more than three additional hospice inpatient beds by converting three

existing hospice residential beds in Caldwell County. Thus, the application is conforming to the need determination in the 2015 SMFP.

Policies

Policy GEN-3, on page 38 of the 2015 SMFP, 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

In Section I. 12(c), page 8, the applicant states:

> *"The mission of Caldwell Hospice is to provide a loving, caring atmosphere for the terminally ill, their caregivers, and families in a location appropriate for their respective needs; to relieve the emotional and physical pain of those who come for care; to project an attitude of goodness and openness to the community so that all who need hospice services will feel welcome and confident of the professional abilities and advocacy for patient-directed care until life's end; to educate the community about hospice, and to serve as a leading resource for dying and grief issues.'*

In Section III.3, page 76, the applicant states:

> *"As previously discussed, Caldwell Hospice is known in its community and beyond for providing high quality and compassionate end-of-life care through its home care agency and in its existing hospice facilities."*

The applicant states Caldwell Hospice requires all staff members to meet North Carolina Hospice Licensing Rules. See Exhibit 9 for supporting documentation on ongoing in-service education and training and certification programs related to patient safety, infection control, CPR and emergency preparedness.

Staff Orientation and Competence Policies and Procedures are included in Exhibit 9. Quality Assessment and Performance Improvement Policies are included in Exhibit 10.

The applicant adequately demonstrates that the proposed project will promote safety and quality.

Promote Equitable Access

In Section III.3, page 77, the applicant states:

> *"The expanded hospice inpatient services will be offered to all patients, regardless of ability to pay, and in a home-like facility specifically designed to provide compassionate palliative care."*

In Section VI.5, pages 104-105, the applicant further states:

> *"Caldwell Hospice has historically provided substantial care and services to all of the above persons at its Forlines Patient Care Unit, as well as at its Lenoir inpatient facility and its hospice home care agency. Please see Exhibit 2 for a copy of Caldwell Hospice's 2015 Hospice Data Supplement, which shows the relevant patient demographic data, indicating that Caldwell Hospice has served the elderly (82%), women (53%), and Medicaid and Medicare recipients (75%).*
>
> *…*
>
> *Low income and medically underinsured persons in Caldwell County and neighboring communities will continue to have access to all services provided at Forlines PCU. Medicaid patients represented 3.3% of hospice patients at Forlines PCU during FY2014.*
>
> *…*
>
> *Ethnic monitories represented 4.8% of hospice patients during FY2014. Caldwell Hospice is committed to continuing to provide hospice services to any appropriate patients regardless of race, and will continue to offer access to hospice services to those underserved ethnic minorities.*
>
> *Forlines PCU is handicapped accessible, and conforms to the North Carolina State Building Code, the National Fire Protection Association 101 Life Safety Code, the Rules Governing to the Licensure of Hospices in North Carolina, ANSI Standards for Handicapped Access, the North Carolina Office of State Construction, the North Carolina Department of Insurance and all other requirement of federal, state, and local bodies. The inpatient facility will continue to be accessible to persons with disabilities, as required by the Americans with Disabilities Act."*

The applicant provides copies of admission policies in Exhibit 5 and policies regarding billing, reimbursement, and sliding fee scale can be found in Exhibit 11. The applicant adequately demonstrates that medically underserved groups will have equitable access to the proposed

services. The discussion regarding the proposed service found in Criterion (3) is incorporated herein by reference.

Maximize Healthcare Value

The applicant has stated that not all Caldwell Hospice patients who need inpatient hospice care can be accommodated at Forlines PCU. In Section III.3, pages 76-77, the applicant states hospice patients requiring inpatient hospice care are sometimes admitted to a local hospital when local hospice inpatient services are unavailable, resulting in the patients receiving services in a less appropriate setting at a higher cost than those at a hospice facility setting. Forlines PCU also sometimes provides inpatient level of care to patients in residential beds if inpatient beds are unavailable without receiving reimbursement at the inpatient level. In cases like those above, the applicant suggests neither the patient, nor Caldwell Hospice is maximizing healthcare value for the resources expended. The applicant states:

> "*Finally, because Caldwell Hospice already operates two successful freestanding hospice facilities, increasing its inpatient bed capacity can be done without having to duplicate existing support and ancillary space that is already sufficiently available. As such, Caldwell Hospice can develop the three additional beds in the most cost-effective manner possible for increasing needed inpatient hospice capacity in Caldwell County."*

In Section XI.1, page 138, the applicant states that the project involves converting existing hospice residential beds to inpatient hospice beds. In Section VIII.1, page 119, the applicant states that the project does not involve any new construction or facility up fit. Thus, there are minimal costs associated with the proposed project. The applicant adequately demonstrates that the proposed project will maximize health care value.

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

In summary, the application is conforming to the need determination in the 2015 SMFP, and is consistent with Policy GEN-3. Therefore, the application is conforming to this criterion.

(2) Repealed effective July 1, 1987.

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

C

Caldwell Hospice operates a Medicare-certified hospice agency and two separately licensed hospice facilities in Caldwell County: Caldwell Hospice and the freestanding William D. Stevens, Jr. Patient Care Unit (Stevens PCU) with four inpatient hospice beds and two residential beds, licensed as HOS0185; and the Forlines PCU in Hudson with five inpatient hospice beds and seven residential beds, licensed as HOS4155.

The applicant proposes to convert three hospice residential beds to three hospice inpatient beds at the Forlines PCU for a total of eight hospice inpatient beds and four hospice residential beds, upon project completion.

Population to be Served

On page 320, the 2015 SMFP defines the service area for a hospice inpatient facility as the hospice inpatient facility bed planning area in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed planning area. Thus, the service area for this facility consists of Caldwell County. In Section III, page 77, the applicant states the primary service area for the hospice inpatient facility is Caldwell County.

In Sections III.11 and 12, pages 82-83, the applicant provides the historical patient origin and the projected patient origin for the Forlines PCU, as shown in the table below.

Jack and Shirley Robbins Center
Forlines Patient Care Unit
Patient Origin
Number of Patients as Percent or Total

County	FFY2014	Projected FFY2016 and FFY2017
Caldwell	87.6%	87.6%
Catawba	7.3%	7.3%
Burke	3.4%	0.0%
Wilkes	1.1%	1.1%
Alexander	0.6%	0.6%
Ashe	0.0%	1.1%
Avery	0.0%	1.1%
Watauga	0.0%	1.1%
Total	**100.0%**	**100.0%**

Totals may not sum due to rounding.

On pages 83-84, the applicant discusses its patient origin and states that its projection is based on *"its historical experience providing hospice inpatient services."* The applicant further states it does not anticipate a significant change in patient origin as a result of the proposed project; however, based on expectations that Burke Hospice and Palliative Care

will expand its inpatient hospice services, the applicant expects the Burke County patients that it has traditionally served to seek services in Burke County. This will allow Caldwell Hospice to serve the North Carolina's High Country, where there are currently no hospice inpatient facilities, by providing inpatient hospice services to patients in Ashe, Avery and Watauga counties.

In Section III.10, page 81, the applicant provides the FFY2014 historical patient origin for Caldwell Hospice and Palliative Care, including the Stevens PCU.

In Section II.2, page 29, the applicant states *"Caldwell Hospice projects that referrals to the Forlines PCU will continue to come from Caldwell Hospice's existing hospice agencies in Caldwell County."* Exhibit 6 contains the projected number of hospice patients, admissions, deaths, and other discharges for each level of care to be served by Caldwell Hospice's licensed hospice agencies for three years following completion of the project.

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

Analysis of Need

In Section III.2, page 75, the applicant states that Table 13H in the 2015 SMFP provides a need determination for three hospice inpatient beds in Caldwell County.

In Section III.1, pages 45-75, the applicant discusses the need for the proposed project and states the following factors support Caldwell Hospice's need for additional hospice inpatient beds:

- Caldwell Hospice's high occupancy rates
    - Caldwell Hospice expanded its full range of services to western North Carolina's High Country in January 2014.
    - Year to date, Caldwell Hospice is experiencing a 13% increase in admissions and 9% increase in days of care for 2014-15 compared to 2013-14.
    - Caldwell Hospice has been in the top ten of hospice providers serving the largest percent of deaths, and was one of the initial three hospice providers in NC to exceed 50% of deaths served by hospice.
- Caldwell County's high use of hospice services
    - Hospice days of care and deaths are increasing at considerably faster rates compared to the State.
    - Over one-half of all deaths in Caldwell County are served by hospice and was one of the first counties in North Carolina to exceed 50% of deaths served.
    - Caldwell County has higher death rates compared to statewide statistics.
- Caldwell County's population and aging, demographic and epidemiologic factors
    - The population in Caldwell County is aging and has need for expanded hospice inpatient services.

- Caldwell County residents typically have less access to financial resources, and thus may have limited ability to travel long distances for hospice care.
- Caldwell County has comparatively higher incidence rates (and related mortality rates) for cancer, Alzheimer's disease, heart disease and lung disease compared to the State as a whole.

In Section III.1, pages 46-53, the applicant discusses Caldwell Hospice and Caldwell County patients' historically high utilization of hospice services.

Caldwell Hospice Inpatient Utilization

On page 47, the applicant provides the occupancy rates of its inpatient hospice facilities in Caldwell County, as follows:

Caldwell Hospice and Palliative Care

	Days of Care	Percent Occupancy
Forlines Patient Care Unit (5 Inpatient Beds)		
FY2011*	1,597	95.9%
FY2012	1,739	95.3%
FY2013	1,732	94.9%
FY2014	1,528	83.7%
FY2015**	1,767	96.8%
Stevens Patient Care Unit (4 Inpatient Beds)		
FY2011*	984	95.7%
FY2012	1,441	98.7%
FY2013	1,356	92.9%
FY2014	1,227	84.0%
FY2015**	1,316	90.1%

*The five inpatient beds at Forlines opened on 8/12/10 and thus were operational for only 256 days of the reporting period. The four inpatient beds at Stevens were closed for renovation from 8/12/10 through 11/28/10 and thus were not operational during a portion of the reporting period. Occupancy (based on available days) was adjusted accordingly.
**Annualized based on 9 months data (July-March).

The applicant states that the average daily census of Caldwell Hospice's nine inpatient beds is currently 8.4 for FY2015 based on annualized volume statistics. On page 48, the applicant provides data that shows that Forlines PCU has had several months during FY2015 YTD where the occupancy has exceeded 100 percent.

The applicant discusses the frequency of a residential patient's condition escalating to the point of requiring inpatient acute care when no inpatient bed is available. When this happens, the applicant states that the patient remains in the residential bed but is medically

managed at the appropriate inpatient level of nursing and physician services as any other inpatient hospice patient would be. However, Caldwell Hospice cannot bill at the inpatient level of care for those patients and receives only routine home care reimbursement, thus creating a financial strain for the agency. The following table provides data on the increasing frequency of residential hospice patients needing an inpatient hospice bed when one is not available.

Caldwell Hospice and Palliative Care
Inpatient Bed Delay Data

	FY2013	FY2014	FY2015*
Patients died awaiting IP bed	7	12	24
Days of care waiting for IP bed	90	146	212

*Annualized based on eight months data (July-Feb).

In addition to the patients in the previous table, the applicant states there were 30 referred patients (not yet admitted to Caldwell Hospice) waiting on an inpatient bed between May 1, 2014 and February 28, 2015. On pages 76-77, the applicant states that some patients must receive hospice care in a hospital or nursing home setting when inpatient hospice beds are unavailable.

Therefore, the applicant states Caldwell Hospice's reported inpatient days of care have been artificially lowered for at least the last two years, and demonstrates this in the table on page 50, showing the increased number of days of care for patients receiving inpatient level of care in a residential bed.

Hospice Inpatient Utilization in Caldwell County

In Section III.1, page 52, the applicant states that Caldwell County residents utilize hospice services at more than twice the rate of North Carolina residents as a whole, as the following table illustrates.

Days of Care per 1,000 Population

	2013 Population	2013 Days of Care	Days of Care/1,000
Caldwell County	82,504	53,449	647.8
North Carolina	9,861,952	2,972,471	301.4

Source: 2015 SMFP/ North Carolina Office of State Budget & Management

The applicant explains that this disparity is due to the fact that residents of Caldwell County and their physicians recognize the valuable benefits of hospice services and having offered hospice services for over three decades, Caldwell Hospice's services are an important component of the continuum of care in the local community.

The applicant further states that the percentage of county deaths served by hospice is also an indicator of utilization of hospice services by county residents; and Caldwell County deaths served by hospice has remained consistently higher compared to the statewide average as shown below.

2008-2013 Percent of Deaths Served by Hospice

	2008	2009	2010	2011	2012	2013
Total Caldwell County Deaths	800	844	935	865	895	897
Caldwell Co. Hospice Patient Deaths	391	407	462	467	434	485
% of Total Deaths Served by Hospice	48.88%	48.22%	49.41%	53.99%	48.49%	54.07%
Statewide Average % of Deaths Served	26.95%	30.91%	32.00%	40.00%	40.42%	42.44%

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

The applicant states that Caldwell County was one of the first counties in North Carolina to exceed 50% of deaths served by hospice. The applicant further states that as Caldwell Hospice serves over 90% of all hospice admissions in Caldwell County, by extension Caldwell Hospice has been in the top ten hospice providers serving the largest percent of county deaths in North Carolina. According to the applicant, the high percentage of deaths served by hospice in Caldwell County is further evidence of the local demand for hospice inpatient services, and supports the proposed additional three hospice inpatient beds in Caldwell County.

On page 53, the applicant states: *"The high use of hospice services in Caldwell County is driven by local demographic and epidemiologic factors."*

Population and Aging, Demographic and Epidemiologic Factors

On pages 54-55, the applicant discusses the service area and states the proposed project's primary service area is Caldwell County. The applicant further states that although Caldwell County's population is projected to decrease slightly during the next three years, the population age 65+ is projected to steadily increase, from 18.02% of the total Caldwell County population in 2015 to 19.29% of the total population in 2018, increasing by more than 6% during the next three years.

The applicant provides data on page 56 that indicates that Caldwell County residents have comparatively less income per capita than North Carolina residents overall and states:

> *"This is representative of a significantly older population in Caldwell County that lacks the monetary resources necessary to travel long distances for hospice inpatient services. Thus, it is particularly important that Caldwell County has improved access to hospice inpatient services to accommodate the needs of its local residents."*

As Caldwell County hosts a growing population of residents age 65 and older, the applicant states the demand for hospice services will similarly increase. In addition, the applicant says

there are several epidemiologic factors that support the need for additional hospice inpatient services in Caldwell County.

On page 57, the applicant states *"Hospice use is higher for diseases that impose a high burden on caregivers."* The applicant provides a chart illustrating the percentage of hospice admissions by primary diagnosis, as shown in the table below.

Primary Diagnoses	% 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

On pages 58-61, the applicant discusses Caldwell 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. The applicant states that these factors will continue to place high demands on hospice services in Caldwell County.

Projected Utilization

In Section II, pages 22-27, the applicant provides projections for hospice admissions, days of care, ALOS, deaths, and discharges for Forlines PCU hospice through the first three years of operation of the proposed project (FFY2016 - FFY2018), which is summarized below.

Caldwell Hospice and Palliative Care
Jack and Shirley Robbins Center
Forlines Patient Care Unit
Projected Patients by Level of Care

Level of Care	Patients	Unduplicated Admissions	Days of Care	ALOS	Deaths	Other Discharges*	# of Beds
Inpatient							
PY1 - FFY2016	271	237	2,084	7.7	177	94	8
PY2 - FFY2017	283	247	2,171	7.7	185	98	8
PY3 - FFY2018	295	258	2,263	7.7	193	102	8
Residential							
PY1- FFY2016	19	18	953	49.2	4	15	4
PY2 - FFY2017	20	18	974	49.2	4	16	4
PY3 - FFY2018	20	19	995	49.2	4	16	4
Respite							
PY1- FFY2016	33	31	155	4.7	0	33	NA
PY2 - FFY2017	33	31	158	4.7	0	34	NA
PY3 - FFY2018	34	32	162	4.7	0	34	NA

*Other Discharges include patients who are transferred from an inpatient bed to a residential bed, or returned to home or to another provider facility, such as a hospital.
Totals may not foot due to rounding.

Inpatient Utilization

In Section III.1, pages 63-75, the applicant provides the assumptions and methodology for its inpatient utilization projections, which are summarized below.

Inpatient Utilization Methodology

Step	Description
1	Analyze Historical Hospice Inpatient Utilization
2	Project Hospice Inpatient Admissions
3	Project Hospice Inpatient Admissions that will shift to Yadkinville Care Center
4	Project Hospice Inpatient Days of Care

Step 1: Analyze Historical Hospice Inpatient Utilization

On page 63, the applicant provides data showing Caldwell Hospice's four-year compound annual growth rate (CAGR) for FY2011 through annualized FY2015YTD is 4.5 percent and states that it is anticipating an 11.9% increase in inpatient days during FY2015 compared to FY2014. Caldwell Hospice's fiscal year runs from July through June.

Caldwell Hospice Inpatient Days of Care

	FY2011	FY2012	FY2013	FY2014	FY2015
Forlines Days of Care	1,597	1,739	1,732	1,528	1,767
Stevens Days of Care	984	1,441	1,356	1,227	1,316
Total	2,581	3,180	3,088	2,755	3,083

The applicant further states that Caldwell Hospice is anticipating a 15.6% increase in inpatient days during FY2015 for Forlines PCU compared to FY2014. As stated earlier, Forlines PCU has experienced occupancy rates above 100% in three of the last nine months. Because Forlines PCU provides inpatient hospice care to patients in residential beds when inpatient beds are not available, the applicant states utilization is held artificially lower than it would be if hospice inpatient beds were available.

On page 63, the applicant states it reviewed its historical hospice inpatient utilization to project hospice inpatient admissions. The applicant determined that the 146 days of care reported in FY2014 as residential days of care despite the fact that the patients were receiving nursing care at the inpatient level should be included in the inpatient days of care for projection purposes. Adjusting FY2013 through annualized FY2015YTD inpatient days of care accordingly results in the following adjusted inpatient utilization as discussed on page 65.

Forlines PCU Adjusted Inpatient Days of Care

	FY2013	FY2014	FY2015*	CAGR
Inpatient Days of Care in Inpatient Bed	1,732	1,528	1,767	
Inpatient Days of Care in Residential Bed	90	146	212	
Total Inpatient Level Days of Nursing Care Provided	1,822	1,674	1,979	4.2%

*Annualized based on eight months of data.

Step 2: Project Hospice Inpatient Admissions

The applicant proposes to convert three existing hospice residential beds to three hospice inpatient beds and projects the three additional hospice inpatient beds will be licensed and certified by October 1, 2015. The applicant states its first full fiscal year of operation will be FFY 2016 (October 2015 through September 2016).

To project hospice inpatient utilization, the applicant applies the 4.2% two-year CAGR calculated above to the annualized FY2015 inpatient utilization and future years, as shown in the following table.

Forlines PCU Projected Inpatient Days of Care
(FY: July-June)

	Annualized FY2015, Adjusted	FY2016	FY2017	FY2018	FY2019
Inpatient Days of Care	1,979	2,062	2,149	2,239	2,334
Percent Occupancy		70.6%	73.6%	76.7%	79.9%

Totals may not sum due to rounding.

On pages 66-67, the applicant states the projection is reasonable and conservative based on the following:

- capacity constraints at the Forlines PCU,
- the Forlines PCU adjusted and annualized FY2015YTD growth rate was 15.6% over the adjusted FY2014 days of care,
- the Forlines PCU will expand its inpatient bed capacity by 60% (from 5 beds to 8 beds),
- the number of inpatient days of care provided in residential beds has increased exponentially during recent years and is expected to increase by 45% during FY2015, and
- Caldwell Hospice expanded its full range of services to western North Carolina's High Country in January 2014 and has already begun to admit patients from Ashe, Avery, and Watauga counties.

On pages 67-68, the applicant states there are numerous demographic and epidemiologic factors that contribute to the use of hospice inpatient services in Caldwell County and thus support the reasonableness of the above projections including the following:

- *"Caldwell Hospice has been in the top ten hospice providers serving the largest percent of deaths, and was one of the first 3 hospice providers in North Carolina to exceed 50%.*
- *Caldwell Hospice's two inpatient facilities have consistently operated at high occupancy rates for the last four years.*
- *Caldwell County patients use hospice services at a higher rate compared to the State.*
- *Over half of all deaths in Caldwell County are served by hospice.*
- *Caldwell County has higher death rates compared to statewide statistics.*
- *The population in Caldwell County is aging and has need for expanded hospice inpatient services.*
- *Caldwell County residents typically have less access to financial resources, and thus may have limited ability to travel long distances for hospice care.*
- *Caldwell Count has comparatively higher incidence rates (and related morality* [sic] *rates) for cancer, Alzheimer's disease, heart disease and lung disease compared to the State as a whole."*

Step 3: Convert Forlines PCU Utilization from Operational Fiscal Year to Project Year (Federal Fiscal Year)

On page 68, the applicant states that upon CON approval, Caldwell Hospice will immediately seek licensure for the proposed additional three hospice inpatient beds. Because the beds being converted from residential to inpatient already conform to facility licensure requirements for inpatient beds, the applicant anticipates the additional inpatient beds will be operational by October 1, 2015. Thus federal fiscal year 2016 (FFY2016), October 1, 2015 – September 30, 2016, will represent the initial full year of operation.

The applicant uses the following assumptions in its conversion from Forlines PCU's fiscal year to the proposed project years:

- Forlines PCU anticipates the operation of eight beds as of October 1, 2015. Thus, PY1 is FFY2016 (October 1, 2015 – September 30, 2016).
- The projected annual fiscal year utilization assumes a constant monthly utilization and thus is divided by 12 to determine the monthly utilization for each year.
- PY1 = nine months of Forlines PCU's FY2016 + three months of Forlines PCU's FY2017, PY2 = nine months of FY2017 + three months of FY2018, and PY3 = nine months of FY2018 + three months of FY2019.

Forlines PCU Projected Inpatient Days of Care
(FFY: October -September)

	FFY2016	FFY2017	FFY2018
Inpatient Days of Care	2,084	2,171	2,263
Percent Occupancy	71.4%	74.4%	77.5%

Totals may not foot due to rounding.

Step 4: Inpatient Admissions and Average Length of Stay

On page 69, the applicant states, in FY2014, Forlines PCU experienced 199 hospice inpatient admissions and a total of 1,528 hospice inpatient days of care (in a hospice inpatient bed) with an ALOS of 7.7 days (1,528 / 199 = 7.67). The applicant states it does not anticipate the proposed project will have a dramatic impact on its hospice inpatient average length of stay; therefore it applied the historical ALOS of 7.7 days to the total projected inpatient days of care calculated in Step 2 to determine inpatient admissions, as shown on page 70 and summarized below.

Forlines PCU Projected Inpatient Admissions
(FFY: October -September)

	FFY2016	FFY2017	FFY2018
Inpatient Days of Care	2,084	2,171	2,263
Percent Occupancy	71.4%	74.4%	77.5%
ALOS	7.7	7.7	7.7
Admissions	271	283	295

Totals may not sum due to rounding.

As shown in the table above, the applicant documents that the hospice inpatient occupancy rate is projected to be 71.4% for the first full operating year following completion of the project.

In Section IV.2, page 87, the applicant provides data to document that the occupancy rate is projected to be 71.2% for inpatient beds [1,042 patient days / 183 days = 5.69 average daily census / 8 beds = 0.7117] during the last six months of the first full operating year following completion of the project (FFY 2016), which exceeds the minimum utilization standard of 50% required in 10A NCAC 14C .4003(a)(1).

Also, the applicant projects it will provide 2,171 patient days of care in the 8 hospice inpatient beds at Forlines PCU in the second operating year of the proposed project (FFY 2017), which is equivalent to an average occupancy rate of 74.3% [2,171 patient days / 365 = 5.94 average daily census / 8 beds) = 0.7434], which exceeds the minimum utilization standard of 65% required in 10A NCAC 14C .4003(a)(2).

Residential Utilization

In Section III.1, pages 70-72, the applicant describes the assumptions and methodology used to project residential utilization at Forlines PCU. The applicant states that because of increasing demand for hospice inpatient care, it proposes to convert three of its seven residential hospice beds at Forlines PCU into inpatient hospice beds.

The applicant states that after conversion of the three beds to inpatient hospice beds, four residential hospice beds will remain at Forlines PCU. In addition, the applicant states that Caldwell County is also served by two additional residential hospice beds located at Caldwell Hospice's Stevens PCU. On pages 71-72, the applicant states it projects residential occupancy will reduce to 65% during the first project year and subsequently slowly increase based on the age 65+ population growth rate for Caldwell County (2.2%) and provides the following data.

Forlines PCU Projected Residential Days of Care
(FY: July - June)

	FY2016	FY2017	FY2018	FY2019
Residential Days of Care	948	968	990	1,012
% Occupancy	65.0%	66.4%	67.8%	69.3%
# of Residential Beds	4	4	4	4

On page 72, the applicant converts the above fiscal year projections to federal fiscal years beginning with PY1, FFY2016, using the same assumptions as outlined for the inpatient projections.

Forlines PCU Projected Residential Days of Care
(FFY: October -September)

	FFY2016	FFY2017	FFY2018
Residential Days of Care	953	974	995
% Occupancy	65.3%	66.7%	68.2%
# of Residential Beds	4	4	4

On page 86, the applicant provides the inpatient and residential utilization of the nine months immediately preceding the submission of this application. Forlines PCU provided 1,654 patient days of residential care, which is an occupancy rate of 86.2%, far below the 96.7% occupancy rate for its inpatient hospice beds. Furthermore, as discussed by the applicant on page 49 of the application, 212 days of care, reported as residential days of care, were provided at the higher cost, inpatient level of nursing care in FY2015.

Respite Utilization

In Section III.1, pages 73-74, the applicant describes the assumptions and methodology used to project respite utilization for the proposed project. The applicant states that respite care is short-term inpatient care provided to a hospice patient when necessary to relieve care givers at home and provides the following utilization data for the prior two years.

Forlines PCU Historical Respite Days of Care
(FY: July - June)

	FY2014	FY2015YTD*	Percent Increase
Respite Days of Care	104	151	45%

*Annualized based on eight months data (July-Feb)

The applicant further states that it is difficult to predict respite utilization due to the varying nature of individual patient circumstances. Caldwell Hospice projects respite utilization will increase based on the age 65+ population growth rate for Caldwell County (2.2%). The applicant states this is reasonable based on the increase in respite days of care from FY2014 to FY2015 and provides the following projections for respite care: the first table for fiscal operating years, FY2016 through FY2019 and the second table converting fiscal years to the first three project years, FFY2016 through FFY2018, using the same methodology applied for converting inpatient and residential days of care from fiscal year to project year.

Forlines PCU Historical Respite Days of Care
(FY: July - June)

	FY2016	FY2017	FY2018	FY2019
Respite Days of Care	154	157	161	165

Totals may not foot due to rounding

Forlines PCU Historical Respite Days of Care
(FFY: October - September)

	PY1 FY2016	PY2 FY2017	PY3 FY2018
Respite Days of Care	155	158	162

Totals may not foot due to rounding

Stevens PCU Inpatient Utilization

In Section III.1, page 74, for informational purposes, the applicant provides the projected inpatient utilization for Caldwell Hospice's Stevens PCU. The applicant states Stevens PCU annualized 2015 utilization was projected forward based on the projected population growth rate for Caldwell County individuals age 65 and older (2.2%), as shown below.

Stevens PCU Projected Inpatient Days of Care
(FY: July-June)

	Annualized FY2015	FY2016	FY2017	FY2018
Inpatient Days of Care	1,316	1,345	1,375	1,405
Percent Occupancy	90.1%	92.1%	94.1%	96.2%
Total Inpatient Beds	4	4	4	4
Residential Days of Care	591	604	617	630
Percent Occupancy	81.0%	82.7%	84.5%	86.4%
Total Residential Beds	2	2	2	2

Totals may not foot due to rounding.

The applicant states that the projected growth is reasonable based on the continued high occupancy in the Stevens PCU in recent years and conservative based on the growth of Caldwell Hospice's inpatient days of care. On page 75, the applicant further states:

> *"While it is reasonable to expect actual growth will exceed this projection in the near term, the Stevens PCU is simply limited by capcity constraints vis-à-vis four hospice inpatient beds and two residential beds."*

Exhibits 14, 15 and 16 of the application contain letters from physicians and other health care providers and community members expressing support for the proposed project. The applicant provides sufficient documentation to demonstrate the reasonableness of the

utilization projections. Caldwell Hospice adequately demonstrates the need for three additional hospice inpatient beds.

Access

In Section VI.5, pages 104-105, the applicant states:

> *"Caldwell Hospice 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."*

Please refer to Exhibit 5 for a copy of Caldwell Hospice's admission policies and Exhibit 11 for copies of Caldwell Hospice's financial policies.

Exhibit 2 contains a copy of the 2015 Caldwell Hospice and Palliative Care, Inc. License Renewal Application (LRA) and Data Supplement indicating Caldwell Hospice served 85.3% Medicare and 2.8% Medicaid patients, 81.9% elderly (65 and older), and 52.9% females in 2014. The applicant projects patients aged 65+ will continue to be the largest cohort of patients served at its facility.

In Section VI.4, page 103, the applicant projects 88.9% of its Forlines PCU patients will be covered by Medicare and 2.4% of its patients will be covered by Medicaid. The applicant demonstrates adequate access for medically underserved groups to the proposed services.

Conclusion

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

(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 79, the applicant states the reduction in residential hospice beds will not have any negative impact on access to hospice services in Caldwell County. The applicant states it has received over 200 support letters for the project and there have been no objections to the proposed conversion of three residential beds to hospice inpatient beds. The applicant states:

> *"As described previously in great detail, there have been an increasing number of patients who have received hospice inpatient care in a residential bed because an inpatient bed was not available. Therefore, the conversion of three residential beds to hospice inpatient beds is a cost effective alternative to better manage Caldwell Hospice's resources. Additionally, patients will continue to have access to the remaining four residential beds at Forlines PCU and the existing two residential beds* [sic] *Stevens PCU."*

Upon completion of the proposed project, Caldwell County will have four residential beds at Forlines PCU and two residential beds at Stevens PCU. 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 84-85, the applicant describes the alternatives considered prior to submission of the application, which include:

1) Maintain the status quo - the applicant states on page 84, this alternative is not the most effective because it is not responsive to the need for hospice inpatient services at Forlines PCU. The status quo would continue to force patients in need of an inpatient hospice bed into less appropriate and more costly acute care settings and would not meet the increasing demand for inpatient bed capcity.

2) Pursue a joint venture – the applicant states on page 85, that this alternative is not the most effective because Forlines PCU is located in an existing facility; therefore, it is not feasible to pursue a joint venture when Caldwell Hospice is only proposing to convert existing hospice residential beds to hospice inpatient beds.

3) Develop inpatient beds in the Stevens PCU – the applicant states on page 85, this alternative is not realistic or cost effective at this time. The applicant states that with only two residential beds, Stevens PCU does not have sufficient residential bed capacity to convert existing resources to hospice inpatient beds. Furthermore, the applicant states the

physical plant has limited space and would require greater capital costs to develop the proposed project at Stevens PCU compared to Forlines PCU.

4) Proposed project - The applicant states that expanding inpatient hospice services at Forlines PCU best meets the identified need for additional inpatient hospice services in Caldwell County and is cost-effective, stating on page 78, *"... the existing location is the best alternative in terms of promoting geographic access to hospice services. Furthermore, the Stevens PCU does not have sufficient physical space to accommodate the development of three additional hospice inpatient beds."*

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

- Forlines PCU inpatient beds have a high occupancy rate;
- Forlines PCU residential beds are serving an increasing number of patients at the inpatient level of care; and
- Converting current hospice residential beds to hospice inpatient beds requires very little capital expense.

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

In summary, the applicant adequately demonstrates that its proposal is the least costly or most effective alternative to meet the identified need for additional hospice inpatient beds in Caldwell County. Therefore, the application is conforming to this criterion and approved subject to the following conditions:

1. **Caldwell Hospice and Palliative Care, Inc. shall materially comply with all representations made in the certificate of need application.**

2. **Caldwell Hospice and Palliative Care, Inc. shall convert no more than three hospice residential beds to three hospice inpatient beds for a total of no more than eight hospice inpatient beds and four hospice residential beds at the Jack and Shirley Robbins Center Forlines Patient Care Unit upon completion of the project.**

3. **Caldwell 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 120, the applicant projects the total capital cost for the project will be $35,000 for administrative fees. On page 121, the applicant states that all the bedrooms at Forlines PCU conform to all facility licensure requirements for hospice inpatient bedrooms; thus, the project does not require any new construction or facility up fit.

On page 122, the applicant states Caldwell Hospice will fund the project with accumulated reserves. Exhibit 13 contains a letter dated April 28, 2015, from the Chief Executive Officer stating the project will be funded through accumulated cash reserves. In Section IX.1-4, pages 126-127, the applicant states there are no start-up or initial operating expenses required for the project.

Exhibit 13 contains the audited financial statements for Caldwell Hospice and Palliative Care, Inc. for the years ended June 30, 2014 and 2013, which document that Caldwell Hospice had $4,664,551 in cash, $16,455,224 in total assets, and $15,180,569 in total net assets as of June 30, 2014. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

The applicant provides pro forma financial statements for the first three years of the proposed project. The applicant projects Forlines PCU revenues will exceed operating expenses in all three years of the project, as illustrated in the tables below.

Forlines PCU Facility-wide Projected Revenue

	PY1 FFY2016	PY2 FFY2017	PY3 FFY2018
Projected Number of Inpatient Days	2,084	2,171	2,263
Projected Number of Residential Days	953	974	995
Total Forlines PCU Patient Days of Care	3,037	3,146	3,258
Projected Average Charge (Gross Patient Revenue / Projected # of days)	$ 496	$ 493	$ 490
Patient Revenue (Inpatient and Residential)	$1,507,567	$1,551,452	$1,596,675
Total Expenses	$1,466,016	$1,485,488	$1,505,504
Net Revenue	$ 41,551	$ 65,964	$ 91,171

Forlines PCU Projected Inpatient Hospice Revenue

	PY1 FFY2016	PY2 FFY2017	PY3 FFY2018
Projected Number of Inpatient Days	2,084	2,171	2,263
Projected Average Charge(Gross Patient Revenue / Projected # of days)	$ 623	$ 616	$ 610
Patient Revenue	$1,297,576	$1,338,221	$1,380,149
Total Expenses	$1,085,165	$1,100,214	$1,115,720
Net Revenue	$ 212,411	$ 238,007	$ 264,429

Forlines PCU Projected Residential Hospice Revenue

	PY1 FFY2016	PY2 FFY2017	PY3 FFY2018
Projected Number of Residential Days	953	974	995
Projected Average Charge(Gross Patient Revenue / Projected # of days)	$ 220	$ 219	$ 218
Patient Revenue	$ 209,991	$ 213,231	$ 216,526
Total Expenses	$ 380,851	$ 385,274	$ 389,785
Net Revenue	$ (170,860)	$ (172,043)	$ (173,258)

As the tables above illustrate, 1) Forlines PCU inpatient hospice revenues are expected to exceed operating expenses each year, and 2) Forlines PCU residential hospice services are not self-supporting.

On pages 73-74, the applicant states that respite care is difficult to predict due to the varying nature of individual patient circumstances; therefore, the applicant states that it conservatively projects 155, 158 and 162 days of respite care in PY1, PY2 and PY3, respectively. Respite care revenue and cost of care is assumed at the inpatient rate, which would increase Forlines PCU projected total net revenue by approximately $15,000, $17,000 and $19,000 in PY1, PY2 and PY3, respectively.

Operating costs and revenues are based on reasonable assumptions including projected utilization. See the pro forma financial statements in the application for the financial assumptions. The discussion regarding utilization assumptions 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, and therefore, the application is conforming with this criterion.

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

C

On page 320, the 2015 SMFP defines the service area for a hospice inpatient facility as the hospice inpatient facility bed planning area in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed planning area. Thus, the service area for this facility consists of Caldwell County.

Caldwell Hospice proposes to convert three hospice residential beds to three hospice inpatient beds at the existing Forlines PCU in Caldwell County, pursuant to an adjusted need determination in the 2015 SMFP for three hospice inpatient beds in Caldwell County. Upon project completion, Caldwell Hospice will have a total of eight hospice inpatient beds and 4 hospice residential beds at its Forlines PCU. Caldwell Hospice owns and operates a licensed and certified hospice home care agency and two licensed hospice inpatient units (Forlines PCU and Stevens PCU) in Caldwell County. Caldwell Hospice is the only licensed hospice home care agency located in Caldwell County.

In Section III, pages 77-80, the applicant discusses Caldwell Hospice's two inpatient hospice units in Caldwell County, their high utilization and the increasing demand for inpatient hospice services in Caldwell County.

On page 79, the applicant reiterates its assertion that Forlines PCU has been experiencing an increasing number of patients who receive hospice inpatient level of nursing care in a residential bed because an inpatient bed is not available. The applicant states:

> *"Therefore, the conversion of three residential beds to hospice inpatient beds is a cost effective alternative to better manage Caldwell Hospice's resources."*

The applicant further states that patients will continue to have access to the remaining four residential beds at Forlines PCU and the existing two residential beds at Stevens PCU.

The applicant adequately demonstrates the need to develop three additional hospice inpatient beds, based on the historical utilization of its current beds and the projected increase in utilization of hospice services by the residents of Caldwell County. Consequently, the applicant adequately demonstrates the proposed project would not result in the unnecessary

duplication of existing or approved health service capabilities or facilities in the applicant's service area. Therefore, the application is conforming with this criterion.

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

C

In Section VII.1, pages 109-112, the applicant provides the current and proposed staffing for Forlines PCU. In Section VII.3, page 114, the applicant states Caldwell Hospice allocates administrative and support staff costs *"based approximately on total beds"*. The applicant further states that upon the addition of the inpatient beds, Caldwell Hospice will allocate nursing and nurse aide staff based on:

- *"100% of the RN staff time for the inpatients,*
- *100% of the LPN staff time for the residential patients, and*
- *65% of the nurse aide staff time for the inpatients."*

The applicant also states that it anticipates adding 1.0 FTE RN and redistributing some other staff from residential to inpatient services. The projected staffing is shown in the table below.

	Inpatient Hospice FTEs	Residential Hospice FTEs	Total FTEs
Routine Services			
Medical Director	0.50	0.00	0.50
Director of Nursing/Facility Manager	0.50	0.25	0.75
Registered Nurse	5.21	0.00	5.21
LPNs	0.00	1.76	1.76
Nursing Assistant	5.50	2.90	8.40
Dietary			
Cooks	1.30	0.70	2.00
Social Work Services			
Social Worker	0.35	0.15	0.50
Housekeeping			
Maintenance Worker	0.35	0.15	0.50
Housekeepers/Laundry	1.30	0.70	2.00
Ancillary Services			
Medical Records	0.17	0.08	0.25
Administrative			
Bereavement Counselor	0.17	0.03	0.20
Volunteer Coordinator	0.25	0.15	0.40
Chaplain	0.12	0.07	0.19
Billing Coordinator	0.30	0.16	0.46
Total FTEs	**16.02**	**7.10**	**23.12**

In Section VII.3, page 113, the applicant provides notes to the projected staffing table, stating that Caldwell Hospice contracts for pharmacy, dietician, and therapy consultations. Volunteers staff the facility reception desk.

In Section VII.4, page 115, the applicant projects the number of direct care staff by shift for inpatient and residential services. The applicant projects that a minimum of four direct care staff members will be on duty at all times, including two nurses. The applicant states Caldwell Hospice RNs and nurse assistants work 12-hour staffing shifts, while LPNs work 10-hour shifts and further states that staffing is the same 7 days per week.

In Section VII.7, page 116, the applicant projects to provide 9.85 nursing hours per patient day (NHPPD) for hospice inpatient services [(26.56 RN and 32.00 nurse aide hours per day X 365 days = 21,374 RN and nurse aide hours) / 2,171 inpatient days of care = 9.85 NHPPD].

In Section VII.9, pages 117-118, the applicant describes the availability of employees to fill the proposed positions, stating that it offers competitive pay and attractive benefits to attract qualified staff and has not experienced any trouble recruiting clinical or support staff for Forlines PCU. In Section V.3, page 96, the applicant identifies Thomas More Ray, M.D. as the Medical Director for Caldwell Hospice's inpatient facilities. Exhibit 4 contains a letter from Dr. Ray documenting his support for the project and his intent to continue in his capacity as Medical Director for Caldwell Hospice and Palliative Care. Exhibits 14-16 of the

application contain copies of letters from physicians and 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, pages 35-41, the applicant states that all of the necessary ancillary and support services for the proposed services are currently provided and that Caldwell Hospice will continue to offer the full complement of hospice services to patients at Forlines PCU. In Section V.2, page 96, the applicant states *"Caldwell Hospice will accept transfers from any healthcare facility if the patient qualifies for hospice services."*

On page 97, the applicant states that Caldwell Hospice has established relationships with local healthcare and social service providers. In Section VI.9, page 106, the applicant states Caldwell Hospice will continue to accept referrals from the Caldwell County Health Department and Caldwell County Social Services, as well as other provider facilities and agencies. Exhibit 5 of the application contains a copy of Caldwell Hospice's patient transfer policy. Exhibits 14-16 contain copies of letters from physicians and 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 with this criterion.

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

NA

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

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

NA

(11) Repealed effective July 1, 1987.

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

NA

In Section XI.1, page 138, the applicant states the project involves converting existing hospice residential beds to hospice inpatient beds at its existing facility, Forlines PCU. The applicant states Caldwell Hospice already owns the land and the facility. In Section VIII.1, page 119, the applicant states that the proposed project does not require any new construction or facility up fit.

(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 102, the applicant provides the FY2014 payor mix for hospice inpatient services at Forlines PCU, as shown in the table below.

Forlines PCU Inpatient Services

Payor Source	Patient Days of Care as % of Total
Self-Pay	0.5%
Commercial Insurance	4.4%
Medicare	88.9%
Medicaid	2.4%
Indigent/Charity	3.8%
Total	**100.0%**

The applicant's payor mix corresponds to the historical payor mix reported for North Carolina hospice patients as a whole, as shown in the 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. More current data was not available.

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 Caldwell 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)*
Caldwell	19.4%	8.6%	18.1%
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% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

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

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

C

In Section VI.5, page 104, the applicant states *"Caldwell Hospice 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 Caldwell Hospice's admission policies. Copies of Caldwell Hospice's financial policies are provided in Exhibit 11.

In Section VI.10, page 108, the applicant states that no civil rights complaints have been filed against its North Carolina hospice agency (including the Forlines PCU) during the preceding five years. Therefore, the application is conforming to this criterion.

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

C

In Section VI.4, page 103, the applicant provides the projected payor mix for the second year of operation (FFY2017) for hospice inpatient services at Forlines PCU, as shown in the table below.

Forlines PCU Inpatient Services

Payor Source	Patient Days of Care as % of Total
Self-Pay	0.5%
Commercial Insurance	4.4%
Medicare	88.9%
Medicaid	2.4%
Indigent/Charity	3.8%
Total	**100.0%**

The projected payor mix is consistent with the facility's historical payor mix and with the statewide hospice payor mix provided for FFY2012 in the 2013 annual report from the Carolinas Center for Hospice and End of Life Care. The applicant demonstrates that medically underserved groups will be adequately served by the proposed additional inpatient beds. Therefore, the application is conforming with this criterion.

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

C

In Section VI.9, page 106, the applicant describes the range of means by which a person will have access to its services. The applicant provides sufficient documentation to demonstrate the reasonableness of access to its services. Therefore the application is conforming with 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 95, the applicant states Caldwell Hospice has established relationships with area health professional training programs. Caldwell Hospice currently has clinical training agreements with Appalachian State University, Caldwell Community College & Technical Institute, Lees-McRae College, Lenoir-Rhyne University, UNC Greensboro, Western Carolina University and Western Piedmont Community College. Exhibit 8 contains a copy of the contract with Lees-McRae College. The applicant demonstrates that the

proposed health services will accommodate the clinical needs of health professional training programs in the service area. Therefore, the application is conforming with 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 320, the 2015 SMFP defines the service area for a hospice inpatient facility as the hospice inpatient facility bed planning area in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed planning area. Thus, the service area for this facility consists of Caldwell County.

Caldwell Hospice proposes to convert three hospice residential beds to three hospice inpatient beds in an existing facility, pursuant to an adjusted need determination in the 2015 SMFP for three hospice inpatient beds in Caldwell County. Upon project completion, Forlines PCU will have a total of eight hospice inpatient beds and four hospice residential beds. The Caldwell Hospice Stevens PCU will continue to operate four inpatient hospice beds and two residential hospice beds. There is no other provider of licensed hospice inpatient beds in Caldwell County.

In Section V.7, pages 98-100, 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 those sections is reasonable and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on information in the application and the following analysis:

- The applicant adequately demonstrates the need for the proposed 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 that it will continue to provide quality services. The discussions regarding quality found in Criteria (1) and (20) are incorporated herein by reference.

- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (1) and (13) are 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

In Section I.12, page 8, the applicant states that it currently owns, leases, or manages a Medicare-certified hospice agency and two separately licensed hospice inpatient and residential hospice facilities in North Carolina. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen 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 Caldwell Hospice in North Carolina. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all three facilities, the applicant provided sufficient evidence that quality care has been provided in the past and adequately demonstrated that there is no pattern of substandard quality of care. 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 applicant proposes to covert three hospice residential beds to three hospice inpatient beds for a total of eight hospice inpatient beds and four hospice residential care beds at Forlines PCU upon project completion. Therefore, the Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities 10A NCAC 14C .4000 are applicable to this review. The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities. The specific criteria are discussed below.

10A NCAC 14C .4002 INFORMATION REQUIRED OF APPLICANT

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

-C- The applicant used the correct application form.

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

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

-C- In Section II.2, pages 22-24, the applicant provides the projected number of hospice inpatient, residential and respite admissions, deaths, and other discharges to be served at Forlines PCU in each of the first three full fiscal years (October 1 through September 30) following completion of the project as shown in the table below. The methodology and assumptions used to develop the projections are provided in Sections III.1 and IV.3, pages 45-75 and 88-92, respectively. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Caldwell Hospice and Palliative Care
Jack and Shirley Robbins Center
Forlines Patient Care Unit
Projected Patient Data by Level of Care

Level of Care	Patients	Unduplicated Admissions	Deaths	Other Discharges*
Inpatient				
PY1 - FFY2016	271	237	177	94
PY2 - FFY2017	283	247	185	98
PY3 - FFY2018	295	258	193	102
Residential				
PY1 - FFY2016	19	18	4	15
PY2 - FFY2017	20	18	4	16
PY3 - FFY2018	20	19	4	16
Respite				
PY1 - FFY2016	33	31	0	33
PY2 - FFY2017	34	31	0	34
PY3 - FFY2018	34	32	0	34

*Other Discharges include patients who are transferred from an inpatient bed to a residential bed, or returned to home or to another provider facility, such as a hospital.
Totals may not sum due to rounding.

(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 Exhibit 6, the applicant projects the annual number of hospice patients, admissions, deaths, and other discharges to be served by Caldwell Hospice's licensed hospice agency in each of the first three years following completion of the project as shown in the table below. In Section II, page 24, the applicant states that it applied the two-year trailing average growth rate for statewide hospice admissions (5.4% per the 2015 SMFP) to its annualized FY2015 utilization. The applicant states that this growth rate is conservative compared to the recent growth for hospice admissions served by Caldwell Hospice. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Caldwell Hospice and Palliative Care Agency
Projected Utilization by Level of Care

Level of Care	FFY2014	FFY2015*	PY1 FFY2016	PY2 FFY2017	PY3 FFY2018
Routine Home Care					
Days of Care	42,516	46,682	49,202	51,859	54,660
Patients	538	716	754	795	838
Admissions	331	360	379	400	422
Deaths	192	228	240	253	297
Other Discharges	75	59	62	65	68
Inpatient					
Days of Care	3,417	3,794	3,998	4,214	4,442
Patients	430	486	512	540	569
Admissions	272	324	341	360	379
Deaths	334	348	367	387	407
Other Discharges	2	9	9	10	11
Respite					
Days of Care	252	298	304	311	318
Patients	48	57	55	59	57
Admissions	0	0	0	0	0
Deaths	0	0	0	0	0
Other Discharges	0	0	0	0	0
Residential					
Days of Care	3,010	2,823	1,552	1,620	1,620
Patients	78	99	40	41	42
Admissions	1	2	2	2	2
Deaths	14	27	7	8	8
Other Discharges	3	0	0	0	0
Total Agency					
Days of Care	49,195	53,615	55,057	57,970	61,039
Patients	749	879	926	976	1,029
Admissions	604	686	723	762	803
Deaths	540	603	614	647	682
Other Discharge	80	68	71	75	79

*Annualized based on FY2015 YTD (July-March) data

(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 25, 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 45-75. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Caldwell Hospice and Palliative Care
Jack and Shirley Robbins Center
Forlines Patient Care Unit
Projected Days of Care by Level of Care

Level of Care	PY1 FFY2016	PY2 FFY2017	PY3 FFY2018
Inpatient Days of Care	2,084	2,171	2,263
Residential Days of Care	953	974	995
Respite Days of Care	155	158	162

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

-C- In Section II.2, page 26, the applicant projects the ALOS for inpatient, residential, and respite levels of care, respectively, as shown in the table below. The applicant states that the ALOS is projected to remain consistent with Caldwell Hospice's FY2014 utilization throughout the first three years. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 45-75. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Jack and Shirley Robbins Center
Forlines Patient Care Unit
Projected Average Length of Stay

	Inpatient	Residential	Respite
Average Length of Stay	7.7	49.2	4.7

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

-C- In Section II.2, page 27, the applicant projects the anticipated readmission rates for inpatient, residential and respite levels of care, respectively, as shown in the table below. The applicant states that it projects readmission rates for each level of care will remain relatively consistent with its FY2014 readmission rates at Forlines PCU. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 45-75. The

discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Jack and Shirley Robbins Center
Forlines Patient Care Unit
Projected Readmission Rates

Level of Care	FFY2016-2018
Inpatient	**12.6%**
Residential	**8.3%**
Respite	**7.0%**

On page 27, the applicant states:

> *"Caldwell Hospice anticipates that some patients will continue to require inpatient care in the facility more than once due to the nature of their illness and comprehensive care needs. For example, a patient may be admitted to the proposed inpatient unit because of a pain crisis. Upon resolution of the crisis, these patients may return home but may return for a future inpatient stay to effectively manage their end-of-life care."*

(6) the projected average annual cost per patient care day, by level of care (i.e., respite care, hospice residential care and hospice inpatient care) for each of the first three operating years following completion of the project and the methodology and assumptions used to project the average annual cost;

-C- In Section II.2, page 28, the applicant provides the projected average cost per patient day by level of care as shown in the table below. In Section XIII, the applicant provides the assumptions and pro forma statements.

Jack and Shirley Robbins Center
Forlines Patient Care Unit
Projected Cost Per Patient Day

Year	Inpatient	Residential	Respite
FFY2016	$520.79	$399.44	$520.79
FFY2017	$506.68	$395.48	$506.68
FFY2018	$493.06	$391.58	$493.06

(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 29, the applicant states:

"Based on over 30 years of community service as a local healthcare provider, Caldwell Hospice has long-standing, established referral relationships with physicians, hospitals, and other healthcare facilities in Caldwell County and surrounding communities. Many of these referral sources support Caldwell Hospice'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 29, the applicant states it projects referrals will come from Caldwell Hospice's existing hospice agency located in Caldwell County. The applicant states that Caldwell Hospice currently serves approximately 94% of the hospice admissions in that county. Additionally, the applicant states Caldwell Hospice has received letters of support from physicians, hospitals, and nursing homes serving Caldwell 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- The applicant is a licensed hospice.

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

-NA- The applicant is a licensed hospice and does not propose to admit patients on a contractual basis.

(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 policies, including the criteria used to admit persons to the existing inpatient hospice beds at Forlines PCU.

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 Section IV.2, page 87, the applicant projects utilization and average occupancy rates for the licensed inpatient and residential hospice beds as shown in the table below. The applicant assumes a constant number of days for each quarter throughout the year (365/4).

Jack and Shirley Robbins Center
Forlines Patient Care Unit
FFY2016 Projected Quarterly Utilization

Inpatient					Residential				
Qtr	Duplicated Patients	Patient Days	Occupancy Rate	# of Beds	Qtr	Duplicated Patients	Patient Days	Occupancy Rate	# of Beds
1st	68	521	71.4%	8	1st	5	238	65.3%	4
2nd	68	521	71.4%	8	2nd	5	238	65.3%	4
3rd	68	521	71.4%	8	3rd	5	238	65.3%	4
4th	68	521	71.4%	8	4th	5	238	65.3%	4
Total	**271**	**2,084**	**71.4%**	**8**	**Total**	**19**	**953**	**65.3%**	4

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

The inpatient occupancy rate is in excess of 50% for the last six months (3rd and 4th quarter) of the first operating year (FFY 2016) following completion of the project [1,042 inpatient days of care / 183 days = 5.69 / 8 beds = 0.7117 or 71.2%]. The residential occupancy rate is in excess of 50% for the last six months (3rd and 4th quarter) of the first operating year (FFY 2016) following completion of the project [476 inpatient days of care / 183 days = 2.60 / 4 beds = 0.6502 or 65.0%]. The methodology and assumptions used to develop the projections are provided in Section III.1, pages 45-75. The discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

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

-C- In Section IV.2, page 97, the applicant projects an average occupancy rate of both the licensed inpatient beds and the licensed residential beds in excess of 65% for the second 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 45-75. The

discussion regarding the assumptions and methodology found in Criterion (3) is incorporated herein by reference.

Jack and Shirley Robbins Center
Forlines Patient Care Unit
FFY2017 Projected Quarterly Utilization

Inpatient					Residential				
Qtr	Duplicated Patients	Patient Days	Occupancy Rate	# of Beds	Qtr	Duplicated Patients	Patient Days	Occupancy Rate	# of Beds
5th	71	543	74.4%	8	5th	5	244	66.7%	4
6th	71	543	74.4%	8	6th	5	244	66.7%	4
7th	71	543	74.4%	8	7th	5	244	66.7%	4
8th	71	543	74.4%	8	8th	5	244	66.7%	4
Total	**283**	**2,171**	**74.4%**	**8**	**Total**	**20**	**974**	**66.7%**	4

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

-NA- The application 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.1, page 31, the applicant states that during the most recent nine months (July 2014- March 2015) Forlines PCU operated at 96.7% occupancy, providing 1,329 hospice inpatient days of care (1,329 / 274 days /5 beds= 0.967). In Section IV.1, page 86, the applicant documents that the average occupancy of the licensed hospice inpatient facility beds at Forlines PCU was at least 65% for the nine months immediately preceding the submittal of the proposal, as shown in the table below.

Jack and Shirley Robbins Center
Forlines Patient Care Unit
Historical Quarterly Utilization

	Inpatient				Residential			
Quarter	Duplicated Patients	Patient Days	Occupancy Rate	# of Beds	Duplicated Patients	Patient Days	Occupancy Rate	# of Beds
July 2014	19	145	93.5%	5	3	155	71.4%	7
August 2014	18	140	90.3%	5	4	208	95.9%	7
September 2014	20	150	100.0%	5	4	195	92.9%	7
October 2014	20	152	98.1%	5	4	203	93.5%	7
November 2014	17	130	86.7%	5	4	192	91.4%	7
December 2014	19	147	95.5%	5	3	169	77.9%	7
January 2015	20	155	100.0%	5	4	195	89.9%	7
February 2015	19	149	106.4%	5	3	172	87.8%	7
March 2015	20	156	100.6%	5	3	165	76.0%	7
Total	**173**	**1,325**	**96.7%**	**5**	**34**	**1,654**	**86.2%**	**7**

Note: Totals may not foot due to rounding.

(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 32, the applicant states *"As a licensed Medicare/Medicaid-certified hospice, Caldwell Hospice currently provides all of the above listed services. These services will continue to be available upon completion of the proposed project in Hudson."* In Section II.3, pages 35-41 and Section VII, pages 109-118, the

applicant provides documentation that the services required by this rule are provided by Caldwell Hospice.

(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 32, the applicant states that nursing services will continue to be available 24 hours a day, seven days a week. In Section VII.5, page 115, the applicant demonstrates that nursing services will be available 24 hours a day, 7 days a 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 - The applicant is not proposing to develop a hospice inpatient or residential care facility. For informational purposes, the applicant states that pharmaceutical services are available to patients via an existing relationship with Caldwell Discount Drugs.

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

-C- In Section II.2, page 33, the applicant states:

> *"For information purposes, as a licensed Medicare/Medicaid-certified hospice, Caldwell Hospice currently provides the listed core services in Paragraph (a). These services will continue to be available upon completion of the proposed project. With regard to Paragraph (c), pharmaceutical services are currently available to patients via an existing relationship with Caldwell Discount Drugs."*

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 33, the applicant states the expanded inpatient and residential hospice facility will be staffed in a manner consistent with N.C.G.S. 131E, Article 10. In Section VII.3, pages 111-114, 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 33, the applicant states:

> *"Please refer to Section VII.3 for staffing details, documenting that Forlines PCU will continue to be staffed in a pattern consistent with licensure requirements as specified in the Hospice Licensing Rules. Caldwell Hospice has demonstrated the ability to routinely maintain staffing patterns consistent with G.S. 131E, Article 10 as well as licensure rules, in 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 34, applicant states all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules. Exhibit 9 contains copies of policies related to staff orientation, staff education and continuing education for Caldwell Hospice 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 34, the applicant describes the home-like setting it provides in the facility. The applicant states:

> *"As an existing provider with two hospice inpatient facilities in Caldwell County (including the first hospice inpatient facility in North Carolina), Caldwell Hospice has long demonstrated its ability to provide a home-like setting for hospice inpatients. Though the proposed project does not involve any physical changes to the existing facility; Caldwell Hospice remains committed to ensuring a home-like feel for hospice inpatients."*

(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 34, the applicant states:

"All services provided in the facility 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- The applicant is not proposing a new facility in this application.