

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: July 27, 2018

Findings Date: August 3, 2018

Project Analyst: Jane Rhoe-Jones

Assistant Chief: Lisa Pittman

Project ID #: R-11460-18

Facility: Liberty Homecare & Hospice of Hyde County

FID #: 180103

County: Hyde

Applicant: Liberty Homecare VII, LLC

Project: Develop a new hospice home care office in Hyde County pursuant to the adjusted Need Determination in the 2018 State Medical Facilities Plan

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

Liberty Homecare VII, LLC (The applicant and/or Liberty) proposes to develop a hospice home care office, Liberty Homecare & Hospice of Hyde County, pursuant to the adjusted need determination identified in the 2018 State Medical Facilities Plan (SMFP).

Need Determination

The 2018 SMFP contains a need methodology for determining the need for new hospice home care offices. The 2018 SMFP identifies Hyde County as a county with a need determination for one additional hospice home care office. One application for this review was received by the Certificate of Need Section to develop a new hospice home care office in Hyde County.

Pursuant to the need determination, only one hospice home care office may be approved in this review for Hyde County. The applicant proposes to develop one hospice home care office; therefore, the application is conforming to the 2018 SMFP need determination for hospice home care offices.

Policies

Additionally, Policy GEN-3 on page 33 in the 2018 SMFP is applicable to this review. Policy GEN-3 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.”

The applicant responds to Policy GEN-3 as follows:

Promote Safety and Quality

In Section III.2, pages 15-16 and Exhibit 11 (the petition submitted to the State Health Coordinating Council for the adjusted need determination), page 11, the applicant discusses how its proposal will promote quality and safety in delivering hospice services. Exhibit 3 contains Liberty’s patient care policies and quality policies, respectively.

Promote Equitable Access

In Section III.2, page 16 and Exhibit 11, page 11, the applicant discusses how its proposal will promote equitable access in delivering hospice services to poor, rural and medically underserved communities. Exhibit 4 contains letters of support from the county health department as well as local health care providers expressing the need for a Hyde County hospice office so that Hyde County residents will not have to depend on hospice offices from other counties traveling distances to deliver the care they need. Exhibit 4 also contains a resolution from the Hyde County Board of Commissioners supporting the proposal for a hospice home care office in the county. In Section III, pages 10-17, the applicant discusses the geographic access challenges that the county faces in the provision of health care services due to its *“rural and remote location and sparse population.”* The applicant also discusses access in Section VI, pages 32-35.

Maximizing Healthcare Value

In Section III.2, page 16 and Exhibit 11, pages 11 and 12, the applicant discusses how its proposal will maximize healthcare value for the resources expended. The applicant states that, “*many of its residents are farmers and have limited financial resources, and Hyde County is the epitome of a medically underserved area.*” The applicant adequately demonstrates how its proposal will maximize healthcare value for the resources expended.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant does not propose to develop more hospice home care offices than is determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy Gen 3 for the following reasons:
 - The applicant adequately demonstrates how its proposal will promote safety and quality.
 - The applicant adequately demonstrates how its proposal will promote equitable access
 - The applicant adequately demonstrates how its proposal will promote maximizing healthcare value

(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

Liberty proposes to develop a hospice home care office at 1151 Main Street in Swan Quarter which is located in Hyde County, pursuant to the adjusted need determination identified in the 2018 SMFP.

Patient Origin

On page 318, the 2018 SMFP defines the service area for hospice offices as the hospice planning area in which the hospice office is located. Thus, the service area for this facility consists of Hyde County. Facilities may also serve residents of counties not included in their service area. Regarding the service area, in Section III.4(c) the applicant states, “*Given the rural nature of the county and the amount of back roads necessary to navigate to reach patients we believe that we will mainly be limited to Hyde County residents ...*”

In Section IV.4, page 22, the following table illustrates projected patient origin and utilization for the first two operating years; Project Year (PY1) and Project Year Two (PY2). There is no current patient origin because the applicant proposes a new facility.

LIBERTY SERVICE AREA				
County	Projected Patients PY1 / 2019		Projected Patients PY2 / 2020	
Hyde	21	100.00%	25	100.00%
Total	21	100.00%	25	100.00%

The applicant proposes to serve 21 unduplicated patients in PY1 and 25 unduplicated patients in PY2. The applicant adequately identifies the population to be served. See also Exhibit 11 (the petition for the adjusted need determination), Attachment 1, page 305, *Demographics among Senior Population*.

In Section IV.4(b), page 22, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section III.1, pages 10-15 and in Exhibit 11 – *Petition for an Adjusted Need Determination*, Liberty explains why it believes the population deserves a home hospice office in Hyde County. The applicant provides the assumptions and methodology used to justify the need, which is summarized below.

In Section III.1, pages 10-15, the applicant discusses the projection of the need for new hospice home care program. Projected utilization is reasonable and adequately supported for the following reasons:

- 2018 SMFP Need Determination Methodology (pages 12-14)
- The closing in the past year of the only hospice home agency in the county (page 10)
- Liberty operates a home health agency in the county which is capable of adding and providing the hospice service component that is missing in the county (page 10)
- Hyde County’s rural and remote location and sparse population (page 10)

- Distance – mileage and drive times (of at least one hour) from current hospice offices serving Hyde County (pages 10-12)
- Hyde County aging population (page 10)
- Demographic and mortality factors affecting hospice utilization in Hyde and adjacent counties (pages 12-55)
- The approved petition submitted by Liberty for the adjusted need determination to develop the hospice home care office. The petition contains demographic, population, mortality, geographic and other data which supports the need for the hospice home care office in Hyde County (Exhibit 11)
- Letters of support from the county and healthcare providers in the area to serve those populations (Petition, Attachment 3, pages 316-320)

Projected Utilization

In Section IV the applicant provides projected utilization as illustrated in the following table:

LIBERTY			
Hospice Patients to be Served in the First Two Project Years			
Month/Year	Patients	Month/Year	Patients
1/2019	5	1/2020	6
2/2019	5	2/2020	6
3/2019	5	3/2020	6
4/2019	5	4/2020	6
5/2019	5	5/2020	6
6/2019	5	6/2020	6
7/2019	5	7/2020	6
8/2019	5	8/2020	6
9/2019	5	9/2020	6
10/2019	5	10/2020	6
11/2019	5	11/2020	6
12/2019	5	12/2020	6
Total*	60	Total*	72

*Totals represents duplicated patients.

In Section III.1, pages 12-14, the applicant discusses the assumptions it uses to project need and utilization for the first two operating years, summarized as follows.

1. SMFP – Liberty defines its service area as Hyde County. On page 13, the applicant states that Hyde County has the 2nd smallest population in the state. After reviewing the 2018 SMFP hospice data regarding deficits, the applicant concluded that, “*Hyde County is unique and because the population is so small, the county will never meet the SMFP additional patient threshold of 90 patients.*” [Emphasis added.] The projected 2018 hospice patient deficit (excerpted by the applicant) is depicted in Table 7, page 13, Table 8, pages 13-14 and Table 9, pages 14-15.
2. While the methodology from pages 315-316 of the 2018 SMFP can be applied to most counties, as stated previously by the applicant, Hyde County is unique and will most likely never meet the normally required thresholds to justify

need for additional hospice home offices. See page 350 of the 2018 SMFP for the current data for Hyde County.

3. Hyde County would still not meet the threshold for a hospice home office even with excluding the former Community Home Care and Hospice of Hyde County and updating the reported number of hospice patient deaths to reflect any hospices currently serving the county.

In supplemental information the applicant provided on July 12, 2018, the applicant states,

“Please see Table 8 (above) showing a deficit of 10 patients once the closing of Community is accounted for... It should be noted that the projected total number of hospice patient deaths at 25 is likely understated due to the significant lack of access to medical resources. This causes an underutilization of those resources and thus an underreporting relative to areas where access and availability [sic] not a barrier. As Liberty is the sole post acute care provider physically located in Hyde County we have a unique ability to provide access to care to residents that might not be able to seek that care in neighboring counties. Thus we believe in our experience providing post [sic] care in Hyde County that there is a greater need for hospice care in Hyde County than the 10 patient deficit shown in Table 8.

4. In addition, to meet the deficit threshold of 90 or more patients in need of hospice home care and other factors were equal, the county population would need to be over 20,000 with a reported hospice patient death total of zero. Therefore, no agencies, out of county (currently the case) or otherwise would be needed to serve Hyde County. The applicant states, *“Presently speaking, only 1 of the 3 current offices serving Hyde County provided hospice care to Hyde residents in 2016.”* The applicant further states that this is not reasonable for the residents of Hyde County.

Below are tables and assumptions to illustrate projected utilization. In Section IV, pages 22-23, the applicant projects 132 total hospice patients to be served in the first two years of service (caseload by month).

LIBERTY			
Hospice Patients to be Served in the First Two Project Years			
Month/Year	Patients	Month/Year	Patients
1/2019	5	1/2020	6
2/2019	5	2/2020	6
3/2019	5	3/2020	6
4/2019	5	4/2020	6
5/2019	5	5/2020	6
6/2019	5	6/2020	6
7/2019	5	7/2020	6
8/2019	5	8/2020	6
9/2019	5	9/2020	6
10/2019	5	10/2020	6
11/2019	5	11/2020	6
12/2019	5	12/2020	6
Total*	60	Total*	72

*Totals represents duplicated patients.

The applicant states that the projections for the patients to be served are based on the following assumptions:

- Projections are based on the applicant’s statewide experience, but specifically on its lowest volume hospice agency which averages approximately 10 patients per month
- Projections average five patients per month which equals 21 unduplicated patients during the first year with an average length of stay (ALOS) of 87.1 days, “*the company average*”
- Projections rely on educating the community to garner an increased utilization rate which will result in more patients in Year 2
- Its active presence in the community will result in the majority of admissions for the applicant (vs. the current major competitor from another county)
- The applicant plans to serve patients in adjacent counties as well

In Section IV, pages 24-25, the applicant provides tables for each component of hospice home care and states that respite care will be included in hospice home care. Below is the table for hospice home care by discipline for the first two project years.

LIBERTY HOSPICE VISITS BY DISCIPLINE*							
Year	Physician	Nursing	Social Work	Home Health Aide	Bereavement Counseling	Spiritual Counseling	Volunteer Services
2019	13	217	74	502	2	47	87
2020	16	260	89	602	3	56	105
Total	29	477	163	1104	5	103	192

*The applicant does not project visits for physical, speech or occupational therapy, bereavement, diet or family counseling, or home-maker/chore services.

In Section IV, pages 26, the applicant provides days of care by discipline as shown below in the table.

LIBERTY Projected Hospice Days of Care by Discipline First Two Project Years							
Month/Year	Routine Home Days	Respite Days	Inpatient Care Days	Month/Year	Routine Home Days	Respite Days	Inpatient Care Days
1/2019	155	1	25	1/2020	186	1	25
2/2019	140	1	25	2/2020	168	1	25
3/2019	155	1	25	3/2020	186	1	25
4/2019	150	1	25	4/2020	180	1	25
5/2019	155	1	25	5/2020	186	1	25
6/2019	150	1	25	6/2020	180	1	25
7/2019	155	1	25	7/2020	186	1	25
8/2019	155	1	25	8/2020	186	1	25
9/2019	150	1	25	9/2020	180	1	25
10/2019	155	1	25	10/2020	186	1	25
11/2019	150	1	25	11/2020	180	1	25
12/2019	155	1	25	12/2020	186	1	25

On page 26 and in supplemental information received by the agency on July 18, 2018, the applicant projects to provide 4,291 routine home days (Data for July 2020 was received by the Agency in supplemental information received on July 13, 2018), 24 respite care days and 600 inpatient care days (the inpatient care days will be provided by a nursing facility, Cross Creek Health Care). On page 28, the applicant provides two tables, one for each project year which depict total days of care for each year by discipline and payor source.

On pages 26 - 28 the applicant states,

“Liberty used operational experience and the company wide average LOS as well as historical data included in the SMFP regarding historical admissions. The Applicant felt that relying on the average days of care per admission in the SMFP was not as reasonable as basing assumptions off of our company’s much more robust data set of historical care.”

Also see Exhibit 02 for copies of contracts with affiliated entities.

Projected utilization is reasonable and adequately supported for the following reasons:

- it is based on Liberty’s lowest volume hospice agency,
- Liberty’s community education plan,
- Liberty’s presence providing home health care in the area

Access

In Section III.2, page 16, and in Exhibit 11, page 302, the applicant discusses how its proposal will promote equitable access in delivering hospice services. Exhibit 3 contains Liberty’s policy on admissions which includes non-discrimination and indigent care. The applicant projects charity care to equal 0.17% of gross revenue, which totals \$159.17 in PY2 ($\$159.17 / 91,053.07 = 0.1748\%$). See Form B and assumptions in the financial section, page 61. In

Section VI.9, page 35, the applicant projects the following payor mix during the second full fiscal year of operation following completion of the project, as illustrated in the following table.

LIBERTY HOSPICE	
Payor Source	All Services
Self-Pay	%
Charity Care	%
Medicare	95.5%
Medicaid	0.5%
Commercial Insurance	%
Workers Compensation	%
TRICARE	%
Other (Specify)	%
Total	100.0%

The projected payor mix is reasonable and adequately supported.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce a service, eliminate a service, or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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.

C

Liberty proposes to develop a hospice home care office at 1151 Main Street in Swan Quarter which is located in Hyde County, pursuant to the adjusted need determination identified in the 2018 SMFP.

In Section III.7, page 17, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Maintain the Status Quo –The applicant states that maintaining the status quo is not the most effective alternative due to the adjusted need determination in the 2018 SMFP for a hospice home care office in Hyde County.
- Develop the Hospice Office in a new Liberty home hospice office in Hyde County. On page 17 the applicant states that its proposal is the most effective alternative because it would be offering hospice services in addition to its existing home care agency. The applicant states,

“A freestanding hospice agency (i.e. only [sic] that only offers hospice services and not home care) would never be able to achieve profitability on its own with the required level of staffing and the anticipated volume of patients. However, having the ability of some home care staff to pull double duty and perform functions for both home care and hospice allows both to be profitable together, where neither one would be on its own.”

The applicant provides supporting documentation in Exhibit 9.

The applicant adequately demonstrates that the alternative proposed in this application will meet the need because it is the most cost-effective alternative.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Liberty Homecare VII, LLC d/b/a Liberty Homecare & Hospice of Hyde County shall materially comply with all representations made in the certificate of need application.**
 - 2. Pursuant to the need determination identified in the 2018 State Medical Facilities Plan, Liberty Homecare VII, LLC d/b/a Liberty Homecare & Hospice of Hyde County shall develop no more than one hospice home care office in Hyde County.**
 - 3. Upon completion of the project, Liberty Homecare & Hospice of Hyde County shall be licensed for no more than one hospice home care office in Hyde County.**
 - 4. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Liberty Homecare VII, LLC d/b/a Liberty Homecare & Hospice of Hyde County shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 5. Liberty Homecare VII, LLC d/b/a Liberty Homecare & Hospice of Hyde County shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

Liberty proposes to develop a hospice home care office at 1151 Main Street in Swan Quarter which is located in Hyde County, pursuant to the adjusted need determination identified in the 2018 SMFP.

Capital and Working Capital Costs

In Section VIII, page 43, the applicant projects the total capital cost of the project as shown below in the table.

Liberty Hospice	
Annual Lease	\$12,500
Office Equipment	\$10,000
Total	\$22,500

In Section VIII, pages 43-45, the applicant provides the assumptions used to project the capital cost.

The applicant does not project start-up costs or initial operating expenses, but provides a letter in Exhibit VIII from the owners stating that they will personally fund any such costs if necessary.

Availability of Funds

In Section VIII, page 44, the applicant states that the capital cost will be funded by the owners of Liberty, John A. McNeill, Jr. and Ronald B. McNeill.

LIBERTY HOSPICE	
Sources of Capital Cost Financing	
Type	John A. McNeill, Jr. and Ronald B. McNeill (owners)
Loans	\$
Accumulated reserves or OE *	\$22,500
Bonds	\$
Other (Specify)	\$
Total Financing	\$22,500

* OE = Owner's Equity

The applicant states no working capital needs for the project, but if necessary, will also be funded by the Liberty owners.

Financial Feasibility

The applicant provided financial statements for the 2016 and 2017 of the home care operation in Exhibit 9, pages 287-290. In Form B, the applicant projects that revenues will exceed operating expenses in the second operating year of the project, as shown below in the table.

LIBERTY HOSPICE		
	1st Full Fiscal Year	2nd Full Fiscal Year
Total Patient Days*	1849	2214
Total Projected Revenues (Charges)	\$295,887	\$354,261
Average Revenue per Patient Day	\$160	\$160
Total Operating Expenses (Costs)	\$249,128	\$263,208
Average Operating Expense per Patient Day	\$135	\$119
Net Income	\$46,759	\$91,053

*Section IV.10(a), page 28: routine and respite patient days only, does not include inpatient care days.

The pro forma financial statements follow Section XII in the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section IV, pages 28-29, Exhibit 5 of the application and supplemental information received by the Agency on July 13, 2018 for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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

Liberty proposes to develop a hospice home care office at 1151 Main Street in Swan Quarter which is located in Hyde County, pursuant to the adjusted need determination identified in the 2018 SMFP.

On page 318, the 2018 SMFP defines the service area for hospice offices as the hospice planning area in which the hospice office is located. Thus, the service area for this facility consists of Hyde County. Facilities may also serve residents of counties not included in their service area.

The 2018 SMFP identifies a need determination for one hospice home care office in Hyde County. There are two hospice home care agencies listed in Table 13A, page 333 of the 2018 SMFP as serving Hyde County. However, the applicant states that Community Home Care and Hospice, which was located in Hyde County has ceased operations. The other agency is Amedisys which is located in Washington County. The table below depicts the home hospice agencies serving Hyde County (Note: 2016 data).

HYDE COUNTY					
Existing and Approved Hospice Home Care Offices					
2016 Data					
License #	Facility County	Facility Name	Admissions	Days of Care	Deaths
HOS4596	Washington	Amedisys Hospice Care	17	1027	13
HOS3302	Hyde	Community Home Care and Hospice*	11	618	11
	Totals		28	1,645	24

*Community Home Care and Hospice has closed.

In Section III, page 10, the applicant explains why its proposal would not result in the unnecessary duplication of existing or approved hospice services in Hyde County as there are no hospice offices in the county. The applicant states: *“Hyde County is a unique and challenging location to provide healthcare services. It’s [sic] rural and remote location, coupled with a sparse population, make it a relatively unattractive market for healthcare providers ...”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- The State Health Coordinating Council and Governor determined that one new hospice home care agency or office will be needed in Hyde County in 2018 in addition to the one existing agency serving Hyde County residents. See Table 13G on page 362 of the 2018 SMFP. Liberty submitted the petition to the State Health Coordinating Council for an adjusted need determination and submitted its application in response to the adjusted need determination in the 2018 SMFP.
- Liberty adequately demonstrates in its application that the hospice home care agency it proposes to develop in Hyde County is needed in addition to the existing agency; which operates from another county. See Sections III, IV and VI of Liberty’s application.
- Because hospice home care services are primarily provided in the patient’s home, the proposed location of the home health agency within the county is not usually a relevant consideration. However, the applicant has stated in its discussion on geographical access to Hyde County residents (Section III.1(a), pages 10-12), that Hyde County’s

location is both unique and challenging to navigate due to its rural and remote location and sparse population.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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, Table VII.1, page 40 and Table VII.2, page 42, the applicant provides projected staffing for the proposed services. Total full-time equivalents (FTEs) are projected to be 3.5, as shown below in the table.

LIBERTY HOSPICE Proposed Staffing	
Position	Projected FTEs 2nd Project Year
Administrator (existing)	1.00
Administrative staff (existing)	0.50
RN (care provider)	0.50
LPN	0.25
Certified Nurse	0.25
Social Worker	0.25
Bereavement Counselor	0.04
Clergy	0.10
Volunteer Coordinator	0.50
Health Liaison	0.075
Total	3.465

In Section IV, page 24, the applicant provides the projected visits by discipline in the first two project years as shown in the following table.

LIBERTY HOSPICE							
Number of Visits by Discipline							
Project Year 1 and Project Year 2							
	Physician	Nursing	Social Work	Home Health Aide	Bereavement Counseling	Spiritual Counseling	Volunteers
Year 1 2019	13	217	74	502	2	47	87
Year 2 2020	16	260	89	602	3	56	105
Total	29	477	163	1104	5	103	192

Also in Section VII, page 36, the applicant provides the projected visits per day by discipline as shown below in the table.

LIBERTY HOSPICE	
Projected Visits Per Day by Discipline	
Discipline	Visits per Day
RN	0.7
Home Health Aide	1.65
Social Worker	0.24
Bereavement Counselor	0.01
Family Counselor	0.15
Medical Director	0.04
Volunteer Coordinator	0.29

The assumptions and methodology used to project staffing are provided in Section VII. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form B, which is found after Section XII, Section IV, page 23-24 and Exhibit 9, the applicant's 2017 and 2016 unaudited financial statements. In Section VII.2, pages 37-38, the applicant describes the methods it uses and will continue to use to recruit or fill new positions. In VII.7 the applicant discusses its existing training and continuing education programs. In Section H.4, pages 38-39, the applicant identifies the current medical director, who will serve both the home health agency and the hospice agency.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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, page 7 and/or in Exhibit 3 - *Interdisciplinary Team and Coordination of Care*, the applicant states that the following ancillary and support services are necessary for the proposed services:

- nursing services will be performed by licensed nurses and properly licensed aides under the supervision of a registered nurse
- hospice medical director (or the patient's personal physician) will provide physician services
- medical social work
- bereavement and other counseling
- dietitians
- volunteers
- home health aides
- therapists and
- pharmacists

In Section II.3 and/or in Exhibit 3, pages 183-186, the applicant adequately explains its existing ancillary and support services that will, as appropriate, be available for the hospice.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

The applicant does not propose to construct any new space or renovate any existing space. Therefore, Criterion (12) is not applicable to this review.

- (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;

NA

The applicant nor any related entities own, operate or manage an existing facility located in the service area. Therefore, Criterion (13a) is not applicable to this review.

- (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;

NA

Neither the applicant nor any related entities own, operate or manage an existing facility located in the service area. Therefore, Criterion (13b) is not applicable to this review.

- (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, page 35, the applicant projects the following payor mix for the proposed services during the second full fiscal year of operation following completion of the project, as shown below in the table.

LIBERTY HOSPICE PAYOR MIX OY2	
Payor Category	Percent of Total
Medicare	95%
Medicaid	5%
Total	100%

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 95% of total services will be provided to Medicare patients and 5% to Medicaid patients. The applicant does not indicate any services provided for charity care patients in this section. However, in the projected revenue in the pro forma the applicant states charity care for the first two project years as \$159.17 per year.

In supplemental information received by the Agency on July 12, 2018, the applicant provides the assumptions and methodology used to project payor mix during the second full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported for the following reasons, the applicant's experience in managing and operating home health agencies and other hospices.

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In Section VI.5(a), page 33, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In Section V.1, page 30, the applicant states that there are no health professional training programs in the area. The applicant further states that the nearest health training program is over an hour away. In Exhibit 6, the applicant provides a letter inviting Beaufort Community College to use Liberty Hospice as a training site.

The Agency reviewed the:

- Application
- Exhibits to the application

- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of Beaufort Community College's health professional training programs, and therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

Liberty proposes to develop a hospice home care office at 1151 Main Street in Swan Quarter which is located in Hyde County, pursuant to the adjusted need determination identified in the 2018 SMFP.

On page 318, the 2018 SMFP defines the service area for hospice offices as the hospice planning area in which the hospice office is located. Thus, the service area for this facility consists of Hyde County. Facilities may also serve residents of counties not included in their service area.

The 2018 SMFP identifies an adjusted need determination for one hospice home care office in Hyde County. There are two hospice home care agencies listed in Table 13A, page 333 of the 2018 SMFP as serving Hyde County. However, the applicant states that Community Home Care and Hospice, located in Hyde County has ceased operations. The other agency is Amedisys which is located in Washington County. The table below depicts the home hospice agencies serving Hyde County (Note: 2016 data).

HYDE COUNTY Existing and Approved Hospice Home Care Offices 2016 Data					
License #	Facility County	Facility Name	Admissions	Days of Care	Deaths
HOS4596	Washington	Amedisys Hospice Care	17	1027	13
HOS3302	Hyde	Community Home Care and Hospice*	11	618	11
Totals			28	1,645	24

*Community Home Care and Hospice has closed.

In Section II.11, page 9, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. On page 11, the applicant states,

“The proposed project will have a very minimal impact on competition in the proposed service area. A main reason that the Applicant petitioned for a special need determination is because Community Home Care and Hospice, the only Hyde County based Hospice agency, ceased operations last year. According to the 2018 [sic] only one other Hospice agency served Hyde County residents. Washington County based Amedisys Hospice Care served 17 patients from Hyde County in 2016 ... The Amedisys agency is located in Plymouth NC and is over an hour’s drive from Engelhard, ... in Hyde County. ... The Applicant will have local staff in the area and will be able to be more responsive in the event of an emergency rather than having to send for a nurse that may be several counties away.”

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- The cost-effectiveness of the proposal (see Sections III and X of the application and any exhibits)
- Quality services will be provided (see Section II of the application and any exhibits)
- Access will be provided to underserved groups (see Section VI of the application and any exhibits)

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency
- Information publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 supplemental information received by the Agency on July 12, the applicant lists 22 hospices located in North Carolina owned, operated or managed by the applicant or a related entity. In supplemental information received by the Agency on July 23, 2018, the applicant lists 27 locations in which it provides home care services. In supplemental information received by the Agency on July 25, the applicant provides the compliance status of each of its hospices. All of the hospices are listed as being in compliance.

Additionally, in supplemental information received by the Agency on July 23, 2018, the applicant states that during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in two of the home care facilities. The applicant states that compliance is pending for both facilities. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 27 home care and all 22 hospice facilities, the applicant provided sufficient evidence that quality care has been provided in the past. 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

10A NCAC 14C .1503 PERFORMANCE STANDARDS

An applicant proposing to develop a hospice shall demonstrate that no less than 80 percent of the total combined number of days of hospice care furnished to Medicaid and Medicare patients will be provided in the patients' residences in accordance with 42 CFR 418.302(f)(2).

- C- In Section IV.10(a), page 28, the applicant provides the days of care to be provided to Medicare and Medicaid recipients in their homes for PY1 and PY2, respectively, as shown in the following table.

LIBERTY HOSPICE			
% Days in Patient's Residence /% Routine Home Care Days			
Year 1 - FY 2019			
	Medicare Days	Medicaid Days	Total
Routine Home Care Days	1825	12	1837
Total Patient Days	1837	12	1849
% of Days Provided in Residence	99.3%	1.0%	100.0%
% Days in Patient's Residence /% Routine Home Care Days			
Year 2 - FY 2020			
Routine Home Care Days	2,190	12	2,202
Total Patient Days	2,202	12	2,214
% of Days Provided in Residence	99.5%	1.0%	100.0%

Table may not foot due to rounding.

The application is conforming to this rule.