ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conforming as Conditioned
NC = Nonconforming
NA = Not Applicable

Decision Date: May 18, 2021
Findings Date: May 18, 2021

Project Analyst: Misty L. Piekaar-McWilliams
Team Leader: Gloria C. Hale

Project ID #: D-12028-21
Facility: Caldwell Hospice Patient Care Unit
FID #: 210093
County: Watauga
Applicant: Caldwell Hospice and Palliative Care, Inc.
Project: Develop a new freestanding hospice inpatient facility with 6 hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and 1 residential bed

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §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 & Palliative Care, Inc. (CHPC), proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

Need Determination

The 2021 State Medical Facilities Plan (SMFP) includes a hospice inpatient bed need determination for six (6) hospice inpatient beds in the Watauga County service area. The applicant applied for six (6) hospice inpatient beds in response to the need identified in the 2021 SMFP for six (6) hospice inpatient beds in Watauga County and there were no other applications submitted for those beds. The applicant does not propose to develop more hospice inpatient beds than are determined to be needed in the Watauga County service area. Thus, CHPC's

proposal is consistent with the need determination in the 2021 SMFP for hospice inpatient beds in Watauga County.

Policies

Policy GEN-3: *Basic Principles*, and Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities* on page 29 of the 2021 SMFP are 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."*

Promote Safety and Quality – The applicant describes how it believes the proposed project would promote safety and quality in Section B, pages 26-27; Section N, pages 104-106; Section O, page 108; and referenced exhibits. On page 26, the applicant states, "*The quality of care and compassion that can be delivered in a home-like environment is unparalleled – and the ability to carry out the true hospice philosophy of care is greatly enhanced in a hospice facility*." The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would promote safety and quality.

Promote Equitable Access – The applicant describes how it believes the proposed project would promote equitable access in Section B, pages 28-29; Section L, pages 97-101; Section N, pages 106-107; and referenced exhibits. On page 28, the applicant states that the applicant has never turned anyone away due to an inability to pay for its services. The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would promote equitable access.

Maximize Healthcare Value – The applicant describes how it believes the proposed project would maximize healthcare value in Section B, page 29; Section F, pages 71-76 (including Forms F.2 and F.3); and Section N, page 104. On page 29, the applicant states, "*Focusing on palliative care rather than aggressive curative treatments grants the hospice [facility] the ability to ensure that only hospice-appropriate services are provided and reduces the cost of providing said care, thus reducing the costs passed to patients and maximizing the value of the services being provided.*" The information provided by the applicant is reasonable and adequately supports the determination that the applicant's proposal would maximize healthcare value.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities on page 29 of the 2021 SMFP states:

> *"Any person proposing a capital expenditure greater than $2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project's plan to assure improved energy efficiency and water conservation.*
>
> *In approving a certificate of need proposing an expenditure greater than $5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*
>
> *Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."*

The proposed capital expenditure for this project is greater than $5.0 million. In Section B, page 30, the applicant describes the project's plan to improve energy efficiency and conserve water and provides supporting documentation in Exhibit B.21. On page 30, the applicant states, "*CHPC is committed to providing high quality hospice services in a manner that is energy efficient and accounts for the conservation of water*." The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4.

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 inpatient beds than are 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 documents how the project will promote safety and quality in the delivery of hospice services in Watauga County.
    - The applicant adequately documents how the project will promote equitable access to hospice services in Watauga County.
    - The applicant adequately documents how the project will maximize healthcare value for the resources expended in Watauga County.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 for the following reasons:
    - The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.
    - The applicant adequately documents their willingness to submit an Energy Efficiency and Sustainability Plan to the Agency's Construction Section that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.

(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, … persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

Patient Origin

On page 255, the 2021 SMFP defines the service area for hospice inpatient services as the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area. The proposed project will be located in Watauga County. Thus, the service area is Watauga County. However, the applicant states on page 38 that it projects its proposed project will serve patients from Ashe, Avery and Watauga counties. The applicant explains this is due to limited health facilities in these three (3) counties, and, thus, the residents residing in these three (3) counties are accustomed to traveling to a different county for services. Facilities may serve residents of counties not included in their service area.

On page 37, the applicant states there is no historical patient origin data as the proposed project does not involve an existing facility. On page 39, the applicant identifies the projected patient origin for inpatient and residential hospice patients at CHPC for the first three (3) fiscal years (FY), as shown below.

CHPC Projected Patient Origin - Hospice Inpatient Beds

	1st Full FY (7/1/2023-6/30/2024)		2nd Full FY (7/1/2024-6/30/2025)		3rd Full FY (7/1/2025-6/30/2026)	
County	**# of Patients**	**% of Total**	**# of Patients**	**% of Total**	**# of Patients**	**% of Total**
Watauga	144	44.2%	155	44.2%	166	44.2%
Ashe	95	26.2%	102	26.2%	110	26.2%
Avery	109	29.7%	117	29.7%	126	29.7%
TOTAL	**347**	**100.0%**	**374**	**100.0%**	**401**	**100.0%**

Source: Section C, page 39.

CHPC Projected Patient Origin - Hospice Residential Bed

	1st Full FY (7/1/2023-6/30/2024)		2nd Full FY (7/1/2024-6/30/2025)		3rd Full FY (7/1/2025-6/30/2026)	
County	**# of Patients**	**% of Total**	**# of Patients**	**% of Total**	**# of Patients**	**% of Total**
Watauga	4	44.2%	4	44.2%	4	44.2%
Ashe	2	26.2%	2	26.2%	3	26.2%
Avery	3	29.7%	3	29.7%	3	29.7%
TOTAL	**9**	**100.0%**	**9**	**100.0%**	**10**	**100.0%**

Source: Section C, page 39.

In Section C, pages 38-40, and Form C, the applicant provides the assumptions and methodology used to project patient origin. The applicant states on page 38 that it projects to serve patients from Ashe, Avery and Watauga counties (three county area) but will accept any patient who needs hospice services regardless of county of origin. The analyst notes on page 40 that the applicant's total number of patients for both inpatient hospice and residential hospice patients will be 357, 384 and 412 patients for the 1st, 2nd and 3rd full fiscal years (FFY) respectively. The analyst's calculated projections differ slightly at 356, 383, and 411 patients for the 1st, 2nd, and 3rd FFY respectively; however, this difference is insignificant. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant currently operates two (2) hospice inpatient facilities and has experience providing hospice and palliative care services in the service area.
- The applicant bases projected patient origin on the historical 2019 hospice admissions as a percent of total hospice admissions for the three county area.

Analysis of Need

In Section C.4, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On pages 40-50, the applicant states that the specific need for the project is based on the following factors:

- The projected growth and aging in the three county area (pages 42-43).
- The lack of local access to freestanding hospice inpatient and residential options (pages 43-45).
- Support of local community leaders and residents for the development of a freestanding hospice inpatient and residential facility (pages 41, 44-45).
- The option to choose hospice services and its model of care as opposed to admission into a hospital or long-term care facility (pages 45-47).
- The growth in hospice utilization for Watauga County and surrounding counties including Ashe and Avery counties (pages 47-50).

The information is reasonable and adequately supported based on the following:

- There is a need determination in the 2021 SMFP for six (6) hospice inpatient beds in Watauga County.
- The applicant provides reasonable information to support area residents' need for access to hospice inpatient and residential services.
- The applicant uses reasonable demographic data to make the assumptions with regard to the populations to be served, their aging, health status and the need for the proposed services.
- The applicant provides reasonable information that there is a lack of hospice inpatient and residential services in the three county area and documents local support for the proposed project.

Projected Utilization

In Section Q, Form C.1b, the applicant projects utilization for the six (6) hospice inpatient beds and the one (1) hospice residential bed as illustrated in the following table:

CHPC	1ST FFY 7/1/2023-6/30/2024	2ND FFY 7/1/2024-6/30/2025	3RD FFY 7/1/2025-6/30/2026
Hospice Inpatient Beds			
# of Beds	6	6	6
# of Admissions or Discharges (Admissions)	347	374	401
# of Patient Days	1,424	1,533	1,643
Average Length of Stay (ALOS)	4.10	4.10	4.10
Occupancy Rate	65.0%	70.0%	75.0%
Hospice Residential Beds			
# of Beds	1	1	1
# of Admissions or Discharges (Admissions)	9	9	10
# of Patient Days	237	256	274
ALOS	27.5	27.5	27.5
Occupancy Rate	65.0%	70.0%	75.0%

Source: Section Q, Form C.1b.

In Section Q, the applicant provides the assumptions and methodology used to project utilization, as summarized below:

Hospice Inpatient Beds

Step 1: Apply 2021 SMFP Hospice Inpatient Beed Need Methodology using County ALOS

The applicant projects hospice inpatient bed need applying the methodology used in the 2021 SMFP using the county's actual historical ALOS per admission in lieu of the statewide median ALOS. The applicant projects a need in 2024 for 9.53 hospice inpatient beds in the three county area based on applying the three county area's ALOS.

County	Total Admissions (2019)*	Total Days of Care (2019)*	ALOS per Admission**	Total 2024 Admissions^	2024 Days of Care at County ALOS^^	Projected Hospice Inpatient Days#	Projected Total Inpatient Beds##
Ashe	150	18,782	125.21	189	23,650	740	2.38
Avery	170	21,054	123.85	214	26,510	830	2.67
Watauga	253	35,212	139.18	319	44,348	1,383	4.47
TOTAL	**573**	**75,048**	**130.97**	**721**	**94,422**	**2,955**	**9.53**

Source: Form C, page 2.
*Source: 2020 License Data Supplements per *SMFP* need methodology.
**2019 Total Days of Care / 2019 Total Admissions per *SMFP* need methodology.
^2019 Total Admissions x 5 Years Growth at 4.7 percent Annually per *SMFP* need methodology.
^^ALOS per Admission x Total 2024 Admissions.
#2024 Days of Care at County ALOS x 3.13% per *SMFP* need methodology.
##(Projected Inpatient Days / 365.25) / 85% per *SMFP* need methodology.

Step 2: Project Future Hospice Inpatient Bed Need Using 2021 SMFP Methodology from Step 1

The applicant projects hospice inpatient days for the three county area by Federal fiscal year (FFY) using the assumptions and methodology in Chapter 13 of the 2021 SMFP by applying the three county ALOS per admission as illustrated in the following table:

FFY	Total Admissions*	ALOS per Admission**	Projected Days of Care at County ALOS^	Projected Hospice Inpatient Days^^
2020	600	130.97	78,575	2,459
2021	628	130.97	82,268	2,575
2022	658	130.97	86,135	2,696
2023	689	130.97	90,183	2,823
2024	721	130.97	94,422	2,955
2025	755	130.97	98,860	3,094
2026	790	130.97	103,506	3,240

Source: Form C, page 3.
*Previous Year Admissions x Annual Growth Rate of 4.7% per SMFP need methodology.
**Actual 2019 ALOS for Ashe, Avery and Watauga counties based on Total Days of Care / Total Admission combined for the three counties.
^ALOS per Admission x Total Admissions.
^^Days of Care at combined county ALOS x 3.13% per SMFP need methodology

Step 3: Adjust FFY (Federal Fiscal Year) in Step 2 to SFY (State Fiscal Year)

Due to the applicant's fiscal year corresponding to the SFY, the applicant adjusts the projected FFY hospice inpatient days to SFY using the following formula as shown below:

SFY 2021=(FFY 2020 x (3/12)) + (FFY 2021 x (9/12))

SFY	Three County Area Projected Hospice Inpatient Days
2021	2,546
2022	2,666
2023	2,791
2024	2,922
2025	3,060
2026	3,203

Source: Form C, page 3.

Step 4: Project Occupancy and Patient days for CHPC's Proposed Facility

The applicant uses data from the first two (2) years of operation for its Forlines Patient Care Unit, a freestanding hospice inpatient facility in Caldwell County, adjacent to Watauga County, to predict projected occupancy. Both the proposed project and Forlines Patient Care Unit are

(or would be) freestanding hospice inpatient facilities. The Forlines Patient Care Unit reached a year to date occupancy of 85.4% within its second month of operation and remained over 92% occupied for the following 22 months. Based on Forlines Patient Care Unit utilization within the first 24 months of operation, the applicant projects to operate at 65% occupancy during the first full fiscal year, 70% occupancy during the second full fiscal year and 75% occupancy during the third full fiscal year.

SFY	CHPC's Proposed Hospice Inpatient Beds	CHPC Projected Occupancy	CHPC Projected Hospice Inpatient Days*	Total Projected Service Area Hospice Inpatient Days based on SMFP Methodology	CHPC Projected Hospice Inpatient Days as % of Total Projected Service Area Hospice Inpatient Days**
2024	6.0	65%	1,424	2,922	48.7%
2025	6.0	70%	1,533	3,060	50.1%
2026	6.0	75%	1,643	3,203	51.3%

Source: Form C, page 5.
*((6.0 Beds x 365 days) x Percent Occupancy)
**Projected CHPC Hospice Inpatient Days / Total Projected Service Area Hospice Inpatient Days

Step 5: Project CHPC's Hospice Inpatient Admissions

The applicant projects its hospice inpatient admissions based on the 2019 ALOS of hospice admissions from the three county area multiplied by 3.13%, which is the two (2) year trailing average statewide hospice inpatient utilization rate, as used in the 2021 SMFP.

	2019 ALOS Per Hospice Admission	2 Yr. Trailing Avg. Statewide Hospice Inpatient Utilization Rate	CHPC Projected Hospice Inpatient Days per Admission
Three County Area	130.97	3.13%	4.1

Source: 2021 SMFP.

Hospice Residential Beds

Step 1: Project Hospice Residential Bed Demand in Three County Area

The applicant calculates the average of the three county area's 2019 percent of hospice deaths to hospice admissions at 75.9% as shown below:

County	2019 Hospice Deaths	2019 Total Hospice Admissions	Percent of Hospice Deaths to Hospice Admissions
Ashe	126	150	84.0%
Avery	94	170	55.3%
Watauga	215	253	85.0%
TOTAL	**435**	**573**	**75.9%**

Source: 2021 SMFP.

The applicant then projects hospice deaths in the three county area from 2022 to 2026 by applying the average 2019 percent of hospice deaths to hospice admissions to the projected number of hospice admissions in the three county area.

Year	Projected Total Three County Area Hospice Admissions*	Three County Area Percent of Hospice Deaths to Hospice Admissions	Three County Area Projected Number of Hospice Deaths**
2020	600	75.9%	455
2021	628	75.9%	477
2022	658	75.9%	499
2023	689	75.9%	523
2024	721	75.9%	547
2025	755	75.9%	573
2026	790	75.9%	600

*Previous Year Admissions x Annual Growth Rate of 4.7% per SMFP need methodology.
**Projected Total Three County Area Hospice Admissions x Three County Area Percent of Hospice Deaths to Hospice Admissions

The applicant then projects total number of hospice residential patients for the three county area by multiplying projected hospice deaths for the three county area by the percentage of patients age 75 and older and then multiplying that result by the percentage of patients age 65 and over without a caregiver.

FFY	Three County Area Projected Number of Hospice Deaths	Hospice Patients Percent Age 75 and Older*	Three County Area Percent Age 65 and Over without a Caregiver^	Three County Area Potential Residential Patients
2020	455	77.1%	11.3%	40
2021	477	77.1%	11.3%	41
2022	499	77.1%	11.3%	43
2023	523	77.1%	11.3%	45
2024	547	77.1%	11.3%	48
2025	573	77.1%	11.3%	50
2026	600	77.1%	11.3%	52

Source: Form C, page 14.
*Percent Age 75 and older from the NHPCO Facts and Figures, 2018 Edition.
^ Percent without caregiver from 2021 ESRI Population Summary Report for Ashe, Avery, and Watauga counties.

The applicant then projects total hospice residential days of care for the three county area by multiplying total hospice residential patients by an ALOS of 27.5 days, which is equivalent to the average 2020 ALOS of hospice residential patients served at CHPC's two (2) existing hospice patient care units in adjacent Caldwell County.

Facility	CHPC 2020 Hospice Residential Bed Admissions	CHPC 2020 Hospice Residential Days	CHPC 2020 Hospice Residential Days per Admission
Stevens Patient Care Unit	63	1,664	26.4
Forlines Patient Care Unit	20	615	30.8
TOTAL	**83**	**2,279**	**27.5**

Source: 2021 Licensed Renewal Applications.

The applicant then projects total hospice residential days of care for the three county area from present until 2026 as shown in the following table:

FFY	Three County Area Potential Hospice Residential Patients	CHPC 2020 Hospice Residential Days per Admission	Three County Area Potential Hospice Residential Days	Three County Area Hospice Residential Bed Need*
2020	40	27.5	1,089	3.5
2021	41	27.5	1,140	3.7
2022	43	27.5	1,193	3.8
2023	45	27.5	1,249	4.0
2024	48	27.5	1,308	4.2
2025	50	27.5	1,370	4.4
2026	52	27.5	1,434	4.6

*Three County Area Projected Hospice Residential Days / 365 / 85% occupancy

Based on the applicant's methodology, the three county area could support up to five (5) hospice residential beds by 2026 but the applicant is proposing to develop one (1) hospice residential bed. The applicant states in Form C, page 15, that it believes it must respond to the need for the six (6) hospice inpatient beds as determined in the 2021 SMFP and can pursue adding additional residential beds as need and funding allow in the future.

Step 2: Project CHPC Hospice Residential Bed Utilization

The applicant projects to provide 274 hospice residential days of care in SFY 2026. The applicant states this is reasonable because of its extensive experience in providing the service, its policy of continuing to treat patients who do not meet the Medicare definition of 'acute' and the historical utilization of its six (6) existing hospice residential beds located in adjacent Caldwell County. The following table projects the applicant's projected hospice residential bed utilization:

FFY	CHPC Available Hospice Residential Days*	CHPC Projected Occupancy	Projected CHPC Hospice Residential Days of Care^
2024	365	65%	237
2025	365	70%	256
2026	365	75%	274

*365 Days x 1 Hospice Residential Bed
^Available Hospice Residential Days x CHPC Projected Occupancy

The applicant then projects ALOS for hospice residential patients will be 27.5 days, which is the equivalent to the average 2020 ALOS of hospice residential patients served at CHPC's two (2) existing hospice patient care units. The applicant projects to serve 10 hospice residential admissions in SFY 2026.

FFY	CHPC Projected Hospice Residential Days*	CHPC Projected Hospice Residential Days per Admission	CHPC Projected Hospice Residential Admissions*
2024	237	27.5	9
2025	256	27.5	9
2026	274	27.5	10

*Projected Hospice Residential Days / Projected Hospice Residential Days per Admission

Projected utilization is reasonable and adequately supported based on the following:

- Projected growth is supported by the applicant's historical utilization from the three county area as discussed in Form C, pages 6-8.
- The applicant projects occupancy for the proposed project using a similar hospice inpatient facility's occupancy rate during the first two (2) years of operation.
- The applicant provides letters of support from local health care providers showing there is an ongoing unmet need for inpatient hospice beds in the three county area.

- Patient origin reports for hospice services supports the three county area's projected utilization need for hospice inpatient and residential services.

Access to Medically Underserved Groups

In Section C, page 55, the applicant states:

> *"CHPC has a long-standing and demonstrated commitment to providing high quality hospice care to anyone in need of such services regardless of race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age, disability, genetic information, diagnosis, ability to pay, or DNR status…."*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons*	
Racial and ethnic minorities	3.5%
Women	54.0%
Persons with disabilities*	
Persons 65 and older	46.0%
Medicare beneficiaries	87.4%
Medicaid recipients*	

Source: Page 56 of the application.
*The applicant states on page 56 it does not maintain data for the number of low income or individuals with disabilities it serves but does not deny access to any group.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant provides its estimated percentage of each medically underserved group to be served based upon historical experience from the applicant's interdisciplinary team (which serves the service area) and assumes it will remain constant for the first three (3) years of operation.
- The applicant provides written statements about offering access to all residents of the service area, including underserved groups.

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 adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in the 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 and adequately supports their 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.

CA

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

In Section E, pages 69-70, 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 this was not an effective alternative due to the fact that it would not meet the need for hospice inpatient beds in Watauga County as the only options which exist are acute care hospital beds or nursing facility beds in the three county area.
- Develop a hospice inpatient and residential facility at a different site – The applicant states this was not an effective alternative due to the fact that it would not allow the applicant to co-locate the proposed project with their palliative care center under development on land it had previously purchased. By co-locating the proposed project with their palliative care center, it will create efficiencies and improve access.

On page 70, the applicant states that the area's ability to provide the full continuum of hospice care will be realized only with the development of a hospice inpatient and residential facility.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all statutory and regulatory review criteria. Therefore, the application can be approved.

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 for the reasons stated above. Therefore, the application is approved subject to the following conditions:

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

2. **The certificate holder shall develop six (6) hospice inpatient beds pursuant to the adjusted need determination in the 2021 State Medical Facilities Plan and one (1) residential hospice bed.**

3. **Upon completion of the project, Caldwell Hospice Patient Care Unit shall be licensed for no more than six (6) hospice inpatient beds and one (1) hospice residential bed.**

4. **Progress Reports:**
   a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: https://info.ncdhhs.gov/dhsr/coneed/progressreport.html.
   b. The certificate holder shall complete all sections of the progress report form.

c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
d. Progress reports shall be due on the first day of every fourth month. The first progress report shall be due on October 1, 2021. The second progress report shall be due on February 1, 2022, and so forth.

5. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**

6. **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, Caldwell Hospice and Palliative Care, Inc. 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.**

7. **The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**

8. **The certificate holder 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

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project as shown below in the table:

Proposed Capital Cost

Purchase Price of Land	$225,000
Site Preparation	$160,000
Construction/Renovation Contract(s)	$4,323,655
Landscaping	$55,725
Architect/Engineering Fees	$541,638
Medical Equipment	$100,000
Non Medical Equipment	$165,000
Furniture	$400,000
Consultant Fees (CON fees)	$58,000
Other (Inflation/Escalation)	$406,229
Other (Contingency)	$451,365
Total	**$6,886,612**

In Sections F and Q, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant states the costs are based on architect and vendor estimates and provides supporting documentation in Exhibit F.1.
- The applicant projects capital costs based on the applicant's experience in developing similar facilities.

In Section F, pages 73-74, the applicant projects that start-up costs will be $90,436 and initial operating expenses will be $306,976 for a total working capital of $397,412. On pages 73-74 and Section Q, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information regarding projected start-up costs and initial operating expenses provided on pages 73-74 and in Section Q.

Availability of Funds

In Section F, page 71, the applicant states that the capital cost will be funded as shown below in the table.

Sources of Capital Cost Financing

Type	CHPC
Loans	$0
Accumulated reserves or OE *	$0
Bonds	$0
Other (Fundraising Campaign)	$6,886,612
Total Financing	**$6,886,612**

* OE = Owner's Equity.

In Section F, page 72, the applicant states it intends to fund the proposed project through a successful capital campaign. The applicant provides supporting documentation in Exhibit F.2-1 from their Chief Executive Officer.

Exhibit F.2-1 contains a letter dated February 15, 2021, from the Chief Executive Officer of CHPC expressing its intent to fund the capital costs of the project with a successful fundraising campaign but should the campaign not meet its goal, then CHPC intends to use cash reserves and projected incoming revenues (accounts receivable) to fund the proposed project. The applicant provides supporting documentation in Exhibit F.2-2 which indicates sufficient cash and cash equivalents and projected incoming revenues (accounts receivable) are available for the proposed project should the fundraising campaign not meet its goal. Exhibit F.2-2 contains a copy of the audited financial statements for CHPC, which indicates it has total current assets of $9,298,370 as of June 30, 2020, which includes cash, cash equivalents, accounts receivable and prepaid expenses.

Financial Feasibility

The applicant provides pro forma financial statements for the first three (3) full fiscal years of operation following completion of the project. In Section Q, the applicant projects that revenues will exceed operating expenses in the second and third operating year of the project, as shown in the table below.

	1ST FULL FISCAL YEAR 7/01/2023-6/30/2024	2ND FULL FISCAL YEAR 7/01/2024-6/30/2025	3RD FULL FISCAL YEAR 7/01/2025-6/30/2026
Total Days of Care*	1,661	1,789	1,917
Total Revenue	$1,229,368	$1,558,460	$1,719,872
Average Revenue per Day of Care	$740	$871	$897
Total Operating Expenses (Costs)	$1,380,119	$1,424,770	$1,471,123
Average Operating Expense per Day of Care	$831	$796	$767
Net Income	($229,979)	$33,254	$137,910

Source: Form C, page 5, and Form F.2b
*CHPC Projected Hospice Inpatients Days based on projected occupancy for SFY 2024-2026 and includes residential days of care.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant's financial assumptions include projected estimates based on payor mix percentages, direct and indirect expenses, depreciation and inflation.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

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 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 and working capital needs of the proposal, including availability of funds should the fundraising campaign not meet its goal.
- 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

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

On page 255, the 2021 SMFP defines the service area for hospice inpatient services as the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area. The proposed project will be located in Watauga County. Thus, the service area is Watauga County. Facilities may serve residents of counties not included in their service area.

The 2021 SMFP identifies a need determination for six (6) hospice inpatient beds in the Watauga County service area pursuant to an adjusted need determination. CHPC proposes to add six (6) hospice inpatient beds and one (1) hospice residential bed. There is no current existing hospice inpatient or residential facility located in the service area. The applicant does not propose to develop more hospice inpatient beds than are determined to be needed in the service area.

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:

- There is a need determination in the 2021 SMFP for the proposed hospice inpatient beds.
- There is no current existing hospice inpatient or residential facility located in the service area.

Conclusion

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 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 Q, Form H, the applicant provides the projected full-time equivalent (FTE) staffing for the proposed services, as shown in the table below.

Position	Projected FTE Staff		
	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
Registered Nurses	4.4	4.4	4.4
CNA/Nursing Asst.	4.2	4.2	4.2
Director of Nursing	0.5	0.5	0.5
Dietary Aides	1.75	1.75	1.75
Social Workers	0.5	0.5	0.5
Housekeeping	1.2	1.2	1.2
Maintenance/Engineering	0.2	0.2	0.2
Medical Director	0.5	0.5	0.5
Chaplain	0.25	0.25	0.25
TOTAL	**13.5**	**13.5**	**13.5**

The applicant states that it bases its assumptions and methodology to project staffing on CHPC's experience in offering similar services at its existing facilities.

Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H, pages 83-84, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the applicant's experience in recruiting qualified staff and the applicant's ability to contract with other providers for ancillary services not offered directly by the applicant.

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 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.

Ancillary and Support Services

In Section I, page 85, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 85-86, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant specifically identifies the providers of the ancillary and support services.
- The applicant provides documentation from the providers regarding their interest and commitment to providing the services.

Coordination

In Section I, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2 including letters of support from local Boards of Commissioners. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because the applicant provides documentation that it has existing relationships with other local health care and social service providers.

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 for all the reasons described above.

(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.

C

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

In Section K, pages 92-93, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.4-1 through K.4-3. The site appears to be suitable for the proposed project based on the applicant's representations and supporting documentation.

In Section K, page 91, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the design of the building feels 'home-like' and will provide areas for community and family to gather and provide as much comfort as possible to the patients' loved ones.
- The applicant states patients and their loved ones will have access to amenities not normally found in an institutional setting such as a covered patio overlooking a meadow and stream and individual private baths and covered patios.
- The applicant states on pages 33-34 that the proposed project will be located adjacent to its High Country outpatient palliative care center and 635 square feet of the High Country outpatient palliative care center can serve the needs of the proposed facility.

In Section K, page 91, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The proposed project will offer a more cost-efficient means of providing hospice services than what is presently available in the community.
- The location of the proposed project will alleviate the need for individuals in that area to travel long distances should they prefer hospice care for their loved ones.

In Section K, page 92, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit B.21.

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 for all the reasons described above.

(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 … persons [with disabilities], 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 L, page 95, the applicant states there is no historical payor mix as the proposed project does not involve an existing facility. Whereas the applicant does not provide historical payor mix, in Section C, pages 55-56, the applicant states:

> *"CHPC has a long-standing and demonstrated commitment to providing high quality hospice care to anyone in need of such services regardless of …ability to pay…."*

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table based upon historical experience from the applicant's interdisciplinary team (which serves the service area).

Medically Underserved Groups	Percentage of Total Patients
Low income persons*	
Racial and ethnic minorities	3.5%
Women	54.0%
Persons with disabilities*	
Persons age 65 and older	46.0%
Medicare beneficiaries	87.4%
Medicaid recipients*	

Source: Section C, page 56.
*The applicant states on page 56 it does not maintain data for the number of low income or individuals with disabilities it serves but does not deny access to any group.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

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

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, the applicant states in Section L, page 97, that it has no obligation to provide uncompensated care. However, in Section C, page 55, the applicant states:

> *"CHPC has a long-standing and demonstrated commitment to providing high quality hospice care to anyone in need of such services regardless of race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age, disability, genetic information, diagnosis, ability to pay, or DNR status…."*

In Section L, page 97, the applicant states that during the last 18 months no patient civil rights access complaints have been filed against the facility or any related entities located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that 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 L, page 98, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below:

PAYOR CATEGORY	% OF TOTAL PATIENTS SERVED**
Self-Pay	7.9%
Charity Care^	
Medicare*	87.7%
Medicaid*	1.4%
Insurance*	3.0%
Total	**100.0%**

*including any managed care plans.
^CHPC's internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care.
**Applicant states on page 98 payor mix by patients will be different than payor mix by revenue for residential services due to the room and board portion of residential services not being covered by Medicare, and, therefore, is considered self-pay.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.9% of total services will be provided to self-pay patients, 87.7% to Medicare patients and 1.4% to Medicaid patients.

In Section L, pages 98-99, the applicant provides the assumptions and methodology used to project payor mix during the first three (3) full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant projects payor mix for hospice inpatient beds based on fiscal year 2020 payor mix for its three county area interdisciplinary team combined with its fiscal year 2020 payor mix of Forlines and Stevens Patient Care Units.
- The applicant projects payor mix for its proposed hospice residential bed based on fiscal year 2020 payor mix of its existing Forlines Patient Care Unit, which is located in adjacent Caldwell County.

The Agency reviewed the:

- Application
- Exhibits to the application

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

(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 L, page 101, 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

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

In Section M, page 102, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states it has long standing relationships with numerous academic institutions in the area.
- The applicant states the proposed facility will serve as a clinical training site for students.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area 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

The applicant, CHPC, proposes to develop a new freestanding hospice inpatient facility with six (6) hospice inpatient beds, pursuant to the adjusted need determination in the 2021 SMFP, and one (1) residential bed.

On page 255, the 2021 SMFP defines the service area for hospice inpatient services as the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area. The proposed project will be located in Watauga County. Thus, the service area is Watauga County. Facilities may serve residents of counties not included in their service area.

The 2021 SMFP identifies a need determination for six (6) hospice inpatient beds in the Watauga County service area pursuant to an adjusted need determination. CHPC proposes to add six (6) hospice inpatient beds and one (1) hospice residential bed. There is no current existing hospice inpatient or residential facility located in the service area. The applicant does not propose to develop more hospice inpatient beds than are determined to be needed in the service area.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 104, the applicant states:

> *"CHPC believes that it is uniquely positioned to enhance the quality, access, and value of hospice services in Watauga County…."*

Regarding the impact on cost effectiveness, in Section N, page 104, the applicant states:

> *"[T]he treatment philosophies and emotional needs of hospice inpatients differ greatly from those of the general patient population in a hospital or skilled nursing facility. As such, the philosophy and design of hospice inpatient care is more appropriate and cost effective to meet the needs of this patient population."*

See also Sections C, F, K and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 105, the applicant states:

> *"CHPC is well known as the most experienced provider of freestanding hospice inpatient care in North Carolina, operating the state's first freestanding patient care unit on February 1, 1989."*

The applicant then lists recent examples of awards and accolades presented to CHPC. See also Sections B, C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 106, the applicant states:

> *"The proposed project will promote equitable access in the delivery of the proposed hospice inpatient services, including access by those who are medically underserved."*

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

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 application is conforming to this criterion based on 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 Section Q, Form A, the applicant identifies the facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of two (2) facilities located in North Carolina.

In Section O, page 108, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these facilities. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in any of these facilities. After reviewing and considering information provided by the applicants and by the Acute and Home Care Licensure and Certification Section and considering the quality of care

provided at both facilities, the applicant provides 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

The application submitted by Caldwell Hospice and Palliative Care, Inc. is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities as promulgated in 10A NCAC 14C .4000. The specific criteria are discussed below.

SECTION .4000 - CRITERIA AND STANDARDS FOR HOSPICE INPATIENT FACILITIES AND HOSPICE RESIDENTIAL CARE FACILITIES

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 Form C, page 5, the applicant projects that the utilization rate for licensed hospice inpatient and residential beds will be 65 percent which exceeds 50 percent in the first operating year following completion of the proposed project. The discussion regarding projected utilization 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 Form C, page 5, the applicant projects that the utilization rate for licensed hospice inpatient and residential beds will be 70 percent which exceeds 65 percent in the second operating year following completion of the proposed project. The discussion regarding projected utilization in Criterion (3) is incorporated herein by reference.

(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 submitted to address the need for hospice inpatient beds. The application was not submitted to address the need for hospice residential 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.

-NA- The applicant does not propose to add hospice inpatient facility beds to an existing hospice inpatient facility.

(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 hospice residential care facility.