

PETITION

Petition for a Special Need Adjustment to the Hospice Inpatient Bed Need Methodology

Petitioner:

Hospice of the Carolina Foothills
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DFS Health Planning
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Medical Facilities
PLANNING SECTION

Requested Change:

Hospice of the Carolina Foothills requests an adjusted need determination in the 2009 *State Medical Facilities Plan* to remove the need determination for six (6) inpatient hospice beds in Polk County.

Reasons for Requested Change:

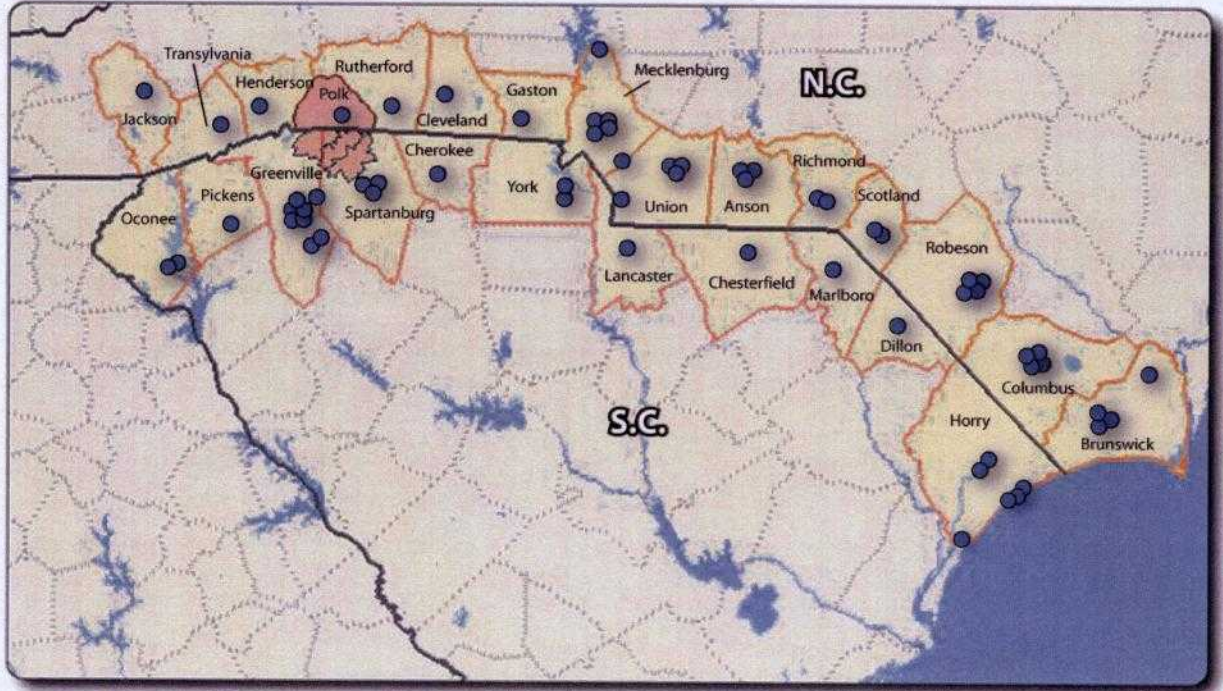
Hospice of the Carolina Foothills (HoCF) is an existing licensed, Medicare certified, hospice home care agency located in Polk County, North Carolina. Hospice of Polk County, the predecessor to Hospice of the Carolina Foothills, began providing hospice and end-of-life care in 1981. In 1995, Hospice of Polk County was renamed Hospice of the Carolina Foothills (HoCF) to better reflect the growing community it serves. In 2001, following a community-supported \$1.3 million campaign and construction project, HoCF moved into its existing 7,300 square foot building located on three acres on the campus of St. Luke's Hospital in Columbus, North Carolina. The site was donated to HoCF by St. Luke's Hospital.

The community Hospice of the Carolina Foothills serves includes Polk County, North Carolina as well as the surrounding upper areas of Greenville and Spartanburg counties of South Carolina. In fact, HoCF began serving South Carolina at the specific request of the citizens of northern (and more rural areas of) Greenville and Spartanburg counties, as Polk County and the northern portions of Greenville and Spartanburg County are essentially aligned as one community, as compared to the metropolitan areas of Greenville and Spartanburg, the location of the South Carolina agencies that serve those

counties. HoCF extended into that community when other hospice providers were placing potential clients on a waiting list of up to six weeks. HoCF is the primary Hospice provider in four skilled nursing homes in Inman, SC: Magnolia Manor, Camp Care, Golden Age, and Inman Healthcare. HoCF also serves three skilled facilities in Polk County: White Oak Manor, Autumn Care, and Tryon Estates. HoCF has had a strong presence in all the communities in Polk County, North Carolina, and in Greenville/Spartanburg Counties, South Carolina for many years, and it continues to grow. HoCF's expansion into South Carolina has not negatively affected Polk County, as HoCF remains the predominant hospice provider in Polk County, having provided 99.7 percent of Polk County's hospice patient days of care in FY 2007.¹ According to recent data reported by The Carolinas Center for Hospice and End of Life Care, Polk County had the second highest hospice penetration rate (hospice patient deaths as a percent of total deaths) in North Carolina in 2006, having reported hospice deaths equal to 51.10 percent of total county deaths. The North Carolina average hospice penetration rate in the same year was 30.44 percent total state deaths served by hospice. Given that HoCF is the hospice provider for nearly all Polk County hospice patients, Polk County's high hospice penetration rate speaks to HoCF's strong presence in Polk County and its service to Polk County residents.

The majority of HoCF's patients reside in Polk County and in the uppermost portions of the Upstate of South Carolina. In FY 2007, approximately 43 percent, nearly half, of HoCF's patient days were provided to South Carolina patients. However, most of those South Carolina patients reside in the northernmost portion of Spartanburg County, with a few patients originating from upper Greenville County. HoCF's combined North and South Carolina patient origin makes it quite unique among North Carolina hospice providers. The map on the following page identifies all counties in North and South Carolina that are adjacent to the state line. Each dot represents a distinct hospice agency in each county. As the map demonstrates, the South Carolina-based hospice agencies serving Greenville and Spartanburg counties are located in the cities of Greenville and Spartanburg, a significant distance from HoCF's hospice agency in Polk County. The geographic and cultural distances were the primary drivers behind the request to have HoCF serve the nearby South Carolina communities. As a result, HoCF serves a significant portion of the population that resides in the upper areas of these two counties. The shaded area in Polk, Greenville, and Spartanburg counties represents HoCF's service area.

¹ Source: *Proposed 2009 SMFP*



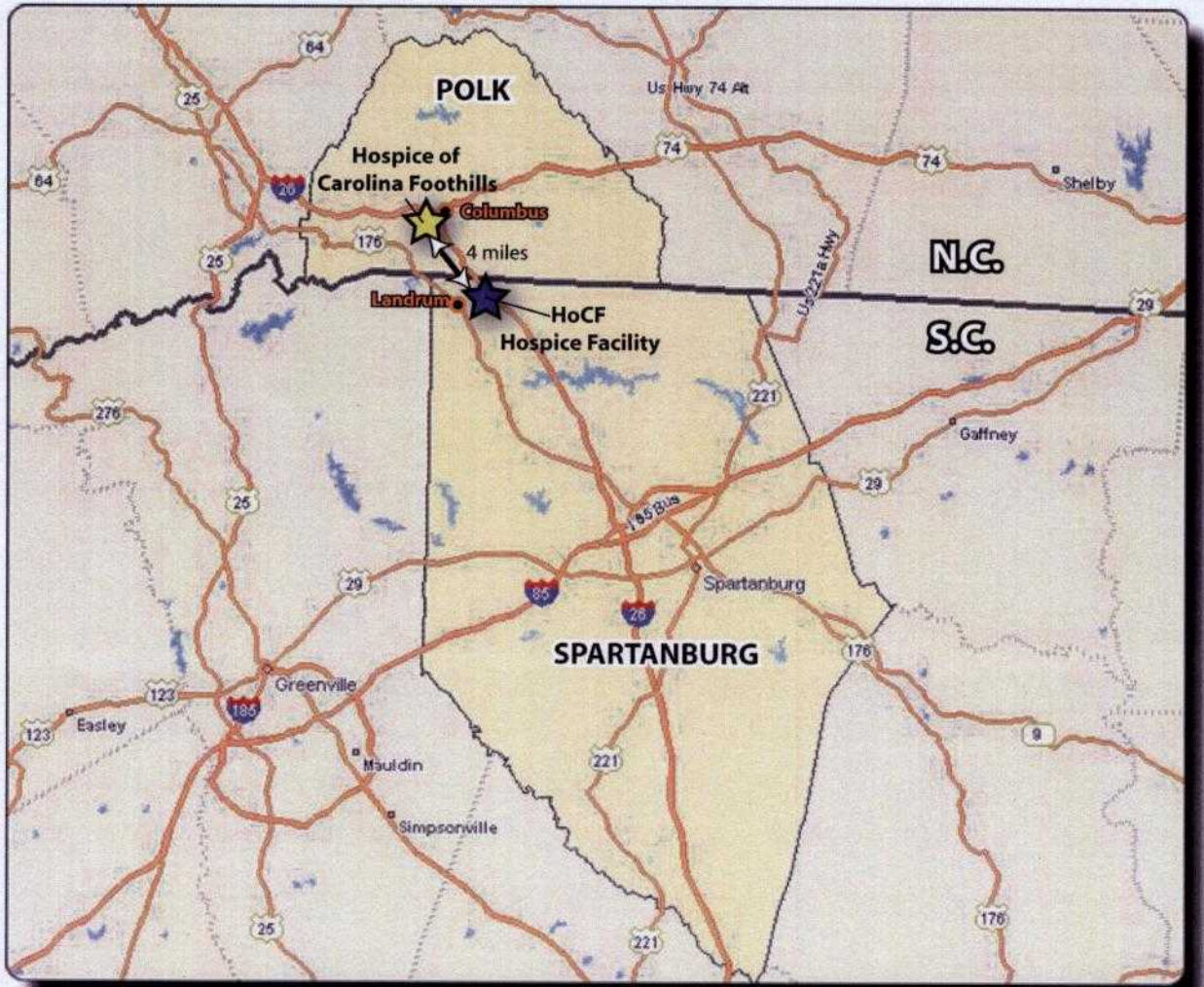
A total of 15 North Carolina counties that share a border with South Carolina have one or more hospice agencies located in the county. A combined total of 36 hospice agencies are based in those 15 North Carolina counties. Of those 36 hospice agencies, only three others have historically served patients in South Carolina. The table below shows the mix of North and South Carolina patient days provided by each of these agencies in 2006, the last full year for which publicly reported data is available for both states.

<i>Hospice Agency</i>	<i>North Carolina Patient Days</i>	<i>% of Total</i>	<i>South Carolina Patient Days</i>	<i>% of Total</i>
Hospice of the Carolina Foothills	17,141	57.2%	12,826	42.8%
Hospice of Scotland County	29,933	84.1%	5,647	15.9%
Hospice & Palliative Care of Cleveland County	31,653	97.5%	804	2.5%
Hospice & Palliative Care - Charlotte Region	101,248	97.7%	2,431	2.3%

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

Clearly, HoCF is unique in its service area given that only three other hospice agencies in North Carolina counties bordering South Carolina serve patients in South Carolina. Even more telling, HoCF is the only one of those agencies that provides nearly half (43 percent) of its hospice patient days to South Carolina patients. The next highest is Hospice of Scotland County, which provided 16 percent of its patient days to South Carolina patients in 2006; patient days provided to South Carolina patients represented less than three percent of total patient days for both Hospice & Palliative Care of Cleveland County and Hospice & Palliative Care of the Charlotte Region during the same time period.

HoCF, realizing that the true philosophy of inpatient hospice care can only be fully provided in a dedicated hospice facility, pursued the development of a freestanding hospice facility in 2006. The development of hospice beds is subject to Certificate of Need review in both North and South Carolina. HoCF owned a 14.36-acre site, ideal for development of a hospice facility, in Landrum, South Carolina. Because nearly half of its patient population originates from South Carolina and because it had ownership of an ideal property in Landrum, HoCF submitted a Certificate of Need application in January 2006 to the South Carolina Department of Health and Environmental Control seeking approval to develop a 12-bed freestanding hospice facility in Landrum, South Carolina. The Certificate of Need application was subsequently approved and development of the 12-bed facility is currently underway, with opening planned for January 2009. Landrum is located in Spartanburg County approximately four miles from the North Carolina - South Carolina state line. The site is accessed conveniently from Interstate-26 and State Highway 14; in fact, the site is only about one-half mile from the Interstate. Therefore, HoCF can effectively serve its hospice patients from North and South Carolina in an ideal location that is equally convenient to both. The map on the following page identifies the location of HoCF's hospice agency in Columbus, North Carolina in proximity to the North Carolina - South Carolina state line as well as the site of its hospice inpatient facility in Landrum, South Carolina.



As stated in its approved Certificate of Need application, while South Carolina regulations do not distinguish between hospice bed types as do North Carolina regulations, because reimbursement levels vary between inpatient and residential care, HoCF projected demand for both the inpatient and residential levels of care. The projections in its Certificate of Need application indicate that seven of the 12 beds will be utilized for inpatient care and the remaining five will be utilized for residential care. Specifically, HoCF projects to provide the following days of care by level of care and by state in its 12-bed facility in 2010.

<i>State</i>	<i>2010 Projected Inpatient Days</i>	<i>2010 Projected Residential Days</i>
North Carolina*	1,250	893
South Carolina**	905	647
Total	2,155	1,540

*Includes Polk County only

**Includes Greenville and Spartanburg counties

The North and South Carolina split in the table above is based on HoCF's 2005 patient origin (North Carolina = 58 percent and South Carolina = 42 percent), which was the most recent data at the time of filing the Certificate of Need application, and also consistent with HoCF's 2007 patient origin.

In projecting patient day volume in its Certificate of Need application, HoCF assumed an annual growth rate in its total patient days of 7.6 percent, which was one-half the compound annual growth rate in its total patient days from 2000 to 2004. By applying that same annual growth rate to the projected number of inpatient days it projects to provide to Polk County residents in 2010, HoCF projects to provide a total of 1,447 inpatient days of care to Polk County residents in 2012. This represents 82.3 percent of the total inpatient days of care projected for Polk County in Table 13C of the Proposed 2009 *State Medical Facilities Plan*. Clearly, HoCF already intends to, and is developing the means to, provide inpatient hospice services in dedicated inpatient hospice beds for the majority of the residents of Polk County.

Implications if the Petition is Not Approved

The implications if this petition is not approved are two-fold. First, disapproval of this petition will allow for the development of a hospice facility that is not needed, as HoCF has been approved to develop a 12-bed hospice facility four miles from the North Carolina - South Carolina state border that is projected to house five inpatient beds serving North Carolina hospice patients by 2012. In other words, the disapproval of this petition will directly result in unnecessary duplication of health resources in the area. Second, the development of an inpatient hospice facility in Polk County by another provider, which will be possible if this petition is not approved, would result in fragmented care for hospice patients if Polk County patients were to utilize the facility. As previously stated, HoCF cares for the majority of Polk County hospice patients; therefore, for any of its patients to utilize another hospice facility in Polk County would require a transfer of the patient from HoCF to the other provider. The alternative to the changes requested in this petition is for HoCF, or some other provider, to develop a six-bed inpatient hospice facility in Polk County, mere miles from HoCF's approved facility that is scheduled to open in less than six

months. As clearly demonstrated in this petition and based on projected volume for the planning period, that is not an effective alternative given the duplication of services that would result.

Given its unique position among North and South Carolina border hospices, HoCF intends to request a meeting with the Medical Facilities Planning Section and the Certificate of Need Section staff to discuss how to address this issue in the future and thereby avoid the necessity for recurring special need petitions. In the interim, however, for the reasons outlined in this petition, Hospice of the Carolina Foothills requests an adjusted need determination in the *2009 State Medical Facilities Plan* to remove the need determination for six (6) inpatient hospice beds in Polk County.