

PETITION

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

Petitioner:

Hospice & Palliative Care Center of Alamance-Caswell
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DFS HEALTH PLANNING
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MEDICAL FACILITIES
PLANNING SECTION

Requested Change:

Hospice & Palliative Care Center of Alamance-Caswell requests an adjusted need determination for five (5) hospice inpatient beds in Alamance County.

Reasons for Requested Change:

Hospice & Palliative Care Center of Alamance-Caswell (hereinafter Hospice & Palliative Care Center) operates a successful, Medicare-certified hospice agency in Burlington, North Carolina. Hospice & Palliative Care Center was established in 1982 and since that time has provided high-quality hospice care to patients from Alamance County, as well as to patients from surrounding counties, including Caswell, Guilford, Chatham, Orange, Durham, and Rockingham. Hospice & Palliative Care Center is the leading hospice provider in Alamance County and, as a result, has experienced high utilization rates due to its reputation in the community for providing high-quality end-of-life care for individuals with life-limiting illnesses. The agency has served a total of 4,525 patients since 2000.

In 1994, Hospice & Palliative Care Center opened the first freestanding hospice facility in Alamance County, Hospice Home, with six residential hospice beds to serve patients who no longer have a capable caregiver in the home or have care needs that exceed the abilities of their caregiver. The six-bed residential facility was supported from funds raised by the Hospice League of Alamance-Caswell, the all-volunteer fundraising wing of Hospice & Palliative Care Center of Alamance-Caswell. In 2002, with Certificate of Need approval, Hospice & Palliative Care Center expanded the six-bed residential facility with six inpatient hospice beds to serve hospice patients in need of acute symptom control or pain

management. In order to further meet the demands of its community, in 2006, Hospice & Palliative Care Center petitioned the State Health Coordinating Council for a special need determination for four hospice inpatient beds for Alamance County in the *2007 State Medical Facilities Plan*, demonstrating its ability to support four additional inpatient beds based on its historical hospice utilization. The petition was approved in part, and a special need determination was made in the *2007 State Medical Facilities Plan* for two hospice inpatient beds in Alamance County. Subsequently, in 2007, Hospice & Palliative Care Center applied for and received Certificate of Need approval to develop two additional inpatient and two additional residential beds. That four-bed expansion is currently under development and expected to open in October 2009. Like the agency as a whole, Hospice Home experiences high utilization. Per the *Proposed 2009 State Medical Facilities Plan* need methodology for inpatient hospice beds, Hospice Home experienced an 89.59 percent occupancy rate, or an average daily census of 5.4 patients in its six inpatient beds in FY 2007, an occupancy rate that exceeds the 2007 average of 82.61 percent among all North Carolina inpatient hospice providers.¹ Given the small number of beds in operation (six), achieving a much higher occupancy rate is unlikely considering that the Hospice Home is experiencing on average daily census of 5.4 patients in six beds, meaning that an additional bed is not available on most days. In order to better meet the needs of its community, Hospice & Palliative Care Center is seeking an opportunity to apply for a Certificate of Need for five (5) additional inpatient hospice beds for an agency total of thirteen (13) inpatient hospice beds.

The *Proposed 2009 SMFP* indicates a deficit of five (5) inpatient hospice beds in Alamance County. A deficit of six (6) beds is required to generate a need determination for inpatient hospice beds in any county. Thus, while a demonstrable need exists in the *Proposed 2009 SMFP*, no allocation has been made to serve this unmet need. For these reasons, Hospice & Palliative Care Center is requesting an adjustment to the need determination in the *Proposed 2009 SMFP* for an allocation of five (5) inpatient hospice beds in Alamance County.

Hospice & Palliative Care Center believes that there are a number of reasons that its petition should be approved, each of which is discussed in detail below.

1. Hospice & Palliative Care Center has sufficient volume to support at least thirteen inpatient hospice beds.

Hospice & Palliative Care Center currently operates six (6) inpatient hospice beds, has two (2) additional inpatient hospice beds under development, and is

¹ Source: The Carolinas Center for Hospice and End of Life Care, *Proposed 2009 SMFP*.

seeking to apply for five (5) additional inpatient hospice beds for a total of thirteen (13) inpatient beds. Hospice & Palliative Care Center has experienced significant increases in utilization in recent years, and based on annualized year-to-date FY 2008 data, will serve over 600 patients and provide more than 52,804 days of care in Alamance County in 2008.² Furthermore, Hospice & Palliative Care Center is the primary provider of hospice care to patients in Alamance County, providing 44,870 of the 48,709 (92.1 percent) total hospice days of care in Alamance County in FY 2007.³

The *Proposed 2009 SMFP* has determined that there will be a deficit of five (5) inpatient hospice beds in Alamance County in 2012. This need determination is based on the standard methodology used by the Medical Facilities Planning Section of the Division of Health Service Regulation. The standard methodology calculates need projections based on current hospice use rates (days of care per 1,000 population) applied to projected population. To further support the standard methodology, Hospice & Palliative Care Center conducted an analysis to determine the compound annual growth rate (CAGR) in its agency's hospice utilization for Alamance County patients only from FY 2002 through FY 2008 (annualized based on nine months of actual data). Included in the table below are Hospice & Palliative Care Center's historical total days of care provided to Alamance County residents.

<i>Year</i>	<i>Hospice & Palliative Care Center: Alamance County Days of Care</i>
2002	18,827
2003	22,794
2004	27,514
2005	27,826
2006	32,146
2007	44,870
2008*	52,804
CAGR	18.75%

* Annualized based on nine months of actual data

Source (2000 through 2006): The Carolinas Center for Hospice and End of Life Care

Source (2007): *Proposed 2009 SMFP*

Source (2008): Hospice & Palliative Care Center of Alamance-Caswell internal data

² Per internal data, Hospice & Palliative Care Center served 478 patients and provided 39,531 total days of care in Alamance County from October 1, 2007 through June 30, 2008. This represents an annualized total of 639 patients and 52,804 days of care.

³ Source: *Proposed 2009 SMFP*

As shown in the table above, Hospice & Palliative Care Center experienced a compound annual growth rate in Alamance County residents' days of care of 18.75 percent from 2002 to annualized 2008. Of further note, Hospice & Palliative Care Center, based on nine months of annualized data, is expected to provide 52,804 days of care for Alamance County residents in 2008, significantly more than the 43,744 Alamance County days of care that it projected to provide in its 2007 certificate of need application.

Even without accounting for Hospice & Palliative Care Center's historical growth rate in Alamance County days of care, the *Proposed 2009 SMFP* need methodology indicates that it could support a total of 5.6 additional inpatient beds based on its annualized 2008 Alamance County days of care alone as shown in the table below.

<i>Year</i>	<i>Days of Care</i>	<i>Projected IP Days*</i>	<i>Projected Beds Needed**</i>	<i>Existing Beds***</i>	<i>Deficit</i>
2008	52,804	4,224	13.6	8	5.6

* Assumes inpatient days equal 8% of total days of care

** Assumes 85% occupancy

***Includes six existing beds and two currently under development

Because the inpatient bed deficit for Alamance County in the *Proposed 2009 SMFP* is five beds, only one less than the six required to trigger a need determination, Hospice & Palliative Care Center considered waiting for a potential need determination in the *2010 SMFP*. However, as clearly indicated above, Hospice & Palliative Care Center has an immediate need for additional inpatient bed capacity for its current patient population. As a result, in order to most effectively meet existing need and to serve the best interests of its existing patients, Hospice & Palliative Care Center is requesting a special need determination for five inpatient beds in the *2009 SMFP*.

2. Existing inpatient beds are insufficient to meet current patient needs

The *Proposed 2009 SMFP* recognizes that there is a deficit of five (5) inpatient hospice beds in Alamance County, supporting Hospice & Palliative Care Center's assertion that there is an unmet need for inpatient hospice care in Alamance County. As the only provider of freestanding inpatient hospice services in Alamance County, Hospice & Palliative Care Center provides the vast majority of inpatient hospice services in the county. The consistently high occupancy rate of its six existing inpatient hospice beds has resulted in delays in referred patients being admitted to an inpatient hospice bed at Hospice Home.

From July 1, 2007 through June 30, 2008, Hospice & Palliative Care Center experienced admission delays for 104 patients referred to the Hospice Home, which equated to a total of approximately 250 patient days, due to the facility being fully occupied. Hospice & Palliative Care Center continues to utilize the Hospice Home above the 85 percent threshold recognized in the *State Medical Facilities Plan*. Of the patients who were delayed admission, 22 died without ever being admitted; 15 were placed in nursing homes and never came to the Hospice Home. The Hospice Home has experienced delays as long as a week for some admissions. Thus, these patients were cared for in a less appropriate and more costly setting and were unable to realize the benefits of inpatient hospice care at the time they needed it most, with some patients never being able to experience it at all.

In addition, due to the acuity and volatility of hospice patients' illnesses, Hospice & Palliative Care Center estimates that its inpatient utilization last year was artificially lowered by approximately 15 percent due to patients being maintained at the residential level of care despite their care needs being at the general inpatient level. In other words, if sufficient inpatient beds had been available, Hospice & Palliative Care Center's inpatient utilization would have been 3,005 days⁴, supporting 10 inpatient beds at 85 percent occupancy ($3,005 \text{ days of care} / 365 \text{ days per year} / 85\% = 10$). Hospice & Palliative Care Center reports several cases in which the illnesses of a residential care patient increased in acuity to the extent that the patient required inpatient hospice care. However, on several occasions, these patients were maintained at the residential level of care in the facility because the six inpatient beds were filled to capacity. This data indicates that the inpatient needs of the current patient population are not sufficiently met. Moreover, with the expected increases in utilization over the next five years, the need for inpatient hospice care will only increase. This places an additional strain on Hospice & Palliative Care Center's ability to meet the residential hospice needs of Alamance County as its residential beds are so highly utilized by both residential and inpatient-appropriate patients alike. Thus, without the addition of at least five (5) inpatient hospice beds in Alamance County, patient needs for inpatient and residential hospice care will not be met.

3. Existing alternatives to the special needs adjustment are less effective and more costly

Hospice & Palliative Care Center operates, in its Hospice Home, six inpatient beds and is currently developing two additional inpatient beds. Thus, patients in Alamance County do have some access to freestanding inpatient hospice care.

⁴ Per its 2008 Annual Data Supplement to Licensure Application, Hospice & Palliative Care Center provided 2,613 inpatient days of care in 2007.

However, as discussed above, patients have experienced delays in gaining admission to the Hospice Home, thus requiring some to be admitted to a nursing facility while waiting for a hospice bed to become available. If utilization increases as projected, more and more patients will be forced into alternative treatment locations, including hospitals and nursing homes. However, since Hospice & Palliative Care Center is the only provider of freestanding inpatient hospice services in the county, options are limited. The only local alternative to an adjusted need determination for patients who require inpatient hospice care, when Hospice & Palliative Care Center's beds are full, is admission to an acute care hospital or to a nursing facility. Alamance County has one acute care hospital, Alamance Regional Medical Center, and seven nursing facilities. None of these facilities, however, have inpatient hospice beds and thus are generally not as effective in providing the care needed by hospice patients. Care provided to hospice patients outside a hospice facility is generally fragmented and the hospice home care staff is constantly challenged to orient, train, and educate the staff of the institutional inpatient provider. The non-hospice staff, while not specifically trained in hospice care, is required to care for hospice patients as well as acute care patients. As a result, they must transition moment to moment between two extremes in treatment philosophies - the aggressive, curative care for the acute care patient and the palliative and comfort management care of the hospice patient -- one treatment focusing on wellness and healing; the other focusing on death and dying. Inevitably, the result is a departure from the hospice philosophy of care and a less than ideal end-of-life experience for dying patients and their loved ones.

Freestanding inpatient hospice care is a much better option for hospice patients who need more acute symptom control or pain management and more intensive nursing care than can be effectively provided in a home or residential setting. Some advantages to such a facility include:

- Hospice principles and practices are the primary focus of care as the unit is not physically or programmatically attached to any other facility.
- The inpatient unit is designed to be a non-clinical, homelike atmosphere.
- The agency's cost reflects only those costs required to support the needs of hospice patients, not the high technology equipment and services required for an acute care setting.
- Hospice maintains control to ensure that only hospice-appropriate services are provided.
- Patients are served by an interdisciplinary team, with staffing that reflects the needs of both patients and families.
- The facility and its staff make provisions for teaching caregiver skills to family members so they can participate in the care and support of the patient while in the facility.

- Continuity between home care and facility-based care is consistent with the overall hospice interdisciplinary team plan of care.

4. The six-bed minimum should not be applied in Alamance County

Hospice & Palliative Care Center believes that the minimum threshold of six beds for an allocation of inpatient hospice beds should not apply to its agency or to the Alamance County community for the following reasons.

- 1.) Hospice & Palliative Care Center currently operates a facility with six inpatient beds and six residential beds, and has two additional inpatient and two additional residential beds currently under development. Thus, unlike other counties without existing inpatient hospice facilities, the expansion of Hospice & Palliative Care Center's existing facility with the addition of five inpatient beds does not elicit concerns regarding financial viability that arise when a new facility must be constructed. Construction of the expansion is a cost-effective alternative to a new facility and Hospice & Palliative Care Center would in fact realize additional operational and staffing efficiencies associated with expanding the facility. Furthermore, the Certificate of Need process will require Hospice & Palliative Care Center to prove the financial feasibility of the proposed project.
- 2.) Hospice & Palliative Care Center currently enjoys a reputation of being a provider of high quality inpatient hospice care in Alamance County. Thus, the community of patients and providers is familiar with the existing services and will support the addition of five (5) inpatient hospice beds. Further, physician and hospital support for the proposed expansion is evident in the support letters included with this petition. Clearly, this support demonstrates that Hospice & Palliative Care Center will receive the referrals necessary to support the additional beds, thus eliminating the need for a six-bed threshold for allocation in Alamance County. Please see the attached letters of support. Further, it is unlikely that another provider would be interested in developing a second freestanding hospice facility in Alamance County, and thus interested in pursuing an allocation of six beds, given that Hospice & Palliative Care Center cares for more than 90 percent of all hospice patients in the county.

Implications if Petition is Not Approved

The alternative to the changes requested in this petition is to maintain status quo and operate only eight inpatient hospice beds following development of the two previously approved inpatient beds. However, if the petition for an adjusted

need determination is not approved, Hospice & Palliative Care Center of Alamance-Caswell will continue to operate at a capacity which often results in patients being unable to access necessary inpatient hospice care when they need it most. These patients will either face dying in a hospital or nursing facility, or will have to endure the inconvenience of being transferred from a hospital or nursing facility if and when an inpatient hospice bed becomes available. These patients will receive care in a less appropriate and more costly acute care setting. For current residential patients whose conditions escalate to the extent that they require inpatient level care, many will be retained at the residential level due to the lack of available inpatient hospice beds.

As previously discussed, Hospice & Palliative Care Center can support a total of 13 inpatient beds. Further, no other provider operates inpatient hospice beds in Alamance County. As such, the changes requested in this petition will not result in unnecessary duplication of health resources in the area.

Developing five (5) additional inpatient hospice beds will provide Hospice & Palliative Care Center sufficient capacity to provide high quality end-of-life care to its hospice patients in the most cost-effective manner. For these reasons, Hospice & Palliative Care Center of Alamance-Caswell requests an adjusted need determination in the 2009 *State Medical Facilities Plan* for five (5) inpatient hospice beds in Alamance County.