



**PETITION FOR AN ADJUSTED NEED DETERMINATION FOR HOSPICE
INPATIENT BEDS FOR WAKE COUNTY**

Petitioner:

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DFS Health Planning
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Medical Facilities
PLANNING SECTION

Requested Change:

Hospice of Wake County, Inc. (HOWC) petitions for an adjusted need determination for ten additional hospice inpatient beds in Wake County in the 2009 SMFP.

Reasons Supporting Requested Change:

Proposed 2009 State Medical Facilities Plan/Identified Need:

HOWC has provided quality and compassionate end-of-life care to residents of Wake County and surrounding areas since 1979. Through HOWC, over 175 professional staff and 250 trained volunteers provide expert medical care and supportive services to over 1,500 patients and their families each year. HOWC is dedicated to helping meet the complex needs of families by providing services that include: counseling support for families, short-term respite care, spiritual care and counseling, volunteer support, bereavement care and end-of-life education.

The Proposed 2009 SMFP projects a need for thirty-three hospice inpatient beds in Wake County (47 beds less the 8 HOWC beds currently being developed and the 6 beds at Rex Hospital that are approved to relocate to HOWC). Although the need is clearly indicated by the standard methodology, there is no allocation as a result of the relatively low occupancy rate of the existing six hospice inpatient beds currently located at Rex Hospital. Under the current methodology, there is no mechanism for allocating additional hospice inpatient beds in Wake County until the existing six hospice inpatient beds at Rex Hospital reach 85% occupancy. Thus, HOWC is seeking an adjustment to the standard methodology to enable HOWC to submit a CON application for 10 additional hospice inpatient beds.

In the Proposed SMFP a statement has been inserted at the end of the Standard Methodology directing that petitions may be submitted for adjusted need determinations. The methodology reads:

“The Long-Term and Behavioral Health Committee and the State Health Coordinating Council will consider petitions for adjusted need determinations that are filed in accordance with provisions outlined in Chapter 2 of the Plan.”

The aforementioned hospice inpatient beds at Rex Hospital are to be relocated to a new freestanding inpatient hospice facility as per HOWC and Rex’s approved CON application from 2007 (CON Project ID # J-7792-07), upon completion of HOWC’s new inpatient facility. However, that project is currently still under development. Thus, Rex Hospital still operates the six inpatient hospice beds in its general acute care hospital until the completion of the project. Therefore, the standard methodology withholds the allocation of inpatient hospice beds in Wake County because of the occupancy rate of the six inpatient beds at Rex Hospital. However, the 76.62% occupancy rate at Rex Hospital is simply not reflective of the great need for hospice inpatient beds in Wake County.

HOWC justifies the proposed adjusted need determination based on several factors, including:

- Hospice utilization in Wake County is increasing rapidly.
- Wake County’s population is aging and has great need for local hospice inpatient services.
- Occupancy rates of the Rex Hospital hospice inpatient beds are not representative of the need in Wake County.
- Hospice inpatient facilities beds located in an acute care facility are not conducive to the palliative care needs of hospice patients.

- Nursing facilities are ill-suited for the special needs of hospice patients.
- Cost effectiveness
- Community Support

These issues are described below.

Hospice Utilization in Wake County

Residents of Wake County and their families and physicians recognize the valuable benefits that hospice services provide. As a result, the utilization of hospice services in Wake County has grown significantly. Notably, the total days of care provided by hospices in Wake County has increased by 228% since 2004, as shown in the table below.

**Total Historical Days of Care
For Hospice Agencies in Wake County**

Year	Days of Care
2004	67,240
2005	88,329
2006	98,942
2007	126,218
2008	153,001

Source: 2005, 2006, 2007, 2008 and Proposed 2009 SMFPs

In addition to the high county-based utilization of hospice services, HOWC has also experienced a significant increase in utilization. HOWC increased from 44,401 patient days of care in 2004 to 74,757 in 2008, with a compound annual growth rate of 11%. The following table applies HOWC's 2008 days of care to the inpatient bed methodology in the Proposed 2009 SMFP.

**2009 Hospice Inpatient Bed Need Projection
Hospice of Wake County**

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
	Total Days of Care	2007 Population	2007 Hospice Days of Care per 1000 Pop	2012 Projected Pop.	2012 Est. Days of Care	Est. IP Days	Projected Total IP Beds
Wake	74,757	832,211	89.83	988,136	88,764	7,101	23

Source: Proposed 2009 SMFP

As shown, HOWC days of care, independent of any other hospice agency, result in a need for 23 additional hospice inpatient beds. This data underlines the need for approval of HOWC's adjusted need petition for ten additional hospice inpatient beds in Wake County in the 2009 SMFP.

Wake County Population Aging

Wake County is the second most populated county in North Carolina, and has the third most rapidly aging population. The demographics of the county demonstrate that the existing, significant need for additional hospice inpatient beds will only continue to increase.

Much of the growth in hospice utilization can be attributed to the rapidly aging population in Wake County. The following table demonstrates that Wake County's population of those aged 65 and older is projected to increase by nearly 33% in the next four years. This growth rate is more than double that of the State.

**2007 – 2012 Projected Population
Age 65+**

	2007	2012	Growth
Wake County	61,483	81,720	32.9%
North Carolina	1,087,414	1,257,396	15.6%

Source: NC Office of State Budget and Management

It is important to acknowledge the aging population in Wake County due to the correlation of age with hospice utilization. According to FY2005 data from the Carolinas Center for Hospice and End of Life Care, approximately 79% of hospice patients in North Carolina were aged 65 or older. Thus, as the Wake County population continues to increase and age, the need for hospice inpatient services will continue to increase.

The SHCC has previously found this evidence to be compelling, as shown in its Agency recommendation and subsequent SHCC approval of the adjusted need petitions submitted in 2003 by Hospice of Surry County and the petition submitted in 2005 by Hospice of Davidson County. The State approved adjusted need determinations for both Surry County and Davidson County based partly on this demographic need. The SHCC recognized that the relatively high utilization of hospice services, based in part on county aging, supported the recommendation for an adjusted need determination.

Rex Hospital Hospice Inpatient Beds

Currently, the only alternatives for hospice inpatient care in Wake County are:

- the six-bed hospice inpatient unit within Rex Hospital,
- a general acute care hospital bed, or
- a nursing facility bed.

Although the six licensed hospice inpatient beds at Rex are to be relocated to HOWC's new inpatient facility in Cary, the occupancy rate of these six beds continue to be the means by which hospice inpatient beds in Wake County are allocated. The standard methodology requires that the current inpatient hospice beds must be at or above 85% occupancy in order for a deficit to be determined. However, the six hospice inpatient beds at Rex Hospital have never had an occupancy rate above 80% in the past five years. Please refer to the following table.

**Historical Occupancy of Hospice Inpatient Beds
Rex Hospital**

Year	Occupancy Rate
2004	55.8%
2005	63.8%
2006	74.7%
2007	70.6%
2008	76.6%

Source: 2005, 2006, 2007, 2008, and Proposed 2009 SMFPs

HOWC has worked for many years to support the hospice inpatient unit at Rex Hospital. Based on this experience, HOWC believes that, solely due to their location within an acute care hospital, the inpatient hospice beds at Rex Hospitals will never be utilized to maximum capacity. Therefore, the current occupancy rate of these beds is not an accurate representation of the hospice inpatient need in Wake County, and should not negatively impact the hospice inpatient bed methodology for Wake County.

Due to their current location within an acute care facility, the hospice inpatient beds at Rex Hospital are not preferred from a patient perspective. Although the unit at Rex Hospital is dedicated to hospice care, with a capable and caring staff, the acute care setting results in a less than preferable option for hospice patients. Specifically, hospice patients have a physician-certified life expectancy of less than six months, and thus have opted to forego traditional acute care services and to cease aggressive, curative treatments. In this instance, the hospice beds at Rex Hospital do not physically represent a departure from the acute setting, which hospice patients are not seeking. These patients benefit more from a home-like environment, with a palliative care approach that does not correspond to the types of treatments and services available in a general acute care hospital.

Even though Rex Hospital's inpatient hospice unit resembles a more home-like setting compared to its acute care units, hospice inpatients must enter the unit by walking through Rex Hospitals' Med/Surg unit. Additionally, family and friends must also find their way through the hospital, and thus compete with visitors for parking. It is difficult for patients, family and friends to receive the comprehensive, emotional benefits of hospice services when services are delivered in an acute care facility.

Many terminally ill patients are also afraid of dying in a hospital. Because of this fear, many refuse to be admitted to a hospital, even when hospice inpatient care is desperately needed. This refusal places additional demands on caregivers and hospice home care staff.

Rules and restrictions also prevent hospital units from providing the family the support necessary to preserve the hospice philosophy of care. In the hospital, visiting hours are frequently restricted; appropriate overnight accommodations are not readily available for family members; and pets, and sometimes children, are not allowed to visit the patient. An acute care hospital, such as Rex Hospital, cannot possibly be as physically conducive to families wishing to spend extended time.

In summary, Wake County's current hospice inpatient bed situation is unique in all of North Carolina. Nowhere else are hospice inpatient beds located within a general acute care hospital. Therefore, the standard need methodology, and specifically the 85% occupancy threshold, is not applicable to Wake County, and should be appropriately modified.

Hospice Patients in Nursing Facilities

As previously discussed, other than Rex Hospital, nursing facilities are currently the only option for residents of Wake County seeking local hospice inpatient services. For a few patients, a nursing facility may be preferable to an acute care setting. However, this solution does not ideally benefit most hospice patients and their families. Nursing home facilities are ill-suited for patients seeking palliative care. First, nursing facilities are designed for the needs of traditional nursing facility patients and not for hospice inpatients and their families. Second, nursing facility staff are not typically trained in hospice care.

In this past year, HOWC referred 21 patients to a nursing home facility for inpatient care; this represents 100 days of service. This number within Wake County has been steadily increasing over the years. The growth is indicative of the pressing need for hospice inpatient beds in Wake County.

Cost Effectiveness

HOWC is in the process of constructing Wake County's first freestanding hospice inpatient facility. As previously stated, this facility will include eight need determined hospice inpatient beds approved by the CON Section in 2006, as well as the six inpatient hospice beds relocated from Rex Hospital, approved by the CON Section in 2007.

HOWC is uniquely positioned to place 10 additional hospice inpatient beds into service in the most cost and time effective manner. The addition of ten hospice inpatient beds to an existing facility would result in greater operating economies of scale. In today's healthcare environment, which features great emphasis on minimizing the cost of care, this will be a tremendous benefit.

Community Support

Physician and community support for HOWC has been significant for many years. For instance, HOWC received numerous letters from physicians, health care providers, patient family members, and community members who supported both approved CON projects, and who have also expressed their satisfaction and support for the home care services that HOWC provides.

Further evidence of this widespread community support is HOWC's fundraising campaign for the developing inpatient facility. The project enjoys wide community support, with the public fund-raising campaign achieving significant success in a short period of time. This demonstrates that expanding the current services provided by HOWC is an initiative that the public supports.

Adverse Effects of No Adjustment to the Need Determination

As previously stated, although HOWC received CON approval in its pursuit of eight inpatient hospice beds in 2006, and received CON approval in 2007 to relocate the six hospice inpatient beds from Rex to its developing freestanding facility, there is still a great need for hospice inpatient beds in Wake County. The standard methodology demonstrates that there is a need for 47 hospice inpatient beds in Wake County, yet there are only 14 approved beds for the county. This is

due to the 85% occupancy threshold set by the state. However, Wake County presents a unique situation. It is the only county in the state where hospice inpatient beds are located in an acute care hospital. Therefore, an adjustment should be made to the standard need methodology for Wake County.

If this petition is not approved, the need for hospice inpatient beds in Wake County will continue to be largely unmet. Patients will continue to receive hospice inpatient care in either an acute care facility or in a nursing care facility, neither of which is designed for palliative care. Either option is a compromise solution for hospice patients and their families.

The additional ten hospice inpatient beds would enable HOWC to further its mission of providing high quality care to hospice patients in Wake County, and in accommodating the rapidly aging population and increasing demand for hospice services within Wake County.

Conclusion

In summary, Hospice of Wake County seeks an adjusted need determination for ten additional hospice inpatient beds in Wake County in the 2009 SMFP.

As previously detailed, HOWC believes this petition is justified based on the following factors:

- Hospice utilization in Wake County is increasing rapidly.
- Wake County's population is aging and has great need for local hospice inpatient services.
- Occupancy rates of the Rex Hospital hospice inpatient beds are not representative of the need in Wake County.
- Hospice inpatient facilities beds located in an acute care facility are not conducive to the palliative care needs of hospice patients.
- Nursing facilities are ill-suited for the special needs of hospice patients.
- Cost effectiveness
- Community Support