Petition to the State Health Coordinating Council
Regarding
For the 2011 State Medical Facilities Plan

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PETITION
STATEMENT OF REQUESTED CHANGE

Hospice of Iredell County Inc, requests a special need change to the Proposed 2011 State Medical Facilities Plan (SMFP)

In Chapter 13, Table 13G should be revised to show a need for six hospice inpatient beds in Iredell County.

Table 13G: Year 2014 Single County New Hospice Inpatient Beds Need Determination
(Scheduled for Certificate of Need Review Commencing in 2011)

County	HSA	Number of New Hospice Inpatient Beds Needed	CON Application* Due Date	CON Beginning Review Date
Iredell	III	6	TBD	TBD

*Applicants for these beds must demonstrate that they can be constructed without additional capital cost.

REASONS FOR THE PROPOSED CHANGES

Overview

Gordon Hospice House's nine (9) general inpatient (GIP) beds are operating at capacity today and have a waiting list. All evidence indicates that demand will sustain into 2014 and beyond. Yet, the Proposed 2011 State Medical Facilities Plan shows no need for more GIP beds in Iredell County.

Consequently, recognizing a special need for GIP beds in Iredell County is the only way to address the excess demand for care at Gordon Hospice House in a timely fashion.

Background

Gordon Hospice House is one of 32 operating inpatient hospice facilities in North Carolina and the only one in Iredell County. Most (86 percent) of its patients are Iredell County residents. The remaining 14 percent come from adjacent counties. Of those, about half (seven percent) come from Alexander County. The remaining seven percent come from Davie, Lincoln, Mecklenburg, Catawba, and Wilkes. Today the facility is licensed for nine (9) GIP beds and six (6) residential beds. All nine (9) GIP beds are full. Six (6) residential beds approved in a 2008 Certificate of Need are under construction.

An active board and volunteers have successfully raised funds to construct and furnish Gordon Hospice House, as a result it is virtually debt free, but it still needs operating subsidy. Hospice of Iredell County, Inc. subsidizes operation of Gordon Hospice House from hospice home care operations and other fund raising initiatives. With 15 GIP beds, the house could operate almost without subsidy and we could turn our fund raising to other service programs like Rainbow Kidz, Palliative Care and Helping Hands.

Residential Beds

For the past two years, while six (6) residential beds have been under construction, Gordon Hospice House has successfully placed residential patients in local nursing homes, adult care homes and in Serenity House, a new non-profit residential house that opened in southern Iredell County. The placement addressed patient care needs better than expected. In fact, during this interim period, Gordon Hospice House learned some important lessons about hospice residential care.

- A good hospice inpatient facility needs capacity to offer both residential and GIP levels of care.
- When staff focuses on appropriate placement of the residential patient, demand for residential care at the hospice house is low. In 2009, residential patients used about one-half bed at Gordon Hospice House.
- North Carolina Hospice Licensure rules provide one-way flexibility. They permit a use of a licensed GIP bed for a residential patient, but not the reverse.

- Most of the Gordon Hospice House demand for residential care comes from people covered by Medicare and Medicaid, whose status is fluctuating between residential and GIP level for a few days at a time. With good supportive pain and symptom management programs, patient health status indicators will temporarily improve.
- Moving dying patients is unnecessarily disruptive. Because it is our policy not to move a person from room to room as his/her reimbursement eligibility status changes, every bed at Gordon Hospice House is staffed at the GIP level. The same bedroom may be designated residential today and GIP tomorrow.
- Residential beds require an operating subsidy. Medicare and Medicaid cover only the home care, not the room, board and 24-hour professional attention.
- Iredell County has several alternative facilities that provide 24-hour professional care for a hospice patient. In addition to Serenity House, ten adult care homes and six nursing homes welcome hospice residential care patients. Medicaid and some long term care insurance policies cover the basic food, shelter and nursing care in the adult care homes facilities and Hospice of Iredell County, Inc provides home hospice care.

General Inpatient Beds at Gordon Hospice House

Gordon Hospice House GIP bed census has increased significantly since late 2008, when its opened six (6) additional GIP beds, for a total of nine (9). The following table shows that GIP capacity, not demand, is the facility's limiting factor. In fact, year-to-date occupancy would justify one more GIP bed today. Gordon Hospice House use already equals the 2014 forecast in the Proposed 2011 Plan. The Proposed Plan forecasts that Iredell County will need 10 beds in 2014. Gordon Hospice House needs 9.4 or 10 GIP beds to operate at the Proposed Plan's target occupancy of 85 percent. Today, we manage very tightly, often admitting a new patient the same day one is discharged.

3-Year Utilization Trend Gordon Hospice House

Year	2007	2008	2009	3-year CAGR	2010 Oct-May Annualized
Deaths in GHH	124	159	228	23%	255
GIP Days	1161	1812	2537	30%	2922
ALOS per death	9.4	11.4	11.1	6%	11.4
Average GIP Beds in Use	3.2	5.0	7.0	30%	8.0
Licensed Gordon Hospice House GIP Beds	3	3 to 9	9		9
Average GIP beds needed to support 85% occupancy	3.7	5.8	8.2		9.4

Source: 2007- 2009 Carolinas Center for Hospice and End of Life Care reports; 2010- internal data GHH

The waiting list confirms our peak load problem. Most days in 2009, the Gordon Hospice House had a waiting list for GIP beds. Most of these patients died before a bed opened up.

In 2009, we provided 1,201 days of hospice inpatient care for 136 patients who died in the county's three hospitals. We would have needed another four GIP beds to care for this group of patients in Gordon Hospice House.

Hospice of Iredell County Inpatients Who Died in Hospitals

	2009
Hospice Patients who died in local hospitals	136
Days	1,201
Beds Required at 85% Occupancy	4

Health care reform debate educated both the general public and the medical community about the value of dying in a hospice rather than a hospital, even if both locations provide an inpatient setting. Because of this, we expect more people and their caregivers will request the hospice inpatient option. Inpatient days in 2010 are up 13.6 percent year-to-date, compared to the same period last year.

Arguably, Gordon Hospice House could use 14 GIP beds in 2010 (10 for current patients plus four for hospital patients).

Iredell County Population Growth

Iredell County population is growing. Even with adjustments for the recession slowdown, SAS and the Office of Budget and Management predict the county population will increase at a rate of 1.5 to 1.6 percent a year over the next six.

Projected Annual County Population Totals, 2010-2019

County	**Jul-10**	**Jul-11**	**Jul-12**	**Jul-13**	**Jul-14**	**Jul-15**	**Jul-16**
Iredell	159,615	162,191	164,767	167,341	169,918	172,492	175,067
%Change		1.6%	1.6%	1.6%	1.5%	1.5%	1.5%

Source http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/ population estimates/demog/countytotals_2010_2019.html 28-Jun-10

Hospice Use in Iredell County

Iredell County has embraced hospice care. According to the North Carolina Center for Health Statistics, 1,323 Iredell County residents died in 2009.[1] Data from the Carolinas Center for End of Life Care indicate that 588 Iredell County residents died in hospices. That translates to 44 percent of 2009 county deaths in hospice, up from 40 percent in 2008.

According to the Carolinas Center for End of Life Care, in five North Carolina counties, more than 50 percent of deaths were served by hospice, in 2008. The Proposed 2011 SMFP methodology puts the limit at 60 percent for purpose of forecasting hospice need.

Iredell County is ahead of the state in rate of increase in adoption of hospice for end of life care.

2-year trailing Rate of Growth in deaths served

North Carolina	Iredell County
5%	13.35%

State Plan Methodology

No Need

The proposed *2011 State Medical Facilities Plan* methodology for forecasting GIP beds statewide uses 2014 as the target year. It uses the population of only a single county and 2009 hospice days used by residents of that county, and assumes that six percent of all hospice days will be GIP days. The methodology in Table 13C, page 338, shows no need for additional GIP beds in Iredell County. It does calculate a need for one more bed by 2014, but other factors keep that need from translating to a Plan need. Clearly, even that does not address the need in Iredell County.

Low Multipliers

The proposed *2011 State Medical Facilities Plan* methodology is conservatively written, so conservative that it masks the real need in Iredell County.

For example, it does not reflect the current use of Hospice of Iredell County's GIP beds. Year-to-date through June 2010 (nine months), Gordon Hospice House is averaging 89 percent occupancy; the methodology reports 77.23%.

[1] Email from Matt Avery, North Carolina State Center for Health Statistics to Nancy Lane, PDA, 6/29/10

Starting on page 304, the methodology involves several steps that use low multipliers or tests

1. Two-year trailing average growth rate in statewide hospice admissions
2. The lower of the county or the statewide average length of stay
3. Six percent of days in licensed inpatient facility beds
4. GIP bed occupancy for the prior year.

Hospice of Iredell County rates are higher in three of the four metrics.

Comparison of Metrics in Table 13B to Iredell County Actual

Measure	Plan multiplier / Test	Iredell County
2-year trailing Rate of Growth in hospice admissions	4%	15.7%
Hospice Program Length of Stay 2009	64.8	64.8
Percent of days at GIP level 2009	6%	9%
GIP bed occupancy	77.23%	89%

The end result of the 2011 SMFP's methodology is to understate the need for GIP beds in Iredell County.

Hospice of Iredell County has one of the lowest hospice average lengths of stay in the state. It works closely with three hospitals that refer many patients who have only two weeks to live. This working relationship also accounts for higher use of GIP beds.

Clearly, even a conservative application of local data justifies the requested six additional GIP beds.

Table 13C. Year 2014 Hospice Inpatient Bed Need Projections for the 2011 Plan adjusted with Iredell County data

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Source	**County**	**Total Admissions 2009 data**	**Total Days of Care 2009**	**County ALOS per Admit**	**Total 2014 Admissions**	**2014 Total Days of Care at county ALOS**	**2014 Total Days of Care at state ALOS**	**Projected Days for Estimates (lower of F or G)**	**Projected IP Days 6% times I**	**Projected Total IP Beds at 85% occupancy**	**Currently Licensed beds**	**CON Approved un licensed beds**	**Adjusted projected beds**	**Existing 2009 Occupancy 2009 Licensure Supplement**	**Deficit/ (surplus)**
Proposed Plan	Iredell	649	42,051	64.8	792	51,316	59,717	51,316	3,079	10	9	0	1	77.23%	0
Rate					*4.1%*	*64.8*	*75.4*		*6%*						

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Recalculation (Iredell Data)	Iredell	649	42,051	64.8	1,163	75,362	87,690	75,362	6,783	22	9	-	13	89%	13
Rate					*15.70%*	*64.8*	*75.4*		9%						

Recalculation (Iredell and State Data)	Iredell	649	42,051	64.8	1,163	75,362	87,690	75,362	4,522	15	9	-	6		6
Rate					*15.70%*	*64.8*	*75.4*		6%						

Best Option

The best option for Iredell County is six (6) additional GIP beds in the 2011 SMFP.

Construction of six (6) residential beds at the Gordon Hospice House will be complete in October 2010. These beds were built to inpatient standards. It would serve the community much better if those six (6) residential beds become licensed as GIP beds.

- Persons needing residential beds would continue to be served in multiple alternative locations.
- Gordon Hospice House would have the flexibility to meet peak demands for GIP beds.
- Gordon Hospice House could accommodate patients at the residential level, when their status fluctuates up and down.
- Alternatively, persons who qualify for GIP care would occupy residential beds and their care would not be covered by third party payors.
- A facility with 15 GIP beds can operate with no or very minimal subsidy, especially if it is debt free.

Medicare has built in restraints on use of GIP beds. Regulations limit a hospice use to 20 percent of its total days paid at the inpatient level. In 2009, Hospice of Iredell County, Inc. had 38,857 days; and in 2010, we are on track to reach 44,142 total hospice days. At that level, Hospice of Iredell County is well below the Medicare cap, which would cover 24 inpatient beds at 100 percent occupancy.

Demand, population growth and Medicare rules all support the reasonableness of a special need in the 2011 SMFP to permit 15 inpatient licensed beds at Gordon Hospice House by 2014.

Limiting the need to a facility that has no capital cost will keep total health care system costs low.

ADVERSE EFFECTS ON PROVIDERS AND CONSUMERS OF NOT MAKING THE REQUESTED CHANGE

Keeping beds in the approved configuration is not reasonable. Patients are waiting for beds that we cannot supply.

The environment has changed since 2008 when our Certificate of Need to convert residential to GIP and replace residential beds was granted. Other providers have stepped in to offer the residential level of care close to patient homes. This is better for the person who needs a longer stay. The change will likely diminish demand for residential beds, leaving us with unusable capacity.

On the other hand, hospitals and physicians are improving their capacity to recognize irreversible terminal stages of disease, Health reform initiatives have increased pressures on hospitals to find alternatives for patients who need palliation and cannot benefit from curative interventions. Demand for GIP beds is up and will stay up.

Without the flexibility to use hospice beds at the level patients need, many people in the county will not get the full benefit of a hospice program. This would be unfair to the many people who have contributed to Gordon Hospice House expecting that it would be available to them when they or their families need it.

Furthermore, if terminal patients stay in the hospital, rather than in Gordon Hospice House, the cost to the system will be at least three times more, a hospital stay can cost $1,800 a day and more compared to $600 a day for GIP beds

ALTERNATIVES TO THE REQUESTED CHANGE CONSIDERED AND REJECTED

Status Quo. Gordon Hospice House could open the six residential beds in October and wait until the SMFP shows a need for six GIP beds. However, the current methodology for calculating GIP bed need may take three more years to catch up to a problem that exists today. It uses data that are two years old, grows only with population growth and presumes that county residents are the only users of facilities located in the county. It also limits inpatient days to six percent of total county hospice days.[2] Inpatient days were 9 percent of total for Hospice of Iredell County, Inc in 2009. [3]

The methodology shows a need for only one) more GIP bed in the Proposed 2014 Plan. In 2010, we have a waiting list for four to five more and we will need six more by 2014. This is clearly not acceptable.

Convert unused acute care capacity. Hospitals can convert acute care beds to hospice inpatient beds without a Certificate of Need. Hospice of Iredell County, Inc. offered this proposal to county hospitals without success. Hospitals presented good reasons for preserving their acute care bed surge capacity for epidemics and other disasters. After months of research, negotiations and trying to address staffing policy hurdles and DHSR Construction Section requirements, we have determined this is not a feasible option.

Do Nothing. With bed capacity about to come on line at Gordon Hospice House, capacity that will have no debt, and with demand for beds high, doing nothing and using the six beds for residential will require significant operating subsidies, will deny patients access to GIP level care when they qualify for it. This is not a prudent use of resources.

The recommended solution, converting residential beds to GIP licensure, will permit Gordon Hospice House maximum flexibility to meet local need. It will not add capital or operating cost.

[2] By contrast, Medicare will reimburse up to 20 percent of days at the inpatient level.
[3] License renewal – Gordon Hospice House Inpatient days divided by Mooresville plus Statesville days.

EVIDENCE OF NON-DUPLICATION OF SERVICES

This requested change will cause no duplication of services.

Gordon Hospice House is the only inpatient hospice house in Iredell County. We have demonstrated that utilization of the proposed additional beds is supported by: our own waiting list and use patterns, and population growth in Iredell County. We have shown that population growth will sustain and increase demand.

Patients that Hospice of Iredell County, Inc. currently serves in hospitals will add to the need for GIP beds, as health reform initiatives change expectations.

There are no alternatives for these inpatients. Gordon Hospice House is the only one in Iredell County, There is no inpatient facility in either Davie or Wilkes County. A new facility in Huntersville, across the Mecklenburg County line has absorbed its capacity without adversely affecting demand at Gordon Hospice House. The GIP beds under review in Alexander County will have little impact on demand for beds in Iredell County; last year Gordon Hospice House provided 347 inpatient days to Alexander County, less than one bed. Just one of the four average beds we serve in Iredell county hospitals would replace that demand.

CONCLUSION

Gordon Hospice House has demonstrated need to convert its six residential beds to GIP before 2014. We have shown that its current pent up demand will expand with population increases forecast by the State Office of Management and Budget. Both residential and GIP level patients will benefit from the conversion. A conversion will add neither operating nor capital cost. Delaying the conversion would deprive patients of care and make inefficient use of an existing resource.