Petition to the State Health Coordinating Council
Regarding
For the 2012 State Medical Facilities Plan

July 28, 2011

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JUL 29 2011
Medical Facilities
Planning Section

Petitioner:
Gordon Hospice House
Hospice of Iredell County, Inc.
2347 Simonton Road
Statesville, NC 28625
Telephone: (704) 873.4719

Contact:
Terri Phillips, President and CEO
Hospice of Iredell County, Inc.
2347 Simonton Road
Statesville, NC 28625
Telephone: (704) 924-4300
terrip@hoic.org

PETITION
STATEMENT OF REQUESTED CHANGE

Hospice & Palliative Care of Iredell County Inc (HPCIC), requests a special need change to the Proposed 2012 State Medical Facilities Plan (SMFP)

In Chapter 13, Table 13H should be revised to show a need for six hospice inpatient beds in Iredell County, three of which are pending in the 2011 plan.

Table 13H: Year 2015 Hospice Inpatient Bed Need Determinations
(Scheduled for Certificate of Need Review Commencing in 2012)

County	HSA	Number of New Hospice Inpatient Beds Needed	CON Application* Due Date	CON Beginning Review Date
Iredell	III	3**	TBD	TBD

*Applicants for these beds must demonstrate that they can be constructed without additional capital cost.
Three are currently applied for the 2011 CON, with the remaining **three residential beds being requested as hospice inpatient beds as a special need in the 2012 CON.

REASONS FOR THE PROPOSED CHANGES

Overview

Gordon Hospice House (GHH) has nine (9) general inpatient (GIP) beds operating at capacity today and have a waiting list. All evidence indicates that demand will sustain into 2015 and beyond. Yet, the Proposed 2012 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 35 operating inpatient hospice facilities in North Carolina and the only one in Iredell County. Most (85 percent) of its patients are Iredell County residents. The remaining 15 percent come from adjacent counties. Of those, about half come from Alexander County. The remaining come from Davie, Lincoln, Mecklenburg, Catawba, Rowan 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 completed and built in accordance with all inpatient code and regulations. All six beds were petitioned last year to be converted to general inpatient, and three were approved for application in the 2011 CON. At this time HPCIC is petitioning for the remaining three beds to be considered in the 2012 CON. The residential wing opened March 22, 2011. Since opening of the unit, patient days have increased over 40% in the Gordon Hospice House.

An active board and volunteers have successfully raised funds to construct and furnish Gordon Hospice House, and 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 fundraising initiatives. With 15 GIP beds, the house could operate almost without subsidy and HPCIC could turn fundraising to other non-reimbursable service programs like Rainbow Kidz, Palliative Care and Helping Hands.

Residential Beds

Hospice & Palliative Care of Iredell County has successfully placed residential patients in local nursing homes, assisted living facilities and in Serenity House, a volunteer-based residential house that is located southern Iredell County. The following describe 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 2010, residential patients averaged approximately 0.5 patients daily.
- North Carolina Hospice Licensure rules as well as Medicare provide one-way flexibility. They permit the use of a licensed GIP bed for a residential patient, billing at the residential rate, but will not allow for GIP billing for a patient in a residential bed.

Hospice & Palliative Care of Iredell County

- 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.
- Hospice of Iredell County employs two physicians who are both board certified in hospice and palliative medicine and both are well trained in the guidelines from Medicare differentiating the two levels of care.
- 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 reimbursement, not the room, board and 24-hour professional attention provided in the GHH.
- Iredell County has several alternative facilities that provide 24-hour professional care for a hospice patient. In addition to Serenity House, ten assisted living facilities and five 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 facilities, while 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 it 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 2015 forecast in the Proposed 2012 Plan. The Proposed Plan forecasts that Iredell County will need 10 beds in 2015. Gordon Hospice House needs 9.9 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.

4-Year Utilization Trend Gordon Hospice House

Year	2007	2008	2009	2010	4-year CAGR	2011 Oct-June Annualized
Deaths in GHH	124	159	228	263	28%	340
GIP Days	1161	1812	2537	2840	35%	3072
ALOS per death	9.4	11.4	11.1	10.8	5%	9.0
Average GIP Beds in Use	3.2	5.0	7.0	7.8	35%	8.4
Licensed Gordon Hospice House GIP Beds	3	3 to 9	9	9	9	9
Average GIP beds needed to support 85% occupancy	3.7	5.8	8.2	9.2		9.9

Source: 2007- 2010 Carolinas Center for Hospice and End of Life Care reports; 2011- internal data GHH

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The waiting list confirms our peak load problem. Most days in 2010, the Gordon Hospice House had a waiting list for GIP beds. Many of these patients died before a bed was available.
In 2010, HPCIC provided 1220 days of hospice inpatient care for 185 patients in the county's three hospitals. HPCIC would have needed another 3.3 GIP beds to care for this group of patients in Gordon Hospice House.
YTD, even with the additional 6 residential beds often used for acutely ill patients, 850 patient days have been utilized in the three area hospitals, which would require an additional 4 GIP beds at GHH. Since the opening of the 6 bed residential unit, 28% of the days all 15 beds were full with a waiting list of patients to receive GHH care.

Hospice of Iredell County Inpatients Days in Hospitals

	2010
Hospice Patients in Iredell hospitals	185
Days	1220
Beds Required at 85% Occupancy	3.9

The 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.
Arguably, Gordon Hospice House could use 14 GIP beds in 2011 (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 years.

Projected Annual County Population Totals, 2011-2018

County	**Jul-11**	**Jul-12**	**Jul-13**	**Jul-14**	**Jul-15**	**Jul-16**	**Jul-17**	**Jul-18**
Iredell	162,785	165,460	168,136	170,813	173,489	176,165	178,842	181,517
%Change	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%

Source http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population estimates/demog/countytotals_2011_2019.html

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 *2012 State Medical Facilities Plan* methodology for forecasting GIP beds statewide uses 2015 as the target year. It uses the population of only a single county and 2010 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, shows the need for 11 beds in 2015. Columns K and L reveal the current licensed 9 beds with the CON pending approval of 3 beds, resulting in a surplus of 1 GIP bed in Iredell County. Although the formula does calculate a need for eleven beds by 2015, other factors keep that need from translating to a Plan need.

Low Multipliers

The proposed *2012 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. Specifically the fact that HPCIC has such a low median length of stay, 13 days as compared to the state average of 30 days, and a higher than average utilization of 9% GIP. Clearly, these factors prove the need for additional GIP beds in Iredell County.

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

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

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

Comparison of Metrics in Table 13C to Iredell County Actual

Measure	Plan multiplier / Test	Iredell County
2-year trailing Rate of Growth in hospice admissions	4.1%	**5.6%**
Hospice Program Length of Stay 2010	70.3	70.3
Percent of days at GIP level 2010	6%	**9%**

The end result of the 2012 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 less than two weeks to live. This working relationship also accounts for higher use of GIP beds (9% as compared to state average of 6%).

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

Table 13C. Year 2015 Hospice Inpatient Bed Need Projections for the 2012 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 2010 data**	**Total Days of Care 2010**	**County ALOS per Admit**	**Total 2015 Admissions**	**2015 Total Days of Care at county ALOS**	**2015 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	674	47,404	70.33	824	57,952	66,330	57,952	3477	11	9	3 pending	-1	86.45%	-1
Rate					*4.1%*	*70.33*	*80.5*		*6%*						
Draft Plan page 338															
Recalculation (Iredell Data)	Iredell	674	47,404	70.33	885	62,247	71,243	62,247	5602	18	9	3	6	86.45%	6
Rate					***5.6%***	***70.33***	*80.5*		**9%**						

Best Option

The best option for Iredell County is three (3) additional GIP beds in the 2012 SMFP. Hospice of Iredell County is the best choice for these beds, already having three (3) residential beds built to the GIP standard and available for GIP utilization.

The construction of six (6) residential beds at the Gordon Hospice House was completed in January 2011 and opened for patient care in March 2011. 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. Three (3) are currently in the 2011 CON application process and HPCIC is requesting the remaining three (3) be considered in this special need petition for the 2012 CON.

- 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 patients.
- Gordon Hospice House could accommodate patients at the residential level, when their status fluctuates up and down. There are two board certified hospice and palliative medicine physicians to oversee the care based on acuity of patients.
- 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 regulatory guidelines on use of GIP beds. Regulations limit a hospice to 20 percent of its total days paid at the inpatient level. In 2010, Hospice of Iredell County, Inc. had 42,387 days and 4022 GIP days of care, 9.5% of total days; and in 2011, we are on track to exceed 42,000 total hospice days with GIP days at 9.7% of 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 2012 SMFP to permit 15 inpatient licensed beds at Gordon Hospice House by 2015.

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 receiving general inpatient care while reimbursement is that of residential care. This has resulted in lost revenue approximating $147,000 during the first three months of operation.

The environment has changed since 2008 when HPCIC 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.

On the other hand, hospitals and physicians are improving their capacity to recognize irreversible terminal stages of disease. In addition, health reform initiatives have increased pressures on hospitals to find alternatives for patients who need palliation and cannot benefit from curative interventions. Currently NC has only 323 licensed GIP beds for the 35,377 hospice patients who die in one year. Demand for hospice GIP beds is up and will stay up.
Data Source: 2010 and 2011 Annual Data Supplement to Licensure Application.

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 terminally ill patients stay in the hospital, rather than in Gordon Hospice House, the cost to the Medicare system will be at least three times more, as a hospital stay exceeds $1,800 a day as compared to $600 a day for GIP beds

ALTERNATIVES TO THE REQUESTED CHANGE CONSIDERED AND REJECTED

Status Quo. Gordon Hospice House could continue to utilize the six residential beds in caring for patients who truly are eligible to receive GIP care 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. The methodology uses data that is two years old, grows only with population growth and presumes that county residents are the only users of facilities located in the county. The plan also limits inpatient days to six percent of total county hospice days. Inpatient days were 9 percent of total for Hospice of Iredell County, Inc in 2010.

The methodology shows a surplus of one GIP bed in the Proposed 2015 Plan, with the assumption of the pending three beds in the 2011 CON. In 2010, we have a waiting list for four to five more GIP beds and we will need six more beds by 2015. 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, and 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. This requested change in licensure will not add capital or operating cost.

Hospice & Palliative Care of Iredell County

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. HPCIC has demonstrated that utilization of the proposed additional beds is supported by: HPCIC waiting list and use patterns, and population growth in Iredell County. HPCIC has 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 hospice inpatient unit in Iredell County. There are no inpatient facilities in Alexander, 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.

EVIDENCE THAT THE REQUESTED ADJUSTMENT IS CONSISTENT WITH BASIC PRINCIPLES OF SAFETY AND QUALITY, ACCESS AND VALUE

Safety and Quality Basic Principle

Hospice & Palliative Care of Iredell County is committed to excellence and continued quality improvement. A system of performance measurement is essential to quality improvement and is a component of HPCIC's quality strategy, as high quality care increases the likelihood of the desired health outcomes.

The performance measurement results include internal comparisons over time as well as external comparisons with peers.

HPCIC is an active member of the National Hospice and Palliative Care Organization (NHPCO), which offers multiple tested performance measures. Included are key metrics, in which HPCIC exceed national benchmarks in the following areas:

1. Would you recommend Hospice to others?
   National score 98.5; HPCIC is 100%
2. Care received while under Hospice rated as excellent
   National score is 75.9% ; HPCIC is 87.5%
3. Overall rating of hospice team members who provided care as excellent:
   National is 80.9%; HPCIC is 89.1%
4. Patient's personal needs taken care of:
   National is 78.1%; HPCIC is 93.6%
5. Patient treated with respect:
   National is 96.5%; HPCIC is 98.4%
6. Rate instructions received regarding patient safety (% Excellent):
   National is 65.6%; HPCIC is 70.8%

The use of quality measures such as these will be mandatory by CMS in 2014.

Hospice & Palliative Care of Iredell County

Access Basic Principle

Access to care is a fundamental principle of Hospice of Iredell County. The compound annual growth factor (CAGR) for inpatient days of care for the Gordon Hospice House is 35% since 2007, and the CAGR of deaths served in Iredell County is 28% since 2007.
Hospice of Iredell County is the preferred provider of hospice care in Iredell County, serving over 91% of all hospice patients. HPCIC provides end-of-life care to all eligible patients, regardless of their ability to pay, race, ethnicity, culture, language, education and health literacy. 11.2% of HPCIC patients served during the last fiscal year were African American, which exceeds the National level of 8.7%, and mirrors the demographics of Iredell County.
Data Source: NHPCO Hospice Care Saves Money for Medicare, New Study Shows-Nov 2007

Value Basic Principle

HPCIC is a community based 501(c)(3) organization. A patient's ability to pay is never a barrier to care, as financial concerns can be a major burden for many patients and families facing a terminal illness. Acute crisis care is provided in the Gordon Hospice House regardless of ability to pay. Last fiscal year 3.1% of days of care were provided to patients with no payer source, as HPCIC provided nearly $250,000 in uncompensated care for those uninsured and underinsured.

Hospice provides the maximum health benefit per dollar expended. The majority of admissions to the Gordon Hospice House are transferred directly from the hospital, and often times include patients from a critical care setting, which cost Medicare thousands of dollars daily. Findings of a major study demonstrated that hospice services save money for Medicare and bring quality care to patients with life-limiting illness and their families. Researchers at Duke University found that hospice reduced Medicare costs by an average of $2,309 per hospice patient.

CONCLUSION

Gordon Hospice House has demonstrated need to convert all six residential beds to GIP before 2015. Three (3) are pending approval in the 2011 CON, and HPCIC respectfully request the remaining three (3) residential beds as a special need in the 2012 CON.
HPCIC has 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 to the organization. Delaying the conversion would deprive patients of care and make inefficient use of an existing resource.