

PETITION

Petition for Special Need Adjustment for Inpatient Hospice Beds

PETITIONER

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DFS Health Planning
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Medical Facilities
PLANNING SECTION

STATEMENT OF REQUESTED ADJUSTMENT

Hospice of Scotland County respectfully petitions the State Health Coordinating Council to create in the 2012 *SMFP* an adjusted need determination of two (2) inpatient hospice beds for Scotland County.

BACKGROUND

Hospice of Scotland County operates a successful Medicare-certified hospice agency as well as Morrison Manor, a combination inpatient/residential hospice facility, in Laurinburg, North Carolina. Hospice of Scotland County has been providing end-of-life care to residents of Scotland and surrounding counties since 1986. In 2001, Hospice of Scotland County was awarded a Certificate of Need to construct a six-bed residential hospice facility in Laurinburg. The facility began caring for patients in April 2005. In 2006, Hospice of Scotland County successfully petitioned the State Health Coordinating Council for a special need determination in the 2007 *State Medical Facilities Plan* for four inpatient hospice beds in Scotland County. Concurrent with the development of the four CON-approved inpatient beds, Hospice of Scotland County again successfully petitioned the State Health Coordinating Council for a special need determination in the 2009 *State Medical Facilities Plan* for two additional inpatient hospice beds in Scotland County. By August 2009, all six inpatient beds were operational, resulting in the 12-bed combination inpatient and residential hospice facility in operation today.

REASON FOR THE REQUESTED ADJUSTMENT

1. Hospice of Scotland County's historical experience indicates an increasing need for inpatient beds and simultaneous decreasing need for residential beds.

Hospice of Scotland County expanded its original residential facility to include six inpatient hospice beds in response to its growing need to serve hospice patients with more intense needs than it could provide in its residential beds. The six inpatient beds have been in operation since August 2009. Since that time, Hospice of Scotland County has experienced increasing acuity levels among its hospice facility patients. As such, the

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occupancy of its inpatient beds increasingly exceeds that of its residential beds. Inpatient and residential utilization of Hospice of Scotland County's Morrison Manor since the opening of the inpatient beds is provided in the table below.

	FY 2009*	FY 2010	FY 2011^	FY 2009 - FY 2011 CAGR	FY 2010 - 2011 Growth
<i>Days of Care</i>					
Inpatient Days	108	1,325	1,607	286%	21%
Residential Days	1,536	577	402	-49%	-30%
<i>Admissions</i>					
Inpatient Admissions	18	144	153	191%	6%
Residential Admissions	74	54	5	-73%	-90%
<i>Occupancy</i>					
Inpatient Occupancy	5%	61%	73%	286%	21%
Residential Occupancy	70%	26%	18%	-49%	-30%
<i>Average Daily Census</i>					
Inpatient ADC	0.3	3.6	4.4	286%	21%
Residential ADC	4.2	1.6	1.1	-49%	-30%

*Inpatient beds became operational on August 3, 2009 and therefore were only operational for two months of the FY 2009 reporting period.

^FY 2011 volumes are annualized based on actual data for October 1, 2010 through July 7, 2011.

These data clearly indicate a trend toward higher levels of inpatient care. The average daily census of Hospice of Scotland County's six inpatient beds is projected to be 4.4 in FY 2011 based on annualized volume statistics. Given the nature of averages, this means that on any given day the census could be six, and on another day three. Over the last 12 months, the average daily census of the six inpatient beds has been greater than four in all but one month, and five or greater in two different months, indicating that Hospice of Scotland County did not have an inpatient hospice bed available at some point during those months. In fact, in September 2010, the average daily census of the inpatient beds was 6.2 as there were some days on which a death occurred and the bed was occupied on the same day by a new patient who had been waiting for an inpatient bed to become available. At the time of submission of this petition, all six of Hospice of Scotland County's inpatient beds are occupied, and more than one patient is waiting for a bed to become available.

Historically prior to the development of the inpatient beds, when a patient requiring the inpatient level of care was referred or transferred to Hospice of Scotland County's facility, or when a residential patient's needs escalated to the inpatient level of care, Hospice of Scotland County often maintained the patient at the residential level of care when possible, as the only means of providing for the patient in the most appropriate setting. This practice has continued to a lesser degree since the opening of the inpatient beds. Approximately nine patients utilizing a combined total of 30 days of care have been maintained in a residential bed since August 2009 due to the unavailability of an inpatient bed even though their needs warranted the inpatient level of care. Under these

circumstances, the patient is medically managed at the appropriate inpatient level of care and receives the same level of nursing and physician services as any other inpatient hospice patient in the facility. The only difference is that Hospice of Scotland County cannot bill at the inpatient level of care for those patients, thus creating a financial strain for the agency. Since the opening of the six inpatient beds, typically when an inpatient hospice bed is not available in the facility, Hospice of Scotland County refers the patient to Scotland Memorial Hospital where the patient is admitted to an inpatient bed in an acute care setting until a bed at Morrison Manor becomes available. In year-to-date FY 2011 (from October 1, 2010 through July 7, 2011) alone, there have been 16 general inpatient hospice admissions to Scotland Memorial Hospital due to the lack of an available inpatient bed at Morrison Manor. Thus, these patients were cared for in a less appropriate and more costly setting and were unable to realize the benefits of an inpatient hospice facility at the time they needed it most, with some patients never being able to experience it at all. Arguably, patients and their families would be more comfortable spending their final days in the loving environment of a hospice facility rather than in an acute care setting.

While Hospice of Scotland County's need for inpatient hospice capacity is ever on the rise, its demand for the residential level of care is consistently diminishing. In FY 2011, Hospice of Scotland County is projected to experience an average daily census of 1.1 patients in its residential beds and an occupancy rate of 18 percent, down drastically from FY 2009 and moderately from FY 2010. These trends indicate that Hospice of Scotland County has a disproportionate number of residential beds for which there is insufficient demand and a corresponding need for increased capacity of inpatient beds. Thus, without the addition of inpatient hospice beds in Scotland County, patient needs for inpatient hospice care will not be met while existing resources for residential hospice care go unused. The decline in demand for residential hospice care is in part attributable to trends in referral patterns both statewide and nationally. Specifically, physicians and patients appear to be increasingly waiting longer to cease curative treatment and initiate hospice care. In 2009 (the most recent year of data available), 34.4 percent of hospice deaths nationwide occurred within seven days or less of hospice admission. This is up 2.7 percentage points from 31.7 percent in 2005.¹ Similarly, in 2009, 32.1 percent of all hospice deaths in North Carolina occurred within seven days or less of admission. Consistent with national trends, this is up 3.8 percentage points from 28.3 percent in 2005.² These data suggest that in the time since Hospice of Scotland County first opened its residential hospice beds, admissions to hospice have been occurring later and later. When an end-of-life patient is first admitted to hospice within seven days of death, his or her condition is typically more acute than a patient admitted to hospice much earlier in disease progression. More acutely ill patients, with death imminent, more often require more intensive nursing care to meet advanced needs for symptom control and pain management, thus requiring the inpatient rather than the

¹ Source: National Hospice and Palliative Care Organization's 2005, 2006, 2007, 2008, and 2009 National Summary of Hospice Care reports

² Source: The Carolinas Center for Hospice and End of Life Care's 2005, 2006, 2007, 2008, and 2009 Hospice Data and Trends reports

residential level of care. Hospice of Scotland County believes that this trend has had significant impact on its shifting demand from residential to inpatient hospice care.

The site on which Hospice of Scotland County's hospice facility sits is not able to be expanded any further due to proximity of swampland. All twelve inpatient and residential hospice beds at the facility were built to inpatient standards. Therefore, Hospice of Scotland County believes that a cost-effective and non-disruptive means of resolving this imbalance in inpatient and residential beds is to convert two of its existing residential beds to inpatient beds, resulting in a total of eight inpatient beds and four residential beds. Based on the preceding statistics, this would still allow Hospice of Scotland County more than adequate resources to provide for current and future demand for residential hospice care.

2. Hospice of Scotland County has sufficient volume to support at least eight inpatient hospice beds.

As previously stated, Hospice of Scotland County currently operates six (6) inpatient hospice beds and is seeking to apply for two (2) additional inpatient hospice beds for a total of eight (8) inpatient beds. Hospice of Scotland County has experienced significant increases in overall agency utilization in recent years, and based on annualized year-to-date FY 2011 data, will serve over 300 patients and provide more than 23,000 days of care in 2011.³ Furthermore, Hospice of Scotland County is the primary provider of hospice care to patients in Scotland County, providing for 221 of the 236 (93.6 percent) total hospice deaths in Scotland County in FY 2010.⁴

The *Proposed 2012 SMFP* has determined that there is a surplus of two (2) inpatient hospice beds in Scotland County. This 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 average length of stay applied to projected hospice admissions to derive projected hospice days of care, and then inpatient days of care. While Hospice of Scotland County does not oppose the general application of the standard methodology, it does believe that the standard methodology fails to account for the unique circumstances experienced by Hospice of Scotland County, as previously described in this petition.

Specifically, Hospice of Scotland County has experienced the following growth rates relative to its inpatient and residential hospice beds:

³ Per internal data, Hospice of Scotland County served 244 patients and provided 17,947 total days of care from October 1, 2010 through July 7, 2011. This represents an annualized total of 318 patients and 23,395 days of care.

⁴ Source: *Proposed 2012 SMFP*

	FY 2009* - FY 2011^ CAGR	FY 2010 - 2011* Growth
<i>Days of Care</i>		
Inpatient Days	286%	21%
Residential Days	-49%	-30%
<i>Admissions</i>		
Inpatient Admissions	191%	6%
Residential Admissions	-73%	-90%
<i>Occupancy</i>		
Inpatient Occupancy	286%	21%
Residential Occupancy	-49%	-30%
<i>Average Daily Census</i>		
Inpatient ADC	286%	21%
Residential ADC	-49%	-30%

*Inpatient beds became operational on August 3, 2009 and therefore were only operational for two months of the FY 2009 reporting period.

^FY 2011 volumes are annualized based on actual data for October 1, 2010 through July 7, 2011.

Hospice of Scotland County expects this trend to continue and believes it is reasonable to assume that its inpatient utilization will continue to grow conservatively at one-half the growth experienced between FY 2010 and FY 2011 (annualized). Understanding the vital role that residential beds play for hospice patients who need them, to be sure that the conversion of two residential beds to inpatient beds will still leave sufficient resources for future residential demand, Hospice of Scotland County assumes that its residential utilization will remain constant despite the historical downward trend. Applying this methodology, Hospice of Scotland County projects the following inpatient and residential utilization through the next five years.

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<i>Days of Care</i>					
Inpatient Days	1,779	1,968	2,178	2,410	2,666
Residential	402	402	402	402	402
<i>Admissions</i>					
Inpatient Admissions	157	162	166	171	176
Residential Admissions	5	5	5	5	5
<i>Average Daily Census</i>					
Inpatient ADC	4.9	5.4	6.0	6.6	7.3
Residential ADC	1.1	1.1	1.1	1.1	1.1
<i>Occupancy Based on Projected Days of Care (8 Inpatient Beds, 4 Residential Beds)</i>					
Inpatient Occupancy (8 beds)	61%	67%	75%	83%	91%
Residential Occupancy (4 beds)	28%	28%	28%	28%	28%

<i>Number of Beds Needed at 85% Occupancy (per SMFP Methodology)</i>					
Inpatient Beds Needed	5.7	6.3	7.0	7.8	8.6
Residential Beds Needed	1.3	1.3	1.3	1.3	1.3

As clearly indicated above, Hospice of Scotland County believes that it can reasonably support eight inpatient beds based on the SMFP methodology's application of an 85 percent occupancy target applied to its projected inpatient days of care. Further, even assuming residential utilization remains constant and does not continue its historical decline, Hospice of Scotland County would have more than sufficient residential bed capacity to serve projected residential demand after converting two of the existing six residential beds to inpatient beds. Therefore, in order to most effectively meet projected need and to serve the best interests of its existing and future patients, Hospice of Scotland County is requesting a special need determination for two inpatient beds in the 2012 SMFP, which would allow it to seek Certificate of Need approval to convert unused residential bed capacity to clearly needed inpatient bed capacity.

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

Hospice of Scotland County operates, in Morrison Manor, six inpatient beds. Thus, patients in Scotland County do have some access to freestanding inpatient hospice care. However, as discussed above, on numerous occasions, patients have experienced delays in gaining admission to Morrison Manor, thus requiring several patients to be admitted to an acute care bed at Scotland Memorial Hospital while waiting for an inpatient 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. Since Hospice of Scotland County 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 of Scotland County's beds are full, is admission to an acute care hospital or to a nursing facility.

Scotland County has one acute care hospital, Scotland Memorial Hospital, and four 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.

It should be noted that Richmond County Hospice in neighboring Richmond County was awarded a Certificate of Need to develop six inpatient hospice beds in 2007. To date, Hospice of Scotland County is not aware of any progress made toward developing those beds. After four years of inactivity, it is questionable at best whether Richmond County Hospice ever intends to develop the beds. As such, they cannot be relied upon for use by Scotland County patients when an inpatient bed is not available at Morrison Manor. Further, Southeastern Hospice operates 12 inpatient hospice beds in Robeson County. It was also approved in 2007 to develop an additional six inpatient hospice beds, but has not yet developed those additional six beds. Neither Southeastern Hospice nor Richmond County Hospice serves a significant number of Scotland County patients. Specifically, as reported in the Proposed 2012 SMFP, in FY 2010, Southeastern Hospice and Richmond County Hospice each served only one Scotland County hospice death.

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

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

Hospice of Scotland County currently operates a facility with six inpatient beds and six residential beds. Thus, unlike other counties without existing inpatient hospice facilities, the expansion of Hospice of Scotland County's existing inpatient capacity with the conversion of two residential beds to inpatient beds does not elicit concerns regarding financial viability that arise when a new facility must be constructed. The conversion can occur absent any construction or renovation, and therefore is a seamless and cost-

effective alternative to a new facility and a better use of existing, underutilized resources. Furthermore, the Certificate of Need process will require Hospice of Scotland County to prove the financial feasibility of the proposed project.

Hospice of Scotland County currently enjoys a reputation of being a provider of high quality inpatient hospice care in Scotland County. Thus, the community of patients and providers is familiar with the existing services and will support the conversion resulting in two additional inpatient hospice beds. Given its status in the community, Hospice of Scotland County will have no challenges receiving the referrals necessary to support the additional inpatient beds, thus eliminating the need for a six-bed threshold for allocation in Scotland County. Further, it is unlikely that another provider would be interested in developing a second freestanding hospice facility in Scotland County, and thus interested in pursuing an allocation of six beds, given that Hospice of Scotland County cares for more than 90 percent of all hospice patients in the county.

ADVERSE EFFECTS IF PETITION IS NOT APPROVED

The alternative to the changes requested in this petition is to maintain status quo and continue to operate six inpatient beds and six underutilized residential beds. However, if the petition is not approved, Hospice of Scotland County will continue to be limited in its ability to meet the needs of its patients and families. Hospice patients needing inpatient care when Hospice of Scotland County's six inpatient hospice beds are occupied will have to be admitted to Scotland Memorial Hospital or a nursing facility, which is a less effective alternative for the reasons presented in this petition. 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. The conversion of two existing residential beds to provide two additional inpatient beds would allow Hospice of Scotland County to offer the most appropriate level of care for all its patients. In such a facility, patients being cared for at the residential level can shift to the higher level of inpatient care without moving to another facility or even without changing beds. All bedrooms in Hospice of Scotland County's hospice facility, including the existing residential beds, are constructed to inpatient standards. Therefore, the proposed conversion can occur with no construction or disruption, and patients could receive the appropriate level of care regardless of their location in the facility. In a combination facility such as Hospice of Scotland County's, the higher level of inpatient care can be provided more cost-effectively than in the acute care setting of a hospital.

ALTERNATIVES CONSIDERED

Only one viable alternative to the proposal in this petition exists - to maintain the status quo. To maintain the status quo would continue to force patients in need of an inpatient hospice bed into less appropriate and more costly acute care settings while also

perpetuating the operation of underutilized residential beds. Please see the full discussion of #3 under the heading: "Reasons for Requested Adjustment" beginning on page 6 of this petition.

EVIDENCE THAT THE PROPOSED CHANGE WOULD NOT RESULT IN UNNECESSARY DUPLICATION

As previously discussed, Hospice of Scotland County can support more than the six inpatient beds that it currently operates. Further, no other inpatient hospice beds exist in Scotland County. Southeastern Hospice has operated 12 inpatient hospice beds in Robeson County since 2007. Southeastern Hospice was also approved in 2007 to develop an additional six inpatient hospice beds. However, to date those beds have not been developed. Similarly, Richmond County Hospice was also approved in 2007 to develop six inpatient beds has made no progress toward developing those beds. Neither Southeastern Hospice nor Richmond County Hospice provides a significant level of service to Scotland County hospice patients, each serving only one Scotland County hospice death in FY 2010. This, coupled with the fact that Hospice of Scotland County provided more than 90 percent of the Scotland County hospice utilization in FY 2010, indicates that Scotland County residents do not typically seek hospice care from out-of-county providers.

However, to demonstrate that the addition of two inpatient beds to Hospice of Scotland County's inpatient bed capacity would not result in a duplication of inpatient services provided by Southeastern Hospice in its existing 12-bed inpatient facility, Hospice of Scotland County adjusted its projected inpatient utilization as follows. In FY 2010, Robeson County residents accounted for 12.4 percent of Hospice of Scotland County's total hospice days of care. As such, to account for the possibility that some of Hospice of Scotland County's patients might choose admission to Southeastern Hospice's facility, Hospice of Scotland County very conservatively reduced its projected inpatient days by 12.4 percent per year to exclude any potential Robeson County patients from the projections. The results, as well as the impact on Hospice of Scotland County's projected inpatient bed need, are shown in the table below.

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<i>Inpatient Days of Care</i>					
Total Inpatient Days	1,779	1,968	2,178	2,410	2,666
Inpatient Days Excluding Robeson County Days	1,558	1,724	1,908	2,111	2,336
<i>Number of Inpatient Beds Needed at 85% Occupancy (per SMFP Methodology)</i>					
Inpatient Beds Needed	5.7	6.3	7.0	7.8	8.6
Inpatient Beds Needed Excluding Robeson County Days	5.0	5.6	6.1	6.8	7.5

Clearly, even accounting for the existing of Southeastern Hospice's facility in Robeson County, Hospice of Scotland County can still support eight inpatient hospice beds. As

such, the changes requested in this petition will not result in unnecessary duplication of health resources in the area.

EVIDENCE OF CONSISTENCY WITH THE THREE BASIC PRINCIPLES

Hospice of Scotland County believes the petition is consistent with the three basic principles: quality and safety, access and value.

As previously discussed, Hospice of Scotland County is known in its community and beyond for providing high quality and compassionate end-of-life care through its home care agency and in its existing hospice facility, Morrison Manor. When an inpatient bed is not available at Morrison Manor, patients must be admitted to the hospital or a nursing home. As explained in this petition, 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. The quality of hospice care can be significantly enhanced in a hospice facility setting rather than an acute care setting. As such, the proposal presented in this petition would allow Hospice of Scotland County to develop sufficient access to inpatient hospice care in Scotland County, thereby creating a quality inpatient experience for more patients. Further, the necessary provision of inpatient hospice care in an acute care setting when no inpatient hospice bed is available not only requires patients to be cared for in a less appropriate setting, but also represents a more costly means of providing end-of-life care. Finally, because all of the existing beds at Morrison Manor were constructed to inpatient standards, Hospice of Scotland County can convert two residential beds to inpatient beds without any construction, renovation, or disruption, making this proposal the most cost-effective means of increasing needed inpatient hospice capacity in Scotland County while also right-sizing residential hospice capacity.

CONCLUSION

Hospice of Scotland County believes that the proposed petition is needed to ensure that the end-of-life care needs of Scotland County residents are appropriately and adequately met.

Thank you for your consideration.