



**PETITION FOR AN ADJUSTED NEED DETERMINATION FOR THREE
ADDITIONAL HOSPICE INPATIENT BEDS IN SURRY COUNTY**

Petitioner:

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Requested Adjustment

Mountain Valley Hospice & Palliative Care (MVHPC) seeks to expand access to comprehensive hospice care for terminally ill patients in Surry County, and *petitions for an adjusted need determination for three (3) hospice inpatient beds in Surry County in the 2014 State Medical Facilities Plan (SMFP).*

Reasons Supporting Requested Adjustment:

The Proposed 2014 SMFP concludes there is no need determination for hospice inpatient beds for Surry County. However, a statement has been inserted at the end of the Standard Methodology to notify Plan readers 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.”

Approval of this petition will provide MVHPC, and any other potential provider, the opportunity to submit a Certificate of Need (CON) application during 2014 to develop three (3) hospice inpatient beds in Surry County.

MVHPC justifies the proposed hospice inpatient bed adjusted need determination based on several factors, including:

- MVHPC’s existing hospice inpatient beds (Joan & Howard Woltz Hospice Home) are utilized at capacity.
- Surry County’s average length of stay (ALOS) per hospice admission has consistently remained higher than the statewide median ALOS per hospice admission. Thus, utilizing the statewide median ALOS in the standard methodology results in a projected decrease in 2017 hospice days of care in Surry County, below the actual level of days in FY2012.
- MVHPC’s hospice inpatient ALOS is comparable to the statewide inpatient ALOS.
- Surry County’s inpatient use rate during FY2012 was 7.6 percent compared to the 6.0 percent rate used by the standard methodology.
- Surry County’s hospice admissions and days of care are increasing at considerably faster rates compared to the State as a whole.
- Hospice providers serve a higher percentage of Surry County deaths compared to the State as a whole.
- The population in Surry County is continuing to age, with a corresponding growing need for increased access to local hospice inpatient services.
- The availability of regional North Carolina hospice inpatient facilities is limited, and is often at or near capacity.
- With no available capacity at Woltz Hospice Home, travel from Surry County to existing regional North Carolina hospice inpatient facilities is disruptive, expensive, and time-consuming for local residents. Family

members of local patients who are in need of hospice inpatient care benefit from receiving care in a local setting that is close to home.

- Community support for additional hospice inpatient beds in Surry County is strong.

Background

MVHPC has provided focused, compassionate care to patients in Surry County for over 30 years. MVHPC provides hospice services to terminally ill patients and their families in 16 counties from six locations in North Carolina and southern Virginia. Specific to this petition, MVHPC currently operates 13 hospice inpatient beds and seven residential beds at the Joan & Howard Woltz Hospice Home in Dobson, Surry County. Last year MVHPC also submitted a SHCC petition for a Surry County adjusted need determination. Unfortunately, we did not receive approval. However, now one year later, our facility is still operating at capacity, and an urgent need still exists for additional inpatient bed capacity in Surry County. The following narrative provides statistical, demographic and geographic data that supports the proposed adjustment to the Proposed 2014 SMFP for three additional hospice inpatient beds in Surry County.

The detailed rationale for the requested adjustment to the need determination is described below.

Hospice Inpatient Bed Need Methodology

MVHPC recognizes and supports the state health planning process and policies as identified in the SMFP and approved by the SHCC and the governor; however, MVHPC notes that unique circumstances exist in Surry County that differ from those provided by application of the standard hospice inpatient bed need methodology.

Perhaps this is most clearly evident by examining the total projected hospice inpatient days in Surry County in Table 13C of the Proposed 2014 SMFP. Specifically, the application of the standard methodology results in 3,203 hospice inpatient days in Surry County during FY2017. This is inconsistent with actual hospice inpatient days during the most recent fiscal year in Surry County. Specifically, during FY2012 MVHPC's Woltz Hospice Home provided 4,539 hospice inpatient days, which equates to 95.7 percent occupancy ($4,539/365/13 =$

95.7%). Therefore, application of the standard methodology in the Proposed 2014 SMFP assumes that MVHPC’s Woltz Hospice Home, which has operated at practical capacity for the last three fiscal years, will experience a decrease in utilization, and that occupancy will plummet from 95.7 percent during FY2012 to 67.5 percent (3,203/365/13) during FY2017. Clearly, the state-wide assumptions that created this projection are not consistent with historical utilization in Surry County and are therefore not realistic for Surry County from a health planning perspective.

It should be noted that the standard methodology has projected similar inconsistencies between projected hospice inpatient days and actual hospice inpatient days in Surry County in the 2012 SMFP and 2013 SMFP, as shown in the following table.

**Hospice Inpatient Days of Care
Standard Methodology Projections vs. Actual Utilization in Surry County**

	2012 SMFP	2013 SMFP	Proposed 2014 SMFP
Projected Inpatient Days of Care per Standard Methodology (Table 13C, Column I)	2,466	3,068	3,203
<u>Actual</u> Inpatient Days of Care at MVHPC Woltz Hospice Home	4,296	4,566	4,539
Fiscal Year for Actual Inpatient Days at MVHPC Woltz Hospice Home	FY2010	FY2011	FY2012

Source: 2012-2013 SMFP, Proposed 2014 SMFP, MVHPC hospice data

While MVHPC supports the state health planning process, it is evident that Surry County is unique with respect to hospice inpatient services, and that the standard methodology does not accurately project hospice inpatient utilization for Surry County in the Proposed 2014 SMFP. Therefore, in the case of this request for an adjusted need determination, it is appropriate to consider actual Surry County hospice data in place of broad, statewide data and assumptions.

Upon careful review of the standard methodology, MVHPC has identified the following basic assumptions which should be considered when projecting need for hospice inpatient beds in Surry County.

Average Length of Stay

In Step 6c of the standard methodology, the Proposed 2014 SMFP projects FY2017 hospice days of care by applying either the county or the statewide

median ALOS (whichever is lower) to projected hospice admissions by county. MVHPC notes that in the case of Surry County, the FY2012 ALOS of 105.8 days is much higher than the statewide median of 73.5 days. Due to the significant difference between the Surry County actual ALOS and the Statewide median ALOS, the standard methodology in the Proposed 2014 SMFP projects that FY2017 Surry County days of care (53,382 hospice days of care) will decrease over eleven percent from the actual FY2012 use (59,358 hospice days of care). This is not a realistic projection, and is inconsistent with the historical growth trend in Surry County, as seen in the following table.

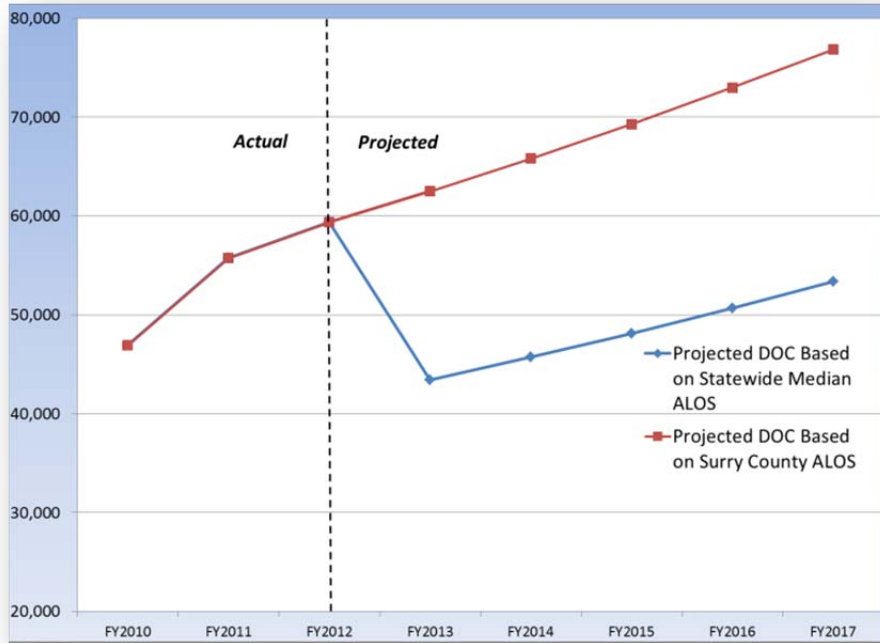
Hospice Days of Care, FY2010-FY2012

	Surry County Days of Care	North Carolina Days of Care
FY2010	46,925	2,874,121
FY2011	55,750	2,915,218
FY2012	59,358	3,022,811
<i>2-Yr Trailing Avg Growth Rate</i>	<i>12.5%</i>	<i>2.6%</i>

Source: The Carolinas Center for Hospice and End of Life Care

The two-year trailing average growth rate for total hospice days of care in Surry County was 12.5 percent from FY10-FY12. This is much higher than the statewide two-year trailing average growth rate for hospice days of care which was 2.6 percent during the same time period. Thus, the statewide median ALOS applied in the Proposed 2014 SMFP standard methodology results in Surry County projected days of care that experience a declining growth pattern, which is inconsistent with Surry County historical growth patterns. The graph on the following page illustrates this point.

Surry County Actual & Projected Hospice Days of Care



To project hospice days of care that are consistent with actual historical utilization, MVHPC recommends that, in the case of this petition for an adjusted need determination, the Surry County historical ALOS (105.8) is more relevant and appropriate than the broader statewide median ALOS (73.5). Though the Surry County ALOS is comparatively higher than the statewide median, the Surry County ALOS has consistently remained at this high level during recent years. Please refer to the following table.

Hospice Average Length of Stay per Admission

	Surry County ALOS	NC Median ALOS
FY2008	116.4	77.2
FY2009	118.1	75.4
FY2010	113.9	80.5
FY2011	114.2	72.7
FY2012	105.8	73.5

Source: Proposed 2014 SMFP, 2010-2012 SMFP

Based on a review of historical data, it is evident that Surry County’s ALOS per hospice admission is not an anomaly. Rather, it is an accurate representation of hospice use in Surry County. Therefore, for the purposes to projecting need for hospice inpatient beds in Surry County, it is more reasonable and appropriate to utilize the county-specific hospice ALOS.

Surry County’s hospice inpatient ALOS is comparable to the FY2011 Statewide ALOS of 10.2 days (93,245 days of care/9,094 deaths). As shown on MVHPC’s 2012 corrected data supplement, the inpatient ALOS at Woltz Hospice Home during FY2011 was 11.71 days (4,566 patient days/390 deaths). MVHPC’s FY2012 ALOS for inpatients at Woltz Hospice Home was 12.97 (4,539 patient days / 350 deaths). Therefore, MVHPC’s length of stay for its existing hospice inpatient beds is not atypical compared to recent statewide data¹.

Inpatient Hospice Utilization Rate

Step 7 of the standard methodology utilizes six percent as a basis for estimating days of care in licensed inpatient hospice facility beds. However, MVHPC notes that the six percent utilization rate is not specific to Surry County and does not accurately reflect the actual hospice inpatient utilization rate based on most recent data. As shown in the following table, Surry County has historically exhibited a much higher hospice inpatient utilization rate compared to the standard methodology.

**Inpatient Hospice Facility Days as a % of Total Hospice Days
Surry County, FY2010-FY2011**

	Surry Co. Total Hospice Days of Care	Surry Co. IP Days of Care	% of Total Hospice Days	Standard Methodology
FY2010	46,925	4,296	9.2%	6.0%
FY2011	55,750	4,490	8.1%	6.0%
FY2012	59,358	4,539	7.6%	6.0%

Source: The Carolinas Center for Hospice and End of Life Care,
MVHPC Woltz Hospice Home

¹ Statewide FY2012 data prepared by The Carolinas Center for Hospice and End of Life Care was not available to MVHPC at the time of submission for this adjusted need petition.

During FY2012, 7.6 percent of all Surry County hospice days of care were provided at MVHPC’s Woltz Hospice Home. It is important to note that Woltz Hospice Home has operated at practical capacity for nearly four consecutive fiscal years, thus the growth potential for additional hospice inpatient days in Surry County is effectively stifled. In other words, the percent of hospice inpatient days in Surry County would likely be even higher if there were greater access to hospice inpatient beds. The best mechanism to relieve local capacity constraints is the development of additional hospice inpatient beds in Surry County.

The following table applies Surry County’s FY2012 ALOS (105.8) and hospice inpatient utilization rate (7.6%) to the Proposed 2014 SMFP standard methodology.

**Table 13C Adjusted Hospice Inpatient Bed Need Methodology for Surry County
(Based on Surry County ALOS and Hospice Inpatient Utilization Rate)**

	FY2012 Total Admissions	FY2012 Days of Care	FY2012 ALOS per Admission	Total 2017 Admissions	2017 DOC at County ALOS (105.8)	Projected IP Days (7.6%)	Total Projected IP Beds	Currently Licensed	FY2012 Facility Occupancy Rate	Deficit/ (Surplus)
Surry County	561	59,358	105.81	726	76,846	5,876	19	13	95.7%	<u>6</u>

As demonstrated in the previous table, if the Surry County ALOS and hospice inpatient utilization rate are used, as MVHPC recommends, the resulting total projected inpatient bed need is six (6) beds. This adjusted methodology is reasonable because it utilizes historical data specific to Surry County hospice use. Furthermore, this adjusted methodology is actually conservative because it 1) projects hospice admissions based on the FY10-FY12 statewide two-year trailing average growth rate (5.3%), which is lower compared to the Surry County two-year average growth rate of 16.7% during the same time period and 2) results in a projected compound annual growth rate of 5.3 percent for total hospice days of care, which is less than the Surry County two-year trailing average growth rate of 12.5 percent.

MVHPC’s request for three (3) additional hospice inpatient beds in Surry County is conservative when need is projected based on actual hospice data for Surry County residents. As described in the following narrative, hospice services are highly utilized in Surry County. The historical use of hospice services, combined

with the need for additional capacity at MVHPC’s existing hospice inpatient facility ensure the proposed three hospice inpatient beds will be well utilized.

MVHPC Hospice Inpatient Utilization

As previously stated, the existing hospice inpatient beds in Surry County are highly utilized. During FY2012, MVHPC’s Woltz Hospice Home operated at 95.7 percent occupancy. In fact, during five months of FY2012, MVHPC’s hospice inpatient facility operated in excess of 100 percent occupancy. The following table provides monthly utilization for the most recent fiscal year.

**Joan & Howard Woltz Hospice Home
Hospice Inpatient Utilization, FY2012**

	Days of Care	ADC	% Occupancy
Oct-11	373	12.0	92.6%
Nov-11	326	10.9	83.6%
Dec-11	300	9.7	74.4%
Jan-12	386	12.5	95.8%
Feb-12	381	13.1	101.1%
Mar-12	402	13.0	99.8%
Apr-12	390	13.0	100.0%
May-12	411	13.3	102.0%
Jun-12	392	13.1	100.5%
Jul-12	401	12.9	99.5%
Aug-12	382	12.3	94.8%
Sep-12	395	13.2	101.3%
FY2012	4,539	12.4	95.7%

Source: MVHPC internal data

Utilization during FY2013 year-to-date is consistent with FY2012 utilization. During our current fiscal year, we have already experienced two months when occupancy has exceeded 100 percent and many months when occupancy has exceeded 95 percent. Please refer to the following table.

**Joan & Howard Woltz Hospice Home
Hospice Inpatient Utilization, FY2013**

	Days of Care	ADC	% Occupancy
Oct-12	414	13.4	102.7%
Nov-12	387	12.9	99.2%
Dec-12	335	10.8	83.1%
Jan-13	398	12.8	98.8%
Feb-13	374	12.9	99.2%
Mar-13	381	12.3	94.5%
Apr-13	373	12.4	95.6%
May-13	265	8.5	65.8%
Jun-13	390	13.0	100.0%
FY2013 YTD	3,317	12.2	93.5%

Source: MVHPC internal data

High utilization of hospice inpatient services is not a recent phenomenon in Surry County. MVHPC’s Woltz Hospice Home has consistently operated at practical capacity since FY2010. Please refer to the following table.

**Joan & Howard Woltz Hospice Home
Hospice Inpatient Utilization, FY2010-FY2013**

	Days of Care	% Occupancy
FY2010	4,296	90.5%
FY2011	4,490	94.6%
FY2012	4,539	95.7%
FY2013*	4,423	93.2%

*Annualized based on nine months data (Oct-Jun)

Source: MVHPC

As the data portrays, the existing 13 hospice inpatient beds in Surry County are operating at (and often beyond) their practical capacity, and additional hospice inpatient beds are clearly needed to respond to local demand. Failure to expand local inpatient bed capacity will exacerbate wait times for admission to Woltz Hospice Home, or could force many patients to be treated in an acute care setting instead of a palliative care setting.

When a hospice inpatient bed is not available at the Joan & Howard Woltz Hospice Home, many patients are admitted to an acute care hospital. The table below summarizes the number of MVHPC hospice days of care provided to patients in an acute care setting during FY2012 and FY2013 year-to-date.

**Mountain Valley Hospice & Palliative Care
Hospice Inpatient Days of Care in an Acute Care Setting**

	FY2012	FY2013 (Oct-Jun)
Alleghany Memorial Hospital	7	6
Carilion New River Valley Hospital	21	3
Forsyth Medical Center	197	120
Hugh Chatham Memorial Hospital	90	63
Memorial Hospital Of Martinsville	4	0
Morehead Memorial Hospital	0	8
New River Valley Med Center	8	0
Northern Hospital Of Surry County	249	166
Pioneer Comm Hospital - Acute - Stokes	81	29
Pioneer Comm Hospital - Stuart	96	56
Pulaski Community Hospital	24	5
Stokes-Reynolds Memorial Hosp	16	0
Twin County Regional Hospital	21	8
WFUBMC	47	100
Wilkes Regional Medical Center	34	67
Yadkin Valley Community Hospital	102	75
Total	997	706

Source: MVHPC internal data

During FY2012, MVHPC provided 997 hospice inpatient days of care in an acute care setting. As described previously, acute care facilities generally do not provide a home-like setting for hospice patients compared to a hospice inpatient facility. Additionally, the cost of providing care in a hospital setting is considerably higher compared to a hospice inpatient facility. This data is provided for contextual purposes to illustrate how many patients could have benefited from access at MVHPC's hospice inpatient facility if our facility had additional capacity.

Hospice Utilization

Hospice services are highly utilized in Surry County. The growth of hospice days of care and hospice admissions have both exceeded statewide utilization in recent years. Please refer to the following tables.

Hospice Days of Care & Admissions, FY09-FY11

Surry County		
	Days of Care	Admissions
FY2010	46,925	412
FY2011	55,750	488
FY2012	59,358	561
2-Yr Trailing Avg Growth Rate	12.5%	16.7%

North Carolina		
	Days of Care	Admissions
FY2010	2,874,121	35,403
FY2011	2,915,218	38,743
FY2012	3,022,811	39,214
2-Yr Trailing Avg Growth Rate	2.6%	5.2%

Source: 2012-2013 SMFP, Proposed 2014 SMFP

Based on historical data, both hospice days of care and admissions have grown rapidly in Surry County. During FY10-FY12, the compound annual growth rate for hospice admissions in Surry County was 16.7 percent and 12.5 percent for days of care. Both of these growth rates far exceed statewide utilization growth during the same time period. Additionally, hospice services are utilized to a greater extent in Surry County compared to the State as a whole. The following table provides a comparison of hospice days of care per 1,000 population.

Days of Care per 1,000 Population

	Surry Co.	North Carolina
FY2010	636.9	300.2
FY2011	759.2	301.6
FY2012	805.2	309.5
<i>2-Yr Trailing Avg Growth Rate</i>	7.6%	3.6%

Source: 2012-2013 SMFP, Proposed 2014 SMFP; North Carolina Office of State Budget & Management

Surry County residents utilize hospice services at more than twice the rate of all North Carolina residents, and this rate has been increasing more rapidly compared to the State as a whole.

Additionally, hospice inpatient services are an important component of the continuum of hospice care in Surry County. This is evidenced by the hospice inpatient utilization rate for Surry County. Please refer to the following table.

Hospice Inpatient Utilization Rate

	Surry Co. Hospice Days of Care	Surry Co. IP Days of Care	IP % of Total Hospice Days	SMFP Standard Methodology
FY2010	46,925	4,296	9.2%	6.0%
FY2011	55,750	4,490	8.1%	6.0%
FY2012	59,358	4,539	7.6%	6.0%

Source: 2012 SMFP, Proposed 2013 SMFP; North Carolina

As described previously, the percent of hospice inpatient days in Surry County could be much higher if there were greater access to hospice inpatient beds. The best mechanism to relieve local capacity constraints is the development of additional hospice inpatient beds in Surry County.

The percentage of county deaths served by hospice is also an indicator of utilization of hospice services by county residents. During recent years, the

percentage of total Surry County deaths served by hospice has remained consistently higher compared to the Statewide median. During 2010 (the most recent data available), Surry County ranked 31st out of 100 North Carolina counties for the percent of deaths served by hospice. Please refer to the following table.

2008-2010 Percent of Deaths Served by Hospice Surry County

	2008	2009	2010
Total Deaths	847	810	847
Hospice Patient Deaths	345	327	337
% of Total Deaths Served by Hospice	40.73%	40.37%	39.79%
Statewide Median %	26.95%	30.91%	32.00%

Source: The Carolinas Center for Hospice and End of Life Care

The high percentage of deaths served by hospice in Surry County is further evidence of the local demand for hospice inpatient services, and supports the proposed adjustment to include a Surry County need determination for three hospice inpatient beds in the 2014 SMFP.

Geographic Need

In addition to having high utilization of hospice services, Surry County also demonstrates a geographic need for additional hospice inpatient services. According to the North Carolina Rural Economic Development Center, 85 North Carolina counties, including Surry County, are considered rural. Forty three counties in North Carolina have a population of 20% or greater that lives in poverty, all of which are rural. Generally speaking, residents of rural counties have comparatively less access to healthcare services than residents of urban counties. Additionally, residents of rural counties have comparatively less monetary resources to travel long distances than residents in urban counties.

Hospice is about people. Family members and friends often visit patients on a daily basis because of the dire conditions that patients are in during the last days of their lives. Therefore, geographic access to hospice inpatient services is particularly important for hospice patients.

As described previously, MVHPC’s hospice inpatient beds are currently operating at practical capacity. When an inpatient bed is not available at MVHPC’s Joan & Howard Woltz Hospice Home, the closest inpatient facility is the Kate B. Reynolds Hospice Home in Forsyth County, approximately one hour away. The following map details the relative locations of existing regional hospice inpatient facilities. Note that none are close to Surry County.

Regional Hospice Inpatient Facilities



When a local hospice patient needs inpatient services and an inpatient bed is not readily available in Surry County, they must either be admitted to a local acute care hospital or referred to a hospice inpatient facility in another county. Neither is a preferred alternative, as hospice patients typically prefer the home-like setting of an inpatient hospice facility to that of an acute care hospital. Like all healthcare services, hospice services are most effective for patients and family members when they are provided close to home. Travel time for family members visiting their loved ones in out-of-county hospice facilities can be very long and costly.

With a completely full Woltz Hospice Home, the closest hospice inpatient facilities for Surry County residents are located in Winston-Salem (Forsyth County) and Statesville (Iredell County). These facilities are nearly an hour away from Dobson, the county seat, which is located centrally within Surry County. In

addition, each facility is located up to one hour away from Mt. Airy, located in northern Surry County. The other facilities, located in Rockingham, Caldwell and Catawba counties, are located even further away. Furthermore, based on FY2012 data, these facilities are already well-utilized; thus, these alternatives offer extremely limited access for Surry County residents. Please refer to the following table.

Drive Times to Regional Hospice Inpatient Facilities

Facility	Facility County	FY2012 Occupancy	Distance from Dobson	Distance from Mt. Airy
Kate B. Reynolds Hospice Home	Forsyth	90.8%	44 mi; 52 mins	43 mi; 48 mins
Gordon Hospice House	Iredell	84.2%	48 mi; 51 mins	60 mi; 1 hr 3 mins
Hospice of Rockingham Co.	Rockingham	82.7%	68 mi; 1 hr 25 mins	61 mi; 1 hr 16 mins
Catawba Valley Hospice House	Catawba	87.4%	78 mi; 1 hr 19 mins	90 mi; 1 hr 30 mins
Caldwell Hospice & Palliative Care	Caldwell	98.4%	78 mi; 1 hr 32 mins	90 mi; 1 hr 43 mins
Caldwell Hospice & Palliative Care	Caldwell	95.0%	73 mi; 1 hr 26 mins	84 mi; 1 hr 37 mins

Sources: Google Maps, Proposed 2014 SMFP

For information purposes, on May 15, 2013, MVHPC submitted a CON application to develop a hospice inpatient facility in Yadkin County. This application is under review and MVHPC anticipates the CON Agency will approve the proposal on or by August 29, 2013. The proposed Yadkinville Care Center will be located approximately 20 miles or 30 minutes driving distance from MVHPC’s Surry County hospice facility. Furthermore, as described in the CON application, the proposed Yadkinville Care Center will primarily serve residents from Yadkin and Wilkes County. Thus, there will be limited access for Surry County residents.

Local access to hospice inpatient services is particularly important for hospice patients. Family members and friends often visit patients on a daily basis because of the dire conditions of the inpatients during the final days of their lives. Travel is disruptive, expensive and time consuming for these families and friends who must travel out of county long distances to visit their loved ones. Family stress is already high when dealing with a terminally ill family member, and the long travel distance from home simply increases this stress.

In summary, three additional hospice inpatient beds located in Surry County would greatly improve local access to hospice services for Surry County citizens. Residents of Surry County will have improved access to much needed end-of-life services.

Demographics

Population Growth

The increase in hospice days of care and deaths served by hospice in Surry County can be attributed to the county’s rapidly aging population. As shown in the table below, Surry County has a significantly older population compared to the State. The State demographer projects this demographic factor to increase significantly in the next five years.

**Projected Population Age 65+
2013-2018**

	2013	2018
Surry Co. Age 65+	13,211	14,623
<i>% of County Pop</i>	<i>17.9%</i>	<i>19.6%</i>
North Carolina Age 65+	1,403,047	1,655,847
<i>% of State Pop</i>	<i>14.2%</i>	<i>15.9%</i>

Source: NC Office of State Budget & Management

The population age 65 and older makes up a very significant portion of Surry County’s total population as compared to the State overall. The Surry County population age 65 and older is projected to increase 10.7 percent during the next five years. The growth of aged residents in Surry County is very relevant to this petition because according to the National Hospice and Palliative Care Organization (NHPCO), 82.7 percent of hospice patients are age 65 and older². Additionally, NHPCO expects the number of hospice patients within this age cohort to increase in the future.

Disease Incidence

Hospice use is higher for diseases that impose a great burden on caregivers. According to the NHPCO, cancer diagnoses account for 35.6 percent of all US

² National Hospice and Palliative Care Organization Facts and Figures: Hospice Care in America, 2011.

hospice admissions. As documented in the table below, between 2006 and 2010 Surry County exhibited higher cancer incidence rates, as noted in the following table.

**2006-2010 Age Adjusted and Age Specific Cancer Incidence Rates
Per 100,000 Population**

	Colon/Rectum	Lung/Bronchus	All Cancers
Surry County	46.1	91.1	507.1
North Carolina	43.4	74.8	498.1

Source: North Carolina State Center for Health Statistics

According to the North Carolina Central Cancer Registry, as the average age of a population increases, the incidence of cancer will increase as well. Surry County’s population age 65 and older is projected to increase by 10.7 percent over the next five years. Thus, Surry County is likely to experience an increasing cancer incidence rates. Given that cancer is the most common diagnosis for hospice patients, Surry County will continue to demonstrate a great need for hospice services.

In summary of the demographic justification, as the Surry County population continues to age, the need for hospice inpatient services will continue to increase. The addition of three hospice inpatient beds in Surry County will clearly help meet current and future demand for residents of Surry County.

Community Support

Community support for additional hospice inpatient beds in Surry County is extremely positive. For example, MVHPC received letters of support from many referring physicians and both local hospitals. These providers understand the great local demand for end-of-life services, and recognize the need for increased access to hospice inpatient services in Surry County. These support letters were sent directly the Chair of the Long Term and Behavioral Health Committee.

Quality, Access & Value

The requested adjustment is consistent with the three Basic Principles Governing the Development of the SMFP: Safety and Quality, Access and Value.

If this petition is approved, **access** will be greatly improved as additional hospice inpatient bed capacity will be available to residents of Surry County. As described previously, MVHPC's hospice inpatient facility is currently operating near 100 percent capacity, and Surry County residents use hospice services at a greater rate compared to North Carolina overall.

Approval of this petition will also enhance the **quality** of hospice services available to Surry County patients. Patients will have increased access to hospice inpatient services structured to provide the quality end-of-life services hospice patients require. According to the NHPCO, hospice is considered to be the model for quality, compassionate care at the end-of-life. The NHPCO estimates about one in five hospice agencies also operate a dedicated inpatient unit or facility. If this petition is successful in determining an adjusted need to develop additional hospice inpatient beds, local patients will greatly benefit from the highest growing and most viable option for quality end-of-life care. Thus, Surry County hospice patients will be much less likely to be admitted to a hospital or have to travel long distances to a regional hospice inpatient facility because additional hospice inpatient beds will be available locally.

The rising **cost** of healthcare services continues to cause concern among many constituencies in North Carolina. When an inpatient bed is not available at MVHPC's hospice inpatient facility, local hospice patients requiring hospice inpatient care are often admitted to a local hospital. This can result in costs far greater than those incurred if admitted to a more appropriate and less expensive hospice facility setting. Findings of a major study demonstrate that hospice services save money for Medicare³. Researchers at Duke University found that hospice reduced Medicare costs by an average of \$2,309 per hospice patient. Medicare costs would also be reduced if hospice was used for a longer period of time. To know hospice services will indefinitely provide cost savings to Medicare is an additional benefit as the aging population in Surry County faces the hardships of end-of-life situations. Approval of this petition will greatly benefit patients in terms of healthcare costs and value.

³ Taylor DH Jr, Ostermann J, Van Houtven CH, Tulsy JA, Steinhauser K. What length of hospice use maximizes reduction in medical expenditures near death in the US Medicare program? Soc Sci Med. 2007 Oct;65(7):1466-78.

Adverse Effects of No Adjustment to the Need Determination

If this petition is not approved, the need for additional hospice inpatient beds in Surry County will continue to be unmet. Local patients will continue to be forced to travel outside the county for inpatient hospice services when an inpatient bed is not available at MVHPC. In addition, patients will have to receive hospice inpatient care in either an acute care facility or in a nursing care facility, neither of which is designed for end-of-life palliative care. Either option is a lesser solution for hospice patients and their families.

As demonstrated by its practical operating capacity during the last nearly four fiscal years, MVHPC's ability to meet the growing demand for hospice inpatient services with its existing 13 inpatient beds is severely restricted. Furthermore, MVHPC cannot address this need via its seven existing residential beds in Surry County because licensure requirements prohibit hospice agencies from providing an inpatient level of care in a residential bed. In other words, a hospice inpatient cannot be admitted to or served in a residential bed. Therefore, regardless of the amount of available capacity in its residential beds, MVHPC cannot use that capacity to serve hospice inpatients. However, if approved to develop three additional hospice inpatient beds, MVHPC would most likely convert three of its less utilized residential beds to inpatient beds. This would require no capital cost and would be the most cost effective use of resources.

As described previously, MVHPC's proposed inpatient facility in Yadkin County does not impact the need for additional hospice inpatient beds in Surry County or result in any unnecessary duplication of existing services. As described in our Yadkin County CON application, the proposed Yadkinville Care Center will primarily serve residents of Yadkin and Wilkes County. Additionally, the proposed Yadkinville Care Center is not expected to significantly relieve capacity constraints at Woltz Hospice Home because only 15 percent of patients historically served at Woltz Hospice Home are Yadkin County residents.

The additional three hospice inpatient beds would enable MVHPC to continue to pursue its mission of providing high quality care to hospice patients in Surry County, and in accommodating the rapidly aging population and increasing local demand for hospice services in Surry County.

Conclusion

In summary, MVHPC seeks an adjusted need determination to include three hospice inpatient beds in Surry County in the 2014 SMFP. The need for expanded local access is evident by the longstanding high occupancy at MVHPC's Woltz Hospice House, and in combination with statistical data relative to Surry County hospice inpatient utilization rates, hospice admission and days of care growth. Furthermore, this request is supported by the local community and MVHPC intends to develop the proposed project in a manner that is consistent with the Basic Principles of the SMFP. For these reasons, MVHPC respectfully requests that the State Health Coordinating County approve our request that a need determination for three (3) additional hospice inpatient beds in Surry County be included in the 2014 SMFP.