VITAS Healthcare Corporation of North Carolina's
Petition to Remove the Need Determination in the Proposed 2026 SMFP for
a Hospice Homecare Office in Cumberland County

Petitioner:
VITAS Healthcare Corporation of North Carolina

Contact:
Kathleen A. Coronado, BSN, RN
Associate VP of Operations
VITAS Healthcare Corporation
1801 West Sample Road, Suite 301
Deerfield Beach, FL 33064
Kathleen.coronado@vitas.com
954-445-5345

Background:

The proposed 2026 SMFP currently shows a need determination for a new hospice home care office in Cumberland County. The 2025 SMFP also contains a need determination for Cumberland County, and three applicants applied in February 2025 for that identified need. These three applicants are:

- VITAS Healthcare Corporation of North Carolina ("VITAS") - Project I.D.# M-12592-25
- Well Care Hospice of Cumberland, Inc. ("Well Care") - Project I.D. M-012594-25
- VIA Health Partners, Hospice & Palliative Care Charlotte Region ("HPCCR") - Project I.D.# M-12590-25

The Certificate of Need Section's final decision regarding the winning applicant for Cumberland County must be issued by July 28, 2025.

Although the hospice home care need methodology for the proposed 2026 SMFP includes a placeholder of 90 patients for the anticipated new office resulting from the 2025 SMFP, the approval of a second new office in 2026, immediately following the approval of a new office in 2025, will severely impact the ability of the first approved agency to meet its utilization projections and achieve financial feasibility. The impact on the first approved office (2025) will also limit the winning provider's ability to meet the needs of the service area population in the manner in which it described in its application.

Statement of Requested Change:

VITAS respectfully requests that the need determination for a new hospice home care office in Cumberland County in the proposed 2026 SMFP be removed. This will allow the provider approved for the 2025 need determination time to open and ramp up, to quickly meet the identified need without the impact of a second agency immediately entering the market.

Reason for Proposed Change:

Although the hospice home care need methodology includes a placeholder of 90 patients for a newly approved office, a second new office in 2026, immediately following the approval of a new office in 2025, will severely limit the ability of the first approved office to meet its utilization projections and achieve financial feasibility. An additional impact on the first approved office (2025) is that the second office will limit the approved provider's ability to meet the needs of the service area population in the manner in which it described in its application.

Although the SMFP hospice home care need methodology includes a placeholder for approved but not yet operational offices, this placeholder is not reflective of the projected utilization of the three applicants under review. It is important to note that two of the three applicants for a new agency under the 2025 SMFP need determination projected to serve more than the 90 placeholder deaths in their first full year of operation. By Year 3, all applicants projected to serve more than the 90 placeholder deaths, effectively eliminating an additional need in Cumberland County, without a second office.

Applicant:	Year 1	Year 2	Year 3
VITAS	183	216	245
Well Care	76	90	110
HPCCR	103	123	135

Source: Assumptions to Form C.6. Please see Attachment A.

Thus, each applicant relies upon serving more Cumberland County residents than reflected in the 90 SMFP placeholder adjustment. Therefore, the success of the approved applicant depends on serving more patients than considered in the proposed 2026 SMFP.

When each applicants' projected Cumberland County patients served are considered as opposed to the placeholder, then in all but two scenarios there is no need for another new agency in Cumberland County as shown below. In other words, all three applicants for the 2025 SMFP need determination project sufficient volumes to meet the need shown in the 2025 SMFP and in the proposed 2026 SMFP.

Hospice Office Need Calculations for Cumberland County

A	B	C	D	E	F	G	H	I	J	K
County	2018-2022 Death Rate/1,000 Population	2026 Population (Excluding Military)	Projected 2026 Deaths	2023 Reported Number of Hospice Deaths	2026 Number of Hospice Death Served at 2 yr Trailing Average Growth	2026 Number of Hospice Death served Limited to 60%	Projected 2026 Number of Hospice Death Served	Median Projected 2026 Hospice Deaths	Placeholder for New Hospice Office*	Projected Number of Additional Patients in Need Surplus (Deficit)
	Death - NC Vital Statistics	NC Office of State Budget and Management	(Col B*Col C)/1,000	2024 LRAs	Col E * 3 Years Growth at 1.5% Annually	Col D*60%	Lower Number Btw. Col F or Col G	Col D*Projected Statewide Median Percent Deaths Served (51.5%)		Col H + Col J -Col I
With VITAS Year 1	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	**238**	**(9)**
With VITAS Year 2	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	**271**	**24**
With VITAS Year 3	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	**300**	**53**

Source: DRAFT 2026 SMFP Table 13B, each applicant's assumptions to Form C.6

Hospice Office Need Calculations for Cumberland County

A	B	C	D	E	F	G	H	I	J	K
County	2018-2022 Death Rate/1,000 Population	2026 Population (Excluding Military)	Projected 2026 Deaths	2023 Reported Number of Hospice	2026 Number of Hospice Death Served at 2 yr Trailing Average	2026 Number of Hospice Death served Limited to 60%	Projected 2026 Number of Hospice Death Served	Median Projected 2026 Hospice Deaths	Placeholder for New Hospice Office*	Projected Number of Additional Patients in Need
	Death - NC Vital Statistics	NC Office of State Budget and Management	(Col B*Col C)/1,000	2024 LRAs	Col E * 3 Years Growth at 1.5% Annually	Col D*60%	Lower Number Btw. Col F or Col G	Col D*Projected Statewide Median Percent Deaths Served (51.5%)		Col H + Col J -Col I
With HPCCR Year 1	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	158	**(89)**
With HPCCR Year 2	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	178	**(69)**
With HPCCR Year 3	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	190	**(57)**

Source: DRAFT 2026 SMFP Table 13B, each applicant's assumptions to Form C.6

Hospice Office Need Calculations for Cumberland County

A	B	C	D	E	F	G	H	I	J	K
County	2018-2022 Death Rate/1,000 Population	2026 Population (Excluding Military)	Projected 2026 Deaths	2023 Reported Number of Hospice Deaths	2026 Number of Hospice Death Served at 2 yr Trailing Average Growth	2026 Number of Hospice Death served Limited to 60%	Projected 2026 Number of Hospice Death Served	Median Projected 2026 Hospice Deaths	Placeholder for New Hospice Office*	Projected Number of Additional Patients in Need Surplus (Deficit)
	Death - NC Vital Statistics	NC Office of State Budget and Management	(Col B*Col C)/1,000	2024 LRAs	Col E * 3 Years Growth at 1.5% Annually	Col D*60%	Lower Number Btw. Col F or Col G	Col D*Projected Statewide Median Percent Deaths Served (51.5%)		Col H + Col J -Col I
With Well Care Year 1	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	131	(116)
With Well Care Year 2	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	145	(102)
With Well Care Year 3	9.5	304,434	2,891	1,145	1,240	1,735	1,240	1,488	165	**(82)**

Source: DRAFT 2026 SMFP Table 13B, each applicant's assumptions to Form C.6

It is critical to the success of any applicant approved in 2025 to be able to meet their projected demand both to ensure access for the residents of Cumberland County, but also, to sustain a viable office that can meet the needs of Cumberland County residents in the long term. Should a new office be approved in 2026 and come online just a year after the 2025 approved applicant, the result would be a proliferation of unnecessary hospice services resulting in costly duplication and underuse of an office in Cumberland County. Additionally, that excess capacity of hospice services places an enormous economic burden on the public who pay for the development and operation of these agencies as patients, health insurance subscribers, health plan contributors, and taxpayers. The end result will be that either the 2025 applicant will fail to meet its projections, or the 2026 applicant will fail to successfully ramp up as projected to meet the needs of Cumberland County residents.

Adverse Effects on Providers and Consumers:

If a second new hospice home care office is opened in the year immediately following the opening of the applicant office approved in 2025, there will be significant adverse effects on providers and consumers. In terms of providers and consumers, the office approved in 2025 will face a new competitor in the market presumably one year after opening. This will have a significant adverse impact on the ability of the new office to ramp up to its projected level of utilization presented in its application. If the first approved office is unable to attain its utilization projections the following adverse effects are likely to occur:

- Impacts to Provider
    - Inability to compete with a new provider for limited staff for which there is already a shortage
    - Inability to afford to develop all extensive supplemental programs and services proposed in the application.
    - Inability to reach financial feasibility in the new service area for which they were approved.
- Impacts to Consumers
    - Less service offerings and supplemental programs as the approved office is unable to afford to provide such services.
    - Less hospice outreach and education as the approved office is unable to afford to provide extensive outreach.
    - Less access to care if the approved office is unable to establish a successful, financially viable hospice program.

The hospice home care need methodology also contains placeholders for two previously approved agencies. These agencies have not yet served the minimum 90 patient deaths in Cumberland County. The success of this new office could also be adversely impacted by

not just one but two new offices entering the market in such a short time period. Finally, all the existing providers in the market could be negatively affected by having two new offices entering the market in such quick succession.

The health planning goal is for new hospice offices to increase overall hospice utilization in a county with a greater percentage of deaths served overall. This takes time and a concerted effort at hospice outreach and education. It is not beneficial if new offices, in an effort to ramp up to a financially feasible level, simply shift market share from existing offices to their new office. This risk increases with the potential for two new offices competing with existing providers for patient admissions.

Ultimately, consumers have the most to lose by too much hospice capacity and no hospice provider being able to operate in a financially feasible manner. While competition can be positive in the county, in this scenario adding more competition before a new office is ramped up and fully established will undermine the ability of the approved office to meet the needs of the service area population and increase access to care.

Alternatives to the Proposed Change

The alternative to the proposed change is to adopt the hospice home care need methodology as presented in the proposed 2026 SMFP. This will create an adverse scenario for consumers and providers as discussed above.

Evidence the Proposed Change will not Results in Unnecessary Duplication:

The proposed 2026 SMFP need calculation, as published, actually creates an unnecessary duplication of hospice services by giving the Agency the ability to approve another hospice home care office in 2026 in Cumberland County, before the office the Agency approved in 2025 has a chance to become operational. The need in the 2026 proposed SMFP is both duplicative and unnecessary.

The proposed change to eliminate the need for a hospice homce care office in Cumberland County in the proposed 2026 SMFP, will actually prevent unnecessary duplication of services that would occur should the Cumberland County need determination remain in the proposed 2026 SMFP.

Evidence the Change is Consistent with the Three Basic Principles in the SMFP:

Safety and Quality

The approval of a new office in 2026 immediately following the approval of a new office in 2025 will negatively impact the safety and quality of hospice care in Cumberland

County. If a second hospice office is approved too soon, both offices may struggle to recruit and retain qualified staff, ensure consistent training, and establish effective protocols. This could lead to fragmented care, increased staff turnover, and insufficient oversight, all of which pose risks to patient safety and diminish the overall quality of hospice care in Cumberland County.

Access

In addition, premature approval of another hospice office immediately following the approval of a new office in 2025 could also negatively impact access to hospice care in the community. Both new offices would be competing for the same pool of patients and limited resources, making it more difficult for either office to achieve the necessary patient volume to sustain operations. This fragmentation could result in limited service availability, delayed admission, and fewer choices for families seeking hospice care. Instead of strengthening access, closely overlapping new providers may create instability, ultimately reducing the reliability and continuity of care for those who need hospice services the most.

Value

Further, introducing a new hospice office in 2026, immediately following the approval of a new hospice office in 2025, would negatively impact the overall value of hospice services in Cumberland County. When multiple new providers enter a market in close succession, competition for limited resources can increase operational costs, reduce economies of scale, and lead to inefficiencies in service delivery. Instead of fostering innovation or improved care, the premature expansion can dilute investments in staff development, community outreach, and other specialized programming that enhance the value of hospice care. As a result, patients and families may experience limited services, fewer support options, and diminished overall value from hospice providers who are unable to fully establish themselves in the community or invest in long-term quality improvements.

Appendix A

Assumptions to Form C.6
Applicants for 2025 SMFP Need Determination

Step 10: Projected Market Share to be Captured by VITAS

VITAS projected its market share capture of the service area based on its start-up experience in other markets and the expectation that it would be able to serve most of the underserved hospice deaths in Cumberland County (Step 9), including a small percentage of market share in Harnett, Hoke, and Robeson Counties. VITAS has extensive experience in entering new markets and in effectively increasing the penetration rate of hospice use by capturing market share based on serving underserved populations. Please see additional discussion in **Section C, Question 4**. VITAS projects the following market share by county.

Step 10: VITAS Projected Market Share

	Partial Year 7/1-12/31	Full FY 1	Full FY 2	Full FY 3
County	**2026**	**2027**	**2028**	**2028**
Cumberland	12.50%	15.00%	17.00%	18.50%
Harnett	1.00%	1.50%	2.00%	2.50%
Hoke	1.00%	1.50%	2.00%	2.50%
Robeson	2.00%	2.50%	3.00%	3.50%
Total*	**6.43%**	**7.76%**	**8.86%**	**9.73%**

**Total for partial year 2026 reflects the market share for 6 months only.*

Step 11: Projected Hospice Deaths Served by VITAS

VITAS' projected hospice deaths were calculated by multiplying VITAS' projected market share (Step 10) by projected hospice deaths (Step 8). The 2026 partial year is calculated by multiplying market share times the projected hospice deaths, divided by two (2) for the six months (half year) of operation. VITAS' projected hospice deaths are as follows:

Step 11: Projected Hospice Deaths Served by VITAS

	Partial Year 7/1-12/31	Full FY 1	Full FY 2	Full FY 3
County	**2026**	**2027**	**2028**	**2029**
Cumberland	73	183	216	245
Harnett	3	9	13	16
Hoke	1	4	5	7
Robeson	6	17	22	27
Total	**84**	**213**	**256**	**295**

2026 = Projected Hospice Deaths x Projected Market Share / 2 (for one half year)

Example calculation: Step 10 partial year market share for Cumberland County (12.5%) x Step 8 partial year projected deaths based on increasing hospice penetration rate (1,174) = 147 ÷ 2 for partial year = 73. Patient deaths rounded to whole numbers.

Example calculation: Step 10 FY 3 market share for Cumberland County (18.5%) x Step 8 partial year projected deaths based on increasing hospice penetration rate (1,324) = 245. Patient deaths rounded to whole numbers.

8. Projected Hospice Deaths to be Served by HPCCR, Adjusted to CON Project Years

Because HPCCR projects that it will begin to offer services in Cumberland County on April 1, 2026, and that the initial full project year will be FFY2027 (October – September), HPCCR adjusted the projected hospice deaths to align with the CON project years of FFY2027 – FFY2029.

Projected Hospice Deaths Served by HPCCR, Adjusted to Project Years

Year	FY2026	FY2027	FY2028	FY2029
Cumberland	38	103	123	135
Harnett	7	20	24	27
Robeson	9	24	32	39
Sampson	4	11	15	18
Total	58	159	193	219

For FY26, 67% of 2026. For FY27, 33% of 2026 & 75% of 2027. For subsequent FYs, 25% of prior CY & 75% of current CY.

9. Ratio of Hospice Admissions to Hospice Deaths

Because some patients who are admitted to hospice may either be discharged or their health status improves such that they no longer qualify for hospice care, HPCCR reviewed the historical ratio of hospice admissions to hospice deaths for each county in the proposed primary and secondary service areas (and for North Carolina), as shown in the most recent SMFPs.

Historical Ratio of Hospice Admissions to Hospice Deaths

Year	2022	2023	Average
Cumberland	1.26	1.25	1.26
Harnett	1.22	1.21	1.22
Robeson	1.26	1.30	1.28
Sampson	1.30	1.26	1.28
North Carolina	1.11	1.10	1.11

Source: 2024 & 2025 SMFP; Admissions/Deaths

WCHC projects that it will effectively serve 100 percent of the unserved hospice deaths in Cumberland, Harnett, and Sampson counties by the third project year. Due to the robust volume of unserved hospice deaths in Johnston County, WCHC conservatively projects serving 40 percent of the unserved hospice deaths in Johnston County by the third project year. The following table reflects projected hospice deaths to be served by WCHC.

Table Q.5
Well Care Hospice of Cumberland, Inc.
Projected Hospice Deaths Served

	FY2027	FY2028	FY2029
Cumberland	76	90	110
Harnett	15	31	64
Johnston	16	33	69
Sampson	10	20	41
Total	**117**	**174**	**284**

Assumption: Step 1 x Step 2 (Projected Percent of Unserved Hospice Deaths Served by WCHC)
Totals may not foot due to computer rounding.

3. Project Unduplicated Hospice Admissions

To project new (unduplicated) admissions for the proposed hospice home care agency, WCHC reviewed statewide hospice data during FY2023.

Table Q.6
FY2023 Statewide Hospice Admissions & Deaths

	FY2023 Total	Hospice Admissions: Deaths Ratio
Hospice Deaths	51,503	
Unduplicated Hospice Admissions	56,539	1.098

Source: FY2023 data obtained from DHSR Healthcare Planning and Certificate of Need Section FY2023 hospice database

WCHC applied the FY2023 Statewide Hospice Admission: Death Ratio (1.098) to the projected number of deaths served by county in Step 2.