

**Long-Term Behavioral Health Committee
Agency Report
Adjusted Need Petition to Remove
Hospice Inpatient Bed Need Determination
2017 State Medical Facilities Plan**

Petitioner:

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Contact:

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Request:

Transitions LifeCare (TL) requests the removal of a need determination for seven additional hospice inpatient beds for Wake County from the *North Carolina 2017 State Medical Facilities Plan (SMFP)*.

Background Information:

The current hospice methodology projects admissions, days of care and need for five years beyond the reporting year; in the *2017 SMFP*, the projections are for 2020. The projected hospice days of care are calculated by multiplying projected hospice admissions by the lower of the statewide median average length of stay or the actual average length of stay for each county. Projected hospice admissions are determined by multiplying the total admissions for the reporting year by the statewide two-year trailing average growth rate for admissions for five years. A two-year trailing average statewide inpatient utilization rate of the total estimated days of care in each county is used as a basis for estimating projected days of care in licensed inpatient hospice facility beds.

The hospice inpatient methodology projects inpatient beds based on 85 percent occupancy and adjusts projected beds for occupancy rates of existing facilities that are not at 85 percent occupancy. The methodology makes single-county determinations when the calculations find that the county deficit is six or more beds.

Chapter Two of the SMFP allows people to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology.

It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

TL is requesting the need determination for seven hospice inpatient beds for Wake County be removed from the *Proposed 2017 SMFP*.

Analysis/Implications:

TL operates the county's only inpatient hospice facility, the William M. Dunlap Center, comprised of 14 hospice inpatient beds and six residential beds. Based on the Hospice 2016 Annual Data Supplement to the License Renewal Application information (FY2015), the inpatient facility occupancy rate is 94.46 percent.

Based on application of the standard methodology, the *Proposed 2017 SMFP* identified a need determination for seven new hospice inpatient beds for Wake County. This calculation is reflected in the excerpt from Table 13C shown below.

Table 13C: Year 2020 Hospice Inpatient Bed Need Projections for Wake County - 2017 SMFP - DRAFT, 7-26-2016 Using County-based Two-Year Trailing Average Growth Rate for Hospice Admissions (3.8%) & County-based GIP Utilization Rate (6.6%)														
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
County	Total Admissions (2016 Data)	Total Days of Care (2016 Data)	ALOS per Admission	Total 2020 Admissions County-based Two-Year Trailing Average Growth Rate (5.3%) for Five Years	2020 Days of Care at County ALOS	2020 Days of Care at Statewide ALOS	Projected 2020 Days of Care for Inpatient Estimates	Projected Inpatient Days	Projected Total Inpatient Beds	Currently Licensed Beds	CON Approved / License Pending / Previous Need Determinations	Adjusted Projected Beds	Existing Facility Occupancy Rate	Deficit / Surplus for Facilities not at 85% Occupancy
Source or Formula	2015 License Data Supplement	2015 License Data Supplement	Col. C / Col. B	Col. B x 5 Years Growth at 5.3 %	Col. D x Col. E	Col. E x Statewide Median ALOS per Admission (74.1)	Lower # of Days of Care between Col. F and Col. G	Col. H x 3.8%	(Col. I/365) /85%	License Inventory		Col. J - (Col. K + Col. L)	2016 Licensure Data Supplement	
Wake	3,091	206,567	66.83	3,732	249,404	276,541	249,404	9,502	31	14	10	7	94.46%	7
Data Source:														
2017 SMFP - , DRAFT 7-26-2016														
Hospice Agency 2016 Annual Data Supplement to the License Renewal Application														

However, the petition states that there are, “circumstances specific to Wake County that justify the request to remove the need determination for seven hospice inpatient beds from the 2017 SMFP.”

The primary reason provided by the petitioner is that Wake County hospice inpatient utilization is lower than the statewide utilization rate. This is an accurate statement. For FY2014-2015 Wake County's 2-year trailing average inpatient utilization rate was 2.66%, which is slightly smaller than the statewide 2-year trailing average inpatient utilization rate of 3.78%.

The standard methodology for determining the projected need for hospice inpatient beds is comprised of 12-Steps and is multifactorial.

One key component of the methodology is admissions. Hospice admissions have steadily increased over the last 5-years. Wake County's admissions have increased at a faster rate than the statewide average. Table 1 below shows a 5-year compound annual growth rate of Wake County admissions of 6.4% compared to statewide rate of 3.4%.

Table 1: Wake County Compared to Statewide Admissions						
Admissions	FY2011	FY2012	FY2013	FY2014	FY2015	5-Yr CAGR
Wake County	2,408	2,676	2,758	2,876	3,091	6.4%
North Carolina	38,743	39,215	41,067	41,391	44,246	3.4%

Data Source: 2013 - Proposed 2017 SMFPs

Days of Care (DOC) is another key component of the standard methodology. Wake County has seen a rising trend in the number of DOC in the past 5-years. Wake County's 5-year rate is double that of the statewide average rate, as depicted in Table 2 below. Wake County's five-year average annual growth rate for DOC is 5.2% compared to the statewide rate of 2.6%.

Table 2: Wake County Compared to Statewide DOC						
Days Of Care (DOC)	FY2011	FY2012	FY2013	FY2014	FY2015	5-Yr CAGR
Wake County	168,926	172,724	181,054	183,765	206,567	5.2%
North Carolina	2,915,218	2,978,252	2,972,471	3,056,017	3,231,700	2.6%

Data Source: 2013 - Proposed 2017 SMFPs

Wake County is the second most populous county in the state with approximately 1,005,367 residents. Table 3 below shows the difference between Wake County's 5-year annual average growth rate and the statewide average. It is anticipated that Wake County will continue to add 25,000 residents annually.

Table 3: Wake County Comparison to Statewide Population						
Population	2014	2015	2016	2017	2018	5-Yr CAGR
Wake County	982,899	1,007,851	1,024,543	1,044,561	1,064,666	2.0%
North Carolina	9,913,591	10,006,278	10,074,448	10,179,881	10,285,840	0.9%

Data Source:

2013 - Proposed 2017 SMFPs

TL applied and was granted a certificate of need (CON) on May 11, 2010 for 10 additional hospice inpatient beds based on a need determination for Wake County that appeared in the 2009 SMFP. The development of these 10 additional hospice inpatient beds would bring the facility to a total of 24 hospice inpatient beds and 30 total beds overall. However, the additional 10 beds are still under development.

In Step 9, the standard methodology considers the number of licensed hospice inpatient beds, CON approved beds, license pending beds and beds available in previous Plans. This provision in the methodology counts all beds in the inventory and provides time for development. The Petitioner states, "[h]ospice inpatient facilities are expensive to construct and to operate. Therefore, it is essential to demonstrate that all hospice inpatient beds approved for development are fully utilized before additional beds are determined to be needed by the standard

methodology.” This proposed manner of handling CON-approved beds would be a significant departure from how needs are calculated in the current standard hospice inpatient methodology.

Agency Recommendation:

The Agency supports the standard methodology for hospice inpatient beds as presented in the *Proposed 2017 Plan*. The Agency considered the available information and comments submitted by the August 12, 2016 deadline for comments on petitions and comments and, in consideration of factors discussed above, recommends denial of this petition.