## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS
C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

**DECISION DATE:** October 28, 2014
**PROJECT ANALYST:** Gregory F. Yakaboski
**TEAM LEADER:** Lisa Pittman

**PROJECT I.D. NUMBER:** G-10286-14 / Hospice at Greensboro, Inc. d/b/a Hospice and Palliative Care of Greensboro / Convert three hospice residential beds to three hospice inpatient beds for a total of 11 hospice inpatient beds and three hospice residential beds upon completion of the project / Guilford County

## REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The 2014 State Medical Facilities Plan (SMFP) identifies a need determination for 16 new hospice inpatient beds in Guilford County. The applicant, Hospice at Greensboro, Inc. d/b/a Hospice and Palliative Care of Greensboro (HPCG), currently operates a hospice inpatient / residential facility in Greensboro, Beacon Place at Hospice and Palliative Care of Greensboro (Beacon Place) located at 2502 Summit Ave, Greensboro. HPCG operates eight hospice inpatient beds and six hospice residential care beds at the Beacon Place facility. HPCG proposes to convert three of Beacon Place's existing hospice residential beds to three hospice inpatient beds for a total of 11 hospice inpatient beds and three hospice residential beds at project completion. HPCG also owns two licensed Hospice Home Care offices in Guilford County: (1) Hospice and Palliative Care of Greensboro located at 2500 Summit Ave, Greensboro, and (2) Hospice and Palliative Care of Greensboro located at 603 Dolly Madison Road, Suite 200, Greensboro.

Need Determination- The Certificate of Need application due date to apply to develop some or all of the sixteen (16) new hospice inpatient beds in Guilford County was May 15, 2014. Two applications were received by the Certificate of Need Section to develop new hospice inpatient beds in Guildford County: HPCG proposed to develop three (3) hospice inpatient beds in Guilford County and, in a separate application, The Hospice Home at High Point (HHHP) proposed to develop five (5) hospice inpatient beds in Guilford County. Neither application proposed to develop more than sixteen (16) hospice inpatient beds. Therefore, both applications were conforming to the need determination in the 2014 SMFP for sixteen (16) hospice inpatient beds in Guilford County. Combined, the two applications proposed developing eight (8) new hospice inpatient beds in Guilford County. The HHHP's application to develop five (5) hospice inpatient beds was conditionally approved on July 31, 2014. Based on that conditional approval there are still eleven (11) hospice inpatient beds available pursuant to the need determination in the 2014 SMFP (16-5 = 11). HPCG only proposes developing three (3) hospice inpatient beds.

There is one policy in the 2014 SMFP that is applicable to the review: Policy GEN-3: BASIC PRINCIPLES.

Policy GEN-3 in the 2014 SMFP is applicable to this review. *Policy GEN-3: BASIC PRINCIPLES* states:

> *"A CON applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area."*

Policy GEN-3: BASIC PRINCIPLES

Safety and Quality

HPCG describes how it believes the proposed project would promote safety and quality in Section II.1, page 12, Section II.4, pages 24-26, Section III.3, page 41 and Exhibit 12. The information provided by the applicant is reasonable, credible and adequately supports the determination that the applicant's proposal will promote safety and quality.

Promote Equitable Access

HPCG describes how it believes the proposed project would promote equitable access in Section III.3, page 42, and Section VI, pages 62-65. The applicant states

- *"HPCG offers inpatient palliative care to their patients without regard to age, gender, nationality, race, creed, sexual orientation, disability, diagnosis or ability to pay."* (See page 62)

- *"The inpatient and residential hospice facility has been designated in full compliance with the Americans with Disabilities Act and Life Safety requirements."* (See page 63)

- *"The proposed additional inpatient beds will be used to promote more timely and equitable access with no disparate treatment among various populations.*

  *…*

  *HPCG maintains access to services and policies where charity care is provided to those who may not be fully covered by other public or private programs."* (See page 42)

The information provided by the applicant is reasonable, credible and adequately supports the determination that the applicant's proposal will promote equitable access.

Maximize Healthcare Value

The applicant describes how it believes the proposed project would maximize healthcare value in Section III.3, pages 42-44, Section VIII.1, page 73, and 76, and in Section X.1, pages 81-83 and page 84. See also Exhibit 18 demonstrating that there will be no finance costs associated with the proposed project. The information provided by the applicant is reasonable, credible and adequately supports the determination that the applicant's proposal will maximize healthcare value.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2014 SMFP. Therefore, the application is consistent with Policy GEN-3.

In summary, the application is conforming to the need determination in the 2014 SMFP and is consistent with Policy GEN-3. Therefore, the application is conforming to this criterion.

(2) Repealed effective July 1, 1987.

(3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic

minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

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HPCG currently operates a hospice inpatient / residential facility known as Beacon Place in Greensboro. HPCG operates eight hospice inpatient beds and six hospice residential care beds at the Beacon Place facility. HPCG proposes to convert three of Beacon Place's existing hospice residential beds to three hospice inpatient beds for a total of 11 hospice inpatient beds and three hospice residential beds at project completion

**Population to be Served**

In Section III.11, pages 46-47, the applicant provides the historical patient origin for hospice inpatient and residential services for the last full fiscal year (CY2013), as illustrated in the tables below.

**CY2013**

| County | Inpatients (including respite) | Percentage- Inpatients (including respite) | Residential Patients | Percentage- Residential Patients |
|---|---|---|---|---|
| Guilford | 374 | 93.7% | 153 | 93.9% |
| Rockingham | 9 | 2.3% | 4 | 2.5% |
| Randolph | 5 | 1.3% | 2 | 1.2% |
| Alamance | 5 | 1.3% | 2 | 1.2% |
| Chatham | 4 | 1.0% | 1 | 0.6% |
| Forsyth | 2 | 0.5% | 1 | 0.6% |
| Total | 399 | 100.0% | 163 | 100.0% |

In Section III.12, page 47, the applicant provides the projected patient origin for hospice inpatient and residential services for the first two operating years (CY2016 – CY2017), as illustrated in the tables below.

**CY2016**

| County | Inpatients (including respite)* | Percentage-Inpatients (including respite) | Residential Patients | Percentage-Residential Patients |
|---|---|---|---|---|
| Guilford | 490 | 93.7% | 142 | 93.4% |
| Rockingham | 11 | 2.1% | 3 | 2.0% |
| Randolph | 7 | 1.3% | 2 | 1.3% |
| Alamance | 7 | 1.3% | 2 | 1.3% |
| Chatham | 5 | 1.0% | 2 | 1.3% |
| Forsyth | 3 | 0.6% | 1 | 0.7% |
| Total | 523 | 100.0% | 152 | 100.0% |

*Note- There are projected to be 39 respite-only patients from Guilford County

**CY2017**

| County | Inpatients (including respite)* | Percentage-Inpatients (including respite) | Residential Patients | Percentage-Residential Patients |
|---|---|---|---|---|
| Guilford | 521 | 93.7% | 146 | 93.6% |
| Rockingham | 12 | 2.2% | 3 | 1.9% |
| Randolph | 8 | 1.4% | 2 | 1.3% |
| Alamance | 7 | 1.3% | 2 | 1.3% |
| Chatham | 5 | 0.9% | 2 | 1.3% |
| Forsyth | 3 | 0.5% | 1 | 0.6% |
| Total | 556 | 100.0% | 156 | 100.0% |

*Note- There are projected to be 39 respite-only patients from Guilford County.

On page 48, the applicant states that

- For both inpatient and residential hospice *"no major changes"* in the patient origin are expected because the referral sources are expected to remain the same and the facility will remain in the same location.

- Projected patient origin was based on historical data

- Minor adjustments were made or the percentages of some adjoining counties based on small numbers of patients.

The applicant adequately identified the population projected to be served by the proposed project.

## Demonstration of Need

In Section III.1, pages 27-39, the applicant states the need to convert three existing residential hospice beds to three inpatient hospice beds. On page 27, the applicant summarizes the factors on which the need for the proposed project is based, as follows:

- The 2014 SMFP identified a need determination for 16 additional inpatient hospice beds in Guilford County;
- Guilford County population demographic factors include an aging population and patients with the types of terminal diseases that are often referred to hospice care;
- Cone Health has closed both of its Palliative Care units in the hospital resulting in the expectation of increased referrals and admissions to HPCG;
- HPCG future inpatient utilization projections show the need for 11 inpatient hospice beds and 3 residential hospice beds based on reasonable and conservative assumptions and methodology;
- Hospitals, referring physicians, community members and neighboring hospice providers have expressed strong support for the proposed project;
- Hospice services provide cost savings and quality care;
- HPCG provides a broad array of hospice services to the populations of Guilford and surrounding counties with extensive referral relationships with local hospitals, long term care providers and home health providers; and
- Three residential beds at the Beacon Place facility is needed to maintain continuity of care and balanced capacity for hospice patients.

## Projected Utilization

In Section IV, page 50, the applicant provides projected utilization of the 11 inpatient hospice beds and 3 residential hospice beds for Beacon Place (3 converted inpatient hospice beds and 8 existing inpatient hospice beds and 3 remaining existing residential hospice beds) for the first two full federal fiscal years (FFYs), as illustrated in the table below.

**Projected Utilization-Inpatient Hospice Beds (includes respite level of care)**

| | Inpatient Patients | Patient (Days) | Respite Patients | Patient (Days) | # of Beds | Occupancy Rate |
|---|---|---|---|---|---|---|
| **FFY 2016** | **484** | **2,419** | **39** | **315** | **11** | **68.09%** |
| **FFY 2017** | **517** | **2,842** | **39** | **315** | **11** | **78.63%** |

**Projected Utilization-Residential Hospice Beds**

| | Patients | Patient (Days) | # of Beds | Occupancy Rate* |
|---|---|---|---|---|
| **FFY 2016** | **152** | **1,830** | **3** | **167.10%** |
| **FFY 2017** | **156** | **1,555** | **3** | **142.04%** |

*Note- On page 51 of the application the applicant states "Residential patient days can be provided in available licensed inpatient beds or available licensed residential beds. Therefore, the occupancy percentages for residential days of care can exceed 100 percent if one uses the number of licensed residential beds (3) as the denominator."

As shown above the applicant projects an occupancy rate for the inpatient hospice beds (8 existing and the proposed converting of 3 existing residential hospice beds) at 68% and 78% for Project Years One and Two respectively. On page 50 the applicant provides projected utilization by quarter. The projected occupancy rate for the 3rd and 4th quarter of the first operating year following completion of the project for the licensed hospice inpatient (including respite care) beds is 69.64% and 68.89% respectively. The projected occupancy rate for the 3rd and 4th quarter of the first operating year following completion of the project for the licensed hospice residential care beds is and 91.34% and 90.35%. Thus, the applicant projects that the average occupancy rate of the licensed hospice inpatient (including respite care) beds and residential care beds will exceed the required performance standard of 50 percent occupancy for the last six months of the first operating year codified in 10A NCAC 14C .4003(a).

As shown in the tables above, the applicant projects the occupancy rate for the second operating year following completion of the project for the licensed hospice inpatient (including respite care) and residential hospice beds is 78.64% and 142.04% respectively. Thus, the applicant projects that the average occupancy rate of the licensed hospice inpatient beds and of residential care beds will exceed the required performance standard of 65 percent occupancy for the second operating year following completion of the project codified in 10A NCAC 14C .4003(a).

In Section III, pages 35-39, and Section IV, pages 50-56, and supplemental information, the applicants provide the assumptions and methodology utilized to project utilization including providing projections for admissions, deaths, discharges and ALOS. Below are excerpts from the tables and information provided:

**Project Year 1- FFY 2016**

| | Inpatient | Respite | Residential |
|---|---|---|---|
| Admissions | 477 | 39 | 146 |
| Deaths | 304 | 0 | 92 |
| Discharges | 172 | 35 | 61 |
| ALOS | 5.0 | 8.0 | 12.0 |

**Project Year 2- FFY 2017**

| | Inpatient | Respite | Residential |
|---|---|---|---|
| Admissions | 510 | 39 | 150 |
| Deaths | 325 | 0 | 94 |
| Discharges | 185 | 35 | 62 |
| ALOS | 5.5 | 8.0 | 10.0 |

On page 36, the applicant states that the respite level of care must be provided in licensed hospice inpatient beds, therefore HPCG's utilization projections combine inpatient and respite patients/days of care.

In Section III, pages 36-37, the applicant provides the historical utilization for Beacon Place as illustrated in the following table:

**FFY 2013: Utilization-Inpatient Hospice Beds**

| | Inpatient Patients | Patient (Days) | Respite Patients | Patient (Days) | # of Beds | Occupancy Rate |
|---|---|---|---|---|---|---|
| **FFY 2013** | **364** | **1,782** | **35** | **301** | **8** | **71.34%** |

**FFY 2014: Utilization-Residential Hospice Beds**

| | Patients | Patient (Days) | # of Beds | Occupancy Rate |
|---|---|---|---|---|
| **FFY 2017** | **163** | **2,217** | **6** | **101.23%** |

The following table summarizes the historical and projected hospice patients for Beacon Place by level of care.

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 (PY1) | FY 2017 (PY2) |
|---|---|---|---|---|---|
| Inpatient Patients | 364 | 427 | 458 | 484 | 517 |
| Respite Patients | 35 | 42 | 39 | 39 | 39 |
| Residential Patients | 163 | 146 | 146 | 152 | 156 |

On page 35 the applicant states

> *"Residential hospice days of care are expected to decrease based on declining average lengths of stay as more patients are transferred back to home or to long term facilities where they have residential services and can continue to receive hospice home care.*
>
> *General inpatient days of care are expected to increase due to increased referrals, the closure of a hospital's palliative care unit, and the aging population plus some modest increase in average length of stay. Following completion of the change in licensed capacity, fewer patients will be delayed in admission due to the lack of an available inpatient bed."*

The applicant provides sufficient documentation to demonstrate the reasonableness of the utilization projections to support the need for the proposed services.

**Access**

In Section VI, pages 62-64, the applicant discusses access and describes in detail its commitment to providing access for all residents in its service area, including those individuals who may have limited financial resources. On page 62 the applicant states:

> *"HPCG offers inpatient palliative care to their patients without regard to age, gender, nationality, race, creed, sexual orientation, disability, diagnoses or ability to pay."*

Thus, the applicant demonstrates it will provide adequate access to the proposed services.

In summary, the applicant adequately identifies the population to be served and adequately demonstrates the need the population has for the proposed services at its inpatient hospice facility. The applicant adequately demonstrates its projected utilization for hospice inpatient beds, hospice residential care beds and respite care is reasonable, based on the assumptions and methodology stated in the application and supplemental data. The applicant also demonstrates all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed. Consequently, the application is conforming with this criterion.

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

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Upon completion of the proposed project, Beacon Place will have the same number of overall beds, fourteen: three residential hospice beds down from six and eleven inpatient hospice beds up from eight.

HCPG notes that while inpatient and respite days of care can only be provided in the licensed inpatient hospice beds, residential days of care can be provided in both the licensed residential hospice beds and in the inpatient beds. (See application page 36.)

In Section III, page 39, the applicant states

> *"HPCG decided to maintain three residential hospice beds to ensure access to a continuum of hospice services. The three residential beds will be sufficient to serve the needs of patients because HPCG can utilize inpatient hospice beds for residential care and because there are many long term care facility alternatives in*

*the community. HPCG has existing agreements with numerous long term care facilities as seen in Exhibit 4."*

The applicant states that

*"Residential hospice days of care are expected to decrease based on declining average length of stay as more patients are transferred back to home or to long term facilities where they have residential services and can continue to receive hospice home care."* (See page 35 of the application.)

*"The applicant expects that residential days of care are likely to decline in future years as more patients are transferred back to their homes or other facilities where they can receive hospice home care services."* (See page 34 of the application.)

The application is conforming to this criterion.

(4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

In Section III.14, page 48, the applicant discusses the two alternatives considered prior to the submission of this application, which include:

1) Maintain the Status Quo – the applicant states that if the status quo is maintained HPCG will not have enough hospice inpatient beds to timely accommodate patient need. HPCG could not accept nine referrals in 2011-12 and could not accept 22 referrals in 2012-13. Furthermore, because Cone Health recently closed two palliative care units and based on the large need determination in the 2014 SMFP HPCG expects that inpatient hospice admissions will increase. Therefore, the applicant determined the status quo is not a reasonable alternative.

2) Convert four or more existing residential hospice beds to inpatient hospice beds – the applicant states that would not be an effective alternative because between 2014 and 2017 inpatient admissions and days of care are expected to grow at a moderate rate. Conversion of four or more residential hospice beds to inpatient hospice beds would increase HPCG's inpatient capacity from eight to twelve or more which would be too large of an increase for inpatient capacity in proportion to the expected growth in demand. Therefore, the applicant determined converting four or more existing residential hospice beds to inpatient hospice beds status quo is not a reasonable alternative.

After considering the above alternatives, the applicant states the alternative represented in the application is the most effective alternative.

Furthermore, the application is conforming to all other statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant adequately demonstrates that its proposal is the least costly or most effective alternative to meet the need identified for additional inpatient hospice services. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

1. **Hospice at Greensboro, Inc. d/b/a Hospice and Palliative Care of Greensboro shall materially comply with all representations made in the certificate of need application.**

2. **Hospice at Greensboro, Inc. d/b/a Hospice and Palliative Care of Greensboro shall convert no more than three hospice residential beds to three hospice inpatient beds at Beacon Place.**

3. **Hospice at Greensboro, Inc. d/b/a Hospice and Palliative Care of Greensboro shall be licensed for no more than 11 hospice inpatient beds and three hospice residential care beds at its hospice facility in Greensboro upon completion of this project.**

4. **Hospice at Greensboro, Inc. d/b/a Hospice and Palliative Care of Greensboro shall acknowledge acceptance of and compliance with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

In Section VIII.1, page 74, the applicant projects that the total capital cost of the project will be $25,000 in miscellaneous project costs. There are no projected construction costs. The proposed project converts existing beds with no renovation or new construction. The projected capital cost is listed for contingencies and/or possible unknown minor alternations to the facility due to facility regulations.

In Section IX, page 78, the applicant states there are no start-up or initial operating expenses required for the project. On page 75, HPCG states it will use accumulated reserves to fund the project. Exhibit 18 contains a letter dated May 5, 2014 from the Chief Financial Officer of HPCG acknowledging the proposed project, establishing authority to manage HPCG funds and stating the project will be funded through accumulated reserves.

Exhibit 19 contains the 2013 audited financial statements for HPCG for the years ending September 30, 2013 and September 30, 2012. As of September 30, 2013, HPCG had cash and cash equivalents of $3,325,373 and total net assets of $24,112,612 (total assets – total liabilities).

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

In Section X, pages 82-83, the applicant projects charges/rates for the first three operating years following completion of the proposed project. HPCG states that the Medicare and Medicaid rates are projected to increase 1 percent annually with no increases projected for the other payor categories per diem rates. (See application page 83.)

Form B of the proformas is specific to the proposed project. See page 99 of the application. In Form B the applicants project that revenues for the inpatient hospice beds will exceed operating costs in the second full federal fiscal year following completion of the proposed project, as illustrated in the table below

**Project Year One- FFY 2016**

| | Inpatient | Residential | Total |
|---|---|---|---|
| Net Patient Revenue | $1,534,871 | $363,326 | $1,898,197 |
| Other Revenues | $22,789 | $7,211 | $30,000 |
| Total Operating Expenses | $1,643,188 | $677,482 | $2,320,670 |
| Net Profit | ($85,528) | ($306,945) | ($392,473) |

**Project Year One- FFY 2017**

| | Inpatient | Residential | Total |
|---|---|---|---|
| Net Patient Revenue | $1,811,311 | $310,772 | $2,122,083 |
| Other Revenues | $23,552 | $6,448 | $30,000 |
| Total Operating Expenses | $1,769,086 | $594,820 | $2,363,905 |
| Net Profit | $65,777 | ($277,599) | ($211,822) |

It is noted that while the inpatient hospice beds of Beacon Place show a net profit of $65,777 in the second full federal fiscal year operating year the total net profit for Beacon Place is ($211,822). In supplemental information provided by the applicant the total net profit for Beacon Place in FFY 2012 was ($435,012) and for FFY 2013 it was ($441,576).

In the proformas on page 98 and in supplemental information the applicant shows historical and projected net revenue exceeds expenses for the Hospice of Palliative Care of Greensboro of which includes, but is not limited to, Beacon Place as illustrated in the table below.

**Hospice and Palliative Care of Greensboro**

| | FY 2012 | FY 2013 | FY 2016 (Project Year One) | FY 2017 (Project Year Two) | FY 2018 (Project Year Three) |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Net Profit | $2,668,687 | $860,426 | $571,674 | $884,500 | $1,282,312 |

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section X for the assumptions regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and therefore, the application is conforming to this criterion.

In summary, the applicant adequately demonstrates the availability of sufficient funds for the proposed hospice residential to inpatient bed conversion project and adequately demonstrates the financial feasibility of the proposal. Therefore, the application is conforming with this criterion.

(6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

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The 2014 SMFP, page 358, identifies a need for 16 hospice inpatient beds in Guilford County. HPCG currently operates a hospice inpatient / residential facility known as Beacon Place in Greensboro. HPCG operates eight hospice inpatient beds and six hospice residential care beds at the Beacon Place facility. HPCG proposes to convert three of Beacon Place's existing hospice residential beds to three hospice inpatient beds for a total of 11 hospice inpatient beds and three hospice residential beds at project completion

The applicant, who proposes to serve primarily Guilford County patients (93.7%), adequately demonstrates the need for the proposal. The discussion regarding need and projected utilization found in Criterion (1) and (3) is incorporated herein by reference.

Further, the only other hospice inpatient facility in Guilford County is HHHP. HHHP also submitted an application to convert five of its hospice residential beds to hospice inpatient beds. Together, the two hospice inpatient providers are requesting to convert eight residential beds to eight inpatient beds. HHHP has provided a letter of support for HPCG's proposed project. See Exhibit 14. The applications of HPCG and HHHP, taken together, only seek to develop 8 of the 16 hospice inpatient beds for which the 2014 SMFP has identified a need for in Guilford County.

Therefore, the applicant adequately demonstrates that the proposal will not result in the unnecessary duplication of existing or approved inpatient hospice beds. Consequently, the application is conforming with this criterion.

(7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

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The following table illustrates the current full-time equivalent (FTE) staffing and proposed FTE staffing for Year 2 of the project, as shown in Section VII, pages 68-69.

| | Total # of FTE Positions- Current | Total # of FTE Positions- Year Two |
|---|---|---|
| Medical Director | 0.35 | 0.35 |
| Director of Nursing | 1.00 | 1.00 |
| Registered Nurses | 9.02 | 9.02 |
| CNAs | 9.26 | 9.26 |
| Dietician/Nutritional Consultant | 0.04 | 0.04 |
| Cooks | 1.96 | 1.96 |
| Social Worker | 2.40 | 2.40 |
| Secretary | 0.80 | 0.80 |
| Vol Coordinator | 0.25 | 0.25 |
| Chaplain | 0.30 | 0.30 |
| Total | 25.38 | 25.38 |

On page 67 the applicant states

> *"No changes in the staffing are proposed for the project. The existing staffing for the 14 bed inpatient unit is sufficient to staff the inpatient facility with 11 inpatient beds and 3 residential beds."*

On page 70, the applicant projects the number of direct care staff. The applicant state

> *"In total, Beacon Place will be staffed with 2 RN positions working on each of the two 12 hour shifts per day and 2 Aide positions working on each of the three 8-hour shifts per day. Therefore 2 RNs and 2 Aides are on duty in the facility at all times."*

Exhibit 5 contains a letter from HPCG's Chief Medical Officer, Juan-Carlos Monguilod, MD supporting the proposed project.

The applicant adequately demonstrates the availability of resources, including health manpower and management personnel, for the provision of the proposed hospice services. Therefore, the application is conforming with this criterion.

(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

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In Section II.8, page 24, the applicant identifies the necessary ancillary and support services that will be made available for the facility. Exhibit 3 and 14 contains letters of support from area healthcare providers. Exhibits 4 and 7 contain clinical consulting contracts with service providers. The applicant adequately demonstrates that the necessary ancillary and support services will be made available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming with this criterion.

(9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

(10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

(i) would be available under a contract of at least 5 years duration;
(ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
(iii) would cost no more than if the services were provided by the HMO; and
(iv) would be available in a manner which is administratively feasible to the HMO.

NA

(11) Repealed effective July 1, 1987.

(12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

The proposed project does not involve construction or renovation.

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

(a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages for Guilford, Rockingham, Randolph, and Alamance counties (the proposed service area) and statewide.

| | **2010 Total # of Medicaid Eligibles as % of Total Population *** | **2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *** | **2009 % Uninsured (Estimate by Cecil G. Sheps Center) *** |
|---|---|---|---|
| Guilford County | 15% | 5.9% | 19.5% |
| Rockingham | 20% | 9.3% | 19.0% |
| Randolph County | 19% | 7.2% | 19.5% |
| Alamance | 16% | 6.2% | 21.0% |
| Statewide | 17% | 6.7% | 19.7% |

* More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group would not typically utilize the health services proposed in this application.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicants' current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

Annual data provided by the Carolinas Center for Hospice and End of Life Care reports that hospice patients in North Carolina had the following payor mix during FFY12.

**Hospice Patients by Payor Mix**

| **Payor** | **Patient Days** | **# Patients** |
|---|---|---|
| Hospice Medicare | 90.8% | 85.7% |
| Hospice Private Insurance | 3.5% | 6.3% |
| Hospice Medicaid | 4.0% | 5.0% |
| Self Pay / Other | 1.7% | 3.1% |
| **Total** | **100%** | **100%** |

In Section VI.1, page 61, the applicant provides the payor mix and distributions of days of care for HPCG hospice patients for FFY13, as illustrated in the table below.

**HPCG- FFY 2013**

| Payor Source | Hospice Inpatients | Hospice Inpatient Days of Care | Respite Patients | Respite Days of Care | Hospice Residents | Hospice Residential Days of Care |
|---|---|---|---|---|---|---|
| Medicare | 82.82% | 78.47% | 98.11% | 99.55% | 87.40% | 87.74% |
| Medicaid | 6.68% | 8.34% | 1.89% | 0.45% | 6.50% | 6.37% |
| Commercial Insurance | 9.35% | 11.25% | 0.00% | 0.00% | 5.28% | 5.18% |
| Private Pay | 1.15% | 1.94% | 0.00% | 0.00% | 0.81% | 0.71% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

The payor mix corresponds to the payor mix of North Carolina hospice patients as a whole

The applicant references its admission policy in Exhibit 6, which requires the provision of services to all service area residents in need of hospice services, including the medically underserved. The applicant adequately demonstrates that medically underserved populations currently have adequate access to hospice

services provided by HPCG. Therefore, the application is conforming with this criterion.

(b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Exhibit 6 contains the Admission Policy for HPCG, which states:

> *"Patients who meet the admission criteria are admitted to HPCG regardless of race, sexual preference, age, diagnosis, nationality, creed, ability to pay, DNR status, disability, sex, communicable disease or religion."*
>
> In Section VI.10, page 65, the applicant states that no patient rights complaints and no civil rights equal access complaints have been filed against HPCG. The application is conforming to this criterion.

(c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section VI.1, page 62, the applicant provides the projected payor mix for the hospice inpatient beds during Project Year 2, as illustrated in the table below.

HPCG- FFY 2017

| Payor Source | Hospice Inpatients | Hospice Inpatient Days of Care | Respite Patients | Respite Days of Care | Hospice Residents | Hospice Residential Days of Care |
|---|---|---|---|---|---|---|
| Medicare | 82.82% | 78.47% | 98.11% | 99.55% | 87.40% | 87.74% |
| Medicaid | 6.68% | 8.34% | 1.89% | 0.45% | 6.50% | 6.37% |
| Commercial Insurance | 9.35% | 11.25% | 0.00% | 0.00% | 5.28% | 5.18% |
| Private Pay | 1.15% | 1.94% | 0.00% | 0.00% | 0.81% | 0.71% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

On page 62 the applicant states *"These projections are consistent with the historical data."*

The applicant adequately demonstrates that medically underserved groups will be adequately served by the proposed inpatient hospice beds. Therefore, the application is conforming with this criterion.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section VI.9, page 64, the applicant states patients will have access to the services offered at HPCG through the following referral sources:

- Area physicians
- Hospitals
- Home Health Agencies
- Nursing Homes
- Other Health Care Agencies including other Hospices
- Family/Friends

The applicant further states that

> *"to be admitted to the facility a patient must have a physician order."*

On page 64, the applicants state

> *"Many patients who obtain residential care at Beacon Place were originally admitted as an inpatient; once a plan of care is in place and the patient's symptoms have been addressed, the patient may no longer require the inpatient level of care. Patients can then transition to a residential bed."*

The applicant adequately demonstrates the range of means by which a person will have access to the proposed hospice facility; therefore, the application is conforming to this criterion.

(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section V.1, page 57, the applicant states:

> "*HPCG has training agreements with Duke University, ECPI, East Carolina University, GRCC (Nursing Assistants), Guilford County Schools, ITT Technical Institute, NC A&T, UNC Chapel Hill, UNCG, and W-S State University.*

*HPCG will continue to provide students of these schools with opportunities to learn and gain valuable clinical experience."*

Exhibit 15 contains a copy of an agreement. The applicant adequately demonstrates that the facility will accommodate the clinical needs of health professional training programs in the area, and therefore, the application is conforming to this criterion.

(15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

HPCG currently operates a hospice inpatient / residential facility known as Beacon Place in Greensboro. HPCG operates eight hospice inpatient beds and six hospice residential care beds at the Beacon Place facility. HPCG proposes to convert three of Beacon Place's existing hospice residential beds to three hospice inpatient beds for a total of 11 hospice inpatient beds and three hospice residential beds at project completion

The 2014 SMFP identifies a need for 16 additional hospice inpatient beds in Guilford County. Per the 2014 SMFP, there are two providers of hospice inpatient services in Guilford County as shown in the following table.

**Guilford County Inpatient Hospice Services (Per the 2013 Hospice Data Supplements)**

| Provider | Licensed Beds | 2013 Days of Care | Occupancy Rate |
|---|---|---|---|
| Hospice & Palliative Care Greensboro - Beacon Place | 8 | 2,101 | 71.76% |
| Hospice Home at High Point | 6 | 2,323 | 105.78% |

Source: 2014 SMFP, page 353
Note: HHHP was approved to develop four additional hospice inpatient beds in CON Project ID #G-8696-11. Effective April 23, 2013, HHHP is licensed for 10 hospice inpatient beds.

HHHP also submitted an application proposing to develop five (5) hospice inpatient beds in Guilford County. Combined, HPCG's and HHHP's applications propose developing eight (8) new hospice inpatient beds in Guilford County. HHHP's application to develop five (5) hospice inpatient beds was conditionally approved on July 31, 2014 (Project ID# G-10285-

14). Based on that conditional approval there are still eleven (11) hospice inpatient beds available pursuant to the need determination in the 2014 SMFP (16-5 = 11). HPCG only proposes developing three (3) hospice inpatient beds.

The two providers are supportive of each other's proposed conversion of beds and have submitted support letters indicating such support. See Exhibit 14 for a copy of HHHP's support letter.

In Section V.7, pages 59-60, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality and access.

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to convert three hospice residential beds to three hospice inpatient beds and that it is a cost-effective alternative;
- The applicant adequately demonstrates that it will continue to provide quality services; and
- The applicant demonstrates that it will continue to provide adequate access to medically underserved populations.

Therefore, the application is conforming to this criterion.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

In Section II.1, page 12, the applicant states that HPCG is accredited by the Accreditation Commission for Healthcare, Inc. According to files in the Acute and Home Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding the date of this decision for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming with this criterion.

(21) Repealed effective July 1, 1987.

(b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this

section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The application is conforming to all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities 10A NCAC 14C .4000. The specific criteria are discussed below.

**10A NCAC 14C .4002 INFORMATION REQUIRED OF APPLICANT**

*(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall complete the application form for Hospice Inpatient and Hospice Residential Care Services.*

-C- The applicant used the correct application form.

*(b) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall provide the following information:*

*(1) the projected annual number of hospice patients, admissions, deaths, and other discharges, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be served in the facility in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;*

-C- In Section II, pages 13-14, the applicant provides the projected annual number of hospice patients, admissions, deaths and other discharges for each level of care to be served in the facility in each of the first three years following completion of the project.

The methodology and assumptions used to make the above projections are on pages 34-38 of the application.

*(2) the projected annual number of hospice patients, admissions, deaths, and other discharges for each level of care to be served by the applicant's licensed hospice agency in each of the first three years following completion of the project and the methodology and assumptions used to make the projections;*

-C- In Section II, pages 14-15, and Section IV, the applicant provides the projected annual number of hospice patients, admissions, deaths and other discharges for each level of care to be served by the applicant’s licensed hospice agency in each of the

first three years following completion of the project including the methodology and assumptions used to make the projections.

*(3) the projected annual number of patient care days, for each level of care (i.e., respite care, hospice residential care and hospice inpatient care), to be provided in each of the first three years of operation following completion of the project and the methodology and assumptions used to make the projections;*

-C- In Section II, page 15, and in Section IV, page 50, the applicant shows projected annual number of patient care days for the Inpatient, Respite and Residential levels of care to be provided in each of the first three years of operation, as illustrated in the table below.

**Projected Patient Care Days**

| | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| Residential | 1,830 | 1,555 | 1,322 |
| Inpatient | 2,419 | 2,842 | 3,340 |
| Respite | 315 | 315 | 315 |

The methodology and assumptions used to make the above projections are on pages 34-38 and pages 49-54of the application.

*(4) the projected average length of stay (ALOS) based on admissions to the applicant's facility, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;*

-C- In Section II, page 15, the applicant provides the projected average length of stay (ALOS) for the Inpatient, Residential, and Respite levels of care, as shown in the table below.

**Projected Average Length of Stay (ALOS)**

| | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| Residential | 12.0 | 10.0 | 8.5 |
| Inpatient | 5.0 | 5.5 | 6.0 |
| Respite | 8 | 8 | 8 |

The methodology and assumptions used to make the above projections are on pages 34-38 of the application.

*(5) the projected readmission rate, for each level of care, (i.e., respite care, hospice residential care and hospice inpatient care) and the methodology and assumptions used to make the projections;*

-C- In Section II.2, page 16, the applicant provides the projected readmission rate for each level of care as illustrated in the table below:

| Readmission Levels | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|---|---|---|---|---|---|---|
| Residential Patients | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Inpatients | 2.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Respite Patients | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% |

The methodology and assumptions used to make the above projections are on pages 34-38 of the application.

*(6) the projected average annual cost per patient care day, by level of care (i.e., respite care, hospice residential care and hospice inpatient care) for each of the first three operating years following completion of the project and the methodology and assumptions used to project the average annual cost;*

-C- In Section II, page 16, Section X and Form C, page the applicant provides the projected average annual cost per patient care day, for the Inpatient, Respite and Residential levels of care for each of the first three operating years following completion of the project, as shown below.

**Projected Average Annual Cost Per Patient Care Day**

| | Year 1 | Year 2 | Year 3 |
|---|---|---|---|
| **Inpatient and Respite Care** | $601.02 | $560.37 | $520.61 |
| **Residential** | $370.21 | $382.52 | $395.19 |

On page 17 of the application the applicant states *"Inpatient respite days of care are provided in the licensed inpatient beds in accordance with CMC regulations. The average costs for inpatient and respite days of care are based on the total combined costs for these levels of service (Form C) divided by the combined days of care for both levels of service. Residential days of care are based on the total costs (Form C) divided by the days of care for the respective years."* The applicant's expense assumptions for Form C are provided on pages 104-107.

*(7) documentation of attempts made to establish working relationships with sources of referrals to the hospice facility including copies of proposed agreements for the provision of inpatient care and residential care;*

-C- HPCG is an existing inpatient hospice facility. In Section II, page 16, the applicant states *"HPCG has established excellent working relationships with physicians, hospitals and other providers in Guilford County and surrounding areas."* On page 17 of the application the applicant provides a list of historical referral sources from 2013.

*(8) documentation of the projected number of referrals to be made by each referral source;*

-C- In Section II.2, page 17, the applicant provides its projection of referrals by source.

*(9) copies of the proposed contractual agreements, if the applicant is not a licensed hospice, with a licensed hospice or a licensed home care agency with a hospice designation on its license, for the provision of hospice services;*

-NA- The applicant is a licensed hospice.

*(10) documentation of the projected number of patients to be referred for each payor type from the referring hospices, if the applicant is not a licensed hospice or if the applicant proposes to admit patients on a contractual basis; and*

-NA- The applicant is a licensed hospice.

*(11) a copy of the admission policies, including the criteria that shall be used to select persons for admission to the hospice inpatient and residential care beds.*

-C- Exhibit 6 contains admission policies, including the criteria that shall be used to select persons for admission to the hospice inpatient and residential care beds.

**10A NCAC 14C .4003 PERFORMANCE STANDARDS**

*(a) An applicant proposing to develop hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that:*

*(1) the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 50 percent for the last six months of the first operating year following completion of the project;*

-C- In Section II, page 18, and Section IV, page 50, the applicant demonstrates that the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 50 percent for the last six months of the first operating year following completion of the project.

Inpatient and Respite care are provided in the same 11 inpatient beds; therefore the applicant provides a combined occupancy rate for Inpatient/Respite care.

*(2) the average occupancy rate for the licensed hospice beds, for each level of care, in the facility is projected to be at least 65 percent for the second operating year following completion of the project; and*

-C- In Section II, page 18, and Section IV, page 50, the applicant demonstrates that the average occupancy rate of the licensed hospice beds, for each level of care, in the facility is projected to be at least 65 percent for the second operating year following completion of the project.

Inpatient and Respite care are provided in the same 11 inpatient beds; therefore the applicant provides a combined occupancy rate for Inpatient/Respite care.

*(3) if the application is submitted to address the need for hospice residential care beds, each existing hospice residential care facility which is located in the hospice service area operated at an occupancy rate of at least 65 percent for the 12 month period reported on that facility's most recent Licensure Renewal Application Form.*

-NA- The application is not submitted to address the need for hospice residential care beds.

*(b) An applicant proposing to add hospice inpatient facility beds to an existing hospice inpatient facility shall document that the average occupancy of the licensed hospice inpatient facility beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.*

-C- In Section II, pages 18-19, and Section IV, page 49, the applicant shows that the average occupancy of the licensed hospice inpatient facility beds at HPCG's existing facility exceeded 65.0% for the nine months immediately preceding the submittal of the proposal.

*(c) An applicant proposing to add residential care beds to an existing hospice residential care facility shall document that the average occupancy of the licensed hospice residential care beds in its existing facility was at least 65 percent for the nine months immediately preceding the submittal of the proposal.*

-NA- The applicant is not proposing to add hospice residential care beds.

**10A NCAC 14C .4004 SUPPORT SERVICES**

*(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall demonstrate that the following services will be provided directly by the applicant or by a contracted hospice to the patient and the patient's family or significant others:*

*(1) nursing services;*
*(2) social work services;*
*(3) counseling services including dietary, spiritual, and family counseling;*
*(4) bereavement counseling services;*
*(5) volunteer services;*
*(6) physician services; and*
*(7) medical supplies.*

-C- In Section II, pages 19-20, the applicant states:

*"All of the above-listed services are currently in place by hospice staff and existing resources as described in Section VII. Nursing services, social work services and counseling services, including spiritual and family counseling and bereavement counseling, are provided by the staff of Beacon Place. These staff members will continue to provide services to the patients and their families following development of the proposed project. …"*

Table 3(d) on page 24 of the application lists the services and how they are provided. Exhibit 7 contains letters of support from DME and pharmacy suppliers.

*(b) An applicant shall demonstrate that the nursing services listed in Paragraph (a) of this Rule will be available 24 hours a day, seven days a week.*

-C- In Section II, page 20, the applicant states that nursing services will be provided onsite 24 hours a day, seven days a week. On page 70, Section VII.5, the applicant demonstrates that the nursing services listed in Paragraph (a) of this Rule will be available 24 hours a day, seven days a week.

*(c) An applicant proposing to develop a hospice inpatient facility or a hospice residential care facility shall provide documentation that pharmaceutical services will be provided directly by the facility or by contract.*

-C- Beacon Place is an existing hospice inpatient facility. Exhibit 7 contains a copy of a letter from Omnicare, the existing pharmacy provider serving Beacon Place, confirming that pharmaceutical services will be provided.

*(d) For each of the services listed in Paragraphs (a) and (c) of this Rule which are proposed to be provided by contract, the applicant shall provide a copy of a letter from the proposed provider which expresses its interest in working with the proposed facility.*

-C- Beacon Place is an existing inpatient hospice provider that currently contracts for pharmacy, therapy, durable medical equipment services and oxygen. Exhibit 7 contains letters from Advanced Homecare (durable medical equipment services and oxygen), Omnicare (pharmacy), and Gentiva (therapy) expressing the interest of each in continuing to work with Beacon Place. Exhibit 5 contains a letter of support from the HPCG's Chief Medical Officer overseeing medical care at Beacon Place.

**10A NCAC 14C .4005 STAFFING AND STAFF TRAINING**

*(a) An applicant proposing to develop a hospice inpatient facility beds or hospice residential care facility beds shall document that staffing will be provided in a manner consistent with G.S. 131E, Article 10.*

-C- In Section II, pages 12 and 24, and in supplemental information the applicant states that HPCG will continue to be operated in compliance with the hospice licensure

rules and consistent with the requirements of 131E Article 10 and that *"staffing levels for the inpatient and residential beds shall exceed the standards with two Registered Nurses and two Aides on duty each shift of every day."*

*(b) The applicant shall demonstrate that:*

*(1) the staffing pattern will be consistent with licensure requirements as specified in 10A NCAC 13K, Hospice Licensing Rules;*

-C- In Section II.2, pages 12 and 24, Section VII, page 70, and in supplemental information the applicant states and document that HPCG will continue to operate in compliance with the licensure rules and hospices and the Medicare Conditions of Participation in 10A NCAC 13K. The applicants state "*two Registered Nurses and two Aides are on duty in the facility at all times."*

*(2) training for all staff will meet the requirements as specified in 10A NCAC 13K .0400, Hospice Licensing Rules.*

-C- In supplemental information the applicant states that HPCG shall provide training to all staff to meet the requirements specified in 10A NCAC 13K.0400. Exhibit 16 provides documentation of the training program that is required for all staff and volunteers. On page 12 in Section II, the applicants state "*Administration, clinical and support services, staffing and staff training and coordination of services with other providers will be provided in accordance with licensure requirements."*

**10A NCAC 14C .4006 FACILITY**

*An applicant proposing to develop new hospice inpatient facility beds or new hospice residential care facility beds shall document:*

*(1) that a home-like setting shall be provided in the facility;*

-C- In Section II.2, page 20 the applicant documents that the facility will continue to provide a home-like setting for its patients, stating, *"Beacon Place provides a home-like setting with private patient rooms and a living room with comfortable sofas and recliners. The dining room and kitchen are furnished with warm colors and cabinets. Each patient room has a small outdoor patio."* Exhibit 9 contains the facility's line drawing.

*(2) that the services will be provided in conformity with applicable state and local laws and regulations pertaining to zoning, physical environment, water supply, waste disposal and other relevant health and safety requirements; and*

-C- In Section II.2, page 21, the applicant states that it currently provides inpatient hospice services in its existing building which currently operates pursuant to all applicable State and local laws and regulations pertaining to zoning, physical

environment, water supply, waste disposal and other relevant health and safety requirements. See also Exhibit 10.

*(3) for new facilities, the location of the site on which the services are to be operated. If the site is neither owned by nor under option to the applicant, the applicant must provide a written commitment to pursue acquiring the site if and when the approval is granted, must specify a secondary site on which the services could be operated if acquisition efforts relative to the primary site ultimately fail, and must demonstrate that the primary and secondary sites are available for acquisition.*

-NA- The proposed project is for an existing facility.