

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: April 27, 2020

Findings Date: April 27, 2020

Project Analyst: Ena Lightbourne

Team Leader: Gloria C. Hale

Project ID #: F-11853-20

Facility: Gordon Hospice House

FID #: 051157

County: Iredell

Applicant(s): Hospice of Iredell County, Inc.

Project: Develop 6 residential beds for a total of 6 residential beds and 9 inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility)

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency 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.

NA

The applicant, Hospice of Iredell County, Inc., proposes to develop six residential beds for a total of six residential beds and nine inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility).

#### **Need Determination**

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2020 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

## **Policies**

The applicant does not propose to develop any beds or services, acquire any medical equipment, or offering a new institutional health service for which there are any policies in the 2020 SMFP. Therefore, Criterion (1) is not applicable to this review.

- (2) Repealed effective July 1, 1987.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.

## C

In Section C.1. page 10, the applicant describes the proposed project, stating that it proposes to develop six residential beds at Gordon Hospice House upon completion of Project ID# F-11703-19 (develop a new 10-bed hospice facility). In that project, six inpatient hospice beds will be relocated from Gordon Hospice House to Mooresville Inpatient Unit. Once the six inpatient hospice beds are delicensed at Gordon Hospice House, the applicant will develop and license the six proposed residential beds in space that had been used for inpatient beds.

The applicant further states that the residential beds in the facility will provide care to residents of Statesville and northern Iredell communities who do not have a hospice facility, including Alexander, Davie, and Wilkes counties.

## **Patient Origin**

On page 305, the 2020 SMFP defines the service area for a hospice inpatient facility as “*the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area.*” Thus, the service area for this facility consists of Iredell County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical patient origin.

COUNTY	Gordon Hospice House Historical Patient Origin Last Full Federal Fiscal Year (FFY) 10/01/2018 to 9/30/2019 (FY 2019)			
	# of Hospice Inpatient Admissions	% of Total	# of Hospice Residential Admissions	% of Total
Alexander	46	7.4%	7	1.1%
Alleghany	1	0.2%	1	0.2%
Ashe	1	0.2%	0	0.0%
Burke	1	0.2%	1	0.2%
Cabarrus	2	0.3%	0	0.0%
Catawba	6	1.0%	1	0.2%
Cleveland	1	0.2%	0	0.0%
Cumberland	4	0.6%	1	0.2%
Davie	9	1.5%	4	0.6%
Forsyth	5	0.8%	1	0.2%
Guilford	1	0.2%	0	0.0%
Iredell	422	68.2%	81	13.1%
Mecklenburg	8	1.3%	1	0.2%
Rowan	6	1.0%	0	0.0%
Wilkes	4	0.6%	3	0.5%
Yadkin	1	0.2%	0	0.0%
<b>Total</b>	<b>518</b>	<b>83.6%</b>	<b>101</b>	<b>16.0%</b>

Source: Section C, page 11

On page 11, the applicant states that the chart above includes duplicate patients. Direct unduplicated admissions represent about 15% of patients served in the facility. The applicant states that unduplicated admission numbers give little insight regarding the home county of patients cared for in the facility since 85% are transferred from home and admitted as inpatient but change to residential after admissions.

The following table illustrates projected patient origin.

COUNTY	Gordon Hospice House Projected Patient Origin 3 <sup>rd</sup> FFY, FY2024			
	# of Hospice Inpatient Admissions	% of Total	# of Hospice Residential Admissions	% of Total
Alexander	42	7.9%	5	1.0%
Alleghany	1	0.2%	0	0.0%
Ashe	1	0.2%	0	0.0%
Burke	2	0.3%	0	0.0%
Cabarrus	2	0.3%	0	0.0%
Catawba	6	1.1%	1	0.2%
Cleveland	2	0.3%	0	0.0%
Cumberland	3	0.56%	0	0.0%
Davie	12	12.3%	3	0.6%
Forsyth	4	0.8%	0	0.0%
Guilford	2	0.2%	0	0.0%
Iredell	368	70.0%	55	10.4%
Mecklenburg	7	1.3%	0	0.0%
Rowan	5	1.0%	0	0.0%
Wilkes	4	0.8%	1	0.2%
Yadkin	2	0.2%	0	0.0%
<b>Total</b>	<b>463</b>	<b>87.0%</b>	<b>65</b>	<b>13.0%</b>

Source: Section C, page 12

In Section C, page 12, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported.

**Analysis of Need**

In Section C, pages 12-15, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 13, the applicant states:

*“To fully explain the factors that contribute to the need for residential beds in the Statesville and North Iredell areas, we have explored past and current residential utilization and used our actual data to project future need in the community. In addition, other factors that are expected to increase the need for hospice residential beds were identified.”*

**Growth Trends**

The applicant analyzed historical data for Gordon Hospice House to demonstrate the growing need for residential beds. The applicant states that during the last three full fiscal years, 2017, 2018 and 2019, the facility experienced a significant growth in residential days of care. From 2017 to 2019, residential days grew from 599 to 924. The applicant states that there was a

13.4% growth from 2017 to 2018 and a 36% growth from 2018 to 2019; which is an average yearly growth of 25%. The applicant used the average yearly growth to project an 83% occupancy rate by the first fiscal year of operation. The applicant provides supporting documentation in Exhibit C.4. (page 13)

### Community Need

To demonstrate a community need, the applicant states that of the two comfort care homes in the area, one closed in the past year, reducing the number of comfort care beds to two. The applicant states that comfort care homes can only admit cancer patients. Statesville and Northern Iredell County have a higher percentage of aging residents than the county as a whole. The applicant states that the higher age population results in an increase in patients who require end of life care due the Alzheimer's and other long-term terminal illness. The applicant provides supporting documentation in Exhibit C.4. (page 13)

### Placement in Long Term Care (LTC)

The applicant states that hospice patients can be cared for in an LTC setting, however, the following factors can limit access to LTC beds for end-of-life. (pages 13-14)

- LTC beds are limited in number and remain occupied for a long period.
- Patients with pre-existing insurance or private pay are admitted before Medicaid-pending patients.
- There is limited access for patients with complex treatments such as tracheostomies and behavioral health
- Female beds in semi-private rooms are limited due to more females in the elderly population and longer life expectancy.

The applicant states that Gordon Hospice House does not limit access because of the inability to pay or lack of insurance. The applicant states that the facility has private rooms and admits patients with complex treatments.

### Caregiver Issues

The applicant states that residential care at Gordon Hospice House includes expanded support to caregivers to alleviate some of the issues family caregivers face. These issues include the inability to provide needed care due to their own health issues, financial burdens due to reducing work hours to care for their family member, or the overall stress of keeping a family member at home as opposed to a long-term care facility. The applicant states that transportation can also be an issue for family caregivers since Iredell public transportation is limited. Some caregivers have to rely on family and friends for transportation or limit their visits. The applicant states that residential care in the Statesville area can provide community-based services and caregivers can avoid long commutes. (page 14)

### Unsafe and Substandard Living Conditions that Require Relocation to a Safe Setting

The applicant states that Statesville has a poverty rate of 26% and the farming communities in North Iredell have an equal or higher rate resulting in poor home conditions for some hospice patients. These patients may live in remote areas, isolated from family members and their communities, and dependent on caretakers with issues such substance abuse. The applicant states that the availability of residential care provides a solution for unsafe/substandard living conditions for hospice patients. (page 15)

#### Cost/Reimbursement

The applicant states that no additional Medicare reimbursement dollars are paid for patients transitioning from home care to residential care since both reimbursement rates are the same. Residential care consists of palliative and supportive medical services. The applicant states the residential care can reduce hospital admissions and readmissions for hospice patients, therefore, reducing Medicare reimbursement for repeated hospital encounters. The applicant states that Hospice of Iredell County, Inc. will not seek Medicaid reimbursement, rather it will charge on a sliding scale for patients with no payor source.

The applicant states that increased Medicare scrutiny on inpatient days, particularly reducing the number of inpatient length of stays, makes residential availability more urgent. Patients who do not meet the inpatient level of care and are not ready to go home will occupy an inpatient bed that may be needed for another patient with symptom management needs. (page 15)

The information is reasonable and adequately supported based on the following:

- The applicant uses clearly cited and reasonable historical and demographic data to make the assumptions with regard to identifying the population to be served, and
- The applicant uses reasonable assumptions to demonstrate the need the population projected to be served has for the proposed hospice residential beds.

#### Projected Utilization

In Section Q, the applicant provides historical and projected utilization, as illustrated in the following tables.

<b>Gordon Hospice House Historical Patient Days of Care</b>			
	<b>Last FFY FY2019</b>	<b>Interim FFY FY2020*</b>	<b>Interim FFY FY2021</b>
<b>Hospice Inpatient Beds**</b>			
# of Hospice Inpatient Beds	15	15	15, then 9
# of Admissions	541	512	472
Total Days of Care	3,032	2,864	2,643
Average Length of Stay	5.6	5.6	5.6
Occupancy Rate	55.4%	52.3%	60%**
<b>Hospice Residential Beds***</b>			
# of Hospice Residential Beds	0	0	0, then 6
# of Admissions	101	101	72
Total Days of Care	924	1,158	1,448
Average Length of Stay	9	11	20
Occupancy Rate			

\*Interim Year FY2020 was annualized. Three full months were used (October, November and December 2019). Annualized using YTD average daily census x 366 (2020 is a leap year) days generated the total days.

\*\*Number of inpatient beds for interim year FY2021 was adjusted to account for 15 inpatient beds for 6 months, then 9 beds for six months interim year 2021 inpatient occupancy rate was determined using an average of 12 beds over 365 days.

\*\*\*Number of residential beds for the interim year FY2021 was adjusted to account for 0 beds for 6 months, then 6 residential beds for six months.

<b>Gordon Hospice House Projected Patient Days of Care</b>			
	<b>Year 1 FY2022</b>	<b>Year 2 FY2023</b>	<b>Year 3 FY2024</b>
<b>Hospice Inpatient Beds</b>			
# of Hospice Inpatient Beds	9	9	9
# of Admissions	435	449	463
Total Days of Care	2,435	2,513	2,591
Average Length of Stay	5.6	5.6	5.6
Occupancy Rate	74.1%	76.5%	78.9%
<b>Hospice Residential Beds</b>			
# of Hospice Residential Beds	6	6	6
# of Admissions	65.0	65.0	65.0
Total Days of Care	1,810	1,810	1,810
Average Length of Stay	28	28	28
Occupancy Rate	82.6%	82.6%	82.6%

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant begins its projections using the historical data for Gordon Hospice House for the last full fiscal year of 2019 (October 1, 2018 to September 30, 2019).

- The applicant states that residential days of care and admissions to Gordon Hospice House increased by 54% from 2017 to 2019 and assumes this growth will continue.
- The applicant projects that 30% of unduplicated admissions at Gordon Hospice House will be cared for at the new facility, Mooresville Inpatient Unit, starting in spring 2021. However, the applicant states that this reduction will be offset by the increase in length of stay once the proposed residential beds become available.
- The applicant projects that Gordon Hospice House will experience an annual residential growth of 25% from 2020-2022 based on the facility's historical data from the last three years. The applicant also projects the growth based on the new programs and change in referral, admissions and discharge patterns.
- The applicant projects the average length of stay to increase to 28 days once the six residential beds become available, which accounts for the projected 1,810 patient days.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant projects the utilization of hospice inpatient and residential beds based on historical utilization at Gordon Hospice House.
- The applicant projects utilization based on 30% of unduplicated admissions will be cared for at the new Mooresville Inpatient Unit.
- The applicant projects utilization of the residential beds based on a projected increase in length of stay once the residential beds become available.

### Access

In Section C, page 16, the applicant states:

*“Adding six residential beds in Statesville, NC, would serve residents in the northern half of Iredell County and the surrounding areas. Of the 169,798 people living in Iredell County, 40 percent reside in the northern portion of the county. Currently, there are only 2 hospice residential beds in Iredell’s four northern surrounding counties. Yadkin County has 2 residential beds; Alexander, Wilkes and Davie have no beds.*

...

*In addition, a residential facility would increase access to care for low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved populations.”*

In Section L, page 44, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

<b>Gordon Hospice House Projected Payor Mix 3<sup>rd</sup> FFY, FY 2024</b>				
<b>Payor Source</b>	<b>Hospice Inpatient Beds</b>		<b>Hospice Residential Beds</b>	
	<b># of Admissions</b>	<b>% of Total Admissions</b>	<b># of Admissions</b>	<b>% of Total Admissions</b>
Self-Pay	12	2.2%	5	1.0%
Insurance**	24	4.3%	4	0.8%
Medicare**	412	73.8%	52	10.0%
Medicaid **	15	2.7%	4	0.8%
<b>Total</b>	<b>463</b>	<b>87.0%</b>	<b>65</b>	<b>13.0%</b>

\*Including managed care plans

The projected payor mix is reasonable and adequately supported based on the following:

- Projected payor mix is based on historical payor mix for Gordon Hospice House and very little change is expected by the third year following completion of the proposed project.
- Payor mix is expected to slightly shift to more self-pay and Medicaid once the residential beds become available.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

(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.

NA

The applicant does not propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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

The applicant proposes to develop six residential beds for a total of six residential beds and nine inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility).

In Section E, pages 23-24, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

**Maintain the Same Number of Beds at the Existing Facility-**The applicant states that this alternative is less effective because using the remaining nine licensed inpatient beds does not meet the needs of the north Iredell residents. The applicant states that patients in North Iredell will have less choice, will not be able to stay in their own community and caregivers will have to get transportation and travel many miles just to visit loved ones.

**Residential Care in Long Term Care and Assisted Living Facilities-**The applicant states that this is a less effective alternative because placement for patients who have more complex needs is difficult to find or may be far away for family members. In addition, patients admitted to hospice house or hospital may not have a bed at discharge since facilities cannot hold beds for hospice patients. The applicant states that this is alternative not cost-effective as well because costs would be higher in a long-term care facility, and if patients are not using “*skilled days*” they can incur room and board costs.

**Transfer Patients to a Hospice in Another County for Residential Care-**The applicant states that this is not an effective alternative because it would limit access to care and caregivers would have to drive long distances or depend on friends and family for transportation.

**Patient to Remain in Homecare or Extend a Hospital Episode-**The applicant states that this is not an effective alternative because residential care provides a solution to unsafe/substandard living conditions in patient homes.

**Delay Hospital Discharge Due to Unsafe Home Settings or Caregiver Issues-**The applicant states that this is not an effective alternative because hospitals do not provide a quiet home-like setting needed for hospice patients and must reduce lengths of stay.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Hospice of Iredell County, Inc. shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, Hospice of Iredell County, Inc. shall materially comply with the last made representation.**
- 2. Hospice of Iredell County, Inc. shall develop no more than six residential beds for a total of no more than six residential beds and nine inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility).**
- 3. Upon completion of the project, Gordon Hospice House shall be licensed for no more than six residential beds and nine inpatient beds.**
- 4. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, Hospice of Iredell County, Inc. shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
  - a. Payor mix for the services authorized in this certificate of need.**
  - b. Utilization of the services authorized in this certificate of need.**
  - c. Revenues and operating costs for the services authorized in this certificate of need.**
  - d. Average gross revenue per unit of service.**
  - e. Average net revenue per unit of service.**
  - f. Average operating cost per unit of service.**

**5. Hospice of Iredell County, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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

The applicant proposes to develop six residential beds for a total of six residential beds and nine inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility).

**Capital and Working Capital Costs**

In Section F.1, page 25, the applicant states that Hospice of Iredell County, Inc. does not project any capital costs associated with this project. The applicant states that the facility is already built and previously licensed as inpatient level of care beds.

In Sections F.3 pages 26-27, the applicant states that there will be no start-up or initial operating expenses associated with this project because the facility, equipment, supplies and staff are already in place and functioning in a 15-bed facility.

**Financial Feasibility**

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2, the applicant projects that operating expenses will exceed revenues in the first three operating years of the project, as shown in the table below.

<b>Gordon Hospice House</b>	<b>Year 1 FY2022</b>	<b>Year 2 FY2023</b>	<b>Year 3 FY2024</b>
Total Hospice Inpatient/Respite Admissions	473	488	504
Total Hospice Residential Admissions	65	65	65
Total Gross Revenues (Charges)	\$3,146,193	\$3,327,486	\$3,516,474
Total Net Revenue	\$2,901,419	\$3,068,206	\$3,242,051
Average Net Revenue per Admission	\$5,393	\$5,548	\$5,698
Total Operating Expenses (Costs)	\$3,284,810	\$3,398,384	\$3,515,816
Average Operating Expense per Day of Care	\$6,106	\$6,145	\$6,179
Philanthropy	\$115,500	\$85,500	\$115,500
Net Income	(\$267,891)	(\$244,678)	(\$158,265)

In supplemental information requested by the Agency, the applicant states that other businesses such as Mooresville Hospice House, Homecare and the overall Hospice of Iredell County, Inc. program will help sustain operations. The applicant states that their homecare operations and support through gifts and donations offset the deficit. Hospice of Iredell County, Inc., as a whole, reports a net income of \$313,157, \$689,481, and \$1,000,359 in operating years one, two and three, respectively. In addition, the applicant states that Hospice of Iredell County also maintains substantial reserves and an endowment.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to 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.

### C

The applicant proposes to develop six residential beds for a total of six residential beds and nine inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility).

On page 305, the 2020 SMFP defines the service area for hospice inpatient facility *as the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area.* Thus, the service area for this facility consists of Iredell County. Facilities may also serve residents of counties not included in their service area.

The 2020 SMFP identifies Gordon Hospice House with 15 licensed beds and Mooresville Inpatient Unit with six CON approved beds. Both facilities are owned and operated by Hospice of Iredell County, Inc., the only provider of hospice inpatient services located in Iredell County. The applicant proposes to develop six residential beds at Gordon Hospice House upon completion of Project ID# F-11703-19 (develop a new 10-bed hospice facility). In that project, six inpatient hospice beds will be relocated from Gordon Hospice House to Mooresville Inpatient Unit. Once the six inpatient hospice beds are delicensed at Gordon Hospice House, the applicant will develop and license the six proposed residential beds in space that had been

used for inpatient beds. The total number of inpatient hospice beds in Iredell County will not change as a result of the proposed project.

In Section G, page 30, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved hospice services in Iredell County. The applicant states:

*“We request approval for 6 residential beds that will allow us to use 6 beds that will be unlicensed in 2021. There are currently no hospice residential beds in Iredell County, however 4 beds will be added in the southern end of Iredell County in 2021. Our needs assessment demonstrates that Iredell County needs more than four residential beds. For example, during the 1<sup>st</sup> quarter of FY2020, the Statesville facility had 420 residential days. This equates to a residential census of 4.6 patients per day. These residential patients are currently cared for in GIP beds.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- The applicant adequately demonstrates that the residential beds are needed in northern Iredell County.
- The applicant adequately demonstrates that additional residential beds are needed in Iredell County in addition to the four under development in the southern part of the county.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (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.

C

In Section Q, Form H, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

<b>Position</b>	<b>Last FFY FFY 2019</b>	<b>2<sup>nd</sup> FFY FFY 2023</b>
IPU Manager	1.00	1.00
Register Nurses (RNs)	11.00	11.00
Nursing Assistants/Aides	11.00	11.00
Dietary	1.20	1.20
Bereavement	0.25	0.25
Social Worker	1.60	1.60
Housekeeping	1.80	1.80
Chaplain	1.30	1.30
Secretary	2.30	2.30
Physician/NP	1.80	1.80
<b>TOTAL</b>	<b>33.00</b>	<b>33.00</b>

The assumptions and methodology used to project staffing are provided in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H, pages 32-33, the applicant describes the methods used to recruit positions and its existing training and continuing education programs. In Section H, page 33, the applicant identifies the current medical director. In Exhibit H.4, the applicant provides the job description and the licensing information for the current medical director.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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.

In Section I, page 35, the applicant states that the following ancillary and support services are necessary for the proposed services:

- Core Clinical Services (RNs, CNAs, social workers, chaplains/bereavement counselors, medical staff, volunteers)
- Facility Housekeeping Staff
- Kitchen Staff
- Local Contracted Pharmacy
- Alternative Therapies
- Patient Transport
- Contracted Physical, Occupational and Speech Therapies
- Laboratory available at local hospitals
- Medical Consulting Services
- Durable Medical Equipment
- Food Vendor
- Facility Utilities Maintenance
- Supplies from contracted medical supply vendor
- Linens/Laundry
- Trash and Hazardous Waste Disposal
- X-ray from mobile radiology agency
- Cardiac Services
- Administrative Staff
- Back-up Services and Utilities

On pages 35-36, the applicant adequately explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I-2.

In Section I, page 36, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I-2.

The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to 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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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 applicant does not propose to construct any new space, construct more than minimal new space, renovate any existing space or make more than minor renovations to existing space. Therefore, Criterion (12) is not applicable to this review.

- (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

In Section L, page 43, the applicant provides the historical payor mix during the last full fiscal year for the proposed services, as shown in the table below.

<b>Gordon Hospice House Historical Payor Mix Last FFY, FY 2019</b>				
<b>Payor Source</b>	<b>Hospice Inpatient beds</b>		<b>Hospice Residential Beds</b>	
	<b># of Admissions</b>	<b>% of Total Admissions</b>	<b># of Admissions</b>	<b>% of Total Admissions</b>
Self-Pay	14	2.3%	2	0.3%
Insurance**	32	5.2%	7	1.1%
Medicare**	452	73.0%	91	14.7%
Medicaid**	15	32.4% [2.4%]	1	0.2%
Other	5	0.8%	0	0.0%
<b>Total</b>	<b>518</b>	<b>83.7%</b>	<b>101</b>	<b>16.3%</b>

Source: Section L, page 43

\*\*Including managed care plans

Note: Analyst's corrections are in brackets.

According to the historical payor mix data provided in the application, 32.6% of all services were for Medicaid patients, 84.7% were for Medicare patients, and 2.6% were for self-pay patients.

In Section L, page 42, the applicant provides the following comparison.

Last FFY, FY 2019				
Gordon Hospice House	Hospice Inpatient		Hospice Residential	
	% of Total Patients Served	% of the Population of the Service Area*	% of Total Patients Served	% of the Population of the Service Area*
Female	48%	53%	41%	53%
Male	52%	47%	60%	47%
Unknown	0%	0%	0%	0%
64 and Younger	17%	84%	15%	84%
65 and Older	83%	16%	85%	16%
American Indian	0%	0%	0%	0.6%
Asian	0.8%	0.30%	0%	2.7%
Black or African-American	7.7%	10.7%	6%	12.3%
Native Hawaiian or Pacific Islander	0%	0%	0%	0.1%
White or Caucasian	89%	89%	93%	82%
Other Race	3%	0%	1%	2.3%
Declined / Unavailable	0%	0%	0%	0%

\*The percentage can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to 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

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 43, the applicant states:

*“In 2019 Hospice of Iredell County provided \$1.67 million in uncompensated patient care and community programs. Hospice of Iredell County does not and*

*will not discriminate in providing the appropriate level and location of care based on income, race or ethnicity, gender, age payor source and will continue to provide services to all eligible patients regardless of ability to pay.”*

In Section L, page 43, the applicant states that during the last five years no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that 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 L, page 44, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

<b>Gordon Hospice House Projected Payor Mix 3<sup>rd</sup> FFY, FY 2024</b>				
<b>Payor Source</b>	<b>Hospice Inpatient beds</b>		<b>Hospice Residential Beds</b>	
	<b># of Admissions</b>	<b>% of Total Admissions</b>	<b># of Admissions</b>	<b>% of Total Admissions</b>
Self-Pay	12	2.2%	5	1.0%
Insurance**	24	4.3%	4	0.8%
Medicare**	412	73.8% [78.0%]	52	10.0% [9.8%]
Medicaid**	15	2.7%	4	0.8%
<b>Total</b>	<b>463</b>	<b>87.0% [83.0%]</b>	<b>65</b>	<b>13.0% [12.3%]</b>

\*Including any managed care plans  
 Note: Analyst's corrections are in brackets.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 3.2% of total services will be provided to self-pay patients, 87.8% to Medicare patients and 3.5% to Medicaid patients.

In Exhibit L-3.(b), the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of

the project. The projected payor mix is reasonable and adequately supported based on the following:

- The projected payor mix is based on the historical payor mix of patients at the existing Gordon Hospice House facility, and
- The applicant adequately demonstrates that medically underserved populations will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (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 L, page 45, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that 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 M, page 46-47, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, 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

The applicant proposes develop six residential beds for a total of six residential beds and nine inpatient beds upon completion of this project and Project ID# F-11703-19 (develop a new 10-bed hospice facility).

On page 305, the 2020 SMFP defines the service area for hospice inpatient facility *as the county in which the bed is located. Each of the 100 counties in the state is a separate hospice inpatient facility bed service area.* Thus, the service area for this facility consists of Iredell County. Facilities may also serve residents of counties not included in their service area.

The 2020 SMFP identifies Gordon Hospice House with 15 licensed beds and Mooresville Inpatient Unit with six CON approved beds. Both facilities are owned and operated by Hospice of Iredell County, Inc., the only provider of hospice inpatient services located in Iredell County. The applicant proposes to develop six residential beds at Gordon Hospice House upon completion of Project ID# F-11703-19 (develop a new 10-bed hospice facility). In that project, six inpatient hospice beds will be relocated from Gordon Hospice House to Mooresville Inpatient Unit. Once the six inpatient hospice beds are delicensed at Gordon Hospice House, the applicant will develop and license the six proposed residential beds in space that had been used for inpatient beds. The total number of inpatient hospice beds in Iredell County will not change as a result of the proposed project.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 48, the applicant states:

*“The six hospice residential beds in the northern Iredell area will not experience competition from other hospices nor will the beds create significant competition with other hospices. This area is lacking residential choices for residents in the area. The proposed facility will make 6 residential beds available in an underserved area. Currently, there are only 2 hospice residential beds in Iredell’s four northern surrounding counties.*

...

*Competition will increase for well-trained, compassionate staff. Recruitment and retention become priorities and better wages, benefits, working conditions and job satisfaction should be the result.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 48-49, the applicant states:

*“Residential services provided by Hospice of Iredell County will not increase the costs for Medicare, Medicaid, third party payors or surviving family members. Hospice services will be billed at the routine homecare rate and Hospice of Iredell will not seek payment from Medicaid for room and board. Patients will be charged only what they are able to pay based on a needs assessment.”*

Regarding the impact of the proposal on quality, in Section N, page 49, the applicant states:

*“Providing more choice for patients and caregivers drives all hospice providers to improve. Another factor, public reporting of quality data, leads to competition based on well-informed consumers.”*

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 49, the applicant states:

*“Of the 169,798 people living in Iredell County, 40 percent reside in the northern portion of the county. Residential beds in Statesville will provide more equitable access to care across the county. In addition, a residential facility would increase access to care for low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved populations.”*

Considering all the information in the application, the applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on:

- Cost-effectiveness (see Sections C, F, N and Q of the application and any exhibits)
- Quality (see Sections C, N and O of the application and any exhibits)
- Access to medically underserved groups (see Sections C, L and N of the application and any exhibits)

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the analysis stated above.

- (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 A, page 7, the applicant identifies the hospice facility located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of one of this type of facility located in North Carolina.

In Section O, page 52, the applicant states that, during the 18 months immediately preceding the submittal of the application, opportunities for improvements related to quality of care occurred in this facility. The applicant states that all of the problems have been corrected. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care have occurred in this facility. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at this facility, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to 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 with all applicable Criteria and Standards for Hospice Inpatient Facilities and Hospice Residential Care Facilities as promulgated in 10A NCAC 14C .4000. The specific criteria are discussed below.

***SECTION .4000 - CRITERIA AND STANDARDS FOR HOSPICE INPATIENT FACILITIES AND HOSPICE RESIDENTIAL CARE FACILITIES***

***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- The applicant projects that the average occupancy rate for licensed inpatient and residential hospice beds will be 74% and 83%, respectively, in the first operating year (FY2022) following completion of the proposed project. This exceeds the required 50% performance standard for the last six months of that year.

*(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- The applicant projects that the occupancy rate for licensed inpatient and residential hospice beds will be 77% and 83% for inpatient and residential hospice beds, respectively, in the second operating year (FY2023) following completion of the proposed project. This exceeds the required performance standard of 65% in the second operating year. The discussion on projected utilization in Criterion (3) is incorporated herein by reference.

*(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 applicant states that no facilities in Iredell County have residential 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.*

-NA- The applicant does not propose to add hospice inpatient beds to an existing facility.

*(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- Gordon Hospice House is not an existing hospice residential care facility.