

Mountain Valley Hospice & PALLIATIVE CARE

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

Petitioner:

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Requested Adjustment

Mountain Valley Hospice & Palliative Care (MVHPC) seeks to expand access to comprehensive hospice care for terminally ill patients in Surry County, and *petitions for an adjusted need determination for three hospice inpatient beds in Surry County in the 2013 State Medical Facilities Plan (SMFP).*

Reasons Supporting Requested Adjustment:

The Proposed 2013 SMFP concludes there is no need determination for hospice inpatient beds for Surry County. However, a statement has been inserted at the end of the Standard Methodology to notify Plan readers that petitions may be submitted for adjusted need determinations. The methodology reads:

“The Long-Term and Behavioral Health Committee and the State Health Coordinating Council will consider petitions for adjusted need determinations that are filed in accordance with provisions outlined in Chapter 2 of the Plan.”

Approval of this petition will provide MVHPC, and any other potential provider, the opportunity to submit a Certificate of Need (CON) application during 2013 to develop three hospice inpatient beds in Surry County.

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

- MVHPC’s existing hospice inpatient beds (Joan & Howard Woltz Hospice Home) are utilized at capacity.
- Surry County’s average length of stay (ALOS) per hospice admission has consistently remained higher than the statewide median ALOS per hospice admission. Thus, utilizing the statewide median ALOS in the standard methodology results in a projected decrease in 2016 hospice days of care in Surry County, below the actual level of days in FY2011.
- Surry County’s Hospice Days of Care and Admissions are increasing at considerably faster rates compared to the State as a whole.
- Surry County’s inpatient use rate during FY2011 was 9.4 percent compared to the 6.0 percent rate used by the standard methodology.
- Hospice providers serve a higher percentage of Surry County deaths compared to the State as a whole.
- The population in Surry County is continuing to age, with a corresponding growing need for increased access to local hospice inpatient services.
- The availability of regional North Carolina hospice inpatient facilities is limited, and is often at or near capacity.
- With an at capacity Woltz Hospice Home, travel from Surry County to existing regional North Carolina hospice inpatient facilities is disruptive, expensive, and time-consuming for local residents. Family members of local patients who are in need of hospice inpatient care benefit from receiving care in a setting that is close to home.

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

Background

MVHPC has provided focused, compassionate care to patients in Surry County for over 23 years. MVHPC provides hospice services to terminally ill patients and their families in 16 counties from six locations in North Carolina and southern Virginia. Specific to this petition, MVHPC currently operates 13 hospice inpatient beds and seven residential beds at the Joan & Howard Woltz Hospice Home. Utilization of MVHPC's hospice inpatient beds is at 95 percent occupancy and an urgent need exists for additional capacity. The following narrative provides statistical, demographic and geographic data that supports the proposed adjustment to the Proposed 2013 SMFP of three additional hospice inpatient beds in Surry County.

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

Hospice Inpatient Bed Need Methodology

For several reasons, MVHPC is petitioning for an adjusted need determination of three hospice inpatient beds in Surry County. First, the SMFP standard methodology discounts the actual need for beds in Surry County. In the standard methodology, the State projects FY2016 days of care based on using the ALOS from either the county or the statewide median, whichever is lower. In the case of Surry County, the FY2011 ALOS of 114.24 days is higher than the statewide median of 72.65 days. Due to the significant difference between the Surry County actual ALOS and the Statewide median ALOS, the standard methodology projects that FY2016 days of care (51,135 hospice days of care) will decrease nearly nine percent from the actual FY2011 use (55,750 hospice days of care). This is not a realistic projection, and is inconsistent with the historical growth trend in Surry County. Please refer to the following table.

Surry County Hospice Days of Care, FY09-FY11

	Days of Care
FY2009	48,055
FY2010	46,925
FY2011	55,750
<i>2-Yr Trailing Avg Growth Rate</i>	7.7%

Source: Proposed 2013 SMFP

The two-year trailing average growth rate for hospice days of care in Surry County was 7.7 percent from FY09-FY11. Thus, the statewide standard methodology results in projected days of care that is entirely inconsistent with local historical growth patterns.

MVHPC recommends that, in the case of this petition for an adjusted need determination, the Surry County historical ALOS (114.2) is more relevant and appropriate than the broader statewide median ALOS (72.7). Though the Surry County ALOS is comparatively higher than the statewide median, the Surry County ALOS has consistently remained at this high level during recent years. Please refer to the following table.

Hospice Average Length of Stay per Admission

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

Source: Proposed 2013 SMFP

Based on a review of historical data, it is evident that Surry County's ALOS per hospice admission is not an anomaly. Rather, it is an accurate representation of hospice use in Surry County. Therefore, MVHPC recommends utilizing the county-specific ALOS to project need for hospice inpatient beds in Surry County. Please refer to the following table.

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

	Total Admissions	Days of Care	ALOS per Admission	Total 2016 Admissions	2016 DOC at County ALOS	Projected IP Days (6%)	Total Projected IP Beds	Currently Licensed	Existing Facility Occupancy Rate	Deficit/ (Surplus)
Surry County	488	55,750	114.24	704	80,409	4,825	16	13	110.75%	<u>3</u>

As demonstrated in the previous table, if the Surry County ALOS is used, as MVHPC recommends, the resulting total projected inpatient bed need would be three beds. Utilizing the county ALOS to project overall hospice days of care results in a projected compound annual growth rate of 7.6 percent, which is less than the two-year trailing average growth rate of 7.7 percent. This adjusted methodology is the most appropriate method to project need in Surry County because it a) results in projected hospice days of care that are consistent with historical growth patterns and b) utilizes an ALOS per hospice admission that is consistent with actual experience.

As described in the following narrative, hospice services are highly utilized in Surry County. The historical use of hospice services, combined with the need for additional capacity at MVHPC's existing hospice inpatient facility ensure the proposed three hospice inpatient beds will be well utilized.

MVHPC Hospice Inpatient Utilization

As described previously, during FY2011, MVHPC's Joan & Howard Woltz Hospice Home operated at 95 percent occupancy. The following table provides monthly utilization for the most recent fiscal year.

**Joan & Howard Woltz Hospice Home
 Hospice Inpatient Utilization, FY2011**

	Days of Care	ADC
October-10	399	12.9
November-10	366	12.2
December-10	382	12.3
January-11	384	12.4
February-11	363	13.0
March-11	383	12.4
April-11	376	12.5
May-11	391	12.6
June-11	359	12.0
July-11	342	11.0
August-11	397	12.8
September-11	374	12.5
FY2011	4,516	12.4

Source: MVHPC internal data

During FY2011, MVHPC's average daily census (ADC) was 12.4 (of 13 inpatient beds). Utilization during FY2012 year-to-date is consistent with FY2011 utilization. Please refer to the table below.

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

	Days of Care	ADC
October-11	366	11.8
November-11	326	10.9
December-11	296	9.6
January-12	373	12.0
February-12	381	13.1
March-12	397	12.8
April-12	390	13.0
May-12	405	13.1
June-12	388	12.9

Source: MVHPC internal data

As the data portrays, the existing 13 hospice inpatient beds in Surry County are operating at their practical capacity, and additional hospice inpatient beds are clearly needed to respond to local demand.

As stated previously, when a hospice inpatient bed is not available at the Joan & Howard Woltz Hospice Home, many patients are admitted to an acute care hospital. The following table summarizes the number of MVHPC hospice days of care provided to patients in an acute care setting during FY2011.

**Mountain Valley Hospice & Palliative Care
Hospice Inpatient Days of Care & Patients in an Acute Care Setting, FY2011**

Hospital	Days
Northern Hospital Of Surry	333
Forsyth Medical Center	237
Yadkin Valley Community Hospital	180
Stokes-Reynolds Memorial Hospital	148
Pioneer Hospital	122
Hugh Chatham Memorial Hospital	92
Twin County Regional Hospital	83
WFU BMC	52
Wilkes Regional Medical Center	21
Alleghany Memorial Hospital	9
Highland Ridge Rehab Center	6
Martinsville Memorial Hospital	3
Davie Memorial Hospital	2
Total Inpatient Days of Care	1,288
Total Hospice Patients	232

Source: MVHPC internal data

During FY2011, MVHPC provided hospice inpatient services to 232 patients in an acute care setting. As described previously, acute care facilities generally do not provide a home-like setting for hospice patients compared to a hospice inpatient facility. Additionally, the cost of providing care in a hospital setting is considerably higher compared to a hospice inpatient facility. Clearly, there are many patients who could have benefited from access at MVHPC's hospice inpatient facility if the facility had additional capacity.

The table on the following page provides a summary of cumulative patient days calculated from MVHPC's Joan & Howard Woltz Hospice Home referral triage

log (referral date less admit date) from January 2010 through April 2012. This data represents the delay in admission to MVHPC's hospice inpatient facility.

**Mountain Valley Hospice & Palliative Care
Delay in Hospice Inpatient Facility Admission (Days)**

	CY2011	CY2012
January	13	34
February	28	37
March	24	21
April	46	22
May	20	
June	9	
July	7	
August	32	
September	34	
October	26	
November	38	
December	22	
Total	299	114

Source: MVHPC internal data

As shown in the preceding table, there can be a delay between the day of referral and the day of admission for patients who are admitted to the Joan & Howard Woltz Hospice Home. Given the acute condition of patients requiring hospice inpatient care, any delay in admission to a hospice inpatient bed is not an ideal scenario. Additional access to hospice inpatient beds in Surry County will help alleviate delays in access for hospice patients.

Hospice Utilization

Residents of Surry County and their physicians recognize the valuable benefits of hospice services. As a result, hospice services are well utilized in Surry County. The growth of hospice days of care and admissions has exceeded statewide utilization in recent years. Please refer to the following tables.

Hospice Days of Care & Admissions, FY09-FY11

Surry County		
	Days of Care	Admissions
FY2009	48,055	407
FY2010	46,925	412
FY2011	55,750	488
<i>2-Yr Trailing Avg Growth Rate</i>	7.7%	9.5%

North Carolina		
	Days of Care	Admissions
FY2009	2,650,416	33,460
FY2010	2,874,121	35,403
FY2011	2,915,218	38,743
<i>2-Yr Trailing Avg Growth Rate</i>	4.9%	7.6%

Source: 2011-2012 SMFP, Proposed 2013 SMFP

Based on historical data, both hospice days of care and admissions have grown rapidly in Surry County. During FY09-FY11, the compound annual growth rate for hospice admissions in Surry County was 9.5 percent and 7.7 percent for days of care. Both of these growth rates exceed statewide utilization growth during the same time period. Additionally, hospice services are utilized to a greater extent in Surry County compared to the State as a whole. The following table provides a comparison of hospice days of care per 1,000 population.

Days of Care per 1,000 Population

	Surry Co.	North Carolina
FY2009	655.3	280.9
FY2010	636.6	300.1
FY2011	757.7	301.5
<i>2-Yr Trailing Avg Growth Rate</i>	7.5%	3.6%

Source: 2011-2012 SMFP, Proposed 2013 SMFP; North Carolina
Office of State Budget & Management

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

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

Hospice Inpatient Utilization Rate

	Surry Co. Hospice Days of Care	Surry Co. IP Days of Care	IP % of Total Hospice Days	SMFP Standard Methodology
FY2010	46,925	4,296	<u>9.2%</u>	6.0%
FY2011	55,750	5,255	<u>9.4%</u>	6.0%

Source: 2012 SMFP, Proposed 2013 SMFP; North Carolina

The standard methodology provides an assumption that six percent of all hospice days of care are inpatient days. However, Surry County’s actual experience indicates that over nine percent of total hospice days of care are inpatient days. This is a clear indication that inpatient hospice services are an important and highly utilized service for residents of Surry County.

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

2003-2008 Percent of Deaths Served by Hospice Surry County

	2008	2009	2010
Surry Co. Population	73,392	74,368	73,791
Total Deaths	847	810	847
Hospice Patient Deaths	345	327	337
% of Total Deaths Served by Hospice	40.73%	40.37%	39.79%
Statewide Median %	26.95%	30.91%	32.00%

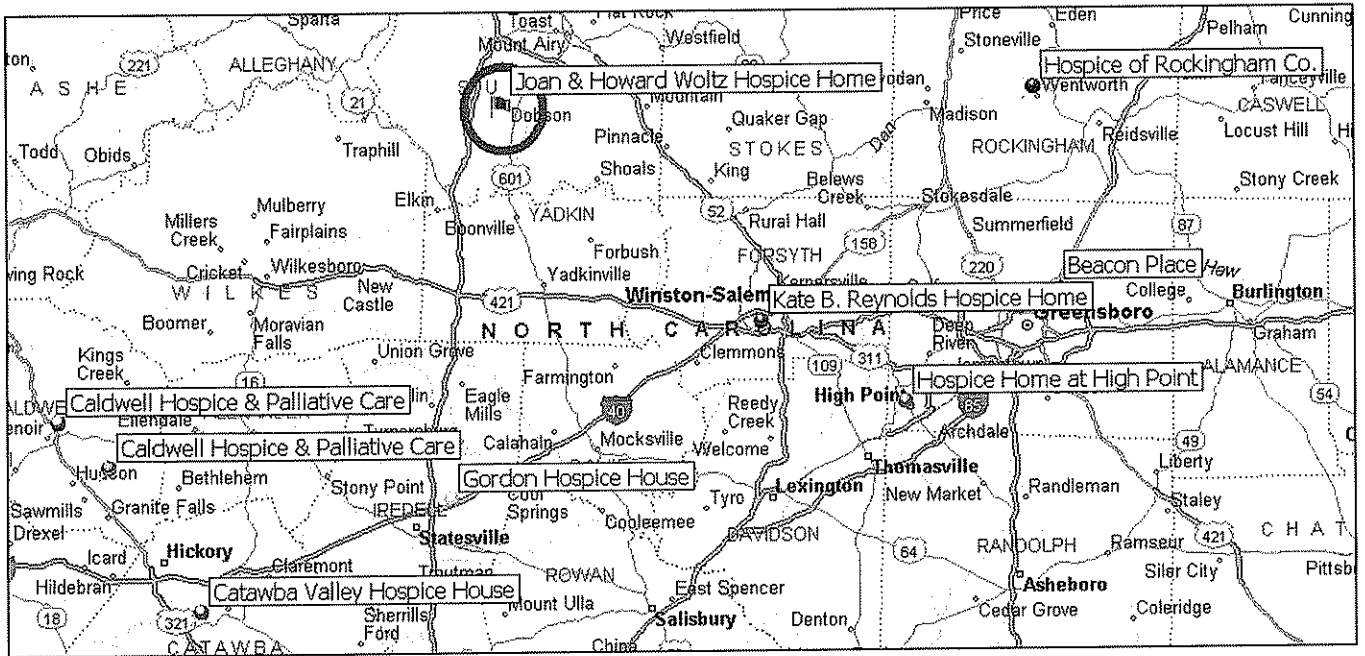
Source: The Carolinas Center for Hospice and End of Life Care

The high percentage of deaths served by hospice in Surry County is further evidence of the local demand for hospice inpatient services, and supports the proposed adjustment to include a need determination for three hospice inpatient beds in the 2013 SMFP.

Geographic Need

In addition to having a high utilization of hospice services, Surry County also demonstrates a geographic need for additional hospice inpatient services. As described previously, MVHPC's hospice inpatient beds are currently operating at practical capacity. When an inpatient bed is not available at MVHPC's Joan & Howard Woltz Hospice Home, the closest inpatient facility is the Kate B. Reynolds Hospice Home in Forsyth County, approximately one hour away. The map below details the relative locations of all the regional hospice inpatient facilities. Note that none are close to Surry County.

Regional Hospice Inpatient Facilities



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

With a completely full Holtz Hospice Home, the closest hospice inpatient facilities for Surry County residents are located in Winston-Salem (Forsyth County) and Statesville (Iredell County). These facilities are nearly an hour away from Dobson, the county seat, which is located centrally within Surry County. In addition, each facility is located up to one hour away from Mt. Airy, located in northern Surry County. The other facilities, located in Rockingham, Caldwell and Catawba counties, are located even further away. Furthermore, based on FY2011 data, most of these facilities are operating above 90 percent occupancy; thus, these alternatives offer extremely limited access for Surry County residents. Please refer to the following table.

Drive Times to Regional Hospice Inpatient Facilities

Facility	Facility County	FY2011 Occupancy	Distance from Dobson	Distance from Mt. Airy
Kate B. Reynolds Hospice Home	Forsyth	90.3%	44 mi; 52 mins	43 mi; 48 mins
Gordon Hospice House	Iredell	95.1%	48 mi; 51 mins	60 mi; 1 hr 3 mins
Hospice of Rockingham Co.	Rockingham	93.7%	68 mi; 1 hr 25 mins	61 mi; 1 hr 16 mins
Catawba Valley Hospice House	Catawba	93.1%	78 mi; 1 hr 19 mins	90 mi; 1 hr 30 mins
Caldwell Hospice & Palliative Care	Caldwell	96.2%	78 mi; 1 hr 32 mins	90 mi; 1 hr 43 mins
Caldwell Hospice & Palliative Care	Caldwell	67.4%	73 mi; 1 hr 26 mins	84 mi; 1 hr 37 mins

Sources: Google Maps, Proposed 2013 SMFP

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

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

Demographics

Population Growth

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

**Projected Population Age 65+
 2012-2016**

	2012	2016
Surry Co. Age 65+	12,796	13,792
<i>% of County Pop</i>	17.4%	18.8%
North Carolina Age 65+	1,349,431	1,553,178
<i>% of State Pop</i>	13.8%	15.2%

Source: NC Office of State Budget & Management

The population age 65 and older makes up a very significant portion of Surry County's total population as compared to the State overall. The Surry County population age 65 and older is projected to increase 8 percent during the next four years. The growth of aged residents in Surry County is very relevant to this petition because according to the National Hospice and Palliative Care Organization (NHPCO), 82.7 percent of hospice patients are age 65 and older¹. Additionally, NHPCO expects the number of hospice patients within this age cohort to increase in the future.

Disease Incidence

Hospice use is higher for diseases that impose a great burden on caregivers. According to the NHPCO, cancer diagnoses account for 35.6 percent of all US hospice admissions. As documented in the table below, between 2005 and 2009 Surry County had a higher cancer incidence rate for its overall population, and a significantly higher cancer incidence rate for the population age 65 and older, compared to North Carolina.

2005-2009 Age Adjusted and Age Specific Cancer Incidence in Surry County

	All Age Groups	65+
	Age Adjusted Rates per 100,000	Age Specific Rates per 100,000
Surry County	<u>533.8</u>	<u>2,278.9</u>
North Carolina	500.1	2,172.1

Source: North Carolina State Center for Health Statistics

¹ National Hospice and Palliative Care Organization Facts and Figures: Hospice Care in America, 2011.

Given that cancer is the most common diagnosis for hospice patients, Surry County will continue to demonstrate a great need for hospice inpatient services.

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

Community Support

Community support for additional hospice inpatient beds in Surry County is extremely positive. For example, MVHPC received letters of support from many referring physicians and both local hospitals. These providers understand the great local demand for end-of-life services, and recognize the need for increased access to hospice inpatient services in Surry County. These support letters are being submitted with this petition.

Historical SHCC Need Determinations

The State Health Coordinating Council has a long and consistent history of granting adjusted need determinations for hospice inpatient beds when needed improvements to local access, quality, and costs are apparent. The table on the following page summarizes recently approved SHCC adjusted need determinations.

Recently Approved Adjusted Hospice Bed Need Determinations

<i>SMFP</i>	<i>County</i>	<i>Need Determination</i>
2012	Rockingham	2
2012	Duplin	3
2012	Iredell	3
2011	Carteret	6
2011	New Hanover	6
2011	Cleveland	1
2011	Guilford	4
2011	Iredell	3
2010	Alexander	3
2010	Buncombe	5
2009	Scotland	2
2008	Cleveland	4
2008	Johnston	4
2007	Caldwell	3
2007	Scotland	4
2007	Alamance	2
2006	Macon	3
2006	Davidson	4

As the table above shows, for at least seven consecutive years, the SHCC has established a precedent for approving adjusted need determinations when expanded capacity of hospice inpatient services is necessary and when it offers the benefits of access, quality, and value to local residents. As described below, MVHPC is confident this proposed adjusted need determination for Surry County is consistent with the Basic Principles of the State health planning process.

Quality, Access & Value

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

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

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

The rising **cost** of healthcare services continues to cause concern among many constituencies in North Carolina. When an inpatient bed is not available at MVHPC's hospice inpatient facility, local hospice patients requiring hospice inpatient care are often admitted to a local hospital. This can result in costs far greater than those incurred if admitted to a more appropriate and less expensive hospice facility setting. Findings of a major study demonstrate that hospice services save money for Medicare². Researchers at Duke University found that hospice reduced Medicare costs by an average of \$2,309 per hospice patient. Medicare costs would also be reduced if hospice was used for a longer period of time. To know hospice services will indefinitely provide cost savings to Medicare is an additional benefit as the aging population in Surry County faces the hardships of end-of-life situations. Approval of this petition will greatly benefit patients in terms of healthcare costs and value.

² Taylor DH Jr, Ostermann J, Van Houtven CH, Tulsy JA, Steinhauer K. What length of hospice use maximizes reduction in medical expenditures near death in the US Medicare program? Soc Sci Med. 2007 Oct;65(7):1466-78.

Adverse Effects of No Adjustment to the Need Determination

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

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

Conclusion

In summary, MVHPC seeks an adjusted need determination to include three hospice inpatient beds in Surry County in the 2013 SMFP because:

- MVHPC's existing hospice inpatient beds are utilized at capacity.
- Surry County's average length of stay (ALOS) per hospice admission has consistently remained higher than the statewide median ALOS per hospice admission. Thus, utilizing the statewide median ALOS in the standard methodology results in a projected decrease in 2016 hospice days of care in Surry County, below the actual level of days in FY2011.
- Surry County's Hospice Days of Care and Admissions are increasing at considerably faster rates compared to the State as a whole.
- Surry County serves a higher percentage of hospice deaths compared to the State as a whole.
- Surry County's inpatient use rate during FY2011 was 9.4 percent compared to 6.0 percent used by the standard methodology.
- The population in Surry County is continuing to age, with growing need for increased access to local hospice inpatient services.

- Capacity of regional North Carolina hospice inpatient facilities is limited, and is often at or near capacity.
- Travel from Surry County to existing regional North Carolina hospice inpatient facilities is disruptive, expensive, and time-consuming for local residents. Family members of local patients who are in need of hospice inpatient care would benefit from receiving care in a setting that is close to home.