

**STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED**

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Hospice of Citrus County, Inc.
d/b/a Hospice of Citrus and the Nature Coast/CON #10263
3264 West Audubon Park Path
Lecanto, Florida 34461

Authorized Representative: Anthony J. Palumbo
(352) 527-2020

2. Service District/Subdistrict

Hospice Service Area 3D (Hernando County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposal to establish a new hospice program in Hospice Service Area 3D.

Letters of Support

Hospice of Citrus County, Inc. (CON #10263) submitted four new letters of support for the proposed project as well as the letters of support it submitted with CON application 10204 in the October 2013 “Other Beds and Programs” batching cycle.

Three of the letters discussed Hospice of Citrus County’s work in the Partners in Care (pediatric program)—commending the hospice and two letters expressed need for this service in Hernando County. The third letter discussed that hospice services improved in Citrus County due to HPH entering the market, “since the competition arrived growth and service improvements have been continuous.”

C. PROJECT SUMMARY

Hospice of Citrus County, Inc. (CON #10263), also referenced as HOCC or the applicant, is an existing Florida not-for-profit corporation proposing to establish a new hospice program in Hospice Service Area 3D, Hernando County. HOCC is currently a hospice provider in Service Areas 3A and 3C.

The applicant is proposing total project costs of \$238,375 with year one operating costs of \$3,417,708 and year two costs of \$5,732,813.

HOCC states having identified “special circumstances” as patient populations that are not getting sufficient care from the existing provider in Hernando County. According to the applicant, the special circumstances include:

- 1) A potential error in the fixed need pool calculation, resulting from the over-reporting of Hernando County hospice admissions by the existing Hospice Service Area 3D provider, which artificially decreases the calculated bed need.
- 2) The identification of underserved populations, including:
 - a. Pediatric patients requiring hospice services, and those patients to whom HOCC currently provides palliative care services, through the Partners in Care:Together for Kids (PIC:TFK)¹ Program
 - b. Patients 65 and older with non-cancerous conditions including Alzheimer’s Disease
 - c. Patient residing in facilities who do not want to leave their “home”
 - d. Patients residing in rural areas of Hernando County who do not wish to be institutionalized
- 3) The fact that the existing provider is not meeting the needs of the Hernando County population, as evidenced by diminishing hospice admissions and penetrations in the area which are contrary to the increasing population, aging population and resident deaths in the area.

¹ According to CON application #10263, page 23, PIC:TFK (Partners in Care: Together for Kids) is a 1915(b) Medicaid waiver program operated under the authority of Children’s Medical Services, Florida’s Title V program for Children with Special Health Care Needs (CSHCN) and is a demonstration program of the Children’s Hospice International Program of All Inclusive Care for Children (CHI PACC) model.

The reviewer notes that the fixed need pool for hospice services is calculated twice a year utilizing statistical data as incorporated by reference in 59C-1.0355, Florida Administrative Code, as well as admission data supplied by existing hospices and approved by that existing hospice's administrator. Need for an additional hospice program is demonstrated if the projected number of unserved patients who would elect a hospice program is 350 or greater. In addition, regardless of numeric need, the Agency shall not normally approve another hospice program for any service area that has an approved hospice program that is not yet licensed. The fixed need pool was last published on October 3, 2014 and Hospice Service Area 3D had one approved program—Hospice of Citrus County, Inc.

The applicant's Schedule C includes the following conditions:

- HOCC conditions this application on its participation in the PIC:TFK program for Hernando County patients and the provision of hospice services to PIC:TFK patients that become hospice eligible. Condition will be measured through an annual report to AHCA of the number of PIC:TFK patients served by hospice in Hernando County.
- HOCC conditions this application on providing community outreach and education as well as grief support programs. Conditions will be measured by an annual report to AHCA regarding the programs offered in Hernando County.
- HOCC conditions this application on offering alternative therapies to patients that may include massage therapy, music therapy, play therapy and holistic (non-drug) pain therapy. Conditions will be measured by an annual report to AHCA of the alternative therapies that were offered in Hernando County.
- HOCC conditions this application on the provision of 3.5 percent of gross revenue to the care of indigent/uncompensated patients and 2.0 percent of gross revenue to the care of Medicaid patients in Hernando County. Condition will be measured by an annual report to AHCA of the gross revenue for all hospice patients served in Hernando County and the gross revenue for patients that are covered by Medicaid and the gross revenue for patients that are indigent/uncompensated.

Hospice programs are required by federal and state law to provide services to everyone requesting them and therefore the Agency would not place conditions on a program to provide legally required services. The applicant's proposed conditions are as stated above.

Should the project be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code. The Agency will not condition reporting requirements that are already mandated by Rule. Section 408.606 (5) Florida Statutes states that "The Agency may deny a license to an applicant that fails to meet any condition for the provision of hospice care or services imposed by the Agency on a certificate of need by final Agency action, unless the applicant can demonstrate that good cause exists for the applicant's failure to meet such condition".

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes, rules of the State of Florida, and Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses provided in the application and independent information gathered by the reviewer.

Applications are analyzed to identify various strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district (subdistrict or service planning area), applications are comparatively reviewed to determine which applicant best meets the review criteria.

Section 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the certification of the applicant.

As part of the fact-finding, consultant Steve Love, analyzed the application in its entirety with consultation from financial analyst Everett (Butch) Broussard of the Bureau of Central Services, who evaluated the financial data.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035 and 408.037, and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

- a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008(2), Florida Administrative Code.**

In Volume 40, Number 193, of the Florida Administrative Register, dated October 3, 2014, a hospice program net need of zero was published for Hospice Service Area 3D for the January 2016 Hospice Planning Horizon. Hospice of Citrus County, Inc. was an approved program for Hospice Service Area 3D at the time of fixed need pool publication. Hospice Service Area 3D is currently served by Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice.

The applicant is applying to establish a new hospice program in the absence of published numeric need.

- b. Approval Under Special Circumstances. In the absence of numeric need shown under the formula in paragraph (4)(a), the applicant must demonstrate that circumstances exist to justify the approval of a new hospice. Chapter 59C-1.0355 (4)(d), Florida Administrative Code.**

Evidence submitted by the applicant must document one or more of the following:

- 1. The specific terminally ill population is not being served.**
- 2. That a county or counties within the service area of a licensed program are not being served.**
- 3. That there are persons referred to hospice programs who are not being admitted within 48 hours (excluding cases when a later admission date has been requested). The applicant shall indicate the number of such persons.**

The applicant contends that the existing provider, HPH, testified that the semi-annual admission statistics were not necessarily admissions or necessarily admissions during the timeframe listed on the submitted reports. The applicant maintains that this is an

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overstatement of Hernando County hospice patients served by HP—directly decreasing the calculation of numerical need for hospice services in Hospice Service Area 3D. HOCC states that they have filed a petition for a formal hearing to contest the published fixed need pool for Hospice Service Area 3D.

The applicant notes that it was approved through CON #10204 to offer hospice services in Hospice Service Area 3D on February 14, 2014. HOCC states that this decision was appealed by HPH Hospice and the hearing decision has not been issued.

Using Agency estimates, HOCC expects the Hernando County total resident population to increase from 177,204 in 2014 to 196,681 in 2019, a 10.99 percent increase. HOCC expects the State of Florida total resident population to increase from 19,430,458 in 2014 to 20,800,262, a 7.05 percent increase. The applicant also provides population growth projections for various age ranges. See the figure below.

**Hernando County & Florida
Population Estimates
January 1, 2014 and January 1, 2019**

Age	Hernando County			Florida		
	2014	2019	Percent Change	2014	2019	Percent Change
<18	33,583	35,583	5.96%	4,056,414	4,245,397	4.66%
18-64	97,091	107,070	10.28%	11,825,288	12,401,596	4.87%
65+	46,530	54,028	16.11%	3,548,756	4,153,269	17.03%
Total Population	177,204	196,681	10.99%	19,430,458	20,800,262	7.05%

Source: CON application #10263, page 35, Figure 2

According to HOCC, the Hernando County population is experiencing significant growth in residents under 65, at 9.2 percent, and older residents 65 and older, at 16.1 percent. HOCC concludes that “the significant increase in these populations of the county indicate that a hospice provider must be prepared to meet the needs of both age categories and the number of patients requiring hospice services is likely to expand significantly over the ensuing years.”

HOCC indicates that using Agency population estimates and U.S. Bureau of Census data, race and ethnic population data, for Hernando County, by percentage in 2013 and total population in 2014, is shown in the figures below.

2014 Estimated Total Hernando County Population by Race

	2013 Percent of Population	2014 Estimated Population
White	90.8%	160,901
African American	5.5%	9,746
American Indian	0.4%	709
Asian	1.4%	2,481
Pacific Islander	0.1%	177
Two or More Races	1.8%	3,190
Total	100.0%	177,204

2014 Estimated Total Hernando County Population by Race

	2013 Percent of Population	2014 Estimated Population
Non-Hispanic/Latino	88.8%	157,351
Hispanic/Latino	11.2%	19,847
Total	100.0%	177,204

Source: CON application #10263, page 36, Figures 3 and 4

From the figures above, the applicant points out that Hernando County’s population is diverse in terms of race and ethnicity and it is important that any hospice provider in Hernando County be prepared to offer specialized program that address any cultural and/or religious preferences. The applicant indicates that diversity programs are of particular interest to HOCC.

HOCC notes that the percent of low income individuals in Hernando County demonstrates the need to financially accessible providers in the hospice service area, such as the applicant. HOCC provides 2014 socioeconomic data for Hernando County. See the table below.

2014 Socioeconomic Statistics of Hernando County Residents and Florida

	Hernando	Florida
Per Capita Income	90.8%	160,901
Median Household Income	5.5%	9,746
% of Persons Below 100% of the FPL	0.4%	709
% of Persons Below 200% of the FPL	1.4%	2,481
Students Eligible for Free/Reduced Lunch	0.1%	177

Source: CON application #10263, page 37, Figure 5

HOCC indicates that using US Department of Veterans Affairs data, veteran age group estimates (2014 – 2019) for Hernando County is shown in the figure below.

Hernando County Veteran Population by Age

Age	2014	2015	2016	2017	2018	2019
17-44	2,770	2,718	2,624	2,578	2,566	2,480
45-64	6,455	6,426	6,525	6,503	6,462	6,459
65-84	11,228	10,984	10,720	10,449	10,304	10,146
85+	2,218	2,386	2,444	2,578	2,562	2,582
Total	22,572	22,515	22,313	22,108	21,893	21,667

Source: CON application #10263, page 37, Figure 6 and US Department of Veteran Affairs, National Center for Veterans Analysis and Statistics

According to HOCC, the veteran data above indicate that there is a significant number of veterans in the area, with a large number of older age groups facing end-of-life decisions.

HOCC then discusses HPH Hospice, Inc.'s background and states that the existing provider "has a particular focus on providing care in inpatient/hospice house settings." Per HOCC, "many patients prefer to remain in their home but are encouraged, if not required, to relocate to" an HPH hospice house when they could be receiving their care at home. The applicant also discusses the July 22, 2013 settlement agreement between HPH Hospice, Inc. and the U.S. Attorney Middle District of Florida. HPH paid \$1 million to settle allegations that between January 1, 2005 and December 31, 2010, it submitted Medicare and Medicaid claims for patients who did not need end-of-life care. In addition, HOCC discusses an October 29, 2014 whistleblower allegation and submitted a brief news article referencing HPH Hospice, Inc. (CON application #10263, Exhibit P)². According to HOCC:

- Allegations in the settlement and whistleblower complaint "call into question the quality of care offered by HPH and provide further bases to approve a second hospice provider in Hernando County to ensure quality and provider choice of care"

Additionally, HOCC contends that:

- HPH is not meeting the needs of all residents of Hernando County requesting care or are unable/unwilling to provide care in the setting requested by the patient

HOCC then provides more detail regarding what the applicant calls HPH's unwillingness to treat hospice patients in their homes. HOCC states it is "acutely aware of these issues because they have

² "FL hospice, nursing homes, hospital passed patients back and forth to juice profits, whistleblowers charge" published October 29, 2014 by McKnight's Long-Term Care News & Assisted Living.

been contacted by patients' families and referral services when HPH is unable to meet the care needs requested by these individuals". The applicant indicates that Children's Medical Services (CMS) has specifically asked HOCC to treat Hernando County patients but that as a result of a recent CON appeal hearing, CMS has placed a hold on referral of additional Hernando County PIC:TFK patients to HOCC. HOCC indicates it is currently serving four PIC:TFK patients from Hernando County. HOCC contends that HPH is not currently participating in the PIC:TFK program and that HPH home health services do not provide services to pediatric patients. The applicant asserts that no new eligible patients can be enrolled in the PIC:TFK program in Hernando County—creating a barrier to accessing palliative care, therefore eligible children residing in Hernando County are currently underserved. The reviewer notes that HPH applied to become a PIC provider on June 5, 2014.

HOCC discusses hospice services for Hernando County patients. One patient was a pediatric PIC:TFK patient (CON application #10263, page 41). According to HOCC "HPH's unwillingness to participate in the PIC:TFK program and the moratorium placed on referring eligible children in Hernando County to HOCC represents a Special Circumstance" that warrants project approval. The applicant maintains that it will meet the needs of PIC:TFK eligible children in Hernando County and transition as the children become hospice eligible.

HOCC contends that HPH does not meet the needs of patients who reside in the more rural ZIP Codes in Hernando County. According to HOCC, HPH is not meeting the needs of patients who reside outside of the ZIP Code where its Sturgill Hospice House (34613) is located (CON application #10263, Figure 8).

The reviewer notes that Department of Elder Affairs (DOEA) 2013 annual report data indicate that in calendar year 2013, HPH Hospice reported 3,967 admissions. HOCC reported 1,841 total admissions for the same period from the same source.

HOCC asserts that it specializes in providing care to patients located in rural areas—stating that it has a hospice care system in rural areas where nurses can be more mobile to expedite visits.

HOCC next contrasts its admissions with HPH's. According to the figure below, the applicant points out that HOCC admissions have increased from 1,956 as of June 30, 2010 to 2,027 as of June 30,

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2014, (or by 3.6 percent) and HPH admissions have declined over the same period (from 4,937 to 3,792), a 23.2 percent decline. Per HOCC, this decline is in spite of population growth in Hernando County. The reviewer notes that HPH serves Citrus and Pasco Counties as well as Hernando County and that the admissions below are for all of HPH service areas, not just Hernando. The reviewer notes that HOCC serves multiple counties as well—Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Levy, Putnam Suwannee and Union Counties. See the exhibit below.

Hospice Utilization Trends – Fiscal Years Ending June 2010-2014

	2010	2011	2012	2013	2014	Change
HOCC Admissions	1,956	2,134	2,244	2,338	2,027	3.6%
HPH Admissions	4,937	4,299	4,220	4,108	3,792	-23.2%
Statewide Admissions	106,898	110,377	112,157	114,726	115,974	8.5%

Source: CON application #10263, page 43, Figure 9

HOCC further states HPH’s decline in total admissions by total count and percentages from June 30, 2010 to June 30, 2014 among the following admission categories: cancer under age 65, -34.0 percent; cancer age 65+, -11.3 percent; all other admissions under age 65, -18.8 percent; all other admissions age 65+, -26.6 percent; total admissions under age 65 of -28.2 percent and age 65+ of -22.2 percent (CON application #10263, page 43, Figure 10).

HOCC also provides Hernando County resident hospice admissions, fiscal years ending June 30, 2012-2014. HOCC contends the decline in admissions is in spite of an increasing and aging population and is inconsistent with the overall demographic trends in the county. See the figure below.

**Hernando County Resident Hospice Admissions
Fiscal Years Ending June 30, 2014 2012-2014**

Hernando County	2012	2013	2014	Change
Hospice Admissions	1,610	1,623	1,479	-8.1%

Source: CON application #10263, page 44, Figure 11

HOCC contends that it seeks to expand into Hernando County to address the declining utilization of hospice services across all age groups and diagnostic categories. The applicant emphasizes “several underserved populations” and particularly pediatric patients participating in the PIC:TFK program, indicating having had specific requests to serve these patients in Hernando County. HOCC asserts that based on direct experience with referral sources in Hernando County, HOCC has identified that “HPH is unable or unwilling to serve these patients, particularly in their home.”

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HOCC contends that there is a lack of competition in Hernando County, with “just one hospice provider serving the county, HPH.” The applicant indicates that the benefits of increased competition include:

- Increased operational efficiency
- Increased innovation
- Increased access for all patients, particularly pediatric patients
- Increased quality of care
- Increased patient choice
- Increased breadth of specialized service offerings and
- Potentially lower patient costs

HOCC contends that if the proposed project is approved, HPH will be forced to compete in the areas of price, quality and service offerings, among others. Also, the applicant asserts that this competition will force HPH and HOCC to increase their operational efficiency in an attempt to contain costs. HOCC further asserts that while HPH offers quality hospice services, the addition of the proposed project would improve the overall quality of care by increasing access.

The reviewer notes that in the context of improving quality, HOCC did not participate in the Agency’s most recent Hospice Provider Family Satisfaction Survey. The most recent results of this survey range from January 2014 through March 2014. Per the Agency website at <http://www.floridahealthfinder.gov/Hospice/CompareHospiceStats.aspx>.

HOCC discusses its and HPH’s participation (and results) in the Department of Elder Affairs’ (DOEA) 2014 Report - Hospice Demographic and Outcome Measures. See Item E.3.b. of this report for those results.

HOCC indicates the following specialized services/programs it offers compared to those that are offered by HPH.

HOCC Programs:

- Pediatric Grief Support (Camp Good Hope, Teen Encounter and Kamp Time at your school)
- Veteran services program
- Shalom-Jewish Hospice Program
- Trinity Catholic Program

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- Wishes (end of life wish granting division of HOCC)
- PUPS (Pups Uplifting People’s Spirits)
- Clown Tyme (volunteer clowns who help pediatric patients)

HPH Programs:

- Legacy video (video of patient’s life)
- Veterans services
- Caregivers (special training for familial caregivers of patients)

Again regarding competition, HOCC contends that Hernando County does not have the same level of competition as most other similarly populated counties in Florida. See the figure below.

Hospice Coverage of Similarly Populated Counties

County	2014 Population	# of Hospice Facilities	Subdistrict
Hernando	177,204	1*	3D
Bay	171,409	2	2A
Charlotte	166,253	1	8A
Clay	197,550	4	4A
Okaloosa	191,019	3	1
Santa Rosa	158,525	3	1

* HPH is the current licensed provider in Hernando County. HOCC was approved through CON 10204 to provide hospice services in Hernando County.
Source: CON application #10263, page 47, Figure 13

HOCC offers a nine-step process to project utilization estimates for market share and admissions for the proposed project (year one ending June 30, 2016 and year two ending June 30, 2017) described in CON application #10263, pages 47 through 52. The reviewer reproduces here the applicant’s total projected Hernando County hospice admissions as well as market share and admission estimates for the proposed project. See the two figures below.

Projected Hernando County Hospice Admissions

Proposed Market Hospice Admissions	2014	2015	Year One 2016	Year 2 2017	2018	2019
Cancer Under 65	82	81	79	78	76	74
Cancer 65+	301	309	319	329	338	348
Non-Cancer Under 65	239	244	248	252	256	259
Non-Cancer 65+	1,060	1,121	1,190	1,264	1,339	1,416
Total Under 65	321	325	328	330	332	333
Total 65+	1,361	1,430	1,509	1,592	1,677	1,763
Grand Total	1,682	1,754	1,837	1,922	2,009	2,0973

Source: CON application #10263, page 51, Figure 22

Projected Market Share and Admissions

HOCC Admissions based on Market Share	Projected Market Share Year One Ending June 30, 2016	Projected Market Share Year Two Ending June 30, 2017	Admissions Year One Ending June 30, 2016	Admissions Year One Ending June 30, 2017
Cancer Under 65	10.0	15.0	8	12
Cancer 65+	11.5	17.0	37	56
Non-Cancer Under 65	13.0	18.5	32	47
Non-Cancer 65+	14.5	19.5	173	246
Total Patients	13.6	18.8	249	361

Source: CON application #10263, page 52, Figure 23

HOCC also offers average length of stay (ALOS), projected patient days and average daily census (ADC) for the same two years, using the same admission estimates. See the figure below.

HOCC's Proposed Admissions, ALOS, Projected Patient Days and ADC Year One and Year Two

	Year One	Year Two
Admissions	249	361
ALOS	60	70
Projected Patient Days	14,940	25,270
ADC	41	69

Source: CON application #10263, page 52, Figure 24

The applicant maintains that at this level of utilization, it can operate a hospice that will offer quality care, have a sufficient base of patients to be financially viable and provide a foundation for the development of comprehensive programs and services.

HOCC also offers estimates for projected utilization of pediatric services including PIC:TFK. According to HOCC and using Florida CHARTS data, on average, there were 13 to 24 pediatric residents who died in Hernando County each year (2003 - 2014) that would be potential candidates for hospice. Using these data and applying a hospice penetration rate of half the non-cancer under age 65 penetration rate in each year, HOCC offers an estimate of six pediatric admissions in year one and seven in year two. See the figure below.

Projected HOCC Utilization for Hernando County Pediatric and PIC:TFK Patients

	Fiscal Year 2016	Fiscal Year 2017
Average Pediatric Deaths	19	19
Hospice Penetration Rate	33.85%	34.10%
Pediatric Hospice Admissions	6	7

Source: CON application #10263, page 54, Figure 26

HOCC asserts that the following other factors support the conclusion that the existing “providers”³ will not be adversely impacted:

- HOCC intends to enter Hernando County with the same dedication to meeting the broad needs of the community as it currently does in Citrus County, which result in an increasing percentage of patients in need of hospice being served. As a result, there will be an even greater number of hospice patients to be shared by the existing provider and HOCC.
- HOCC will bring new programs and approaches that it has used successfully in Citrus County to Subdistrict 3D, including services to PIC:TFK patients as they convert into hospice patients.
- HOCC will provide services that are not currently being adequately delivered by the existing provider in the subdistrict. By doing this, HOCC states its services will offer local residents an alternative by increasing the awareness and participation in hospice programs.

HOCC also asserts the following seven attributes make it well positioned to meet the needs of patients in Subdistrict 3D:

- HOCC’s skill and experience in innovative, quality hospice programs and services
- The ability to initiate hospice care and services within days of being approved based on its existing services in adjacent Citrus County
- The commitment that HOCC has made with this application to meet the specific needs of the subdistrict
- Regional reputation of HOCC as an industry leader of hospice services
- Demonstrated financial feasibility of the proposed HOCC hospice application
- Joint Commission accreditation
- HOCC’s track record for outcome driven hospice care

³ The reviewer notes that currently there is one licensed hospice provider in Hospice Service Area 3D – HPH Hospice, Inc.

2. Agency Rule Criteria and Preferences

a. Rule 59C-1.0355(4)(e) Preferences for a New Hospice Program. The agency shall give preference to an applicant meeting one or more of the criteria specified in the below listed subparagraphs:

(1) Preference shall be given to an applicant who has a commitment to serve populations with unmet needs.

HOCC contends that there are significant unmet needs in Hospice Service Area 3D. HOCC states a commitment to serving pediatric patients, including PIC:TFK patients and points out that CMS specifically supports HOCC's proposal to assist in meeting the needs of these patients in Hernando County with hospice services. The reviewer notes that the applicant submitted a letter from the Department of Health in Hernando County recommending approval of HOCC to provide specialized hospice services from Robin Wright dated October 13, 2013. The applicant also submitted a letter recommending approval of the applicant from Sharon Surrency, Executive Health Nursing Director of Children's Medical Services dated August 29, 2013.

(2) Preference shall be given to an applicant who proposes to provide the inpatient care component of the hospice program through contractual arrangements with existing health care facilities, unless the applicant demonstrates a more cost-efficient alternative.

HOCC states it will meet this criterion through contractual arrangements with existing health care facilities, including nursing homes, in the subdistrict. HOCC provides a 12-page sample inpatient contract for general inpatient hospice services (CON application #10263, Exhibit R). The applicant did not submit any letters from existing health care facilities 2014 with an agreement to enter into a contractual agreement with HOCC in the provision of inpatient services should the proposed project be approved.

(3) Preference shall be given to an applicant who has a commitment to serve patients who do not have primary caregivers at home; the homeless; and patients with AIDS.

HOCC states it will provide services "to everyone who makes an inquiry, beginning with information, education, referral and counseling." Further, HOCC states it will admit all patients who qualify for hospice care within the license service area, including

homeless persons, persons without primary care givers and persons with HIV or AIDS. HOCC reiterates its condition to the provision of 3.5 percent of gross revenue to the care of indigent/uncompensated patients and 2.0 percent of gross revenue to the care of Medicaid patients in Hernando County. The reviewer notes that hospice programs are required by federal and state law to provide services to everyone requesting them.

- (4) In the case of proposals for a hospice service area comprised of three or more counties; preference shall be given to an applicant who has a commitment to establish a physical presence in an underserved county or counties.**

Hospice Service Area 3D consists of one county – Hernando. This criterion is not applicable to this review.

- (5) Preference shall be given to an applicant who proposes to provide services that are not specifically covered by private insurance, Medicaid, or Medicare.**

HOCC states that it currently provides “a broad range of services that are not covered by private insurance, Medicaid or Medicare” and that the applicant will continue to do so in the proposed program, these including:

- Bereavement and grief support programs that are available to all service area residents, regardless of any relationship to HOCC patients
- Supportive counseling and consultation with patients or families addressing issues of serious illness, even if they do not qualify for hospice benefit
- Volunteers to provide respite for caregivers at home, assistance with errands and light housekeeping tasks
- Services to persons who have exhausted their insurance benefit
- Veteran recognition events
- Community education

HCC also cites its participation in the PIC:TFK program, which is not covered by traditional Medicaid. Per HOCC, “this palliative care program for long-term chronic and terminal children is very costly to provide and reimbursement levels do not cover the cost of care.” According to the applicant, for the year ending September 30, 2014, HOCC lost approximately \$95,000 on the care of these patients.

b. Chapter 59C-1.0355, Florida Administrative Code contains the following general provisions and review criteria to be considered in reviewing hospice programs.

(1) **Required Program Description (Rule 59C-1.0355(6), Florida Administrative Code): An applicant for a new hospice program shall provide a detailed program description in its certificate of need application, including:**

(a) **Proposed staffing, including use of volunteers.**

As reflected in Schedule 6A of the application, HOCC indicates the proposed Subdistrict 3D staff for the first two years of operation is based in part upon HOCC’s experience in hospice care in neighboring Citrus County. See the schedule below.

Hospice of Citrus County, Inc.’s Proposed Staffing for Hospice Service Area 3D Year One Ending June 30, 2016 and Year Two Ending June 30, 2017		
Position	Number of FTEs Year One	Number of FTEs Year Two
Administrator	1.0	1.0
Volunteer Services	1.0	1.0
All Other Admin	5.0	5.0
Physicians	Contract	Contract
RNs	3.4	5.9
LPNs	2.1	3.9
Hospice Aides/Assist.	4.4	7.2
Social Workers	2.6	4.6
Chaplain	1.0	2.0
Bereavement Counselors	1.0	2.0
Housekeepers	1.0	1.0
Total	22.4	33.5

Source: CON application #10263, Schedule 6A

Notes to Schedule 6A indicate that as an existing provider of hospice services, HOCC has much of the administrative, technical and support infrastructure currently available and can serve both the existing and proposed hospice programs, “offering greater efficiency and effectiveness.” HOCC also states that “volunteer services will be incorporated into the proposed hospice staffing similar to current operations at Hospice of Citrus, Inc.” HOCC states that volunteer services will range from patient support activities to administrative/clerical activities to outreach. The applicant offers policies and procedures regarding staffing patterns and problem resolution Exhibit S.

(b) Expected sources of patient referrals.

HOCC states plans to target the following sources for hospice referrals:

- Physicians
- Hospitals
- Social workers
- Nursing facilities
- Assisted Living Facilities (ALFs)
- Home health agencies
- Group homes
- Community social service agencies
- Churches and
- Veterans groups

HOCC also states patients and families may refer themselves, with the support and direction of an attending physician. The applicant additionally states plans to conduct a variety of marketing activities to inform the community of its presence as a hospice provider in the area.

Furthermore, HOCC states that there is a significant Veteran community in Hospice Service Area 3D and that it will provide special programs that cater to this population, including support from, or involvement of, bilingual staff and translated literature. Programs for veterans are included in Exhibit O of CON application #10263.

(c) Projected number of admissions, by payer type, including Medicare, Medicaid, private insurance, self-pay, and indigent care patients for the first two years of operation.

HOCC provides the following figure showing the projected payer mix for admissions by year for the proposed program.

**Projected Number of Admissions by Payor Type
Hospice of Citrus County – Hospice Service Area 3D**

	Medicare	Medicaid	3rd Party Insurance	Self-Pay	Total
Year 1 2016	227	6	4	12	249
Year 2 2017	328	9	6	18	361
% of Total 2015	91.0%	2.4%	1.7%	4.9%	100.0%
% of Total 2016	91.0%	2.4%	1.7%	4.9%	100.0%

Source: CON application #10263, page 66, Figure 28

(d) Projected number of admissions, by type of terminal illness, for the first two years of operation.

HOCC provides the following summary figure of expected admissions by age group and terminal illness.

Projected Hospice Admissions for Hernando for the First Two Years in Hospice Service Area 3D

	Fiscal Year 2016	Fiscal Year 2017
Cancer Under 65	8	12
Cancer 65 and Over	37	56
Non-Cancer Under 65	32	47
Non-Cancer 65 and Over	173	246
Total Patients	249*	361

*The reviewer notes that these number actually total 250.
Source: CON application #10263, page 67, Figure 29

(e) Projected number of admissions, by two age groups, under 65 and 65 or older, for the first two years of operation.

Projected Hospice Admissions for Hernando for the First Two Years in Hospice Service Area 3D

	Fiscal Year 2016	Fiscal Year 2017
Under 65	40	59
65 and Over	210	302
Total Patients	250	361

Source: CON application #10263, page 67, Figure 29

(f) Identification of the services that will be provided directly by hospice staff and volunteers and those that will be provided through contractual arrangements.

HOCC states plans to provide all its core services directly by hospice staff and volunteers, as shown below:

- Nursing services
- Social work services
- Spiritual services
- Dietary counseling
- Bereavement counseling services
- Home health aides
- Pharmacy services
- Supplied and durable medical equipment
- Homemaker and chore services
- Physician services
- Infusion therapy

The reviewer notes that HOCC's Schedule 6A previously indicated physician FTEs will be by contract but in this criterion, HOCC states physician services will be provided directly by hospice staff and volunteers.

(g) Proposed arrangements for providing inpatient care.

HOCC states plans to "initially arrange for providing local inpatient care through contractual arrangements with nursing homes." HOCC further states that its hospice house at Lecanto and its unit at Citrus Memorial Hospital are available for any patient who is eligible and requests inpatient hospice services.

HOCC indicates it does not propose to construct a freestanding inpatient hospice facility in Hospice Service Area 3D at this time.

(h) Proposed number of inpatient beds that will be located in a freestanding inpatient facility, in hospitals, and in nursing homes.

HOCC states this criterion is not applicable, as the applicant plans to contract for inpatient beds with existing providers in Hospice Service Area 3D.

(i) Circumstances under which a patient would be admitted to an inpatient bed.

HOCC states inpatient care is dictated by a patient's medical need and that if possible, symptoms are addressed in the patient's home environment--however, occasionally this is not possible. In such situations, admission to an HOCC general inpatient bed will be based on one or more of the following acute care admissions criteria, per the applicant:

- Pain control
- Symptom control
- Imminent death with symptoms necessitating frequent physician and nursing intervention
- Medical-surgical procedures or therapies aimed at palliation of symptoms
- Family education needs necessary in order to follow the established plan of care at home

- Provision of a safe and supportive environment to the terminally ill patient during periods of psychosocial and/or spiritual breakdown of the primary caregiver
- Primary caregiver incapable of continuing daily care in the home setting

(j) Provisions for serving persons without primary caregivers at home.

HOCC states that it serves patients without caregivers and works with patients to develop a plan to get them the care they need, when they can no longer care for themselves. The applicant maintains that when a hospice patient can no longer care for himself/herself, the patient's individual care plan requires admission to a long-term care facility or an alternative place where the patient's safety can be secured. The applicant states that in such cases, it can provide residential care services as routine at home care to any hospice patient in a nursing home or ALF.

(k) Arrangements for the provision of bereavement services.

HOCC states it has extensive policies and procedures in place for the provision of bereavement services and expects to continue similar services in Hernando County. The applicant indicates that the patient, caregiver and family are all assessed for coping skills and bereavement risk factors periodically and all hospice families that are interested in bereavement services are referred to the Bereavement Department.

HOCC states services provided through its Bereavement Center include:

- Individual and family grief support
- Grief support for children
- Grief support groups
- School support groups
- Memorial services
- Community outreach
- Resource materials
- Referrals

The applicant provides more information on its bereavement programs in Exhibit D of CON application #10263.

(1) Proposed community education activities concerning hospice programs.

HOCC states that it has active and effective community outreach and education programs in Hospice Service Areas 3A and 3C, and anticipates extending these programs quickly and efficiently to the proposed service area. The applicant also indicates that staff members have performed outreach routinely to the following types of groups/organizations:

- Senior centers
- CMS
- Businesses
- Health fairs
- Churches/synagogues
- Schools
- Chambers of Commerce
- Community centers
- Hospitals
- Town halls
- Neighborhood groups
- Skilled nursing facilities and assisted living facilities
- Non-profit organizations

The applicant provides additional outreach information in Exhibit E of CON application #10263.

HOCC notes that special community education efforts, clinical care protocols and bereavement services for families will be implemented to increase participation in hospice for groups traditionally underrepresented. HOCC also asserts that it will offer bilingual, Spanish-speaking staff to assist in these efforts.

HOCC indicates a marketing campaign to launch the planned program into the proposed service area and foster community support through regular and frequent educational seminars. The applicant contends that by educating the public about the benefits of hospice care, utilization is expected to increase for all hospice providers in the area.

(m) Fundraising activities.

HOCC indicates that it “relies on donations to more fully carry out its mission in order to deliver core services and provide care to those patients with limited or no ability to pay for services.” HOCC indicates that alternative funding sources will be necessary to supplement Medicare, Medicaid or other reimbursement sources. HOCC points out that PIC:TFK is one such service that is stated to be costly, with limited reimbursement. HOCC reports taking fundraising activities seriously and briefly lists the following such activities it has in the communities it serves:

- Hospice Thrift & Gift Shoppes and Herry’s Cafe⁴ (numerous locations)
- Annual Golf Scramble
- Herry’s Market Days

HOCC states that it will develop fundraising initiatives in Hernando County that will similarly integrate HOCC into the community, ensure funding for needed care, and ensure community awareness.

b. Rule 59-1.0355(8) Florida Administrative Code: Semi-Annual Utilization Reports. Each hospice program shall report utilization information to the Agency or its designee on or before July 20th of each year and January 20th of the following year.

HOCC commits to providing semi-annual utilization reports as specified under the rule provision.

3. Statutory Review Criteria

a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant’s service area? ss. 408.035(1)(a) and (b), Florida Statutes.

The applicant is applying to establish a new hospice program in Hospice Service Area 3D in the absence of published numeric need.

⁴ CON application #10263, Exhibit G-Fundraising Programs references a variety of fundraising activities and newspaper clippings on this topic.

The following chart illustrates hospice admissions for the past five years, ending June 30, 2014. As shown below, admissions decreased from 1,750 as of June 30, 2010 to 1,479 as of June 30, 2014.

Hospice Admissions for Hospice Service Area 3D June 30, 2010 – June 30, 2014	
12 Months Ending	Admissions
June 2014	1,479
June 2013	1,623
June 2012	1,610
June 2011	1,620
June 2010	1,750

Source: Agency for Health Care Administration Florida Need Projections for Hospice Programs, issued October 2010-October 2014

There is one licensed hospice provider in Hospice Service Area 3D - Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice.

For the 12-month period ending June 2014, HPH reported 1,479 total admissions to its hospice program in Service Area 3D. Resident deaths (with age stated) in Hospice Service Area 3D during CY 2014 totaled 2,492, which equates to a 59.35 percent penetration rate for HPH in Pasco County. The statewide hospice penetration average for the 12-month period ending June 2014, for both single-provider service areas and multi-provider service areas, was 65.99 percent. Single-provider service areas in the state averaged 66.52 percent penetration during the 12-month period ending June 30, 2014.⁵

The Agency notes that HPH penetrated Hospice Service Area 3D at a 6.64 percent lower rate than the average for all hospice service areas statewide and at a 7.17 percent lower rate than the average for single-provider service areas statewide, for the 12-month period ending June 30, 2014.

The most recently published Florida Need Projections for Hospice Programs publication dated October 3, 2014 indicates a projected hospice patient count of 1,789 over the current hospice patient count of 1,479 equaling 310, a number 40 patients short of the 350 count established in Chapter 59C-1.0355(4)(a), Florida Administrative Code, as demonstration of numeric need for an additional program. Therefore, numeric need is not published for this service area. HOCC filed a petition for a formal hearing to contest the published fixed need pool for Hospice Service Area 3D on October 24, 2014.

⁵ The nine single-provider hospice service areas in Florida in the 12-month period ending June 30, 2014 totaled 30,988 hospice admissions, with resident deaths (with age stated) of 46,581. The nine single-provider hospice service areas are as follows: 3D, 3E, 5B, 6A, 6C, 8A, 8C, 8D and 9A.

Hospice of Citrus County, Inc. (CON #10263) states addressing the entirety of the needs of the terminally ill population, regardless of age, race, gender, disability or income level. HOCC reiterates that specific groups to be served include: pediatric patients with terminal or life limiting illnesses, patients residing in more rural ZIP codes, Veterans and residents with a life-limiting illness. Furthermore, HOCC states the proposed project is designed to address the needs of underserved populations of Hernando County who are not served by the existing sole provider of hospice services in Hospice Service Area 3D.

HOCC references its conditions (see Item C of this report) which are stated to provide a variety of programs and initiatives to remove barriers and improve access to hospice care.

The applicant states having a long history of providing hospice services to Medicare, Medicaid and indigent patients. Further HOCC states being deeply committed to providing services regardless of payor source.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? ss. 408.035(1)(c), Florida Statutes.**

Hospice of Citrus County, Inc. (CON #10263) states it has a long and distinguished history of providing quality of care to its patients. The applicant is accredited by the Joint Commission and is licensed to serve Hospice Service Areas 3A and 3C. HOCC references a five-page Quality Improvement Policy and Procedures Plan and an eight-page Corporate Compliance Plan dated January 2014 in Exhibit Q of CON application #10263. Application Exhibit U includes the applicant's membership in the National Hospice and Palliative Care Organization (NHPCO) and HOCC indicates membership with the Florida Hospice and Palliative Care, Inc.

HOCC offers its three-page Diversity in the Workplace non-discrimination policy in Exhibit V and an Indigent and Charity Care in Exhibit J. The reviewer notes that a review of Exhibit J indicates the document is titled "Admission Criteria" and does not specifically reference "charity" or "indigent care" per se, but the document (N-14 JC No:) reads "there are no out of pocket costs for any of the services provided." HOCC states being a Medicare and Medicaid provider and in good standing with the Centers for Medicare and Medicaid Services.

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The applicant states that it operates in compliance with all federal, state and local statues, regulations and ordinances. The applicant cites its existing operating policies, procedures, practices and protocols in place, including the quality plan and indicates that these documents and practices will be utilized to initiate services in the proposed program.

HOCC provides additional written materials to reference its quality and services:

- Exhibit B-Partners in Care:Together for Kids
- Exhibit C-Youth Programs
- Exhibit D-Bereavement Programs
- Exhibit H-Volunteer Programs
- Exhibit I-Patient Handbook (115 pages)
- Exhibit K-Alzheimer’s Training Certificate
- Exhibit L-Financial Pediatric Palliative and Hospice Care Programs Article⁶
- Exhibit M-Multicultural and Religious Brochures
- Exhibit N-Jewish Programs
- Exhibit O-Veterans Programs

As previously stated in Item E.1.b.3 of this report, HOCC did not participate in the Agency’s most recent Hospice Provider Family Satisfaction Survey (period of January 2014 through March 2014).

HOCC and HPH participated in the most recent DOEA hospice demographic and outcome measures report and is listed in the table below, with results indicated.

DOEA 2014 Report on Hospice Demographic and Outcome Measures for CY 2013

Hospice Name/City	Outcome Measure			Number of Patients
	1	2	2A	
Hospice of Citrus and the Nature Coast/Beverly Hills	83%	96%	99%	1,841
HPH Hospice/Hudson	76%	96%	93%	3,967
State Average Outcomes	83%	95%	96%	
State Total Number of Patients				116,958
State Average of Patients				2,720

Source: DOEA, 2014 Report on Hospice Demographics and Outcomes Measures, issued October 2014 for CY 2013, pages 8 through 10, Table 6.

Agency records indicate the applicant had no substantiated complaints during the three-year period ending November 19, 2014.

⁶ Boston University School of Public Health, Health and Disability Work Group, April 2011.

HOCC has two programs that are licensed in 12 counties (Hospice Service Areas 3A and 3C).

The Agency published results of its statewide Hospice Provider Satisfaction Survey, available at the Agency's Florida HealthFinder.gov website at <http://www.floridahealthfinder.gov/Hospice/CompareHospiceStats.aspx>. The most recent results of this survey range from January 2014 through March 2014. According to the survey results, HOCC did not participate in the most recent survey.

In October 2014, the DOEA published its statewide 2014 Report on Hospice Demographic and Outcome Measures, available on the DOEA's website at: <http://elderaffairs.state.fl.us/doea/Evaluation/2014%20Hospice%20Report.pdf>. The report results are shown as percentages for three Outcome Measures—1, 2 and 2A. **Both** HOCC and HPH participated in this report.

Outcome Measure 1 measures the percentage of patients who had severe pain (seven or higher on the 0-to-10 scale) at admission and whose pain was reduced to a level of five or less by the end of the fourth day of care in the hospice program.

Outcome Measure 2 includes the following question:

- Did the patient receive the right amount of medicine for his or her pain?

Outcome Measure 2A includes the following question:

- Based on the care the patient received, would the patient and/or responsible party recommend hospice services to others?

Report results for HOCC and HPH are shown below.

DOEA 2014 Report on Hospice Demographic and Outcome Measures for CY 2013

Hospice/City	Outcome Measure			Number of Patients
	1	2	2A	
Hospice of Citrus and the Nature Coast / Beverly Hills	83%	96%	99%	1,841
HPH Hospice / Hudson	76%	96%	93%	3,967
State Average Outcomes	83%	95%	96%	
State Total Number of Patients				116,958
State Average of Patients				2,720

Source: DOEA, 2014 Report on Hospice Demographics and Outcomes Measures, issued October 2014 for calendar year 2013 pages 9 and 10, Table 6.

Note: Florida hospices reported pain level data for 53,025 patients at the time of admission and 9,092 patients reported severe pain on admission. There were 19,435 survey responses to Outcome Measure 2 and 24,876 responses to Outcome Measure 2A. The number of responses for each outcome measure, by hospice, was not provided.

The DOEA’s 2013 Report indicates that pain measure results (Outcome Measure 1) may vary by hospice, as some hospices start reporting pain on the day of admission while others start on the first day of care received. In addition, when multiple pain scores were reported on the fourth day, the score selected varied. Some hospices use the first pain score reported, some use the lowest pain score reported, and others use the highest pain score reported.

As shown in the table above, HOCC meets the state average on Outcome Measure 1 and exceeds the state average on the remaining two (Outcome Measures 2 and 2A). HPH Hospice exceeds the state average on Outcome Measure 2 but is below the state average on the other two (Outcome Measures 1 and 2A).

- c. What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035(1)(d), Florida Statutes.**

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

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Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities.

Below is an analysis of the audited financial statements of Hospice of Citrus County, Inc. (applicant) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

CON 10263 Hospice of Citrus County, Inc.		
	Sep-13	Sep-12
Current Assets	\$9,660,263	\$8,571,090
Total Assets	\$19,128,508	\$17,241,550
Current Liabilities	\$3,778,394	\$4,874,093
Total Liabilities	\$6,802,160	\$5,818,223
Net Assets	\$12,326,348	\$11,423,327
Total Revenues	\$46,290,211	\$42,807,229
Excess of Revenues Over Expenses	\$903,021	\$1,615,220
Cash Flow from Operations	(\$551,990)	\$2,511,931
Short-Term Analysis		
Current Ratio (CA/CL)	2.6	1.8
Cash Flow to Current Liabilities (CFO/CL)	-14.61%	51.54%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	24.5%	8.3%
Total Margin (ER/TR)	1.95%	3.77%
Measure of Available Funding		
Working Capital	\$5,881,869	\$3,696,997

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

On Schedule 2, the applicant indicates capital projects totaling \$3,687,970 which includes \$238,375 for this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand. With \$5.9 million in working capital, the applicant has sufficient resources on hand to fund this and all capital projects listed.

Conclusion:

Funding for this project and all capital projects should be available as needed.

- d. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035 (1)(f), Florida Statutes.**

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. Profitability for hospice is driven by two factors, volume of patients and length of stay/condition of the patient. A new hospice program in a service area with published need is more likely than not to be financial feasible since patient volume and mix is presumed to be available in sufficient amounts to sustain a new program. The focus of our review will be on the reasonableness of projections, specifically the revenue.

The vast majority of hospice days are paid by Medicare (Medicaid is the next largest payer with similar reimbursement rates). As such, revenue is predictable by day and service type. Schedule 7 includes revenue by service type. We have divided the applicant's projected revenues by the estimated Medicare reimbursement rates for each level of service in year two to estimate the total patient days that would be generated by that level of revenue. The results were then compared to the applicant's estimated number of patient days. Calculated patient days that approximate the applicant's projected patient days are considered reasonable and support the applicant's assumptions of feasibility. Calculated patient days that vary widely from the applicant's projected patient days call into question the applicant's profitability assumptions and feasibility. The results of the calculations are summarized below.

CON 10263	Hospice of Citrus and the Nature Coast				
Hernando	Wage Component	Wage Index	Adjusted Wage Amount	Unadjusted Component	Payment Rate
Base Rate Calculation					
Routine Home Care	\$109.48	0.916	\$100.28	\$49.86	\$150.14
Continuous Home Care	\$638.94	0.916	\$585.27	\$290.97	\$876.24
Inpatient Respite	\$89.21	0.916	\$81.72	\$75.60	\$157.32
General Inpatient	\$453.68	0.916	\$415.57	\$255.09	\$670.66
Year Two Comparison	Inflation Factor Year Two	Inflation Adjusted Payment Rate	Schedule 7 Revenue Year 2	Continuous Service Hours Provided	Calculated Patient Days
Routine Home Care	1.044	\$156.70	\$3,736,465		23,844
Continuous Home Care	1.044	\$914.52	\$626,933	24	686
Inpatient Respite	1.044	\$164.19	\$14,294		87
General Inpatient	1.044	\$699.96	\$533,395		762
		Total	\$4,911,087		25,379
			Days from Schedule 7		25,270
			Difference		-109
			Percentage Difference		-0.43%

The applicant’s projected patient days are negative 0.43 percent or 109 days less than the calculated patient days. Operating profits from this project are expected to increase from an operating profit of \$52,281 for year one to \$293,220 for year two.

Conclusion:

This project appears to be financially feasible.

- e. Will the proposed project foster competition to promote quality and cost-effectiveness? ss. 408.035(1)(e) and (g), Florida Statutes.**

Analysis:

The type of competition that would result in increased efficiencies, service and quality is limited in health care in general and in hospice specifically. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in hospice, price-based competition is almost non-existent. With the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. This service area only has one existing provider so

approval of this application will, by definition, introduce competition to the market for the first time. However, given the existing barriers to price based competition it is not clear that a new entrant will have a material impact on quality and cost-effectiveness.

Conclusion:

This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035 (1)(h), Florida Statutes; Ch. 59A-4, Florida Administrative Code**

There are no construction costs and methods associated with the proposed project.

- g. Does the applicant have a history of providing health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035(1)(i), Florida Statutes.**

Hospice programs are required by federal and state law to provide hospice patients with inpatient care when needed (42 Code of Federal Regulations 418.108). Hospice care also must be provided regardless of ability to pay and regardless of age, race, religion, sexual orientation, diagnosis, payer source or financial status.

Hospice of Citrus County, Inc. (CON #10263) estimates 14,940 total patient days for year one (ending June 30, 2016) and 25,270 total patient days for year two (ending June 30, 2017). The majority of patients days are estimated to be Medicare in year one (13,595 patient days or 91.0 percent) and again Medicare in year two (22,996 patient days or 91.0 percent). The applicant provided the following information on self-pay and Medicaid patient days for year one and year two

**HOCC
Self-Pay, Charity and Medicaid Patient Days
12 Months Ending June 30, 2016 (Year One)**

Payer Source	Patient Days	Percentage
Self-Pay	732	4.9%
Medicaid	358	2.4%
Total Medicaid/Self-Pay	1,090	7.3%
Total Patient days	14,940	100.0%

Source: CON application #10263, Schedule 7A

**HOCC
Self-Pay, Charity and Medicaid Patient Days
12 Months Ending June 30, 2017 (Year Two)**

Payer Source	Patient Days	Percentage
Self-Pay	1,239	4.9%
Medicaid	606	2.4%
Total Medicaid/Self-Pay	1,845	7.3%
Total Patient days	25,270	100.0%

Source: CON application #10263, Schedule 7A

Notes to Schedule 7A indicate that charity care represents services provided primarily to indigent patients and is projected at approximately 3.7 percent of gross patient revenue. Hospice of Citrus County, Inc. proposes to condition the proposed project to 3.5 percent and 2.0 percent of the project’s gross revenue being provided for indigent/uncompensated care patients and Medicaid patients, respectively. However, hospices are required by federal and state law to provide services to everyone requesting them. Therefore, payer mix conditions are not imposed on hospice programs.

F. SUMMARY

A hospice program net need of zero was published for a new hospice program in Hospice Service Area 3D, Hernando County. Therefore, the applicant is applying to establish a new hospice program in the absence of published numeric need.

Hospice of Citrus County, Inc. (CON #10263), an existing Florida not-for-profit corporation, is proposing to establish a new hospice program in Hospice Service Area 3D, Hernando County. HOCC is currently a hospice provider in Subdistricts 3A and 3C.

The applicant is proposing total project costs of \$238,375.

The applicant’s Schedule C includes four conditions.

Need/Access:

The Agency’s need methodology resulted in no numeric published need for a new program in Hospice Service Area 3D. At the time of publication of the fixed need pool, there was one approved hospice program for Hospice Service Area 3D, Hospice of Citrus County, Inc.

Hospice of Citrus County, Inc., indicates that the following special circumstances exist to justify the approval of a new hospice program in the proposed area (Hospice Service Area 3D-Hernando County):

- 1) A potential error in the fixed need pool calculation, resulting from the over-reporting of Hernando County hospice admissions by the existing Hospice Service Area 3D provider, which artificially decreases the calculated bed need.
- 2) The identification of underserved populations, including:
 - a. Pediatric patients requiring hospice services, and those patients to whom HOCC currently provides palliative care services, through the PIC:TFK Program.
 - b. Patients 65 and older with non-cancerous conditions including Alzheimer's Disease
 - c. Patient residing in facilities who do not want to leave their "home"
 - d. Patients residing in rural areas of Hernando County who do not wish to be institutionalized and
- 3) The existing provider is not meeting the needs of the Hernando County population, as evidenced by diminishing hospice admissions and penetrations in the area which are contrary to the increasing population, aging population and resident deaths in the area.

Other contentions presented by the applicant include:

- HOCC intends to enter Hernando County with the same dedication to meeting the broad needs of the community as it currently does in Citrus County
- HOCC will bring new programs and approaches that it has used successfully in Citrus County to Subdistrict 3D, including services to PIC:TFK patients as they convert into hospice patients
- HOCC will provide services that are not currently being adequately delivered by the existing provider in the area
- HOCC's skill and experience in innovative, quality hospice programs and services
- The ability to initiate hospice care and services within days of being approved based on its existing services in adjacent Citrus County
- The commitment that HOCC has made with this application to meet the specific needs of the area

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- Regional reputation of HOCC as an industry leader of hospice services
- Demonstrated financial feasibility of the proposed HOCC hospice application
- Joint Commission accreditation
- HOCC's track record for outcome driven hospice care

HOCC expects 249 admissions in year one and 361 admissions in year two. Six year-one and seven year-two admissions are expected to be pediatric patients.

The applicant did not demonstrate that circumstances exist to justify the approval of a new hospice in Hernando County. Regarding the availability of hospice services in the area, HOCC did not substantiate a basis for an additional hospice. The application submitted did not provide data to prove that the need for the health service proposed outweighs the lack of a numeric need.

Quality of Care:

The applicant offered evidence of its ability to provide quality care.

For the three-year period ending November 19, 2014 HOCC had no substantiated complaints.

The applicant did not participate in the most recent Agency Hospice Provider Family Satisfaction Survey.

According to the DOEA Hospice Demographic and Outcomes Measures Report for CY 2014, the applicant meets the state average on Outcome Measure 1 and exceeds the state average on the remaining two (Outcome Measures 2 and 2A), matches HPH regarding Outcome Measure 2 and exceeds HPH regarding the other two (Outcome Measures 1 and 2A).

Financial Feasibility/Availability of Funds:

Funding for this project and all capital projects should be available as needed. This project appears to be financially feasible.

This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

Medicaid/Indigent/Charity Care:

HOCC's Schedule 7A shows 4.9 percent of total annual patient days for self-pay in year one and year two of operations. HOCC's patient day

Medicaid percentage is projected to be 2.4 percent for year one and year two of operations.

Hospice programs are required by federal and state law to provide services to everyone requesting them and therefore the Agency would not place Medicaid and charity care patient conditions on the project.

G. RECOMMENDATION

Deny CON #10263.

AUTHORIZATION FOR AGENCY ACTION

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: _____

Marisol Fitch
Health Services and Facilities Consultant Supervisor
Certificate of Need