

**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 #10370**  
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 #10370)** submitted numerous letters of support composed by local educators, health care providers and organizations, Hernando community members and the United Way of Hernando County. Many were form letters stating, "We support and recommend that Hospice of Citrus County be granted a CON for special circumstances in Hernando County."

**C. PROJECT SUMMARY**

**Hospice of Citrus County, Inc. (CON #10370)**, 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 \$243,450.

HOCC states having identified “special circumstances” as patient populations that are not being served by the existing provider in Hernando County. The applicant states that the special circumstances include:

- 1) The unique situation created by the lack of resolution of HOCC’s current approved, appealed CON project (CON #10204), which results in need not being published even though there is projected net numeric need for hospice services in Hernando County
- 2) The fact that the existing provider is not fully meeting the needs of the Hernando County population, as evidenced by diminishing hospice penetration rates in the area which are contrary to the increasing and aging population in the area
- 3) The identification of underserved populations, including:
  - a. Pediatric patients requiring hospice services, pediatric patients eligible for enrollment and those patients to whom HOCC currently provides palliative care services, through Partners in Care: Together for Kids (PIC:TFK) program
  - b. Patients 65 and older with non-cancerous conditions including Alzheimer’s Disease
  - c. Patients 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

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 April 3, 2015 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 the Agency 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 the Agency 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 the Agency 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 the Agency 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 Lucy Frederick, 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 41, Number 65, of the Florida Administrative Register, dated April 3, 2015, a hospice program net need of zero was published for Hospice Service Area 3D for the July 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 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 Recommended Order was to reverse the approval and deny the application. The applicant asserts that at this time, the Agency has not released the Final Order based on the hearing and as such HOCC is listed in the inventory of approved, not yet operational hospice programs for Service Area 3D, which negates the numeric need in the area.

HOCC believes that if the Recommended Order is upheld and becomes Final Order, then there will be no approved and not operational provider of hospice services in Service Area 3D and the net numeric need for 427 patients will trigger the need for an additional provider. The reviewer notes that the Agency upheld the

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Recommended Order and issued a Final Order to deny CON #10204 on June 22, 2015, more than two months after the publication of the fixed need pool.

Using Agency estimates, HOCC expects the Hernando County total resident population to increase from 181,190 in 2015 (July 1) to 198,885 in 2020, a 9.8 percent increase. HOCC expects the State of Florida total resident population to increase from 19,816,176 in 2015 to 21,217,866, a 7.07 percent increase. The applicant also provides population growth projections for various age ranges. See the figure below.

<b>2015-2020 Population Estimates</b>						
	<b>Hernando County</b>			<b>Florida</b>		
<b>Age</b>	<b>2015</b>	<b>2020</b>	<b>Percent Change</b>	<b>2015</b>	<b>2020</b>	<b>Percent Change</b>
Under 18	33,925	35,622	5.00%	4,111,419	4,311,072	4.86%
18-64	99,405	108,025	8.67%	12,013,196	12,567,604	4.61%
65+	47,860	55,238	15.42%	3,691,561	4,339,190	17.54%
Total	181,190	198,885	9.77%	19,816,176	21,217,866	7.07%

Source: CON application #10370, page 37

According to HOCC, the Hernando County population is experiencing significant growth in residents under 65, at 7.7 percent, and older residents 65+, at 15.4 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 details the 2015-2020 population for Hernando County and Florida by race, as available through FloridaCHARTS. The applicant observes that the non-Caucasian segments of the Hernando population are growing at faster rates than the Caucasian population. HOCC finds that additionally, the growth in all segments of the Hernando population is projected to outpace the statewide averages between 2015 and 2020. The applicant notes that growth in the Hispanic population is projected to significantly outpace growth in the non-Hispanic population in Hernando County. See the table below.

**2015-2020 Population by Race and Ethnicity  
Hernando County and Florida**

Race	Hernando County			Florida		
	2015	2020	Percent Change	2015	2020	Percent Change
Caucasian	166,302	181,902	9.38%	15,471,833	16,428,552	6.18%
African American	10,736	12,487	16.31%	3,320,944	3,631,747	9.36%
Other	6,382	7,506	17.61%	1,026,501	1,148,420	11.88%
<b>Total</b>	<b>183,420</b>	<b>201,895</b>	<b>10.07%</b>	<b>19,819,278</b>	<b>21,208,719</b>	<b>7.01%</b>
<b>Ethnicity</b>						
Hispanic	21,473	26,270	22.34%	4,772,938	5,442,325	14.02%
Non-Hispanic	161,947	175,625	8.45%	15,046,340	15,766,394	4.79%
<b>Total</b>	<b>183,420</b>	<b>201,895</b>	<b>10.07%</b>	<b>19,819,278</b>	<b>21,208,719</b>	<b>7.01%</b>

Source: CON application #10370, pages 37 and 38

HOCC indicates that additionally, the Hispanic population as a percent of the total population is projected to increase by approximately 1.3 percent in Hernando, meaning the non-Hispanic population is projected to decrease by the same percentage. The applicant declares that the Hernando experience is projected to be consistent with the statewide experience, which shows that the Hispanic population is large and growing.

The applicant insists that this large proportion of Hispanic population points to the need for a hospice provider that can accommodate bilingual programs and culturally sensitive programming--both strengths of HOCC. HOCC feels that it is important that any hospice provider in Hernando County be prepared to offer specialized programs that address any cultural and/or religious preferences. The applicant indicates that diversity programs are of particular importance to HOCC.

HOCC discusses income levels, finding that nearly every ZIP code in Hernando County has a median household income that is lower than the state average in a comparison. The applicant feels that the percent of low income individuals in Hernando County demonstrates the need for 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	\$21,632	\$26,451
Median Household Income	\$41,098	\$47,309
% of Persons Below 100% of the FPL	14.8%	15.6%
% of Persons Below 200% of the FPL	38.3%	36.6%
Students Eligible for Free/Reduced Lunch	59.6%	58.6%

Source: CON application #10370, page 39

The applicant believes that there are currently a significant number of veterans within Hernando County, with a large number of older age groups facing end-of-life decisions. HOCC presents the following veteran age group estimates (2015-2019) using data from the U.S. Department of Veterans Affairs data.

**Hernando County Veteran Population by Age**

<b>Age</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
17-44	2,718	2,624	2,578	2,566	2,480	2,455
45-64	6,426	6,525	6,503	6,462	6,459	6,364
65-84	10,984	10,720	10,449	10,304	10,146	10,054
85+	2,386	2,444	2,578	2,562	2,582	2,553
<b>Total</b>	<b>22,515</b>	<b>22,313</b>	<b>22,108</b>	<b>21,893</b>	<b>21,667</b>	<b>21,426</b>

Source: CON application #10370, page 40

HOCC next discusses HPH Hospice, Inc.’s background and states that the existing provider “has a particular focus on providing care in inpatient/hospice house settings.” The applicant states that “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.

HOCC contends that HPH has not been providing care to all patients in Hernando, particularly due to HPH’s unwillingness to treat patients in their home. The applicant insists that specifically, HOCC was contracted by Brooksville Regional Hospital regarding a patient who was denied admission for hospice services by HPH--a copy of the redacted patient referral notes are provided in Exhibit P of CON #10370. The reviewer notes that the provided document states that the patient was declined by HPH Hospice.

The applicant maintains that since 2010, the penetration rate for hospice services in Hernando has declined. HOCC contends that given the increasing and aging population in the area, penetration rates should be increasing. See the table below.

**Hernando County Resident Hospice Penetration Rate Trend**

	<b>Calendar Years</b>				
	2010	2011	2012	2013	2014
Total Hospice Admissions	1,679	1,571	1,584	1,627	1,434
Total Resident Deaths	2,421	2,491	2,493	2,456	2,437
<b>Penetration Rate</b>	<b>69.4%</b>	<b>63.1%</b>	<b>63.5%</b>	<b>66.2%</b>	<b>58.8%</b>

Source: CON application #10370, page 42

HOCC next contrasts its admissions with HPH’s. According to the figure below, the applicant points out that HOCC admissions have increased from 2,078 in 2010 to 2,160 in 2014, (or by 3.9 percent) and HPH admissions have declined over the same period (from



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4,502 to 3,647), a 19.0 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 figure below.

**Hospice Utilization Trends – Calendar Years 2010-2014**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Change</b>
HOCC Admissions	2,078	2,201	2,361	1,990	2,160	3.9%
HPH Admissions	4,502	4,222	4,208	3,996	3,647	-19.0%
Statewide Admissions	110,377	112,157	114,726	116,635	119,378	8.2%

Source: CON application #10370, page 43

HOCC provides Hernando resident hospice admissions., indicating that the continued decline in HPH’s overall volume and specifically the volume of Hernando residents admitted for hospice services, raises questions as to whether patients in need of hospice services are receiving care at an appropriate rate. See the figure below.

**Hernando County Resident Hospice Admissions**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Change</b>
Admissions	1,679	1,571	1,584	1,627	1,434	-14.6%

Source: CON application #10370, page 43

HOCC further states HPH’s decline in total admissions by total percent change from June 2010-2014<sup>1</sup> among the following admission categories: cancer under age 65, -20.5 percent; cancer age 65+, -11.9 percent; all other admissions under age 65, -15.8 percent; all other admissions age 65+, -22.1 percent; total admissions under age 65 of -18.5 percent and age 65+ of -19.0 percent (CON #10370, page 43, Figure 13).

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 declares that it seeks to meet the needs of several underserved populations such as pediatric patients, particularly those participating in the PIC:TFK program. HOCC asserts that additionally, based on direct

<sup>1</sup> The reviewer notes that while the applicant titles its chart as “Fiscal Years Ended June 2010-2014” it cites the Agency’s Hospice Need Projections, April 2011-2015 as its source, which corresponds with calendar years 2010 to 2014.

experience with referral sources in Hernando County, HOCC has identified that “HPH is unable or unwilling to routinely serve patients in their homes or in nursing homes.”

The applicant indicates that Children’s Medical Services (CMS) has previously approached HOCC to treat Hernando patients but that as a result of a recent CON appeal hearing, CMS has placed a hold on referral of additional Hernando PIC:TFK patients to HOCC. The applicant contends that while HPH is believed to have received PIC:TFK provider status, it is not listed in any provider directories related to the PIC:TFK program. HOCC declares that there appears to be no PIC:TFK hospice partner serving pediatric patients in Hernando County, according to the provider directory available on the CMS website, dated January 23, 2015. The reviewer notes that HPH applied to become a PIC provider on June 5, 2014.

HOCC declares that HPH’s “apparent unwillingness” to participate in the PIC:TFK program and the moratorium placed on referring eligible children in Hernando to HOCC represents a “not normal circumstance” that warrants approval of the proposed project. The applicant maintains that it will meet the needs of PIC eligible children in Hernando and transition with them as the children become hospice eligible.

HOCC feels that HPH fails to meet the needs of patients 65+ with non-cancerous conditions including Alzheimer’s Disease. The applicant points out that while HPH’s volume of this cohort has declined by approximately 22 percent since 2010 as stated above, the 65+ population in Hernando is not only the fastest growing cohort, but is also increasing as a portion of total population-- indicating that the population in Hernando is aging. See below.

**2015-2020 65+ Population Growth and Percent of Total Population**

Age Cohort	Hernando County			Florida		
	2015	2020	Percent Change	2015	2020	Percent Change
65+	47,860	55,238	15.42%	3,691,561	4,339,190	17.54%
Total	181,190	198,885	9.77%	19,816,176	21,217,866	7.07%
65+ as a % of Total	26.4%	27.8%		18.6%	20.5%	

Source: CON application #10370, page 45

The applicant provides statistics indicating that the incidence of Alzheimer’s Disease is on the rise nationwide and in Florida. HOCC states that according to the Alzheimer’s Association’s “2015 Disease Facts and Figures,” Florida’s projected numbers of persons with Alzheimer’s is expected to increase by 44 percent between

2015 and 2025 from 500,000 to 720,000. The reviewer notes that the applicant does not indicate how HPH is failing to meet the needs of Alzheimer’s patients.

The applicant believes that HPH fails to meet the needs of patients residing in facilities who do not want to leave “home.” HOCC provides data illustrating that since 2010, the number of skilled nursing facility (SNF) patients served by HPH has declined to less than 1.5 percent of total HPH admissions. The applicant contends that given HPH’s history and practice of directing patients to its hospice houses instead of serving them within their homes, it is likely that HPH is doing the same thing with regard to SNF patients.

HOCC states that it has a long history of serving patients who reside in SNFs and other facilities and by way of comparison to HPH, HOCC’s trend of SNF patients has increased since 2010. The applicant includes the following figure detailing its historical experience compared to similar hospice providers, HPH and the state average. See the table below.

**Comparison of SNF Patients as a Percent of Total Patients**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
<i>HOCC</i>	6.8%	9.3%	8.0%
SunCoast	6.0%	6.0%	5.5%
Haven	5.1%	3.9%	4.0%
LifePath	3.2%	3.1%	2.7%
<i>HPH</i>	1.9%	1.5%	1.4%
<b>State Average</b>	<b>4.4%</b>	<b>4.1%</b>	<b>4.6%</b>

Source: CON application #10370, page 47

The applicant declares that its Hernando office will continue to provide hospice services that focus on patient needs and preferences, with an emphasis on home and institutional service. HOCC believes that its approval would increase the availability of services for patients who do not wish to receive end-of-life care within the unfamiliar surroundings of a hospice house.

HOCC contends that HPH does not meet the needs of patients who reside in the more rural ZIP codes in Hernando County. The applicant finds that HPH is not meeting the needs of patients who reside outside of the ZIP code where its Sturgill Hospice House (34613) is located (CON #10370, Figure 18). 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.

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HOCC contends that there is a lack of competition in Hernando and notes 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
- 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.

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 that it offers a number of specialized programs that are not currently available in Hernando County:

- Pediatric Grief Support (Camp Good Hope, Teen Encounter and Kamp Time at your school)
- Veteran services program
- Shalom-Jewish Hospice Program
- Trinity Catholic Program
- Wishes (end-of-life wish granting division of HOCC)
- PUPS (Pups Uplifting People's Spirits)
- Clown Tyme (volunteer clowns who help pediatric 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	2015 Population	# of Hospice Providers	Subdistrict
<i>Hernando</i>	181,190	1	3D
Clay	201,895	4	4A
Okaloosa	191,274	3	1
Bay	173,813	2	2A
Santa Rosa	166,233	3	1
Citrus	144,345	2	3C

\*Applicant's note: HPH is the current licensed provider in Hernando County. HOCC was approved through CON application #10204 to provide hospice services in Hernando County. The CON is currently under appeal. The reviewer notes that CON application #10204 was denied by the Agency's Final Order on June 22, 2015.  
Source: CON application #10370, page 50

HOCC offers a nine-step process to project utilization estimates for market share and admissions for the proposed project (year one ending December 31, 2016 and year two ending December 31, 2017) described in CON #10370, pages 47 through 55. The reviewer reproduces here the applicant's total projected Hernando hospice admissions as well as market share and admission estimates. See the two figures below.

**Projected Hernando County Hospice Admissions**

Proposed Market Hospice Admissions	2015	Year One 2016	Year Two 2017	2018	2019
Cancer Under 65	76	77	77	78	78
Cancer 65+	236	240	244	247	250
Non-Cancer Under 65	210	217	223	230	235
Non-Cancer 65+	994	1,084	1,180	1,279	1,382
Total Under 65	285	294	301	307	313
Total 65+	1,231	1,325	1,424	1,526	1,632
<b>Grand Total</b>	<b>1,516</b>	<b>1,618</b>	<b>1,725</b>	<b>1,833</b>	<b>1,945</b>

Source: CON application #10370, page 54

**Projected Market Share and Admissions**

HOCC Admissions based on Market Share	Projected Market Share Year One Ending December 31, 2016	Projected Market Share Year Two Ending December 31, 2017	Admissions Year One Ending December 31, 2016	Admissions Year Two Ending December 31, 2017
Cancer Under 65	11.5%	16.0%	9	12
Cancer 65+	12.5%	17.0%	30	42
Non-Cancer Under 65	14.5%	20.0%	31	45
Non-Cancer 65+	16.5%	22.0%	179	260
<b>Total Patients</b>	<b>15.4%</b>	<b>20.8%</b>	<b>249</b>	<b>358</b>

Source: CON application #10370, page 54

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.

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**HOCC's Proposed Admissions, ALOS, Projected Patient Days and ADC**

	<b>Year One</b>	<b>Year Two</b>
Admissions	249	358
ALOS	60	70
Projected Patient Days	14,940	25,060
ADC	41	69

Source: CON application #10370, page 55

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 FloridaCHARTS data, on average, there were nine to 24 pediatric residents who died in Hernando County each year (2005-2014) 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 five pediatric admissions in year one and five in year two. See the figure below.

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

	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>
Average Pediatric Deaths	15	15
Hospice Penetration Rate	31.9%	33.2%
Pediatric Hospice Admissions	5	5

Source: CON application #10370, page 57

HOCC asserts that the following other factors support the conclusion that the existing “providers”<sup>2</sup> will not be adversely impacted:

- There is a calculated net numeric need (427 patients) for an additional provider of hospice services in Service Area 3D
- HOCC projects that it will serve 358 Hernando County resident admissions by year two of operation (2017). Based on the market projection of 1,945 total Hernando resident hospice admissions, there will be 1,587 admissions left for HPH, which is more than the most recent reported utilization of 1,434

<sup>2</sup> The reviewer notes that currently there is one licensed hospice provider in Hospice Service Area 3D – HPH Hospice, Inc.

- 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
- 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

## **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. The applicant states a commitment to serving pediatric patients, including PIC:TFK patients. HOCC insists that

these patients are not receiving care from the existing hospice agency and that HOCC is currently precluded from providing palliative care services to this group until it becomes a licensed hospice provider in the area. The applicant asserts that in the past, Florida CMS approached HOCC to assist in meeting the needs of these patients in Hernando County with hospice services.

The applicant submitted a letter recommending approval of the applicant from Sharon Surrency, Regional Nursing Director of Children's Medical Services dated May 4, 2015.

- (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 SNFs, in the subdistrict. HOCC provides a 12-page sample inpatient contract for general inpatient hospice services (CON #10370, Exhibit V). The applicant did not submit any letters from existing health care facilities 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.” The applicant reports that 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, 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.

<b>Hospice of Citrus County, Inc.’s Proposed Staffing for Hospice Service Area 3D Year One Ending December 31, 2016 and Year Two Ending December 31, 2017</b>		
<b>Position</b>	<b>Number of FTEs Year One</b>	<b>Number of FTEs Year Two</b>
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
<b>Total</b>	<b>22.4</b>	<b>33.5</b>

Source: CON application #10370, 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 anticipates that it will recruit, train and use volunteer staff at approximately the same proportion of overall staff that is currently found in its Hospice Service Area 3C operations. HOCC states that volunteer services will range from patient support activities to administrative/clerical activities to outreach. The applicant offers policies regarding staffing in Exhibit W of CON #10370.

**(b) Expected sources of patient referrals.**

HOCC will target a variety of sources for hospice referrals:

- Physicians
- Hospital discharge planners
- Social workers
- SNFs
- Assisted living facilities (ALFs)
- Home health agencies

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- Group homes
- Community social service agencies
- Churches
- Veterans groups

HOCC also states patients and families may refer themselves, with the support and direction of an attending physician. The applicant additionally indicates plans to conduct a variety of marketing activities to inform the community of its presence as a hospice provider in the area. Programs for veterans are included in Exhibit O of CON #10370.

**(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**

	<b>Medicare</b>	<b>Medicaid</b>	<b>3<sup>rd</sup> Party Insurance</b>	<b>Self-Pay</b>	<b>Total</b>
Year One 2016	227	6	4	12	249
Year Two 2017	326	9	6	17	358
% of Total 2016	91.16%	2.41%	1.61%	4.82%	100.0%
% of Total 2017	91.06%	2.51%	1.68%	4.75%	100.0%

Source: CON application #10370, page 72

**(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 HOCC for the  
First Two Years in Hospice Service Area 3D**

	<b>Year One 2016</b>	<b>Year Two 2017</b>
Cancer Under 65	9	12
Cancer 65 and Over	30	42
Non-Cancer Under 65	31	45
Non-Cancer 65 and Over	179	260
Total Patients	249	358*

\*The reviewer notes that these numbers actually total 359, for year two  
Source: CON application #10370, page 72

- (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 HOCC for the First Two Years in Hospice Service Area 3D**

	<b>Year One 2016</b>	<b>Year Two 2017</b>
Under 65	40	57
65 and Over	209	302
Total Patients	249	359

Source: CON application #10370, page 72

- (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.” The applicant asserts that the Hospice House in Lecanto is available for any patient who is eligible and requests inpatient hospice services. HOCC indicates that it has recently entered into an agreement with a SNF to develop an eight-bed hospice unit to be known as HOCC at Citrus Health and Rehabilitation Center.

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. The applicant maintains that in such situations, admission to a HOCC general inpatient bed will be based on one or more of the following acute care admissions criteria:

- 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 a primary caregiver at the home or 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 SNF or ALF.

**(k) Arrangements for the provision of bereavement services.**

HOCC asserts that 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 notes that 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 #10370.

**(l) 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
- SNFs and ALFs
- Non-profit organizations

The applicant provides additional outreach information in Exhibit E of CON #10370.

HOCC notes that special community effort, 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, private insurance 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 Cafe<sup>3</sup> (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 20<sup>th</sup> of each year and January 20<sup>th</sup> 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.

The following chart illustrates hospice admissions for the past five years, ending December 31, 2014. As shown below, admissions decreased from 1,679 as of December 31, 2010 to 1,434 as of December 31, 2014.

<sup>3</sup> CON application #10370, Exhibit G-Fundraising Programs references a variety of fundraising activities and newspaper clippings on this topic.



<b>Hospice Admissions for Hospice Service Area 3D December 31, 2010 – December 31, 2014</b>	
<b>12 Months Ending</b>	<b>Admissions</b>
December 2014	1,434
December 2013	1,627
December 2012	1,584
December 2011	1,571
December 2010	1,679

Source: Agency for Health Care Administration Florida Need Projections for Hospice Programs, issued April 2011-April 2015

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 December 31, 2014, HPH reported 1,434 total admissions to its hospice program in Service Area 3D. Resident deaths (with age stated) in Hospice Service Area 3D during CY 2012 totaled 2,492, which equates to a 57.54 percent penetration rate for HPH in Hernando County. The statewide hospice penetration average for the 12-month period ending December 31 2014, for both single-provider service areas and multi-provider service areas, was 67.92 percent. Single-provider service areas in the state averaged 66.88 percent penetration during the 12-month period ending December 31, 2014.<sup>4</sup>

The Agency notes that HPH penetrated Hospice Service Area 3D at a 10.38 percent lower rate than the average for all hospice service areas statewide and at a 9.34 percent lower rate than the average for single-provider service areas statewide, for the 12-month period ending December 31, 2014.

The most recently published Florida Need Projections for Hospice Programs publication dated April 3, 2015 indicates a projected hospice patient count of 1,861 over the current hospice patient count of 1,434 equaling 427, a number 77 patients above the 350 count established in Chapter 59C-1.0355(4)(a), Florida Administrative Code, as demonstration of numeric need for an additional program. However, at the time of the publication of the fixed need pool, Service Area 3D had one approved hospice program. Therefore, despite the numeric need, need for an additional hospice was not published for this service area.

<sup>4</sup> The nine single-provider hospice service areas in Florida in the 12-month period ending December 31, 2014 totaled 31,155 hospice admissions, with resident deaths (2012, 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 #10370)** 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. HOCC insists that 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 indicates having a long history of providing hospice services to Medicare, Medicaid and indigent patients. HOCC maintains 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 #10370)** 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 2015 in Exhibit U of CON #10370. Application Exhibit X 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 Y and HOCC's Admission Criteria in Exhibit J. HOCC states being a Medicare and Medicaid provider and in good standing with the Centers for Medicare and Medicaid Services.

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-Youth Program Information
- Exhibit D-Bereavement/Grief Support Program Information
- Exhibit H-Volunteer Programs
- Exhibit I-Family Manual
- Exhibit K-Alzheimer's Program Information/DOEA Training Credentials
- Exhibit L-Children's Hospice Activity Book
- Exhibit M-Partners in Care: Together for Kids Program Information
- Exhibit N-Spanish Brochure
- Exhibit O-Veterans Programs

Agency records indicate the applicant had zero substantiated complaints during the three-year period ending May 20, 2015.

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

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 CY 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.**

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 benchmarks 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.

<b>CON application #10370 Hospice of Citrus County, Inc.</b>		
	<b>Dec-14</b>	<b>Dec-13</b>
Current Assets	\$11,435,290	\$9,660,263
Total Assets	\$22,367,767	\$19,128,508
Current Liabilities	\$5,338,532	\$3,778,394
Total Liabilities	\$9,039,196	\$6,802,160
Net Assets	\$13,328,571	\$12,326,348
Total Revenues	\$50,451,691	\$48,233,779
Excess of Revenues Over Expenses	\$962,223	\$903,021
Cash Flow from Operations	\$3,251,044	(\$551,990)
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	2.1	2.6
Cash Flow to Current Liabilities (CFO/CL)	60.90%	-14.61%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	27.8%	24.5%
Total Margin (ER/TR)	1.91%	1.87%
<b>Measure of Available Funding</b>		
Working Capital	\$6,096,758	\$5,881,869

<b>Position</b>	<b>Strong</b>	<b>Good</b>	<b>Adequate</b>	<b>Moderately Weak</b>	<b>Weak</b>
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 \$3,693,045 which includes \$243,450 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 \$6.1 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 the entire capital budget 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.**

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.

<b>CON 10370</b>	<b>Hospice of Citrus County, Inc. d/b/a Hospice of Citrus and the Nature Coast</b>				
<b>Hernando</b>	<b>Wage Component</b>	<b>Wage Index</b>	<b>Adjusted Wage Amount</b>	<b>Unadjusted Component</b>	<b>Payment Rate</b>
<b>Base Rate Calculation</b>					
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
<b>Year Two Comparison</b>					
<b>Year Two Comparison</b>	<b>Inflation Factor Year Two</b>	<b>Inflation Adjusted Payment Rate</b>	<b>Schedule 7 Revenue Year 2</b>	<b>Continuous Service Hours Provided</b>	<b>Calculated Patient Days</b>
Routine Home Care	1.062	\$159.46	\$3,705,414		23,237
Continuous Home Care	1.062	\$930.62	\$621,723	24	668
Inpatient Respite	1.062	\$167.08	\$14,176		85
General Inpatient	1.062	\$712.28	\$528,963		743
		<b>Total</b>	<b>\$4,870,276</b>		<b>24,732</b>
			Days from Schedule 7		25,060
			<b>Difference</b>		<b>328</b>
			<b>Percentage Difference</b>		<b>1.31%</b>

The applicant’s projected patient days are 1.31 percent or 328 days more than the calculated patient days. Operating profits from this project are expected to increase from an operating profit of \$8,628 for year one to an operating profit of \$185,634 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 #10370)** asserts that it has a history of providing health services to all patients that require hospice care and reports that in fiscal year ending September 30, 2014, HOCC provided approximately \$1,924,143 in charity care.

The applicant estimates 14,940 total patient days for year one (ending December 31, 2016) and 25,060 total patient days for year two (ending December 31, 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 (22,805 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.



**Self-Pay, Charity and Medicaid Patient Days  
12 Months Ending December 31, 2016 (Year One)**

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

Source: CON application #10370, Schedule 7A

**12 Months Ending December 31, 2017 (Year Two)**

<b>Payer Source</b>	<b>Patient Days</b>	<b>Percentage</b>
Self-Pay	1,239	4.9%
Medicaid	601	2.4%
<b>Total Medicaid/Self-Pay</b>	<b>1,840</b>	<b>7.3%</b>
<b>Total Patient days</b>	<b>25,060</b>	<b>100.0%</b>

Source: CON application #10370, Schedule 7A

HOCC 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 in Hernando County. 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 #10370)**, 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 \$243,450.

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:

- 1) The unique situation created by the lack of resolution of HOCC's current approved, appealed CON project (CON #10204), which results in need not being published even though there is projected net numeric need for hospice services in Hernando County
- 2) The fact that the existing provider is not fully meeting the needs of the Hernando County population, as evidenced by diminishing hospice penetration rates in the area which are contrary to the increasing and aging population in the area
- 3) The identification of underserved populations, including:
  - a. Pediatric patients requiring hospice services, pediatric patients eligible for enrollment and those patients to whom HOCC currently provides palliative care services, through Partners in Care: Together for Kids Program
  - b. Patients 65 and older with non-cancerous conditions including Alzheimer's Disease
  - c. Patients 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

Other contentions presented by the applicant include:

- There is a calculated net numeric need (427 patients) for an additional provider of hospice services in Service Area 3D
- HOCC projects that it will serve 358 Hernando County resident admissions by year two of operation (2017). Based on the market projection of 1,945 total Hernando resident hospice admissions, there will be 1,587 admissions left for HPH, which is more than the most recent reported utilization of 1,434
- 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
- HOCC will provide services that are not currently being adequately delivered by the existing provider in the subdistrict
- 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

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- 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

HOCC expects 249 admissions in year one (ending December 31, 2016) and 359 admissions in year two (ending December 31, 2017). Five year-one and five 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 May 20, 2015, HOCC had zero substantiated complaints.

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 the entire capital budget 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 #10370.

**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**