

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice/CON #10558

12107 Majestic Boulevard
Hudson, Florida 34667

Authorized Representative: Andrew Molosky
President and CEO
(727) 863-7971

2. Service District/Subdistrict

Hospice Service Area 3C (Citrus County)

B. PUBLIC HEARING

A public hearing was not held or requested for the proposed project.

Letters of Support

Hernando-Pasco Hospice (HPH), Inc., states it received over 250 letters of support for the proposed project. A representative sample (22 letters) is included in Tab 3 of CON application #10558. HPH states that many of the letters of support attest to “HPH Hospice’s reputation as an outstanding provider in the local community, its stature as the only nonprofit hospice in Citrus County, and the desirability of adding a second freestanding inpatient hospice facility” in Hospice Service Area 3C. Quotes from nine of the letters are included on pages 17 - 20 of the application. A representative sample of these quotes follows:

Bhadresh Patel M.D., states he recently joined the HPH Board of Directors and understands “the importance of this facility not only for our patients, but also for HPH to continue to be competitive with a for-profit provider in the county. With our growing census, HPH needs the ability to provide inpatient level of care from our own facility.”¹

¹ The project address is currently listed as a satellite office per FloridaHealthFinder.gov. Hernando-Pasco Hospice, Inc. indicates in Schedule 7A notes to CON application #10558 that it currently provides residential hospice care here and indicates it will continue to do after the project is licensed.

Bradley Ruben, D.O., who is also an HPH Board member, cites HPH's growing number of patients (from 40 to 75 average daily census or ADC) since January 2017 and "with this growth comes the need for HPH to again be able to provide inpatient level of care at our own facility."

Gailen Spinka, President of Comfort Keepers, a local home health agency, states "HPH Hospice should be allowed to reopen the hospice house in Citrus County for both quality of care and business reasons... A hospice operating in a community without a hospice house is at severe competitive disadvantage."

Donna Marie Fontaine, Administrator, Avante at Inverness, writes "The one Hospice house is simply not enough for this county and the community needs another one."

C. PROJECT SUMMARY

Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice (CON application #10558) referenced as HPH or the applicant, a Florida not-for-profit corporation, managed by Chapters Health System, Inc. proposes to establish an eight-bed freestanding inpatient hospice facility in Hospice Service Area 3C (Citrus County), at 2939 West Gulf to Lake Highway in the Town of Lecanto. The applicant indicates that it seeks to reopen an already constructed and previously licensed freestanding inpatient hospice. The reviewer notes that Agency records show the facility was licensed as a freestanding inpatient hospice effective August 1, 2014 and subsequently delicensed effective September 26, 2016.

HPH states that it or its predecessor organizations have provided hospice services in Citrus County since November 1984. Chapters Health System acquired HPH Hospice on February 1, 2015. The applicant indicates that as of November 2018, HPH has an ADC of 75.2 hospice patients in Citrus County.

The applicant estimates the issuance of license in June 2019 and the initiation of service in July 2019.

The applicant is currently licensed to operate hospice programs in Hospice Service Areas 3C, 3D and 5A, with two existing freestanding inpatient hospice facilities in Florida, located as follows:

- Hospice Service Area 3D (48 beds/Brooksville)
- Hospice Service Area 5A (48 beds/New Port Richey)

HPH indicates that it is one of two hospices licensed in Hospice Service Area 3C with VITAS Healthcare Corporation of Florida licensed for a 16-bed inpatient hospice. Approval of the proposed project would authorize HPH to operate an eight-bed freestanding hospice facility in Hospice Service Area 3C.

Total project cost is \$203,530. Costs covered are for equipment, project development and start-up. The project involves 13,064 gross square feet (GSF) of previously constructed and licensed space. Therefore, the applicant's Schedule 1, total land cost is at \$0.00 and total building cost is at \$0.00. The facility was originally authorized by CON #10120, with a total project cost of \$6,438,956. Land cost was \$1,550,000 and building cost was \$4,241,000.²

HPH does not propose any condition on the proposed project.

Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.

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.

² Per the application and monitoring files for CON #10120. The CON #10120 monitoring file shows that the project was revised to 20,322 GSF and an estimated \$5,285,000 project cost effective February 1, 2013. HPH's total building contains 18,942 GSF (page two of CON application #10558).

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, the consultant, James B. McLemore, analyzed the application in its entirety with consultation from financial analyst Kimberly Noble of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

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.

The Agency does not publish need for inpatient hospice beds. 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) and no more than 20 percent of a hospice's total patient days may be inpatient days per Section 400.609(4), Florida Statutes. Inpatient care may be provided through contractual arrangements in hospitals and skilled nursing facilities (SNFs), and is generally provided on a short-term basis within the total hospice stay. As previously stated, the applicant maintains the following two inpatient hospice facilities:

- Hospice Service Area 3D (48 beds/Brooksville)
- Hospice Service Area 5A (48 beds/New Port Richey)

The existing freestanding inpatient hospice facility in Hospice Service Area 3C is VITAS Healthcare Corporation of Florida for 16 beds in Lecanto.

- b. **If no Agency policy exists, the applicant will be responsible for demonstrating need through a needs assessment methodology, which must include, at a minimum, consideration of the following topics, except where they are inconsistent with the applicable statutory or rule criteria:**
- **Population demographics and dynamics;**
 - **Availability, utilization and quality of like services in the district, subdistrict or both;**
 - **Medical treatment trends; and**
 - **Market conditions.**

Population demographics and dynamics

As of January 2018, Hospice Service Area 3C's age 65+ population was 51,077 persons and is expected to grow to 56,393 by January 2023. This is an increase of 5,316 age 65+ residents (10.41 percent) as shown below:

**Hospice Service Area 3C/Citrus County
Population from January 1, 2018 – January 1, 2023**

Age Group	January 2018	January 2023	Population Increase/ (Decrease)	Percent Change
Under 65	98,148	101,554	3,406	3.47%
65+	51,077	56,393	5,316	10.41%

Source: Florida Agency for Health Care Administration *Population Estimates 2010 to 2030*, published February, 2015

As shown above, Hospice Service Area 3C's age 65+ population is expected to increase at a much faster rate (10.41 percent) when compared to the under age 65 population (3.47 percent), for the January 2018 to the January 2023 time frame.

Using Florida Agency for Health Care Administration Population Estimates 2010 to 2030 published February 2015, HPH indicates Hospice Service Area 3C's under age 65 population is expected to grow by 3.8 percent (from 98,603 to 102,346 persons) and the 65+ population growth of 9.6 percent (from 52,355 to 57,372 persons) between 2019 and 2024.³ The applicant provides a discussion of the Agency's hospice need methodology, hospice penetration rate and hospice admissions by age and diagnosis. The applicant contends that growth and aging of Hospice Service Area 3C's population will produce higher mortality and increased utilization of hospice services.

³ HPH provides a Service Area 3C population growth table on CON application #10558, page 12.

Availability, utilization and quality of like services

According to HPH, VITAS' 16-bed inpatient hospice reported an ADC of 13.2 patients, or an occupancy rate of 82.5 percent during 2017, which represented three percent of VITAS' total census during that time. The applicant contends that this unit is not available to HPH because of high occupancy and hospice patients do not generally wish to change hospice providers. HPH maintains that there is a shortage of inpatient beds created by the closure of a six-bed contracted unit at Citrus Memorial Hospital at the end of CY 2015. The applicant concludes that freestanding inpatient hospices are "institution specific" to the particular hospice provider.

The applicant discusses having engaged the community in an effort to identify and understand the needs encountered by Citrus County residents relative to the need for an additional freestanding hospice house. The reviewer notes that a recurring theme in the support letters is HPH Hospice's reputation as an outstanding provider in the local community, its stature as the only nonprofit hospice in Citrus County and the desirability of adding a second freestanding inpatient hospice facility in Hospice Service Area 3C. As noted in Item B. of this report, several writers also indicate quality of care would be improved with the project and HPH increasing its ADC since Chapters Health System began operating the program. The applicant concludes that based on experience, it believes HPH needs its own freestanding hospice inpatient care center to meet a substantial unmet need in the local community.

Medical treatment trends

HPH states that in addition to serving dying patients who cannot be cared for in their own home, inpatient hospice facilities also provide respite care for patients not meeting inpatient admission criteria and patients in the process of transitioning from the acute care hospital setting back to their home. The applicant indicates that hospice patients receiving inpatient-level care typically require pain/symptom management, establishment of drug routines, patient/family education and wound care. HPH contends that the growing role of the freestanding inpatient hospice facility is evidenced by the growth of Florida inpatient hospice facilities from 44 licensed facilities with 793 beds in 2009 to 61 currently licensed and approved freestanding facilities with a total of 1,083 beds as of September 2018.

Market conditions

The applicant reiterates that the existing freestanding inpatient hospice beds in Service Area 3C are operated at 82 percent occupancy and are not an option for HPH patients. HPH maintains that the availability of

services offered in inpatient hospice facilities is critical to assuring the full continuum of care required by hospice patients. The applicant states that “because of this need for continuity between hospice care in the home and in an inpatient setting, it is imperative that HPH, once again, has its own patient hospice unit in Service Area 3C”. The applicant contends that not having a freestanding inpatient hospice facility will adversely affect its ability to compete with VITAS and will “over time” suppress HPH’s overall ADC.

2. Agency Rule Criteria and Preferences

- a. **Rule 59C-1.0355 (7) Florida Administrative Code states that the Agency will not normally approve a proposal for construction of a freestanding inpatient hospice facility unless the applicant demonstrates that the freestanding facility will be more cost-efficient than contractual arrangements with existing hospitals or nursing homes in the service area. The application shall include the following:**

(1) A description of any advantages that the hospice program will achieve by constructing and operating its own inpatient beds.

HPH contends that a number of advantages will be realized through project approval, as described below:

- Reopening the existing facility will require almost no cost because the facility has been maintained in operational condition, including updates to fire and life safety systems and nearly all equipment (including beds and furniture) are in place.
- Patients receiving hospice services will have an additional option for home-like inpatient services in a more convenient and accessible location. The applicant indicates the facility location is “centrally located in Citrus County, and approximately equidistant between” Citrus Memorial Hospital in Inverness and Seven Rivers Regional Medical Center in Crystal River. The applicant notes that it currently has existing inpatient care agreements with both of these Citrus County hospitals.
- Care provided in a freestanding hospice inpatient center ensures greater uniformity and continuity of hospice care in a home-like, non-institutional atmosphere than provided in a hospital or SNF. HPH asserts that the freestanding hospice facility allows a greater level of involvement by volunteers that is not possible in a hospital or SNF setting. The applicant contends the private rooms and smaller number of beds in a

freestanding hospice house allows more focus on palliative and comfort care such as meals tailored to individual patient preference and refrigerators that allow families and patients to store snacks and beverages.

- HPH indicates that it is paying twice for the building component of that care – once through the component of the total daily per diem it pays to the hospital that covers the hospital's facility portion of its costs and again for the costs of HPH's own empty building. The applicant states that it must maintain and bear the expenses associated with a care team to plan, implement and oversee the care delivered in the acute care hospitals. This project will allow revenue to go directly to help offset the existing building costs and additional savings will be realized by having "HPH inpatient care staff concentrated in a single location for the vast majority of our inpatient care".

HPH projects a loss of \$102 per patient day or a total of \$186,217 in year two of the project should Citrus County patients continue to receive inpatient care at a contracted hospital.⁴ Providing the inpatient care in HPH's hospice house, with all costs allocated, generates a positive margin of \$55 per patient or a total margin for year two of the project of about \$100,000. The reviewer notes that \$55 per day x 1,825 patient days computes to \$100,375. HPH next states that implementing the project reduces cost per patient day by \$60. The applicant combines the loss of \$102 per diem with the positive margin of \$55 per diem and concludes the project will result in an improvement of \$157 per diem for a total improvement in year two operating income of \$286,525.

The applicant indicates that the table below accounts for cost in two different ways: (1) year two days if the days are delivered in an acute care hospital, plus the additional building costs associated with the existing building if unused and (2) the incremental contribution to HPH's margin with the project allocating revenue to reimburse existing building expenses. See the table below.

⁴ The reviewer notes that -\$102 per day x 1,825 patient days computes to a loss of \$186,150.

**HPH Hospice Inpatient Bed Cost Comparison
(Fully Allocated Costs)
Hospital versus Freestanding Hospice Inpatient Center
Service Area 3C, Citrus County**

Inpatient Per Day Year Two	Hospice Care Center*	Hospital Contracted
Revenue	\$755	\$658
Expenses	\$700	\$681
Difference	\$55	\$(115)
Net Savings Per Patient Day, Year Two: \$157 X 1,825 patient days = \$286,525		

Source: CON application #10558, page 28.

Note: *HPH indicates that revenue per patient day is calculated using CMS Hospice Payment Rates for FY 2017 inflated to calendar year two of operation. Hospice Care Center projections (\$\$ figures) include revenue and expenses associated with HPH employed physicians.

The applicant's difference in the hospital contracted column includes the \$55 in inpatient facility savings and HPH's statement that the project will reduce cost per patient day by \$60. The reviewer notes that using the per diem rates specific to the hospital setting show an HPH difference/loss of \$23 (\$681-\$658=\$23) compared to the gain of \$55 in the inpatient hospice. The above chart shows HPH savings specific to its project.

HPH states that it does not include SNFs in its cost comparison because inpatient hospice care in SNFs is extremely rare. The applicant maintains that cost savings for HPH attributable to the project arise from patients who are at home and would otherwise need hospital placement or patients in hospital that cannot yet go home but would benefit from a step down level of care.

(2) Existing contractual arrangements for inpatient care at hospitals and nursing homes.

HPH indicates that it provides hospice inpatient care in contracted beds with both Citrus County hospitals and has agreements for provision of such care in three area SNFs--Health Center at Brentwood, Citrus Health and Rehabilitation Center and Life Care Center of Citrus County. The applicant notes that negotiations are underway to enter into agreements with four other Citrus County SNFs. HPH indicates that its SNF contracts allow the patient to remain in the SNF until such time as general inpatient care is needed but it is extremely rare that such care does not necessitate services available in a hospital.

Tab 12 of CON application #10558, contains lists of Chapters Health System's West Central Florida Division's Hospital General Inpatient Network and Nursing Home General Inpatient Network. Sample agreements for hospitals and SNFs for inpatient hospice services are also included in Tab 12 of CON application #10558.

(3) Anticipated sources of funds for the construction.

HPH states that the project does not require construction and will be funded from cash on hand.

- 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.**

HPH states that it has historically provided semi-annual utilization reports to the Agency in a timely manner and shall continue to do so. The Agency's semi-annual utilization reports do not require a hospice to report inpatient hospice days.

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.**

There are two licensed hospice providers in Hospice Service Area 3C, as follows:

- VITAS Healthcare Corporation of Florida, Inc.
- HPH Hospice

The total licensed bed count and the physical location of the freestanding inpatient hospice facility operated by VITAS Healthcare Corporation of Florida, Inc. was stated in Item E.1.a. of this report. HPH refers the reviewer to its responses in Item E.1. "Fixed Need Pool" and Item E. 3. b. "Quality of Care" for this criteria.

The applicant contends that it is clear freestanding hospice facilities enhance access to hospice care because patients can be transferred from hospitals sooner. HPH asserts that an inpatient hospice "gives physicians, as well as patients and families a peace of mind at the end-of-life". HPH states that the proposed project will ensure hospice patient access to inpatient beds when they need them, closer to their homes and families. The applicant indicates that Citrus County patients who choose HPH presently have two unsatisfactory choices when inpatient hospice care is needed—travel out of the service area (to Brooksville or New Port Richey) or they can switch hospice providers. HPH contends the latter option is very disruptive to the continuity of care and frequently infeasible due to the high occupancy at the only other hospice house located in Citrus County.

The applicant asserts that HPH funds that would otherwise be paid to hospitals for contracted hospice beds can be used to support patient care and expand services with approval of the proposed facility. HPH concludes by stating its response to the fixed need pool criteria provides evidence of the availability, accessibility and extent of utilization of existing health care providers in Hospice Service Area 3C.

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.

The applicant provides a description of its ability to provide quality care on pages 40 – 55 of CON application #10558 with informative supporting materials in several tabs of the application as noted below. HPH states that Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice and its parent, Chapters Health System, have a strong history of providing high quality, compassionate care. The applicant states that HPH and all Chapters hospice affiliates currently comply with all standards for program licensure described in Chapter 400, Part IV, Florida Statutes and Chapter 58A-2, Florida Administrative Code. HPH notes that it is a provider of Medicare and Medicaid benefits and meets all applicable Medicare conditions of participation.

HPH states that it is part of an organization (Chapters Health System) that provides comprehensive and integrated post-acute care services through its hospice, palliative care, home health, pharmacy and staffing affiliates, as well as their DME (durable medical equipment) joint venture (page 40 of CON application #10558).

The applicant contends that Chapters offers experience in and the ability to:

- Provide an integrated, seamless transition of care for patients receiving home care services to transition to hospice care without any disruption in services or providers—HPH home health team exits and HPH hospice team enters
- Ensure high quality of care is provided by staff members and that staff with specialized skills and experience is available as needed
- Ensure that the patient is cared for in the most appropriate setting
- Ensure timely delivery and 24/7/365 availability of pharmacy and DME needed by patients, so that there are no delays for patients being discharged from the acute care setting as Chapters controls and coordinates all aspects of the patients' post-acute, end-of-life medical care
- Cost-effectively manage the health care of its patients by managing key and often costly components of care such as drug and equipment costs

HPH asserts that its freestanding hospice house in Citrus County will benefit from efficiencies gained from the corporate infrastructure of Chapters Health System (such as the implementation of an electronic medical records (EMR) system, human resources, compliance, billing, etc.). The applicant maintains that the efficiencies gained through shared services and lower administrative costs translate into Chapters' ability to devote more funds to patient care costs than provided by other hospice agencies.

The applicant states on pages 41-42 of CON application #10558, "HPH Hospice conditions this application on the opening of its proposed Citrus County inpatient facility within 120 days of final approval for its project, signifying the willingness and ability to quickly respond to the local communities needs and ability to rapidly implement its proven programs and services in new markets". However, HPH's Schedule C signed by Andrew Molosky, President/CEO states "I do not wish to accept any conditions".

HPH next discusses Chapters "Open Access" program which it states offers patients and families more options and is customized for each patient's individual plan of care. The "Open Access" program is stated to be a therapeutic approach which allows patients not to have to choose between receiving hospice services and stopping palliative chemotherapy, radiation therapy, blood transfusions and cardiovascular therapies. The applicant indicates that HPH supports the continuation of palliative therapies such as:

- Radiation and chemotherapy, which can assist in decreasing pain and symptoms associated with cancer diagnosis.
- Blood transfusions, which can boost patients' blood volumes to help stave off fatigue and shortness of breath.
- Artificial nutrition or hydration, which is helpful to patients with esophageal or colon cancer who cannot tolerate adequate nutrition by mouth for sustenance.
- Cardiac infusions, which can help maintain cardiac function and treat shortness of breath, fatigue and weakness.

HPH includes Chapters Health System affiliate – Good Shepard Hospice materials for "additional details regarding Open Access and other continuum of care extending programs" in CON application #10558, Tab 4, "Open Access & Continuum of Care Enhancements". These include:

- "At Home with CHF" - Congestive Heart Failure Patient Handbook – 2016 Chapters Health System, Inc.
- "At Home with COPD" - Chronic Obstructive Pulmonary Disease Patient Handbook – 2016 Chapters Health System, Inc.

- 2016 Chapters Health System two page pamphlets on the following topics include:
 - Reducing Hospitalizations for CHF Patients “At Home with CHF”
 - Reducing Hospitalizations for COPD Patients “At Home with COPD”
 - Improving the Quality of Life for Hospice Patients – Open Access
 - Improving the Quality of Life for Hospice Patients – Dialysis
 - Helping Patients with Advance Care Planning (Spanish version also included)
 - Helping Patients with Advance Care Planning – Physicians
 - Knowing When to Refer Stroke Patients to Good Shepard Hospice
 - Knowing When to Refer Dementia Patients to Good Shepard Hospice
 - Honoring Patients’ Wishes for End-of-Life Treatment – Physician Orders for Life-Sustaining Treatment

HPH provides a discussion of Chapters “At Home with CHF” and “At Home with COPD Programs”, which are indicated to help lower stress, anxiety and other conditions that lead to preventable hospitalizations and help improve quality of life for congestive heart failure (CHF) and chronic obstructive pulmonary disorder (COPD) patients. HPH states “year-round, round-the-clock programs and services” for these patients include:

- Initial and ongoing education, as well as medical and psychosocial intervention, provided to patients/families to assist in controlling disease symptoms, thus allowing them to remain comfortable at home.
- Hospice nurses are equipped to anticipate patients’ needs and symptoms.
- Patients are provided a weight form and scale to record their weights. In addition, a daily check-in call is made to inquire about weight gain and any change in symptoms.
- Patients have 24/7/365 access to a nursing help hotline known as HospiceHelp24® for immediate assistance with any change in their symptomatology such as difficulty performing daily activities, increased shortness of breath, tightness in the chest, swelling of the feet, ankles or abdomen and rapid weight gain in one day of three pounds.
- The nursing team verifies that medications have been taken correctly.
- COPD patients are provided education to break the cycle of anxiety and breathlessness. In addition, a daily check-in call is made to inquire how the patient is feeling and if he or she has any additional needs.

- Patients and families are educated and encouraged to call the Chapters hospice affiliates “Code Heart” hotlines instead of 9-1-1. If further intervention is needed after the “At Home with CHF” protocol, the patient can be transported to the closest hospice inpatient unit for acute symptom management.

The applicant discusses palliative care and comments that “all hospice care is palliative but not all palliative care is hospice”. HPH points out that Chapters’ comprehensive, coordinated patient and family centered plan of care includes:

- Expanded disease education and informed decision making
- Assistance with advance directives, care planning and complicated treatment choices
- Emotional and spiritual assistance
- Help with community services

According to the applicant, Chapters Health System began Chapters Health Palliative Care in 2006, in hospital settings as consultative services in response to a need for multi-disciplinary, patient centered care to patients with serious or chronic illness who are not in the last six months of life. While initially in the hospital setting, Chapters Health Palliative Care is now also provided in the community setting, SNFs and outpatient clinics. According to the applicant, Chapters Health Palliative Care is provided to over 3,000 patients per year.

The applicant maintains that like all Chapters affiliates, HPH meets all requirements regarding:

- Governing body
- Administrative officer
- Administrative policies and procedures
- Outcome measures
- National initiatives

HPH indicates that residents of its hospice service areas are on the board of directors of its parent company. The reviewer notes two support letters where Citrus residents are on HPH’s board of directors. The applicant refers to HPH and select Chapters policies included in CON application #10558’s Tab 6 “Policies & Procedures: Table of Contents & Select Policies”. These include:

- Chapters Health System-Organization Structure
- Chapters Health System Policy and Procedures Manual Organization Structure Table of Contents (listing approximately 680 policies, procedures, guidelines, department-specific actions and protocols)
- Patient Care Policies samples include:
 - Initial Assessment (effective 1/26/16)
 - Comprehensive Assessment of the Patient (effective 1/26/16)

- Admission to Hospice Care (effective 12/10/17)
- Hospice Plan of Care (effective 2/1/16)
- Coordination of Services (effective 5/14/16)
- Hospice Physician Services (effective 12/18/17)
- Hospice Care for Nursing Home Facility Residents (effective 6/5/15)
- Physician Plan of Care (effective 5/27/15)
- Procedure: Medical Staff Services (effective 2/17/17)
- Social Work Services (effective 1/29/16)
- Spiritual Care Services (effective 1/26/16)
- Pain and Symptom Management (effective 1/29/16)

HPH indicates it currently operates a Quality Assessment and Performance Improvement (QAPI) program with quarterly meetings that involve a representative of the affiliate Board of Directors who reviews all aspects of the QAPI program and presents a report to the full Board of Directors. The applicant refers to the CON applications' Tab 7 "Joint Commission Documentation, QAPI and Chapters Org Structure" which includes:

- Chapters Health System-Organization Structure
- Program: Quality Assurance and Performance Improvement (QAPI), (effective 9/29/14)
- Policy: QAPI – Program Scope and Activities (effective 9/29/14)
- Policy: Quality Assessment and Performance Improvement (QAPI), (effective 9/29/14)
- The Joint Commission – Comprehensive Accreditation for Home Health Care
- The Joint Commission - Hospice Agency accreditation for Chapters existing Florida hospice programs

The applicant maintains that it reports outcome measures to the State of Florida's DOEA, the National Hospice and Palliative Care Organization (NHPCO) and the Centers for Medicare and Medicaid Services (CMS). HPH states that Chapters is actively involved with NHPCO, with representation from Chapters serving as members of NHPCO's Regulatory and Public Policy Committees. The applicant indicates that Chapters' chief medical officer is on the National Hospice Medical Director Certification Board of Directors.

HPH indicates that care delivered by Chapters hospice affiliates (including HPH Hospice) is planned, designed, delivered and monitored through the Interdisciplinary Group (IDG). Members of a Chapters IDG include:

- A doctor of medicine or osteopathy
- An RN
- A social services specialist

- A pastoral or other counselor

The applicant lists five other Chapters IDG potential members, depending upon patient circumstances and wishes. These include:

- The patients attending physician (if any)
- Trained volunteers under the supervision of the Volunteer Coordinator
- Hospice aides
- Bereavement counselors
- Others with appropriate clinical and educational experience who meet specific needs of hospice patients as identified in the care plan

HPH refers the reviewer to Tab 9 of CON application #10558 entitled “Job Descriptions, Staff Recruitment & Development” for job descriptions. The reviewer notes this tab includes several policy and procedure manual sections in addition to job descriptions. These are:

- Chapters Health System Policy: Hiring Staff (effective 5/18/15)
- Chapters Health System Policy: Job Descriptions (effective 7/24/15)
- Chapters Health System Policy: Orientation Program (effective 2/26/16)
- Chapters Health System Policy: Staff Education (effective 1/26/16)
- Chapters Health System Policy: Volunteers - Services (effective 5/14/15)
- Chapters Health System Policy: Volunteers – Orientation and Training (effective 5/14/15)
- Position descriptions by job title, original date and number of pages include:
 - Hospice Staff Physician (original date 4/99)
 - RN, Hospice House (original date 5/01)
 - RN Care Coordinator (original date 12/92)
 - Social Services Specialist (original date 10/94)
 - Chaplin (original date 4/01)
 - Hospice Aide (original date 5/01)
 - Hospice Aide Hospice House (original date 5/01)

In reference to the bereavement counselors cited above, the reviewer notes that the application’s Tab 5 “Bereavement Policies & Procedures” includes:

- Bereavement Services (effective 5/26/14)
- Policy: Bereavement Risk Assessment (effective 5/26/14)
- Policy: Bereavement Care Planning (effective 5/26/14)

The applicant next highlights medical expertise among six Chapters physicians (pages 47 thru 49 of the application).

HPH states that service area residents and families benefit from the strong focus of Chapters Health System's research and education activities, which ensure patients benefit from end-of-life care research in the short-term and education of future physicians and caregivers in the long-term. The applicant maintains that Chapters is unique among hospice providers. HPH notes that Chapters is a founding sponsor of the Center for Hospice, Palliative Care and End of Life Studies (the Center) at the University of South Florida (USF). The applicant states Chapters has become a major teaching site for the Center and USF, providing clinical rotations for three to four hospice and palliative medicine fellows each year. HPH indicates that Chapters provides approximately 120 medical students the opportunity to make home visits to hospice patients. The applicant offers excerpts of three medical students' essays (pages 50 - 52 of the application). HPH indicates that Chapters provides educational opportunities (in addition to medical students) in the following fields:

- Nursing
- Pharmacy
- Social work
- Psychology
- Counseling

The applicant refers the reviewer to Tab 8 of the application for a list of Chapters' agreements with colleges and university. Review of the "Chapters Health System Agreements/Affiliations – Colleges/Universities" list in this tab reveals 34 universities and colleges participation in the fields listed above and one agreement in the field of Health Information Technology.

HPH provides a timeline of highlights, milestones and key events in the history of its formation and development of its current status (pages 52 - 55 of the application). The timeline shows Chapters began in Hillsborough County in 1983 and HPH became part of Chapters Health System on February 1, 2015. The application's Tab 10 "Detailed History of Chapters" of the application includes a document entitled "Chapters Health System Inc. Historical Development" which was last updated November 6, 2018.

The applicant concludes its quality of care discussion by stating that HPH and its parent, Chapters Health System, have demonstrated its history of, and ability to, provide quality care. The reviewer notes that the applicant provided a detailed summary of its ability to provide such care.

In October 2017, the Department of Elder Affairs (DOEA) updated its statewide 2016 Hospice Demographic and Outcome Measures Report, which is available on the DOEA's website at:

http://elderaffairs.state.fl.us/doea/Evaluation/17_Hospice_Report.

According to page 1 of this DOEA report (Executive Summary), as of 2015, hospices no longer used the NHPCO due to the implementation of the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey. The CAHPS survey asks consumers and patients to evaluate their experiences with hospice, but does not include two outcome measures that DOEA had been tracking, namely: the percentage of patients/families who indicated the patient received the right amount of medicine for their pain (Outcome Measure 2 or OM2) and the percentage of patients/families who recommended hospice services to others based on the care the patient received (OM2A). The report results are shown as percentages for OM1.

OM1 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.

Hernando-Pasco Hospice d/b/a HPH Hospice, the Chapters Health System affiliates and VITAS Healthcare Corporation (the other service area 3C provider) that participated in the 2017 DOEA report are listed in the table below, with each participating provider's OM1 percentage and number of patients.

**Chapters Health System
DOEA Hospice Demographic and Outcome Measures CY 2016**

Hospice Name/City	OM1	Number of Patients
LifePath Hospice / Temple Terrace	87%	6,123
Good Shepherd Hospice / Temple Terrace	84%	3,194
HPH Hospice / Temple Terrace	81%	3,464
VITAS Healthcare Corporation of Florida/Melbourne	80%	9,328
Totals and averages	88%	65,200

Source: DOEA, Hospice Demographics and Outcomes Measures 2017 Report, October 2017, pages 6 - 8, Exhibit 5

Note: Chapters Health System headquarters is located in Temple Terrace, Florida.

FloridaHealthfinder.com indicates LifePath Hospice city address is Tampa, Good Shepard is Lakeland and HPH is Hudson, Florida.

The DOEA's report for CY 2016 indicates that pain measure results (OM 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.

Agency records indicate that HPH had two substantiated complaints statewide (encompassing Hospice Service Areas 3C, 3D and 5A) during the three-year period ending December 17, 2018. A single complaint can encompass multiple complaint categories. Please see below.

**HPH Substantiated Compliant Categories
36 Months Ending December 17, 2018**

Complaint Category	Number Substantiated
Administration/Personnel	1
Admission, Transfer and Discharge Rights	1

Source: Agency for Health Care Administration complaint records

As previously stated in Item C of this report, Chapters Health System (the parent) serves the following Florida Hospice Service Areas - HPH in 3C, 3D, and 5A, LifePath Hospice in 6A and Good Shepherd Hospice in 6B. Agency records indicate that, statewide, as of the three-year period ending December 17, 2018, Chapters hospice affiliates had a total of five substantiated complaints. Each substantiated complaint can encompass multiple complaint categories. Below is a table to depict the substantiated complaints by the applicable complaint category.

**Chapters Substantiated Complaint History by Category
Three-Year Period Ending December 17, 2018**

Complaint Category	Number Substantiated
Administration/Personnel	1
Admission, Transfer & Discharge Rights	1
Nursing Services	1
Quality of Care/Treatment	1
Resident/Patient/Client Assessment	1

Source: Agency for Health Care Administration complaint records

- 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.

CON Action Number: 10558

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 for the facility, where the short-term and long-term measures fall on the scale for the most recent year.

10558 - Hernando-Pasco Hospice		
	Dec-17	Dec-16
Current Assets	\$4,725,351	\$3,750,582
Total Assets	\$6,457,678	\$4,656,289
Current Liabilities	\$7,421,973	\$6,223,942
Total Liabilities	\$7,421,973	\$6,271,978
Net Assets	(\$964,295)	(\$1,615,689)
Total Revenues	\$33,044,454	\$32,563,751
Excess of Revenues Over Expenses	(\$175,226)	(\$1,759,177)
Cash Flow from Operations	(\$1,586,835)	(\$4,172,478)
Short-Term Analysis		
Current Ratio (CA/CL)	0.6	0.6
Cash Flow to Current Liabilities (CFO/CL)	-21.38%	-67.04%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	-3.0%
Total Margin (ER/TR)	-0.53%	-5.40%
Measure of Available Funding		
Working Capital	(\$2,696,622)	(\$2,473,360)

Logic Table	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	FALSE	FALSE	FALSE	FALSE	TRUE
Cash Flow to Current Liabilities	FALSE	FALSE	FALSE	FALSE	TRUE
Debt to Equity	TRUE	FALSE	FALSE	FALSE	FALSE
Total Margin	FALSE	FALSE	FALSE	FALSE	TRUE

Capital Requirements and Funding:

The applicant projects \$228,530 in total capital expenditure of which \$203,530 is for this CON. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand and supplemented by Chapters Health System, the parent company of Hernando-Pasco Hospice, which has approximately \$13 million in cash and cash equivalents. With HPH Hospice having \$1 million in cash and cash equivalents, the applicant and its parent have sufficient resources to fund this project.

Staffing:

Schedule 6A indicates total FTEs of 15.4 in year one ending December 31, 2019 and 17.5 in year two of operation ending December 31, 2020. See the table below.

**HPH – CON application #10558
Proposed Eight Bed Freestanding Inpatient Hospice Facility in
Hospice Service Area 3C (Citrus County, Florida)**

Staff Position	FTEs for Year One Ending 6/30/2020*	FTEs for Year Two Ending 6/30/2021*
Team Secretary	1.0	1.0
Hospice Aide	0.0	2.1
LPN	4.2	4.2
RN	3.7	3.7
Chaplin	0.5	0.5
Social Services Specialist	0.5	0.5
Manager, Hospice House	1.0	1.0
Dietary Aide	2.0	2.0
Supervisor, EVS	0.5	0.5
Housekeeper	2.0	2.0
Total	15.4	17.5

Source: CON application #10558, Schedule 6A

Note: *The reviewer changed the applicant's '2019' and '2020' to show the operational year one and two dates

Notes to Schedule 6A indicate that staffing levels are based upon Chapters Health System's experience in Hillsborough County and the requirements necessary to provide the same high level of care provided by LifePath Hospice. HPH states it "does not anticipate any difficulty recruiting sufficient FTEs to staff all proposed positions as they currently operate in a contiguous county... (and) positions will be open to existing employees, some of whom live in the (3C) service area..." Schedule 6A notes also address wages, salary costs and fringe benefits.

The applicant provides an overview of Chapters and HPH key management personnel on pages 59 – 65 of the application. HPH provides recruitment and hiring policies in Tab 9 of CON application #10558. Employee retention and benefits were not discussed.

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.**

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. 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.

HOSPICE REVENUE TABLE
Year Two Ending June 30, 2021

CON application #10558	Hernando-Pasco Hospice				
Citrus	Wage Component	Wage Index	Adjusted Wage Amount	Unadjusted Component	Payment Rate
Base Rate Calculation					
Routine Home Care 1-60 days	\$134.84	0.8	\$107.87	\$61.41	\$169.28
Routine Home Care 61+ days	\$105.96	0.8	\$84.77	\$48.25	\$133.02
Continuous Home Care	\$685.30	0.8	\$548.24	\$312.08	\$860.32
Inpatient Respite	\$95.27	0.8	\$76.22	\$80.74	\$156.96
General Inpatient	\$485.24	0.8	\$388.19	\$272.83	\$661.02
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 1-60 days	1.071	\$181.29			0
Routine Home Care 61+ days	1.071	\$142.45	\$0		0
Continuous Home Care	1.071	\$921.32		24	0
Inpatient Respite	1.071	\$168.09			0
General Inpatient	1.071	\$707.89	\$1,405,658		1,986
		Total	\$1,405,658		1,986
		Days from Schedule 7			1,825
		Difference			-161
		Percentage Difference			-8.81%

The applicant's projected patient days are nearly eight percent or 161 days less than the calculated patient days. Operating profits from this project are expected to increase from an essentially break-even point of \$291 in year one to a profit of \$99,829 in year two.

Conclusion:

This project appears to be financially feasible, although patient days, and thus revenue, may be understated.

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

Strictly, from a financial perspective, the type of price-based 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.

Conclusion:

Strictly, from a financial perspective, this project will not have a material impact on price-based competition.

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable.

The facility was previously approved for use as an inpatient hospice facility under recent but previous applicable code and standards. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule. A due diligence study should be commissioned to determine if any subsequent changes to the building code, life safety code, or other applicable standards would require physical plant changes

to meet current requirements. Such changes (if any) are not expected to have a significant impact on the cost or schedule of relicensing the facility.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant. Additional review of plans for inpatient hospice by the Office of Plans and Construction is not required.

- 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.

The applicant states that 3.6 percent of HPH's total admissions in Hospice Service Areas 3C, 3D and 5A were Medicaid and 1.9 percent were self-pay/uncompensated care during 2017. Chapters Health System affiliates (including Hospice Service Areas 3C, 3D, 5A, 6A and 6B) reported Medicaid patient days "equivalent to six percent in total" and \$2.02 million in uncompensated care in 2017 per HPH.

The applicant's Schedule 7A indicates that Medicaid will account for 2.8 percent of the project's total annual patient days in years one and two, respectively. Notes to Schedule 7A show indigent/charity care patient days at 0.2 percent (two days in year one and four days during year two) of the project's total patient days. HPH includes Chapters Health System's charity care policy in Tab 11 of CON application #10558. This two-page document "Guideline: Community Care Program a/k/a Charity" specifically lists HPH Hospice and all Chapters entities it applies to.

HPH projects the eight-bed inpatient hospice will have 1,460 total patient days in year one "ending 2019" and 1,825 in year two "ending 2020", on Schedule 7A. The applicant indicates its projections are based on the experience of LifePath Hospice in Hillsborough County. The majority of patient days, both years, are attributed to Medicare patient days. See the table below.

**HPH Hospice, Inc. - CON application #10558
Patient Days by Payor Source
Year One (Ending 2019) and Year Two (Ending 2020)**

Payer Source	Year One Patient Days	Year One Percentage	Year Two Patient Days	Year Two Percentage
Medicare	1,337	91.6%	1,672	91.6%
Medicaid	41	2.8%	51	2.8%
Commercial Insurance	79	5.4%	98	5.4%
Self-Pay*	3	0.2%	4	0.2%
Total Patient Days/Percentage	1,460	100%	1,825	100%

Source: CON application #10558, Schedule 7A.

Note: *Self-Pay is stated to be Indigent/Charity in the applicant's Schedule 7A Supporting Worksheet 2. The Supporting Worksheet shows two Indigent/Charity days instead of the three on Schedule 7A. This appears to be a mathematical error as the applicant indicates total patient days are 1,460 but the worksheet's days total 1,459. The applicant uses the "Other Pay" column on Schedule 7A as a revenue reduction calculation.

The reviewer notes that the applicant projects the facility to be licensed June 2019 and operational July 2019, while the Schedule 7A indicates 2019 and 2020 are years one and two of operation. The applicant's Schedule 5 shows the total patient days contained in Schedule 7A with the correct years of operation - year one ending June 2020 and year two ending June 2021. Notes to the Schedule 7A indicates that the above payor source table is based on the inpatient beds only. However, HPH expects continued residential utilization in years one and two of the project. Year one is projected be 50/50 (four beds) residential and (four beds) inpatient utilization and year two is expected to be 63 percent (five beds) inpatient and 37 percent (three beds) residential utilization.

F. SUMMARY

Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice (CON application #10558), a Florida not-for-profit corporation, managed by Chapters Health System, Inc., proposes to establish a new, eight-bed freestanding inpatient hospice facility in Hospice Service Area 3C (Citrus County), at 2939 West Gulf to Lake Highway in the Town of Lecanto.

Total project cost is \$203,530. Costs covered are for equipment, project development and start-up. The project involves 13,064 GSF of previously constructed and licensed space.

The applicant does not propose any condition on the proposed project on Schedule C of the application, yet states on pages 41-42 that "HPH Hospice conditions this application on the opening of its proposed Citrus County inpatient facility within 120 days of final approval for its project, signifying willingness and ability to quickly respond to the local communities needs and ability to rapidly implement its proven programs and services in new markets".

Need/Access:

- The Agency does not publish need for inpatient hospice beds. There is one facility with a total of 16 licensed inpatient hospice beds and no CON approved freestanding hospice facilities or beds pending licensure in Hospice Service Area 3C.
- HPH asserts that population growth and the aging of the existing population in the area will result in increased demand for hospice services and utilization of inpatient services.
- HPH indicates serving an ADC of approximately of 75 patients in Citrus County as of November 2018 and expects its utilization to continue to grow. The project would help ensure continued growth.
- The applicant contends that in the current situation, HPH patients who need inpatient hospice services either leave the county or change hospice providers, neither which is a satisfactory option.
- Patients receiving hospice services will have an additional option for home-like inpatient services in a more convenient and accessible location. The proposed facility “is centrally located in Citrus County and approximately equidistant between” HPH’s contracted hospitals - Citrus Memorial Hospital in Inverness and Seven Rivers Regional Medical Center in Crystal River.
- HPH indicates that the inpatient hospice care it provides in SNFs is specific to the SNF resident and it is extremely rare that the resident can remain in the SNF when inpatient hospice care is needed.
- The applicant contends that care provided in a freestanding inpatient hospice house ensures greater uniformity and continuity of hospice care in a home-like, non-institutional atmosphere—allowing a greater level of involvement by volunteers than inpatient hospice care provided in a hospital.
- HPH maintains that the private rooms and smaller number of beds in a freestanding hospice house allows more focus on palliative and comfort care for families and patients.
- HPH states that it must bear the expenses associated with a care team to plan, implement and oversee the care delivered in the acute care hospitals and that savings will be realized by having “HPH inpatient care staff concentrated in a single location for the vast majority of our inpatient care”.
- Reopening the existing facility will require almost no cost because the facility has been maintained in operational condition, including updates to fire and life safety systems and nearly all equipment (including beds and furniture) are in place.
- HPH indicates that it is paying twice for the building component of inpatient hospice care—once through the total daily per diem it pays to the hospital to cover the portion of its costs and again for the costs of HPH’s own empty inpatient building.

- The applicant contends that the project will result in an improvement of \$157 per diem for a total improvement in year two operating income of \$286,525.

The Agency finds that the applicant, on balance, met the statutory and rule requirements to approve a new inpatient hospice facility including information regarding how the proposed project will be more cost-efficient than contractual arrangements with existing facilities in Hospice Service Area 3C.

Quality of Care:

- HPH maintains hospice programs in Florida in Hospice Service Areas 3C, 3D and 5A. Other Chapters affiliates serve Hospice Service Areas 6A and 6B.
- The applicant provided a detailed discussion of its ability to provide quality care.
- Agency records indicate that HPH had two substantiated complaints statewide and the parent, Chapters, had five substantiated complaints (encompassing five hospice service areas) during the three-year period ending December 17, 2018.

Financial Feasibility/Availability of Funds:

- Funding for the project should be available as needed.
- The project appears to be financially feasible, although patient days, and thus revenue, may be understated.
- Strictly from a financial perspective, the project will not have a material impact on price-based competition.

Medicaid/Indigent/Charity Care:

- Hospice programs are required by law to provide services to all who seek them.
- The applicant's Schedule 7A indicates that Medicaid will account for 2.8 percent of the project's total annual patient days in years one and two, respectively. Schedule 7A notes show indigent/charity care patient days at 0.2 percent (two days in year one and four days during year two) of the project's total patient days.

Architectural:

- Review of architectural plans, narratives and supporting documents does not reveal any deficiencies that are likely to have significant impact on construction costs or proposed completion schedule.

- The estimated cost and project completion forecast appear to be reasonable.

G. RECOMMENDATION

Approve CON #10558 to establish an eight-bed inpatient hospice facility in Hospice Service Area 3C, Citrus County. The total project cost is \$203,530. The project involves 13,064 GSF of previously constructed and licensed space.

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 Administration Services Manager
Certificate of Need