

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Arc Hospice of Florida, LLC/CON application #10740

100 Challenger Road, Suite 105
Ridgefield Park, New Jersey 07660

Authorized Representative: David Glick, CEO
Authorized Representative
(917) 647-1536

2. Service District/Subdistrict

Service Area (SA) 3E (Lake and Sumter Counties)

B. PUBLIC HEARING

No public hearing was requested or held.

Arc Hospice includes 36 letters of support and provides excerpts of these throughout the application. These letters are listed under the following topics:

Skilled Nursing Facilities and Assisted Living Facilities:

Rob Manela, CEO of Millennial Healthcare (letter not signed) indicates willingness to contract with Arc at the following facilities:

- North Campus Rehabilitation and Nursing Center, Lake County
- South Campus Care Center and Rehab, Lake County
- Lady Lake Specialty Care Center, Lake County
- The Springs, Assisted Living Facility, Lake County
- The Villages Rehabilitation and Nursing Center, Lake County
- Cypress Care Center and Rehab, Sumter County
- The Club, Sumter County¹

¹ The Club's licensed name is "Club Healthcare and Rehabilitation Center at The Villages (The)" in Marion County. The Villages is a Census Designated Place in Marion & Sumter Counties. It has 10 Post Offices - five in Marion, four in Sumter and one in Lake County.

Arc also includes letters from Tonya Oliver, NHA, Lady Lake Specialty Care Center and Louis Kass, LNHA, RN, Administrator, South Campus Care Center. Ms. Oliver's letter confirms her facility's interest in contracting with Arc for inpatient hospice beds.

Physicians/Nurses:

- Dr. Alfredo Farinas, MD, UF Health, The Villages Hospital
- Dr. Claude Danois, Hospitalist, UF Health Central Florida
- Dr. Barbara Entsuah, MD (Resident and Retired Physician)

Health-related Associates:

- Heather B. Long, Chief Executive Officer, UF Health Central Florida
- Ashley Simmons, Interim Site Administrator, UF Health Leesburg, Vice President of Clinical Outcomes, UF Health Central Florida
- Joy L. Barlaan, APRN, Director and Owner, Rehab at Home, a Home Health Care Agency serving Lake and Sumter Counties
- Camae Cotten, My Brother's Keeper (a private caregiving company)

Elected Officials and Community Leaders:

- Senator Dennis Baxley, President Pro Tempore, Florida State Senate, District 13 (Lake County and part of Orange County)
- Senator Blaise Ingoglia, Florida State Senate, District 11 (Citrus, Hernando, Sumter Counties, and part of Pasco County)
- Representative Keith Truenow, Florida House of Representatives, District 26 (part of Lake County)
- Willie Hawkins, Eustis City Commission, Seat 3
- Clermont City Council:
 - Michael Gonzalez, Seat 1
 - Ebo Entsuah, Seat 4
 - Michele Pines, Seat 5
- Julio Fuentes, President, Florida State Hispanic Chamber of Commerce
- Max Kryzminski, Chairman, Clermont Planning and Zoning Commission
- Catherine F. Ackerman, Executive Director and In-House Counsel, Fifth Circuit Public Guardian Corporation
- Sharon Keys, President, Lincoln Park South Lake Alliance
- T.J. McCoy, Founder/President, EYP (Empowering Young People)
- Otis Taylor, President, Give a Day Foundation
- Roland Nunez, President, Hispanics of Lake County Association

Clergy:

- Dr. Tony McCoy, Sr. Pastor, Hope International Church Groveland
- Brooks Braswell, Pastor, First Baptist Church Umatilla
- Johnathan Brinkley, Pastor, Vision Church Groveland
- Tony L. Jones, Sr. Pastor, The City Ministries (Wildwood)

The reviewer notes Pastors Brinkley and Jones letters are not signed. Arc Hospice of Florida, LLC also included two “Resident” and eight (quoting three) “Resident/Small Business Owner” letters of support.

Letters of Opposition:

Cornerstone Hospice & Palliative Care, Inc., and VITAS Healthcare Corporation of Florida, two of SA 3E’s three licensed hospice programs submitted letters opposing the project. These letters cite SA 3E’s zero published need and other reasons to support the argument that there is no basis to approve another SA 3E hospice.²

David C. Ashburn, Esquire with the Greenberg Traurig Law firm, representing Cornerstone Hospice and Palliative Care, Inc. submitted a four-page letter and three exhibits (A-C) in opposition to the projects. Mr. Ashburn states, “Cornerstone is widely recognized as an outstanding health care provider and business” and cites its Joint Commission accreditation, having received the Florida Hospice and Palliative Care Organization’s Program Innovation Award, and being recognized on multiple occasions as a “Great Place to Work”. Exhibit A lists 13 examples of Cornerstone’s special accreditations and awards. Exhibit B includes an “inexhaustive list of special programs and activities” provided by Cornerstone. Mr. Ashburn notes that Cornerstone has inpatient hospice facilities at four locations in the SA.

Cornerstone opposes the applications “because there is no need for a new hospice program in 3E, neither proposed new hospice would expand access... and either proposed hospice would primarily and unnecessarily serve to exhaust already limited resources within 3E”. Mr. Ashburn provides a chart detailing the current and three previous fixed need pools (-599 high to -334 low) and states this demonstrates that the SA 3E population is well served by the existing providers. The Medicare Hospice Penetration Rate is cited as an indicator of access and a chart detailing the SA patients served, penetration rate by county and SA 3E compared to statewide rate shows the SA exceeds the statewide rate. Mr. Ashburn notes that SA 3E ranks 12th highest in the state and the 3E rate is higher than 55 of the 67 counties in Florida.

² Both cite two projects as opposition letters were required to be submitted by the omissions deadline, which was prior to the withdrawal of Charis Healthcare Holdings, LLC’s application.

Mr. Ashburn states Cornerstone provides education and works with SA 3E assisted living facilities and nursing homes. Cornerstone has contracts with all Sumter County and all but three of Lake County's nursing homes. The three non-contract Lake County nursing homes are on Cornerstone's rotation and are provided with ongoing education.

Cornerstone contends that approval of a new SA hospice would not provide any community benefit and would adversely impact its recruiting and retaining qualified staff. Recruiting staff for rural areas is stated to be challenging but especially for SA 3E as much of the SA is rural. State of Florida RN stats are provided with the State having 1,408.5 RNs per 100,000 population, Sumter County 938.7 RNs per 100,000 population and Lake County having 1,397.1 RNs per 100,000 population. Mr. Ashburn concludes that a new SA 3E hospice program "would face a substantial challenge in recruiting RNs..." and "would necessarily exacerbate the existing RN shortage".

Cornerstone's experience in staffing RN and LPN positions include:

- Cornerstone has experienced delays of 100 or more days to fill more than 45 positions during the "past approximately thirteen months"
- While Cornerstone has filled more than 30 RN and LPN positions during the "past approximately thirteen months", it took 100 or more days to fill two thirds of these and more than four months to fill almost half of these
- Cornerstone currently has more than vacant 20 RN or LPN positions and almost half of these have been vacant for more than five months, with only two being open for fewer than 30 days.

Mr. Ashburn concludes that 3E residents are well served by the existing providers, there is no need for another provider and a fourth provider "will serve only to exacerbate the existing staff shortages within the SA".

Jennifer Nygaard, VITAS Healthcare Corporation of Florida, Sr. Vice President of Operations for the Northern Region of Florida submitted a seven-page letter opposing the applicants SA 3E projects. The SA's two counties and three "unique" hospice providers are listed. Ms. Nygaard cites the Agency's need formula calculation showing no need for an additional SA hospice for the January 2025 planning horizon results in a negative need of 420 patients.

Further, that in the absence of need, Rule 59C-1.0355(4)(d) Florida Administrative Code, criteria require an applicant to demonstrate that a specific terminally ill population, county, or counties within the

subdistrict are not being served. However, VITAS data indicates that all SA patients have “ready access to the hospice care they need”. The SA’s hospice utilization is consistently above the statewide average, VITAS’ patient census is trending upwards since 2018, 2022 Medicare Claims data show low SA out-migration of 10 percent of the average daily census of hospice patients in both counties, the majority of physicians SA 3E hospice patients’ greater than 30 days average length of stay (ALOS), and SA health care providers and community members satisfaction with the quality and level of care they receive. Ms. Nygaard contends these factors reinforce that there is no need for another hospice in the SA.

Data included on pages 2—4 show the SA’s need projection, hospice utilization, out-migration, and hospice ALOS for Physician Referrals. Five letters from local physicians opposing the addition of a new hospice in the service area are included in a separate attachment. Ms. Nygaard’s letter includes excerpts from two of these physicians. The clinician staffing supply is also addressed with VITAS providing statewide data from two sources. VITAS contends that a new SA hospice would strain the existing providers and make it difficult for a new provider to staff its operations and fully serve hospice-eligible patients.

Ms. Nygaard concludes that the three existing SA providers provide high-level hospice services to all hospice-eligible SA 3E patients. Further, there is no need for an additional hospice as there is no terminally ill population or county not being served by the existing providers.

C. PROJECT SUMMARY

Arc Hospice of Florida, LLC (CON application #10740), also referenced as Arc Hospice, Arc or the applicant, is a for-profit, development stage Florida Limited Liability Company established on February 21, 2023. Arc states that its parent company, American Hospice Systems (AHS) owns and operates Arcturus Hospice and Palliative Care in Norcross, Georgia. The applicant proposes to establish a new hospice program in SA 3E in the absence of published need.

Arc anticipates issuance of license and initiation of service in July 2024.

Total project cost is \$418,030 and includes project development, start-up and equipment costs.

Pursuant to project approval, Arc Hospice of Florida, LLC offers the following Schedule C conditions:

General

- Arc Hospice will seek accreditation with the Community Health Accreditation Partner (CHAP) group or Accreditation Commission for Healthcare (ACHC) group within 18 months of initial licensure, demonstrating its commitment to delivering the highest standards of care to patients and their families.

Proposed Measure: This will be measured by submitting certification for hospice documentation upon receipt.

- Arc Hospice will commit to conduct an annual Bereavement Symposium to provide local clergy and other professionals with resources to support those in grief.

Proposed Measure: This will be measured by annual reporting of the Symposium date and attendance to AHCA.

- Arc Hospice also proposes to provide annual funding of \$5,000 towards the Arc of Life program designated for the end of life wishes for Arc Hospice patients and their families beginning in the first year of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice will develop and implement a pre-hospice palliative care program.

Proposed Measure: This will be measured by reports presented to AHCA detailing the program and initiatives within the program.

Ethnic and Racial

- Cultural Connections outreach and education program — Arc Hospice commits \$5,000 annually for a period of five years for hosting quarterly community educational programs specifically for the Hispanic and African American communities.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice will have in place a Cultural Liaison position, a key team member who is appointed to take the lead on minority outreach initiatives. This individual will be responsible for helping to identify, develop and implement strategies and plans to bridge cultural differences.

Proposed Measure: This will be measured by reports presented to AHCA detailing the position is filled and the progress of the development of annual initiatives.

Education

- Arc Hospice also commits to developing a formalized internship program with a local educational institution specifically to provide internship opportunities within Arc Hospice for Hispanic and African American communities. This program will be supplemented with a \$5,000 annual funding commitment for, at a minimum, the first five years of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice is committed to providing internship opportunities to qualified students in nursing, gerontology, social work, music therapy, and pastoral counseling training programs within the hospice service area. This program will be supplemented with a \$5,000 annual funding commitment for, at a minimum, the first five years of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice is committed to supporting and sponsoring hospice and palliative care certifications for its skilled nursing staff (CNA, LPN, RN, and APN). This program will be supplemented with a \$5,000 annual funding commitment for, at a minimum, the first five years of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

Transportation

- Arc Hospice will allocate \$5,000 per year for three years to fund family transportation needs to facilitate visits to hospice patients where transportation is a barrier in Service Area 3E. Specific attention will be directed to rural communities.

Proposed Measure: This will be measured by reports presented to AHCA detailing the progress of the development of the program. The reports will be annual until the program development is completed.

- Arc Hospice will commit to the purchase of a van and hiring of a driver, offering transportation to and from medical appointments, support groups, and other hospice related activities.

Proposed Measure: This will be measured by reports presented to AHCA detailing the purchase of the vehicle and the progress of the development of the program. The reports will be annual until the program development is completed.

The proposed conditions and measures are as stated by the applicant. Should a 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. However, Section 408.043(3) Florida Statutes states that "Accreditation by any private organization may not be a requirement for the issuance or maintenance of a certificate of need under ss. 408.031-408.045, Florida Statutes."

Section 400.606(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."

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 criteria in Chapter 59C-1, 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 Chapter 59C-1, 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 Sarah Zimmerman analyzed the application in its entirety with consultation from financial analyst Kimberly Noble 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, Florida Statutes, applicable rules of the State of Florida, and Chapter 59C-1, 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 49, Number 151 of the Florida Administrative Register, dated August 4, 2023, the Agency indicated zero net need for a new hospice in SA 3E (Lake and Sumter Counties) for the January 2025 hospice planning horizon. Hospice SA 3E admissions for the five-year periods ending June 30, 2019 – June 30, 2023, are shown in the table below.

Service Area 3E (Lake & Sumter Counties)

Hospice	2023	2022	2021	2020*	2019
Compassionate Care Hospice of Lake & Sumter	926	951	789	510	515
Cornerstone Hospice & Palliative Care Inc	3,755	3,808	3,415	3,364	3,626
VITAS Healthcare Corporation of Florida	1,418	1,459	1,398	1,084	577
Total	6,099	6,218	5,602	4,958	4,718

Source: Agency for Health Care Administration Florida Need Projections for Hospice Programs, issued for the referenced time frames with the exception in the “Note” below.

Note: *The 12 months ending June 30, 2020, include 2,377 July-December 2019 admissions which were not published due to the cancellation of the July 2020 batching cycle.

The Agency’s hospice need calculation is presented on the application’s page 31. Arc contends that its expanding from Georgia to Florida is a natural progression for the organization and that with its years of experience and proven track record in providing quality hospice care, it is well positioned to bring its expertise and resources to SA residents. Further, relationships Arc has developed throughout SA 3E’s continuum of care make it best suited to meet the needs identified by the data and knowledge Arc gained from meeting with members of the community.

Figure 6 (CON application #10740, page 33) depicts the SA’s total projected population growth for Lake, Sumter and the SA from January 1, 2024 to January 1, 2029. SA 3E’s population is projected to increase by approximately 67,219 residents or 11.5 percent, Lake County by 10.2 percent and Sumter County by 15.5 percent and SA 3E by 11.6 percent compared to the state’s six percent.

Figure 7 (CON application #10740, page 33) depicts the SA’s age 65 and over population to support Arc’s argument that the large and growing population base of elderly residents (65 and over) will continue to be a key component in the need for additional end-of-life care resources, including hospice care. Arc notes that the SA’s elderly resident population will increase by approximately 19 percent from 192,945 to 229,175 in 2029 with the compound annual growth rate (3.5 percent) slightly higher than the states’ 2.9 percent. Arc assures that it will prioritize community outreach and education and provide specialized services for common issues faced by elderly patients, such as mobility issues, dementia, and chronic health conditions.

Figure 8 (CON application #10740, page 34) shows SA 3E hospice admissions for the July 2022—June 2023 period by provider in the FNP categories, total admissions and percent of the SA’s admissions. Arc’s Figure 9 (CON application #10740, page 34) shows the FNP projections for the January 2025 planning horizon’s projected 5,679 admissions, well below the 6,099 reported July 2022-June 2023 admissions. Thus, the no need (-420) determination and Arc applying to establish a 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. **That a specific terminally ill population is not being served.**
 2. **That a county or counties within the SA of a licensed program are not being served.**

The applicant provided a detailed argument in support of the need for its respective project. Arc contends that Sumter County has a lower penetration rate for patients discharged from the acute care setting to hospice when compared to Florida, other hospice service areas in the state, and Lake County, indicating a disparity. The Agency’s CY 2021 Hospital Discharge Database and Florida Department of Health, Bureau of Vital Statistics are used to compare acute care discharges referred to hospice and resident deaths. See the table below.

**Hospice Penetration Rates for Hospital Discharges
Referred to Hospice CY 2021**

Area	Discharges Referred	Resident Deaths	P-Rate
Sumter Co.	583	2,741	0.213
Lake Co.	2,043	5,764	0.354
SA 3E	2,626	8,505	0.309
State	80,969	261,236	0.310

Source: CON application #10740, page 37.

Arc next uses the Agency’s CY 2021 Hospital Discharge Database and Florida Department of Health, Bureau of Vital Statistics to compare acute care discharges referred to hospice and resident deaths for all hospice SAs and Florida averages. The reviewer includes Lake County and Sumter County for comparison. See the table below.

**Hospice Penetration Rates for Hospital Discharges
Referred to Hospice CY 2021**

Service Area	Discharges Referred	Resident Deaths	P-Rate
7B	5,578	14,310	0.39
5A	3,078	8,132	0.38
9B	2,724	7,563	0.36
Lake County	2,043	5,764	0.354
7C	1,534	4,400	0.35
9C	5,988	17,791	0.34
4B	3,740	11,157	0.34
6C	1,765	5,301	0.33
10	6,225	18,758	0.33
11	8,838	26,731	0.33
3D	1,219	3,688	0.33
8B	1,455	4,461	0.33
8A	1,229	3,819	0.32
6B	3,902	12,284	0.32
Florida	80,969	261,236	0.310
3E	2,626	8,505	0.309
3C	1,099	3,563	0.31
5B	4,272	13,924	0.31
6A	4,351	14,316	0.31
3B	2,134	7,068	0.30
8D	2,106	7,117	0.30
4A	5,363	18,573	0.29
9A	752	2,714	0.28
1	2,722	9,943	0.27
3A	2,219	8,217	0.27
8C	2,694	10,056	0.27
Sumter County	583	2,741	0.213
7A	1,775	9,278	0.19
2A	844	4,571	0.18
2B	737	4,835	0.15

Source: CON application #10740, page 38.

Note: Arc shows 171 'other' deaths and indicates there is a slight variance in discharges compared to other data in the application due to the difference in data pull dates.

Arc notes that Sumter County's (0.213 rate) is the fourth lowest while Lake County's (0.354) penetration rate is the fifth highest when compared to all hospice service areas. Further, Florida's penetration rate is approximately 46 percent higher than Sumter County's. Arc contends that the lower penetration rate for Sumter County indicates need for additional hospice services, residents would benefit from its proposed project and based on its analysis and its first-hand knowledge gained from interacting with the community and acute care providers, there is demand for additional SA hospice services. The applicant assures that its 3E presence will increase demand for hospice services, hospice penetration rates and overall hospice usage. Arc provides excerpts from Heather B. Long, Chief Executive Officer, UF Health Central Florida, and Ashley Simmons, Interim Site Administrator, UF Health Central Florida, Vice President of Clinical Outcomes citing challenges with existing hospice services in the area including delays in admission to hospice,

integration between hospice and residential facilities care teams, and education and their support for Arc's application under "special circumstances".

Arc states that approximately 83 and 89 percent of Lake and Sumter Counties, respectively, are land classified as rural and that even the areas defined as urban have rural characteristics. Further, both Lake and Sumter Counties have a high percentage of land that is classified as rural per the county-level information for the 2020 Census updated September of 2023.

Arc uses the Report to the Congress: Medicare Payment Policy, MedPAC and the Report to the Congress: Medicare Payment Policy, in Figures 12 and 13 on pages 40 and 41 to support the claim that rural hospices continue to decrease while urban hospices continue to increase meaning that the usage of hospice remains much higher in urban areas. Arc notes that one in five individuals in the 65-plus age cohort live in rural areas and that this disparity is increased given that this age cohort has a higher need for hospice services. An article presented in the American Journal of Hospice & Palliative Medicine, Providing Hospice Care in Rural Areas: Challenges and Strategies, is cited that shows rural areas continue to use hospice care less compared to their urban counterparts, bringing into question access to hospice care.

Arc cites excerpts supporting need for hospice in its rural area from:

- Julio Fuentes, President Florida State Hispanic Chamber of Commerce
- Heather B. Long, Chief Executive Officer, UF Health Central Florida
- Dennis Baxley, Senator, Senate District 13

Arc contends that there is a disparity in use and access to hospice services in SA 3E, particularly Sumter County and the rural areas. Further, based on its analysis, it has developed specialized strategies to overcome geographic, logistical, and accessibility challenges inherent in these areas. Arc's Rural Care Program, which will be focused on providing in-home services to patients in rural areas is described in detail on CON application #10740, pages 43-47 and Exhibit F includes Arc's Rural Care Program policy. The program will include targeting hiring staff living in the rural communities, specialized training, regular community assessments, collaboration with local community organizations and faith-based groups, outreach and education campaigns in rural areas, etc. Arc describes partnering with community stakeholders such as faith-based and community organizations and providing culturally sensitive care. Arc concludes by reiterating that the

“hospice penetration rates and the rural environment within the counties indicate a disparity within Service Area 3E and demonstrates a special circumstance for a new hospice”.

In support of the specific terminally ill population not being served, Arc contends:

- Analysis of SA 3E using state-wide ratios shows that a growing number of the non-cancer, age 65 and older segment that will require hospice services, demonstrating a notable gap in care for this patient population.
- Arc has identified underserved sub-population groups, including:
 - Care for patients with the following disease categories:
 - Heart Disease
 - Cancer
 - Cerebrovascular Disease
 - Chronic Lower Respiratory Disease
 - Dementia/Alzheimer’s Disease
 - Chronic Liver Disease and Cirrhosis
 - Care for ethnic and race population cohorts such as Hispanics and African Americans
 - Care for the Veteran population
 - Care for residents of rural communities

Tables showing the SA’s historical death trends use data from the Agency’s Florida Hospice Need Projections for Hospice Programs (Figure 14 “SA 3E Resident Deaths 2016-2021, All Causes” and Figure 15 - “SA 3E Residents Deaths by AHCA Planning Category/Age Cohort) and the Florida Department of Health, Bureau of Vital Statistics (Figure - 16 “SA 3E 2021 Top 11 Leading Causes of Death”, Figure - 17 SA 3E & Florida Mortality Trends for Non-Cancer Patients by Age Cohort 2017-2021 and Figure - 18 SA 3E & Florida Mortality Trends for Cancer Patients) to support Arc’s contention that the growing mortality trends particularly for the non-cancer patients “will require enhanced access to hospice services”. Arc asserts that as the population grows and resident deaths increase there is a need for a new hospice and ensures that it is prepared to serve the needs of these non-cancer patients. However, this is historical data and the fixed need pool formula addresses the need issue relevant to age cohorts and cancer, non-cancer deaths and there is no projected need for a new SA 3E hospice.

Under the heading “Home or Inpatient Hospice”, Arc notes that SA 3E has three hospice providers and Compassionate Care Hospice, Cornerstone Hospice and Palliative Care Inc and VITAS Healthcare Corporation of Florida, and the latter two serve patients in other SAs.

Cornerstone Hospice and Palliative Care Inc’s four freestanding hospice facilities are addressed, Arc noting these are:

- Six beds at the Frank and Helen DeScipio Hospice House in Taveres in Lake County
- 24 beds at The Villages Hospice House in The Villages in Sumter County
- Ten beds at The Mike Conley Hospice House in Clermont in Lake County
- Eight beds at The Lane Purcell House in Sumterville in Sumter County.

The applicant provides the following table addressing hospital discharges to home or inpatient hospice in CY 2021.

**Patients Originating from Service Area 3E
CY 2021 Hospital Discharges to Hospice & Resident Deaths**

Area	Referred to Home Hospice	Referred to Inpatient Hospice	Total	Resident Deaths
Lake County	910	1,133	2,043	5,764
Sumter County	242	341	583	2,741
SA 3E	1,152	1,474	2,626	8,505

Source: CON application #10740, page 51, from AHCA Hospital Discharge database and Florida Department of Health, Office of Vital Statistics.

Arc states that SA 3E has approximately 17 percent of resident deaths discharged to inpatient hospice versus approximately 14 percent to home hospice and that the difference of approximately 30 percent, inpatient hospice was the preferred option, which would indicate an under-usage of the hospice benefit. Further, even less patients were discharged to hospice in Sumter County, especially home hospice with approximately 12 percent of resident deaths being discharged to inpatient hospice versus approximately nine percent to home hospice, representing a difference of over 40 percent. Arc cites the “Expect the Best” hospice study which indicates that 80 percent of Americans prefer, but only 20 percent of Americans die at home.

Where patients receive hospice care provided by the existing SA 3E hospice providers is addressed next. Arc’s Figure 20 has 2022 HealthPivots data for SA 3E current providers and the state (see below).

**Service Area 3E – 2022
Selected Characteristics in HealthPivots Data**

Facility	ALOS	30-Day Hospital Readmit	Home	NH/SNF	Hospice Facility	ALF
Compassionate Care	80	4.9%	47%	8%	0%	45%
Cornerstone	57	1.6%	57%	18%	2%	21%
VITAS	94	4.0%	57%	15%	1%	25%
Florida (All Hospices)	68	2.0%	57%	15%	2%	24%

Source: CON application #10740, page 52 from HealthPivots Data

Arc notes that Compassionate Care Hospice of Lake and Sumter has 87 percent more patients in assisted living facilities compared to all Florida hospices, a high 30-day hospital readmit rate (almost five percent or 150 percent higher) and an 80-day average length of stay (almost 20 percent higher than the Florida average). Further, VITAS Healthcare Corporation of Florida has a high 30-day hospital readmit rate (100 percent higher) and a 94-day ALOS (almost 40 percent higher), respectively, when compared to all Florida hospices.

Excerpts from letters of support (in the application’s Exhibit C), describe the challenges faced with patients receiving home hospice care, which Arc contends demonstrate the need for it to serve these patients. These were from:

- Brooks Braswell, Pastor, First Baptist Church Umatilla
- Rocco "Rocky" DeStefano Owner/Operator, Chic Fil A, Lake County
- T.J. McCoy, Founder/President, EYP (Empowering Young People)

Arc describes in detail ten key steps it will implement to provide appropriate levels of in-home hospice care, which include:

1. Comprehensive assessments
2. Coordination of care
3. Training and support for family caregivers
4. Utilize technology
5. Occupational and Physical Therapy
6. Specialized equipment and supplies
7. 24/7 Availability
8. Community partnerships
9. Continuous quality improvement
10. Emphasis on hiring in rural environments

Arc next addresses terminally ill populations it contends are underserved including patients with advanced heart disease, cancer, chronic lower respiratory disease, cerebrovascular disease, chronic liver disease and cirrhosis, and dementia/Alzheimer's disease (see the table below).

**Service Area 3E
2021 Top 11 Leading Causes of Death**

Rank	Cause of Death	Deaths	Percent of Total
1	Heart Diseases	1,817	21.4%
2	Malignant Neoplasm (Cancer)	1,662	19.5%
3	Other Causes of Death	1,104	13.0%
4	COVID-19	1,097	12.9%
5	Unintentional Injury	566	6.7%
6	Cerebrovascular Diseases	451	5.3%
7	Chronic Lower Respiratory Diseases	403	4.7%
8	Diabetes Mellitus	317	3.7%
9	Alzheimer's Disease	153	1.8%
10	Parkinson's Disease	133	1.6%
11	Chronic Liver Disease and Cirrhosis	117	1.4%
Total, Top 11 Causes of Death for SA 3E County Residents		7,820	99.1%
Other		685	8.1%
Total		8,505	

Source: CON application #10740, Figure 21, page 55, from Florida Department of Health, Bureau of Vital Statistics.

Arc notes heart disease was the leading cause of death in SA 3E in 2021 and contends that SA 3E heart disease deaths are growing at a faster rate than Florida as a whole. Florida Department of Health, Bureau of Vital Statistics data are used in Arc's Figures 22 and 23. Figure 22 shows heart disease accounted for 21 percent (1,223 of 5,764) of Lake County, 22 percent (594 of 2,741) of Sumter County and 21 percent of the SA's total deaths in CY 2021. Figure 23 shows SA 3E heart disease deaths grew by approximately 23 percent (1,471 in 2018 to 1,817 in 2021), compared to Florida's 6.6 percent (46,926 to 50,023).

Arc's Figures 24 and 25 are based on the Agency's hospital discharge database. Figure 24 shows 312 cardiovascular disease discharges; 11.9 percent of SA 3E's total of 2,626 discharges to hospice in CY 2022. Cardiovascular diseases to hospice increased by approximately six percent (from 294 in 2019) compared to other diseases discharged to hospice increasing approximately 25 percent (from 2,139 in CY 2019). Figure 25 shows 5.2 percent of patients with end stage heart disease (defined as the MS DRGs involving heart failure and shock) are discharged to hospice and the volume of patients with end stage heart disease decreased by approximately 9.3 percent from 2019 to 2022, while the number of patients discharged to hospice increased by a rate of 22.8 percent (2,139 in CY 2019 to 2,626 in CY 2022). Arc contends that many eligible SA 3E patients did not receive hospice care and it has identified the gap in end-of-life care for residents suffering from cardiac disease through community needs assessments and statistical data.

Arc discusses Cancer, Chronic Lower Respiratory, Cerebrovascular, Chronic Liver Disease and Cirrhosis and Dementia/Alzheimer's Disease and its programs on pages 57-61 of the application. The need for disease-specific care of other diseases is addressed with Arc stating that cancer (1,662 deaths) was the second cause of death in SA 3E in 2021 and over time hospice has evolved to include non-traditional diagnosis such as heart disease, chronic lower respiratory disease, cerebrovascular disease, chronic liver disease, and Alzheimer's disease.

Arc notes that 322 patients with pulmonary disease were approximately 12 percent of the 2,626 SA 3E patients discharged to hospice in 2022. However, the percent growth for SA 3E pulmonary disease patients discharged to hospice is approximately 24 percent lower than other diseases discharged to hospice. Arc shares that the same is true for cerebrovascular deaths in that 21 patients with ischemic stroke and nonspecific cerebrovascular disorders were discharged to hospice, or approximately less than one percent of the 2,626 patients discharged to hospice in 2022. The percent growth for SA 3E cerebrovascular disease patients discharged to hospice is approximately 80 percent lower than other diseases discharged to hospice.

Chronic liver disease and cirrhosis are discussed, and Arc indicates that only 45 such SA 3E patients were discharged to hospice, which is only two percent of the total discharges to hospice in 2022. These 45 patients represent only six percent of the total discharges for liver disorder patients. Arc's Figure 29 shows 2022's 45 discharges were 11.8 percent less than CY 2019 when 51 liver disorder patients were discharged to hospice.

Arc's CY 2021 (Figures 21 and 26) show Alzheimer's disease is the ninth leading cause of death for SA 3E residents. The applicant states Florida has the "second highest prevalence of individuals aged 65-plus" and "is projected to experience the ninth highest percent increase of individuals aged 65 and older with Alzheimer's compared to other states". From 2020 to 2025, this number is projected to increase by 24.1 percent from 580,000 - 720,000. Arc offers excerpts of its letters of support for its disease-specific care from Dr. Alfredo Farinas, MD, UF Health, The Villages Hospital, Dr. Claude Danois, Hospitalist, UF Health Central Florida, and Louis Kass, LNHA, RN, Administrator, South Campus Care Center.

Arc cites the cultural needs of Hispanic and African American populations quoting articles (included in the application's Exhibit D) published in the *Journal of the American Medical Association*, *Dying Poor in the US—Disparities in End-of-Life Care* and *Evaluation of Racial*

Disparities in Hospice Use and End-of-Life Treatment Intensity, and Latinos for Caring Connections, a National Hospice and Palliative Care Organization (NHPCO) program.

Arc states that from its research, it developed a plan to increase access to these underserved communities, which includes:

1. Increasing knowledge and awareness through education, community engagement and provider knowledge.
2. Reducing disparities by increasing access to culturally competent care for African American and Hispanic communities.
3. Establishing partnerships with key community (faith based and other community) stakeholders to help build trust and credibility within the groups in the community.
4. Providing culturally sensitive care is essential to addressing the unique needs of the groups within the community through training staff, hiring a diverse workforce, having cultural liaisons and providing relevant information and education to patients and families about end-of-life care and advance planning.

With respect to the specific care for the Hispanic community, Arc discusses the barriers often met with this population and uses data (Figure 32 on page 72) from the Office of Economic & Demographic Research, Florida Legislature for CYs 2025 and 2030. As of 2025, SA 3E has approximately 192,000 Hispanic residents, 11,150 of whom are aged 65 and over. Hispanics are projected to account for approximately 16 percent of SA 3E's total and six percent of the SA's age 65 and older population in 2025. Arc's states Hispanics accounted for approximately nine percent of the acute care discharges to hospice, yet only 141 Hispanic patients were discharged to hospice, or approximately five percent of the acute care discharges to 2,626 in 2022. Arc's Figure 33 shows the actual percentages are 8.8 and 5.2, respectively. SA 3E's non-Hispanic cohort accounted for approximately 87 percent of all discharges and approximately 92 percent of patients discharged to hospice with is a rate almost 75 percent higher compared to the Hispanic/Latino population. Arc notes this is an increase from CY 2019's approximately 31 percent higher rate and argues that the rate will continue to increase.

Excerpts from Michael Gonzalez, Seat 1, Clermont City Council, Julio Fuentes, President Florida State Hispanic Chamber of Commerce and Domingo Figueroa and Giovanni Ruiz, F&R Builder, Inc., confirming support of the need for Arc Hospice to develop hospice programs for the Hispanic population.

Arc next uses Office of Economic & Demographic Research, Florida Legislature projections for CY 2025 to show that 11 percent of SA 3E is Black/African American with five percent falling in the age 65 and over

population. Figure 36 shows that 135 Black or African American patients were discharged to hospice, or approximately five percent of the 2,626 patients in 2022. Arc argues that despite accounting for approximately nine percent of all discharges in 2022, fewer Black or African American patients were discharged to hospice compared to the White cohort which accounted for approximately 80 percent of all discharges and 90 percent of patients discharged to hospice and that the rate for the total population is also notably higher (almost 75 percent) than the one for the Black/African American population.

Arc concludes that the identified gap in access to care, including hospice care for the Hispanic and African American residents of SA 3E is apparent and that it is prepared to bridge the gap and have a positive impact on hospice care for these underserved patient population.

SA 3E's veteran population is discussed and Arc states it will develop a specialized veteran's program in SA 3E and collaborate with area veterans' organizations. Arc contends there is an inherent need for many palliative care and hospice resources to be able to provide care and support for SA 3E veterans and their families/caregivers and that its specialized veteran's programs will ensure that the ongoing needs of the veterans are met.

U.S. Department of Veterans Affairs data indicates that in 2023 there are approximately 50,000 SA 3E residents who are veterans. Approximately 33,000 are 65 years or older, which is approximately five percent of the state's total. Arc shares that SA 3E's veteran population is projected to decline from 2023 to 2028, likely due to a variety of factors, including the aging veteran population ultimately increasing deaths. The 2020 United States Department of Veterans Affairs Veteran Population Projection Model shows that in 2023, veterans aged 65 and older in SA 3E account for approximately 67 percent of the total veteran population. Arc concludes that SA 3E's increasingly aging veteran population will result in increased need for hospice.

Arc next discusses its patient centered care approach which includes four primary areas – physical, emotional, social, and spiritual needs. Excerpts from individuals below showing support for Arc Hospice's commitment to patient-centered care included were by:

- Dr. Barbara Entsuah, MD (resident & retired physician)
- Joy L. Barlaan, APRN, Director and Owner, Rehab at Home
- Ebo Entsuah, Seat 4, Clermont City Council

Arc's Figure 42 lists SA 3E's 19 nursing homes with 2,109 licensed beds. Arc notes that approximately 83 percent of the SA's nursing home beds are located in Lake County. A discussion of hospice and nursing home collaboration is provided, with Arc stating it will provide specialized attention to improving the collaboration and communication between nursing home facility caregivers and patients, as this was found to need improvement. Arc's collaboration with nursing home staff topics to ensure quality care include communication, care plan, consistent staffing, bereavement services, a specialized program for Alzheimer's disease/dementia, education and training, mutual respect, and joint admission and discharge planning.

Arc cites its "established working relationship with Millennial Healthcare" and states Millennial has "long term care facilities in Lake and Sumter Counties with greater than 600 beds" and "expressed a willingness to provide general inpatient beds at their facilities". Excerpts from Tonya Oliver, NHA, Lady Lake Specialty Care Center and Louis Kass, LNHA, RN, Administrator, South Campus Care Center are provided with Arc noting Ms. Oliver's indicating willingness to contract to provide general inpatient beds.

Arc states that it will develop relationships with local hospitals. Figure 43 lists the SA's four hospitals – three in Lake County with 807 beds and UF Health The Villages Hospital in Sumter County with 307 beds. Arc restates that "the rate of referral to hospice in Sumter County is far below Lake County and the Florida average". The applicant contends that "through its relationships with health care providers including area hospitals", it "will bring the potential for a powerful integration of high acuity palliative and hospice care" to SA 3E.

Arc next discusses the NHPCO report entitled, "Hospital-Hospice Partnerships in Palliative Care: Creating a Continuum of Service" (in the application's Exhibit D). The application's Figure 44, "Benefits of Collaboration for Hospice and Hospital Partners" lists benefits for the hospital (eight), for the hospice (eight) and four clinical benefits for the patient of a hospital based palliative care program. Arc's hospital discharge data is addressed earlier in this response to Item E. 1. b. special circumstances. Arc applies the Lake County hospice penetration rate for hospital discharges referred to hospice to Sumter County in its utilization projections in the tables below. As previously stated, Lake County had 5,764 residents' deaths and 2,043 hospice admissions for a hospice penetration rate of 0.354 in CY 2021.

**Service Area 3E
Applying Lake County Penetration Rate to Sumter County, 2021**

Area	Residents Deaths	Penetration Rate	Projected Patients	Actual Patients	Additional Patients to be served
Sumter County	2,741	0.354	972	583	389
SA 3E	8,505		3,015	2,626	389

Source: CON application #10740, page 123, Figure 48.

Arc indicates that “with focused efforts, activities, and relationships in the SA, particularly Sumter County, an increased penetration rate in Sumter County is expected” and it’s likely Lake County’s rate will increase “but to be conservative it is assumed” to remain the same. See the table below.

**Service Area 3E
Projected Hospice Patients Using Lake County Penetration Rate**

Area	Actual Hospice Patients (2023)	Additional Hospice Patients From Hospital Discharges (2023)	Total Expected Hospice Patients (2023)	Total Expected Hospice Patients (2024)	Total Expected Hospice Patients (2025)
SA 3E	6,099	389	6,448	6,715	6,950

Source: CON application #10740, page 123, Figure 49.

Arc contends there will be minimal impact on existing providers, projecting it will achieve 201 and 347 admissions and market shares of 3.0 and 5.0 percent in 2024 and 2025, respectively. See the tables below.

Projected Hospice Patients by SA 3E Provider

Projected Market Share	2024		2025	
	Admissions	Market Share	Admissions	Market Share
Compassionate Care Hospice of Lake and Sumter Inc	989	14.7%	1,002	14.4%
Cornerstone Hospice and Palliative Care Inc	4,010	59.7%	4,065	58.5%
VITAS Healthcare Corporation of Florida	1,514	22.6%	1,535	22.1%
Arc Hospice	201	3.0%	347	5.0%
Total	6,715		6,950	

Source: CON application #10740, page 123, Figure 50.

**Arc Hospice Projected SA 3E Utilization
Years One (2024) and Two (2025)**

	2024	2025
Projected 3E Hospice Admissions	6,715	6,950
Arc Hospice 3E Projected Market Share	3.0%	5.0%
Arc Hospice 3E Projected Hospice Admissions	201	347
ALOS	40	55
Patient Days	8,058	19,085
Average Daily Census	22.1	52.3

Source: CON application #10740, page 124, Figure 51.

Arc Hospice restates that the special circumstances presented demonstrate a need for an additional hospice provider as existing providers are not serving Sumter County and the more rural areas of SA 3E. Further, its demographic overview reveals SA 3E has a strong population base and a growing 65-plus population and it is committed and qualified to meet the identified need.

2. Agency Rule 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.

Arc summarizes its SA 3E need argument noting that further detail is included throughout this application. Topics covered in its response include demographic trends and expected growth, access and availability of hospice services, county not being served - Sumter County, terminally ill populations not being served, and specialized experience.

(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.

Arc states it will develop relationships with area nursing homes to improve access for high acuity patients along with offering home-based hospice services. Further, it has established a relationship with Lady Lake Specialty Care citing the facility's administrator - Tonya Oliver's excerpt on her willingness to contract with Arc for inpatient beds. Arc also cites Millennial Healthcare expressing interest "to provide general inpatient beds in their facilities" and the general letter of support from Louis Kass, LNHA, RN, Administrator of South Campus Care Center.

(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.

Arc states that it will not discriminate against anyone seeking its services and is committed to serving patients who do not have primary caregivers at home, are homeless, and/or have AIDS/HIV.

Further, it wants every patient to be able to remain in the least restrictive and most emotionally supportive environment possible, which may be within their own home or with relatives. Patients who have no support at home will receive increased support from the hospice staff and volunteers whenever possible and Arc will develop a plan of care that may include the patient's network of friends, family, neighbors, and other members of the community to assist them to remain in their home. Arc confirms it is committed to providing support for patients 24 hours a day. Continuous care is projected to be approximately 0.5 percent of total hospice days.

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

Arc discusses in detail that it will offer SA 3E a wide range of programs/services for patients who are unable to pay or whose payor source does not cover certain services. Some examples offered include community-based bereavement services, spiritual counseling, palliative arts programs (i.e., Music, pet massage therapy, etc.), vigil program, SNF/ALF Care Collaboration Program, We Honor Veterans, hospice for veterans, homeless, and indigent, Arc Bridge: Early Integration Program and its Service Intensity Add-On Program.

Arc notes that it proposes to provide annual funding of \$5,000 towards the Arc of Life program designated for the end-of-life wishes for Arc Hospice patients and their families beginning in the first year of operation. Funding for the program is projected to total approximately \$12,000 in year one and \$29,000 in year two.

(6) Consistency with Plans. An applicant for a new Hospice program shall provide evidence in the application that the proposal is consistent with the needs of the community and other criteria contained in local health council plans and the State Health Plan. The application for a new Hospice program shall include letters from health organizations, social services organizations, and other entities within the proposed service area that endorse the applicant's development of a Hospice program.

Arc reiterates that it has received tremendous support for the project and provides numerous excerpts of its support letters throughout the application.

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.

Arc's Schedule 6A projects 14.3 FTEs in year one and 26.8 FTEs in year two. Staffing will include a medical director and an administrative director, who will oversee the SA 3E hospice program. Arc adds that hospice services will be delivered by trained members of an interdisciplinary team comprised of nurses, physicians, social workers, chaplains, hospice aides and volunteers. Further, its 3E program will benefit from its existing hospice program in Georgia as well as affiliate programs. Arc's Exhibit F includes samples of policies and procedures the SA 3E program will use.

Arc assures that volunteers will be supervised by a designated staff member and based on its experience, it anticipates that at least five percent of its hours of care will be provided by hospice volunteers, thus meeting the percent requirement mandated under the Medicare program.

(b) Expected sources of patient referrals.

Arc expects patient referrals from physicians, nursing homes, ALFs, hospitals, patients, families and friends, insurers, faith and social service organizations, and other services/program affiliates.

(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.

**Arc Hospice
Projected Years One and Two Admissions by Payor**

	Year One	Year Two
Medicare	187	323
Medicaid	7	12
Com Ins	5	9
Self-Pay	2	3
Total	201	347

Source: CON application #10740, page 146.

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

**Arc Hospice
Projected Years One and Two Admissions by Terminal Illness**

	Year One	Year Two
Cancer Under 65	9	16
Cancer 65+	37	65
Non-Cancer Under 65	13	23
Non-Cancer 65+	141	244
Total	201	347

Source: CON application #10740, page 146.

The reviewer notes that Year One totals to 200 and Year Two to 348.

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

**Arc Hospice
Years One and Two Admissions by Age Cohort**

	Year One	Year Two
Under 65	10	17
Over 65	191	330
Total	201	347

Source: CON application #10740, page 146.

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

Arc indicates that its staff will directly deliver, care/case management, home care, bereavement, respite, after hours triage, nursing, social services, dietary counseling, spiritual counseling/Chaplains, infusion, pharmacy, DME/medical supplies, patient and family education/support, volunteer services, quality measurement and reporting, infection control, integrative therapies, professional/community outreach and education, and palliative care (non-Certificate of Need service) and others.

Arc cites AHS's "extensive array of administrative functions, all provided in-house," and lists 22 of these including, billing and collections, finance, human resources, policies and procedures, etc. The application's pages 14 and 15 include detailed descriptions of Arc's volunteer services.

(g) Proposed arrangements for providing inpatient care.

Arc indicates it will have contractual arrangements with SA 3E hospital and nursing home facilities for inpatient and respite needs. Further, it has established working relationships in the area, citing Millennial Healthcare, which operates long-term care facilities (over 600 beds) in Lake and Sumter Counties and Lady Lake Specialty Care's expressed willingness to provide general inpatient beds. Arc reiterates the support letters it has received from health care facilities.

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

Arc states this is not applicable.

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

Arc states that inpatient hospice care is for short-term care to manage symptoms that cannot be adequately managed at home and is appropriate temporarily for emergency situations when the patients' caregiver is unable to provide needed patient skilled nursing care. Further, Arc's interdisciplinary team will evaluate patients to determine continued need for inpatient care.

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

Arc assures that its interdisciplinary team will help each patient without a caregiver develop a plan of care that may include the patient's network of friends, family, neighbors, and other members of the community to help assist them and remain in their homes. When a patient is unable to develop a caregiver network or is not physically or mentally able to remain at home and receive hospice services, Arc may recommend that the patient enter an assisted living facility, nursing home, or inpatient hospice facility, with

hospice staff and volunteers continuing to provide hospice care. Arc will work to establish relationships with various area nursing homes, assisted living facilities, and hospitals.

(k) Arrangements for the provision of bereavement services.

Arc reiterates much of its previous responses, adding that it offers a range of counseling services to support patients and their families throughout the end-of-life process.

(l) Proposed community education activities concerning hospice programs.

Arc cites the importance of educating other patient referral sources such as social workers, hospital discharge planners, assisted living facility staff, and nursing home staff regarding the benefits of hospice care. Further, it has already begun to develop the relationships in SA 3E, which will allow it to rapidly provide increased access to community education.

(m) Fundraising activities.

The applicant states SA 3E fundraising activities will be coordinated by Arc and parent company staff and its foundation will raise and manage charitable contributions to support its mission and various patient and family care services. Funds will be reinvested in the local community. Specific fundraising activities were not addressed in this response.

c. 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.

Arc indicates it will timely file its semi-annual utilization reports including all the applicable data elements in this rule.

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) and (2), Florida Statutes.

In Volume 49, Number 151 of the Florida Administrative Register dated August 4, 2023, the Agency published zero net need for a new hospice in SA 3E for the January 2025 hospice planning horizon. Arc indicates Not Normal & Special Circumstances exist that support need for the project and reiterates its responses addressed in detail in items E.1.a. and E.1.b. of this report.

In reference to availability and accessibility, the reviewer notes that Compassionate Care Hospice of Lake and Sumter Inc (22960110) has its main office in Sumter County and a satellite office in Lake County. Cornerstone Hospice & Palliative Care Inc (22910025) locations include its main office, two satellite offices and two inpatient facilities in Lake County and a satellite office and two inpatient facilities in Sumter County. VITAS Healthcare Corporation of Florida (22960086) has three satellite offices; two in Lake County and one in Sumter County.

In reference to the existing 3E providers quality of care - the reviewer notes that during the 36 months ending November 1, 2023, Compassionate Care and Cornerstone had no and VITAS Healthcare (22960086) two substantiated complaints with three categories cited - two resident/patient/client rights and one quality of care/treatment.

SA 3E utilization is detailed in Item E. 1. a. of this report.

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 (3), Florida Statutes.

Arc's project summary states that AHS' corporate team has over 75 years of health care management experience, primarily in hospice and has significant hospice start-up experience, successfully completing over 50 hospice surveys. AHS members will be deeply involved in every detail of daily operations with particular focus on quality, performance improvement, and on-call care, including mission creation, promotion and recruitment, on-boarding, and training of staff. Further, AHS's approach includes implementing specialty programming and community education to meet the needs of the underserved minority populations.

Arc indicates that Arcturus, AHS's existing hospice program has proven practices and policies providing a full array of hospice services in the outpatient setting, providing care in numerous private homes, SNFs, and ALFs throughout the Metro-Atlanta area differentiating it from other programs by offering market-leading compensation intended to attract and retain high-quality talent, admission within two hours of receiving a

referral, including nights and weekends, and “Arc of Life” lasting memory and specialty dementia programs. Exhibit A includes brief bibliographies of key personnel who will oversee the SA 3E project development.

Arc assures it is committed to continuous assessment and improvement of quality and efficiency through its governing body and administration and strives to create a work environment where problems can be openly addressed and service improvement ideas encouraged. Monitoring review includes the appropriateness of interdisciplinary team services and level of services provided, patient admission to hospice, regular review of patient length of stay, delays in admission or in the provision of interdisciplinary team services, and specific treatment modalities.

Arc indicates it will develop and maintain a Quality Assurance Performance Improvement Plan (QAPI), which will be established in accordance with its mission, core values, and service commitments. Arc will systematically evaluate the quality of care rendered to individuals, families, and the community to improve the quality of care provided and to assure proper utilization of services. QAPI activities are interdisciplinary, and its multifaceted program encompasses an ongoing evaluation of structural, process, and measurable outcome criteria. Further, it is committed to assessing, planning, and implementing care in a manner that improves outcomes and services while respecting the rights of patients, families, and customers. Placing emphasis on the hospice's infrastructure is a routine part of operation to improve Arc's quality of care and services. Arc assures that it will make available quality-effective, cost-effective services (within available resources) to individuals, families, and the community, and subscribe to compliance with both internal and external standards. The QAPI committee will consist of the administrator, director of clinical services, medical director, compliance officer, and “representation from both skilled and unskilled disciplines providing services”.

Arc's quality management, utilization and peer review program will establish and use written criteria to evaluate the provision of patient care based on accepted care standards and include, at a minimum, systematic reviews of:

- Appropriateness of admissions, continued stay, and discharge, professional services and level of care provided and treatment
- Effectiveness of pain control and symptom relief
- Patient injuries, such as those related to falls, accidents, and restraint use
- Errors in medication administration, procedures, or practices that compromise patient safety
- Infection control practices and surveillance data

- Patient and family complaints and on-call logs
- Inpatient hospitalizations
- Staff adherence to the patient's plan of care

Arc's QAPI Committee requirements will include:

- Monthly meetings to review tracked data and outcomes with monitoring progress of the program and performance improvement plans (PIPs)
- The chairperson will select a co-chair to act in their absence and assist with the committee's work
- Committee members will be required to attend regularly scheduled meetings
- The committee will focus on significant areas of improvement each month, track the progress of PIPs, track and analyze adverse patient events
- Confidentiality will be maintained, only trended information, no patient specific information will be communicated outside of the QAPI committee
- Agency staff will be required to attend the quarterly meetings and will be kept informed of PIPS and involved in the QAPI program, solutions, and outcomes

Further, its QAPI Program will:

- Establish a systematic interdisciplinary mechanism to measure and assess the hospice's ability to provide quality, patient centered care using the elements of performance: appropriateness, dignity and respect, efficiency, effectiveness, timeliness, safety, continuity, and availability of patient care through routine data collection and analysis (such as national trends in patient outcomes, adverse events, internal and external audit results)
- Identify known, suspected, or potential opportunities to improve patient care processes and outcomes and hospice operations, as well as opportunities for further improvement in currently acceptable performance
- Establish ongoing measures to improve patient care processes and outcomes and hospice operations, as well as opportunities for further improvement in currently acceptable performance
- Establish mechanisms to prioritize opportunities for improvement that have the greatest potential impact on patient care outcomes, hospice operations and customer satisfaction
- Monitor the performance of processes that involve high risk, high volume or problem prone areas of care and services
- Track adverse patient events, analyze their causes, and implement preventive actions and mechanisms that include feedback and learning throughout the hospice

- Take actions aimed at performance improvement and affect palliative outcomes, patient safety, and quality of care
- Ensure coordination and integration of all performance improvement activities by maintaining a QAPI/Safety Committee as the forum for information exchange, collaboration, prioritization, and monitoring
- Compare performance over time with other sources of information and to similar organizations nationally
- Identify the on-going educational needs required to improve patient care processes, outcomes and hospice operations
- Assign personnel and provide time and information systems to support ongoing quality assessment and performance improvement activities
- Participate as an integral component of the community, working in partnership to continuously improve access to care and the continuity of patient care services; and
- Sustain improved performance

Arc's QAPI Committee shall conduct an ongoing, comprehensive, integrated, self-assessment of the quality and appropriateness of care provided, including services provided under arrangement which includes a system of measures that captures significant outcomes and are used in the care planning and coordination of services and events. These include at a minimum and as appropriate the following:

- a. An analysis of a representative sample of services furnished to clients contained in both active and closed records
- b. An analysis of client complaints and satisfaction survey data
- c. An annual evaluation of the total operation, including services provided under contract or arrangement (evaluation of the need for policy changes, additional training, etc.)

Arc shares that it is fully confident in its ability to extend AHS' existing high quality hospice program to SA 3E and refers to existing policies and procedures included in Exhibits E and F.

c. What resources, including health personnel, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? Section 408.035(4), Florida Statutes

As previously stated, Arc's Exhibit A includes brief bibliographies of key personnel for the SA 3E project. Arc's Schedule 6A projects 14.3 FTEs in year one and 26.8 FTEs in year two.

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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a related party.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$418,000 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by related company financing of \$418,030. The applicant provided a development stage audit showing \$10,000 in cash and member's equity and no revenues. The applicant submitted a letter from Tunic Capital, LLC expressing a commitment to providing financing for the cost of the project. The parent submitted a letter from Flagstar Bank showing over \$1,000,000 in cash available.

Conclusion:

Funding for this project should be available as needed.

d. What is the immediate and long-term financial feasibility of the project? Section 408.035(6), 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 financially 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.

CON Action Number: 10740

Calculated patient days that vary widely from the applicant’s projected patient days call into question the applicant’s profitability assumptions and feasibility. The results of the calculations are summarized below.

CON 10740	ARC Hospice of Florida, LLC				
Lake and Sumter	Wage Component Labor share	Wage Index	Adjusted Wage Amount	Unadjusted Component - non labor share	Payment Rate
Base Rate Calculation					
Routine Home Care 1-60 days	\$144.10	0.8184	\$117.93	\$74.23	\$192.16
Routine Home Care 61+ days	\$113.75	0.8184	\$93.09	\$58.60	\$151.69
Continuous Home Care	\$1,177.23	0.8184	\$963.45	\$388.23	\$1,351.68
Inpatient Respite	\$309.70	0.8184	\$253.46	\$198.01	\$451.47
General Inpatient	\$727.27	0.8184	\$595.20	\$418.04	\$1,013.24
Year Two Comparison	Inflation Factor Year Two	Inflation Adjusted Payment Rate	Schedule 7 Revenue Year Two	Continuous Service Hours Provided	Calculated Patient Days
Routine Home Care 1-60 days	1.213	\$233.00	\$1,907,307		8,186
Routine Home Care 61+ days	1.213	\$183.93	\$1,617,827		8,796
Continuous Home Care	1.213	\$1,638.91	\$106,989	24	65
Respite	1.213	\$547.41	\$47,686		87
General Inpatient	1.213	\$1,228.55	\$321,019		261
Total			\$4,000,828		17,396
			Days from Schedule 7		19,085
			Difference		1,689
			Percentage Difference		8.85%

As such, the applicant’s projected patient days are nearly nine percent or 1,689 days more than the number of patient days calculated by staff. Operating profits from this project are expected to increase from a net loss of \$198,968 in year one to a net profit of \$456,082 in year two.

Conclusion:

While total revenues and patient days appear to be overstated, this project appears to be financially feasible.

e. Will the proposed project foster competition to promote quality and cost-effectiveness? Section 408.035(5) and (7), 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 (8), Florida Statutes; Ch. 59A-4, Florida Administrative Code.**

This is not applicable.

- 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 (9), 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.

Arc does not provide financial details of its parent's history of providing health services but reiterates that it will strive to serve the unmet needs of the population in SA 3E through a variety of approaches, targeting segments of the population to provide a variety of programs and initiatives to remove barriers and improve access to hospice care.

Arc states it "commits to the financial accessibility conditions as reflected in Schedule C, Certificate of Need Predicated on Conditions" and to provide access to all patients without regard to ability to pay. The reviewer provides the applicant's payor mix in the chart below.

**Arc Hospice
Admissions by Payor
Projected Years One and Two**

	2024	2025
Medicare	187	323
Medicaid	7	12
Com Ins	5	9
Self-Pay	2	3
Total	201	347

Source: CON application #10740, page 146.

F. SUMMARY

Arc Hospice of Florida, LLC (CON application #10740), is a for-profit, development stage Florida Limited Liability Company, whose parent company owns and operates Arcturus Hospice and Palliative Care in Norcross, Georgia. Arc proposes to establish a SA 3E hospice program in the absence of published need.

Total project cost is \$418,030 and includes project development, start-up and equipment costs. Licensure and initiation of service are projected to occur in July 2024.

Arc’s Schedule C lists 11 conditions to the project’s approval.

Need/Access:

Arc Hospice contends that need for the project is based on:

- Sumter County’s patients discharged to hospice penetration rate is approximately 40 percent lower than Lake County and Sumter County ranks fourth lowest when compared to the states’ 27 hospice service areas
- Increasing access to the SA’s rural areas, which Arc plans to do with its Rural Care Program
- Analysis of SA 3E using state-wide ratios shows that a high volume of the non-cancer, age 65 and older segment did not receive hospice services, demonstrating a notable gap in care for this patient population; and
- Underserved sub-population groups including patients with heart disease, cancer, cerebrovascular disease, chronic lower respiratory disease, liver disease and cirrhosis, dementia/Alzheimer's as well as Hispanics and African Americans, veterans, and the residents of rural communities.

Quality of Care:

- Arc Hospice provided a detailed discussion of its ability to provide quality care.

Financial Feasibility/Availability of Funds:

- Funding for the project should be available as needed.
- While total revenues and patient days appear to be overstated, the project appears to be financially feasible.
- Strictly, from a financial perspective, the project will not have a material impact on price-based competition.

Medicaid/Indigent/Charity Care:

- Schedule 7A indicates Medicaid will be the payer source for 3.5 percent and self-pay 1.0 percent of the project's total annual year one and year two patient days. Arc states self-pay consists primarily of charity and uncompensated care.

CON application # 10740, Arc Hospice of Florida, LLC satisfied the statutory and rule criteria to establish a new hospice program in the absence of published need in SA 3E—this included identifying:

- *The county (Sumter) that is underserved and proposed populations that are being underserved for hospice*
- *Services/programs proposed to make hospice more accessible and available to rural and other underserved populations with conditions to project approval to improve service to these populations and*
- *Having strong local community support from SA health organizations, social services organizations, and other entities.*

G. RECOMMENDATION

Approve CON #10740 to establish a new hospice program in Service Area 3E. The total project cost is \$418,030.

CONDITIONS:

General

- Arc Hospice will seek accreditation with the Community Health Accreditation Partner (CHAP) group or Accreditation Commission for Healthcare (ACHC) group within 18 months of initial licensure, demonstrating its commitment to delivering the highest standards of care to patients and their families.

Proposed Measure: This will be measured by submitting certification for hospice documentation upon receipt.

- Arc Hospice will commit to conduct an annual Bereavement Symposium to provide local clergy and other professionals with resources to support those in grief.

Proposed Measure: This will be measured by annual reporting of the Symposium date and attendance to AHCA.

- Arc Hospice also proposes to provide annual funding of \$5,000 towards the Arc of Life program designated for the end of life wishes for Arc Hospice patients and their families beginning in the first year of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice will develop and implement a pre-hospice palliative care program.

Proposed Measure: This will be measured by reports presented to AHCA detailing the program and initiatives within the program.

Ethnic and Racial

- Cultural Connections outreach and education program — Arc Hospice commits \$5,000 annually for a period of five years for hosting quarterly community educational programs specifically for the Hispanic and African American communities.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice will have in place a Cultural Liaison position, a key team member who is appointed to take the lead on minority outreach initiatives. This individual will be responsible for helping to identify, develop and implement strategies and plans to bridge cultural differences.

Proposed Measure: This will be measured by reports presented to AHCA detailing the position is filled and the progress of the development of annual initiatives.

Education

- Arc Hospice also commits to developing a formalized internship program with a local educational institution specifically to provide

internship opportunities within Arc Hospice for Hispanic and African American communities. This program will be supplemented with a \$5,000 annual funding commitment for, at a minimum, the first five years of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice is committed to providing internship opportunities to qualified students in nursing, gerontology, social work, music therapy, and pastoral counseling training programs within the hospice service area. This program will be supplemented with a \$5,000 annual funding commitment for, at a minimum, the first five years of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

- Arc Hospice is committed to supporting and sponsoring hospice and palliative care certifications for its skilled nursing staff (CNA, LPN, RN, and APN). This program will be supplemented with a \$5,000 annual funding commitment for, at a minimum, the first five years of operation.

Proposed Measure: This will be measured by reporting the expenditures of the funds to AHCA.

Transportation

- Arc Hospice will allocate \$5,000 per year for three years to fund family transportation needs to facilitate visits to hospice patients where transportation is a barrier in Service Area 3E. Specific attention will be directed to rural communities.

Proposed Measure: This will be measured by reports presented to AHCA detailing the progress of the development of the program. The reports will be annual until the program development is completed.

- Arc Hospice will commit to the purchase of a van and hiring of a driver, offering transportation to and from medical appointments, support groups, and other hospice related activities.

Proposed Measure: This will be measured by reports presented to AHCA detailing the purchase of the vehicle and the progress of the development of the program. The reports will be annual until the program development is completed.

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: December 15, 2023



James B. McLemore
**Operations and Management Consultant Manager
Certificate of Need**



Certificate of Need
2727 Mahan Drive
Building 2
Tallahassee, FL 32308
Ph: 850-412-4401