



STATE OF TENNESSEE

STATE HEALTH PLAN

CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

RESIDENTIAL HOSPICE SERVICES AND HOSPICE SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide Residential Hospice and Hospice services. Existing providers of Residential Hospice and Hospice services are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for Residential Hospice and/or Hospice services.

These standards and criteria are effective immediately as of May 23, 2013, the date of approval and adoption by the Governor of the State Health Plan changes for 2013. Applications to provide Residential Hospice and/or Hospice services that were deemed complete by HSDA prior to this date shall be considered under the Guidelines for Growth, 2000 Edition.

Definitions Applicable to both Residential Hospice Services and Hospice Services

1. **“Deaths”** shall mean the number of all deaths in a Service Area less the number of reported accidental, motor vehicle, homicide, suicide, infant, neonatal, and post neonatal deaths in that Service Area, as reported by the State of Tennessee Department of Health.
2. **“Residential Hospice”**¹ shall have that meaning set forth in Tennessee Code Annotated Section 68-11-201 or its successor.

¹ The Division recognizes the current Guidelines for Growth’s statement that “the purpose of residential hospice facilities is not to replace home care hospice services, but rather to provide an option to those patients who cannot be adequately cared for in the home setting.” The Division also recognizes that Residential Hospice and Hospice providers may in fact provide the same services.

3. **“Hospice”** shall refer to those hospice services not provided in a Residential Hospice Services facility.
4. **“Total Hospice”** shall mean Residential and Hospice Services combined.

STANDARDS AND CRITERIA APPLICABLE TO BOTH RESIDENTIAL AND HOSPICE SERVICES APPLICATIONS

1. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. In this regard, an applicant should demonstrate its willingness to comply with the general staffing guidelines and qualifications set forth by the National Hospice and Palliative Care Organization
2. **Community Linkage Plan:** The applicant shall provide a community linkage plan that demonstrates factors such as, but not limited to, relationships with appropriate health care system providers/services, and working agreements with other related community services assuring continuity of care focusing on coordinated, integrated systems. Letters from physicians in support of an application shall detail specific instances of unmet need for hospice services.
3. **Proposed Charges:** The applicant shall list its benefit level charges, which shall be reasonable in comparison with those of other similar facilities in the Service Area or in adjoining service areas.
4. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area.
5. **Indigent Care.** The applicant should include a plan for its care of indigent patients in the Service Area, including:
 - a. Demonstrating a plan to work with community-based organizations in the Service Area to develop a support system to provide hospice services to the indigent and to conduct outreach and education efforts about hospice services.
 - b. Details about how the applicant plans to provide this outreach.

- c. Details about how the applicant plans to fundraise in order to provide indigent and/or charity care.
6. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. Additionally, the applicant should provide documentation that it is, or intends to be, fully accredited by the Joint Commission, the Community Health Accreditation Program, Inc., the Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for hospice services from the Centers for Medicare and Medicaid Services (CMS) or CMS licensing survey.
7. **Data Requirements:** Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.
8. **Education.** The applicant should provide details of its plan in the Service Area to educate physicians, other health care providers, hospital discharge planners, public health nursing agencies, and others in the community about the need for timely referral of hospice patients.

RESIDENTIAL HOSPICE SERVICES

DEFINITIONS

9. **“Service Area”** shall mean the county or contiguous counties represented on an application as the reasonable area in which a health care institution intends to provide Residential Hospice Services and/or in which the majority of its service recipients reside. A radius of 50 miles and/or a driving time of up to 1 hour from the site of the residential hospice services facility may be considered a “reasonable area;” however, full counties shall be included in a Service Area. Only counties with a Hospice Penetration Rate that is less than 80 percent of the Statewide Median Hospice Penetration Rate may be included in a proposed Service Area.
10. **“Statewide Median Hospice Penetration Rate”** shall mean the number equal to the Hospice Penetration Rate (as described below) for the median county in Tennessee.

NEED

11. **Need Formula.** The need for Residential Hospice Services shall be determined by using the following Hospice Need Formula, which shall be applied to each county in Tennessee:

$$A / B = \text{Hospice Penetration Rate}$$

Where:

A = the mean annual number of Hospice unduplicated patients served in a county for the preceding two calendar years as reported by the Tennessee Department of Health;

and

B = the mean annual number of Deaths in a county for the preceding two calendar years as reported by the Tennessee Department of Health.

Note that the Tennessee Department of Health Joint Annual Report of Hospice defines “unduplicated patients served” as “number of patients receiving services on day one of reporting period plus number of admissions during the reporting period.”

Need shall be established in a county (thus, enabling an applicant to include it in the proposed Service Area) if its Hospice Penetration Rate is less than 80% of the Statewide Median Hospice Penetration Rate; further, existing Residential Hospice Services providers in a proposed Service Area must show an average occupancy rate of at least 85%.

The following formula to determine the demand for additional hospice service recipients shall be applied to each county included in the proposed service area, and the results for each county’s calculation should be aggregated for the proposed service area:

$$(80\% \text{ of the Statewide Median Hospice Penetration Rate} - \text{County Hospice Penetration Rate}) \times B$$

OTHER RESIDENTIAL HOSPICE SERVICES STANDARDS, AND CRITERIA

12. **Types of Care.** An applicant should demonstrate whether or not it will have the capability to provide general inpatient care, respite care, continuous home care, and routine home care to its patients. If it is not planning to provide one or more of these listed types of care, the applicant should explain why.
13. **Expansion from Non-Residential Hospice Services.** An applicant for Residential Hospice Services that provides Hospice Services should explain how the Residential Hospice Services will maintain or enhance the Hospice Services’ continuum of care to ensure patients have access to needed services.

HOSPICE SERVICES

DEFINITIONS

14. **“Service Area”** shall mean the county or contiguous counties represented on an application as the area in which an applicant intends to provide Hospice Services and/or in which the majority of its service recipients reside. Only counties with a Hospice Penetration Rate that is less than 80 percent of the Statewide Median Hospice Penetration Rate may be included in a proposed Service Area.
15. **“Statewide Median Hospice Penetration Rate”** shall mean the number equal to the Hospice Penetration Rate (as described below) for the median county in Tennessee.

NEED

16. **Need Formula.** The need for Hospice Services shall be determined by using the following Hospice Need Formula, which shall be applied to each county in Tennessee:

$$A / B = \text{Hospice Penetration Rate}$$

Where:

A = the mean annual number of Hospice unduplicated patients served in a county for the preceding two calendar years as reported by the Tennessee Department of Health;

and

B = the mean annual number of Deaths in a county for the preceding two calendar years as reported by the Tennessee Department of Health.

Note that the Tennessee Department of Health Joint Annual Report of Hospice defines “unduplicated patients served” as “number of patients receiving services on day one of reporting period plus number of admissions during the reporting period.”

Need shall be established in a county (thus, enabling an applicant to include it in the proposed Service Area) if its Hospice Penetration Rate is less than 80% of the Statewide Median Hospice Penetration Rate and if there is a need shown for at least 120 additional hospice service recipients in the proposed Service Area.

The following formula to determine the demand for additional hospice service recipients shall be applied to each county, and the results should be aggregated for the proposed service area:

(80% of the Statewide Median Hospice Penetration Rate – County Hospice Penetration Rate) x B

Rationale for Revised and Updated Standards and Criteria for Hospice Services

Definitions

Deaths. The Division of Health Planning patterns its need formula off the Kentucky certificate of need formula that takes into account all deaths, instead of using a type of cancer death weighted formula that appeared in the Guidelines for Growth. Cancer patient utilization of hospice services has lessened in relation to non-cancer patients, while the utilization of hospice services continues to grow.

Residential Hospice and Hospice. The Division recognizes that residential hospice services and hospice services are able to perform the same level of services and has thus not distinguished between the need for hospice services based on the two types of service providers. However, certain standards, such as service area, provide for a difference in consideration of an application.

Standards and Criteria

Quality of Care: Providing for adequate and qualified staffing is an important part of providing quality care to patients, and is one of the State Health Plan's Principles for Achieving Better Health. A community linkage plan that assures continuity of care also falls within this Principle. Letters from physicians in support of an application shall detail specific instances of unmet need for hospice services. Quality improvement, data reporting, and outcome and process monitoring fall under this Principle as well, as does accreditation of the hospice service program. Finally, it should be noted that Medicare currently requires all four levels of hospice care for reimbursement (which also supports the third Principle regarding Economic Efficiencies, below).

Access: The second Principle for Achieving Better Health in the State Health Plan focuses on access to care. Accordingly, the applicant must demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification and provide a plan for its care of indigent patients. As well, in addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area.

Economic Efficiencies: The third Principle for Achieving Better Health focuses on encouraging economic efficiencies in the health care system. The new standards and criteria provide that the applicant's proposed charges shall be reasonable in comparison with those of other similar facilities in the Service Area or in adjoining service areas. Educating the health care community on hospice services also falls within this Principle; the education component also addresses the last Principle of recruiting, developing and retaining a sufficient qualified health care workforce.

Data Needs. The Division recognizes that Hospice patients known as "general inpatients" receive Hospice services in locations other than their homes, such as nursing homes and

hospitals, and that these patients are not separately identified on the Joint Annual Report. The Division is hoping to correct this omission in the future to better account for the total utilization of Hospice services.