

TALBOT HOSPICE FOUNDATION, INC.:

RESPONSE TO DOCKETING LETTER REQUESTS

- 1. Please provide a revised Table 1 showing the amount and source of funds consistent with the description in your response to question 3 of the June 18 completeness letter.**

Enclosed please find a new version of Table 1 with the requested edit to Section B of the table (source of funds).

- 2. Your response to question 13. (b) regarding the source for projecting the number of visits by discipline cited the NHPCO national data set and attached the NHPCO Facts and Figures Report, referring us to p. 11 and 12. The data purported to be documented there was not. Please provide more exact and specific sourcing.**

Talbot Hospice projects the number of visits per discipline using primarily NHPCO data, together with certain data from the Hospice Foundation of America, as described below. Since more or less data is available regarding particular disciplines, the data sources vary somewhat by discipline as well.<sup>1</sup> To contextualize Talbot Hospice's reliance on these sources, it may be helpful to embed them in the methodology in which the sources are used, which follows:

**Physicians**<sup>2</sup>

Talbot Hospice projects total annual physician visits based on projected patient need for a general inpatient care (GIP) level of care.

- i. Talbot Hospice first projects its aggregate number of annual patient days by multiplying its average daily census by the number of days in the calendar year (365).
- ii. Talbot Hospice then estimates the number of patient care days projected in (i) that are at the GIP level of care. Talbot Hospice's estimate is 1.5% of all patient care days are at the GIP level.

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<sup>1</sup> Talbot Hospice contracted with a health care consultancy for the methodology set forth herein, and the consultancy has therefore supplied the basis for this response.

<sup>2</sup> Question 13(b) of the Maryland Health Care Commission's June 18 completeness letter requested additional information regarding visits per discipline for physicians, skilled nursing, social work, and hospice aides; accordingly, this response lays out the methodology appropriate to each of these disciplines to contextualize how and why Talbot Hospice selected the data sources - described in this response - for those disciplines.

- a. In generating this estimate, Talbot Hospice primarily relies on pg. 32 (Table 9) of NHPCO's 2013 Staffing Guidelines (enclosed as Exhibit A), which specifies a percentage of 2.2%.
  - b. However, in line with the historical experience on the Eastern Shore of lower than average need for inpatient levels of care, Talbot Hospice reduces that percentage to 1.5% as a conservative measure.
- iii. Talbot Hospice then correlates at a one-to-one ratio the number of paid physician visits with the number of patient care days that are at the GIP level of care, as estimated in (iii).

For example, Table 2B estimates annual paid physician visits for 2015 by multiplying the projected average daily census for that year (~ 25 patients) by 365, and then by 1.5%.

**Non-Physicians: (Skilled Nursing, Social Work, Hospice Aides)**

Talbot Hospice projects total annual visits for nurses, social workers, chaplains, and hospice aides by estimating the staffing need per discipline for Talbot Hospice's projected caseloads, and then projecting the number of visits per FTE of that discipline per workday

- i. Talbot Hospice specifies the number of full time employee (FTE) equivalents needed for each discipline by dividing its average daily census by the median caseloads per FTE for that discipline: 12 patients per nurse FTE, 25 patients per social worker FTE, and 7.6 patients per hospice aide FTE.
  - a. In determining median caseload per FTE per discipline, Talbot Hospice primarily relies on pg. 33 (Table 14) of NHPCO's 2013 Staffing Guidelines (enclosed as Exhibit A).
  - b. However, Talbot Hospice deviates from the median slightly based on Talbot Hospice's historical experience and care strategy. To provide more personalized care, Talbot Hospice uses approximately the 25th percentile caseload for hospice aides (7.6).
- ii. Talbot Hospice also estimates the average number of visits performed per workday per discipline: 4.2 for nurses, 2.2 for social workers, 4.2 for hospice aides, and 4.0 for chaplains.
  - a. In generating this estimate, Talbot Hospice primarily relies on pg. 18 (Table 16) of the Hospice Foundation of America's 2010 Hospice Facts & Statistics enclosed as Exhibit B), which specifies the national hospice average of visits per eight-hour day per discipline.

- b. However, Talbot Hospice expects visits performed per workday per discipline to be lower than the national average. This is because (i) drive times for Talbot County – a low density area – are expected to be longer than average, (ii) Talbot Hospice will encourage staff to spend more time per visit with each patient than average, to provide more personalized care, and (iii) Talbot Hospice projects productivity conservatively, given that, as a new general hospice care program, much of its workforce will be new and operating under a new system.
  
- iii. Talbot Hospice then derives the total annual visits per discipline by multiplying, for each discipline, (A) the average FTE for that discipline (from (i)) by (B) the average visits per work day per discipline (from (ii)), and by (C) 260 (the average number of eight hour work days per year per FTE).

For example, Table 2B projects annual skilled nursing worker visits for 2015 by estimating a need for ~ 2.1 nurse FTEs (based on an average census of 25 patients and a median caseload of 12 patients per nurse FTE), and then multiplying that 2.1 figure by 4.2 (average visits per eight-hour work day) and then by 260 (average eight-hour workdays per FTE).<sup>3</sup>

I hope that this description of methodology will contextualize the sources of data enclosed.

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief.

Signature:



Printed Name: Michael C. Tooke, M.D.

Date: July 30, 2014

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<sup>3</sup> The projection may vary slightly (<0.5%) depending on the use of rounding in the various steps of this calculation. Table 2B reflects a projection based on rounded calculations.

**TABLE 1**

# THF CHARTS AND TABLES

## **[Table 1 Revision to Sources of Funds]**

Hospice Application: Charts and Tables Supplement

**TABLE 1: PROJECT BUDGET**

**INSTRUCTIONS: All estimates for 1.a.-d., 2.a.-j., and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken. (DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)**

**A. Use of Funds**

1. Capital Costs:

NOT APPLICABLE – NO RENOVATIONS OR NEW CONSTRUCTION.

2. Financing Cost and Other Cash Requirements:

a.	Loan Placement Fees	\$	<u>\$0/NA</u>
b.	Bond Discount		<u>\$0/NA</u>
c.	Legal Fees (CON Related)		<u>\$40,000</u>
d.	Legal Fees (Other)		<u>\$35,000</u>
e.	Printing		<u>\$ 1,000</u>
f.	Consultant Fees		
	CON Application Assistance		<u>\$29,500</u>
	Other (Specify)		<u>\$50,000(startup assistance)</u>
g.	Liquidation of Existing Debt		<u>\$0/NA</u>
h.	Debt Service Reserve Fund		<u>\$0/NA</u>
i.	Principal Amortization		
	Reserve Fund		<u>\$0</u> <sup>1</sup>
j.	Other (Specify)		<u>\$0</u>
	<b>TOTAL (a - j)</b>	\$	<u>\$155,500</u>

3.	<u>Working Capital Startup Costs</u>	\$	<u>\$ 69,600</u> <sup>2</sup>
	<b>TOTAL USES OF FUNDS (1 - 3)</b>	\$	<u>\$225,100</u>

<sup>1</sup> Talbot Hospice Foundation maintains a substantial endowment to support its projects, and will use its grants, donations, and endowment income to support its hospice services.

<sup>2</sup> This amount includes a forecast of one time start-up costs not set forth in (2) above, but does not forecast total expenses associated with the operation of the project in CY 2015.

**B. Sources of Funds for Project:**

1.	Cash	<u>\$225,100</u> <sup>3</sup>
2.	Pledges: Gross <u>\$0</u> ,	
	less allowance for	
	uncollectables <u>\$0</u>	
	= Net	<u>\$0</u>
3.	Gifts, bequests	<u>\$0</u>
4.	Interest income (gross)	<u>\$0</u>
5.	Authorized Bonds	<u>\$0</u>
6.	Mortgage	<u>\$0</u>
7.	Working capital loans	<u>\$0</u>
8.	Grants or Appropriation	
	(a) Federal	<u>\$0</u>
	(b) State	<u>\$0</u>
	(c) Local	<u>\$0</u>
9.	Other (Specify)	<u>\$0</u>
	- Endowment Income	<u>\$0</u>
<b>TOTAL SOURCES OF FUNDS (1-9)</b>		<b>\$ <u>\$225,100</u></b>

<sup>3</sup> Please note that, according to the books and records of the company as of the close of FY 13, Talbot Hospice maintains total cash and cash equivalents in excess of this amount, and also maintains a substantial endowment.  
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**EXHIBIT A**

# Staffing Guidelines

## for Hospice Home Care Teams



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Alexandria, Virginia · 22314  
703/837-1500 · 703/837/1500 fax  
[www.nhpco.org](http://www.nhpco.org)

**APPENDIX**

The following tables are taken from the NHPCO 2011 National Summary of Hospice Care. For the complete National Summary of Hospice Care report, go to [www.nhpc.org/nds](http://www.nhpc.org/nds).

**TABLE 7. LENGTH OF SERVICE**

	Agency Mean	Percentile			N
		25th	50th (median)	75th	
Average LOS	69.1	53.0	65.0	81.9	686
Median LOS	19.1	12.0	16.0	22.0	664
% Discharges w/ LOS 1 to 7 days	35.8%				266

**TABLE 9. LEVEL OF CARE**

Level of Care	Percent of Patient Days	N
Routine Homecare	97.1%	880
General Inpatient care	2.2%	828
Continuous Care	0.4%	857
Respite care	0.3%	870

**TABLE 11. PAID STAFF DISTRIBUTION AND TURNOVER**

Distribution of Home Hospice FTEs	Agency Mean	N
<b>Clinical (direct patient care)</b>	66.3%	360
Nursing	30.2%	356
Nurse Practitioner	0.6%	306
Hospice Aide	18.8%	356
Social Services	8.7%	356
Physician (excluding volunteers)	2.9%	346
Chaplain	4.3%	328
Other Clinical	1.9%	328
<b>Nursing (indirect clinical)</b>	7.2%	354
<b>Non-Clinical (administrative/general)</b>	21.8%	357
<b>Volunteer Coordinator</b>	3.6%	135
<b>Bereavement</b>	4.4%	344
<b>Turnover rate for all staff</b>	23.6%	375

**TABLE 14. STAFF MANAGEMENT**

Patient Caseload	Agency Mean	Percentile			N
		25th	50th (median)	75th	
Nurse Case Manager	11.4	10.0	12.0	13.0	472
Social Services	25.9	20.0	25.0	32.0	472
Hospice Aide	11.1	7.0	10.0	14.0	456
Chaplain	37.7	25.0	36.0	50.0	448
Volunteer Coordinator	52.4	18.0	35.0	80.0	331
Medical Director	48.2	14.0	35.0	75.0	293

**EXHIBIT B**

## HOSPICE FACTS & STATISTICS



November 2010

Hospice care agencies provide supportive and palliative care to people at the end of life. Hospice agencies focus on comfort and quality of life, rather than curative treatments.

Although the concept of hospice care dates to ancient times, the first hospice in the United States, The Connecticut Hospice, began providing services in March 1974.

Hospices rely on the combined knowledge and skills of an interdisciplinary team of professionals (e.g., physicians, nurses, medical social workers, therapists, counselors, hospice aides, volunteers) to coordinate an individualized plan of care for each patient and family. Services, provided primarily in clients' homes, include medical, emotional, and spiritual care for terminally ill patients and their families. These are designed to bring comfort, peace, and a sense of dignity at a very trying time. Hospice reaffirms the right of every patient and family to participate fully in the final stages of life.

### **Medicare-Certified Hospices**

In 1982, Congress created the Medicare hospice benefit, reserving such services for terminally ill Medicare beneficiaries with life expectancies of six months or less "if the disease runs its normal course." Effective with the enactment of the Balanced Budget Act of 1997, the Medicare hospice benefit was divided into the following benefit periods:

1. An initial 90-day period;
2. A subsequent 90-day period; and

3. An unlimited number of subsequent 60-day benefit periods as long as the patient continues to meet program eligibility requirements.

Beneficiaries must be re-certified by the hospice medical director as terminally ill at the beginning of each benefit period. The following covered hospice services are provided as necessary for palliative treatment for terminal illnesses:

- Nursing care
- Medical social worker services
- Physician services
- Counseling (including dietary, pastoral, and other)
- Inpatient care (including respite care and short-term inpatient care for procedures necessary for pain control and acute and chronic symptom management)
- Hospice aide and homemaker services
- Medical appliances and supplies (including drugs and biologicals)
- Physical and occupational therapies
- Speech-language pathology services
- Bereavement services for families (up to 13 months following a patient's death)

From 1984 to January 2010, the total number of hospices participating in Medicare rose from 31 to 3,407, a nearly 110-fold increase (Table 1). Of these hospices, 2,278 are free-standing, 578 are home health agency-based, 531 are hospital-based, and 20 are skilled nursing facility-based. There are also an estimated 200 additional volunteer agencies that are not Medicare-certified.

Service	Indemnity	POS	PPO
Hospice in Hospital	81.5%	77.8%	40.0%
In-Patient Hospice Facility	77.8%	88.9%	20.0%
Hospice in an Extended Care Facility/SNF	48.1%	33.3%	20.0%
In-Home Hospice	77.8%	66.7%	70.0%
Case Management	44.4%	66.7%	50.0%
Respite	40.7%	11.1%	20.0%
Homemaker	55.6%	44.4%	10.0%
Home Health Aide	42.3%	44.4%	50.0%
Individual Counseling	70.4%	88.9%	30.0%
Family Counseling	7.8%	66.7%	40.0%
Equipment	66.7%	44.4%	10.0%
Other Therapies	88.9%	55.6%	30.0%

**Source:** Jackson B, Gibson T, Staeheli, J. *Hospice Benefits and Utilization in the Large Employer Market*. Washington, DC: The MEDSTAT GROUP, Office of the Assistant Secretary for Planning and Evaluation; March 2000.

**Note:** Findings based on results from 27 Indemnity plans, 9 Point of Service (POS) plans, and 10 Preferred Provider Organization (PPO) plans.

Caregiver Type	Employees		Volunteers	
	2008	2009	2008	2009
Counselors	5,064	5,447	1,420	1,447
RNs	29,411	31,548	450	380
LPNs/LVNs	6,107	6,664	127	93
Physicians	3,610	3,830	564	756
MSWs	7,482	7,992	233	224
Homemakers	2,926	3,171	2,584	2,079
HHAs	19,666	21,386	417	333
Other	20,738	22,021	44,010	43,260
<b>TOTAL</b>	<b>95,004</b>	<b>102,058</b>	<b>49,805</b>	<b>48,571</b>

**Source:** CMS, Centers for Medicare & Medicaid Services, Online Survey Certification and Reporting data through December of each year listed.

Job Title	Average Visits per 8-hour Day	
	2008	2009
RN	5.13	5.06
LPN	6.11	5.75
HCA	5.30	5.34
Physical Therapist	5.47	5.49
Occupational Therapist	5.37	5.36
Social Worker	3.30	3.65

**Source:** *Hospice Salary & Benefits Report 2008-2009* and *Hospice Salary & Benefits Report 2009-2010*, Hospital & Healthcare Compensation Service in cooperation with Hospice Association of America, October 2008 and October 2009.