

BEFORE THE ARKANSAS HEALTH SERVICES PERMIT AGENCY

In the Matter of:

**Lester Dierksen Memorial Hospice
Crittenden County
File #HSPA (1277)-10**

**FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER**

Findings of Fact

The applicant, **Lester Dierksen Memorial Hospice, LLC**, is seeking a Permit of Approval (POA) for the purpose of providing Hospice Services to **Crittenden County** from an office in Blytheville (Mississippi County). There is no initial capital cost. The Agency makes the following Findings of Fact:

NEED: According to the Hospice Methodology, Section A.2., hospice need exists when the number of patients to be served is 35 or greater. The projected number of hospice patients for Crittenden County is 41. The Methodology, Section C. states that “Regardless of numeric need, no new hospice agency will be approved unless hospice data from the last eight quarters for each hospice agency serving the proposed service area has been available for publishing by the Agency.” The most recent hospice agency in Crittenden County was licensed on July 03, 2007, and data for the county has been published by the Agency for at least eight quarters.

There is a need for one hospice agency, and there are no other applications to provide service to Crittenden County. There was one Letter of Opposition from Unity Hospice.

STAFFING: This Agency has no objective reason to believe the hospice agency cannot be adequately staffed. The applicant provided a three (3) year staffing plan that reflects an incremental increase in

average daily census. The applicant will hire staff from local universities and training schools such as ASU and Mid South Community College. Applicant will also use local advertisements in newspaper and employment offices. The applicant expects to be licensed and operational immediately because they are licensed in an adjoining county (Mississippi County).

ECONOMIC FEASIBILITY: There is no initial capital cost. The first year annual operating cost is \$100,500. The applicant provided a letter from Bank of America stating the applicant has sufficient funds to cover the initial operating expenses. The application contains a three-year pro forma budget and cost per hospice day projections. The business plan and budget shows an initial cost per day total of \$122.41.

COST CONTAINMENT: The addition of new hospice service to Crittenden County allows the applicant to see patients in an underserved area. The applicant cites data to support the assertion that hospice care is less expensive than aggressive inpatient care. The applicant provided a chart that showed hospice care to one patient in the last 30 days will save Medicare approximately \$13k compared to a skilled nursing facility and \$160k compared to a hospital stay. The applicant expects significant cost savings to Medicare and Medicaid because hospice care will be less expensive than emergency room transport and care, hospitalization or other more expensive treatment options. The applicant provides analysis that if all patients are served the cost savings would be significant compared to hospitalization or skilled nursing care in the patients' last month of life.

REQUIREMENTS: The applicant provided a business plan containing all the required items.

LETTERS OF OPPOSITION AND RESPONSES – There are no other applicants for hospice services in Crittenden County. There was one letter of opposition submitted against Lester Dierksen

Hospice by Unity Hospice.

Opponents Comments

- Unity Hospice began offering services to Crittenden County on October 1, 2009 (purchased from Arkansas Hospice).
- Unity Hospice was unaware of the requirement to report deaths on a quarterly basis to the Agency.
- Unity Hospice feels that they will be able to grow and service Crittenden County's hospice needs.

Applicant Response: There is a need for hospice services in Crittenden County. Lester Dierksen plans to meet and exceed those needs and is looking forward to serving Crittenden County side by side with Unity Hospice.

Agency Response: The Methodology, Section C. states that “Regardless of numeric need, no new hospice agency will be approved unless hospice death data from the last eight quarters for each hospice agency servicing the proposed service area has been available for publishing by the Agency. This provision does not prohibit approval where a new license was granted to an Agency that purchased a hospice agency that had been serving the area for more than two years.” Unity Hospice purchased the hospice agency from Arkansas Hospice which had been licensed to serve Crittenden County since July 3, 2007.

Conclusions of Law

The application **DOES SATISFY** the statutory and regulatory requirements for the issuance of a Permit of Approval (POA). The published Net Hospice Need for Crittenden County at the time of this application cycle was 41, therefore, need is established per the rules and regulations.

ORDER

Based on the above Findings of Fact and Conclusions of Law, the Agency hereby orders that the applicant, **Lester Dierksen Memorial Hospice - Crittenden County**, be **Granted** a Permit of Approval (POA), for the purpose of providing hospice services to Crittenden County from an office in Mississippi County.

IT IS SO ORDERED THIS 15th DAY OF APRIL 2010

DIRECTOR, HEALTH SERVICES PERMIT AGENCY