

BEFORE THE ARKANSAS HEALTH SERVICES PERMIT AGENCY

In the Matter of:

Washington Regional Hospice House

File # HSPA (1271)-10

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

Findings of Fact

The applicant, **Washington Regional Medical Systems**, is seeking a Permit of Approval (POA) for the purpose of constructing a twelve (12) bed hospice facility, **Washington Regional Hospice House**, to be located at 412 Longview Dr, Fayetteville, AR (Washington County). The projected capital expenditure for this project is \$3,794,553. The Agency makes the following Findings of Fact:

Washington Regional Hospice obtained a POA to operate a hospice agency in 1985. The requirement to operate a hospice agency for at least one year before applying for a Hospice Facility POA is met.

NEED – The projected number of hospice patients for Washington County is 379. The net need for Hospice facility beds is 25. The request for 12 beds is less than the need for the county. Need is met.

STAFFING - The Agency has no objective reason to believe the facility cannot be adequately staffed. The applicant provides a staffing plan reflecting the need to achieve the required 4:1 staff ratio. The applicant plans to begin with existing staff and add new staffing positions as patient needs and occupancy increases. The applicant is a hospital-based agency with the benefit of professional recruiters. The applicant provides a website for applicants to apply online, while also advertising locally and regionally by more traditional methods. The applicant states that it pays above market rates and maintains a low turnover rate.

ECONOMIC FEASIBILITY – The total cost of this project is \$3,794,553. The project will be built on land owned by the hospital and valued at \$261,360. The applicant provided a letter of commitment from Arvest Bank for \$4,500,000 for the cost of construction and \$300,000 as a working capital line of credit. The Washington Regional Medical Foundation has secured over \$30 million for projects for the hospital and is committed to financing the remainder of the project. The Washington Regional Medical Foundation established a designated Hospice Home building fund that has donations totaling \$201,583. The application also included capital campaign letters of support indicating commitment to financing the project. The Washington Regional Medical Foundation raises approximately \$2 million annually and also has a \$2 million pledge from the Willard and Pat Walker Charitable Foundation payable over four years..

The applicant provided a three-year pro forma budget showing additional cost for the proposed project.

COST CONTAINMENT – The cost per patient day for a hospice patient will be much less in a hospice facility than a hospital. The applicant projects a cost per patient day of \$505 which is less than the costs associated with a hospital stay per day. The applicant provided a cost per day analysis for the first three years of operations that shows a decreasing average over the three years from \$477 to \$434 per day. The same analysis shows increasing occupancy over the three years from 67% initially to 88% by end of year three. The applicant average is far less than a hospital stay of similar or shorter duration. The applicant provided a map of the approximate location of the facility, next to Washington Regional Hospital and more than 150 letters of support from various medical groups, hospitals, and individuals in the service area.

Conclusions of Law

The application **DOES SATISFY** the statutory and regulatory requirements for the issuance of a

Permit of Approval for additional beds.

ORDER

Based on the above Findings of Fact and Conclusions of Law, the Agency hereby orders that the Applicant be **GRANTED** a Permit of Approval (POA). A Permit of Approval will be issued to: **Washington Regional Medical Systems**, for the purpose of constructing a 12 bed hospice facility, **Washington Regional Hospice House**, to be located at 412 Longview Dr, Fayetteville, AR (Washington County). Projected capital expenditure is \$3,794,553.

IT IS SO ORDERED THIS 15th DAY OF APRIL 2010

DIRECTOR, HEALTH SERVICES PERMIT AGENCY