

Long-Term and Behavioral Health Committee
Agency Report for
Adjusted Need Determination Petition
Brookdale Senior Living

Petitioner:

Brookdale Senior Living
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Request:

The petitioner, Brookdale Senior Living, requests an adjustment to the need determination for nursing care beds, such that Table 10C in the 2011 State Medical Facilities Plan (SMFP) be adjusted to reflect a need for 240 beds in Wake County. The standard methodology indicates that no need exists for additional nursing care beds in Wake County in the Proposed 2011 SMFP.

Background Information:

The Proposed 2011 SMFP describes the basic assumptions underlying the methodology for determining need for nursing care beds in a county. The standard need methodology takes into consideration each county's bed inventory, population and utilization of nursing care beds by age group. Each of the 100 counties in the state is a separate nursing care bed service area. Step Four of the methodology states that counties showing a deficit of beds, i.e., more beds are needed, must have occupancy rates of 90 percent or greater to generate a need determination for additional beds. Need is projected three years beyond the plan year; the Proposed 2011 SMFP projects nursing care bed need for 2014.

In deference to the standard methodology, Chapter Two of the 2011 Proposed SMFP allows persons to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology. Brookdale Senior Living owns and operates 54 long-term care facilities in North Carolina, including independent living, assisted living, skilled nursing and specialty care facilities. The petitioner requests an adjusted need determination for 240 beds in Wake County.

Analysis/Implications:

According to the standard methodology, there must be an overall county occupancy rate of 90 percent or greater, in addition to other criteria, for a need determination for new beds in the county. The petitioner provides data showing that most of the existing nursing facilities in Wake County are well utilized, resulting in an overall county average occupancy rate of 85 percent. Some facilities in Wake County have new projects which are not yet operational for purposes of the 2011 Proposed SMFP, and a few existing facilities are underutilized for a variety of reasons. The petitioner notes that if three of the 20 facilities reporting data for 2009 are excluded from the

calculations, the average utilization rate would be 90 percent for the county, which would have triggered a need determination for a substantial number of new beds in Wake County.

The petitioner continues by presenting a probable future scenario in which the occupancy rate meets the 90 percent criterion due to well-utilized existing facilities and a need determination for a large number of beds is generated at one time. “For example, if that were to have occurred for the 2010 SMFP, 820 beds would have been allocated. For the 2011 SMFP, that number would be nearly 1,000 beds.” The petitioner has chosen to request approximately one fourth of that number, or 240 beds, suggesting that the more gradual release of needed beds serves the community’s needs better.

Furthermore, an analysis of available data shows the two highest population groups, per utilization rate for the last 10 years, are the 75 to 84 age group and 85 and over age group. The population in Wake County for the age group of 75 to 84 has grown from 17,564 in 2000 to 28,557 as shown in the 2011 Proposed SMFP. Likewise, the population age 85 and over in Wake County has grown from 6,237 in 2000 to 10,480. The table below displays Wake County’s bed deficit and bed need, as determined by methodologies in effect in each of the SMFPs, from the 2004 SMFP to the Proposed 2011 SMFP.

SMFP Year	Wake County Occupancy Rate	Bed Deficit	Deficit Index	Beds Needed
2004	< 90 %	133	6 %	0
2005	< 90 %	248	10 %	0
2006	< 90 %	317	13 %	0
2007	< 90 %	436	17 %	0
2008	< 90 %	499	18 %	0
2009	< 90 %	524	19 %	0
2010	< 90 %	819	27 %	0
2011 Proposed (updated)	< 90 %	463	18 %	0

An analysis of the above table shows since the methodology was changed to calculate and include average county occupancy rate in determining need, the numerical bed deficit and deficit index continues to increase each year moving forward for Wake County. Need for additional beds in Wake County has grown over the past years, and with the trend of increasing numbers of people in the age groups with the highest use of nursing care beds, the need is likely to continue to grow.

Agency Recommendation:

The Agency supports the standard methodology; however, the petitioner has provided sufficient information to demonstrate that unique circumstances exist in Wake County. Therefore, the Agency recommends that the petition for a need determination of 240 beds in Wake County be approved.