

## **Proposed Revisions to the Adult Care Home Methodology**

2017 Interested Parties Meetings

A group of Adult Care Home Methodology Interested Parties met twice, on November 2 and on December 13 of 2017. Interested parties included adult and nursing home care industry representatives, members of the Long-Term and Behavioral Health Committee (LTBH) and various staff of the North Carolina Department of Health and Human Services. During these meetings, attendees discussed needed changes to the current Adult Care Home (ACH) need methodology, reviewed suggested revisions and invited comments from interested and affected parties. State Health Coordinating Council (SHCC) and LTBH committee leadership worked with Agency staff to draft the recommendations that follow. These recommendations reflect both extensive analyses and the consensus of the interested parties as much as possible. Recommendations are made to the LTBH Committee of the SHCC for consideration in the planning cycle for the *Proposed 2019 State Medical Facilities Plan (SMFP)*. They also will be presented to the SHCC at the May 30, 2018 meeting as a final report from the LTBH Committee for consideration for the *2019 SMFP*.

### **CHANGES TO METHODOLOGY**

Recommendation 1: *Calculate bed use rates for each county's projected utilization by using the county average change rate (ACR) over the last five years rather than age-specific use rates calculated for the state.* For each of the previous five years, each county's bed use rate will be derived using the total of census for all facilities within the county and the total population of the county. Bed use rates over those five years will be used to calculate each county's ACR. However, if any county's ACR is more than 2 standard deviations above the average ACR for all counties, then that county's ACR plus 2 standard deviations will be used to project utilization for that county.

Recommendation 2: *Include a vacancy factor<sup>1</sup> to calculate each county's adjusted projected utilization.* Each county's projected bed utilization will be divided by the vacancy factor to derive the adjusted projected utilization.

Recommendation 3: *Use the maximum occupancy rate calculated in determining need.* Occupancy rates can be calculated using either the average or median daily census. Occupancy rates derived this way would be based on the one-day facility (average or median) census for all facilities within a county. Occupancy rates could also be calculated using either the average or median days of care. Occupancy rates calculated in this manner would be based on the total days of care provided by all facilities within a county over the data year. The recommendation is to use the highest of the occupancy rates resulting from these four calculations in determining need for each county.

Recommendation 4: *An occupancy rate of 80%, rather than 85%, will be a threshold for determining need.* As noted in Recommendation 7, the occupancy rate indicated for each county will be the highest

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<sup>1</sup> The group of interested parties decided a vacancy factor of either 90% or 95% might be appropriate. The impact on need according to analyses of 2018 data will be compared for both vacancy factors before a final decision is made.

rate calculated. For any county that has a deficit index between 10% and 50%, a need will be determined if its occupancy rate is at least 80%.

## CHANGES AND ADDITIONS TO POLICIES AND ASSUMPTIONS

Recommendation 5: *Revise Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds language to reflect that all ACH beds in Continuing Care Retirement Communities (CCRCs) will be removed from the bed inventory.* Recommended language change in the final paragraph detailing *Policy LTC-1* in Chapter 4 is as follows:

~~One half~~ **One hundred percent** of the adult care home beds developed under this exemption shall be excluded from the inventory used to project adult care home bed need for the general population. Certificates of need issued under policies analogous to this policy in the North Carolina State Medical Facilities Plans subsequent to the North Carolina 2002 State Medical Facilities Plan are automatically amended to conform with the provisions of this policy at the effective date of this policy.

Recommendation 6: *Revise language to reflect that all ACH beds in CCRCs will be removed from the bed inventory and from the occupancy rate calculations, regardless of whether the beds were developed pursuant to Policy LTC-1.* The recommended language change for the basic assumption listed in Chapter 11 is as follows:

3. ~~One half~~ **One hundred percent** of the beds developed as part of a qualified continuing care retirement community, **including those that were developed prior to the enactment of Policy LTC-1**, are excluded from the inventory, **and the associated days of care will be removed from the occupancy rate calculation.**

Recommendation 7: *Revise language in Policy LTC-2: Relocation of Adult Care Home Beds to reflect that beds can be relocated from any county with a surplus of beds to any county with a deficit of beds.* The recommended language change for *Policy LTC-2* in Chapter 4 is as follows:

Relocations of existing licensed adult care home beds are allowed to another service area ~~only within the host county and to contiguous counties.~~ Certificate of need applicants proposing to relocate licensed adult care home beds ~~to a contiguous county~~ shall:

- ~~1. Demonstrate that the facility losing beds or moving to a contiguous county is currently serving residents of that contiguous county; and~~
- ~~2.~~
  1. Demonstrate that the proposal shall not result in a deficit, or increase an existing deficit in the number of licensed adult care home beds in the county that would be losing adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins; and
  2. Demonstrate that the proposal shall not result in a surplus, or increase an existing surplus of licensed adult care home beds in the county that would gain adult care home beds as a result of the proposed project, as reflected in the

North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.

Recommendation 8: *Develop a policy that aims to increase access to adult care home beds by special assistance populations.* The recommended policy language is as follows:

Certificate of Need applicants proposing to develop new adult care home beds pursuant to a need determination shall demonstrate that the proposed beds will be certified for special assistance and that at least 5% of the projected days of care in the third full fiscal year of operation shall be provided to residents receiving State-County Special Assistance.

## **RECOMMENDATIONS FOR DATA COLLECTION<sup>2</sup>**

Recommendation 9: *In all license renewal applications relevant to adult care home beds, add an item to collect information on the number of operational (versus licensed) adult care home beds that are in facilities.*

Item X. Total operational beds on July 31, 2018 \_\_\_\_\_

Do not include beds that are vacant and unavailable or use. For example, a bed might be unavailable due to ongoing renovations, because it is a second bed in a private room or because of staff shortages.<sup>3</sup>

Recommendation 10: *In all license renewal applications relevant to adult care and nursing home beds, add items to collect data on the number of unrestricted beds in CCRCs that are occupied by residents from the general public.* The suggested items are as follows:

Item X. Some Continuing Care Retirement Communities have adult care home beds that are not restricted to individuals contracted with the facility.

- a. Do you have unrestricted adult care home beds in your facility? \_\_\_\_ Yes \_\_\_\_ No
- b. If yes, how many are unrestricted? \_\_\_\_\_
- c. If yes, how many unrestricted adult care home beds were occupied by individuals NOT contracted with your facility on July 31, 2018? \_\_\_\_\_

Item X. Some Continuing Care Retirement Communities have nursing home beds that are not restricted to individuals contracted with the facility.

- a. Do you have unrestricted nursing home beds in your facility? \_\_\_\_ Yes \_\_\_\_ No
- b. If yes, how many are unrestricted? \_\_\_\_\_
- c. If yes, how many unrestricted nursing home beds were occupied by individuals NOT contracted with your facility on July 31, 2018? \_\_\_\_\_

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<sup>2</sup> These recommendations are listed in this document for information purposes and do not require SHCC approval.

<sup>3</sup> Further refinement on this item will be needed to clearly define beds that are unavailable/not operational.