

**Long-Term and Behavioral Health Committee
Agency Report
Petition to Propose a New Home Health
Policy that Includes an Exemption for
Continuing Care Retirement Communities
Proposed 2019 State Medical Facilities Plan**

Petitioner:

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Request:

LeadingAge North Carolina requests a new policy in the *North Carolina Proposed 2019 State Medical Facilities Plan (SMFP)*. The policy would include an exemption to the need determination methodology for Medicare-certified home health agencies for Continuing Care Retirement Communities (CCRCs) who want to license and implement a Medicare-certified home health agency to serve only individuals with whom the CCRC has a continuing care contract.

Background Information:

In the 1970s, CCRCs were more commonly known as, ‘Life Care Communities’ operated by fraternal and religious organizations promising total life-care. Residents would receive accommodations and services in exchange for an entrance fee, monthly fees or both, through a contractual agreement.

The mid-1980s marked the beginning of public regulation of the CCRC industry. Continuing Care Retirement Communities are governed by N.C.G.S. § 58-64(1-85); and defined by N.C.G.S. § 58-64-1 as, “[t]he furnishing to an individual...the care, of lodging together with nursing services, medical services or other health related services, under a contract...for the life of the individual or for a period longer than one year.” ‘Continuing care’ may also include home care services provided or arranged by a provider of lodging at a facility to an individual who has entered into a continuing care contract with the provider but is not yet receiving lodging...” CCRCs are licensed and regulated by the North Carolina Department of Insurance.

In the 1990s, private, for-profit corporations entered the CCRC market. The industry experienced significant growth and shifted from an entrance and monthly fee model to a fee-for-service model.

Chapter 2 of the Plan allows petitioners to recommend changes early in the year that may have a statewide effect. According to the SMFP, “Changes with the potential for a statewide effect are the addition, deletion and revision of policies and revision of projection methodologies.”

The policy proposed by LeadingAge is as follows:

Policy HH-4: Plan Exemption for Continuing Care Retirement Communities – Home Health Agencies

Qualified Continuing Care Retirement Communities may include from the outset or add a licensed Medicare Certified Home Health Agency, without regard to the need determination shown in Chapter 12: Home Health Services. To qualify for such exemption, applications for certificates of need shall show that the proposed Medicare Home Health Agency:

- 1. Will only be licensed concurrently with or after construction on the same site of facilities for the following levels of care:*
 - a. Independent living accommodations (apartments and homes) for people who can carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages and rooms;*
 - b. Licensed adult care home beds for use by people who, because of age or disability, require some personal services, incidental medical services and room and board to assure their safety and comfort.*
 - c. Licensed Nursing Care beds for use by people who, because of age, disability, or injury require skilled nursing services, rehabilitation services, or health-related services provided on a regular basis which are required above the level of room and board.*
- 2. Will provide services exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules).*
- 3. Will not be certified for participation in the Medicaid program.*

One hundred percent of the Home Health patients served under this exemption shall be excluded from Utilization Data used to project Home Health Agency need for the general population, as defined in the subsection “Sources of Data” of Chapter 12: Home Health Services.

Analysis/Implications:

The Petitioner cited one of the primary reasons for this Petition is that with “...an increased focus on Home Health services within the post-acute continuum of care, CCRCs are experiencing more residents with post-acute episodes utilizing the Home Health episodic payment benefit. As part of the trickle-down effect of [the] Health Reform effort and ‘Value-Based’ reimbursement within the post-acute care space, this trend of Home Health referrals will continue to rise, and at higher volumes than previous years. And while this trend may not have yet hit its peak, LeadingAge believes CCRCs should have the ability to position themselves to live up to the commitment of providing for the continuum of aging care needs within the life-care community; without the disruption of having their Home Health benefit delivered by a third party” (Page 9).

Chapter 2 of the SMFP contains a provision that allows CCRCs who believe that unique or special attributes of a particular geographic area or institution give rise to resource requirement that differ from those provided by application of the standard planning procedures and policies to submit a petition requesting an adjustment to the need determination. The Agency has no record of receiving a petition from a CCRC requesting an adjustment to need determination during the last 10 years.

CCRCs interested in establishing a Medicare-certified home health provider are currently able to apply for existing Medicare-certified home health need determinations. The 2018 SMFP determined a need for two additional Medicare-certified home health agencies or offices in Wake County. Certificate of Need applications are due on October 15, 2018. Exhibit 1 shows there are 59 licensed and operational CCRCs in the state, seven of which are located in Wake County.

According to the Petition, “...the potential Home Health patient volumes within CCRC life-care contracts represents less than 1% of the total Home Health patient volumes identified in the 2018 SMFP.” Table 12A in the 2018 SMFP indicated 230,565 total persons were served by Medicare-certified home health providers statewide. At less than 1%, that would calculate to fewer than 2,306 CCRC residents possibly being served by future CCRC home health providers.

Alternatively, the Agency calculated a slightly lower volume among CCRC residents than the Petitioner. The calculation is based on 59 licensed CCRCs with a total of 20,028 residents. The 182,128 persons ages 60+ years or older that were served in FY2016 represent 8.4% of the North Carolina population. Estimating that 8.4% of the 20,028 CCRC residents would need home health care in any single year yields 1,682 potential home health patients in CCRCs. A projection of this size does not support the addition of a new statewide policy.

The Agency recognizes that the LeadingAge petition represents a commitment to provide a continuum of aging care within life-care communities. However, the Agency finds no justification for a new policy.

Agency Recommendation:

The Agency supports the standard methodology for Medicare-certified home health agencies or offices as presented in the North Carolina 2018 SMFP. Given the available information and comments submitted by the March 22, 2018 deadline, and in consideration of factors discussed above, the agency recommends denying this Petition.

North Carolina Continuing Care Retirement Communities							
CCRC	County	Provider Tax Status	NC DOI Licensed Provider	2017			
				Total Units	Occupied Units	Number Residents	Percent Occupied
Oak Creek Apartments	Alamance	For-Profit	White Oak Manor - Burlington, Inc.	212	179	190	84.4%
The Village at Brookwood	Alamance	Not-For-Profit	Alamance Extended Care, Inc.	279	240	279	86.0%
Twin Lakes Community	Alamance	Not-For-Profit	Lutheran Retirement Ministries of Alamance County, NC	564	514	675	91.1%
Ardenwoods	Buncombe	For-Profit	Ardenwoods LLC	141	127	144	90.1%
Brooks-Howell Home	Buncombe	Not-For-Profit	United Methodist Women	106	72	83	67.9%
Deerfield Episcopal Retirement Community	Buncombe	Not-For-Profit	Deerfield Episcopal Retirement Community, Inc.	475	455	612	95.8%
Givens Estates	Buncombe	Not-For-Profit	The Givens Estates, Inc.	516	487	614	94.4%
Givens Highland Farms	Buncombe	Not-For-Profit	Givens Highlands Farms, LLC	322	289	364	89.8%
Pisgah Valley Retirement Community	Buncombe	Not-For-Profit	Carolina Adventist Retirement System, Inc.	188	176	193	93.6%
Grace Ridge Retirement Community	Burke	Not-For-Profit	Grace Life, Inc.	217	175	205	80.6%
The Garden of Taylor Glen	Cabarrus	Not-For-Profit	Baptist Retirement Homes of North Carolina, Inc.	173	122	143	70.5%
Abernethy Laurels	Catawba	Not-For-Profit	United Church Homes and Services	377	334	384	88.6%
Carolina Meadows Retirement Community	Chatham	Not-For-Profit	Carolina Meadows, Inc.	609	553	734	90.8%
Galloway Ridge at Fearrington	Chatham	Not-For-Profit	Galloway Ridge, Inc.	391	358	471	91.6%
Pittsboro Christian Village	Chatham	Not-For-Profit	Pittsboro Christian Village, Inc.	92	84	107	91.3%
Piedmont Crossing	Davidson	Not-For-Profit	United Church Homes and Services	298	276	324	92.6%
Croasdale Village Retirement Community	Durham	Not-For-Profit	United Methodist Retirement Homes, Inc.	542	495	601	91.3%
The Cedars of Chapel Hill Club, Inc.	Durham	For-Profit/Not-For-Profit	The Cedars of Chapel Hill, LLC	354	348	442	98.3%
The Forest at Duke	Durham	Not-For-Profit	The Forest at Duke, Inc.	341	323	408	94.7%
Arbor Acres	Forsyth	Not-For-Profit	Arbor Acres United Methodist Retirement Community, Inc.	441	416	487	94.3%
Brookridge Retirement Community	Forsyth	Not-For-Profit	Baptist Retirement Homes of North Carolina, Incorporated	252	176	201	69.8%
Salemtowne	Forsyth	Not-For-Profit	Moravian Home Inc. (d/b/a Salemtowne)	300	283	340	94.3%
Covenant Village	Gaston	Not-For-Profit	Covenant Village, Inc.	253	240	288	94.9%
Stanley Total Living Center	Gaston	Not-For-Profit	Stanley Total Living Center, Inc.	159	151	157	95.0%
Friends Homes West	Guilford	Not-For-Profit	Friends Homes, Inc.	315	291	329	92.4%
Friends Homes at Guilford	Guilford	Not-For-Profit	Friends Homes, Inc.	251	220	273	87.6%
Pennybyrn at Maryfield	Guilford	Not-For-Profit	Maryfield, Inc.	353	330	383	93.5%
River Landing at Sandy Ridge	Guilford	Not-For-Profit	The Presbyterian Homes, Inc.	414	392	527	94.7%
Well-Spring Retirement Community	Guilford	Not-For-Profit	Well-Spring Retirement Community, Inc.	382	355	409	92.9%
Whitestone: Amasonic and Eastern Star Commu	Guilford	Not-For-Profit	The Masonic and Eastern Star Home of North Carolina, Inc.	263	251	290	95.4%
Carolina Village	Henderson	Not-For-Profit	Carolina Village, Inc.	455	433	562	95.2%
Aldersgate	Mecklenburg	Not-For-Profit	Aldersgate United Methodist Retirement Community, Inc.	456	413	480	90.6%
Brookdale Carriage Club Providence	Mecklenburg	For-Profit	ARCLP - Charlotte, LLC	407	379	417	92.9%
Carmel Hills	Mecklenburg	Not-For-Profit	Carmel Hills, Inc.	70	64	71	91.4%
Plantation Estates	Mecklenburg	Not-For-Profit	ACTS Retirement - Life Communities, Inc.	497	472	566	95.0%
Sharon Towers	Mecklenburg	Not-For-Profit	The Presbyterian Homes at Charlotte, Inc.	343	281	326	81.9%
Sharon Village Apartments	Mecklenburg	For-Profit	White Oak Manor - Charlotte, Inc.	213	187	190	86.8%
Southminster	Mecklenburg	Not-For-Profit	Southminster, Inc.	336	314	377	93.5%
The Cypress of Charlotte	Mecklenburg	Not-For-Profit	The Cypress of Charlotte Club, Inc.	369	364	468	98.6%
The Pines at Davidson	Mecklenburg	Not-For-Profit	The Pines at Davidson, Inc.	331	317	400	95.8%
Belle Meade and Pine Knoll at SJP	Moore	Not-For-Profit	St. Joseph of the Pines, Inc.	528	435	522	82.4%
Penick Village	Moore	Not-For-Profit	Penick Village, Inc.	255	236	280	92.5%
Quail Haven Village	Moore	For-Profit	Quail Haven of Pinehurst, LLC	105	70	79	52.0%
Carolina Bay at Autumn Hall	New Hanover	For-Profit	Carolina Bay of Wilmington, LLC	130	34	50	26.2%
Plantation Village	New Hanover	Not-For-Profit	Plantation Village, Inc.	246	227	294	92.3%
Carol Woods	Orange	Not-For-Profit	The Chapel Hill Residential Retirement Center, Inc.	431	390	579	90.5%
Cypress Glen Retirement Community	Pitt	Not-For-Profit	Cypress Glen Retirement Community	270	251	282	93.0%
Tryon Estates	Polk	Not-For-Profit	ACTS Retirement - Life Communities, Inc.	367	297	394	80.9%
White Oak Village Apartments	Polk	For-Profit	White Oak Manor - Tryon, Inc.	188	181	197	96.3%
Wesley Pines Retirement Community	Robeson	Not-For-Profit	United Methodist Retirement Homes, Inc.	120	108	116	90.0%
Trinity Oaks	Rowan	Not-For-Profit	Lutheran Retirement Center - Salisbury, Inc.	339	288	325	85.0%
Scotia Village Retirement Community	Scotland	Not-For-Profit	The Presbyterian Homes, Inc.	212	196	245	92.5%
Glenaire	Wake	Not-For-Profit	Glenaire, Inc.	344	333	395	96.8%
SearStone	Wake	Not-For-Profit	Samaritan Housing Foundation, Inc. (d/b/a SearStone)	193	172	257	89.1%
Springmoor Life Care Retirement Community	Wake	Not-For-Profit	Springmoor, Inc.	582	485	575	83.3%
The Cardinal at North Hills	Wake	For-Profit	The Cardinal at North Hills	225	91	136	40.4%
The Cypress of Raleigh	Wake	Not-For-Profit	The Cypress of Raleigh Club, Inc.	245	243	322	99.2%
The Oaks at Whitaker Glen	Wake	For-Profit	Whitaker Glen, Inc.	229	207	219	90.4%
Windsor Point	Wake	For-Profit	Windsor Point, Inc.	254	218	247	85.8%
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Sources of Data: NC Department of Insurance, CCRC 2017 Reference Guide; NC DHSR MFF Database