



# Adult Care Home Current Methodology & Policies and Recommendations for Revisions

LONG-TERM AND BEHAVIORAL HEALTH COMMITTEE MEETING

NC STATE HEALTH COORDINATING COMMITTEE

APRIL 5, 2018

# MAJOR FACTORS IMPACTING NEED DETERMINATIONS FOR ACH AND NH BEDS

## ▶ PROJECTED BED UTILIZATION

current rate of bed use for an area and projected population

## ▶ PLANNING INVENTORY

number of licensed beds and beds awaiting licensure, less any exclusions

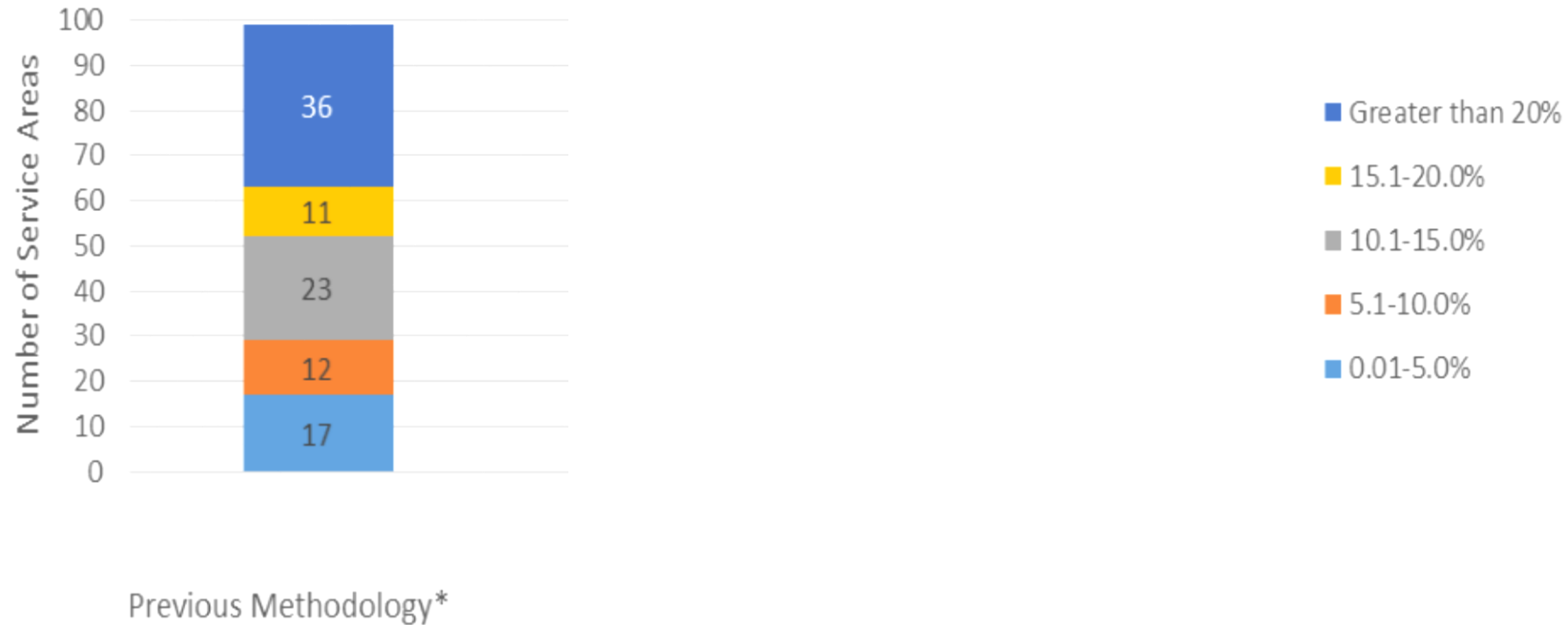
## ▶ DEFICIT

planning inventory and projected utilization of beds

## ▶ OCCUPANCY RATE

measure of occupancy and number of licensed beds for all facilities in a service area

## Projection Error for NH Beds

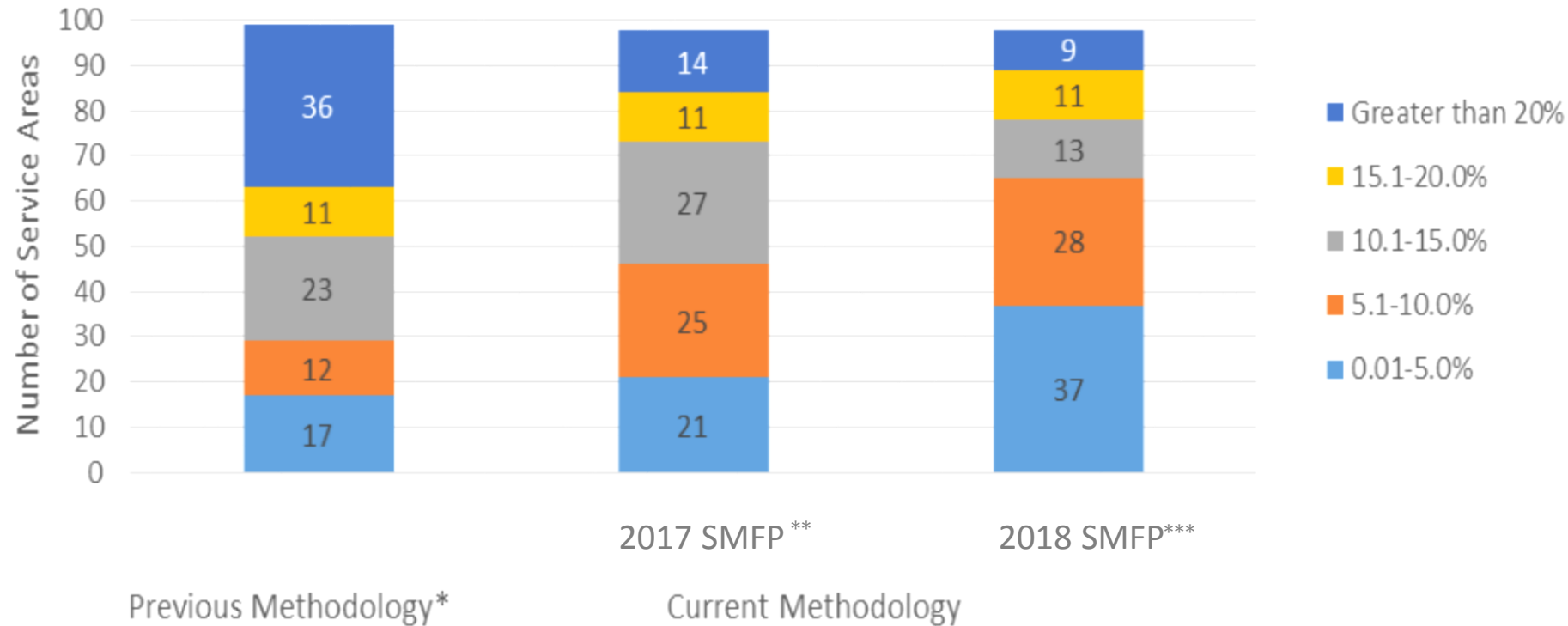


\* 2014 License Renewal Applications to Operate a Nursing Home; 2014 Nursing Care Facility/Unit Beds, Annual Data Supplement to Hospital Licensure Applications; 2012 North Carolina State Medical Facilities Plan

\*\* 2016 License Renewal Applications to Operate a Nursing Home; 2016 Nursing Care Facility/Unit Beds Annual Data Supplement to Hospital Licensure Applications; 2014 North Carolina State Medical Facilities Plan

\*\*\* 2017 License Renewal Applications to Operate a Nursing Home; 2017 Nursing Care Facility/Unit Beds Annual Data Supplement to Hospital Licensure Applications; 2015 North Carolina State Medical Facilities Plan

## Projection Error for NH Beds

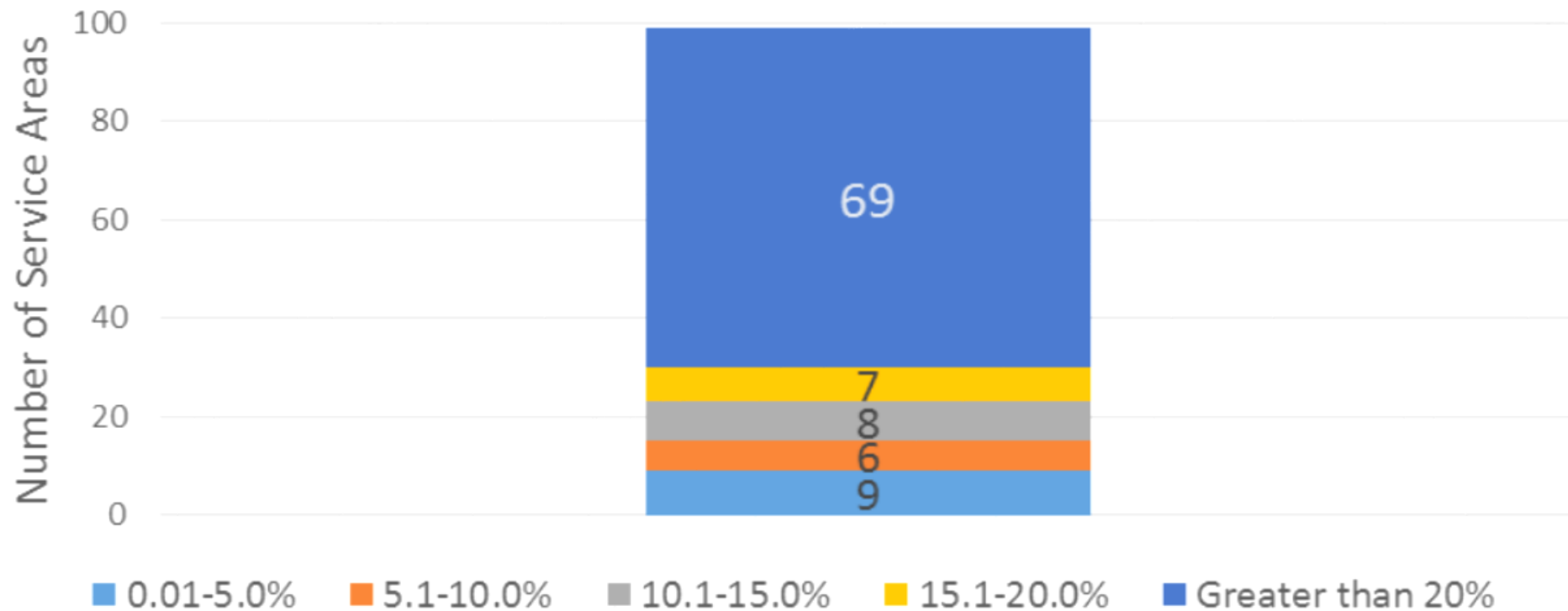


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## 2018 SMFP Projected Utilization\* and Actual Utilization\*\*, Projection Error



\* 2015 NC State Medical Facilities Plan

\*\* 2017 License Renewal Applications for Adult Care Homes

2017 License Renewal Applications to Operate a Nursing Home

2017 Nursing Care Facility/Unit Beds Annual Data Supplement to Hospital Licensure Applications



# CURRENT METHODOLOGY STEP 1

Multiply the adopted age-specific rates (left) by each county's corresponding projected age-specific civilian population (in thousands) for the target year (2021).

<b>Age Group</b>	<b>Beds Per 1,000 Population</b>
<b>Under 35</b>	0.05
<b>35-64</b>	1.28
<b>65 – 74</b>	5.25
<b>75 – 84</b>	18.37
<b>85 and Over</b>	74.39

County	Projected 2021 Population					Projected 2021 Bed Utilization (Rounded)				
	Under Age 35	Age 35-64	Age 65-74	Age 75-84	Age 85 up	<Age 35	35-64	65-74	75-84	85+
Greene	8,761	8,545	2,299	1,065	403	0	11	12	20	30

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# CURRENT METHODOLOGY

## STEP 2

For each county, add the products of the age-specific projections in Step 1. This is the county's projected bed utilization. This total is the Projected Bed Utilization Summary.

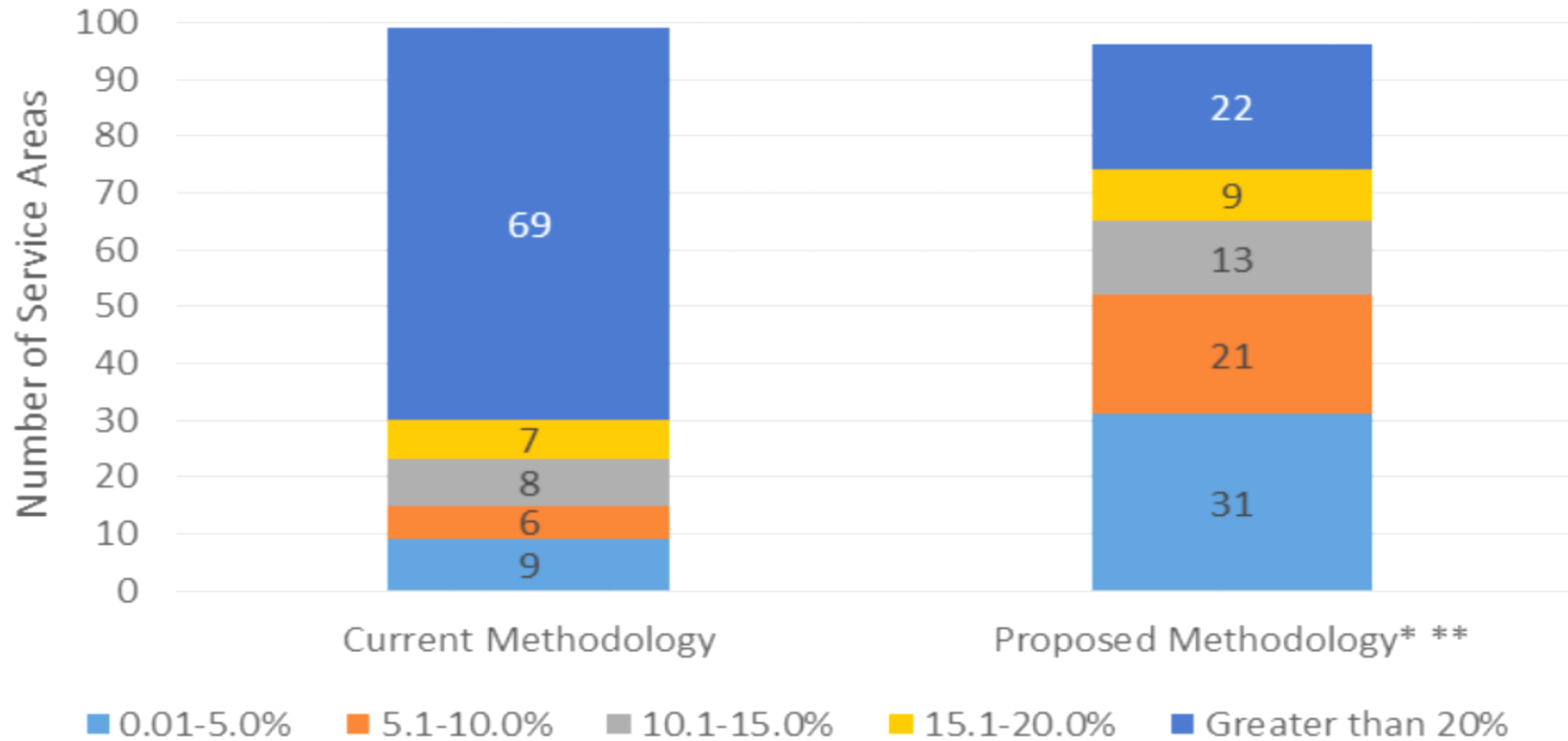
	Projected 2021 Bed Utilization (Rounded)					Projected Bed Utilization Summary
	<35	35-64	65-74	75-84	85+	
<b>Greene</b>	0 <b>+</b>	11 <b>+</b>	12 <b>+</b>	20 <b>+</b>	30 <b>=</b>	73

# Methodology change: REMOVE AGE-BASED STATE RATES FROM CALCULATION OF PROJECTED UTILIZATION

Calculate bed use rates for each county's projected utilization by using the county average change rate (ACR) over the last five years. Project utilization three years beyond the current plan.



## ACH Bed Utilization Projection Error



\* Projections based on 1) average annual change county use rates without age groupings, 2) all CCRC bed use excluded from bed inventory and change use rate calculations and 3) average paid bed days used in occupancy rate calculations

\*\* Use rates based on previous four years of census data

# Methodology change: INCLUDE A VACANCY FACTOR TO DETERMINE EACH COUNTY'S ADJUSTED PROJECTED UTILIZATION

Include a vacancy factor of either 90% or 95%, depending on the impact according to analyses of most recent data.

**Table 10C: Nursing Care Bed Need Projections for 2021**

County	Bed Rate per 1,000	2021 Population (Civilian)	Projected Bed Utilization	Projected Bed Utilization with Vacancy Factor*	Licensed Plus Previous Allocations	Exclusions**	Total Inventory	Surplus/ - Deficit
Alamance	4.5811	169,439	776	$776 \div .95 = 817$	888	70	818	1
Alexander	2.8557	38,481	110	116	183	49	134	18

## CURRENT METHODOLOGY

### STEP 3

For each county, the planning inventory is determined based on licensed beds adjusted for: CON-Approved/License Pending beds, beds available in prior plans that have not been CON-Approved, and exclusions from the county's inventory, if any.

### STEP 4

For each county, the projected bed utilization derived in Step 2 is subtracted from the planning inventory derived in Step 3. The result is the county's surplus or deficit.

	<b>Currently Licensed</b>	<b>License Pending</b>	<b>Exclusions</b>	<b>Planning Inventory</b>	<b>Projected Bed Utilization</b>	<b>Surplus/ "–" = Deficit</b>
<b>Greene</b>	57 <b>+</b>	0 <b>–</b>	0 <b>=</b>	57 <b>–</b>	<b>73</b>	<b>= -16</b>


## CURRENT POLICY

### LTC -1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds

One half 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.

## Policy change: EXCLUDE ALL BEDS DEVELOPED UNDER POLICY LTC-1 FROM PLANNING INVENTORY

~~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.



CURRENT ASSUMPTION  
Chapter 11 Adult Care Homes, Basic  
Assumptions of the Method

3. One half of the beds developed as part of a qualified continuing care retirement community, are excluded from the inventory.

**Policy change:** REGARDLESS OF WHETHER BEDS WERE DEVELOPED UNDER POLICY LTC-1, A) EXCLUDE FROM PLANNING INVENTORY ACH BEDS IN CCRCs AND B) EXCLUDE FROM OCCUPANCY RATE CALCULATIONS ALL DAYS OF CARE ASSOCIATED WITH ACH BEDS IN CCRCs

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.

- PLANNING INVENTORY
- OCCUPANCY RATE

## CURRENT POLICY

### LTC -2: Relocation of Adult Care Home Beds

Relocations of existing licensed adult care home beds are allowed 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



## CURRENT POLICY

### LTC -2: Relocation of Adult Care Home Beds

2. 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
3. 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.

# Policy change: ALLOW MOVEMENT OF BEDS FROM ANY COUNTY WITH A SURPLUS OF BEDS TO ANY COUNTY WITH A DEFICIT OF BEDS

**Policy LTC-2:** 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~~

## Policy change: ALLOW MOVEMENT OF BEDS FROM ANY COUNTY WITH A SURPLUS OF BEDS TO ANY COUNTY WITH A DEFICIT OF BEDS

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
3. 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.

## CURRENT METHODOLOGY STEP 5

- a. For a county with a deficit of 50% or more of its total projected utilization, the need determination is the amount of the deficit rounded to 10.
- b. For a county with a deficit that is 10% to 50% of the total projected bed utilization AND the average occupancy of licensed beds in the county is 85% or greater, the need determination is the amount of the deficit rounded to 10.

	<b>Surplus/ “-” = Deficit</b>	<b>Deficit Index</b>	<b>Occupancy Rate</b>	<b>Beds Needed</b>
<b>Greene</b>	-16	-21.92%	92.98%	20

- DEFICIT INDEX
- OCCUPANCY RATE



## CURRENT METHODOLOGY Occupancy rates

Calculate occupancy rate of service area as the fraction of the total number of residents in facilities on July 31 to the total number of licensed beds in the service area.

## Methodology change: USE THE MAXIMUM OCCUPANCY RATE CALCULATED TO DETERMINE NEED

Calculate occupancy rate for each county according to its facilities' average one-day census, median one-day census, average days of care and median days of care. The highest occupancy rate will be selected as the county occupancy rate.

# Methodology change: LOWER THE OCCUPANCY RATE THRESHOLD FOR DETERMINING NEED

R4

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

# Summary of Recommended Revisions

- county average annual change rate, no age groups
  - 100% CCRC beds excluded from planning inventory
  - Include vacancy factor of 90% or 95%
  - deficit index threshold = -10, -50
  - all CCRCs excluded in occupancy rate calculations
  - max occupancy calculation for service area occupancy rate
  - occupancy rate threshold = 80%
- Surplus/deficit Calculation Factors
- Need Determination Factors



**Policy addition:** DEVELOP A POLICY THAT AIMS TO INCREASE ACCESS TO ACH BEDS BY SPECIAL ASSISTANCE POPULATIONS

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.