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# CHAPTER 11

## ADULT CARE HOMES

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### Introduction

G.S. 131E-176(1) defines an “adult care home” as “a facility with seven or more beds licensed under G.S. 131D-2 or Chapter 131E of the General Statutes that provides residential care for aged or disabled persons whose principal need is a home which provides the supervision and personal care appropriate to their age and disability and for whom medical care is only occasional or incidental.”

Before enactment of Senate Bill 937 in 2001 to regulate the development of adult care homes under the Certificate of Need law, legislation ratified in 1997 (S. L. 1997-443) placed a statewide moratorium on the development of new adult care home beds. However, the 1997 legislation allowed for the development of additional adult care home beds under defined circumstances. Some of these beds remain eligible to be developed pursuant to settlements of contested cases. These “settlement” beds are also subject to conditions set out in the terms of the controlling settlement agreements. The planning inventory of adult care home beds included in the current North Carolina State Medical Facilities Plan (SMFP) is subject to change based on whether conditions have been met to allow for development of the settlement beds. In addition, litigation may result in changes to the inventory.

### Definitions

An adult care home bed’s service area is the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.

The “reporting year” is August 1 through July 31. The “current” reporting year is August 1, ~~2017~~ 2018 through July 31, ~~2018~~2019.

The methodology projects bed need determination ~~three~~ 5 years beyond the ~~publication year of the current reporting year SMFP~~. The current “projection year” is ~~2023~~2024.

The “planning inventory” is the number of beds used in need determination calculations. It is the number of licensed beds, plus any new beds approved by CON that are under development, minus any exclusions (see below) and beds to be relocated out of the county.

### Changes from the Previous Plan

This chapter contains no substantive changes from the previous SMFP. However, the chapter includes substantial technical edits.

### Basic Principles

1. The methodology should project need determination ~~three~~ 5 years beyond the current reporting ~~SMFP~~ year because at least that amount of time is required to bring a new or expanded facility into service.
2. A goal of the planning process is a reasonable level of parity among individuals in their geographic access to adult care home facilities.

### Data Sources

The North Carolina Office of State Budget and Management provides ~~estimates projected numbers~~ of North Carolina residents for the ~~current reporting year and~~ projection year, by county ~~and age group~~.

Estimates of the active duty military population come from the category of “Employment Status-Armed Forces” from the most recent American Community Survey 5-Year Estimates.

The methodology combines utilization data for the current and four immediately previous reporting years, as submitted to the North Carolina Department of Health and Human Services, Division of Health Service Regulation from: License Renewal Applications to Operate a Nursing Home; Nursing Care Facility/Unit Beds Annual Data Supplement to Hospital License Applications; and License Renewal Applications for Adult Care Homes.

### **Assumptions of the Methodology**

1. The inventory excludes 100% of the beds developed as part of a qualified continuing care retirement community (*Table 11E*), including those developed before enactment of Policy LTC-1; the occupancy rate calculation excludes their associated days of care.
2. The methodology excludes the estimated active duty military population under the age of 35 from the county’s population for any county with more than 500 active duty military personnel.
3. The methodology uses a **the** county bed use rate as the utilization measure in determining needs. Bed use rates are calculated per 1,000 population per county. Each ~~service area~~ **county’s** bed use rate is calculated using a ~~five~~**5**-year average annual change rate **to project** ~~projected~~ forward ~~three~~**5** years beyond the ~~current SMFP publication~~ **reporting** year. Any county with an average annual change rate that **is at least exceeds the average plus one-half of one 1** standard deviation **above the statewide rate** ~~of all county rates~~ will receive a rate equal to the average plus one half of a **1** standard deviation **above the statewide rate** ~~of all county rates~~.
4. The projected utilization is multiplied by 3 to account for future increases in utilization.
5. The methodology uses the highest of four occupancy rate calculations such that the need determination in each service area reflects the highest of the average or the median of all facilities’ occupancy rates based on a one-day census in a county, or the average or median of all the facilities’ occupancy rates based on annual days of care in a county.

### **Application of the Methodology**

Table 11A shows the inventory data and Table 11B shows the patient, population and bed use data that form the basis for the calculations discussed in the following steps. Table 11C shows projected bed utilization, bed surpluses/deficits and occupancy rates that are used to determine bed need.

#### **Step 1: Calculate the planning inventory for each facility and county (*Table 11A*)**

- a. Add the number of licensed beds in each nursing home (*Column D*), hospital (*Column E*) and adult care home (*Column F*) to calculate the total number of licensed beds (*Column G*).
- b. Adjust this result by adding or subtracting, as appropriate, CON-approved beds and beds to be transferred (*Columns H and I*). Then adjust this result by the number of beds available from need determinations in the SMFP but for which CONs have not yet been issued (*Column J*) to calculate the total planning inventory (*Column K*).
- c. Sum each of these calculations across all facilities in a county to obtain county totals (*Column K*).

**Step 2:** Calculate the projected county bed use rates (*Table 10B*).

- a. For each of the 5 most recent reporting years and for each county, divide the number of patients (*Column B*) by the population (*Column C*).
- b. Multiply the result by 1,000 to calculate the bed use rate per 1,000 population (*Column D*).
- c. Calculate the average annual change rate (AACR) in bed use for the 5 most recent reporting years for each county (*Column E*).
- d. If the result of Step 2-c is at least 0.5 standard deviations above ~~or below~~ the statewide AACR, then enter ~~the statewide AACR~~ 0.5 standard deviations above the statewide AACR; otherwise, enter the result of Step 2-c into Column F, the Selected Change Rate.
- e. Multiply the result of Step 2-d by the bed use rate for the reporting year (*Column D*, last sub-column) and then multiply by 3; add the product to the bed use rate for the reporting year to get the Bed Rate per 1,000 (*Column G*).

**Step 13:** Multiply the county bed use rates (*Table 11B, Column G and Table 11C, Column B*) by each county's corresponding projected civilian population in thousands for the projection year (*Table 11C, Column C*) to calculate the projected bed utilization (*Column D*).

**Step 24:** For each county, divide the projected bed utilization by a 95% vacancy factor (*Table 11C, Column E*).

**Step 35:** For each county, calculate the planning inventory (*Table 11A, Column K*) by adjusting the number of licensed beds (*Table 11A, Column G*) for: license pending beds (*total of Table 11A, Columns H and I*); and beds available in prior SMFPs that have not been CON approved (*Table 11A, Column J*).

**Step 46:** For each county, subtract the projected bed utilization derived in Step 2 (*Table 11C, Column E*) from the planning inventory derived in Step 35 (*appears in Table 11A, Column K and Table 11C, Column F*). The result is the service area's surplus or deficit (*Table 11C, Column G*).

**Step 57:** Determine each county's bed occupancy rate (*Table 11C, Column I*) by calculating occupancy according to the following four methods and then select the highest of the four rates:

- a. compute the average occupancy rate using the one-day census for all facilities in the service area;
- b. compute the median occupancy rate using the one-day census for all facilities in the service area;
- c. compute the average occupancy rate using the annual days of care for all facilities in the service area; and
- d. compute the median occupancy rate using the annual days of care for all facilities in the service area.

**Step 68:** Determine each county's need.

- a. For any county with a deficit, calculate the county's deficit index by dividing the deficit (*Table 11C, Column G*) by the result of Step 24 (*Table 11C, Column E*).

- b. If any county's deficit index (*Table 11C, Column H*) is from 10% up to, but not including, 50%, and the average adjusted occupancy of licensed beds in the county (*Table 11C, Column I*) is 80% or greater, the need determination is the amount of the deficit rounded to the nearest 10 (*Table 11C, Column J*);
- c. If any county's deficit index is 50% or more, the need determination is the amount of the deficit rounded to the nearest 10 (*Table 11C, Column J*);
- d. For purposes of rounding need determinations, numbers greater than 10 and ending in one to four round to the next lower number divisible by 10, and numbers ending in five to nine round to the next higher number divisible by 10.

For reference, Table 11E lists adult care beds developed as part of a qualified continuing care retirement community. Also, for reference, Table 11F lists the nursing homes with six or fewer adult care home beds.