



PETITION

**Petition to the State Health Coordinating Council
Regarding Special Need for an Adult Care Home Demonstration Project –
Alexander County
2011 State Medical Facilities Plan**

State Health Coordinating Council
Medical Facilities Planning Section
Division of Health Service Regulation
2714 Mail Service Center
Raleigh, NC 27699-2714

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REQUESTED ADJUSTMENT

This petition requests inclusion of a special need for a multidisciplinary Adult Care Home demonstration project in Alexander County that will offer an alternative to psychiatric commitment for residents of Special Care Units with Alzheimer's disease who display violent behavior and require supervision beyond that which a normal Special Care Unit can provide.

As explained in more detail in the next section, a problem exists in the current Adult Care Home system that leaves a significant need unmet. To address this problem, we ask that the North Carolina State Health Coordinating Council amend the draft *2011 State Medical Facilities Plan*, Chapter 11 to include:

a special adjusted need determination for 50 additional Adult Care Home beds to be awarded to an applicant or co-applicants, one or more of which is an existing provider of Adult Care Home services in Alexander County that has an existing, operational Special Care Unit for Alzheimer’s and Related Disorders as of January 1, 2011. The 50 additional beds would be operated in a dedicated Adult Care Home as a Special Care Unit to care for persons with Alzheimer’s and Related Disorders, and located in Alexander County on a campus that has been occupied by a licensed hospital.

Table 11C would be adjusted to read as follows:

County	HSA	Number of New Adult Care Home Beds Needed*	CON Application Due Date**	CON Beginning Review Date
Alexander	I	50***	January 17, 2011	February 1, 2011

* Need determinations as shown in this document may be increased or decreased during the year pursuant to Policy GEN-2 (See Chapter 4).

** Application Due Dates are absolute deadlines. The filing deadline is 5:30 p.m. on the Application Due Date. The filing deadline is absolute (See Chapter 3).

*** To be located in a dedicated Adult Care Home as a Special Care Unit to care for persons with Alzheimer’s and Related Disorders, and located in Alexander County on a campus that has been occupied by a licensed hospital; to be awarded to an applicant or co-applicants, one or more of which is an existing provider of Adult Care Home services in Alexander County that has an existing, operational Special Care Unit for Alzheimer’s and Related Disorders as of January 1, 2011.

REASONS FOR THE PROPOSED ADJUSTMENT

Summary

Meridian Senior Living is North Carolina's largest provider of Special Care Units in adult care facilities. In this capacity we have discovered a unique subgroup of Special Care Unit residents. They have chronic behavioral problems resulting from the progression of their Alzheimer's disease. Addressing their needs is beyond the capabilities of normal Special Care Units. Because operators must consider the needs of all residents, members of this subgroup are either discharged to the care of their families, or, more often, committed to a Psychiatric Hospital because no other type of facility has the capability to take care of them. The subgroup is large enough to justify focused attention. Addressing their needs will help both them and other residents of adult care facilities from whom resources are drained as staff try to handle the group's special needs.

Incidence of Problematic Behavior

The problematic behavior referenced in this petition mostly refers to violent behavior of the resident toward other residents. Isolated incidents of violent behavior from a particular resident are not necessarily too much for the staff in a normal Special Care Unit to handle. However, when a resident's violent behavior becomes too chronic, threatening the welfare of the other Special Care Unit residents, the facility administrator and staff must act. Often times, the only remaining option is to have the resident committed to a Psychiatric Hospital.

Within the Special Care Units operated by Meridian Senior Living, this level of problematic behavior leads to this decision being made approximately eight (8) to ten (10) times per month. Meridian Senior Living operates 1,041 Adult Care Home beds licensed as Special Care Unit beds. Although statewide statistics are not kept regarding these decisions, one can infer from Meridian Senior Living statistics that these decisions are made in North Carolina 39 to 49 times per month.

	Meridian Senior Living	Statewide
Licensed Beds	1,041	5,103
Monthly Incidents	8 to 10	<i>39 to 49</i>

Meridian Senior Living foresees this facility as being used temporarily for each resident who is transferred there. That is to say, this demonstration project's staff will either augment the resident's violent behavior or create a plan of care such that the originating facility's staff may safely care for the resident. The residents will stay at this facility for an average of six (6) months before being transferred back to a facility close to their families. This demonstration project will have fifty (50) beds available to these types of residents. As such, the project would be able to handle the low end (8 residents per month) frequency of incidents within the Meridian Senior Living facilities. This facility, however, would be available to residents coming from unaffiliated facilities. Therefore, it would be prudent to measure how much of the statewide need will be met by this demonstration project. The facility would be able to handle 16% to 21% of the estimated statewide need. Taking geography into consideration, one could assume that

this facility might more likely draw from the Western part of the State. In that case, the facility would still only be serving 32% to 42% of the need.

It would not be prudent for the State to allow this type of facility to be created around the State in order to meet 100% of the need right away. Instead, this demonstration project would allow for a significant percentage of the need to be met while expending minimal resources in an attempt to find the right solution to the problem.

Description of Demonstration Project

If this special need determination is granted, and Meridian Senior Living or its related entities are awarded a Certificate of Need (“CON”) for the 50 additional beds, Meridian Senior Living envisions housing the beds in an existing structure, built to acute care facility standards, formerly operated as Alexander Hospital. The design of Alexander Hospital allows for optimal care of the target residents.

This demonstration project can be operated within the current Special Care Unit reimbursement structure. This specially focused facility would make efficient and cost-effective use of the extra training and resources typically necessary for these special needs residents. Therefore, this proposal would further some of the most important purposes of the CON statute by targeting this traditionally underserved population with a low-cost, effective solution to a rapidly growing challenge to the healthcare system. N.C. Gen. Stat. §§ 131E-183(a)(3), (4), and (13).

In this facility, specially trained staff will work to augment the violent behaviors exhibited by the residents. The staff, with the help of medical professionals, will

incorporate innovative techniques to ensure the reintegration of the residents into the facilities from which they came. These techniques include:

- Comprehensive medical and psychological examination and assessment by licensed medical providers
- Plan of care based on comprehensive history of resident, stage of dementia, physical status and current identified resident and family needs.
- Ongoing medication management appropriate for the resident's environment that allows the resident to move about safely and one that is geared toward behavior management.
- Care staff that is involved with each resident's activities throughout their day
- Ongoing care planning meetings for staff/family and others involved in the resident's life
- Ongoing support sessions and educational sessions for family members

This demonstration project anticipates using the following criteria for admitting new residents:

- Primary diagnosis of dementia;
- Current placement in a long term care facility with evidence of recent medical assessment (FL2, history and physical, hospital summaries);
- Documentation of difficult behavior not responsive to facility interventions (redirection, activities, front line medication trial);
- Current medication administration record;

- Resident information summaries (care plans, care plan addendums, Resident Register, other assessments); and
- Comprehensive assessment to include interview of facility staff, family, other care takers, medical providers, and significant persons involved in the resident's life.

The purpose of this demonstration project is to create a level of care between Special Care Units and Psychiatric Hospitals. There is currently too large a gap between the two; many find the former to provide too little care, while finding the latter to provide a much higher level of care than necessary.

The goal of this demonstration project is to meet a need within the Alzheimer's community. Accordingly, the project facility will accept both private pay residents and residents relying on Medicaid. The facility will also accept residents being transferred from facilities not affiliated with Meridian Senior Living.

Reasons for Project Location

Locating this demonstration project in Alexander County is the most efficient and effective way to ensure success. The facility in which this project would be located has unique characteristics that are suited for the care of the resident population being served. The geographic location of the facility is also an essential asset leading to the project's success. Alexander County is uniquely suited for the demonstration because of its rural location, available labor pool, proximity to larger health centers with developed resources, and significant local government support for sustainable new service development.

By using the facility formerly operated as Alexander Hospital, the demonstration project would take advantage of the unique features inherent in the existing acute care hospital facility's physical layout. There, we can provide isolated, focused care to modify the challenging behavioral characteristics of the targeted residents. This facility is uniquely designed such that the residents can be optimally treated through highly trained staff and a specially devised care implementation program.

The facility being utilized is also an existing facility, requiring only renovations to implement this demonstration project. A new facility sharing the unique characteristics found in Alexander Hospital would both cost more and take longer to construct. Constructing a new facility elsewhere would significantly delay the demonstration project at best. At worst, a new facility may cost too much, rendering the demonstration project financially infeasible.

The geographic location of this facility is also an important factor in effectively caring for the residents; Alexander Hospital is only 30 minutes from Meridian Senior Living's headquarters in Hickory, NC. Being in close proximity, this location would allow our management staff to pay close attention to this important project.

Furthermore, this location is proximate to medical professionals specializing in the field of Alzheimer's disease. For example, Dr. Donald Schmechel, a neurologist who specializes in geriatric and Alzheimer's-related medicine, practices out of The Falls Neurology & Memory Center, just 30 minutes from Alexander Hospital.

Benefits of Demonstration Project

The demonstration project will provide persons with Alzheimer's residing in Special Care Units who demonstrate violent behavior with a less traumatic and less costly alternative to Psychiatric Hospitals. The resident being cared for at this facility will benefit from experiencing less violent behavior. But, just as importantly, non-violent residents at the originating Special Care Units will not have to contend with violent behavior exhibited by fellow residents.

ADVERSE EFFECTS ON THE POPULATION IF THE ADJUSTMENT IS NOT MADE

If the requested adjustment is not made, the Adult Care Home population will continue to suffer from the problem created by violent behaviors brought on by Alzheimer's disease. Facility administrators will be left with little choice but to either continue discharging residents exhibiting these behaviors or continue getting them committed to Psychiatric Hospitals. Neither of these existing options truly solves the problem at hand. Discharging residents with these behaviors puts unnecessary pressure on the family, and, more often than not, these residents end up in another Adult Care Home that is equally unable to care for them. Committing residents to Psychiatric Hospitals may prove helpful in augment violent behaviors, but it is more care than is necessary, leading to a waste of resources at the very least.

ALTERNATIVES CONSIDERED AND REJECTED

Status Quo

The status quo fails to address the issues brought forth by this petition. The current system leaves a care gap between Special Care Units in Adult Care Homes and Psychiatric Hospitals. At certain stages in the progression of Alzheimer's disease, it may be necessary for a resident to seek treatment at a Psychiatric Hospital. However, more often than not, inpatient psychiatric care is too extreme and inappropriate for residents of Special Care Units. Not only is psychiatric commitment traumatic for the Alzheimer's sufferer and their family, but it also puts an unnecessary strain on the resources of Psychiatric Hospitals.

Increase Training in Existing Special Care Units

While, in theory, staff at all Special Care Units in North Carolina could be trained to a level at which the problem could be alleviated, that alternative would be much too costly, especially for those facilities relying heavily on Medicaid reimbursement. Barring the cost prohibitions related to this alternative, there would still exist the problem of staff devoting much more time, energy, and resources to residents with behavioral problems than to the other residents in the Special Care Unit. This disparity would go against two of the three basic principles governing the development of the State Medical Facilities Plan: promoting safety and quality in the delivery of health care services, and promoting equitable access. Keeping these residents with behavioral problems in their current Special Care Units would diminish the safety of those residents without behavioral problems in the same facility. The extra time, energy and

resources spent on residents with behavioral problems would also negatively affect the quality of care that the other residents receive, leaving them with inequitable access to care.

Wait for Need in a Future State Medical Facilities Plan

Waiting for need in a future State Medical Facilities Plan would be inappropriate for this demonstration project. Currently, need is determined based on projected county populations. Using beds that have been determined to be needed in any specific county for a demonstration project that would service the entire State would negatively impact the residents of the host county, leaving them with access to fewer beds than they need.

EVIDENCE THAT DEVELOPMENT OF PROPOSED SERVICE WOULD NOT RESULT IN UNNECESSARY DUPLICATION OF HEALTH RESOURCES IN THE AREA

While Alexander County does not have a need for 50 additional Adult Care Home beds for use in the normally prescribed manner, the beds requested in this petition would be used in such a unique way that no health resources could be unnecessarily duplicated because the proposed health resource offered in this demonstration project does not yet exist. Due to the nature of this demonstration project, current Adult Care Home beds in Alexander County would not be affected in a competitive way. Rather, the existing Adult Care Home beds in Alexander County, and the rest of the State, would benefit from having this demonstration project as an alternative resource to Psychiatric Hospitals.

Similarly, this demonstration project would not duplicate the health resources provided by Psychiatric Hospitals. As discussed earlier in this petition, the residents

with Alzheimer's disease taking advantage of this unique facility would not be placed appropriately in a Psychiatric Hospital but for the lack of an alternative. This demonstration project is that necessary alternative. The inclusion of this alternative would not create competition for Psychiatric Hospitals; it would unburden them.

**EVIDENCE THAT THE REQUESTED ADJUSTMENT IS
CONSISTENT WITH THE THREE BASIC PRINCIPLES
GOVERNING THE DEVELOPMENT OF
THE STATE MEDICAL FACILITIES PLAN**

Safety and Quality

This project will promote safety and quality in the delivery of health care services. By providing a facility to which residents with violent behavior may be transferred, the safety of non-violent residents at the originating facilities will be enhanced. Additionally, because the staff at the originating facility no longer have to deal with problematic residents as often, they will be able to provide a higher quality of care for the remaining residents at the facility.

As for the residents transferred to the demonstration project facility, they will be provided with a higher quality of care than would have otherwise been provided at the originating facility or a Psychiatric Hospital. Psychiatric Hospitals certainly provide a higher level of care than this project facility would. However, they do not specialize in Alzheimer's disease; this facility will. Specialization such as this enables a higher quality of care.

Access

This project will promote equitable access. The goal of this demonstration project is to meet a need within the Alzheimer's community. Accordingly, the project facility will accept both private pay residents and residents relying on Medicaid. The facility will also accept residents being transferred from facilities not affiliated with Meridian Senior Living.

Value

This project will maximize healthcare value for resources expended. As stated earlier, this demonstration project can be operated within the current Special Care Unit reimbursement structure. This specially focused facility would make efficient and cost-effective use of the extra training and resources typically necessary for these special needs residents. Psychiatric commitment costs the State \$207.86 per day for the first 30 days and \$158.99 per day thereafter. This new facility would bill Medicaid at the rate of \$116.33 per day, the same as any other Special Care Unit for Alzheimer's and Dementia.

CONCLUSION

This petition proposes a demonstration project that will meet an unmet need amongst Adult Care Homes and residents with Alzheimer's disease and related dementia. This demonstration project not only meets a need within the Adult Care Home and Alzheimer's communities, but it also provides a solution to a multidisciplinary problem: the improper use of Psychiatric Hospital beds by those would be better cared for under the regime provided by this demonstration project.

LIST OF EXHIBITS

Exhibit A	Proposed Schedule	Exhibit M	Cash Flow by Quarter
Exhibit B	Significant Assumptions	Exhibit N	Projected Rates
Exhibit C	Projected Utilization	Exhibit O	Form B – 1 st Full Year
Exhibit D	Payor Category	Exhibit P	Form B – 2 nd Full Year
Exhibit E	Projected Days	Exhibit Q	Form B – 3 rd Full Year
Exhibit F	Staff by Shift	Exhibit R	Form C – 1 st Full Year
Exhibit G	Proposed Staff	Exhibit S	Form C – 2 nd Full Year
Exhibit H	Direct Care Staff Hours	Exhibit T	Form C – 3 rd Full Year
Exhibit I	Working Capital Amort.	Exhibit U	1 st Year ALZ Worksheet
Exhibit J	Mortgage Amortization	Exhibit V	2 nd Year ALZ Worksheet
Exhibit K	Capital Costs / Sources	Exhibit W	3 rd Year ALZ Worksheet
Exhibit L	Start-up Costs		