

PETITION

**Petition to the State Health Coordinating Council
Regarding the Merging of Hyde County and Tyrrell County Adult Care Home Beds
into a Combined Service Area
2013 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

March 7, 2012

Petitioners:

Meridian Senior Living, LLC
P.O. Box 2568
Hickory, NC 28603

Hyde County Board of Commissioners
P.O. Box 188
Swan Quarter, NC 27885

Tyrrell County Board of Commissioners
P.O. Box 449
Columbia, NC 27925

Contact:

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Meridian Senior Living, LLC
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REQUESTED ADJUSTMENT

This petition requests an adjustment to the service areas of Hyde County and Tyrrell County to combine them into a single service area with regard to adult care home beds.

As explained in more detail in the next section, a problem exists in the current service area configuration and need determination that leaves a significant need unmet. To address this problem, we ask that the North Carolina State Health Coordinating Council include in the *2013 State Medical Facilities Plan*, Chapter 11, an adjusted service area determination, such that the projected 20 beds of Tyrrell County and the projected 30 beds of Hyde County would be able to be combined in a single 50-bed facility to be located within the combined service area of Hyde County and Tyrrell County. Such a combination would allow an adult care home to be built that would serve the residents of both counties and would be large enough to take advantage of economies of scale and therefore be financially feasible.

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
Combined Hyde-Tyrrell Service Area	VI	50***	June 15, 2013	July 1, 2013

* 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).

*** In response to a petition endorsed by the County Commissioners of Hyde County and Tyrrell County, the SHCC approved the merging of the service areas of Hyde County and Tyrrell County into a combined service area.

REASONS FOR THE PROPOSED ADJUSTMENT

Incidence of Unmet Need

The 30 beds allocated to Hyde County and the 20 beds allocated to Tyrrell County have been in the State Medical Facilities Plan for many years. This is not a unique situation. In fact, there is a pattern to be found looking back to State Medical Facilities Plans of previous years. The following chart shows that rural counties with 30 or fewer adult care home beds allocated to them rarely see their needs met through the use of these beds:

	2007	2008	2009	2010	2011	2012
Camden County	10	20	20	20	-	-
Hyde County	30	30	30	30	30	30
Jones County	30	30	30	30	30	30
Tyrrell County	20	20	20	20	20	20
Washington County	20	20	20	10	10	10

The bed reductions in both Camden County and Washington County were due to adjustments in the bed need determination; they were not awarded to applicants. It is clear, from the chart above, that, in order to meet the needs of the citizens of Tyrrell and Hyde Counties, the bed allocations must be combined such that an applicant will apply for the beds and build an adult care home. Otherwise, no adult care home will be built, and the needs of these people will go unmet.

This proposal would further some of the most important purposes of the CON statute by targeting this traditionally underserved population (those living in counties with small populations) with a low-cost, effective solution to a challenge to the healthcare system. N.C. Gen. Stat. §§ 131E-183(a)(3), (4), and (13).

Description of Reallocation

Meridian would like to apply for the 20 beds currently allocated to Tyrrell County and the 30 beds currently allocated to Hyde County and to combine them in one location within the two-county service area to create one 50-bed facility. This 50-bed adult care home would have the economies of scale necessary to allow adequate profit margins for the operator, while providing excellent care for the facility's residents.

Project Location

The facility would be located at the most appropriate location for the facility within either Hyde County or Tyrrell County. The geographic location could be determined based on factors such as convenience for potential residents, appropriate zoning, the availability of an appropriate well and sewage treatment system, and the price of available land. The ability to choose an appropriate location within either county could help to keep the cost of building the facility down, which would help to make its construction and operation financially feasible in order to be able to care for the residents of both counties. In contrast, building the adult care home on the county line with 20 beds in Tyrrell County and 30 beds in Hyde County would be prohibitively costly and inefficient. Likewise, as was described above, it is financially infeasible to build separate 20-bed and 30-bed adult care homes in each county.

Benefits of Reallocation

As stated before in this petition, the combination of the Hyde County and Tyrrell County adult care home beds would benefit the citizens of both counties by providing

an adult care home to serve both counties instead of having the beds linger in the State Medical Facilities Plan.

ADVERSE EFFECTS ON THE POPULATION IF THE ADJUSTMENT IS NOT MADE

If the requested adjustment is not made, the populations of both Hyde and Tyrrell Counties will continue to suffer from the lack of sufficient adult care home beds in their area. These people will be forced to continue to look to adult care homes far away from their communities for care. This situation limits family and community interaction for those displaced by the lack of beds.

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 those living in more populous counties who enjoy adult care homes close by, and those living in less populous counties who must look to other counties for adult care homes. Despite adult care home beds being allocated to these counties, the economic realities create a situation where these beds remain in the State Medical Facilities Plan, unutilized.

Constructing a Facility on the County Line

In theory, a facility could be built by which one wing of bedrooms would be in Tyrrell County, and other wing of bedrooms would be in Hyde County. Such a facility would straddle the county line so that the beds allocated to Tyrrell County would be built in Tyrrell County, and the beds allocated to Hyde County would be built in Hyde

County. This facility would remain in compliance with the CON law as it is currently written, while taking advantage of the economies of scale enjoyed by a 50-bed facility. The problem with this alternative, however, is that there is no municipal water and sewer system on the line separating Hyde and Tyrrell Counties. As discussed before, a lack of municipal water and sewer system would eliminate the financial advantages of having a larger facility.

Wait for Need in a Future State Medical Facilities Plan

Waiting for need in a future State Medical Facilities Plan would be an unreasonable alternative. Neither Tyrrell County nor Hyde County populations are growing at a significant rate. As such, it would be many years before a future State Medical Facilities Plan would allocate enough beds to either county for someone to apply for the beds as they stand now.

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

For the purposes of this proposal, the service area should be considered to be both Hyde and Tyrrell County combined. Simply adding 30 beds to Tyrrell County would produce a bed surplus when considering the needs of only Tyrrell County. Likewise, simply adding 20 beds to Hyde County would produce a bed surplus when just considering the needs of Hyde County. However, when considering the needs of both counties, the number of beds developed would match the bed need determination for the service area, and would not result in unnecessary duplication of health resources.

**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. The development of a facility that would combine the beds from Hyde and Tyrrell Counties allows economies of scale that would better ensure that the level of safety and quality of care are high.

Access

This project will promote equitable access. Accordingly, the project facility will accept both private pay residents and residents relying on Medicaid. Alternately, the lack of the project facility would keep the access to these services low in both counties.

Value

This project will maximize healthcare value for resources expended. The economies of scale utilized in building a facility that combines the bed needs of Tyrrell and Hyde Counties allows for resources to be conserved and value to be added to the services provided to the residents of the adult care home.

CONCLUSION

The citizens of Hyde and Tyrrell Counties have gone a long time with an adult care home bed need that has not been met. Having only a 30-bed and 20-bed allocation, respectively, potential applicants for the beds have been discouraged by the high risk of taking on such a small number of beds. Only by combining them in a single service area can the needs of the populations in both counties be met.

LIST OF EXHIBITS

Exhibit A Hyde County Resolution

Exhibit B Tyrrell County Resolution



Since 1712

HYDE COUNTY

NORTH CAROLINA

Resolution In Support Of The Certificate Of Need To Service Hyde & Tyrrell Counties

Whereas, Hyde County and Tyrrell County are located in rural Northeastern North Carolina; and

Whereas, the ability for Counties in the northeast region of North Carolina to succeed is predicated upon the mutual respect and support of one another's best interests while preserving one's own identity; and

Whereas, like most Counties in rural North Carolina, Hyde County and Tyrrell County have worked to support one another, not only to improve our own Counties, but the northeast region of North Carolina; and

Whereas, Hyde County has a need determination of thirty adult care beds and Tyrrell County has a need determination of twenty adult care beds; and they have had these same need determinations in several of the most recent editions of the State Medical Facilities Plan; and

Whereas, to be successful a Certificate Of Need for an assisted living facility is predicated on securing fifty or more adult care beds; and

Whereas, neither Hyde County nor Tyrrell County has had a need determination equal to or greater than this number; and

Whereas, Hyde and Tyrrell Counties have been approached regarding the building of an adult care facility that would be available to service all the Counties in the region; and

Whereas, in the past, Tyrrell County graciously transferred their adult care bed need determination to Hyde County to help facilitate the building of a long-term care facility in its county; and

Whereas, Hyde County has now graciously agreed to transfer their thirty adult care beds to Tyrrell County to aide in the locating of an assisted living facility in Tyrrell County;

NOW, THEREFORE, LET IT BE RESOLVED that the Hyde County Board of Commissioners:

- 1) Wishes to encourage other Counties in the region to work in support of each other's efforts, as Hyde County and Tyrrell County, to locate adult care facilities in their counties while maintaining their individual identities.*
- 2) Supports the Temporary Merging of Hyde and Tyrrell Counties into one service area for the sole purpose of locating an adult care facility in Tyrrell County.*

- 3) *Strongly endorses the State of North Carolina to transfer the surplus of thirty beds from Hyde County and any other available surplus beds to Tyrrell County, to assist in the successful location of an assisted living facility in Tyrrell County.*
- 4) *And more specifically, the Hyde County Board of Commissioners respectfully asks that any and all state agencies be instructed to assist in the transferring of these surplus adult care beds to Tyrrell County in the most expeditious manner in accordance with all regulations.*

This the 5th day of March, 2012

Sharon P. Spencer

Sharon P. Spencer, Chairman

Lois Stotesberry

Lois Stotesberry, Clerk



Tyrrell County Board of Commissioners

Post Office Box 449
Columbia, North Carolina 27925
Telephone (252) 796-1371

Thomas W. Spruill, Chairman
Larry G. Hill, Vice Chairman
J. Fred Swain



Nina Griswell
Gordon A. Deaver, Jr.
Penny Rhodes Jones, Clerk

Resolution In Support Of The Certificate Of Need To Service Hyde & Tyrrell Counties

Whereas, Hyde County and Tyrrell County are located in rural Northeastern North Carolina; and

Whereas, the ability for Counties in the northeast region of North Carolina to succeed is predicated upon the mutual respect and support of one another's best interests while preserving one's own identity; and

Whereas, like most Counties in the rural North Carolina, Hyde County and Tyrrell County have worked to support one another, not only to improve our own Counties, but the northeast region of North Carolina; and

Whereas, Hyde County has a need determination of thirty adult care beds and Tyrrell County has a need determination of twenty adult care beds; and they have had these same need determinations in several of the most recent editions of the State Medical Facilities Plan; and

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Whereas, neither Hyde County or Tyrrell County has had a need determination equal to or greater than this number; and

Whereas, Hyde and Tyrrell Counties have been approached regarding the building of an adult care facility that would be available to service all the Counties in the region; and

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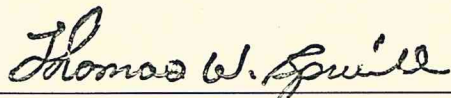
Whereas, Hyde County has now graciously agreed to transfer their thirty adult care beds to Tyrrell County to aide in the locating of an assisted living facility in Tyrrell County;

NOW, THEREFORE, LET IT BE RESOLVED that the Tyrrell County Board of Commissioners:

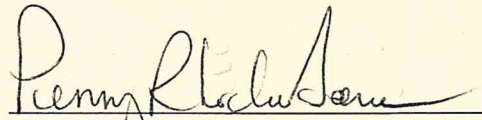
- 1) Wishes to encourage other Counties in the region to work in support of each other's efforts, as Hyde County and Tyrrell County, to locate adult care facilities in their counties while maintaining their individual identities.*

- 2) *Supports the Temporary Merging of Hyde and Tyrrell Counties into one service area for the sole purpose of locating an adult care facility in Tyrrell County.*
- 3) *Strongly endorses the State of North Carolina to transfer the surplus of thirty beds from Hyde County and any other available surplus beds to Tyrrell County, to assist in the successful location of an assisted living facility in Tyrrell County.*
- 4) *And more specifically, the Tyrrell County Board of Commissioners respectfully asks that any and all state agencies be instructed to assist in the transferring of these surplus adult care beds to Tyrrell County in the most expeditious manner in accordance with all regulations.*

This the 6th day of March, 2012



Thomas W. Spruill, Chairman



Penny Rhodes Jones, Clerk