

**Petition to the State Health Coordinating Council
Regarding Nursing Care Bed Adjusted Need Determination for
Davie County
For the 2015 State Medical Facilities Plan**

July 30, 2014

Petitioner:

Bermuda Village Retirement Community
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Contact:

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STATEMENT OF REQUESTED CHANGE

On behalf of Bermuda Village Retirement Community (Bermuda Village), D. Gray Angell, Jr., Executive Director, requests the following special need adjustment to the *Proposed 2015 State Medical Facilities Plan (SMFP)*. Bermuda Village asks that the *Proposed 2015 State Medical Facilities Plan* be modified to add a special need for 12 nursing care beds in Davie County. Specifically, this would modify Chapter 10 of the *Proposed SMFP*, as follows:

Table 10C: Nursing Care Bed Need Determination
(Proposed for Certificate of Need Review Commencing in 2015)

It is determined that the counties listed in the table below need additional nursing care beds as specified.

County	HSA	Nursing Bed Need Determination*	CON Application Due Date**	CON Beginning Review Date
Davie	III	12	TBD	TBD

**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).

REASONS FOR THE REQUESTED CHANGES

Overview

Bermuda Village is a no entry fee residential retirement community that has been in Davie County for 30 years. Independent living residents own their homes and have a management services contract that includes maintenance, social programs and access to a health center. Today, the community has 264 residents; capacity is about 330 and the resident count is growing at a rate of 25 to 30 a year. Bermuda Village started as a retirement housing community and residents petitioned management to organize a 24-bed health center. The health center is licensed for both nursing home and assisted living beds. Although its primary users are Bermuda Village residents, the facility also serves people who live outside the retirement community. Most are from Davie and Forsyth Counties. Nationally, retirement communities attract people who are in their 80's. Many Bermuda Village residents are over 90 years old. The median age is 85 and is getting older each year, because residents are living longer.

With the high median age, residents are using the health center at higher rates and they require a higher level of care. All of the health center beds were full in nine of the last 12 months. The only empty beds were the ones being renovated. Only three (3) of the 24 health care facility beds are licensed and Medicare-certified for skilled nursing care, but skilled care is what most of the residents who use the health center need now. The skilled beds stay 100 percent occupied and we are turning patients from outside Bermuda Village away. The Bermuda Village's services agreement includes up to 15 days a year in the health care facility, if residents need it. When the skilled beds are full, Bermuda Village meets resident need with a hybrid service, using its home health care program or assisted living beds so that continuous care can be provided. This is not an ideal solution, but it keeps residents near their community where their social support network is strongest. It provides important short term nursing care, either post hospitalization, or to intercept problems and prevent hospitalization.

Quantitative Justification

The methodology used to calculate nursing home bed need in the *Proposed 2015 SMFP* produces a surplus of eight nursing home beds in Davie County for 2017. However, the same methodology justifies 15.5 nursing care beds for residents of Bermuda Village in 2014 alone. For 2017, it justifies 18 nursing home beds, assuming Bermuda Village grows, conservatively, by 45 additional residents, and assuming the age distribution remains constant. Please see the bed need calculations below.

Bermuda Village Nursing Facility Bed Need Calculation

Age Group	2015 Draft Plan 5-year Trend Use Rates (Beds/ 1000 pop)	Bermuda Village Pop 2014	Beds Needed 2014	Resident Increase 2014-2017	Beds needed 2017
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
< 65	0.62	5	0.0		
65-74	7.02	12	0.1		
75-84	21.12	92	1.9		
85 +	86.6	155	13.4		
Total		264	15.5	117%	18.1

Notes: *a* and *b*) Proposed 2015 State Medical Facilities Plan, p. 199

c) Bermuda Village population as of July 11, 2014

d) $b * c / 1000$

e) $(264+45) / 264$

f) $d * e$

Bermuda Village is petitioning for 12 additional nursing care beds. These 12 additional beds would bring Bermuda Village's nursing home bed inventory to 15, which could be staffed efficiently at a high level of quality.

Davie County also needs more beds in the future. All available nursing home beds stay occupied. Mean occupancy in 2013 was 85 percent. Bermuda Village was 100 percent, Autumn Care of Mocksville was 93 percent and Bermuda Commons was 78 percent. The latter has space constraints and uses semi-private rooms for private occupancy.

The *SMFP* methodology assumes that only Davie County residents use Davie County facilities. This is not true. Two facilities, Bermuda Village and Bermuda Commons, are very near the Forsyth County line, and one, Autumn Care, is near the Iredell County line. Patients of all facilities come from Davie and other counties. The other two facilities have long-stay patients, so turnover is low. This is one reason why Davie County facilities are virtually at capacity.

Median age in Davie County is also much higher than the state. Today it is 43.7 compared to the state median of 38.1. From 2014 through 2019 at least one in five residents is / will be over age 65, according to the State Office of Budget and Management (NCOSBM).

Population by Age Group - Davie County

	2014	2015	2017	2019
< 65	33,768	33,882	33,574	33,340
65-74	4,446	4,591	4,814	5,065
75-84	2,343	2,423	2,589	2,783
85 +	976	989	1,041	1,076
Total	41,647	41,771	42,018	42,264
Median Age	43.7	43.7	44.45	44.63
Percent over 65	19%	19%	20%	21%

Source: NCOSBM

The *Proposed 2015 SMFP* shows a surplus of eight nursing home beds in Davie County in 2017. However, this calculation assumes that residents will use nursing home beds at the 5-year historic trended state average rate. That age-based rate itself is based on a one-day inventory of beds occupied. (License Renewal Applications report the number of residents by age group on a single calendar day and do not show bed distributions within facilities). Moreover, retrospective the 5-year trended rate incorporates nursing home use before nursing homes began absorbing chronic care that formerly went to acute care hospitals.

Davie County nursing home beds are also used at a higher rate than the state average. According to 2012 data from the Division of Medical Assistance, Davie County averaged 1.47 bed days per county resident, compared to the state's 1.09.

Nursing Home Bed Use per Resident 2012

	Total NF Days	Population	NF Days per Resident Pop
Davie County	60,923	41,378	1.47
North Carolina	10,645,729	12,178,178	1.09

Source: North Carolina DMA Cost Report summary 2012

When Davie County facilities attract residents from other counties, fewer beds are available to people who live in Davie County. Bermuda Village's healthcare facility has become particularly attractive to residents of Davie and Forsyth, because Wake Forest University Baptist Medical Center has established a geriatric clinic in Bermuda Village and people prefer the continuity of care that arrangement provides.

Adverse Effects on Provider of Not Making the Requested Changes

In short, three nursing home beds are not enough to serve Bermuda Village's current residents, let alone the population that needs its care. Three nursing home beds cannot be staffed efficiently; and, because the facility has less than 10 nursing home beds, Bermuda Village does not show up on Medicare's Nursing Home Compare, even though its quality metrics are comparable to four- and five-star facilities.

Bermuda Village's nursing beds operated at 100 percent occupancy in 2009, 2011, and 2013, according to NC Nursing Home License Renewal Applications.

Without the change, Bermuda Village will be forced to continue shuffling patients around in its facility and turning away patients who are seeking care. Bermuda Village's contract with independent living residents provides up to 15 days of health care facility care each year. So, it will be forced to use adult care beds together with private duty home care to provide the nursing care level patients need. This is difficult for the facility and the patients and their families. Bermuda Village cannot correct the problem without a change in the *SMFP*, because the *Proposed SMFP* shows no nursing home beds needed in Davie County.

Approval of this request would serve special needs of Bermuda Village and Davie County.

Adverse Effects on Consumers of Not Making the Requested Changes

Bermuda Village's entire health care facility was full nine of the last 12 months. During this time the facility turned away patients or made shuffleboard arrangements using combinations of assisted living beds and in-home services. The petitioner notes that if these people had been counted in the nursing home inventory, their days would have increased the use rates. Bermuda Village could not make shuffleboard arrangements for people who were not members of the retirement community. They were forced to go elsewhere, often at some distance from their homes.

In addition to the adverse effect of turning away persons in need, there is another adverse effect on persons served. It is not good for Bermuda Village residents to be shuffled around when nursing home beds are full. Residents are old and frail. If the request is not approved, the desired option of "aging in place" will not be available to residents. Residents who need skilled nursing facility care may be placed in facilities outside the county, where family will be less accessible and will likely visit less frequently. There is substantial evidence that family and social support are important, if difficult to measure elements in rehabilitation.¹

As noted above, Davie County is aging fast; and demand for beds will accelerate as more people move into the age groups over 75 and over 85. In 2014, the median age in Davie County is 43.7 compared to the state's 38.4. By 2018, Davie will have a median age of 44.6, compared to the state's 38.8. As noted below, population in the age groups that are high users of nursing home beds is increasing in size and proportion of the population.

¹ Chronister, Julie, et al. The relationship between social support and rehabilitation related outcomes: a meta-analysis *The Journal of Rehabilitation*, Vol. 74(2)

Davie Population by Age Group

	2014	2015	2017	2019
< 65	33,768	33,882	33,574	33,340
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85 +	976	989	1,041	1,076
Total	41,647	41,771	42,018	42,264
Median Age	43.7	43.7	44.45	44.63
Percent over 65	19%	19%	20%	21%
Percent over 85	2.3%	2.4%	2.5%	3%
Percent 75-84	5.6%	5.8%	6.2%	6.6%

Source: NCOSBM

If this special need is not approved, Bermuda Village and Davie County residents will increasingly be forced out of county when they need skilled nursing. Some solutions will be available only outside the county; some may involve expensive round the clock home health care or extended hospital stays. In peak seasons, the problem will be particularly acute, because nursing care beds in Davie County are virtually full.

ALTERNATIVES TO THE REQUESTED CHANGES CONSIDERED AND REJECTED

Several alternatives were considered, and the petition to add 12 nursing home beds to Davie County is the most effective.

The status quo is not working. As noted, the number of skilled nursing beds at Bermuda Village is insufficient to meet the needs of its residents. The problem will get larger as the median age of Davie County and Bermuda Village increases and more people are competing for the existing supply of beds. Annual independent living sales in Bermuda Village have increased from an average of seven units a few years ago, to 20 units in 2013; currently 2014 is tracking for a similar level of growth. Moreover, Bermuda Village's three existing nursing home beds cannot be staffed efficiently because they are so few in number. Hence, the cost of providing skilled nursing care at Bermuda Village is high.

Bermuda Village considered asking for a different count of beds. Fewer would not be efficient and would not meet the needs of residents. Slightly more is also inefficient. Bermuda Village has demonstrated both need and capacity to fill the proposed 12 beds, because it is now providing the service with a patchwork of home care and assisted living.

Buying an existing facility is not an option.

Bermuda Village also considered a larger project that would involve swapping and relocating beds from existing facilities. These alternatives required both special need changes to the Plan and an exemption to Adult Care Policy LTC-2. After presenting the idea at a few of the public hearings, discussing it with the CON staff and looking more carefully at the fact that its adult care beds would be more available if it had more nursing home beds, Bermuda Village rejected the idea of a larger project at this time.

EVIDENCE OF NON-DUPLICATION OF SERVICES

Davie County has only three nursing homes and they are virtually full. Bermuda Village represents a unique concentration of people who alone could fill the nursing home beds. Moreover, according to 2012 Medicaid records, Davie County uses nursing home beds at 1.47 times the state average. If that were considered in the calculation of bed need for the county, the *Proposed SMFP* would show a deficit in Davie County. The proposed 12 additional nursing care beds would not duplicate true existing capacity.

EVIDENCE OF CONSISTENCY WITH NORTH CAROLINA MEDICAL FACILITIES PLAN BASIC GOVERNING PRINCIPLES

Overview

The SMFP has three governing principles: Safety and Quality, Access, and Value.

Safety and Quality

Bermuda Village has demonstrated quality in its nursing home care, maintaining compliance with State Licensure and Medicare Certification requirements. It has also provided care consistent with a four-star or higher Medicare Compare facility. Enabling Bermuda Village to compete to expand to a size that would permit participation in the Medicare Compare program would assure transparency with third party oversight and publication of these evidence-based quality metrics. Doing so requires a special need in the *2015 SMFP*. Competition also encourages high quality among competing facilities.

Access

In 2014, as demonstrated in this petition, residents of the Bermuda Village community alone would support the proposed beds. In 2013, Davie County nursing home beds were virtually full; the county average nursing home bed occupancy was at 85 percent, and not higher, because one facility in this small county has space constraints and is using semi-private rooms for private occupancy and Davie residents were forced to seek alternative care. Approval of the petition would remove an access barrier. Bermuda Village understands that any applicant for these beds must meet standards for access to medically underserved groups.

Value

Approval of the requested beds would provide an opportunity for Bermuda Village to compete to expand its nursing home beds to a size that could operate more efficiently, thus assuring longer term viability. Bermuda Village already offers a competitive pricing structure for its nursing home services.

Bermuda Village has demonstrated its capacity to integrate care by providing for a Wake Forest University School of Medicine geriatric clinic in the community and has further demonstrated its capacity to reduce re-hospitalization by the quality of the care it provides to patients recently discharged from the hospital. All of the nursing home beds are occupied by short stay residents, either avoiding hospitalization or obtaining post-hospital stabilization prior to returning home.

CONCLUSION

Approval of the requested 12 additional nursing home beds would benefit Davie County and be responsive to its fast growing elderly persons. It would not duplicate existing county resources because existing beds are virtually full. It would provide an opportunity for Bermuda Village to compete to right-size its nursing home beds.