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August 10, 2015

**To: Ms. Kelli Fisk, Administrative Assistant
State Health Coordinating Council**

Re: Nash County LifeCare Hospital Petition

Autumn Corporation appreciates the opportunity to respond to LifeCare's petition for the State Health Coordinating Council (SHCC) to add 40 nursing care beds to Nash County's nursing care inventory through the Certificate of Need (CON) process.

BACKGROUND

Autumn Corporation is a North Carolina Based company founded in 1979. Currently Autumn operates 16 nursing facilities in North Carolina, including Autumn Care of Nash, which operates 60 nursing care beds in Nash County. Importantly, Autumn's corporate office is located in Rocky Mount. The Owner/CEO, CFO, Vice President of Operations, Vice President of Planning/Business Development, and two Regional Directors of Operations all live in Nash County. These individuals have over almost 200 years of combined long term care experience.

LifeCare's petition is well crafted and offers both statistical and anecdotal information to support their request for 40 additional nursing care beds to meet the special care long term care needs for the region. Autumn believes that LifeCare is a quality provider and offers a valuable service to the region (not just Nash County).

Consequently, Autumn Corporation would support this petition with the following two conditions:

- 1) Additional 40 beds would be restricted to patients who have the medical conditions described in the petition to justify the SMFP adjustment.*

2) *Additional 40 beds will not be inventoried in Nash County. These are designated beds for special care patients that serve the region not just for Nash County. This was clearly pointed out in LifeCare's petition.*

In support of the two conditions recommended, Autumn offers the following supporting comments:

FINANCIAL IMPACT

Med Pac annually reports to congress on the financial condition of nursing facilities and the impact of various payor sources. Nationally, nursing homes experience about a 2% profit margin. Excluding Medicare nursing homes nationally lose money. This is the result of an underfunded Medicaid program. The majority of patient days are covered by Medicaid across the country. Approximately two thirds of patient days in North Carolina are covered under Medicaid. North Carolina has been previously described as having the lowest effective nursing home Medicaid rate in the Southeast.

This is relevant to the first recommendation. If LifeCare experiences a lower occupancy than expected, they would be permitted to accept short term rehab patients. These are the payor sources that other nursing care providers in Nash County depend on to offset Medicaid financial shortfalls. This condition will prevent the negative financial impact on traditional nursing providers in Nash County. Since LifeCare's petition is based on the special care needs they identified, they should readily accept this recommendation to clarify their intent. Note that ventilator beds are reimbursed differently than traditional nursing beds inventoried in the SMFP.

NEED

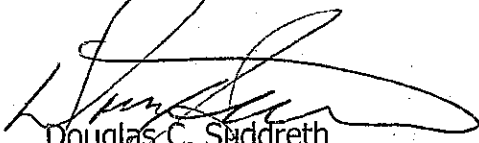
Autumn would respectfully point out that LifeCare in their opening paragraph indicated that their intent was to not "duplicate existing services already available in the area...." LifeCare's Petition addresses a regional need for special care services. Inventorying 40 nursing care beds in the SMFP for Nash County would statistically overbed Nash County and prevent other providers from addressing Nash County's long term care needs in the future. Specifically Autumn Care of Nash is licensed for only 60 nursing beds and consistently suffers annual financial losses due to its small size. Allocating 40 beds in Nash County's inventory would prevent Autumn Care of Nash from having the opportunity to create a financially viable sized nursing facility through the CON process. Making an allocation based on LifeCare's petition would eliminate most if not all existing nursing facilities in Nash from filing a competitive proposal.

It is important to note that LifeCare's existing 50 beds are not counted against Nash County's existing nursing bed inventory. The proposed additional beds should offer the same service.

Consequently, they should be treated as a demonstration project or an extension of the existing 50 beds. Additionally, 60 surplus nursing beds were recently transferred through the CON process from Nash to Wake County based on SMFP policy NH-6.

If the petition is granted, it only makes good health planning sense that the beds not be counted against Nash County's nursing bed inventory.

Respectfully submitted,



Douglas C. Suddreth
Vice President of Development