

ESRD Interested Parties Meeting

Division of Health Service Regulation
Healthcare Planning and Certificate of Need
November 14, 2018

Goals of Transition to Annual Reporting

- Overall goals
 - achieve parity, or better, with current ability to develop sufficient facilities and stations in a timely manner
 - increase transparency and oversight by incorporating ESRD into SMFP
- Transition is not intended to
 - negatively affect ability to apply to develop needed facilities and/or stations
 - make data reporting more difficult for providers
 - make CON application and review process more difficult
 - result in a comprehensive redesign of the methodology

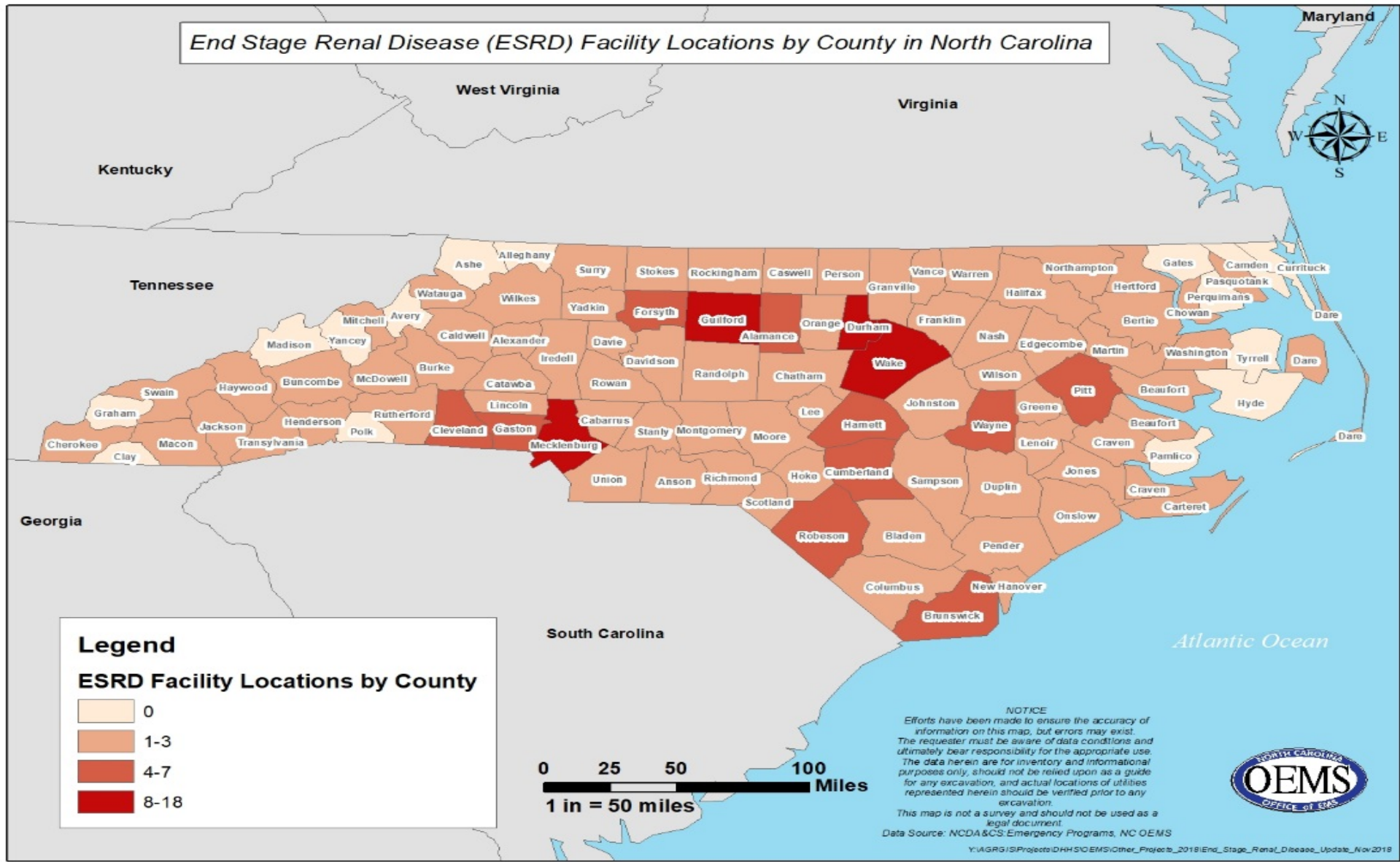
ESRD - Brief Overview



Growth in Dialysis Facilities and Stations

Semiannual Dialysis Reports	Number of Facilities	Number of Certified Stations	Number of In-Center Patients
<i>July 2008 SDR</i> (December 2007)	161	3,895	12,033
<i>July 2013 SDR</i> (December 2012)	184	4,361	13,294
<i>July 2018 SDR</i> (December 2017)	210	5,113	16,032

End Stage Renal Disease (ESRD) Facility Locations by County in North Carolina



Data Reporting



Data Reporting

- Dialysis facilities report utilization data as of June 30 and December 31
- Electronic submission in Excel
- Excel files are loaded into Access database to
 - determine planning inventory
 - apply methodology calculations
 - create reports for SDR

Current Method for Projecting New Dialysis Station Need

County Need
Facility Need

County Need Methodology

from July 2018 Semiannual Dialysis Report

Step 1-a

- Calculate average annual change rate (**AACR**) for total dialysis patients for each county for past five years (*columns B-F*).
- Multiply the **AACR** by each county's 12/31/2017 total number of patients (*column G*).
- Add the product to each county's 12/31/2017 total number of patients. The sum is the county's projected total 12/31/2018 patients (*column H*).

Table D

A	B	C	D	E	F	G	H
Planning Area	12.31.13 Total Patients	12.31.14 Total Patients	12.31.15 Total Patients	12.31.16 Total Patients	12.31.17 Total Patients	Avg. Ann. Change Rate (AACR)	Projected 12.31.18 Total Patients
Buncombe	258	270	248	257	266	0.009	268.4

$$266 * 0.009 = 2.4$$

$$266 + 2.4 = 268.4$$

Step 1-b

- Multiply the percentage of each county's total 12/31/2017 home dialysis (*column J*) patients by the county's projected total 12/31/2018 patients (*column H*).
- Subtract the product from the county's projected total December 31, 2018 patients (*column K*).
- The remainder is the county's projected 12/31/2018 in-center dialysis patients (*column L*).

Table D

A	...	H	I	J	K	L
Planning Area		Projected 12.31.18 Total Patients	12.31.17 Home Patients	12.31.17 Percent Home Patients	Projected 12.31.18 Home Patients	Projected 12.31.18 In-Center Patients
Buncombe		268.4	64	24.1%	64.6	203.8

$$268.4 * .241 = 64.6$$

$$268.4 - 64.6 = 203.8$$

Step 1-c

- Divide the number of each county's projected 12/31/2018 in-center patients (*column L*) by 3.2.
- The result is the projected number of the county's 12/31/2018 in-center dialysis stations (*column M*).

Why 3.2?

Capacity = 4 patients per station.

Utilization for planning is 80% capacity.

$$4 * .80 = 3.2$$

Table D

A	...	H	I	J	K	L	M
Planning Area		Projected 12.31.18 Total Patients	12.31.17 Home Patients	12.31.17 Percent Home Patients	Projected 12.31.18 Home Patients	Projected 12.31.18 In-Center Patients	Projected 12.31.18 In-Center Stations
Buncombe		268.4	64	24.1%	64.6	203.8	64

Rounding: fractions of $\geq .5$ round to next highest number

$$203.8 \div 3.2 = 63.68 \rightarrow 64$$

Step 1-d

- From each county's projected number of 12/31/2018 in-center stations (*column M*), subtract the county's number of stations certified for Medicare, CON-approved and awaiting certification, awaiting resolution of CON appeals, and the number represented by need determinations in previous SMFP or SDR for which CON decisions have not yet been made (*column N*).
- The remainder is the county's 12/31/2018 projected station surplus or deficit (*column O*).

Table D

A	...	L	M	N	O	P
Planning Area		Projected 12.31.18 In-Center Patients	Projected 12.31.18 In-Center Stations	Projected Total Available Stations	Projected Station Deficit/Surplus	County Station Need
Buncombe		203.8	64	82	Surplus of 18	0

64 - 82 = -18
(negative number is surplus)

Step 1-e

- If a county's 12/31/2018 projected station deficit is 10 or greater, and the July SDR shows that utilization of each dialysis facility in the county is 80 percent or greater, the 12/31/2018 county station need determination is the same as the 12/31/2018 projected station deficit.
- If a county's 12/31/2018 projected station deficit is less than 10 or if the utilization of any dialysis facility in the county is less than 80 percent, the county has no need.

County need determinations are pretty rare

Facility Need Methodology

from July 2018 Semiannual Dialysis Report

Step 2-a

A dialysis facility located in a county for which the result of the County Need methodology is zero in the current SDR is determined to need additional stations to the extent that: its utilization reported in the current SDR is 3.2 patients per station or greater (*column N*).

Table B

A	D	M	N
		Utilization Rates	
County	Facility	Utilization by Percent 12/31/2017	Patients per Station
Alamance	Alamance County Dialysis	112.50%	4.5000
Alamance	BMA Burlington	54.44%	2.1778

Step 2-b (i)

- Subtract the facility's number of in-center dialysis patients reported in the previous SDR (SDR_1) from the number of in-center dialysis patients reported in the current SDR (SDR_2).
- Multiply the difference by 2 to project the net in-center change for 1 year.
- Divide the projected net in-center change for the year by the number of in-center patients from SDR_1 to determine the projected annual growth rate.

Table B

A	D	L
County	Facility	Number of In-Center Patients 12/31/2017
Alamance	Alamance County Dialysis	45

$$SDR_2 = 45$$

$$SDR_1 = 28$$

$$45 - 28 = 17$$

$$17 * 2 = 34$$

$$34 \div 28 = 1.2143$$

Projected Annual
Growth Rate

Step 2-b (ii) and (iii)

(ii) Divide the quotient from (2)(b)(i) by 12.

$$1.2143 \div 12 = 0.1012$$

(iii) Multiply the quotient from (2)(b)(ii) by 12 (*the number of months from 12/31/2016 to 12/31/2017*) for the July 2018 SDR.

$$0.1012 * 12 = 1.2143$$

Step 2-b (iv)

Multiply the product from (2)(b)(iii) by the number of the facility's in-center patients reported in the current SDR (*Table B, Column L*)

$$1.2143 * 45 = 54.64$$

...Add that product to the reported number of in-center patients.

$$54.64 + 45 = 99.6$$

Step 2-b (v)

Divide the sum from (2)(b)(iv) by 3.2, ...

$$99.6 \div 3.2 = 31.1$$

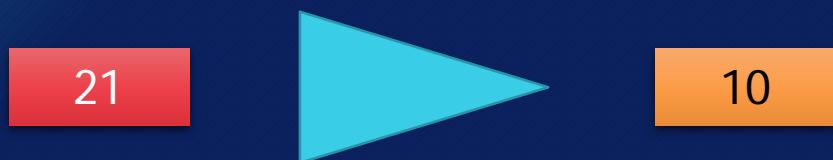
... and from the quotient, subtract the facility's current number of certified stations as recorded in the current SDR and the number of pending new stations for which a certificate of need has been issued. The remainder is the number of stations needed.

$$31.1 - 10 = 21.1 \rightarrow 21$$

Standard rounding: fractions of $\geq .5$ round to next highest number

Step 2-c

The facility may apply to expand to meet the need established in Step (2)(b)(v), up to a maximum of 10 stations.



- *Facility needs are not published in data tables or Need Determination Tables. Only CON due dates are published.*
- *If a facility's utilization rate is 80% or greater, the facility can apply for a CON by the due date listed in the SDR. For example, for the July 2018 SDR, the CON due date was September 15, 2018.*
- *Unlike other methodologies, only the facility that generates the need under the facility need methodology can apply to add the stations.*

Policy ESRD-2

- Facilities may apply to relocate stations to a contiguous county.
- There must be a deficit pursuant to the county need methodology in the county where the stations will end up.
- There must be a surplus of stations pursuant to the county need methodology in the county that the stations will come from.

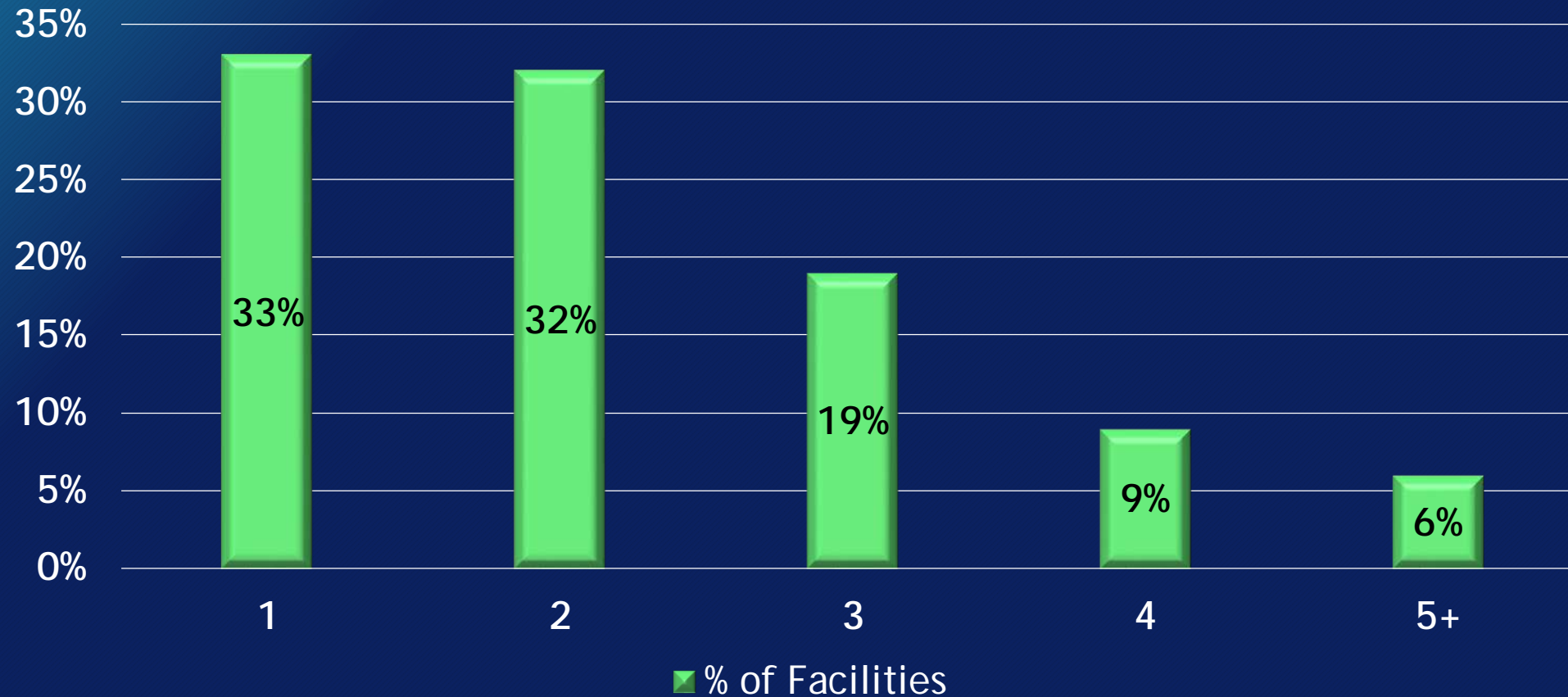
Considerations for Future Changes



Considerations Based on CON Application Patterns 2013-2017

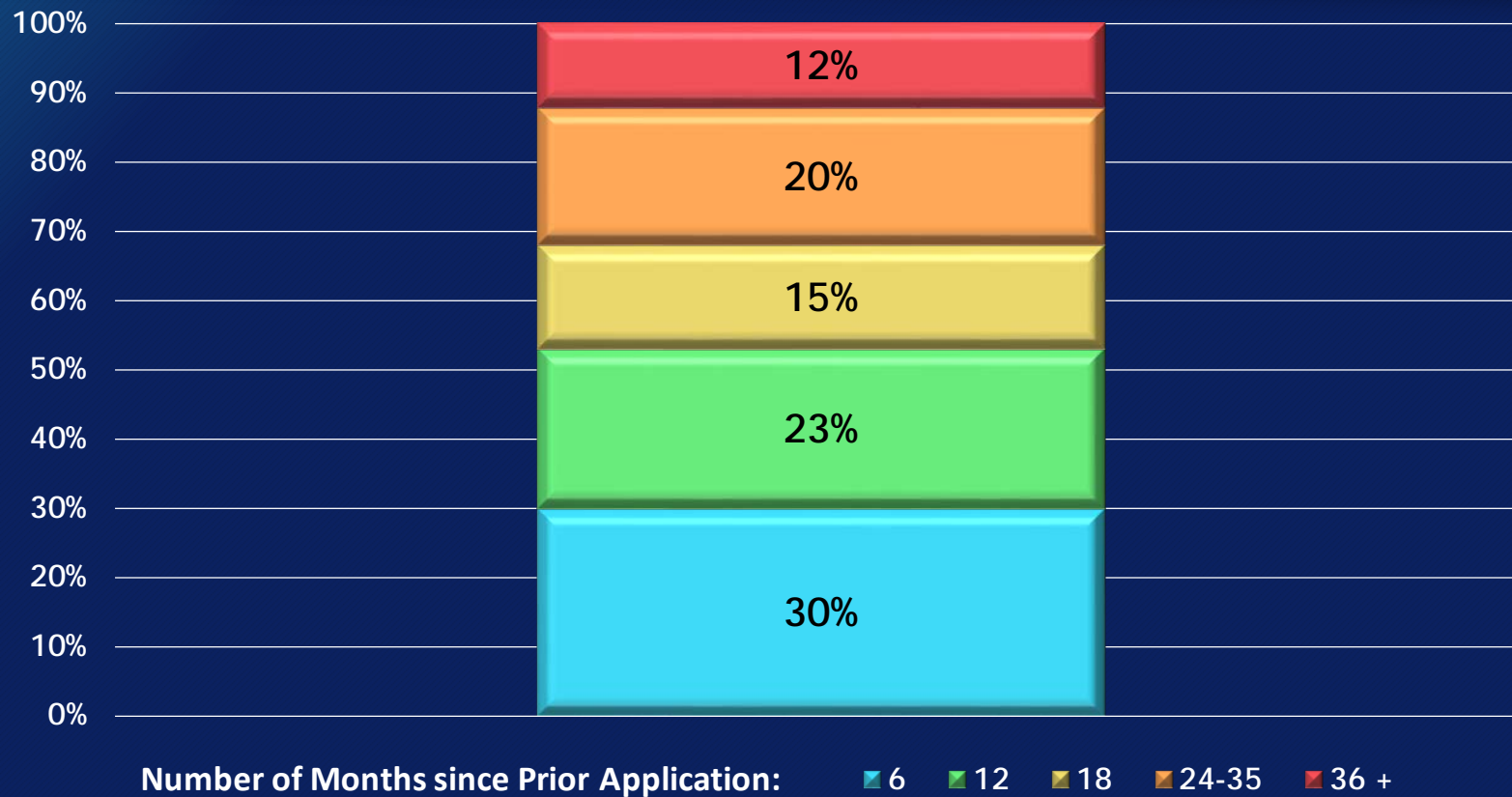
- A facility may apply to add stations twice in a calendar if the utilization rate is 80% or greater in each SDR.
- If utilization increases fast enough to create a need for more stations every six months, we would expect a substantial proportion of facilities to apply for a CON six months after their previous application.

Applications for New Stations, per Facility, 2013-2017 (n=176 Facilities)



Percentages do not add to 100% due to rounding.

Number of Months between CON Application Filings, 2013-2017, among Facilities That Filed Multiple Applications



Proposed/Potential Changes



Goal

On an annual basis, produce at least as many needs as the current facility need methodology

“Age” of Semiannual versus Annual Data: January 2018 SDR versus 2018 SMFP

SDR

SDR data is
from 6/30/17

CON Apps
2/1 - 6/1/18

SDR data is 7-
11 months
old

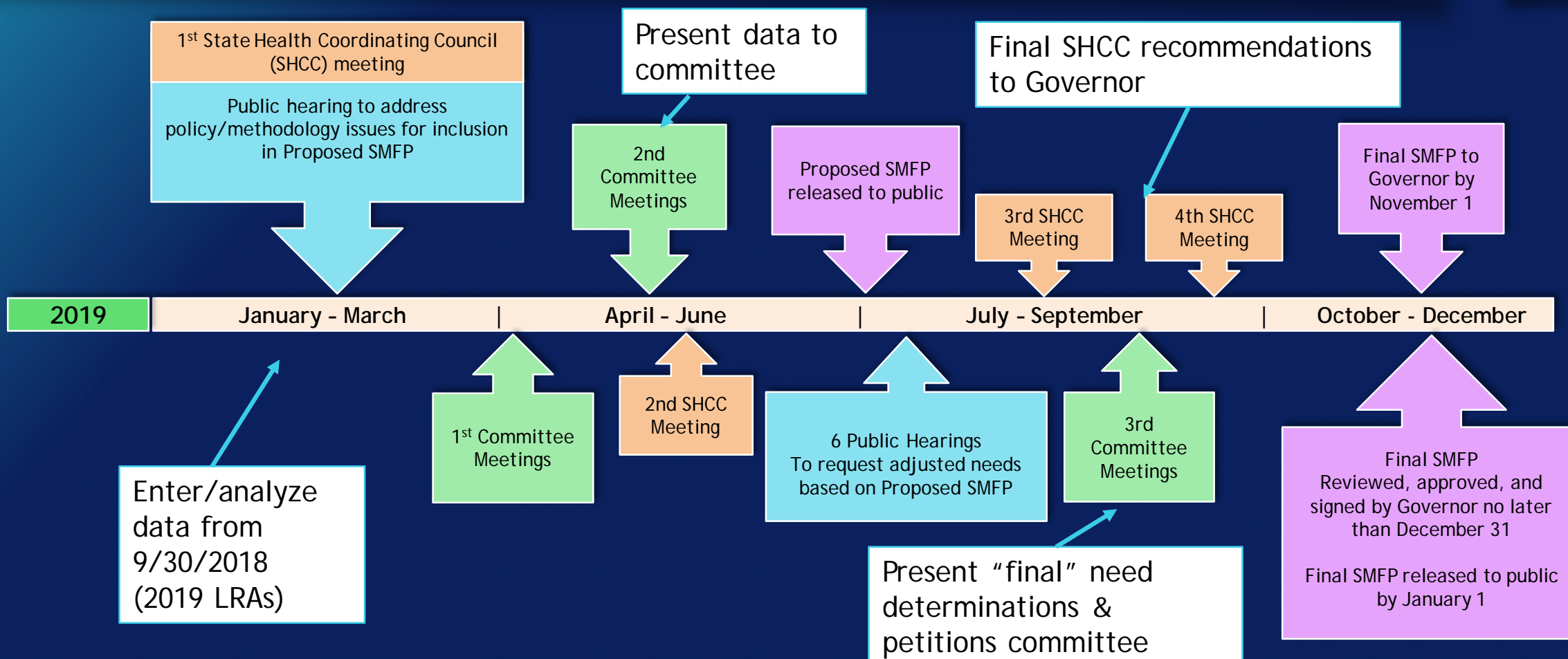
SMFP

SMFP data is
from
12/31/2016

CON Apps
2/1 - 12/1/18

SMFP data is 13
- 23 months old

SHCC Annual Planning Cycle - 2020 SMFP



Comparison of Semiannual and Annual Facility Need Determination Projections

	A	B	C	D	E	F	G
	Utilization criterion to trigger need	Projected annual growth rate	Utilization	Sum of needs	No. of facilities with needs	No. of facilities same as in Col E	Correlation - btn. last 2 SDRs & annual
Last 2 SDRs combined	80	1.0	80	869	95	95	NA
Base-No adj. for annual reporting	80	1.0	80	692	81	80	0.87
Utilization to trigger need	75	1.0	80	867	94	81	0.32
Projected annual growth rate	80	1.9	80	874	77	76	0.77
Utilization	80	1.0	75	875	88	86	0.87

Data Presentations from Participants

