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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buncombe</td>
<td>258</td>
<td>270</td>
<td>248</td>
<td>257</td>
<td>266</td>
<td>0.009</td>
<td>268.4</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Planning Area</th>
<th>Projected 12.31.18 Total Patients</th>
<th>12.31.17 Home Patients</th>
<th>12.31.17 Percent Home Patients</th>
<th>Projected 12.31.18 Home Patients</th>
<th>Projected 12.31.18 In-Center Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buncombe</td>
<td>268.4</td>
<td>64</td>
<td>24.1%</td>
<td>64.6</td>
<td>203.8</td>
</tr>
</tbody>
</table>

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.
- \(4 \times 0.80 = 3.2\)

### Rounding:
- Fractions of ≥ .5 round to next highest number.

<table>
<thead>
<tr>
<th>A</th>
<th>...</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
<th>L</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Area</td>
<td>268.4</td>
<td>64 12.31.17 Home Patients</td>
<td>24.1% 12.31.17 Home Patients</td>
<td>64.6 12.31.17 Home Patients</td>
<td>Projected 12.31.18 In-Center Patients</td>
<td>Projected 12.31.18 In-Center Stations</td>
<td></td>
</tr>
<tr>
<td>Buncombe</td>
<td>268.4</td>
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<td>24.1% 12.31.17 Home Patients</td>
<td>64.6 12.31.17 Home Patients</td>
<td>Projected 12.31.18 In-Center Patients</td>
<td>Projected 12.31.18 In-Center Stations</td>
<td></td>
</tr>
</tbody>
</table>

\[
\text{Projected } 12.31.18 \text{ In-Center Stations} = \frac{203.8}{3.2} = 63.68 \rightarrow 64
\]
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>
<thead>
<tr>
<th>Planning Area</th>
<th>...</th>
<th>L</th>
<th>M</th>
<th>N</th>
<th>O</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buncombe</td>
<td>203.8</td>
<td>64</td>
<td>82</td>
<td>Projected Station</td>
<td>Surplus of 18</td>
<td>0</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>County</th>
<th>Facility</th>
<th>Utilization by Percent 12/31/2017</th>
<th>Patients per Station</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alamance</td>
<td>Alamance County Dialysis</td>
<td>112.50%</td>
<td>4.5000</td>
</tr>
<tr>
<td>Alamance</td>
<td>BMA Burlington</td>
<td>54.44%</td>
<td>2.1778</td>
</tr>
</tbody>
</table>

Table B
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>
<thead>
<tr>
<th>A</th>
<th>D</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>Facility</td>
<td>Number of In-Center Patients 12/31/2017</td>
</tr>
<tr>
<td>Alamance</td>
<td>Alamance County Dialysis</td>
<td>45</td>
</tr>
</tbody>
</table>

$SDR_1 = 28$
$SDR_2 = 45$

45 - 28 = 17
17 * 2 = 34
34 ÷ 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.

\[ 0.1012 \times 12 = 1.2143 \]
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 ≥ .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
• 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

Number of Months since Prior Application:
- 30%: 12%
- 20%: 20%
- 15%: 15%
- 23%: 23%
- 30%: 30%

Number of Months since Prior Application: 6, 12, 18, 24-35, 36+
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 data is from 6/30/17 to 2/1 - 6/1/18, SDR data is 7-11 months old.

SMFP data is from 12/31/2016 to 2/1 - 12/1/18, SMFP data is 13 - 23 months old.
SHCC Annual Planning Cycle – 2020 SMFP

- Public hearing to address policy/methodology issues for inclusion in Proposed SMFP
- Proposed SMFP released to public
- Final SMFP to Governor by November 1
- Final SMFP released to public by January 1
- Final SHCC recommendations to Governor

1st State Health Coordinating Council (SHCC) meeting

Enter/analyze data from 9/30/2018 (2019 LRAs)

1st Committee Meetings

2nd Committee Meetings

2nd SHCC Meeting

6 Public Hearings

3rd Committee Meetings

3rd SHCC Meeting

Present data to committee

Present “final” need determinations & petitions committee

4th SHCC Meeting

Final SMFP to Governor by November 1

Final SMFP Reviewed, approved, and signed by Governor no later than December 31

Final SMFP released to public by January 1

2019

January - March | April - June | July - September | October - December
# Comparison of Semiannual and Annual Facility Need Determination Projections

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utilization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Correlation -btn. last 2 SDRs &amp; annual</strong></td>
</tr>
<tr>
<td>Last 2 SDRs combined</td>
<td>80</td>
<td>1.0</td>
<td>80</td>
<td>869</td>
<td>95</td>
<td>95</td>
<td>NA</td>
</tr>
<tr>
<td>Base-No adj. for annual reporting</td>
<td>80</td>
<td>1.0</td>
<td>80</td>
<td>692</td>
<td>81</td>
<td>80</td>
<td>0.87</td>
</tr>
<tr>
<td>Utilization to trigger need</td>
<td>75</td>
<td>1.0</td>
<td>80</td>
<td>867</td>
<td>94</td>
<td>81</td>
<td>0.32</td>
</tr>
<tr>
<td>Projected annual growth rate</td>
<td>80</td>
<td>1.9</td>
<td>80</td>
<td>874</td>
<td>77</td>
<td>76</td>
<td>0.77</td>
</tr>
<tr>
<td>Utilization</td>
<td>80</td>
<td>1.0</td>
<td>75</td>
<td>875</td>
<td>88</td>
<td>86</td>
<td>0.87</td>
</tr>
</tbody>
</table>
Data Presentations from Participants