

**Long-Term and Behavioral Health Committee  
Agency Report  
Adjusted Need Petition for  
23 Adult Care Home Beds in Hyde County  
in the 2019 State Medical Facilities Plan**

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***Petitioner:***

Liberty Commons Nursing and Rehab Center of Hyde County, LLC  
d/b/a Cross Creek Health Care  
2334 S 41<sup>st</sup> Street  
Wilmington, NC 28451

***Primary Contact:***

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***Request:***

Liberty Commons Nursing and Rehab Center of Hyde County, LLC, d/b/a Cross Creek Health Care (Cross Creek) requests an adjusted need determination for 23 adult care home beds in Hyde County in the *2019 State Medical Facilities Plan*.”

***Background Information:***

Chapter Two of the State Medical Facilities Plan (SMFP) provides that “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. The planning process and time allow for submission of petitions requesting adjusted need determinations in the summer. It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

Effective for the *Proposed 2019 State Medical Facilities Plan (SMFP)*, the standard methodology for projecting need for adult care home (ACH) beds has been revised. For ACH beds, need is calculated by multiplying the service area use rates by each service area’s corresponding projected civilian population (in thousands) for the target year (2022), and then dividing the result by a 95% vacancy factor to determine the area’s projected bed utilization. For each service area, the planning inventory is determined based on the number of licensed beds adjusted for license pending beds, beds available in prior Plans that have not been CON approved, and exclusions from the service area’s inventory, if any. Each area’s bed surplus or deficit is calculated by subtracting the area’s planning inventory from the area’s projected bed utilization. For an area that projects a deficit of beds, factors determining the number of beds to be allocated are the amount of the deficit and the

area's selected occupancy rate. Service areas that meet deficit and occupancy rate criteria receive a need determination for beds in the amount of the deficit rounded to the nearest 10.

For ACH beds, each county in North Carolina represents a service area with one exception. Since the 2013 SMFP, the ACH need determination methodology has combined Hyde and Tyrrell counties into a single service area. The State Health Coordinating Council approved combining the two counties in response to a 2012 petition submitted by Meridian Senior Living (Meridian). For five years immediately previous to the Meridian petition, SMFPs had shown a need for 30 beds in Hyde County and 20 beds in Tyrrell County, but there had been no CON applicants for either set of beds. The Agency agreed that an economy of scale needed to be achieved to encourage service providers to develop the beds, and that the best way to do that was to make Hyde and Tyrrell counties a single service area. The current petitioner, Cross Creek, asserts that the goal of this merger was met when Tyrrell House developed its facility with 50 ACH beds in Tyrrell County. Twenty-four of the beds are a part of a special care unit. Cross Creek is the only nursing home in the Hyde/Tyrrell service area, and currently operates only nursing home beds; there are no other adult care home beds in the service area.

The *Proposed 2019 SMFP* shows that the Hyde/Tyrrell service area has a projected surplus of 25 ACH beds for 2022. However, upon review, the Agency discovered that when the population for both Hyde and Tyrrell Counties are properly combined, a projected deficit of 8 ACH beds for the area is correct. Based on the standard need methodology, this results in a projected need for 10 beds for 2022. According to the petitioner, the unmet need is specific to Hyde County.

***Analysis/Implications:***

The Agency conducted an analysis to estimate ACH bed need separately for Hyde and Tyrrell Counties. The ACH need methodology utilizes the previous five years of facility census and service area population data to establish use rates for projecting utilization. However, the beds in Tyrrell House first became operational in May 2016. Thus, only one previous year of census data is available to calculate Tyrrell County's use rate, and no ACH beds exist in Hyde County to establish a use rate for that area. Also, no data is available regarding ACH patient origin. Therefore, the Agency approximated the use rates for each area by calculating the proportions of the total Hyde/Tyrrell County population that are Hyde or Tyrrell County residents. Hyde County's population is 57.7% of the total Hyde/Tyrrell service area population. According to Tyrrell House's census data, there were 42 patients on census day during the 2017 data year. When the percentage of total service area population is applied to the census data, we can estimate that 24 of those patients might have been from Hyde County. According to this hypothetical census data and application of the proposed need methodology, the projected need for Hyde County would be 30 beds (see Table 1). In a parallel analysis, estimating that 18 of Tyrrell House's patients originated from Tyrrell County, we found that Tyrrell County would have no need determination for ACH beds (see Table 2).

**Table 1. Hypothetical ACH Need Determination for Hyde County Service Area**

Patients					Populations					Rates				
2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
0	0	0	0	24*	5,801	5,743	5,735	5,678	5,644	0	0	0	0	4.25

Actual Average Annual Change Rate	Selected Change Rate (County or Adjusted County)	Bed Rate per 1,000	2022 Population (Civilian)	Projected Bed Utilization	Projected Bed Utilization with Vacancy Factor
0	0.103	5.567	5573	31	33

Total Planning Inventory	Deficit	Deficit Index	Adjusted Occupancy Rate	Bed Need
0	-33	100%	N/A	30

Sources: NC OSBM; 2018 License Renewal Application for Adult Care Homes

\*This patient data point is hypothetical and based on the proportion of the Hyde/Tyrrell service area 2017 population that was located in Hyde County (57.7%) of the total number of ACH patients served by Tyrrell House according to 2017 facility census data (42).

**Table 2. Hypothetical ACH Need Determination for Tyrrell County Service Area**

Patients					Populations					Rates				
2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
0	0	0	0	18*	4,142	4,135	4,142	4,215	4,138	0	0	0	0	4.35

Actual Average Annual Change Rate	Selected Change Rate (County or Adjusted County)	Bed Rate per 1,000	2022 Population (Civilian)	Projected Bed Utilization	Projected Bed Utilization with Vacancy Factor
0	0.111	5.803	4,136	24	25

Total Planning Inventory	Surplus	Deficit Index	Adjusted Occupancy Rate	Bed Need
50	25	N/A	84	0

Sources: NC OSBM; 2018 License Renewal Application for Adult Care Homes

\*This patient data point is hypothetical and based on the proportion of the Hyde/Tyrrell service area 2017 population that was located in Tyrrell County (42.3%) of the total number of ACH patients served by Tyrrell House according to 2017 facility census data (42).

The 65 years and older populations for both counties were also assessed. While Hyde County's population of those aged 65 and older is projected to grow at about the same rate as the State's, it

is expected to grow considerably faster than Tyrrell County's (see Table 3). The segment of Hyde County's population that is older than 65 years is greater than that of Tyrrell County and of the State. This trend is expected to continue (see Table 4). It is not expected that the growth of the 65+ population in the combined service area will grow at a rate that will present a burden to the area. Thus, the need to recombine the service areas in the near future is unlikely.

**Table 3. Projected Growth of Population Aged 65 and Older 2017-2022**

Area	2017	2018	2019	2020	2021	2022	Growth Rate	Percent Growth
Hyde	1,073	1,115	1,163	1,203	1,235	1,264	3.6%	17.8%
Tyrrell	813	819	840	860	874	892	1.9%	9.7%
Hyde/Tyrrell	1,886	1,934	2,003	2,063	2,109	2,156	2.9%	14.3%
State	1,616,371	1,672,832	1,730,647	1,789,725	1,848,753	1,907,851	3.6%	18.0%

Source: NC Office of State Budget and Management

**Table 4. Projected Percentage of Population Aged 65 and Older, 2017-2022**

Area	2017	2018	2019	2020	2021	2022
Hyde	19.0%	19.8%	20.7%	21.5%	22.1%	22.7%
Tyrrell	16.6%	19.8%	20.3%	20.8%	21.1%	21.6%
Hyde/Tyrrell	19.3%	19.8%	20.5%	21.2%	21.7%	22.2%
State	15.7%	16.1%	16.5%	16.9%	17.2%	17.6%

Source: NC Office of State Budget and Management

Additional reasons for this petition as presented by Cross Creek include the one-way travel time of 30 minutes to an hour from Hyde County to Tyrrell House. Also, the agency notes that while it does not collect data on county of origin of patients in adult care beds in adult care homes, available data on origin for nursing home patients shows that over the past five years, about 60% - 80% of patients at Cross Creek have originated from Hyde County and 80% - 90% of nursing home patients from Hyde County were served at Cross Creek. This suggests that Hyde County residents prefer to seek services in their home county.

***Agency Recommendation:***

Given the available information and comments submitted by the August 19, 2018 deadline date for comments on petitions, and in consideration of factors discussed above, the Agency recommends denial of the request for 23 ACH beds in Hyde County. However, the Agency recommends that the Adult Care Home Need Methodology be amended for the 2019 SMFP to separate Hyde and Tyrrell Counties into two service areas permanently. In addition, the 2019 SMFP would show need determinations as calculated in Table 1 and Table 2 (i.e., 30 bed need determination for Hyde County and no need determination for Tyrrell County).