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# CHAPTER 11

## ADULT CARE HOMES

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### Introduction

G.S. 131E-176(1) defines an “adult care home” as “ a facility with seven or more beds licensed under G.S. 131D-2 or Chapter 131E of the General Statutes that provides residential care for aged or disabled persons whose principal need is a home which provides the supervision and personal care appropriate to their age and disability and for whom medical care is only occasional or incidental.”

Before enactment of Senate Bill 937 in 2001 to regulate the development of adult care homes under the Certificate of Need law, legislation ratified in 1997 (S. L. 1997-443) placed a statewide moratorium on the development of new adult care home beds. However, the 1997 legislation allowed for the development of additional adult care home beds under defined circumstances. Some of these beds remain eligible to be developed pursuant to settlements of contested cases. These “settlement” beds are also subject to conditions set out in the terms of the controlling settlement agreements. The planning inventory of adult care home beds included in the current North Carolina State Medical Facilities Plan is subject to change based on whether conditions have been met to allow for development of the settlement beds. In addition, litigation may result in changes to the inventory .

### Definitions

An adult care home bed’s service area is the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.

The “reporting year” is August 1 through July 31. The “current” reporting year is August 1, 2016 through July 31, 2017.

The methodology projects bed need three years beyond the publication year of the current SMFP. The “projection year” is 2022.

The “planning inventory” is the number of beds used in need determination calculations. It is the number of licensed beds, plus any new beds approved by CON that are under development, minus any exclusions (see below) and beds to be relocated out of the county.

### Changes from the Previous Plan

This chapter contains no substantive changes from the previous State Medical Facilities Plan. However, the chapter includes substantial technical edits.

### Basic Principles

1. The methodology should project need three years beyond the SMFP year because at least that amount of time is required to bring a new or expanded facility into service.
2. A goal of the planning process is a reasonable level of parity among persons in their geographic access to adult care home facilities.

### Data Sources

The North Carolina Office of State Budget and Management provides projected numbers of North Carolina residents for the projection year, by county and age group.

Estimates of the active duty military population come from the category of “Employment Status- Armed Forces” from the most recent American Community Survey 5-year Estimates.

The methodology combines utilization data for the current and four immediately previous reporting years, as submitted to the North Carolina Department of Health and Human Services, Division of Health Service Regulation from: License Renewal Applications to Operate a Nursing Home; Nursing Care Facility/Unit Beds Annual Data Supplement to Hospital License Applications; and License Renewal Applications for Adult Care Homes.

### **Assumptions of the Methodology**

1. The inventory excludes one hundred percent of the beds developed as part of a qualified continuing care retirement community (*Table 11E*), including those developed before enactment of Policy LTC-1; the occupancy rate calculation excludes their associated days of care .
2. The methodology excludes the estimated active duty military population under the age of 35 from the county’s population for any county with more than 500 active duty military personnel.
3. The methodology uses a county bed use rate as the utilization measure in determining needs. Bed use rates are calculated per 1,000 population per county. Each service area bed rate is calculated using a five-year average annual change rate projected forward three years beyond the current SMFP publication year. Any county with an average annual change rate that exceeds the average plus one-half of one standard deviation of all county rates will receive a rate equal to the average plus one half of a standard deviation of all county rates.
4. The methodology uses the highest of four occupancy rate calculations such that the need determination in each service area reflects the highest of the average or the median of all facilities’ occupancy rates based on a one-day census in a county, or the average or median of all the facilities’ occupancy rates based on annual days of care in a county.

### **Application of the Methodology**

Table 11A shows the inventory data. Table 11B shows county bed use rate calculations. Table 11C shows the bed need projections

- Step 1: Multiply the county bed use rates (*Table 11C, Column B*) by each county’s corresponding projected civilian population in thousands for the projection year (*Table 11C, Column C*) to calculate the projected bed utilization.
- Step 2: For each county, divide the projected bed utilization by a 95% vacancy factor (*Table 11C, Column E*).
- Step 3: For each county, calculate the planning inventory (*Table 11A, Column K*) by adjusting the number of licensed beds (*Table 11A, Column G*) for: license pending beds (*total of Table 11A, Columns H and I*); beds available in prior Plans that have not been CON approved (*Table 11A, Column J*); and exclusions from the county’s inventory, if any (*Table 11A, Column K*).
- Step 4: For each county, subtract the projected bed utilization derived in Step 2 (*Table 11C, Column E*) from the planning inventory derived in Step 3 (*Table 11A, Column K*). The result is the service area’s surplus or deficit (*Table 11C, Column G*).

- Step 5: Determine each county's bed occupancy rate (*Table 11C, Column I*) by calculating occupancy according to the following four methods and then select the highest of the four rates:
- a. compute the average occupancy rate using the one-day census for all facilities in the service area;
  - b. compute the median occupancy rate using the one-day census for all facilities in the service area;
  - c. compute the average occupancy rate using the annual days of care for all facilities in the service area; and
  - d. compute the median occupancy rate using the annual days of care for all facilities in the service area.
- Step 6:
- a. For any county with a deficit, calculate the county's deficit index by dividing the deficit (*Table 11C, Column G*) the result of Step 2 (*Table 11C, Column E*).
  - b. If any county's deficit index (*Table 11C, Column H*) is from 10 percent up to but not including 50 percent and the average occupancy of licensed beds in the county is 80 percent or greater, the need determination is the amount of the deficit rounded to the nearest 10 (*Table 11C, Column J*);
  - c. If any county's deficit index is 50 percent or more, the need determination is the amount of the deficit rounded to the nearest 10 (*Table 11C, Column J*);
  - d. For purposes of rounding need determinations, numbers greater than 10 and ending in one to four round to the next lower number divisible by 10, and numbers ending in five to nine round to the next higher number divisible by 10.

For reference, [Table 11F](#) lists the nursing homes with fewer than six adult care home beds.