

**Long-Term and Behavioral Health Committee
Agency Report
Adjusted Need Petition for
32 Substance Use Disorder Treatment Beds in the Central Region
in the 2020 State Medical Facilities Plan**

Petitioner:

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Request:

The Petitioner requests “an adjusted need determination for 32 additional residential substance use disorder treatment beds in HSA II, the Central Planning Region of North Carolina, specifically Forsyth County, in the *2020 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.

The standard methodology for projecting need for substance use disorder (SUD) treatment beds is based on the total number of inpatient days of care. For facilities that report to IBM Watson Health (IBM), IBM provides the data on days of care to the Cecil G. Sheps Center for Health Services Research for dissemination to DHSR. For facilities that do not report to IBM, the methodology uses days of care reported on License Renewal Applications. The methodology projects days of care four years beyond the reporting year by multiplying the reporting year days of care by the

projected population four years into the future and dividing the result by the reporting year population. The projected days of care figure is then divided by the number of days in the year to obtain the projected total beds needed. This result is then divided by 85% because facilities are assumed to need additional capacity when they reach 85% occupancy. This adjusted bed need number is subtracted from the planning inventory to arrive at the projected total unmet bed need. Nine percent of the total projected need is assigned to child/adolescent facilities. The child/adolescent planning inventory is subtracted from the projected child/adolescent bed need to obtain the child/adolescent bed surplus or deficit. The adult bed need is then calculated by subtracting the child/adolescent bed surplus or deficit from the total bed surplus or deficit. Bed need is determined for three regions of the state (Eastern, Central, and Western), as defined by the SHCC. Each region consists of multiple Local Management Entity-Managed Care Organizations (LME-MCO).

A SUD treatment bed's service area is one of the three mental health planning regions in the State in which the bed is located. The Petitioner's request is for additional SUD beds for Forsyth County, which is in the Cardinal Innovations Healthcare Solutions (Cardinal) LME-MCO. Cardinal is one of three LME-MCOs of the Central Region. The current petition is similar in its request and rationale to the petition submitted in summer 2018 whereby ARCA requested an adjusted need determination for 32 beds in the Cardinal Region in the *2019 SMFP*. The petition was approved by the SHCC. The Petitioner states being unable to apply for the beds due to a delay in relocation of the facility. ARCA is renewing its efforts to apply for the beds during the 2020 plan year if this petition is approved.

As shown in the *Proposed 2020 SMFP*, there are 395 adult SUD beds in the planning inventory for the Central Region. Two of the Central Region's LME-MCOs have a total projected surplus of 86 adult beds for 2022. However, Cardinal is projected to have a deficit of 27 adult beds. As a result, the Central Region shows an overall projected surplus of 59 beds.

Analysis/Implications:

Although treatment is needed for many drugs, opioid use is at the forefront of the efforts to address substance dependence. The need for additional SUD treatment in North Carolina is clear, as is North Carolina's commitment to expanding treatment availability. From 2013 to 2016, the national rate of opioid-related inpatient stays in acute care hospitals increased almost 40%, with hospitalization rates of about 296 per 100,000.¹ In May 2017, the Substance Abuse and Mental Health Services Administration awarded North Carolina DHHS \$31 million to address the opioid crisis. The grant will be used for prevention, treatment and recovery support, reduction of overdoses and deaths, and the reduction of unmet treatment need. In addition, the 2017-2018 state budget includes funds to provide services for individuals who are dependent upon and/or abusing opioids. In June 2017, DHHS Secretary Dr. Mandy Cohen released "North Carolina's Opioid Action Plan: 2017-2021" that outlines how the state will address the crisis. Early efforts have been challenged by increases in availability to illicit drugs, and from 2016 to 2018, a 34% increase in

¹ Healthcare Cost and Utilization Project (HCUP). *HCUP Fast Stats – Opioid-Related Hospital Use*. Retrieved from <https://www.hcup-us.ahrq.gov/faststats/OpioidUseServlet?setting1=IP> on August 5, 2019.

unintentional opioid-related overdoses in North Carolina.² Thus, expansion of treatment remains an important part of this plan.

According to the Substance Abuse and Mental Health Services Administration, from 2016 to 2017, 175,000 people annually were estimated to need, but not receive treatment for alcohol and illicit drug use in North Carolina.³ Based on population data for the Central Planning Region, during the same time period, on average, over 100,000 adults in need annually are believed to have not accessed treatment (see Table 1). Note that the treatment needed includes both outpatient and residential settings.

Table 1. Average Annual Estimate of Adults Who Needed but Did Not Receive Treatment for Substance Use, 2016-2017

NC state total population, 18 years and older	7,913,858
NC individuals who needed, but did not receive treatment, 18 years and older	175,000
Percentage of NC individuals who needed but did not receive treatment, 18 years and older	2.21%
Central Planning Region total population, 18 years and older	4,643,782
Number of Central Planning Region individuals who needed but did not receive treatment, 18 years and older	102,688

Source: NC Office of Budget and Management; North Carolina Department of Health and Human Services, North Carolina State Center for Health Statistics (2018). *Sex and Single Years of Age (2000 – 2038)*. Retrieved from <https://www.osbm.nc.gov/demog/county-projections>

The Petitioner states that patient in-migration from other regions limits the availability of SUD beds to residents within the Cardinal LME-MCO specifically. The Agency reviewed utilization of beds operated by the facilities within the Central Region during the 2018 reporting year (see Table 2). Several of the facilities in the Alliance Behavioral Healthcare (Alliance) and Sandhills Center (Sandhills) LME-MCOs show availability of SUD beds. However, utilization levels of the facilities located in the Cardinal LME-MCO are high, with most facilities operating at levels of 80% or more in 2018.

The Petitioner also notes the high demand for access to services by indigent patients. Based on information obtained by the Agency in 2017, the majority of treatment programs in the Central Region that serve persons of low income are in the Cardinal LME-MCO. Generally, beds in those treatment programs are highly utilized (see Table 2).

² North Carolina Department of Health and Human Services (2018). *End of Year Data Shows More Treatment Access Needed to Stem North Carolina's Opioid Epidemic*. Retrieved from <https://www.ncdhhs.gov/news/press-releases/end-year-data-shows-more-treatment-access-needed-stem-north-carolina%E2%80%99s-opioid>

³ Substance Abuse and Mental Health Services Administration (SAMSHA). *2016 – 2017 National Surveys on Drug Use and Health: Model-Based Estimated Totals (in Thousands) (50 States and the District of Columbia)*. Retrieved from <https://www.samhsa.gov/data/sites/default/files/cbhsq-reports/NSDUHsaeTotal2017A/NSDUHsaeTotals2017.pdf>

Table 2. Utilization of Adult Substance Use Disorder Beds for Facilities in the Central Region, Data Year 2018

LME-MCO	County	Facility Name	Licensed Adult Beds	Utilization*
CARDINAL INNOVATIONS HEALTHCARE SOLUTIONS				
Hospital***	Forsyth	Old Vineyard Youth Services****	4	477.1%
	Mecklenburg	Carolinas Medical Center (Behavioral Health)	11	129.2%
	Rowan	Novant Health Rowan Medical Center	15	7.1%
Residential**	Davidson	Path of Hope, Men****	12	76.0%
	Davidson	Path of Hope, Women****	6	80.0%
	Forsyth	Addiction Recovery Care Association****	36	99.8%
	Mecklenburg	Anuvia Prevention & Recovery Center****	32	81.4%
	Mecklenburg	McLeod Addictive Disease Center****	30	51.7%
ALLIANCE BEHAVIORAL HEALTHCARE				
Hospital***	Cumberland	Cape Fear Valley Medical Center	4	46.0%
	Wake	Holly Hill Hospital	28	52.6%
	Wake	Triangle Springs, LLC	34	11.5%
SANDHILLS CENTER				
Hospital***	Guilford	Fellowship Hall	60	60.6%
	Guilford	High Point Regional Hospital	4	238.5%
	Moore	FirstHealth Moore Regional Hospital	14	39.1%
Residential**	Guilford	Daymark Guilford Co. Treatment Facility	40	84.2%
	Guilford	Lodge II (of Fellowship Hall)	15	53.6%
	Guilford	Mose Kiser, Jr. Lodge (of Fellowship Hall)	24	70.5%
	Richmond	Samaritan Colony****	12	88.2%

* Calculated as: (days of care) ÷ (number of licensed beds x 365.25 days)

** Days of care data come from License Renewal Applications. Percentages can exceed 100% if a SUD patient was treated in a psychiatric treatment bed.

*** Days of care data come from billing information submitted to IBM Watson Health. Percentages can exceed 100% if a SUD patient was treated in a psychiatric treatment bed.

**** Residential facility that accepts indigent patients.

The petitioner states there are high numbers of people turned away because of unavailability of beds. This trend in occupancy at ARCA has been sustained over the last five years (Table 3).

Table 3. Utilization of ARCA Substance Use Beds, Data Years 2014 – 2018

Data year	2014	2015	2016	2017	2018
ARCA DOC	13,038	13,048	13,095	13,113	13,119
Utilization	99.2%	99.3%	99.4%	99.8%	99.8%

Source: 2015 – 2019 *Substance Abuse Residential Treatment Data Collection Form*

Agency Recommendation:

The Agency supports the standard methodology for substance use disorder (chemical dependency) bed need determination. Given available information and comments submitted by the August 8, 2019 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the Agency recommends that the *2020 SMFP* include a need determination for 32 adult substance use disorder treatment beds in the Central Region. The Agency further recommends that the need determination stipulate that CON applicants must commit to developing the beds in Forsyth County and to establishing a contract with the Cardinal Innovations Healthcare Solutions LME-MCO to treat underserved populations (indigent and/or uninsured).