

PETITION

March 5, 2014

Samuel B. Clark
Director of Finance, North Carolina Health Care Facilities Association
5109 Bur Oak Circle
Raleigh, NC 27612
(919) 782-3827
samc@nchcfa.org

North Carolina Division of Health Service Regulation, Medical Facilities Planning Branch
809 Ruggles Drive
Raleigh, NC 27603

I would like to request a review of the nursing home bed need methodology used in Chapter 10 of the State Medical Facilities Plan (SMFP).

The current methodology has been in place for more than 20 years. While it may have been reflective of the nursing home landscape at the time it was implemented, the health care environment has evolved over time and the existing methodology is no longer adequate at accurately predicting nursing home bed need.

Currently, the number and distribution of nursing home beds is controlled by the certificate of need process. Under this process, the number of nursing home beds needed within a county is determined by utilization rates for various age groups. In the proposed SMFP for 2014, these figures are:

- Under 65: .63 beds per 1000 population
- 65-74: 7.19 beds per 1000 population
- 75-84: 23.95 beds per 1000 population
- 85 and over: 88.99 beds per 1000 population

The current methodology assumes a consistent utilization by age group across the state. In actuality, the bed utilization can vary greatly from one county to another. Using 2012 population statistics with the reported 2012 census used in the bed need calculation, the following ranges are observed:

- Under 65: minimum .15, maximum 3.38
- 65-74: minimum 2.44, maximum 15.93

- 75-84: minimum 9.41, maximum 49.57
- 85 and over: minimum 37.11, maximum 204.92

As can be seen by the large fluctuations in the actual bed utilization figures, the use of a single state-wide figure for each age group will result in misleading bed need figures.

In addition to the variances in the bed utilization figures, short comings in the current model can be seen by simply evaluating the figures used in the calculations. For example, Rowan County calculates a 2017 projected bed need of 580 beds. This county also shows a planning inventory of 853 beds resulting in a surplus of 273 beds. The facility census figures used for the SMFP show 820 residents already in Rowan County nursing home beds. The county's calculated bed need of 580 cannot be possible with the existing nursing home population, unless almost one-third of the people in Rowan County nursing homes will be discharged before 2017. **Using county specific utilization data would result in a deficit of only 10 beds.**

Another example is Wake County. According to the SMFP, Wake County has a projected bed need of 3,003 nursing beds in 2017. With a planning inventory of 2,459 beds, the SMFP shows a need for 544 additional beds. As reported, there are 1,929 residents in Wake County nursing home beds. I find it doubtful that in 2017, the county will need 1,000 nursing home beds beyond those that are currently occupied. Especially since the same table shows that Wake County nursing homes currently have an 85% occupancy rate. **Using county specific utilization data would result in a deficit of only 30 beds.**

In the case of Wake County, the current calculations show a need for 544 additional beds. Currently, if the occupancy were to exceed 90%, all 544 beds would be released for CON application. There should be a process put in place that would prevent too many beds from becoming available within the same county at the same time.

The need for nursing home beds can be influenced by many factors beyond the age of the current nursing home residents, for example, the availability of community care alternatives, availability of unpaid family care givers, urban versus rural settings, resident gender, short term/long term stays, major medical centers, community average income and others. Continued use of the current methodology will adversely affect both consumers and providers by not adequately matching future nursing home bed allocations with the counties having an actual need for those beds. There are currently no alternatives available to the state-wide, nursing home bed need calculation.

I am not proposing any specific changes to the methodology at this time, but I am requesting that the methodology be reviewed, in coordination with stakeholder representatives, to determine whether any changes should be made in order to make the process more reflective of actual utilization trends, while remaining consistent with the three basic principles of the SMFP: Safety and Quality, Access, and Value. This review should also encompass the policies applicable to nursing care facilities, NH-1 through NH-8.