

## PETITION

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**Petition to the State Health Coordinating Council  
Regarding the Reallocation of Need from Perquimans County to Gates County  
2012 State Medical Facilities Plan**

State Health Coordinating Council  
Medical Facilities Planning Section  
Division of Health Service Regulation  
2714 Mail Service Center  
Raleigh, NC 27699-2714

March 2, 2011

***Petitioners:***

Meridian Senior Living, LLC  
PO Box 2568  
Hickory, NC 28603

Gates County Board of Commissioners  
PO Box 148  
Gatesville, NC 27938

Perquimans County Board of Commissioners  
PO Box 45  
Hertford, NC 27944

***Contact:***

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Meridian Senior Living, LLC  
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### **REQUESTED ADJUSTMENT**

This petition requests an adjustment to the need determination to include an ability to reallocate adult care home beds from Perquimans County to Gates County.

As explained in more detail in the next section, a problem exists in the current need determination that leaves a significant need unmet. To address this problem, we ask that the North Carolina State Health Coordinating Council amend the draft 2012 *State Medical Facilities Plan*, Chapter 11 to include:

a special adjusted need determination for the 30 Adult Care Home beds currently allocated to Perquimans County to be reallocated for use in either Perquimans County or Gates County.

Table 11C would be adjusted to read as follows:

County	HSA	Number of New Adult Care Home Beds Needed*	CON Application Due Date**	CON Beginning Review Date
Perquimans	VI	30***	January 17, 2012	February 1, 2012

\* Need determinations as shown in this document may be increased or decreased during the year pursuant to Policy GEN-2 (See Chapter 4).

\*\* Application Due Dates are absolute deadlines. The filing deadline is 5:30 p.m. on the Application Due Date. The filing deadline is absolute (See Chapter 3).

\*\*\* The beds allocated to Perquimans County, as shown in this document, may be alternately applied to Gates County. A Certificate of Need application proposing to use these beds in Gates County shall be reviewed by DHSR as if the beds were allocated to Gates County. However, in reviewing such an application, bed need shall be determined based on the needs of Perquimans County.

## **REASONS FOR THE PROPOSED ADJUSTMENT**

### **Summary**

In 2010, Gates and Perquimans County Boards of Commissioners came to the conclusion that, in order to provide the citizens of both counties with adequate care close to their homes, the adult care home beds allocated to both counties must be combined. The 30 beds allocated to Perquimans County were new to the State Medical

Facilities Plan as of 2011. However, the 40 beds allocated to Gates County had been in the State Medical Facilities Plan for many years, and no one had applied for them.

In early 2010, Meridian Senior Living (“Meridian”), an adult care home management company that currently manages 41 adult care homes in North Carolina, contacted the Gates County Manager, Toby Chappell, as it considered applying for the 40 beds in Gates County. It was determined, however, that a 40 bed facility in Gates County did not provide sufficient economies of scale to be a worth while venture for Meridian. But, if more beds were to be allocated to Gates County, Meridian would be very interested in pursuing the CON and building the adult care home.

**Incidence of Unmet Need**

The 40 beds allocated to Gates County have been in the State Medical Facilities Plan for many years. This is not a unique situation. In fact, there is a pattern to be found looking back to State Medical Facilities Plans of previous years. Seeing this evidence, the Perquimans County Commissioners logically concluded that the 30 beds in the 2011 State Medical Facilities Plan allocated to Perquimans County would probably suffer the same fate. The following chart shows that rural counties with 40 or fewer adult care home beds allocated to them rarely see their needs met through the use of these beds:

	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
<b>Camden County</b>	10	20	20	20	-
<b>Gates County</b>	40	40	40	40	40
<b>Hyde County</b>	30	30	30	30	30
<b>Jones County</b>	30	30	30	30	30
<b>Tyrrell County</b>	20	20	20	20	20
<b>Washington County</b>	20	20	20	10	10

The bed reductions in both Camden County and Washington County were due to adjustments in the bed need determination; they were not awarded to applicants. It is clear, from the chart above, that, in order to meet the needs of the citizens of Perquimans and Gates Counties, the bed allocations must be combined such that an applicant will apply for the beds and build an adult care home. Otherwise, no adult care home will be built, and the needs of these people will go unmet.

This proposal would further some of the most important purposes of the CON statute by targeting this traditionally underserved population (those living in counties with small populations) with a low-cost, effective solution to a challenge to the healthcare system. N.C. Gen. Stat. §§ 131E-183(a)(3), (4), and (13).

### **Description of Reallocation**

Meridian intends to apply for the 40 beds allocated to Gates County and the 30 beds allocated to Perquimans County, combining the beds to create one 70-bed facility in Gates County. This 70-bed facility would have the economies of scale necessary to allow adequate profit margins for the operator, while providing excellent care for the facility's residents.

### **Reasons for Project Location**

The geographic location of the facility is an essential asset leading to the project's success. Meridian intends to locate the facility within the service are of the municipal water and sewer system of Gatesville. Gatesville is centrally located in Gates County. A location closer to the county line separating Gates and Perquimans Counties was considered. However, such a location was rejected based on the excessive costs

associated with constructing and maintaining a well and sewage treatment system large enough to provide service to the residents as well as powerful enough to provide water pressure and volume to a fire sprinkler system.

### **Benefits of Reallocation**

As stated before in this petition, the reallocation of the Perquimans County beds to Gates County would benefit the citizens of both counties by providing an adult care home to serve both counties instead of having the beds linger in the State Medical Facilities Plan.

### **ADVERSE EFFECTS ON THE POPULATION IF THE ADJUSTMENT IS NOT MADE**

If the requested adjustment is not made, the populations of both Perquimans and Gates Counties will continue to suffer from the lack of sufficient adult care home beds in their area. These people will be forced to continue to look to adult care homes far away from their communities for care. This situation limits family and community interaction for those displaced by the lack of beds.

### **ALTERNATIVES CONSIDERED AND REJECTED**

#### **Status Quo**

The status quo fails to address the issues brought forth by this petition. The current system leaves a care gap between those living in more populous counties who enjoy adult care homes close by, and those living in less populous counties who must look to other counties for adult care homes. Despite adult care home beds being

allocated to these counties, the economic realities create a situation where these beds remain in the State Medical Facilities Plan, unutilized.

### **Constructing a Facility on the County Line**

In theory, a facility could be built by which one wing of bedrooms would be in Gates County, and other wing of bedrooms would be in Perquimans County. Such a facility would straddle the county line so that the beds allocated to Gates County would be built in Gates County, and the beds allocated to Perquimans County would be built in Perquimans County. This facility would remain in compliance with the CON law as it is currently written, while taking advantage of the economies of scale enjoyed by a 70-bed facility. The problem with this alternative, however, is that there is no municipal water and sewer system on the line separating Gates and Perquimans Counties. As discussed before, a lack of municipal water and sewer system would eliminate the financial advantages of having a larger facility.

### **Wait for Need in a Future State Medical Facilities Plan**

Waiting for need in a future State Medical Facilities Plan would be an unreasonable alternative. Neither Gates nor Perquimans County populations are growing at a significant rate. As such, it would be many years before a future State Medical Facilities Plan would allocate enough beds to either county for someone to apply for the beds as they stand now.

**EVIDENCE THAT DEVELOPMENT OF PROPOSED SERVICE  
WOULD NOT RESULT IN UNNECESSARY DUPLICATION OF  
HEALTH RESOURCES IN THE AREA**

For the purposes of this proposal, the service area should be considered to be both Gates and Perquimans County combined. Simply adding 30 beds to Gates County would surely produce a bed surplus when just considering the needs of Gates County. However, when considering the needs of both counties, the number of beds developed would match the bed need determination for the service area, and would not result in unnecessary duplication of health resources.

**EVIDENCE THAT THE REQUESTED ADJUSTMENT IS  
CONSISTENT WITH THE THREE BASIC PRINCIPLES  
GOVERNING THE DEVELOPMENT OF  
THE STATE MEDICAL FACILITIES PLAN**

**Safety and Quality**

This project will promote safety and quality in the delivery of health care services. The development of a facility that would combine the beds from Gates and Perquimans Counties allows economies of scale that would better ensure that the level of safety and quality of care are high.

**Access**

This project will promote equitable access. Accordingly, the project facility will accept both private pay residents and residents relying on Medicaid. Alternately, the lack of the project facility would keep the access to these services low in both counties.

**Value**

This project will maximize healthcare value for resources expended. The economies of scale utilized in building a facility that combines the bed needs of Gates

and Perquimans Counties allows for resources to be conserved and value to be added to the services provided to the residents of the adult care home.

### **CONCLUSION**

The citizens of Gates County have gone a long time with an adult care home bed need that has not been met. Having only a 40 bed allocation, potential applicants for the beds have been discouraged by the high risk of taking on such a small number of beds. When Perquimans County was allocated 30 beds, the same effect was foreseen. Only a reallocation of these beds would allow the needs of the populations in both counties to be met.



## LIST OF EXHIBITS

- Exhibit A Gates County Resolution
- Exhibit B Perquimans County Resolution

*Gates County Board of Commissioners*

*Post Office Box 148*

*Gatesville, North Carolina 27938*

*Tel (252) 357-1240 / FAX (252) 357-0073*

*Coby R. Shappell, County Manager*

Graham Twine  
Chairman  
Hobbsville

Wade Askew  
Eure

Henry Jordan  
Sunbury

Kenneth Jemigan  
Vice-Chairman  
Gates

Carlton Nickens  
Gatesville

**RESOLUTION  
TO  
SUPPORT THE ALLOCATION OF CERTIFICATE OF NEED**

**Whereas,** The Gates County Board of Commissioners wish to have the medical needs of the Citizens of Gates County addressed locally if at all possible; and

**Whereas,** The Gates County Board of Commissioners seek to bring sustainable development for the County's resident; and

**Whereas,** Gates County has been approached regarding the building of a adult care center that will be available to all Counties in the region; and

**Whereas,** Gates County is projected to have a forty adult care bed surplus in the upcoming certificate of need process; and

**Whereas,** Gates County has been approached by Home Life Care, owned and operated by Donna Chamblee of Ahoskie North Carolina; and

**Whereas,** The locating of this facility in Gates County will produce between 35 to 45 jobs in our Tier 1 County; and

**Whereas,** Gates County's governmental revenue is heavily dependent upon the property tax bases to which the location of this facility in Gates County will produce nearly \$20,000 annual for the property tax bases; and

**Whereas,** Gates County is located in an area that is adjacent to world-class health care facilities; for example Obici Hospital and Norfolk General Hospital; and

**Whereas,** Gates County has not been approached by another business during the current Certificate of Need (CON) cycle; and

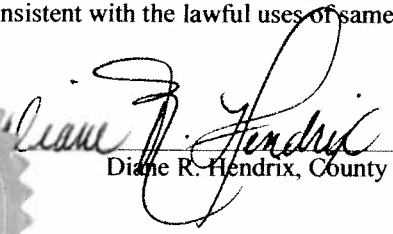
**Whereas,** any and all support that the Gates County Board of Commissioners offers in predicated on the Adult Care Facility being built in Gates County;

**NOW, THEREFORE, LET IT BE RESOLVED** that the Gates County Board of Commissioners:

1. Strongly endorse the State of North Carolina allocating any and all available adult care beds, which are currently assigned to Gates County, to N & M Properties, a company owned and operated by Donna Chamblee of Ahoskie, North Carolina.
2. Specifically, the Gates County Board of Commissioners encourage that any and all State of North Carolina agencies that can provide assistance in the allocation of any surplus beds, currently designated for Gates County, do so in a manner that is both expeditious and consistent with the lawful uses of same.

This the 26<sup>th</sup> day of August, 2010.

  
Graham L. Twine, Chairman

  
Diane R. Hendrix, County Clerk





MARY P. HUNNICUTT  
CLERK TO BOARD  
BOBBY C. DARDEN  
COUNTY MANAGER

## PERQUIMANS COUNTY BOARD OF COMMISSIONERS

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MACK E. NIXON  
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CHARLES H. WARD  
SUE WEIMAR  
W. HACKNEY HIGH, JR.  
COUNTY ATTORNEY

### RESOLUTION TO SUPPORT THE TRANSFER OF CERTIFICATE OF NEED

**Whereas,** Gates County and Perquimans Counties are located in rural Northeastern North Carolina; and

**Whereas,** The ability of Counties in this region to continue to be successful is predicated upon the symbiotic relationships between Counties; and

**Whereas,** Gates County has been approached regarding the building of a adult care center that will be available to all Counties in the region; and

**Whereas,** Perquimans County is projected to have a thirty adult care bed surplus in the upcoming certificate of need process; and

**Whereas,** Gates County is in need of having these thirty adult care beds transferred from Perquimans County to make the development of the new facility feasible;

**NOW, THEREFORE, LET IT BE RESOLVED** that the Perquimans County Board of Commissioners:

1. Strongly endorse the State of North Carolina transferring the surplus of thirty beds from Perquimans County to Gates County.
2. Wishes to encourage future regional cooperation in other areas between Gates and Perquimans Counties.
3. Specifically, the Perquimans County Board of Commissioners asks that any and all State of North Carolina agencies that can provide assistance in the transfer of the thirty surplus beds do so in a manner that is both expeditious and consistent with the lawful uses of same.

This the 7<sup>th</sup> day of September, 2010.

Mack E. Nixon, Chairman

Mary P. Hunnicutt, County Clerk