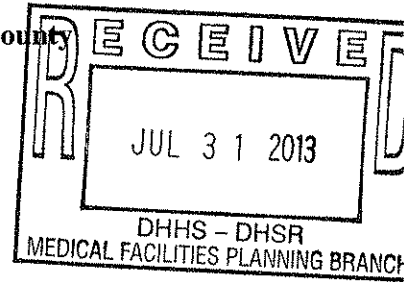




**Petition to the State Health Coordinating Council
Regarding Adult Care Bed Adjusted Need Determination for Stanly County
For the 2014 State Medical Facilities Plan**



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Petitioner:

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STATEMENT OF REQUESTED CHANGE

Lutheran Services Carolinas requests the following special need adjustment to the *2014 State Medical Facilities Plan (Plan)*.

Chapter 11 should be changed as follows:

Table 11C: Adult Care Home Bed Need Determination

Based on information submitted in a Special Needs Petition, it is determined that there is a need for 20 additional adult care home beds in Stanly County.

__ Service Area	HSA	__ Need Determination	CON Application* Due Date	CON Beginning Review Date
Stanly County	III	20 beds	TBD	TBD

REASONS FOR THE PROPOSED CHANGES

Overview

Lutheran Services operates Trinity Place, a 76-bed nursing home with 10 adult care home beds in Stanly County. Nine out of ten of our assisted living residents are Stanly County residents. Today, nine of our 10 adult care beds are full and our average daily census in 2012 was 10.6 beds. When we have an available bed, which rarely occurs, we prefer to hold it for patients who will be transferred from our short-term rehabilitation wing. We have a waiting list. People wait as long as two years for admission. We are working with two families today who want admission to that one bed. We looked at the 15 people who were on the waiting list and were not admitted:

- 1 went to another type of facility;
- 2 went to a skilled nursing facility;
- 9 went to another adult care facility: of these, four were couples; and
- 3 stayed at home, where families cobbled together a home care program.

Our admissions typically come from people who can no longer live alone in their homes, from people in skilled nursing facilities who cannot return home after a short rehabilitation, and from people who cannot go to their own home after discharge from a hospital.

Stanly County adult care home beds are located in seven facilities. All of the facilities are concentrated in one area, in and around Albemarle, North Carolina. Only two have more than 75 beds. Most have fewer than 20 and two are associated with a nursing home.

Occupancy in Stanly County Adult Care Facilities FY 2011

Facility	Total Residents in Facility on 8/1/11	Licensed Capacity (Adult Care Beds)	Current % Occupancy Rate
Albemarle House	60	76	79%
Bethany Woods Nursing and Rehab Center	10	10	100%
Lutheran Home-Albemarle	*12	12	100%
Spring Arbor of Albemarle	70	78	90%
Stanly Manor	10	10	100%
The Taylor House	25	30	83%
Forrest Oaks	0	17	0%
Total without Forrest Oaks	187	216	87%

Note: In order to offer private rooms LSA was required to surrender two adult care beds in May 2012
Source: 2012 License Renewal applications

All but two of the county facilities operate above the 85 percent threshold, but those two and the Forrest Oaks facility bring down the average. The 17 beds in Forrest Oaks were out of service for a year. It is older and has few amenities. It is important to note that just two beds unoccupied in a 10- to 20-bed facility will cause occupancy to register below the 85 percent threshold required for a need to appear in the State Medical Facilities Plan (SMFP).

As a result of these factors, The *Proposed 2014 SMFP* shows no need for additional adult care home beds in Stanly County, even when the methodology (Table 11B) produces a deficit of 12 beds. A one-year look back at the 2013 SMFP methodology shows a deficit of 32 beds. In both years, the same problem occurred. Average facility occupancy was less than the 85 percent threshold required to produce a need for adult care beds in the SMFP.

Population in Stanly County is increasing, but the five-year trailing average use rate used to forecast need decreased between 2011 and 2012. That five-year average now includes the first years of the economic downturn in 2008-2009. The lower use rates for the *Proposed 2014 Plan* are the reason why need in the *2014 Plan* is less than in the *2013 Plan*. Although, use of adult care home beds has declined among younger age groups, it is increasing in the group over age 85 and that group is growing in size, especially in Stanly County.

Between now and the time a facility could be opened in 2017, Stanly County will add 500 people over age 85, the primary users of adult care beds. Adding beds in the 2014 SMFP would give the county its needed capacity in 2017.

The Stanly County deficit is understated for another reason, too. The SMFP methodology attributes all of the beds used in the county to county residents. However, our review of patient origin statistics shows that 22.5 percent of the adult care bed residents in county facilities came from outside the county in 2011. With only 231 beds and 53 used by out- of-county residents, and 17, not available dependably, the county is short beds. When Trinity Place and other small facilities hold even two beds for residents whose status is on the bubble, the true deficit grows even larger. As a result, Stanly County residents must go out of county to get a bed.

We are asking for 20 beds, because the true deficit is at least that large.

A 10-bed unit is not efficient to staff. A 30-bed unit can be staffed efficiently. The county has no special care units for people who have Alzheimer's and related dementia. For people with this degenerative disease, Adult care homes are far less expensive than nursing homes during early stages of the disease. In fact, LSC has excellent results with its own variation of memory care unit for people with dementia.

LSC facilities have capacity for more than 1,100 long term care residents from Aden to Wilmington. We understand the long term care patient and the many changes occurring in the industry today. LSC regularly wins awards for our excellent care. Most recently, we were featured on the cover of Provider Magazine for our outstanding work in culture change. We were also awarded a grant from CMS to do dementia training in all of our facilities. We have been asked to and would like to expand in Stanly County, but cannot without a need in the SMFP.

ADVERSE EFFECTS ON PROVIDERS AND CONSUMERS OF NOT MAKING THE REQUESTED CHANGE

In a best case scenario, beds in the *2014 State Medical Facilities Plan* will not be on line in 2016, the year on which Plan deficit projections are based. With normal delays associated with CON and construction beds would not actually be available for three years (2017). Waiting another year will not likely produce a need in the 2015 SMFP because of the small size of most of the facilities in the county. Regardless of the calculated surplus/deficit of beds, occupancy will remain below 85 percent simply because of the mathematics of small numbers.

**ALTERNATIVES TO THE REQUESTED CHANGE
CONSIDERED AND REJECTED**

We considered waiting for the Plan to catch up, but we realized that this would never happen. We average 100 percent occupancy. Four of seven average over 85 percent occupancy; and two of them average 100 percent occupancy. We cannot handle any more patients without more beds and that one facility may keep the county average occupancy below 85 percent for a good while.

Trinity Place is over 50 years old and we are looking at options for the building – one of which is to replace it. It is far more efficient to build all of the beds at one time than to do it in increments.

A better alternative is to permit LSC to apply for 20 more adult care beds in 2014. This is efficient, cost effective and will give us an opportunity to build a larger facility that incorporates the culture change features associated with excellent quality. It is difficult to staff 10 adult care beds, offer the desirable elements, and say 85 percent occupied. We can get economies of scale with 30. We understand that others may do the same in a competitive application.

Moreover, we are willing and have the resources and knowledge to provide an excellent memory care program. This has better flexibility than a restricted Adult Care Special Care Unit and achieves outstanding results for persons who have memory and dementia related problems.

EVIDENCE OF NON-DUPLICATION OF SERVICES

The proposal will not unnecessarily duplicate existing resources. The beds that routinely stay available are as full as they can reasonably stay. Some folks have stayed on our waiting lists have sustained for over 2 years, because they want to be in line for the scarce beds and they anticipate needing them. As noted, people have waited several years for admission to Trinity Place.

The number of persons over 75 in Stanly County will increase by almost 500 people by 217, for a total of 4,840 over 75 by 2017. This age group is growing at a rate of 2.0 to 2.5 percent a year. It will take us until at least 2017 to build a replacement facility. By then, even with current use rates, the need will have reached 26 more beds.

Stanly County Population Estimates

Age group	Increase by 2017	Five-Year Average Use Rate	Additional Beds needed
64-74	310	6.29	7.3
75-84	1,165	21.52	6.7
85+	311	76.60	12.0
Total			26

Source: NCOSBM

EVIDENCE OF NORTH CAROLINA MEDICAL FACILITIES PLAN BASIC GOVERNING PRINCIPLES

Value -

An adult care bed day is reimbursed by Medicaid at less than \$40 a day. Medicaid pays us \$165 for a nursing home bed. This is a four-fold difference. A day in the hospital costs almost 23 times more than an adult care day. Conversely, a day delayed in the hospital waiting for adult care would pay for almost a month of adult home care. Add to these the economic cost when family members must step out of the workforce to care for family members at home, and one can see that reasonable allocations of adult care home beds are a good value proposition.

Access -

Both location and admission policies are critical access variables for adult care beds. The SMFP cannot control either too specifically. However, Policy GEN-3 will require that any applicant for these beds have policies that assure access by all underserved groups. LSA has an excellent reputation in this area. Our statewide average is 60 percent Medicaid. We also raise funds continuously to assure that we can be within reach of working people who have limited assets, and do not qualify for Medicaid.

Stanly has a shortage of available beds and adding 20 would assure enough for competing applicants to provide an economically viable operation. It would provide an opportunity for an applicant to offer the county a memory care unit, which it does not have now.

Safety and Quality

With 20 more beds in the 2014 SMFP, an applicant could build state of the art facilities that include new designs for both safety and quality of life. Advances in design associated with the industry's journey of change provide substantial advances in quality of life that are difficult to add in an older facility. Private rooms are a prime example, but the improvements extend beyond that to configuration of spaces and opportunities for living spaces outside the individual bedroom. All of these result in improved health status in studies conducted to date.

CONCLUSION

This is the right time to add 20 adult care beds to the State Medical Facilities Plan for Stanly County.