

**Long-Term & Behavioral Health Committee
Agency Report
Adjusted Need Petition to
Increase Hyde-Tyrrell Adult Care Home Need Determination
from 40 Beds to 50 Beds
Proposed 2013 State Medical Facilities Plan**

Petitioners:

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Contact:

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Request:

This petition requests an adjusted need determination from 40 Beds as identified in the Proposed 2013 State Medical Facilities Plan to 50 Beds for the Hyde-Tyrrell combined service area.

Background Information:

Chapter Two of the State Medical Facilities Plan (SMFP) describes the purpose and process for submitting petitions to amend the SMFP during its development. Petitions can be sent to the Medical Facilities Planning Branch twice during the course of plan development. Early in the planning year petitions that are related to basic plan policies and methodologies that have a statewide effect can be submitted. "Changes with the potential for a statewide effect are the addition, deletion, and revision of policies and revision of the projection methodologies." The change requested by these petitioners affects the need methodology and should be considered before publication of the Proposed 2013 SMFP.

Later in the planning cycle when need projections are complete, petitions can be submitted seeking adjustments to the projected need determination in any service area based on extenuating

circumstances if the area believes its needs are not fully addressed by the standard methodology. These petitions are considered before publication of the 2013 SMFP.

Adult Care Home (ACH) bed need is determined by calculating the statewide five-year average use rate per 1,000 population for each of five age groups based on data from annual license renewal applications. These use rates, or “beds per 1,000 population,” are applied to the projected population going forward three years for each service area in North Carolina. The amount of need per service area is then established based on the size of the service area’s projected surplus or deficit when the projected utilization is compared to the inventory of existing and approved beds.

Prior to Spring 2012, all 100 counties in North Carolina were considered separate service areas for the purpose of identifying ACH bed need for the SMFP. The Hyde-Tyrrell Service Area was created in Spring 2012 by merging the two counties into a single entity in the ACH methodology in response to a petition from Meridian and the Boards of Commission in Hyde and Tyrrell counties, which was approved by the State Health Coordinating Council for implementation for the 2013 SMFP. The other 98 counties remain separate service areas. This is the first planning cycle in which need has been calculated in the methodology for the newly combined service area rather than for the separate counties.

Analysis/Implications:

ACH need determinations from recent SMFPs for Hyde and Tyrrell’s individual county service areas prior to the merger show the need for 30 ACH beds in Hyde county existed in the SMFP from 2007 to 2012 for which no Certificate of Need (CON) applications were received and the need for 20 ACH beds in Tyrrell county existed in the SMFPs from 2007 to 2012 for which no CON applications were received.

When need is calculated for the 2013 SMFP with Hyde and Tyrrell as separate counties, Hyde shows a need determination of 30 beds ; and Tyrrell shows a 20 bed need. By adding those separate county need determinations together, there would be a 50 bed need. However, in the 2013 Proposed SMFP, Table 11B shows a deficit of 44 ACH beds for the combined Hyde-Tyrrell service area, which, when following the standard methodology, rounds down to a 40 bed need determination. The combined service area missed rounding up to a 50 bed need determination by one bed. The loss of the 10 beds results from a mathematical artifact of the methodology in which the combined populations lose adequate power to round up to the additional 10 beds. The agency acknowledges that this reduction in bed need in the Proposed 2013 SMFP results from a mathematical variance rather than a change in the counties’ demographics and it is particularly concerning that the reduction occurred as an unintended consequence of trying to address the historical deficit of beds in these two counties.

The petitioners state that a 40 bed need determination “will not have the economies of scale necessary to allow adequate profit margins for the operator” to establish a new facility in the Hyde-Tyrrell service area and that the additional 10 beds would make operational costs of a new facility financially feasible. As acknowledged in Chapter One of the SMFP, the needs of rural

areas and small communities merit special consideration and methodologies that balance access, value and quality must be considered when determining appropriate care in these communities. While the agency can not determine the financial impact of the loss of the 10 beds, it does acknowledge the potential impact on access to care that this reduction may cause.

Agency Recommendation:

The petitioners request an adjusted need determination for the Hyde-Tyrrell county service area for 50 Adult Care Home beds. Given available information and comments submitted by the August 17, 2012 deadline, and in consideration of factors discussed above, the agency agrees with the requested change based on the pattern of need determinations in previous SMFPs and the lack of CON applications in this area of the state. Furthermore, the initial loss of the 10 beds occurred as a result of an attempt to address issues of access for both counties. The agency recommends approval of this petition.