

**Long Term & Behavioral Health Committee
Agency Report
Adjusted Need Petition for Addition of 331 Special Care Unit Beds in
Buncombe County and 79 Special Care Unit Beds in Cabarrus County
North Carolina 2017 State Medical Facilities Plan**

Petitioner:

Artis Senior Living, LLC
1651 Old Meadow Road
Suite 100
McLean, VA 22102

Contact:

Jay Hicks
Senior Vice President
(571) 376-6222
jhicks@artissl.com

Request:

The petition requests an adjusted need determination for 331 adult care home (ACH) beds, all of which would be part of a special care unit (SCU) bed in Buncombe County, and an adjusted need determination for 79 ACH beds, all of which would be part of a SCU in Cabarrus County, in the *North Carolina 2017 State Medical Facilities Plan (SMFP)*.

Background Information:

Chapter 2 of the *SMFP* describes the purpose and process for submitting petitions to amend the *SMFP* during its development. Petitions may be sent to Healthcare Planning twice during the course of plan development. Early in the planning year, petitions related to basic *SMFP* policies and methodologies that have a statewide impact may be submitted. The *SMFP* defines changes with the potential for a statewide impact as “*the addition, deletion, and revision of policies and revision of the projection methodologies.*”

Later in the planning cycle, when need projections are identified in the *Proposed SMFP*, petitions seeking adjustments to the projected need determination in any service area may be submitted if the petitioner believes the needs of a service area are not fully addressed by the standard methodology.

Special care unit beds are a specific type of adult care home (ACH) or nursing home (NH) bed. As defined in N.C.G.S. 131D-4.6, these are beds located in “a wing or hallway within an adult care home, or a program provided by an adult care home, that is designated especially for residents with Alzheimer’s disease or other dementias, a mental health disability, or other special needs disease or condition as determined by the Medical Care Commission.” Also, as described

in N.C.S.L. 2015-241, section 12G.2(a), currently, there is a moratorium on SCU licenses: “For the period beginning July 31, 2013, and ending June 30, 2017, the Department of Health and Human Services, Division of Health Service Regulation (Department), shall not issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114.”

Currently, the agency does not have a methodology that separates SCU beds from ACH or NH beds. In order to develop this petition, the petitioner commissioned Drs. Philip Sloane and Sheryl Zimmerman of the Cecil G. Sheps Center for Health Services Research at UNC-Chapel Hill to develop a methodology for SCU bed need.

Analysis/Implications:

The petition asserts that the best approach for determining SCU bed need is to follow the methodology developed by Sloan and Zimmerman (2016),¹ which is based on their review of the literature. As part of the review, the agency applied the suggested methodology to all counties for North Carolina and found the petitioner’s calculations to be accurate. When the methodology is applied to the most recent available data, it results in a need for an additional SCU beds in 77 counties. Of those, almost half (36 counties) show an SCU bed need of 50 or more. Excluding Buncombe County, more than a tenth (9 counties), show an SCU bed need greater than Cabarrus County’s. The number of counties affected by the proposed SCU methodology demonstrates the request has a statewide impact rather than a single health service area. Petitions requesting such changes are accepted in the spring.

Furthermore, it would be difficult to adopt and apply a methodology for determining SCU bed need to the SCU bed without considering the impact on ACH (or NH) bed need. This is because SCU beds are a type of ACH and NH beds, and the accepted methodology does not distinguish between SCU beds and ACH (or NH) beds.

Agency Recommendation:

The petition requests an adjusted need determination for 331 ACH beds for a SCU in Buncombe County and for 79 ACH beds for a SCU in Cabarrus County in the *2017 SMFP*. In the absence of a methodology for determining SCU bed need, the petitioner has based the request on a methodology developed by Sloane and Zimmerman (2016). The *SMFP* outlines the petition process and the standards for their composition in Chapter 2. It states 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.” As explained in the *2016 SMFP*, “people who wish to recommend changes that may have a statewide effect are asked to contact Healthcare Planning and Certificate of Need Section staff as early in the year as possible, and to submit petitions no later than March 2, 2016.” In this instance, the agency determined that if the suggested methodology were used, it would have a statewide effect. Thus, the petition does not comply with the standards of the petition process as outlined in the *SMFP*.

¹ Sloane, P. & Zimmerman, S. Cecil G. Sheps Center for Health Services Research. (2016). *Estimating the population and health services needs of older persons with Alzheimer’s disease or a related dementia (ADRD)*. Chapel Hill, NC: University of North Carolina at Chapel Hill.

Based on the available information and comments submitted by the August 12, 2016 deadline, and in consideration of the factors discussed above, the agency recommends denying this petition.