

Long Term & Behavioral Health Committee
Agency Report
Adjusted Need Petition for Transfer of up to 100 Adult Care Home Beds from
Harnett to Wake County

Petitioner:

Singh Development, LLC
2601 Weston Parkway, Suite 203
Cary, NC 27513

Contact:

Make Kahm
Singh Development, LLC
kahm@singhmail.com
(919) 678-8300

Request:

The petitioner requests an adjusted need determination for transfer of up to 100 adult care home (ACH) beds from Harnett to Wake County in the *Proposed 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.

Adult Care Home 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 county-specific service area (“service area”) in North Carolina. The projected population is obtained from the NC Office of State Budget and Management and based on the projected number of residents, by county and age group. 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 and ACH beds in the service area have reached a minimum average occupancy threshold of 85%.

Analysis/Implications

As highlighted by the petitioner, the current ACH methodology is based on a statewide use calculation to project the ACH bed surplus/deficit rather than a county-specific calculation. The petitioner posits that application of this methodology erroneously results in an ACH bed surplus in Wake County but correctly shows an ACH bed surplus in Harnett County. To address this perceived shortcoming in the current methodology, the petitioner suggests a methodology that utilizes facility-level data managed by Wake County's Department of Social Services. This data was used by the petitioner to indicate the number of ACH beds that are not available to the public in Wake County. As a result, the petition is requesting an adjusted need determination to account for the difference in the Wake County projected surplus as calculated by the standard methodology and the deficit as calculated by the petitioner.

However, the petition does not take the same approach in calculating the surplus and deficits for Harnett County. Indeed, as the petitioner acknowledges, data on unavailable ACH beds does not exist for all counties in the state.

In summary, any possible shortcomings of the methodology as suggested by the petitioner have a statewide impact rather than only the single county-specific service area. Petitions requesting such changes to methodologies are accepted in the spring.

Agency Recommendation:

The petitioner requests that the *2017 SMFP* reflect an adjusted need determination for transfer of up to 100 ACH beds from Harnett to Wake County. The petitioner bases this request on a methodology that uses facility-level data that is not vetted by the agency. The agency supports the state health planning process outlined in the *2016 SMFP* and approved by the Governor. 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 petitioner has suggested a methodology that, if applied, likely would have inconsistent impacts on planning areas across the state. Thus, the petition does not technically follow the standards of the petition process as outlined in the *SMFP*.

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.