

PETITION

**Petition to the State Health Coordinating Council
Regarding Special Need for an Adult Care Home Demonstration Project –
Alexander 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

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EXECUTIVE SUMMARY

Over the past several years, Meridian Senior Living has become keenly aware of a problem that plagues the long term care industry. Meridian wishes to petition the State Health Coordinating Council for a solution.

Meridian Senior Living is North Carolina's largest provider of Special Care Units in adult care facilities. In this capacity we have discovered a unique subgroup of Special

Care Unit residents. They have chronic behavioral problems resulting from the progression of their Alzheimer's disease or Dementia. Addressing their needs is beyond the capabilities of normal Special Care Units. Because operators must consider the needs of all residents, members of this subgroup are either discharged to the care of their families, or, more often, committed to a Psychiatric Hospital. This is a very traumatic experience and many times causes further deterioration of the residents cognitive functioning. This subgroup is large enough to justify focused attention. Addressing their needs will help both them and other residents who are also at risk from their behavior.

Within the Special Care Units operated by Meridian Senior Living, this level of problematic behavior leads to involuntary commitments approximately eight (8) to ten (10) times per month. Meridian Senior Living operates 1,250 Adult Care Home beds licensed as Special Care Unit beds. Although statewide statistics are not kept regarding these decisions, one can infer from Meridian Senior Living statistics that somewhere between 39 and 49 residents of Special Care Units in North Carolina are involuntarily committed each month. This is a very costly situation for the State.

As the solution to this problem, we foresee this facility as being used temporarily for each resident who is transferred there. That is to say, this facility's staff would stabilize the resident and create a plan of care such that the originating facility's staff may safely care for the resident. The length of stay at this facility would vary, as each plan of treatment would be individualized to the resident's unique presentation of symptoms. However, average lengths of stays are expected to be between 4 and 24

weeks. We foresee this facility having fifty (50) beds available to these types of residents. As such, this facility would be able to handle the low end (8 residents per month) frequency of incidents within the Meridian Senior Living facilities. This facility, however, would be available to residents coming from unaffiliated facilities. The facility would be able to handle 16% to 21% of the estimated statewide need. Taking geography into consideration, one could assume that this facility might more likely draw from the Western part of the State. In that case, the facility would still only be serving 32% to 42% of the need.

We envision housing the beds in an existing structure, built to acute care facility standards, formerly operated as Alexander Hospital. The design of Alexander Hospital allows for optimal care of the target residents. The facility can also be operated within the current Special Care Unit reimbursement structure. This specially focused facility would make efficient and cost-effective use of the extra training and resources typically necessary for these special needs residents.

In this facility, specially trained staff would work to augment the violent behaviors exhibited by the residents. In addition to the services already provided in existing Special Care Units, the staff, with the help of medical professionals, would incorporate innovative techniques to ensure the reintegration of the residents into the facilities from which they came.

Similar facilities already exist in North Carolina. Longleaf Neuro-Medical Treatment Center and Black Mountain Neuro-Medical Treatment Center, which are operated by DHHS, began performing this service for skilled nursing facilities in 1997.

As more and more residents with Alzheimer's disease and Dementia are residing in adult care homes instead of skilled nursing facilities, the need for this new type of facility grows. Kirsten Mitchell, the person in charge of admitting residents at Black Mountain, has said that she constantly gets phone calls for residents who do not qualify for skilled nursing care but require the type of care our facility would provide. Currently, she has nowhere appropriate to refer these people if they rely on Medicaid.

We currently work with the Cecil G. Sheps Center for Health Services Research at UNC to provide facilities for training and research. Our hope is that we can work with UNC in a similar capacity in this proposed facility. Dr.'s Sheryl Zimmerman and Philip Sloane, Co-Directors of the Program on Aging, Disability, and Long-Term Care at the Cecil G. Sheps Center for Health Services Research, have expressed an interest in this project and willingness for collaboration.

We have also garnered the interest of one of our current partners, ACT Medical Group, for the provision of onsite healthcare professionals. Our partnership with experts in the field will enable us to create and implement cutting edge person and family centered care plans for the stabilization of the resident's condition.

By providing an alternative to psychiatric hospitalization, this facility would relieve some of the burden of psychiatric hospitals and crisis stabilization units which have long been faced with extensive waiting lists and overcrowding. But, more importantly, this facility could provide the solution to a problem that has long plagued adult care homes in North Carolina.

JUSTIFICATION FOR FALL SUBMISSION

This petition in varying forms has been submitted twice to the SHCC on prior occasions. In the Fall of 2010, the petitioner submitted a petition. That petition was denied full consideration based on untimely filing. It is the petitioner's assertion that the 2010 petition was not untimely filed, and, in fact, this petition is more appropriately considered in the Fall meeting of the Long-Term and Behavioral Health Committee.

The Fall 2010 agency report for the special need determination petition requesting approval for a demonstration project in Alexander County recommended that the petition be denied because the project "would affect need projection methodologies, and the deadline for submission of such petitions for the 2011 SMFP has passed" Chapter 2 of the SMFP sets forth procedures for submission of petitions, stating that "[c]hanges with the potential for a statewide effect are the addition, deletion, and revision of policies or projection methodologies." The petition in question does not request any addition, deletion or revision of policies or projection methodologies. Rather, the petition requests only a special need determination for fifty (50) adult care home beds in Alexander County.

Special need determinations allow for the allocation of beds specifically in situations where the policies or projection methodologies of the SMFP do not align with observed needs of the population being served. Chapter 2 of the SMFP defines the parameters for petitions for adjustments to need determinations as follows: "[p]eople who believe that unique or special attributes of a particular . . . institution give rise to resource requirements that differ from those provided by application of the standard

planning procedures and policies may submit a written petition" This petition meets the definition of a special need determination petition, not a petition for changes in basic policies and methodologies.

The petitioner respectfully requests that the Long-Term and Behavioral Health Committee consider this petition carefully. The petitioner will be available at the Committee Meeting on to answer any questions Committee Members may have.

REQUESTED ADJUSTMENT

This petition requests inclusion of a special need for a multidisciplinary Adult Care Home demonstration project in Alexander County that will offer an alternative to psychiatric hospitalization for residents of Special Care Units with Dementia who display violent or potentially harmful behavior and require supervision beyond that which a normal Special Care Unit can provide.

As explained in more detail in the next section, a problem exists in the current Adult Care Home system 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 50 additional Adult Care Home beds to be awarded to an applicant or co-applicants, one or more of which is an existing provider of Adult Care Home services in Alexander County that has an existing, operational Special Care Unit for Alzheimer's and Related Disorders as of January 1, 2012. The 50 additional beds would be operated in a dedicated Adult Care Home as a Special Care Unit to care for persons with Alzheimer's and Related Disorders, and located in Alexander County on a campus that has been occupied by a licensed hospital.

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 |
|-----------|-----|--|----------------------------|---------------------------|
| Alexander | I | 50*** | 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).

*** To be located in a dedicated Adult Care Home as a Special Care Unit to care for persons with Alzheimer's and Related Disorders, and located in Alexander County on a campus that has been occupied by a licensed hospital; to be awarded to an applicant or co-applicants, one or more of which is an existing provider of Adult Care Home services in Alexander County that has an existing, operational Special Care Unit for Alzheimer's and Related Disorders as of January 1, 2012.

REASONS FOR THE PROPOSED ADJUSTMENT

Summary

Meridian Senior Living is North Carolina's largest provider of Special Care Units in adult care facilities. In this capacity we have discovered a unique subgroup of Special Care Unit residents. They have chronic behavioral problems resulting from the progression of their Dementia. Addressing their needs is beyond the capabilities of normal Special Care Units. Because operators must consider the needs of all residents, members of this subgroup are either discharged to the care of their families, or, more often, committed to a Psychiatric Hospital because no other type of facility has the capability to take care of them. Due to the nature of the involuntary commitment process, this is often a very traumatic experience and many times causes further deterioration of the residents cognitive functioning. This subgroup is large enough to justify focused attention. Addressing their needs will help both them and other

residents of adult care facilities from whom resources are drained as staff try to handle the group's special needs.

In fact, the need has already been addressed by the State. The State saw fit fourteen (14) years ago to create two state-run facilities to meet the needs of this group. Longleaf Neuro-Medical Treatment Center and Black Mountain Neuro-Medical Treatment Center, which are operated by DHHS, began performing this service for skilled nursing facilities in 1997. These facilities only take referrals from nursing homes and psychiatric units, reflecting the needs of the industry and residents at the time the facilities were opened. However, more recently, there has been a significant change in the industry, as per new state policies. Specifically, the job of taking care of people in this underserved group has been transferred from skilled nursing facilities to adult care homes.

A phone call to Black Mountain Neuro-Medical Treatment Center revealed the severity of this problem. Kirsten Mitchell, the person in charge of admitting residents at Black Mountain, said that she constantly gets phone calls for residents who do not qualify for skilled nursing care but require the type of care the proposed facility would provide. Currently, she has nowhere appropriate to refer these people if they rely on Medicaid. As more and more residents with Alzheimer's disease and Dementia are residing in adult care homes instead of skilled nursing facilities, the need for this new type of facility grows.

Incidence of Problematic Behavior

The problematic behavior referenced in this petition mostly refers to violent behavior of the resident toward other residents and staff. Although isolated incidents of violence from a particular resident are often able to be managed by staff in a normal Special Care Unit, there are numerous instances where the resident's violent behavior becomes chronic, and threatens the welfare of the other residents. To ensure the resident safety, the facility administrator and staff must act. Often times, the only remaining option is to have the resident committed to a Psychiatric Hospital.

Within the Special Care Units operated by Meridian Senior Living, this level of problematic behavior leads to involuntary commitments approximately eight (8) to ten (10) times per month. Meridian Senior Living operates 1,250 Adult Care Home beds licensed as Special Care Unit beds. Although statewide statistics are not kept regarding these decisions, one can infer from Meridian Senior Living statistics that somewhere between 37 and 46 residents of Special Care Units in North Carolina are involuntarily committed each month. This is not only traumatic to the resident and their loved ones, but a very costly situation for the State.

| | Meridian Senior Living | Statewide |
|--------------------------|-------------------------------|------------------|
| Licensed Beds | 1,250 | 5,775 |
| Monthly Incidents | 8 to 10 | 37 to 46 |

Meridian Senior Living foresees this facility as being used temporarily for each resident who is transferred there. That is to say, this demonstration project's staff will either augment the resident's violent behavior or create a plan of care such that the

originating facility's staff may safely care for the resident. The length of stay at this facility will vary, as each plan of treatment will be individualized to the resident's unique presentation of symptoms. However, average lengths of stays are expected to be between 4 and 24 weeks. This demonstration project will have fifty (50) beds available to these types of residents. As such, the project would be able to handle the low end (8 residents per month) frequency of incidents within the Meridian Senior Living facilities. This facility, however, would be available to residents coming from unaffiliated facilities. Therefore, it would be prudent to measure how much of the statewide need will be met by this demonstration project. The facility would be able to handle 16% to 21% of the estimated statewide need. Taking geography into consideration, one could assume that this facility might more likely draw from the Western part of the State. In that case, the facility would still only be serving 32% to 42% of the need.

It would not be prudent for the State to allow this type of facility to be created around the State in order to meet 100% of the need immediately. Instead, this demonstration project would allow for a significant percentage of the need to be met while expending minimal resources in an attempt to find the best solution to the problem.

Description of Demonstration Project

If this special need determination is granted, and Meridian Senior Living or its related entities are awarded a Certificate of Need ("CON") for the 50 additional beds, Meridian Senior Living envisions housing the beds in an existing structure, built to

acute care facility standards, formerly operated as Alexander Hospital. The design of Alexander Hospital allows for optimal care of the target residents.

This demonstration project can be operated within the current Special Care Unit reimbursement structure. This specially focused facility would make efficient and cost-effective use of the extra training and resources typically necessary for these special needs residents. Therefore, this proposal would further some of the most important purposes of the CON statute by targeting this traditionally underserved population with a low-cost, effective solution to a rapidly growing challenge to the healthcare system. N.C. Gen. Stat. §§ 131E-183(a)(3), (4), and (13).

In this facility, specially trained staff will work to augment the violent behaviors exhibited by the residents. In addition to the services already provided in existing Special Care Units, the staff, with the help of medical professionals, will incorporate innovative techniques to ensure the reintegration of the residents into the facilities from which they came. These techniques include:

- Comprehensive medical and psychological examination and assessment by licensed medical providers
- Plan of care based on comprehensive history of resident, stage of dementia, physical status and current identified resident and family needs.
- Ongoing medication management appropriate for the resident's environment that allows the resident to move about safely and one that is geared toward behavior management.
- Ongoing care planning meetings for staff/family and others involved in the resident's life

- Ongoing support sessions and educational sessions for family members
- Therapies designed to enhance care for the dementia resident, such as music therapy, art therapy, exercise, activities of interest to the resident individually and to the residents as a group, and spiritual activities

This demonstration project anticipates using the following criteria for admitting new residents:

- Primary diagnosis of dementia;
- Current placement in a long term care facility with evidence of recent medical assessment (FL2, history and physical, hospital summaries);
- Documentation of difficult behavior not responsive to facility interventions (redirection, validation, activities, front line medication trial);
- Current medication administration record;
- Resident information summaries (care plans, care plan addendums, Resident Register, other assessments); and
- Comprehensive assessment to include interview of facility staff, family, other care takers, medical providers, and significant persons involved in the resident's life.

The purpose of this demonstration project is to create a level of care between Special Care Units and Psychiatric Hospitals. There is currently too large a gap between the two; many find the former to provide too little care, while finding the latter to provide a much higher level of care than necessary. Furthermore, by providing an alternative to psychiatric hospitalization, this demonstration project will relieve some of

the burden of psychiatric hospitals and crisis stabilization units which have long been faced with extensive waiting lists and overcrowding.

The proposed facility would utilize a survey system in order to optimize the ability to track the effectiveness of the program. This way, not only can the State track how the facility is providing enhanced care for the residents, but the facility itself can augment its program to better suit the needs of the residents by analyzing the feedback it receives from the surveys.

The goal of this demonstration project is to meet a need within the Alzheimer's community. Accordingly, the project facility will accept both private pay residents and residents relying on Medicaid. The facility will also accept residents being transferred from facilities not affiliated with Meridian Senior Living.

Reasons for Project Location

Locating this demonstration project in Alexander County is the most efficient and effective way to ensure success. The facility in which this project would be located has unique characteristics that are suited for the care of the resident population being served. The geographic location of the facility is also an essential asset leading to the project's success. Alexander County is uniquely suited for the demonstration because of its rural location, available labor pool, proximity to larger health centers with developed resources, and significant local government support for sustainable new service development.

By using the facility formerly operated as Alexander Hospital, the demonstration project would take advantage of the unique features inherent in the existing acute care

hospital facility's physical layout. There, we can provide isolated, focused care to modify the challenging behavioral characteristics of the targeted residents. This facility is uniquely designed such that the residents can be optimally treated through highly trained staff and a specially devised care implementation program.

The facility being utilized is also an existing facility, requiring only renovations to implement this demonstration project. A new facility sharing the unique characteristics found in Alexander Hospital would both cost more and take longer to construct. Constructing a new facility elsewhere would significantly delay the demonstration project at best. At worst, a new facility may cost too much, rendering the demonstration project financially infeasible. Using this existing facility, the demonstration project will be able to be operational within 120 days of receiving the Certificate of Need for the beds.

The geographic location of this facility is also an important factor in effectively caring for the residents; Alexander Hospital is only 30 minutes from Meridian Senior Living's headquarters in Hickory, NC. Being in close proximity, this location would allow our management staff to pay close attention to this important project.

Benefits of Demonstration Project

The demonstration project will provide persons with Dementia residing in Special Care Units who demonstrate violent behavior with a less traumatic and less costly alternative to Psychiatric Hospitals. The resident being cared for at this facility will benefit from experiencing less violent behavior, and avoiding unnecessary involuntary commitment. But, just as importantly, non-violent residents at the

originating Special Care Units will not have to contend with violent behavior exhibited by fellow residents.

ADVERSE EFFECTS ON THE POPULATION IF THE ADJUSTMENT IS NOT MADE

If the requested adjustment is not made, the Adult Care Home population will continue to suffer from the problem created by violent behaviors often associated with Dementia. Facility administrators will be left with little choice but to either continue discharging residents exhibiting these behaviors or continue to pursue the process of involuntary commitment. Neither of these existing options truly solves the problem at hand. Discharging residents with these behaviors creates an unnecessary hardship on the family, and, more often than not, these residents end up in another Adult Care Home that is equally unable to care for them. Committing residents to Psychiatric Hospitals may prove helpful in augmenting violent behaviors, but it is more care than is necessary, leading to a waste of resources at the very least.

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 Special Care Units in Adult Care Homes and Psychiatric Hospitals. At certain stages in the progression of Alzheimer's disease and other Dementia's, it may be necessary for a resident to seek treatment at a Psychiatric Hospital. However, more often than not, inpatient psychiatric care is too extreme and inappropriate for residents of Special Care Units. Not only is psychiatric commitment

traumatic for the Dementia sufferer and their family; it also puts an unnecessary strain on the resources of Psychiatric Hospitals.

Increase Training in Existing Special Care Units

While, in theory, staff at all Special Care Units in North Carolina could be trained to a level at which the problem could be alleviated, that alternative would be much too costly, especially for those facilities relying heavily on Medicaid reimbursement. Barring the cost prohibitions related to this alternative, there would still exist the problem of staff devoting much more time, energy, and resources to residents with behavioral problems than to the other residents in the Special Care Unit. This disparity would go against two of the three basic principles governing the development of the State Medical Facilities Plan: promoting safety and quality in the delivery of health care services, and promoting equitable access. Keeping these residents with behavioral problems in their current Special Care Units diminishes the safety of those residents without behavioral problems in the same facility. The extra time, energy and resources spent on residents with behavioral problems would also negatively affect the quality of care that the other residents receive, leaving them with inequitable access to care.

Wait for Need in a Future State Medical Facilities Plan

Waiting for need in a future State Medical Facilities Plan would be inappropriate for this demonstration project. Currently, need is determined based on projected county populations. Using beds that have been determined to be needed in any specific county for a demonstration project that would service the entire State would negatively impact the residents of the host county, leaving them with access to fewer beds than they need.

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

While Alexander County does not have a need for 50 additional Adult Care Home beds for use in the normally prescribed manner, the beds requested in this petition would be used in such a unique way that no health resources could be unnecessarily duplicated because the proposed health resource offered in this demonstration project does not yet exist. Due to the nature of this demonstration project, current Adult Care Home beds in Alexander County would not be affected in a competitive manner. Rather, the existing Adult Care Home beds in Alexander County, and the rest of the State, as well as facilities providing higher levels of care, would benefit from having this demonstration project as an alternative resource to Psychiatric Hospitals.

Similarly, this demonstration project would not duplicate the health resources provided by Psychiatric Hospitals. As discussed earlier in this petition, the residents with Dementia taking advantage of this unique facility would not be placed inappropriately in a Psychiatric Hospital for the lack of an alternative. This demonstration project is that necessary alternative. The inclusion of this alternative would not create competition for Psychiatric Hospitals; it would unburden them.

As a demonstration project, this facility would operate to demonstrate the best solution to the problem that these select residents with Alzheimer's disease and Dementia represent. If this facility is shown, after five years of operation, to not have a positive effect on the problem for which it proposes to solve, the State has the ability to

take the beds back. The State would be able to track the effectiveness of this facility's program through the survey system mentioned earlier. This facility will never operate as a traditional Special Care Unit, because that would unnecessarily duplicate services already available in Alexander County. If the State finds that the facility is doing so, it may take back the beds.

**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. By providing a facility to which residents with violent behavior may be transferred, the safety of non-violent residents at the originating facilities will be enhanced. Additionally, because the staff at the originating facility no longer have to address problematic resident behavior as often, they will be able to provide a higher quality of care for the remaining residents at the facility.

As for the residents transferred to the demonstration project facility, they will be provided with a higher level of care than would have otherwise been provided at the originating facility. Furthermore, although Psychiatric Hospitals provide a higher level of care than this project facility would, they do not specialize in Alzheimer's disease, as this facility will. Specialization such as this enables a higher quality of care.

Access

This project will promote equitable access. The goal of this demonstration project is to meet a need within the Alzheimer's community. Accordingly, the project facility will accept both private pay residents and residents relying on Medicaid. The facility will also accept residents being transferred from facilities not affiliated with Meridian Senior Living.

Value

This project will maximize healthcare value for resources expended. As stated earlier, this demonstration project can be operated within the current Special Care Unit reimbursement structure. This specially focused facility would make efficient and cost-effective use of the extra training and resources typically necessary for these special needs residents. Psychiatric commitment costs the State \$207.86 per day for the first 30 days and \$158.99 per day thereafter. This new facility would bill Medicaid at the rate of \$116.33 per day, the same as any other Special Care Unit for Alzheimer's and Dementia.

CONCLUSION

This petition proposes a demonstration project that will meet an unmet need amongst Adult Care Homes and residents with Alzheimer's disease and related dementia. This demonstration project not only meets a need within the Adult Care Home and Alzheimer's communities, but it also provides a solution to a multidisciplinary problem: the improper use of Psychiatric Hospital beds by those would be better cared for under the regime provided by this demonstration project.