

Via email: DHSR.SMFP.Petitions-Comments@dhhs.nc.gov

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From: Ridge Care Inc.
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Contact:
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Re: Comments Opposing Petition to Amend Policy LTC-2: Relocation of Adult Care Home Beds.

Ridge Care is a provider of adult care home services throughout North Carolina. Ridge Care appreciates the opportunity to provide comments regarding the petition filed March 1, 2017 by Singh Development (“Singh”) requesting that Policy LTC-2 be amended to allow relocation of adult care home beds from a county with a surplus into an adjacent county that also has a surplus of beds (the “Petition”). Because the proposal would result in an unnecessary duplication of existing services and unnecessary harm to existing residents of adult care homes with no documentation to support that such duplication is necessary, Ridge Care requests that the petition be denied.

In support of Ridge Care’s position that the Petition should be denied Ridge Care states as follows:

1. The existing State Medical Facilities Plan (“SMFP”) need methodology allows for the development of adult care home beds as needed.

The existing need methodology provides that a need determination is triggered when there is a projection that three years in the future existing adult care homes in a county would be at 100% occupancy. The need determination does not require that the adult care home beds actually be operating at 100% occupancy before a need determination is triggered. The SMFP determines the need for additional beds based on a 3 year projection in order to account for the amount of time to bring a needed facility or expansion into service. *See* 2017 State Medical Facilities Plan at 217.

2. The Petition would permit unnecessary duplication of services in counties with a surplus of adult care home beds.

The Petition admits that it will result in additional surplus or duplication in certain counties but states that such duplication is justified because “a fast growing county with small surplus cannot develop inventory in time to absorb population growth.” However, there is no data or examples provided to support the Petition’s position that “fast growing” counties with a surplus of beds are unable to keep up with the growth in their counties. There is no evidence presented that there are old or disabled relatives who cannot find placement in their home county that has a surplus of beds. The bare statement that this is an issue should not be sufficient to change the relocation policy that is currently in place.

As written, the adjustment would also not take into consideration the current occupancy of existing facilities in Counties where new facilities would be built. The proposed Petition could result in low occupancy rates in existing facility, impacting the existing facility’s ability to do business.

Two examples demonstrate that the proposed Petition could result in a significant increase in the surplus. Wake County and Mecklenburg County, two of the counties identified in the petition as being eligible for additional beds under the adjusted need determination, already show a surplus of over 300 beds each in 2020, the equivalent of almost three new facilities. Contributing to that surplus by allowing another 100 beds into the County is not beneficial.

Looking at Wake County, there are 3,286 adult care home beds including those in the planning inventory and a need of 2,977 adult care home beds in 2020. Wake County is showing a surplus of 309 beds in 2020, an approximately 10% surplus. Under the proposed policy adjustment an additional 100 beds could be transferred into the facility and Wake County still would not be showing a 15% surplus.

The Mecklenburg County existing numbers are very similar. In Mecklenburg County there is a surplus of 311 beds projected in 2020. Mecklenburg would also be able to add another 100 beds to the surplus before hitting the 15% surplus mark (need for 2,994 beds, total in planning inventory 3305, if add 100 beds have inventory of 3405, surplus of 411 beds or 14%).

3. There is no reason to displace existing residents to relocate beds into a county when there is a surplus of beds in the county to which the beds are being transferred.

Any time there is a relocation of a facility from one county to another there will be some displacement of residents. However, when there is no evidence that there is a need in the transferring county for a new facility or additional beds, the potential benefits to the residents in the new county do not outweigh the harm to the existing residents in the old county.

The Petition seems to contemplate that it will be old, outdated facilities that will be relocated to a new county. The Petition makes no mention of the displaced residents or the impact of this policy on those residents. As written the Petition does not require: (1) that the facility being relocated be old, or (2) that the facility being relocated have a low occupancy rate, or (3) that

there be a comparable facility in the same area that can accept the adult care home residents that will be displaced by the relocation. Under the adjusted policy a facility could be relocated simply because the provider thinks the payor mix may be better in the new county.

4. Changing the manner in which adult care home beds can be located should not be done without evidence of an issue to be resolved.

Existing Providers rely on the need methodologies in the State Medical Facilities Plan when acquiring existing health care facilities or making improvement decisions for existing facilities. Changing a need methodology or policy pursuant to which a new institutional health service can be developed will adversely impact existing providers of the surplus counties. The parameters pursuant to which a new institutional health service can be developed should not be changed absent significant documentation that a problem exists that would justify that change.

Conclusion

There is sufficient capacity in counties with a surplus projected three years into the future to serve the residents of those counties. Increases in population and need for additional beds can be addressed utilizing the existing methodology. The Petition as proposed has no demonstrable favorable impact on cost, quality or value of services. Rather, it will result in the unnecessary duplication of services in existing counties, and the unnecessary displacement of residents who are residing in facilities that would be relocated to the new county.

For these reasons Ridge Care requests that the Petition submitted to Amend Policy LTC-2 be denied.