

August 10, 2017

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

To: North Carolina Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

From: Chatham Ridge Assisted Living, LLC
114 Polks Village Lane
Chapel Hill, N.C. 27517

Contact:
Jeff L. Dickerson, Member
jdickerson@ridgecare.com

Re: Comments Opposing Petition Requesting a Special Need Determination for 80 Adult Care Home Beds in Chapel Hill.

Chatham Ridge Assisted Living (“Chatham Ridge”) is a provider of adult care home services in Chapel Hill, N.C. Chatham Ridge appreciates the opportunity to provide comments regarding the petition filed July 26, 2017 by Whitcomb M. Rummel and Christen C. Campbell (“Petitioners”) requesting that the SHCC create a special need determination for 80 adult care home (“ACH”) beds in Orange County, and more specifically in Chapel Hill, N.C. (the “Petition”). Chatham Ridge requests that the petition be denied because the proposal: (1) requires the SHCC to disregard the current methodology for demonstrating ACH need on multiple levels without significant justification; and, (2) would result in an unnecessary duplication of existing services.

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

- 1. Petitioners’ proposed methodology requires the SHCC to revise the adult care home methodology for Orange County and Chapel Hill without appropriately demonstrating the need to make such changes.**

Petitioners request a revision to the methodology for assessing the need for ACH beds in Orange County arguing that it would be more appropriate to calculate need by:

(1) removing from the inventory of ACH beds all ACH beds in Orange County Continuing Care Retirement Communities (“CCRC”) and half of the beds in Orange County Brookdale Meadowmont’s adult care home facility; and,

(2) not considering whether the actual occupancy rates of the other adult care home beds in Orange County is 85%.

Petitioners’ argument is based on the position that beds in CCRC’s and in Brookdale’s facilities are not available to Chapel Hill residents of modest and middle income means.

Petitioners note that by removing all the CCRC beds from the inventory and half of Brookdale Meadowmont beds that a 67 adult care home bed deficit results for Orange County. Petitioners recognize that the existing facilities in Orange County are not at 85% occupancy, with only 1 of the 5 remaining Orange County facilities being over 85% (at 90%), as such in order to support a need for 80 ACH beds, Petitioners disregard the portion of the adult care home methodology that states occupancy must be over 85% in existing facilities for a need to be generated unless the county’s deficit is 50% or more of total projected need. Here the 2018 projected bed need is 436 so even a 67-bed deficit would require that existing licensed beds be at 85% occupancy before a need is generated.

Petitioners’ justification for this revision to the ACH methodology is a concern that “affordable” private pay ACH beds are not available in Orange County and specifically in Chapel Hill. However, it is unclear what would be considered “affordable” for individuals of middle income and modest means. Petitioners rely on general statements from an Orange County report to support its position. However, that report notes that private room charges can start at \$3,800 a month at the Stratford and at \$4,255 a month at Brookdale. The Stratford is an Orange County/Chapel Hill facility that Petitioners do not challenge as unaffordable while the Brookdale facility is deemed unaffordable because of its “exclusivity” but with no reference to actual charges. It is unclear where in this \$455 difference a facility becomes unaffordable. Additionally, both the Orange County report and Petitioners disregard the fact that Brookdale Meadowmont did serve Special Assistance/Medicaid residents, which undermines Petitioners’ argument that Brookdale Meadowmont is an exclusive, unaffordable facility.

Finally, there is no guarantee that the Petition would result in the award of a CON that results in an affordable private pay facility in Chapel Hill. Even with the requested language that CON Section give preference to facilities with lower charges and special care units in Chapel Hill, there is no assurance that is what would be actually proposed or built.

As Petitioners recognize, it has been recommended that the ACH methodology be reviewed and changes to the ACH methodology considered. The more appropriate course of action would be to raise concerns about the ACH methodology during the assessment of a new methodology for ACHs, not to request a special need for Chapel Hill, Orange County ACH beds.

2. Petitioners' request will result in unnecessary duplication.

Petitioners next set forth a specific argument that there is a deficit of as many as 194 beds in Chapel Hill. In arguing that there is a need for as many as 194 beds in Chapel Hill, N.C., Petitioners removed from the inventory all CCRC adult care home beds and half of the Brookdale beds that were licensed at Brookdale Meadowmont and Brookdale Chapel Hill. Petitioners include Brookdale Chapel Hill in the analysis because it is located in Chapel Hill, Durham County.

However, Petitioners failed to include references to two other adult care home facilities in Chapel Hill, both of which also have Special Care Unit beds. Chatham Ridge Assisted Living is located in the City of Chapel Hill but the County of Chatham. Chatham Ridge is a 91 adult care home bed facility, with a 34 bed special care unit to serve Alzheimer's/dementia residents. Chatham Ridge serves private pay residents it would consider of middle income/modest means. As of July 31, 2016, the census at Chatham Ridge was 66% and there was availability in its special care unit beds. Additionally, Carolina Meadows Fairway ("Carolina Meadows") also is in Chapel Hill, County of Chatham. Carolina Meadows has 96 beds, including 15 Special Care Unit beds to serve Alzheimer's/dementia patients. As of July 31, 2016, Carolina Meadows had occupancy of 77%, and there was availability in its special care unit. There is no representation made that the beds at Chatham Ridge or Carolina Meadows are not accessible to residents of middle income or modest means.

The inclusion of the 187 ACH beds located in Chatham Ridge and Carolina Meadows reduces any possible deficit to seven beds, well short of 80 beds requested. This seven-bed deficit only exists if the most liberal methodology is used and all the CCRC beds are removed from the inventory and half of Brookdale Meadowmont's and Brookdale Chapel Hill beds are removed from the inventory as discussed above. Chatham Ridge disputes this calculation as appropriate.

Chatham Ridge currently has private pay beds available for individuals of middle income/modest means. To allow another 80-bed adult care home facility to be built in Chapel Hill would cause unnecessary duplication contrary to the purpose of the CON Act.

CONCLUSION

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 in Chapel Hill and in Orange County. 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.

There is sufficient capacity in Orange County and even specifically in Chapel Hill to serve the residents of Orange County and Chapel Hill, even those of middle income/modest means. 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 Orange County and Chapel Hill.

For these reasons Chatham Ridge requests that the Petition submitted for a Special Need Assessment for an 80 adult care home bed facility in Chapel Hill be denied.