



North Carolina Department of Health and Human Services

2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Tel 919-733-4534 • Fax 919-715-4645

Michael F. Easley, Governor

Dempsey Benton, Secretary

April 24, 2008

The Honorable William Purcell, Co-Chair
Senate Appropriations on Health and
Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

The Honorable Doug Berger, Co-Chair
Senate Appropriations on Health and
Human Services
North Carolina General Assembly
Room 622, Legislative Office Building
Raleigh, NC 27603

Dear Senators Purcell and Berger:

Attached you will find the legislative report required by S.L. 2007-473, "An Act to Amend the Certificate of Need Requirements to Allow for an Expedited Review Process for an Adult Care Home or a Nursing Home to Relocate within the Same County."

As required, the Department implemented an expedited certificate of need review process effective October 1, 2007.

Sincerely,

Dempsey Benton

DB:js

Attachment

cc: Bob Fitzgerald
Sharnese Ransome

Jennifer Hoffman
Lynn Muchmore

Legislative Library (2)





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Michael E. Easley, Governor

Dempsey Benton, Secretary

April 24, 2008

The Honorable Beverly M. Earle, Chairman
House Appropriations Subcommittee on
Health and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

The Honorable Bob England, M.D., Chairman
House Appropriations Subcommittee on
Health and Human Services
North Carolina General Assembly
Room 622, Legislative Building
Raleigh, NC 27601

The Honorable Verla Insko, Chairman
House Appropriations Subcommittee on
Health and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representatives Earle, England, and Insko:

Attached you will find the legislative report required by S.L. 2007-473, "An Act to Amend the Certificate of Need Requirements to Allow for an Expedited Review Process for an Adult Care Home or a Nursing Home to Relocate within the Same County."

As required, the Department implemented an expedited certificate of need review process effective October 1, 2007.

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bcc: Dan Stewart
Jim Slate
Jeff Horton



**REPORT TO THE
NORTH CAROLINA GENERAL ASSEMBLY
CONCERNING IMPLEMENTATION OF AN
EXPEDITED CERTIFICATE OF NEED REVIEW
PROCESS FOR AN ADULT CARE HOME OR
NURSING HOME TO RELOCATE WITHIN THE
SAME COUNTY**

**North Carolina Department of Health and Human Services
Division of Health Service Regulation**

May 1, 2008

Background

The General Assembly enacted Session Law 2007-473, House Bill 1685, "An Act to Amend the Certificate of Need Requirements to allow for an expedited Review Process for an Adult Care Home or a Nursing Home to relocate within the same county." The Act states:

Section 1. The Department of Health and Human Services, Division of Facility Services, shall develop an expedited certificate of need review process for a current holder of a certificate of need for an adult care home or a nursing home to relocate from one licensed facility or campus to another. This expedited certificate of need review process shall be available only to a facility that meets the following criteria:

- 1) The facility currently holds a certificate of need for an adult care home or nursing home.
- 2) The facility proposes to move from one licensed facility or campus to another licensed facility or campus.
- 3) Both the current and the proposed facilities or campuses are located within the same county.
- 4) The relocation of the adult care home or nursing home would not result in an increase in the total number of adult care home beds or nursing home beds for that facility or campus.

Section 2. The Department of Health and Human Services, Division of Health Service Regulation shall implement the expedited certificate of need review process no later than October 1, 2007. The Department shall determine the minimum criteria needed to determine the need for a relocation of a facility under the circumstances required under Section 1 of this act and report to the General Assembly on or before May 1, 2008

Response to Legislative Request

In response to the legislative mandate the Department of Health and Human Services, Division of Health Service Regulation has accomplished the following regarding an expedited certificate of need review process.

1. The Department determined what criteria were not relevant to the application review of existing nursing homes and adult care homes moving within the same county. It identified the following rules contained in N.C.G.S. 131E-183 as not being applicable:

10A NCAC 14C .1101 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to establish new nursing facility or adult care home beds shall project an occupancy level for the entire facility for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.

(b) An applicant proposing to establish new nursing facility or adult care home beds shall project patient origin by percentage by county of residence. All assumptions, including the specific methodology by which patient origin is projected, shall be stated.

(c) An applicant proposing to establish new nursing facility or adult care home beds shall show that at least 85 percent of the anticipated patient population in the entire facility lives within a 45 mile radius of the facility, with the exception that this standard shall be waived for applicants proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, facilities that are fraternal or religious facilities, or facilities that are part of licensed continuing care facilities which make services available to large or geographically diverse populations.

(d) An applicant proposing to establish a new nursing facility or adult care home shall specify the site on which the facility will be located. If the proposed site is not owned by or under the control of the applicant, the applicant shall specify at least one alternate site on which the services could be operated should acquisition efforts relative to the proposed site ultimately fail, and shall demonstrate that the proposed and alternate sites are available for acquisition.

(e) An applicant proposing to establish a new nursing facility or adult care home shall document that the proposed site and alternate sites are suitable for development of the facility with regard to water, sewage disposal, site development and zoning including the required procedures for obtaining zoning changes and a special use permit after a certificate of need is obtained.

(f) An applicant proposing to establish new nursing facility or adult care home beds shall provide documentation to demonstrate that the physical plant will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F, whichever is applicable.

2. The Department developed new certificate of need applications to be used for the review of the above projects, which are significantly shorter than the full applications and collect only the information needed to demonstrate conformance with the required review criteria. The applications are designed so that an applicant may enter information in blank preformatted tables or alternatively provide copies of documents prepared for other agencies. The abridged certificate of need application for adult care homes is 16 pages, excluding general instructions and *pro forma* financial statements, as compared to the full application which is 45 pages. The abridged nursing facility application is 41 pages, excluding general instructions and financial statements, compared to 55 pages in the full application. The abridged certificate of need application for nursing facilities was developed in conjunction with representatives of the N.C. Health Care Facilities Association and, in fact, is shorter than the application originally proposed by the Association. The nursing home application is longer than the adult care home application because nursing homes provide a broader scope of services for which information must be provided. Both applications will be reviewed on an annual basis to determine if there are any other items that can be deleted or questions that can be streamlined to request only the minimum information required to demonstrate conformance with the review criteria.

3. The expedited certificate of need review process for nursing homes was implemented effective June 1, 2007, as a result of the agency responding to requests from the nursing home provider community to develop an expedited process and to do so did not require legislative action. The new process for adult care homes was transmitted October 1, 2007, to become effective December 1, 2007. Notice of the availability of the abridged applications was published in the

Certificate of Need Section's monthly report and posted on the Agency's web site (<http://www.ncdhhs.gov/dhsr/coneed/pdf/report/021808cover.pdf>). Since October 1, 2007, there have been fewer than five requests for the abridged applications.

4. With regard to expediting the length of the review, the Department makes every effort to complete the review of these applications within 90 days. The review may be longer if the volume of other applications submitted for review at the same time exceed the capacity of available staff resources, or if all required information was not provided by the applicant.

Attachments

Attachment 1: Expedited Review for Nursing Homes date March 16, 2007.

Attachment 2: Expedited Review Letter for Adult Care Homes dated October 1, 2007.



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
2704 Mail Service Center v Raleigh, North Carolina 27699-2704

Michael F. Easley, Governor
Dempsey Benton, Secretary

www.ncdhhs.gov/dhsr

Lee Hoffman, Section Chief
Phone: 919-855-3873
Fax: 919-733-8139

MEMORANDUM

TO: All Interested Persons

FROM: Lee B. Hoffman, Chief
Certificate of Need Section

DATE: March 16, 2007

SUBJECT: Abridged Certificate of Need Application for Replacement or Renovation of
Nursing Facilities within the same county with No Increase in Licensed Bed
Capacity

Enclosed is an abridged certificate of need application to be used for all reviews beginning on or after June 1, 2007. This is a new application for projects involving the replacement or renovation of existing nursing facilities which do not include the addition of beds or relocation to a different county. The application is available on diskette or by email and may be requested from the Certificate of Need Section. The text of the application is in Microsoft Word 97 and Forms A, B, and C are in Microsoft Excel 97.

Prospective applicants are encouraged to contact the Certificate of Need Section to schedule a pre-application conference with the project analyst assigned to the county where the project is proposed to be located. The conference should be scheduled well in advance of the date the application is to be filed.

Please call the Certificate of Need Section if you have any questions regarding the completion of the nursing facility application.



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Division of Health Service Regulation
Certificate of Need Section
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Dempsey Benton, Secretary

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Lee Hoffman, Section Chief
Phone: 919-855-3873
Fax: 919-733-8139

MEMORANDUM

TO: All Interested Persons

FROM: Lee B. Hoffman, Chief
Certificate of Need Section

DATE: October 1, 2007

SUBJECT: Abridged Certificate of Need Application for Replacement or Renovation of Existing Licensed Adult Care Homes within the same county with No Increase in Licensed Bed Capacity

Enclosed is an abridged certificate of need application to be used for all reviews beginning on or after December 1, 2007. This is a new application for projects involving the replacement or renovation of existing Adult Care Homes that do not include the addition of beds or relocation of beds to a different county. The application is available on diskette and may be requested from the Certificate of Need Section. The text of the application is in Microsoft Word 97 and Forms B and C are in Microsoft Excel 97.

Applicants are requested to provide financial information for the first partial federal fiscal year (ending September 30th), and the next three full federal fiscal years (October 1st through September 30th). In addition, please carefully read the instructions for assembling the application.

Prospective applicants are encouraged to contact the Certificate of Need Section to schedule a pre-application conference with the project analyst assigned to the county where the project is proposed to be located. The conference should be scheduled well in advance of the date the application is to be filed.

Please call the Certificate of Need Section if you have any questions regarding the completion of the adult care homes application.