

Moratorium on Alzheimer's Special Care Units in Adult Care Homes

Session law 2015-241, Section 12G.2.(a1)



**Report to the
North Carolina Joint Legislative Oversight Committee on
Health and Human Services**

by

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

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Table of Contents

Response to Legislative Request.....	3
Background & Development.....	3
Findings	4
Summary.....	8

North Carolina Department of Health and Human Services
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Response to Legislative Request

In compliance with Section 12G.2.(a1) of Session Law 2015-241, the Department is submitting this report to the Joint Legislative Oversight Committee on Health and Human Services on the moratorium on the licensure of special care units for residents with Alzheimer's Disease and related disorders. G.S. 131D-4.6 and G.S. 131D-8 authorizes the licensure of these special care units.

As required in Session Law 2015-24, this report contains the following information:

- (1) The number of licensed special care units in the State.
- (2) The capacity of the currently licensed special care units to serve people in need of their services.
- (3) The anticipated growth in the number of people who will need the services of a licensed special care unit.
- (4) The number of applications received from special care units seeking licensure as permitted by this section, and the number of those applications that were not approved.

Background and Development

General Statute 131D-4.6 and licensure rules 10A NCAC 13F allow for the special licensure designation of "Special Care Units for Alzheimer's and Related Disorders" (SCU) in adult care homes that meet specific criteria. Adult care homes are licensed for seven or more beds and provide 24-hour care and services to assist residents with activities of daily living (ADLs), medication management, and supervision. Special Care Units in adult care homes subscribe to a philosophy of dementia care that includes a safe, secure, familiar and consistent environment that promotes mobility and minimal use of physical restraints or psychotropic medications; a structured but flexible lifestyle through a well-developed program of care which includes activities appropriate for each resident's abilities; individualized care plans that stress the maintenance of residents' abilities and promote the highest possible level of physical and mental functioning; and methods of behavior management which preserve dignity through design of the physical environment, physical exercise, social activity, appropriate medication administration, proper nutrition and health maintenance. As of January 1, 2016, there are 603 licensed adult care homes in North Carolina, and 237 of these facilities have a licensed SCU.

Session Law 2014-100, Section 12G.5, established a moratorium from July 31, 2013 through June 30, 2016, on SCU licenses issued by the Department of Health and Human Services (DHHS), Division of Health Service Regulation. In 2015, Session Law 2015-241 extended the moratorium until June 30, 2017.

In addition to extending the moratorium on licensing SCU's, Session Law 2015-241 included a new provision that would allow for the issuance of a SCU license to a facility that was in possession of a certificate of need as of July 31, 2013 that included authorization to operate special care unit beds. Since the law allows for exceptions to the moratorium, a process was developed and implemented by DHHS for exemption requests. The process for facilities requesting an exemption to the SCU moratorium can be found on the DHSR website at <https://www2.ncdhhs.gov/dhsr/scumoratorium>.

Findings

In accordance with S.L. 2015-241, 12G.2.(a1) the findings of this report are outlined below.

The number of licensed special care units in the State

As of January 1, 2016, a review of 2016 adult care home license renewal data revealed that there are currently 237 SCUs in adult care homes, including entire facilities operating as a SCU. For comparison purposes, there were 220 units in January 2014 and 230 units in January of 2015. In addition, there are 74 skilled nursing facilities with adult care home beds, known as "combination facilities," that have licensed special care units.

The capacity of the currently licensed special care units to serve people in need of their services

According to the DHSR Adult Care Licensure Section, as of January 1, 2016, there are 8,304 licensed special care unit beds in adult care homes in the State. The average occupancy of these SCU's is approximately 80%. Comparatively, in January 2015, there were 7,962 SCU beds with an average occupancy rate 84%; and, in January 2014 there were 7,874 SCU beds with average occupancy of 78%. The average occupancy rates are self-reported by facilities on annual license renewal applications. For additional information on past SCU capacity and occupancy, see Table 2 on page 6.

In addition to licensed special care unit beds in adult care homes, the State also licenses "combination facilities," which are facilities that operate both adult care and skilled nursing beds. According to the DHSR Nursing Home Licensure & Certification Section, as of January 1, 2016, there are 1,390 licensed special care unit beds in combination facilities. The occupancy rate for these particular facilities is not available because it is not captured on facility license renewal applications for these types of facilities.

The Department is unable to determine with certainty if the current SCU capacity meets the needs of individuals who could benefit from those services. Although the current SCU

occupancy rate of 80% seems to indicate that need is being met, it cannot be determined through available data if that is, in fact, true. The available data does not take into account several variables such as geographical differences, urban versus rural need, and payor source that are factors in determining whether the need for SCUs is being met.

The anticipated growth in the number of people who will need the services of a licensed special care unit

It is difficult to accurately determine the anticipated growth in the number of people who will need the services of a SCU due to a number of variables, including how one defines “need.” The spectrum of care provided to individuals with Alzheimer’s or other types of dementia reflects that care for these individuals is provided most often at home by caregivers, paid or unpaid, and also in adult care homes and nursing homes. The reasons an individual with dementia moves through the continuum of care varies from person to person, family to family; but, typically admission to an adult care home or nursing home is the result of increased health care or behavioral needs or a breakdown in the caregiver support structure (such as the caregiver’s own health issues or death of a caregiver). Also, according to Sheryl Zimmerman, researcher at UNC-Chapel Hill and co-author of an article published in the journal *Health Affairs* titled, “*Dementia Prevalence and Care in Assisted Living*,” nationally, 42% of people in adult care homes have moderate or severe cognitive impairment, yet only 14% of these individuals reside in licensed special care units for dementia (46% of those residing in special care units have severe cognitive impairment). Overall, national data does not indicate that patient outcomes are better in special care unit settings than in non-special care units, with exceptions of course.

Data clearly demonstrates that the number of people who will be diagnosed with Alzheimer’s will increase significantly, especially with the aging of the baby boomer generation. The Alzheimer’s Association reports that in North Carolina, approximately 160,000 people live with Alzheimer’s disease. That number is expected to increase to 210,000 by 2025. The projected increase by 2020 is 12.5% and by 2025 rises to 31.3%.

Table 1: Projected Number of People Aged 65 and Older With Alzheimer’s By Age in NC

Year	65-74	75-84	85+	Total
2015	25,000	69,000	63,000	160,000
2020	31,000	79,000	69,000	180,000
2025	35,000	100,000	77,000	210,000

(Source - *Alzheimer’s Disease Facts and Figures, 2015, Alzheimer’s Association*).

The following data from the Division of Health Service Regulation Health Care Planning Section takes a retrospective look at SCU bed capacity and utilization in adult care homes over the past three years. It should be noted that this information is, again, abstracted from annual license renewals which are self-reported by facilities and are reported from a “one day in time” time period.

Table 2: Total Number of Licensed Special Care Unit Beds in Both Adult Care Homes and Nursing Homes, 2012-2014

Data Year	Licensed SCU Beds in Adult Care Homes	Licensed Adult Care Home SCU Beds in Nursing Homes	Total Number of Licensed SCU Beds
2012	7,359	353	7,712
2013	7,748	375	8,123
2014	7,874	363	8,237

Table 3: Annual Utilization of Licensed Adult Care Home SCU Beds, 2012-2014

Data Year	Licensed SCU Beds¹	Occupied SCU Beds (one day census)	Annual Utilization Rate
2012	7,359	5,627	76.46%
2013	7,748	6,092	78.63%
2014	7,874	6,136	77.93%

¹ *Adult Care Homes Only*

Table 4: Total Number of Patients Diagnosed With Alzheimer's in Adult Care Homes and Nursing Care Homes, 2012-2014

Data Year	Number of Patients with Alzheimer's Diagnosis in facilities with SCU²	Number of Patients Alzheimer's Diagnosis in facilities without SCU	Total Number of Alzheimer's Patients
2012	8,654	3,904	12,558
2013	8,920	3,623	12,543
2014	9,414	4,261	13,675

²Patient totals are for licensed Adult Care beds in both Adult Care Homes and Nursing Homes

*Data Sources: Adult Care Home and Nursing Home License Renewal Applications (2013-2015)

North Carolina licensure rules for SCUs in adult care homes require that, for admission to a unit, the individual must have a diagnosis of Alzheimer's or one of six related disorders as well as an assessment by the facility to determine if it can meet the needs of the resident. Residents can be admitted to a SCU with the proper diagnosis at various stages of the disease.

While predicting the number of people who will "need" special care unit services is difficult, the data supports that the number of individuals who will be diagnosed with Alzheimer's or other types of dementia is growing rapidly; and therefore, it can be determined that there will be a definite need for additional supports and services in the community for individuals diagnosed with Alzheimer's or other types of dementia and their caregivers, and perhaps one of those services may be licensed special care units. However, as discussed previously, a number of variables make it difficult to predict the future need for licensed special care units.

The number of applications received from special care units seeking licensure as permitted by law, and the number of those applications that were not approved

Since 2013, a total of 15 applications for an exception to the moratorium on special care unit licenses have been received by DHHS for consideration.

Five exception applications were reviewed by the Department, and were subsequently approved because the facilities had met all licensure requirements. Two of these approved applications were for adult care homes and three were for combination facilities (adult care home beds in skilled nursing facilities).

Three exemption applications have been denied by the Department. These applications did not meet the licensure requirements at the time the application was submitted to the Department and they were not reviewed or approved.

Seven facilities that had originally submitted exception applications at the initiation of the moratorium in 2013 had not yet been built, however, they held a Certificate of Need with a portion of those beds designated as a special care unit. In 2014, when the moratorium was amended, these facilities were no longer required to submit an exception application/request. As of February 11, 2016, four of these facilities have been licensed with special care units. The remaining three facilities are still under construction.

Summary

Based on the information supplied in this report on the average occupancy of existing special care unit beds in the State, there appears to be a sufficient number of licensed beds to meet the current need for such services. However, as discussed in this report, the future need for special care unit beds cannot be determined with certainty. What can be ascertained is that the number of people diagnosed with Alzheimer's disease and other types of dementia is increasing and will continue to increase, particularly over the next 10 to 15 years with the aging of the baby boomer generation. As a result, there will be a considerable need for wide-ranging supports and services for those individuals as well as their caregivers, which includes services and supports in both the community and in congregate living settings.