



**REPORT TO THE
THE NORTH CAROLINA STUDY COMMISSION
ON AGING ON EXPANDING THE RATED
CERTIFICATE SYSTEM TO OTHER FACILITIES
AND SERVICES LICENSED AND CERTIFIED BY
THE DEPARTMENT OF HEALTH AND HUMAN
SERVICES**

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

October 1, 2009

North Carolina Department of Health and Human Services

Overview

Session Law 2007-544, Senate Bill 56 required the North Carolina Medical Care Commission to adopt rules implementing a rated certificate system for adult care homes licensed pursuant to G.S. 131D. The adult care home rating system rules became effective April and May 2008 and were implemented in accordance with the law on January 1, 2009. Adult care home "star" ratings and related worksheets are now posted in adult care homes that have received inspections since January 1, 2009 and can also be found on the Division of Health Service Regulation's website at: <http://www.ncdhhs.gov/dhsr/acls/star/search.asp>

Section 3.(f) of the bill requires the Department of Health and Human Services to study expansion of rated certificates to other facilities and services licensed and certified by the Department.

"The Department of Health and Human Services, Division of Health Service Regulation and Division of Aging and Adult Services, shall study expanding the rated certificate system to other facilities and services licensed and certified by the Department. The Department shall report to the North Carolina Study Commission on Aging on the expansion of the rating system by October 1, 2009."

In response to the above directive, the Department initiated a process to evaluate the feasibility of implementing a rated certificate system for other facilities and services in accordance with the above Legislative request.

Facilities and Services Considered

The Divisions identified four categories of other facilities and services licensed and certified by the Department to be considered for inclusion in a rated certificate program.

Three are licensed and regulated by the Division of Health Service Regulation: acute and home care facilities and agencies; nursing homes; and mental health, developmental disability and substance abuse services. The Division of Aging and Adult Services regulates and certifies adult day services.

The two divisions determined for a rated certification program to be effective for other categories of facilities that the facilities need to be comparable and subject to annual inspections and that the certification program needs to be cost effective.

Findings and Recommendations

Acute and Home Care Facilities and Agencies

This category contains the following facilities/agencies licensed and regulated by the Division of Health Service Regulation (DHSR):

- Hospitals – G.S. 131E, Article 5, Part 1;
- Home Care – G.S. 131E, Article 6, Part 3;
- Ambulatory Surgical Facilities – G.S. 131E, Article 6, Part 4;
- Nursing Pools – G.S. 131E, Article 6, Part 5;
- Cardiac Rehabilitation – G.S. 131E, Article 8;
- Hospice – G.S. 131E, Article 10; and
- Abortion Clinics – G.S. 14, Article 11.

Although a rating system would provide a tool for consumers of care to identify providers of “quality,” the largest drawback is that none of these programs are monitored by the Department on a regular basis. For example, 94% of the hospitals in North Carolina are accredited by The Joint Commission and are not subject to routine monitoring or oversight by the State. Hospitals are monitored by the state primarily on a complaint basis through contractual arrangement with the Centers for Medicare and Medicaid Services (CMS); therefore, a rating system would be problematic since there is no standard survey frequency. Home care agencies are required to be inspected every three years pursuant to G.S. 131E-140(b). This frequency would not be enough to provide meaningful measures of quality beyond the first year after the survey. Because ambulatory surgical facilities, nursing pools, cardiac rehabilitation centers, hospice, and abortion clinics are not monitored on a routine basis insufficient data exist to develop and maintain a rating system.

Nursing Homes

This category contains the following facilities licensed and regulated by DHSR:

- Nursing Homes – G.S. 131E, Article 6, Part 1; and
- Nursing Home beds licensed under a hospital’s license pursuant to G.S. 131E, Article 5, Part 1.

The CMS has developed a Five Star Rating System for nursing homes nation-wide. The Five-Star Quality Rating System was created to help consumers, their families, and caregivers compare nursing homes more easily and help identify areas about which consumers may want to ask questions. Nursing home ratings are taken from the following three sources of data: Health Inspections, Staffing, and Quality Measures. This information can be accessed at www.medicare.gov/NHCompare.

Ninety-seven percent (97%) of the nursing homes in North Carolina participate in the Medicare/Medicaid program; therefore, star rating information is already available for these facilities. It would be expensive and duplicative to create another star rating system

for nursing homes. In addition, having a Medicare star rating system and a state sponsored star rating system would most likely be confusing to the public.

Mental Health, Developmental Disabilities and Substance Abuse Services

This category contains over 30 different residential and day services licensed pursuant to G.S. 122C, Article 2 by DHSR:

- 24-hour residential facilities for individuals with mental illness, developmental disabilities or substance abuse (i.e. group homes, crisis and other 24-hour residential services); and
- Day treatment or outpatient facilities serving individuals with mental illness, developmental disabilities or substance abuse (i.e. partial hospitalization, developmental day programs, day activity programs, etc.)

The number of facilities varies but averages around 4,000. The requirements for these facilities and services can be vastly different and, as such, the facilities are not conducive to a comparative rating system. DHSR proposes posting information concerning results of inspections on its web site.

Making inspection information available would not require changes in statutes or administrative code (rules) but would require at least one additional staff person to make daily changes to the web site. Since the agency does not currently have a web master, adding such a position would be the primary cost of implementing and making information available.

If the position were approved by July 1, 2010, the web updating system should be operational by January of 2011. The cost would be about \$75,000 which includes the salary and benefits for a webmaster position.

Adult Day Services

This category contains services certified and regulated by the Division of Aging and Adult Services (DAAS) pursuant to G.S. 131D-6 and under rules adopted by the Social Services Commission (10A NCAC 06P, 06R, 06S).

Adult day services, which includes adult day care, adult day health care and the combination of these two services, provide supervision and assistance with activities of daily living to adults age eighteen and over with cognitive and/or physical impairments. The adult health care services programs provide monitoring of health conditions as well. DAAS has the initial certification, annual recertification and monitoring oversight responsibility for adult day services. A representative from the local county department of social services monitors each certified program monthly. Certified programs with a health service component have quarterly monitoring visits from the local department of health as well as the monthly monitoring visits from the local county department of social services. Local monitors and DAAS can issue Violation of Standards and Corrective Action to

programs. DAAS may terminate a program's certification at any time for not meeting the minimum standards for certification. DAAS may also impose civil penalties.

In studying the merits and feasibility of instituting a rated certificate system for certified adult day services, DAAS considered the following questions:

- What would be the purpose of a rated certificate system for adult day services?
- To what extent is that purpose currently being addressed by the existing system?
- How difficult would it be to institute a rated certificate system for adult day services?
- Do the benefits of a rated certificate system outweigh the costs?
- Are there measures other than a rates certificate system that could help further inform consumers?
- What are the views of relevant stakeholders, including the NC Adult Day Services Association?
- Are there any recommendations for improving the current system and/or readying NC for a rated certificate system?

Purpose

The primary purpose of a rated certificate system would be to inform consumers about the status and quality of existing adult day services. A secondary purpose would be to encourage provider accountability and increased quality of service.

Existing System

Presently, adult day services are monitored at least monthly by the county department of social services (and also quarterly by the local health department among programs with the health component); and are recertified annually by DAAS with full certification, provisional certification, or termination of certification. In addition, adult day services programs are required to have a current, approved fire and sanitation inspection. The program must post the current adult day care certificate from DAAS and the current sanitation score in the facility in a conspicuous place. If the program has a provisional certification, the program must post the reason(s) for the provisional certification adjacent to the program's current certificate. Further, consumers and family members are encouraged to visit adult day services programs before choosing to enroll their loved ones. The DAAS web site has some information to assist consumers and their families in this process. This includes a link to a publication of the NC Adult Day Services Association: *Six Steps to Selecting an Adult Day Program*, which offers advice for caregivers on selecting the right program for a loved one. The Association provides this article free of charge.

There are a limited number of certified adult day services programs across the state and many counties have only one program. Among the state's 100 counties, only 54 have

certified adult day services programs. Of those 54 counties, 35 have only one certified adult day services program. Because only 19 counties currently have more than one adult day services program, adult day services consumers and family members have significantly fewer options than consumers of many other long-term services and supports, including those who need to choose a long-term care facility. In addition, adult day services consumers typically have more time to visit and assess programs. In contrast, a long-term care facility is often hurriedly chosen because a loved one is being discharged from a hospital and requires long-term care or otherwise is facing a change that precipitates a prompt response.

Challenges

There would be significant challenges to the creation of an effective rated certificate system for adult day services. First, there would need to be consensus on the criteria to use in developing a rated certificate system. Consumer, advocate and provider input would be essential. Second, the current monitoring and certification system is largely still paper-driven, non-electronic. While DAAS envisions moving to either a web-based or other e-system for communicating with its local monitoring partners (i.e., county DSS and health department), this would require additional time and especially resources at the local and state levels. Such an automated system would be essential for documenting and analyzing provider performance in a timely and consistent manner to drive a rated certificate system. Third, there would need to be a substantial and well planned provider and consumer education campaign to assure appropriate understanding and use of any rated certificate system.

Cost/Benefit

DAAS has concluded that the cost of instituting a rated certificate system for adult day services outweighs the potential benefits, and more importantly, that the current system is adequate in terms of informing consumers about adult day services options. The creation of an adult day services rated certificate system would require additional staff and resources. Because currently most consumers are in counties that do not have a choice of providers, the cost of implementing a rated certificate system would not be of substantial benefit in terms of informing consumers or increasing competition among providers. Under the current system, consumers have ready access to information at the adult day services center about the certification status and any deficiencies. As stated in the Adult Day Care and Day Health Services Standards for Certification Manual, adult day care/day health services programs are required to post provisional certificates with the reasons for provisional certification posted adjacent to the certificate. The local county DSS adult Day Care coordinators monitor this during their monthly visits.

Other Measures

In considering other measures, DAAS staff considered the possibility of posting on its web-site other information that might be useful to consumers (e.g., certification status, corrective action reports, fire and sanitation inspection reports, and consumer assessment tools). Based on this consideration, DAAS has already acted to strengthen its web information by beginning the process to denote on its list of certified centers if the center

is on provisional status. There will be a note to contact appropriate DAAS staff if there are questions or the need for additional information.

DAAS issues provisional certifications to programs for different reasons including:

- when the recertification process identifies violations and a plan for corrective action is in place;
- when corrective action has not been completed by the deadline in the corrective action plan;
- when DAAS does not receive a complete recertification package before the current expiration date.

When adult day care/day health services programs are reinstated to full certification, the indication that the program has a provisional certification will be removed. The key to this action will be the promptness of posting the changes in certification status. DAAS relies on the Division of Information Resource Management to update its website.

In addition, DAAS will publish provisional status certifications with a different appearance from full certifications to aid in consumer recognition of this document a posted at the facility.

Stakeholder View

DAAS staff contacted the North Carolina Adult Day Services Association (NCADSA), the association of providers currently providing adult day services across the state, to obtain the association's position on this issue. In its response, NCADSA stated "Currently there are an estimated 100 adult day centers operating in North Carolina, fewer than even a few years ago. Almost half of the counties in North Carolina don't even have an adult day center . . . Rather than support the expansion of adult day services in North Carolina, NCADSA perceives the creation of a new rated certificate system to be yet another barrier that will impede sustainability and growth of adult day services."

Recommendations

DAAS is not recommending that the State invest in development of a rated certificate system at this time because of the limited availability of providers, the challenges that would be involved in developing an effective system with existing resources, the adequacy of current oversight of adult day services, and the adequacy of information for consumers and their families about the status of existing providers and how to select the service. DAAS is not aware of any state that has implemented a rated certificate system. In hopes of seeing the availability of adult day services grow across North Carolina, DAAS will continue pursuing steps to strengthen and automate its monitoring and certification system so that it would be better positioned to implement a rated certificate system if warranted in the future. It will also continue its work with stakeholders to identify other ways to strengthen information for consumers within existing resources.