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## Certificate of Need and Psychiatric Hospital Bed Capacity

February 24, 2014

# Overview

- CON and Community Psychiatric Bed Capacity
- Hospital Voices
- Behavioral Health Payer Mix
- Three-way Contracts

# CON and Community Psychiatric Bed Capacity

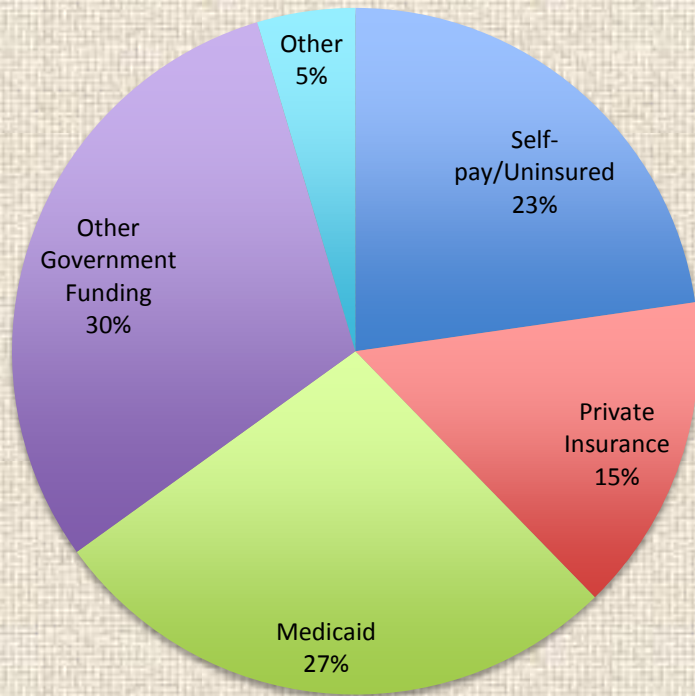
- All applications filed were approved
- Reviews averaged only 109 days
- Plenty of available beds remain in the State Medical Facilities Plan
- If no beds 'available' in the plan, and a hospital wants to open beds, they may request beds 'transferred' from State Hospitals.

# Why Aren't Community Hospitals Clamoring to Open Behavioral Health Beds?

- *“I believe the main reason providers are not filing CONs for mental health beds is because they can't break-even on this service. Even if a CON is not required, providers will be concerned about adding mental health beds unless the financial impact and cost-benefit improves.”*
- *A thought from a community hospital's perspective that does not have inpatient behavioral beds today:*
  - *“State operated beds- the shift to the private sector with three way contract beds addresses one piece but I believe we still need more state operated beds in NC. At one point, there was discussion at the legislature about a site for a state-operated psychiatric hospital in the central region of the state. “*

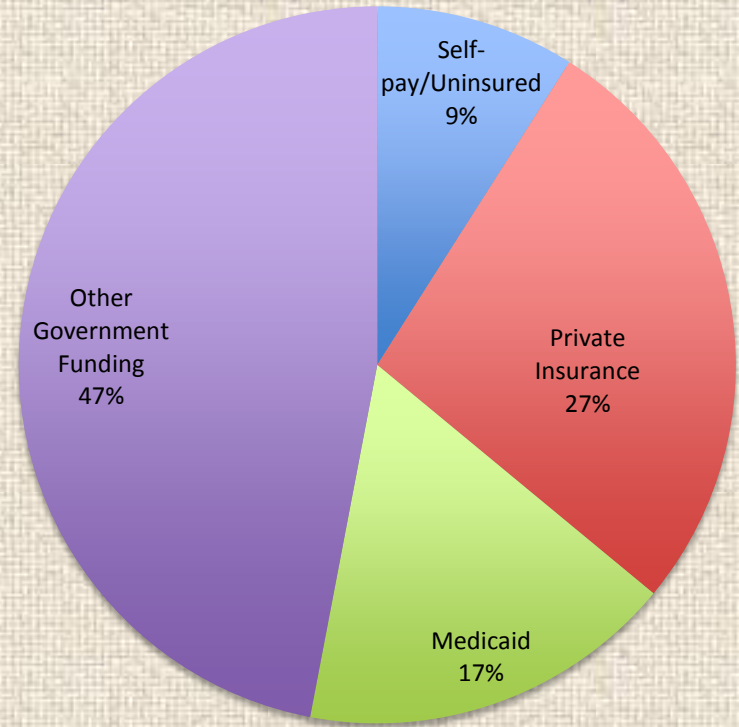
# Behavioral Health Payer Mix

## Behavioral Health Patient Payer Mix in NC Hospital EDs



Source: NCHA ED Tracker. 2012.

## NC Hospital Patient Payer Mix



Source: NCHA ANDI. 2012.

# Three-way Contracts and Tiered Funding

- Three-way contract beds are the reason many NC psychiatric inpatient units exist today.
- Reimburses at \$750/bed day
- 2013-14 funding:
  - \$38,121,644 for three-way beds
- Approximately \$9 million will be used to purchase beds for higher acuity patients and pay for them at a higher rate. (~\$950)
  - *The enhanced payment rate shall not exceed the lowest average cost per patient bed day among the three State psychiatric hospitals.*

# NCHA Policy Position

- Any entity charged with managing care for patients, behavioral health or otherwise, must be held accountable for the value they provide to the state.
- NC hospitals support cost-effective improvements to the behavioral health system that address wellness of the whole person.
  - Mental illness and addiction disorder -- similar to cancer and diabetes -- are chronic diseases requiring prevention, screening, diagnosis and treatment.
  - Efforts to reform Medicaid must address comprehensive and holistic care management
    - An individual's primary wellness needs by vacillate between mental and physical needs from day to day
    - 68% of adults with a mental illness diagnosis have a co-existing chronic physical health need.
    - 29% of adults with a chronic physical health need have at least one mental illness diagnosis

# Questions? Comments? Suggestions?

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