

# North Carolina Certificate of Need Law

**Division of Health Service Regulation**

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# Inventory of Health Care Facilities and Services

- Health care facilities & services inventories updated annually in the N.C. State Medical Facilities Plan.
  - Most inventory data - from the Division of Health Service Regulation's licensing database.
  - Utilization of services & patient origin data - from annual license renewal applications & data submitted by providers (hospitals and ambulatory surgical centers) to the designated statewide data processor (G.S. 131E, Article 11A).
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# Acute Care Hospital Data

- 114 licensed hospitals
- 20,713 licensed acute care beds
- Avg. annual occupancy rate was 58.42%
- 4,417,043 days of care provided to patients during 2010

As of Spring 2011

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# Acute Care Hospital Data

- Most hospitals in NC are not-for-profit.
  - 10 hospitals are for-profit:
    - Central Carolina Hospital – Sanford
    - Davis Regional Medical Center – Statesville
    - Franklin Regional Medical Center- Louisburg
    - Frye Regional Medical Center – Hickory
    - Lake Norman Regional Medical Center – Mooresville
    - Martin General Hospital – Williamston
    - NC Specialty Hospital - Durham
    - Sandhills Regional Medical Center - Hamlet
    - Washington County Hospital - Plymouth
    - Yadkin Valley Community Hospital - Yadkinville
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# Long-Term Care Hospitals

- 9 Long-Term Care Hospitals (LTCHs)
  - 434 beds
- Average length of stay > 25 days
- Provide services statewide & out of state due to their specialized services.
- 4 for-profit LTCHs:
  - Select Specialty Hospital-Durham
  - Select Specialty Hospital-Winston-Salem
  - Life-Care Hospitals of North Carolina-Rocky Mount
  - Kindred Hospital-Greensboro



# Rehabilitation Hospitals

- There are three licensed rehabilitation hospitals
    - Carolinas Rehabilitation Hospital –Mount Holly (40 beds)
    - Care Partners Rehabilitation Hospital-Asheville (80 beds)
    - Carolinas Rehabilitation Hospital –Charlotte (119 beds)
  - 23 additional rehabilitation programs in acute care hospitals, with 742 beds
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# Hospital Locations in North Carolina

West  
Virginia

Virginia

Maryland

Kentucky





Tennessee

South  
Carolina

Georgia

Atlantic Ocean

## Legend

-  Hospitals
-  North Carolina Counties

0 25 50 100 Miles  
1 inch = 50 miles

NOTICE:  
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Data Source: NCDA & CS; Emergency Programs Division, NC OEMS.  
Map prepared by Tim Muhs September, 2011.



### Hospital Locations by County in North Carolina

West Virginia

## Virginia

**Maryland**



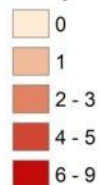
## Kentucky

## Tennessee

## South Carolina

### Legend

## Hospitals by County



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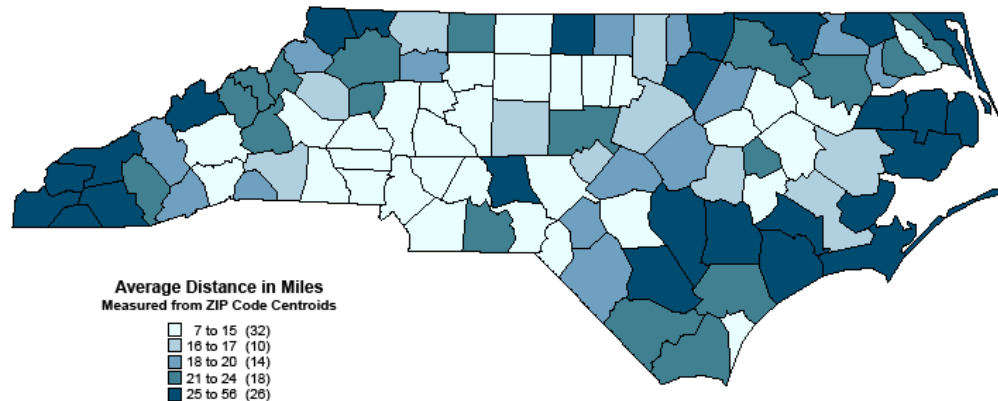




# 74% of All Hospital Patients Travel < 25 Miles to Receive Care

## Average Distance to Care: Miles from Residence to Hospital

Residents Discharged from North Carolina Hospitals: October 1, 2008 to September 30, 2009



Note: Discharges from Psychiatric, Rehabilitation, Long Term Care, and Substance Abuse Treatment Facilities are not included.  
Normal newborn discharges (DRG 795) excluded.

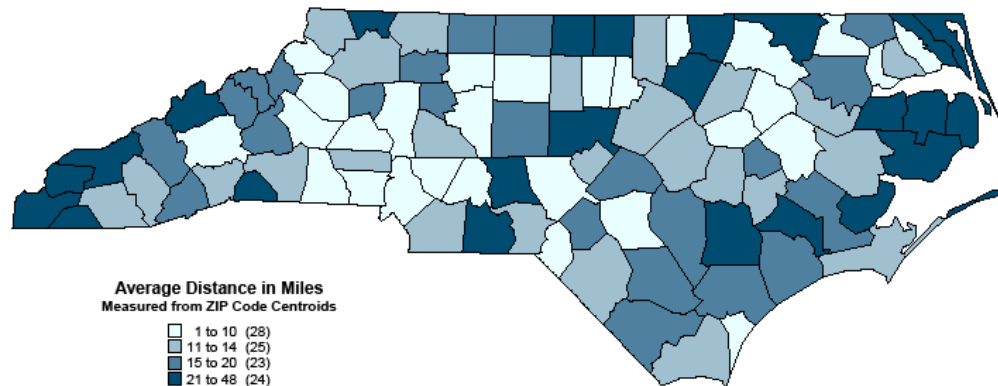
Source: Thomson Reuters North Carolina Hospital Discharge Data, Fiscal Year 2009.

Produced By: Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.

# 76% of Hospital Childbirth Patients Travel < 20 Miles to Receive Care

## Average Distance to Care for Discharges for Childbirth Miles from Residence to Hospital

Residents Discharged from North Carolina Hospitals: October 1, 2008 to September 30, 2009

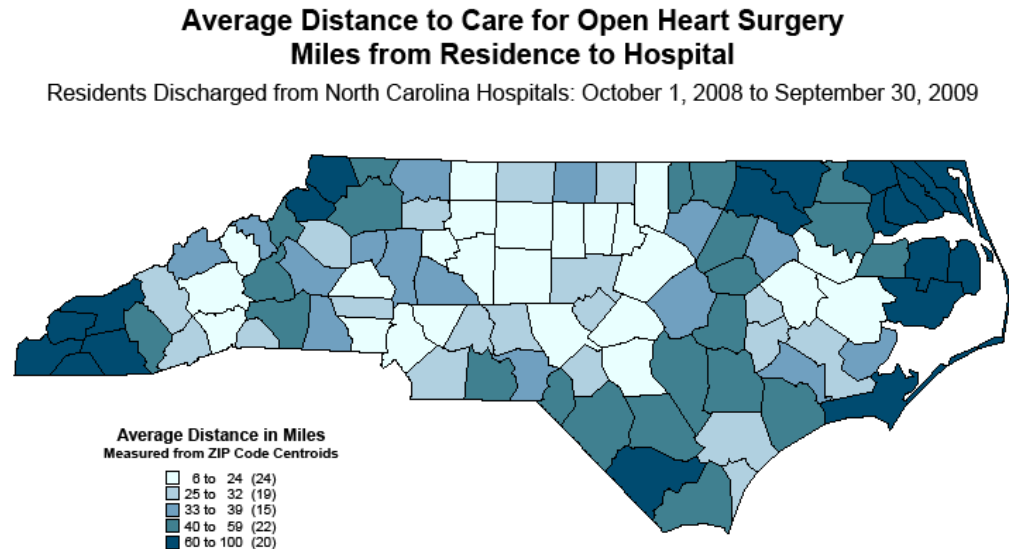


Note: Childbirth discharges include DRGs 765-768, 774, 775.

Source: Thomson Reuters North Carolina Hospital Discharge Data, Fiscal Year 2009.

Produced By: Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.

# 80% of Patients Receiving Open Heart Surgery Travel < 60 Miles to Receive Care



Note: Open Heart Surgery discharges include a Procedure code of 39.61 or DRGs 216-221, 228-236.

Source: Thomson Reuters North Carolina Hospital Discharge Data, Fiscal Year 2009.

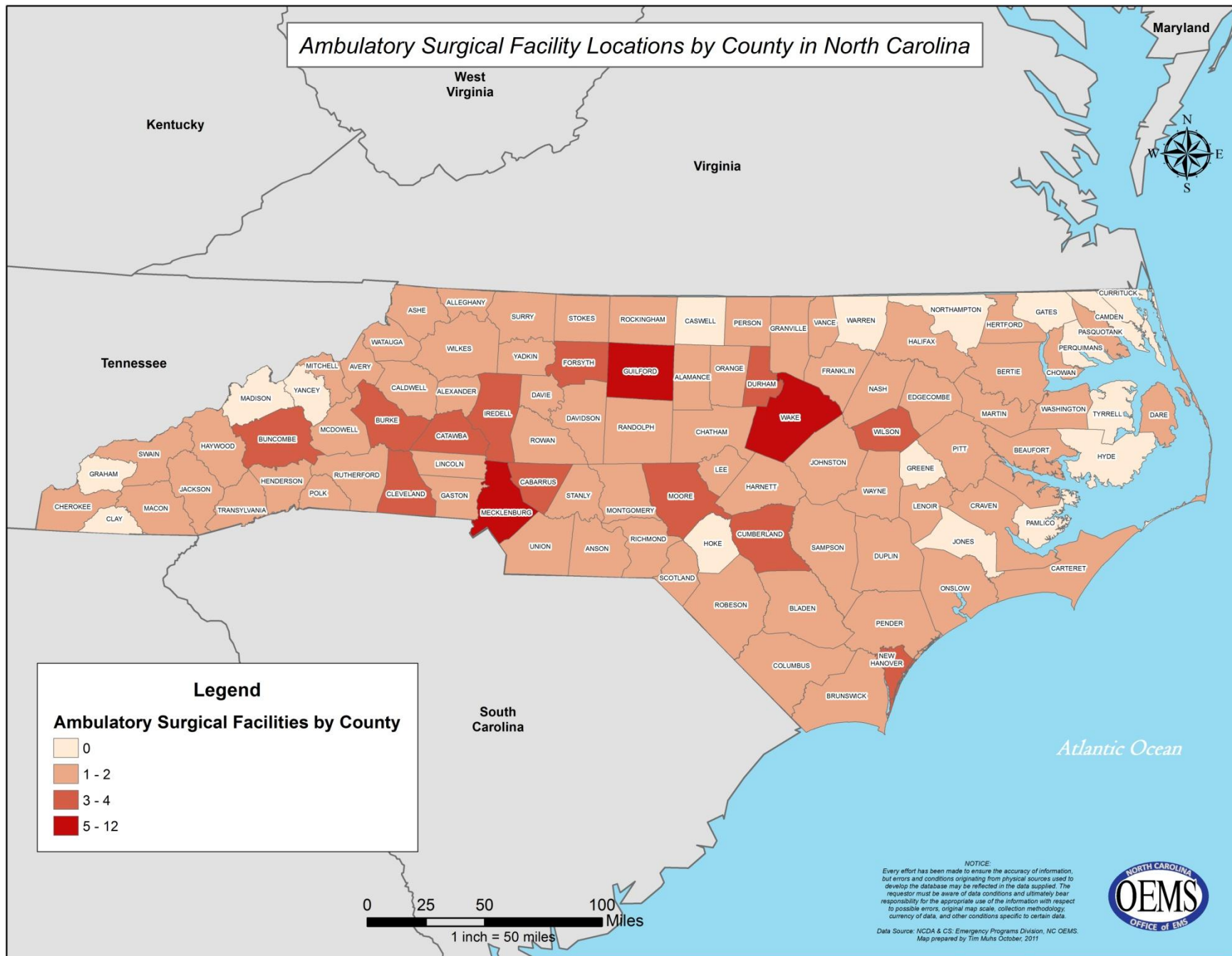
Produced By: Cecil G. Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.



# Licensed Facilities with Ambulatory Surgical Capacity

- 158 Facilities
    - 44 free-standing ambulatory surgical centers
    - 114 acute care hospitals
  - 1,162 ambulatory and shared operating rooms
-

# Ambulatory Surgical Facility Locations by County in North Carolina



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Map prepared by Tim Muhs October, 2011





# Home Health Agency Data

- 212 Medicare-certified Home Health Agencies
- 210,839 clients were served during 2010; a 7.73 % increase from the previous year.
- The statewide average use rates by age group have increased for all age groups, as follows:

<u>Age Group</u>	<u>2010 Use Rates per 1000 Pop.</u>
Under 18	2.91
Ages 18-64	11.28
Ages 65-74	66.71
Ages 75 and over	168.57

# Home Health Agencies by County in North Carolina

West  
Virginia

Virginia

Maryland

Kentucky

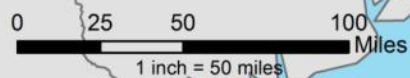
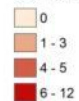
Tennessee

South  
Carolina

Atlantic Ocean



## Legend Home Health Agencies by County



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Map prepared by Tim Muts October, 2011





# Nursing Home Data

- 433 nursing homes
  - 321 for-profit nursing homes
  - 112 non-profit nursing homes
  - 423 certified to participate in the Medicare/Medicaid program
  - 10 licensed only (do not participate in Medicare/Medicaid) are funded primarily by private pay





# Nursing Home Payors

- Medicaid program (68%)
  - Medicare program (16%)
  - Private payment (16%)
  
  - 45,353 licensed nursing home beds
    - 96% in nursing homes
    - 4% licensed as part of a hospital
  
  - 533 additional beds had received approval from the DHSR CON Section, not yet licensed.
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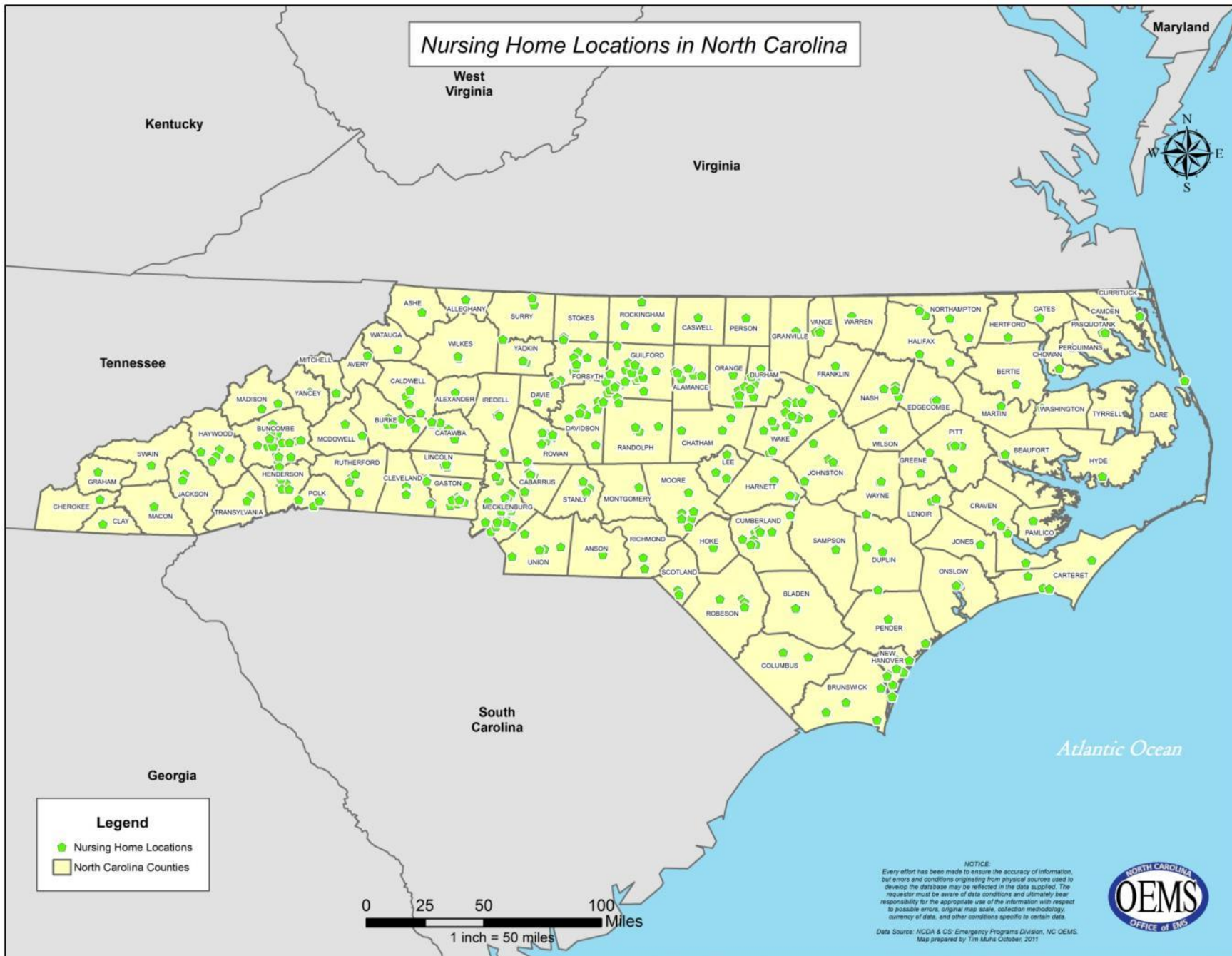


# Nursing Bed Use Rates

- Use Rates by Age Groups

<u>Age Group</u>	<u>Bed Utilization per 1000 Population</u>
Under 65	0.59
65-74	7.72
75-84	25.69
85 and over	90.39

# Nursing Home Locations in North Carolina



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*Nursing Home Locations by County in North Carolina*

## Kentucky

West Virginia

## Virginia

## Maryland

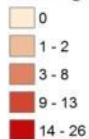


## Tennessee

## South Carolina

### Legend

### Nursing Homes by County



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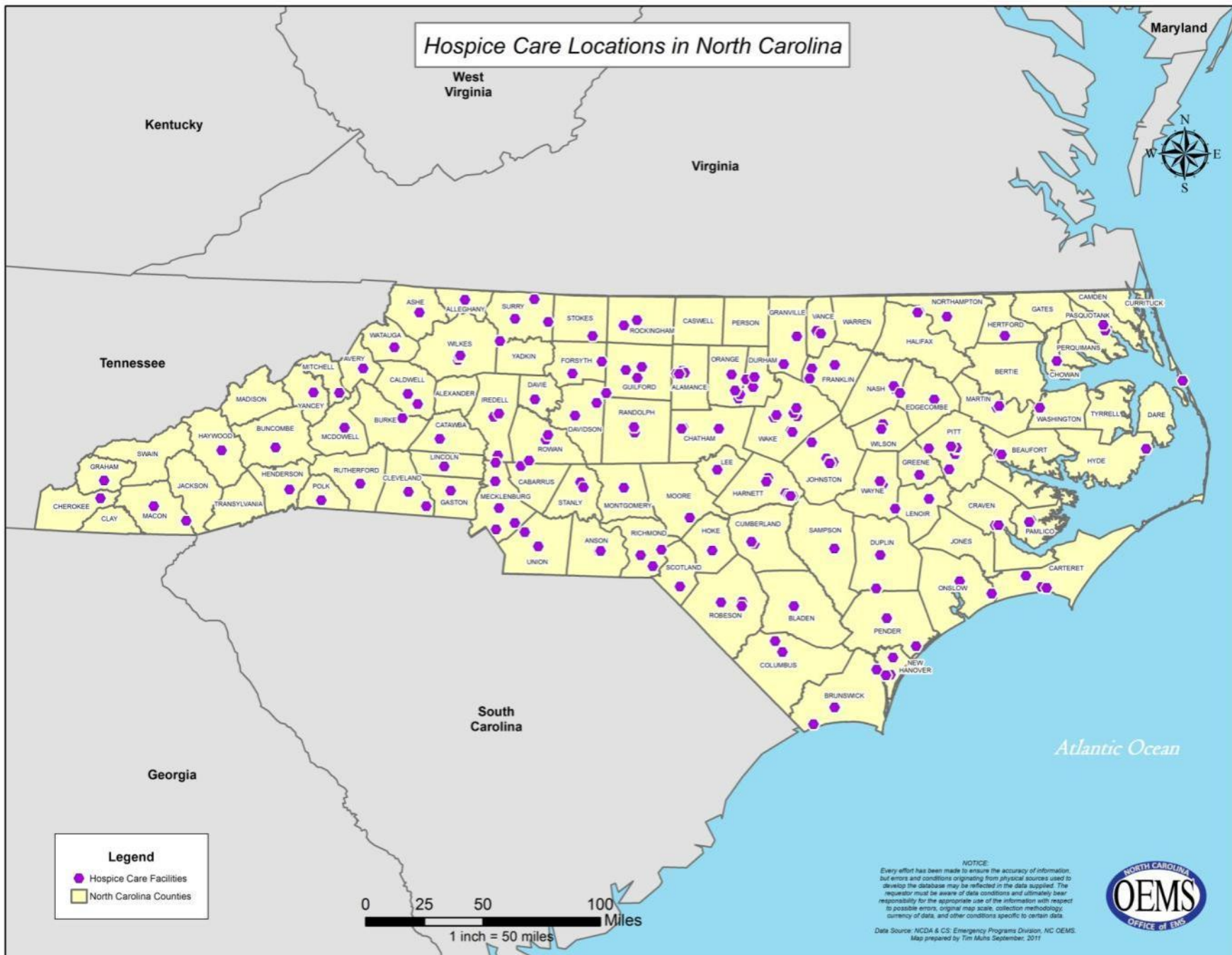


# Hospice Services

- 257 licensed hospice facilities
  - Hospice home care agencies
  - Hospice facilities - 35
    - All have inpatient beds, 323 licensed beds
    - 26 have residential care beds, 177 licensed beds
- 35,219 hospice patients served in 2009-2010



# Hospice Care Locations in North Carolina



# Licensed Hospice Facilities by County

West  
Virginia

Virginia

Maryland

Kentucky

Tennessee

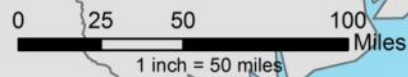
South  
Carolina

Atlantic Ocean



## Legend

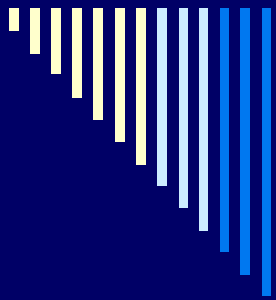
### Licensed Hospice Facilities by County



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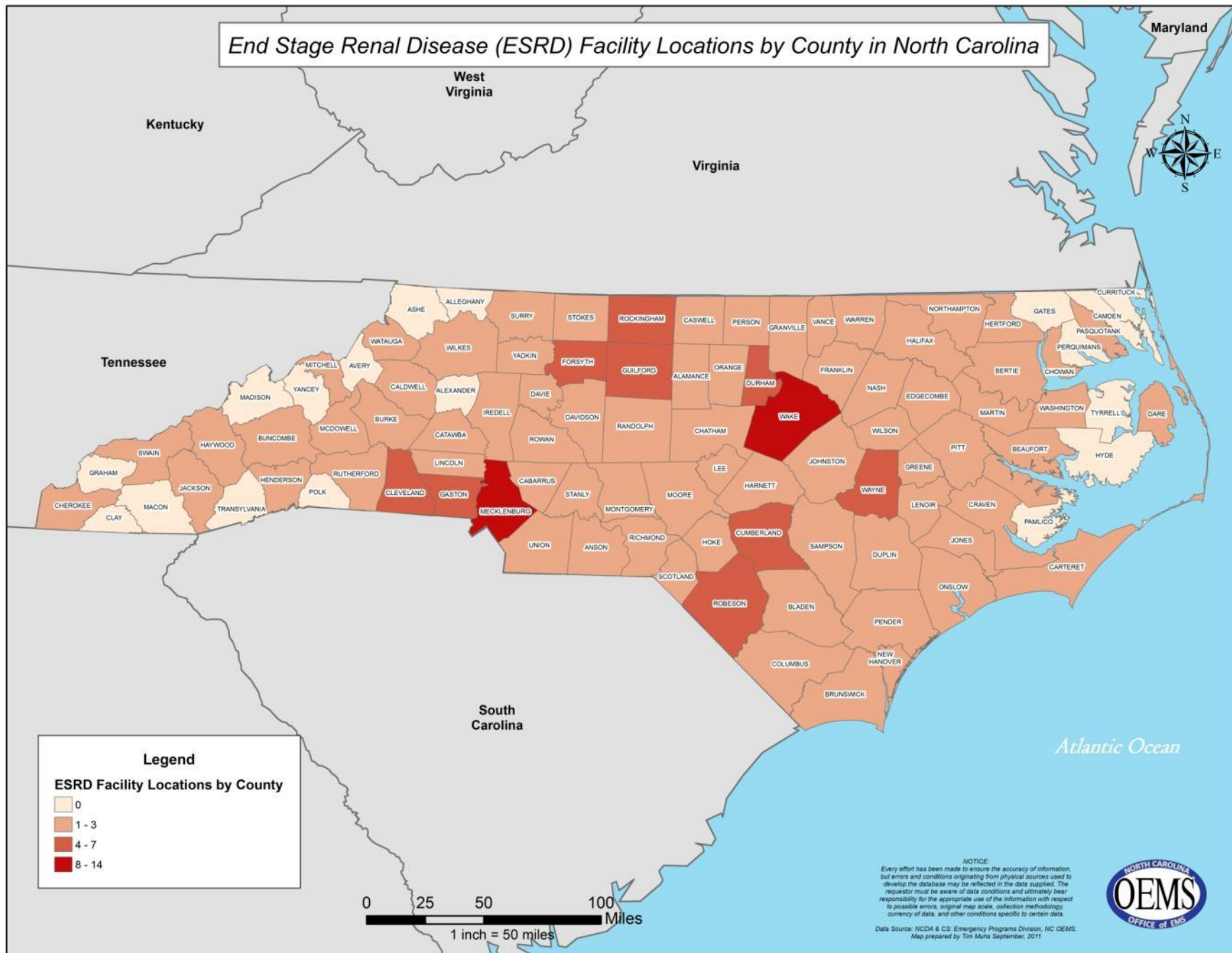


# End-Stage Renal Disease Dialysis Facility Data

- 174 dialysis facilities in operation
- 4,124 certified dialysis stations
- 74 facilities were above 80% utilization
- Each dialysis station can serve four patients per week.
- 12,649 patients receiving in-center dialysis services (on 12/31/10)
- Certificates of Need had been issued for an additional 193 dialysis stations.



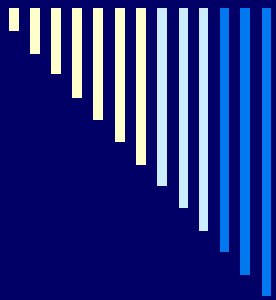
# End Stage Renal Disease (ESRD) Facility Locations by County in North Carolina



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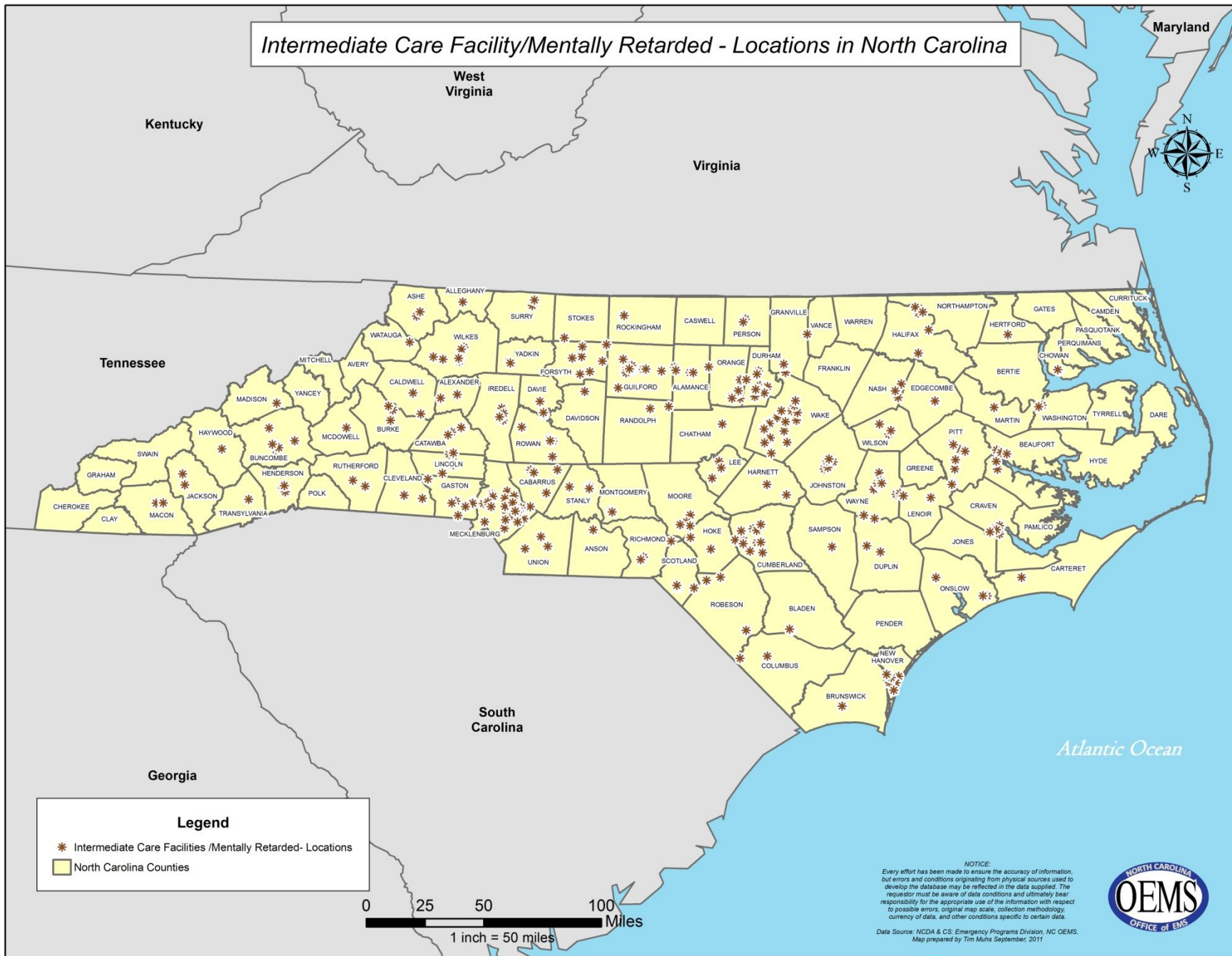




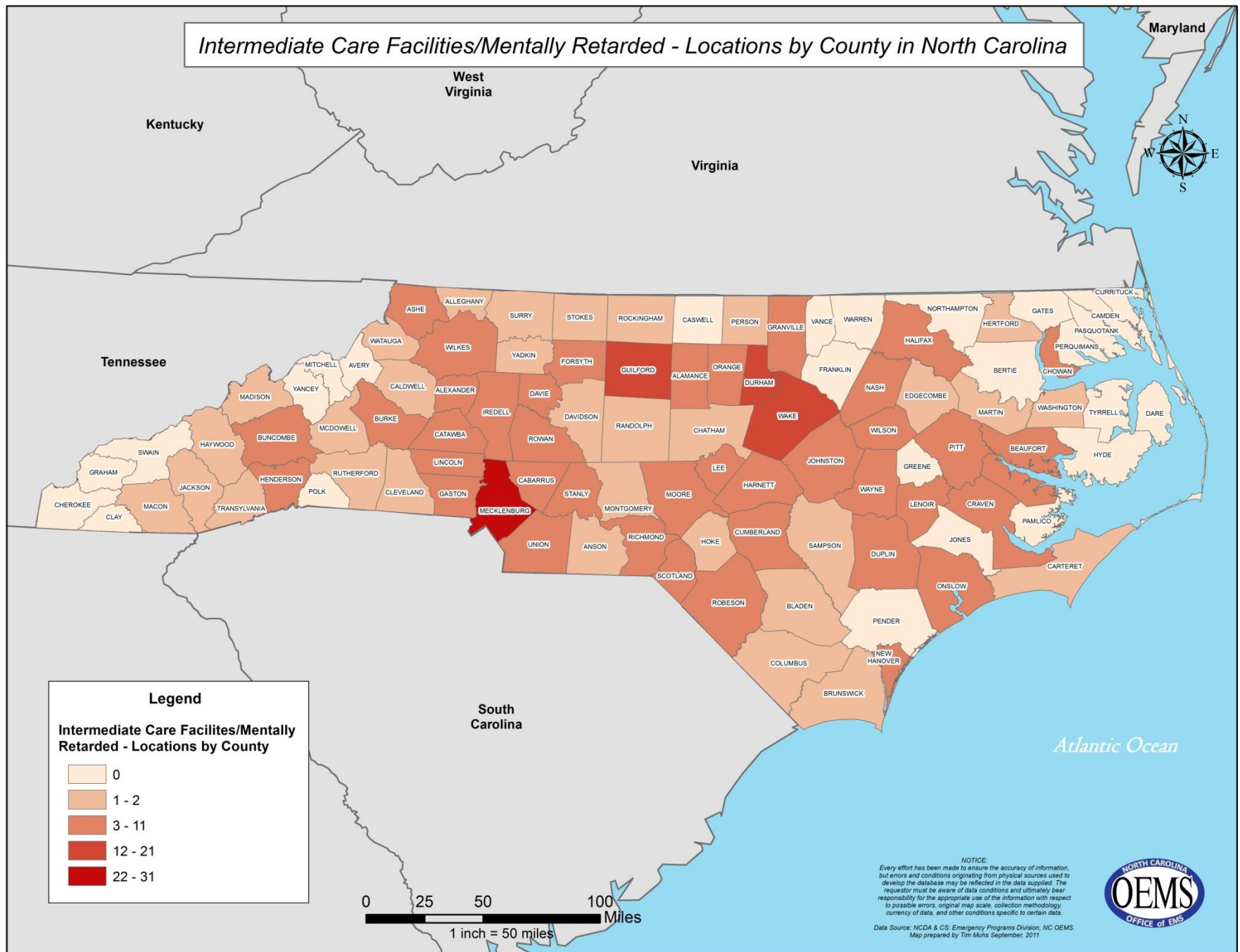
# Intermediate Care Facilities/ Mentally Retarded Data

- 328 licensed ICF/MR facilities
  - 2,729 community based certified beds
  
- Plus 4 state-operated facilities
  - 2,355 certified beds
  - State operated ICF/MR facilities are exempt from licensure and CON review.

# Intermediate Care Facility/Mentally Retarded - Locations in North Carolina



*Intermediate Care Facilities/Mentally Retarded - Locations by County in North Carolina*





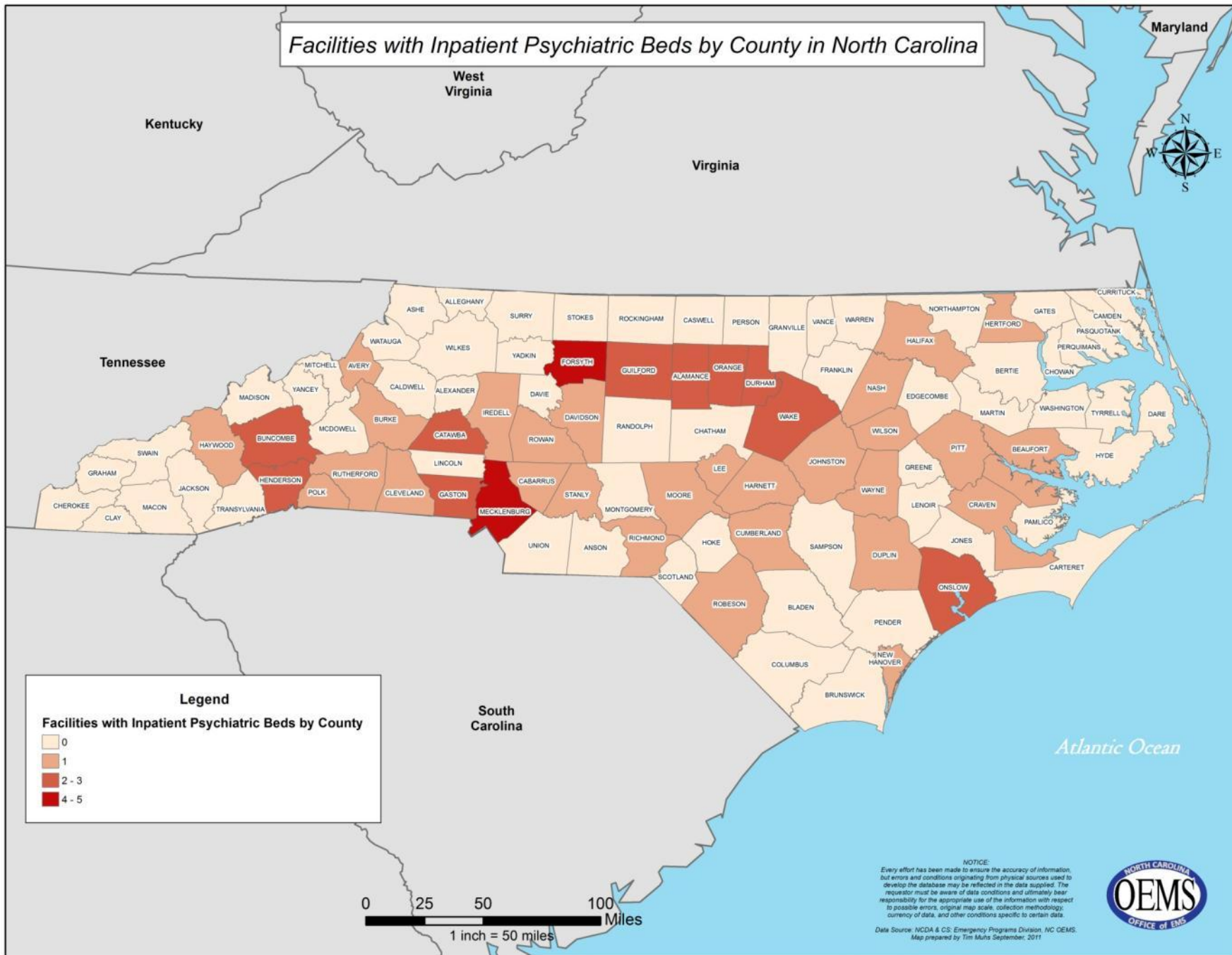
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# Inpatient Psychiatric Beds

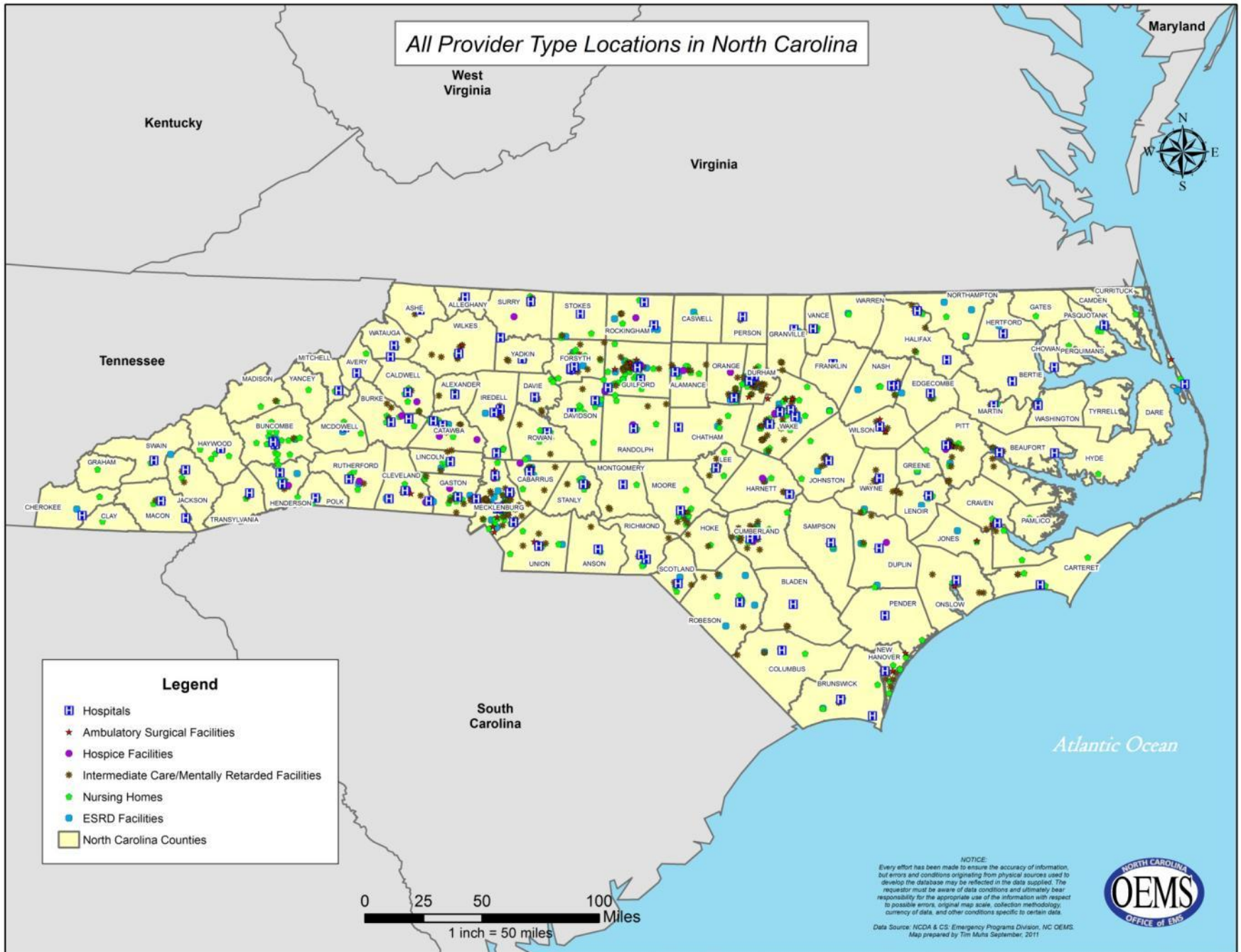
- 1,744 licensed beds
  - 3 free-standing psychiatric hospitals
  - 56 general acute care hospitals with designated psychiatric units
-



### Facilities with Inpatient Psychiatric Beds by County in North Carolina



# All Provider Type Locations in North Carolina





# 2010 CON Application Reviews & Appeals

- **156 Applications Reviewed**
  - **112 Non-Competitive Reviews**
    - 102 Approved
    - 10 Disapproved
    - 12 Appealed
  - **11 Competitive Reviews**
    - Included 45 Applications
    - 14 Approved
    - 23 Appealed
  - **35 Total # Applications Appealed**
-





# Non-competitive and Competitive Applications

- Each application must conform to all applicable statutory and regulatory review criteria.
  - CON Section determines if conforming.
  - Application will be denied if CON Section determines the application is not conforming to one or more of the statutory review criteria or applicable rules.
  - Under certain circumstances, CON Section may impose a condition that would correct the deficiency in the application.
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# When is a Review Competitive?

- If the approval of one application requires the disapproval of another application.
  - Typically when there is a limit on the number of beds or pieces of equipment that can be approved due to a need determination in the State Medical Facilities Plan.
  - If 10 applicants apply for 1 MRI scanner, only 1 applicant can be approved (G.S. 131E-183(a)(1)).
-



# Competitive Review Process

- Review each application independently.
  - Conduct a comparative analysis to determine which application is the most effective alternative.
  - Applications that are not conforming to ALL applicable statutory and regulatory review criteria are not considered to be effective alternatives and are denied.
-



# Appeals

- Why are non-competitive applications appealed?
    - The applicant may appeal the denial of his or her application.
    - An “affected person” (as defined in G.S. 131E-188.(c)) may appeal the approval of the application.
-



# Time Frames for Appeals

- Administrative Law Judge (ALJ) has 270 days from the date petition is filed to submit Recommended Decision to the Director of the Division (per CON law).
  - ALJ/Office of Administrative Hearings (OAH) sends the Recommended Decision and record to the Director (per CON law). Typically takes 45-60 days.
  - Director of the Division has 30 days after receiving the record to make the Final Agency Decision but this can be extended for another 30 days.
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# Time Frames for Appeals (continued)

- Note: For petitions filed on or after 1/1/12, the ALJ will still have only 270 days to make a decision but it will be the final decision.
  - Appeals to the Court of Appeals can take 1-2 years to be decided.
  - Decisions by the Court of Appeals can be appealed to the Supreme Court.
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# State Agency Cost of Litigation FY 2010/2011

- Contract Expense (attorney salaries & fringes) = \$406,802
  - Litigation = \$70,600
  - Total Cost = \$477,402
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# Acronyms & Abbreviations

- ALJ – Administrative Law Judge
  - DHSR – Division of Health Service Regulation
  - ESRD – End-Stage Renal Disease
  - ICF/MR- Intermediate Care Facilities /Mentally Retarded
  - LTCH – Long-Term Care Hospital
  - OAH – Office of Administrative Hearings
  - SMFP – State Medical Facilities Plan
-