

**REPORT OF THE COMMISSIONER OF THE
VIRGINIA STATE DEPARTMENT OF HEALTH ON
PROJECTING THE NEED FOR NURSING HOME BEDS
IN RELATION TO ALTERNATIVE COMMUNITY BASED SERVICES
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 12

**COMMONWEALTH OF VIRGINIA
RICHMOND
1983**

A REPORT FROM THE COMMISSIONER
OF THE
VIRGINIA STATE DEPARTMENT OF HEALTH
TO THE
GOVERNOR AND THE GENERAL ASSEMBLY
Richmond, Virginia
October, 1982

TO: The Honorable Charles S. Robb, Governor of Virginia
and the General Assembly

The Virginia State Department of Health has completed its study on projecting the need for nursing home beds and preventing unnecessary institutionalization, pursuant to House Bill 879 of the 1982 Session of the General Assembly. The House Bill follows:

An act to amend and reenact Chapter 493 of the 1981 Acts of Assembly, extending the moratorium on the issuance of certain certificates-of-need for nursing homes and requiring an additional report from the Commissioner of Health.

House Bill 879

Whereas, the current methodology utilized by the Department of Health for projecting the need for additional nursing home beds in the State Health Plan is still in need of examination before further expansion of this health care service is authorized; and

Whereas, the recent federal budget cuts have made it imperative for the Commonwealth to contain the cost of long term care; and

Whereas, the Commonwealth is currently studying the need for alternatives to long-term institutional care; now, therefore,

Be it enacted by the General Assembly of Virginia:

1. That Chapter 493 of the 1981 Acts of Assembly is amended and reenacted as follows:

§ 1. Except as provided herein, after the effective date of this act and prior to June 30, 1983, the Commissioner of Health shall not approve or authorize the issuance of any certificates-of-need in accordance with the Certificate of Public Need Law of the Code of Virginia for which applications are received after the effective date of this act for the construction of any new nursing homes or an increase in the bed capacity of an existing nursing home. The Commissioner may approve or authorize the issuance of a certificate-of-need for the replacement of an existing nursing home in accordance with applicable provisions of law when a capital expenditure is required to comply with life safety, codes, licensure, certification, or accreditation standards.

§ 2. The Commissioner of Health shall report to the Governor and the 1983 Session of the General Assembly on the most appropriate methodology to utilize in projecting the need for additional nursing home beds in the Commonwealth,

suggest an appropriate policy for utilizing this health care service in relation to alternative programs to nursing home care and recommend alternative, low cost programs to prevent institutionalization of the elderly and disabled.

Executive Summary

In accordance with 1982 House Bill 879, the Department of Health has completed its study of methods for projecting the need for nursing home beds in relation to alternative community based services. The Department has reviewed the current nursing home bed need methodology and has determined that the methodology as presented to the 1982 General Assembly in House Document No. 18, which assumes that community based services will be available, is appropriate; application of the methodology indicates that an expansion of nursing home bed capacity may be warranted in several regions by 1987.

The Department of Health has also considered appropriate policy positions concerning community based services and reiterates its strong support for the following policy on the utilization of nursing homes in relation to alternatives, as recommended in 1982 House Document No. 18:

A full range of long term care services, both community based and institutional, should be available to the citizens of the Commonwealth with long term care needs. The services should be organized and available in a manner that promotes the highest quality of needed care in the setting with the least public cost.

The Department of Health further recommends that the preceding policy be implemented through the following actions:

1. The General Assembly should not extend beyond June 30, 1983, the current moratorium on new issuances of certificates of public need for nursing home beds.
2. State Medical Facilities Plans should continue to use a methodology for projecting nursing home bed need that assumes that appropriate community based services will be available; the methodology should be reviewed regularly and revised as necessary to assure ongoing consistency with the preceding policy or to accommodate relevant recommendations of the Long Term Care Council.
3. The Department of Health should actively support those recommendations of the Long Term Care Council that are consistent with the preceding policy concerning alternatives to nursing home care. As resources permit, it should provide pertinent data and technical services to the Council's staff.

I. INTRODUCTION

A. Legislative Directive

This report has been completed in accordance with House Bill 879 of the Virginia General Assembly's 1982 Session, which includes the following:

"§ 2. The Commissioner of Health shall report to the Governor and the 1983 Session of the General Assembly on the most appropriate methodology to utilize in projecting the need for additional nursing home beds in the Commonwealth, suggest an appropriate policy for utilizing this health care service in relation to alternative programs to nursing home care and recommend alternative, low cost programs to prevent institutionalization of the elderly and disabled."

B. Background

In October, 1981, the State Department of Health prepared a report on nursing home bed need in relation to alternatives in the Commonwealth, and submitted it to the 1982 Session of the General Assembly as House Document No. 18. That report described in detail the findings of a special survey of nursing home patients and cited recent data from Medicaid's nursing home pre-admission screening program. The report set forth a proposed new methodology for projecting future nursing home bed need, which was based upon the 1981 use rates for relevant age groups in each of Virginia's five regions (Health Service Areas) and an adjustment to correct for the estimated portion of the 1981 nursing home use that could have been satisfied by community-based services had they been available. The report recommended, in brief, that future nursing home bed need projections should assume that community services will be available, and that the General Assembly should extend for at least one year its moratorium on new issuances of certificates of public need for nursing home bed expansion and should implement the recommendations of other mandated reports dealing with long term care which provide for the development of a full system of community services.

The 1982 General Assembly responded with its approval of House Bill 879 (mandating this report and extending the moratorium to June 30, 1983) and Senate Bill 219. The latter creates a Long Term Care Council to recommend standards, policies and guidelines for the development and implementation of a continuum of statewide long term care services; it designates the Virginia Department for the Aging as the State agency responsible for coordinating all long term care efforts of State and local human services agencies; and it mandates an expansion of the Medicaid nursing home preadmission screening program to include all individuals who, at the time of application for admission to a nursing home, are eligible for Medicaid or are expected to become eligible for Medicaid within six months following admission.

II. ANALYSIS

A. Projecting Nursing Home Bed Need

On March 19, 1982, the State Board of Health adopted the nursing home bed need projection methodology presented in 1982 House Document 18, and incorporated it by amendment to the State Medical Facilities Plan which became effective July 1, 1982. This methodology assumes that community services will be available (see Appendix A). The methodology has been reviewed by the Department of Health and has been judged appropriate assuming no significant change in the use of an area's nursing home beds by residents of other areas compared with the base year 1981.

Appendix B presents an updated projection of bed need for 1987 based upon this methodology. Compared with its application as presented in House Document No. 18, it shows a diminishing surplus in Health Service Areas III, IV, and V and a growing need for expansion in Health Service Areas I and II.

ADDITIONAL NURSING HOME BEDS NEEDED
ACCORDING TO CURRENT PROJECTION METHODOLOGY

<u>Projection Year</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	<u>State</u>
1985 (1)	+ 14	+ 27	- 846	- 722	- 277	-1,804
1987 (2)	+ 257	+ 433	- 627	- 503	- 21	- 461

- (1) Based upon licensed and approved capacity as of 7/1/81
- (2) Based upon licensed and approved capacity as of 9/1/82

These data suggest that a continuation of the present moratorium beyond June 30, 1983 could result in a supply of beds inadequate to meet expected demand within several regions by 1987, despite the presumed development of community services.

B. Development of Community Services

The Department of Health's recommendations pertaining to the development of community services, as presented in 1982 House Document No. 18, remain unchanged. The Department has initiated expansion of its existing Medicaid nursing home preadmission screening program as directed by Senate Bill 219, and should complete that expansion by March, 1983. As each region achieves full expansion of the screening program, it will begin to include Medicaid reimbursement of reasonable costs associated with personal care services judged necessary to prevent or delay institutionalization.

The Department of Health is represented on the Long Term Care Council, as created by 1982 Senate Bill 219, and plans to support fully the Council's activities as well as to encourage continued appropriate liaison between its staff and that of the Council. This will result in a coordinated approach to long term care policy formulation, consistent with the intent of 1982 Senate Bill 219.

III. RECOMMENDATIONS

A. Policy on the Utilization of Nursing Homes in Relation to Alternatives

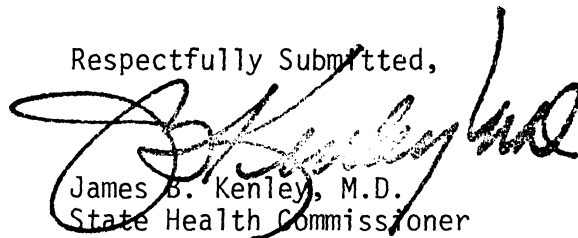
A full range of long term care services, both community based and institutional, should be available to the citizens of the Commonwealth with long term care needs. The services should be organized and available in a manner that promotes the highest quality of needed care in the setting with the least public cost.

B. Actions

The preceding policy should be implemented through the following actions:

1. The General Assembly should not extend beyond June 30, 1983, the current moratorium on new issuances of certificates of public need for nursing home beds.
2. State Medical Facilities Plans should continue to use a methodology for projecting nursing home bed need that assumes that appropriate community services will be available; the methodology should be reviewed regularly and revised as necessary to assure ongoing consistency with the preceding policy or to accommodate relevant recommendations of the Long Term Care Council.
3. The Department of Health should actively support those recommendations of the Long Term Care Council that are consistent with the preceding policy concerning alternatives to nursing home care. As resources permit, it should provide pertinent data and technical services to the Council's staff.

Respectfully Submitted,



James B. Kenley, M.D.
State Health Commissioner

APPENDIX A
NURSING HOME BED NEED PROJECTION METHODOLOGY

The following is a summary of the nursing home bed need projection methodology adopted by the State Board of Health March 16, 1982 and published in the July 15, 1982 Amendment #1 to the 1980 State Medical Facilities Plan.

1. Estimate the number of beds needed to satisfy total demand without community services development, by multiplying the 1981 total demand rate (per the 1981 Nursing Home Survey) times the estimated population* for the projection year, for each of the following age groups within each Health Service Area: under 65, 65 to 74, 75 or older. The 1981 total demand rate reflects an average occupancy level of 95%.
2. Estimate the number of beds not needed if community services were more readily available, by multiplying the Medicaid portion (67% of the preceding step's results) by 15% and the remainder by 5%.
3. Subtract the results of step 2 from the results of step 1 to obtain the number of beds needed in the projection year, assuming 95% average occupancy and assuming community services are readily available as an alternative to nursing home care.
4. Compare the results of step 3 with the inventory of licensed beds corrected for any changes in capacity approved through the certificate of public need process, to determine the additional number of beds needed (or the expected excess of beds) for the projection year.

*As most recently reported by the State Department of Planning and Budget.

APPENDIX B

Nursing Home Bed Need Projection for 1987

Table 1: Projected 1987 Population

HSA	Under 65	65-74	75+
I	684,609	54,219	37,605
II	1,120,652	65,159	33,464
III	1,138,420	100,309	68,977
IV	896,499	73,200	47,165
V	1,317,970	90,361	54,720

Source: 6/79 Series, Department of Planning and Budget.

Table 2: Beds Required Per 1,000 Population to Satisfy Total Demand

HSA	Under 65	65-74	75+
I	0.59	12.9	81.8
II	0.23	8.9	92.8
III	0.52	9.4	71.1
IV	0.45	9.9	78.4
V	0.46	12.4	79.5

Source: 1981 Nursing Home Survey.

Table 3: Beds Needed in 1987 to Satisfy Demand Without Development of Community Services

HSA	Under 65	65-74	75+	Total
I	404	699	3,076	4,179
II	258	580	3,105	3,943
III	592	943	4,904	6,439
IV	403	725	3,698	4,826
V	606	1,120	4,350	6,076

Source: Table 1 x Table 2

Table 4: Reduction in Demand Assuming Development of Community Services

HSA	Medicaid	Other	Total
I	420	69	489
II	396	65	461
III	647	106	753
IV	485	80	565
V	611	100	711

Source: 15% of Medicaid portion (67% of Table 3) and 5% of the remainder.

Table 5: Comparison of Adjusted 1987 Need With Current Inventory

HSA	Adjusted 1987 Need*	Inventory as of 9/1/82**	Additional Beds Needed by 1987
I	3,690	3,433	257
II	3,482	3,049	433
III	5,686	6,313	-627
IV	4,261	4,764	-503
V	5,365	5,386	- 21
State	22,484	22,945	-461

*Source: Table 3 minus Table 4.

**Beds licensed plus net changes approved through the Certificate of Public Need process.

