



**Testimony on behalf of Aging Services of Michigan to the
Certificate of Need Commission
October 20, 2009**

Good morning, my name is David Herbel, and I am President and CEO of Aging Services of Michigan. Aging Services of Michigan represents more than 230 not-for-profit aging service providers statewide. We are *the only* Association in Michigan to represent the entire array of programs and services to seniors. Aging Services of Michigan advocates for a long term care system that supports services at all levels of care and settings.

Aging Services of Michigan would like to ask the Certificate of Need Commission to open up the Nursing Home Standards. Additionally, we would ask that a Standards Advisory Committee be populated with true subject matter experts able to address the following issues:

- **High Occupancy**

Under the current CON standards, to add beds to an existing facility, the facility must show there is a need for additional beds in the planning area under the bed need methodology, unless the high occupancy exception is satisfied. To qualify for additional beds under the high occupancy exception, the applicant must demonstrate an average occupancy rate of at least 97% for the last 12 quarters of operation.

Rationale

The 97% occupancy rate is too high and unachievable. A workgroup suggested a 94% occupancy rate must be demonstrated for the last 12 months. Hospitals already enjoy such a standard.

- **Comparative Review**

In contrast to the high number of points awarded for Medicaid participation/ high Medicaid utilization (21 total); only 2 points are awarded for 100% Medicare participation.

More comparable criteria could be added to increase the points awarded for facilities with high Medicare patient days or full Medicare certification.

Rationale

An acute-care hospital is the most costly setting for inpatient care, thus, CON program goals of cost, quality and access are addressed by allocating points to facilities that improve access to high-acuity units for Medicare beneficiaries needing placement for post-hospital skilled nursing rehab.

- **Facility Size**

When the bed need number changed effective June 1, 2008, numerous CON applications were submitted. In many instances providers submitted CON applications to try to "grab" available beds in an interim strategy by proposing to tack them onto their existing facilities. Add 140 beds to an existing 239 bed facility for a total of 379 beds at that site. It would be helpful to have language in the CON Standards that: (1) would prevent MDCH from accepting a CON application seeking to establish a nursing home with more than 250 beds; and (2) would disfavor very large nursing homes.

Rationale

Research suggests that larger facilities provide lower quality of care and quality of life.

- **Medicaid "Non-Available" Bed Plan**

Applicant would be ineligible to obtain beds from the bed pool for an existing facility or same licensee if it is currently subject to a Medicaid "non-available" bed plan because some of its existing licensed beds are not being used for patient care due to low occupancy.

Alternatively, or as an additional criterion, an applicant in a comparative review with a Medicaid "non-available" bed plan in the last 3 years would have points deducted.

Additionally, we strongly encourage the commission to appoint a committee that is time limited with a narrow charge. We believe this is the best way to promote positive outcomes.

Aging Services remains committed to inclusion of quality outcomes in both the CON application process as well as the comparative review standards.

Again, thank you for considering Aging Services of Michigan's concerns and suggestions. Please do not hesitate to call me or my Vice President of Government Strategy, Stephanie Shooks, with any questions or concerns.

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