STATE OF TENNESSEE

STATE HEALTH PLAN

CERTIFICATE OF NEED STANDARDS AND CRITERIA

FOR

Acute Care Beds

The Health Services Development Agency (HSDA) may consider the following standards and criteria for applicants seeking to establish Acute Care Beds. Rationale statements are provided for standards to explain the Division of Health Planning's underlying reasoning. Additionally, these rationale statements may assist stakeholders in responding to these Standards and may assist the HSDA in its assessment of applications. Existing Acute Care Bed programs are not affected by these standards and criteria unless they take action that requires a new certificate of need (CON) for such services. These proposed standards and criteria will become effective immediately upon approval and adoption by the governor.

The Certificate of Need Standards and Criteria serve to uphold the Five Principles for Achieving Better Health set forth by the State Health Plan. These Principles were first developed for the 2010 edition and have been utilized as the overarching framework of the Plan in each annual update that has followed. Utilizing the Five Principles for Achieving Better Health during the development of the CON Standards and Criteria ensures the protection and promotion of the health of the people of Tennessee. The State Health Plan's Five Principles for Achieving Better Health are as follows:

1. **Healthy Lives:** The purpose of the State Health Plan is to improve the health of Tennesseans.
2. **Access:** Every citizen should have reasonable access to health care.
3. **Economic Efficiencies:** The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

4. **Quality of Care:** Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.
5. **Workforce:** The state should support the development, recruitment and retention of a sufficient and quality health care workforce.

Definitions

Licensed Beds: The number of beds licensed by the agency having licensing jurisdiction over the facility.

Staffed Beds: Beds that are licensed and physically available for which staff is on hand to attend to the patient who occupies the bed. Staffed beds include those that are occupied and those that are vacant.

Rural Area: A proposed service area shall be designated as rural in accordance with the U.S. Department of Health and Human Services (HRSA) Federal Office of Rural Health Policy's *List of Rural Counties and Designated Eligible Census Tracts in Metropolitan Counties*. This document, along with the two methods used to determine eligibility, can be found at the following link:

http://www.hrsa.gov/ruralhealth/resources/forhpeligibleareas.pdf

For more information on the Federal Office of Rural Health Policy visit:

http://www.hrsa.gov/ruralhealth/

Service Area: The county or counties represented in an application as the reasonable area in which a facility intends to provide services and/or in which the majority of its patients reside.

Standards and Criteria

1. **Determination of Need:** The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year.

   Using the latest utilization and patient origin data from the Joint Annual Report of Hospitals and the most current populations projection series from the Department of Health, both by county, calculate need based on the following:

Step 1

Determine the current Average Daily Census (ADC) in each county,

$$ADC = \frac{\text{Patient Days}}{365 \text{ (366 in leap year)}}$$

Step 2

To determine the service area population (SAP) in both the current and projected year(s):

a. Begin with a list of all the hospital discharges in the state, separated by county, and showing the discharges both by county where the patient actually lives (resident discharges), and the county in which the patient received medical treatment.

b. For the county in which the hospital is (or would be) located (service county), determine which other counties have patients who are treated in your county (resident counties). Treat all of the discharges from another state as if that whole state were a single resident county. The total discharges of residents from another state should be calculated from state populations estimates and the latest National Center for Health Statistics southeastern discharge rates.

c. For each resident county, determine what percent of their total resident discharges are discharged from a hospital in the proposed/existing service county (if less than one percent, disregard).

d. For each resident county, apply the percentage determined above to the county's population (both projected and current). Add together the resulting numbers for all the resident counties and add that sum to the projected and current population of your service county. This will give you the service area population (SAP).

Step 3

Determine projected Average Daily Census as:

Projected ADC=Current ADC X Projected SAP
Current SAP

Step 4

Calculate Projected Bed Need for each county as:

Projected Need=Projected ADC +2.33 X (Square Root of Projected ADC)

However, if projected occupancy:

Projected Occupancy: Projected ADC X 100
Projected Need

If greater than 80 percent, then calculate projected need:

Projected Need = Projected ADC
.8

a. New hospital beds can be approved in excess of the "need standard for a county" if the following criteria are met:

    i. All existing hospitals in the proposed service area have an occupancy level greater than or equal to 80 percent for the most recent Joint Annual Report. Occupancy should be based on the number of staffed beds for two consecutive years.

        1. In order to provide adequate information for a comprehensive review, the applicant should utilize data from the Joint Annual report to provide information on the total number of licensed and staffed beds in the proposed service area. Applicants should provide an explanation to justify any differences in staffed and licensed beds in the applicant's facility or facilities. The agency board should take into consideration the ability of the applicant to staff existing unstaffed licensed beds prior to approving the application for additional beds.

The following table should be utilized to demonstrate bed capacity for the most recent year.

Total Beds			
Total Licensed Beds	Staffed beds set up and in use on a typical day	Licensed beds not staffed	Licensed beds that could not be used within 24-48 hours

ii. All outstanding CON projects for new acute care beds in the proposed service area are licensed.

iii. The Health Services and Development Agency may give special consideration to applications for additional acute care beds by an existing hospital that demonstrates (1) annual inpatient occupancy for the twelve (12) months preceding the application of 80 percent or greater of licensed beds and (2) that the addition of beds without a certificate of need as authorized by statute will be inadequate to reduce the projected occupancy of the hospital's acute care beds to less than 80 percent of licensed bed capacity.

b. In accordance with Tennessee Code Annotated 68-11-14607 (g), "no more frequently than one time every three years, a hospital, rehabilitation facility, or mental health hospital may increase its total number of licensed beds in any category by ten percent or less of its licensed capacity at any one campus over any period of one year for any services it purposes it is licensed to perform without obtaining a certificate of need". These licensed beds that were added without a certificate of need should be considered as part of the determination of need formula by the agency.

i. Applicants should include information on any beds that have been previously added utilizing this statute.

c. Applicants applying for acute care beds in service area counties where there is no hospital, and thus no bed occupancy rate numbers to provide for the need formula, should provide any relevant data that supports its claim that there is a need for acute care beds in the county or counties. Data may include, for example, the number of residents of the county or counties who over the previous 24 months have accessed acute care bed services in other counties.

Data: Applicants should utilize population data from the University of Tennessee, Tennessee State Data Center, Boyd Center for Business & Economic Research (UTCEBER) for determination of need calculations. These data are made publicly available at the following link:

http://tndata.utk.edu/sdcpopulationprojections.htm

Department of Health Acute Care Bed Need Projections are available upon request at the following link under "Submit a Request":

https://tn.gov/health/section/statistics

Note: A Critical Access Hospital (CAH) that has Centers for Medicare and Medicaid Services (CMS) approval to furnish swing bed services may use any acute care bed within the CAH for the provision of swing bed services, with the following exceptions: within their IPPS-excluded rehabilitation or psychiatric distinct part unit, in an intensive care-type unit, and for newborns.

See: https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/SwingBedFactsheet.pdf

2. **Quality Considerations:** Applicants should utilize Centers for Disease Control & Prevention's (CDC) National Healthcare Safety Network (NHSN) measures. Applicants must provide data from the most recent four quarters utilizing the baseline established by the NHSN within the dataset.

Data Source: Hospital Compare
https://www.medicare.gov/hospitalcompare/search.html?

Applicants should utilize the following table to demonstrate the quality of care provided at the existing facility.

Centers for Disease Control & Prevention's (CDC) National Healthcare Safety Network (NHSN) Measures				
Measure	**Source**	**National Benchmark**	**Hospital Standardized Infection Ratio (SIR)**	**Hospital Evaluation (above, at, or below national benchmark)**
Catheter associated urinary tract infection (CAUTI)	Hospital Compare: Complications & Deaths – Healthcare-associated infections	Standardized infection ratio (SIR) national benchmark = 1.		
Central line associated blood stream infection (CLABSI)	Hospital Compare: Complications & Deaths – Healthcare-associated infections	Standardized infection ratio (SIR) national benchmark = 1.		
Methicillin resistant staphylococcus aureus (MRSA)	Hospital Compare: Complications & Deaths – Healthcare-associated infections	Standardized infection ratio (SIR) national benchmark = 1.		
Clostridium difficile (C.diff.)	Hospital Compare: Complications & Deaths – Healthcare-associated infections	Standardized infection ratio (SIR) national benchmark = 1.		
Surgical Site Infections (SSI)				
SSI: Colon		Hospital Compare: Complications & Deaths – Healthcare-associated infections	Standardized infection ratio (SIR) national benchmark = 1.	

SSI: Hysterectomy	Hospital Compare: Complications & Deaths – Healthcare-associated infections	Standardized infection ratio (SIR) national benchmark = 1.		
		National Average	**Tennessee Average**	**Hospital Percentage**
Healthcare work influenza vaccinations	Hospital Compare: Timely & Effective Care – Preventive Care			

Applicants should provide the above metrics and any improvement plans that are in place to improve the hospital's performance on these metrics.

In addition to the above metrics, the applicant should list, or briefly summarize, any significant quality accreditations, certifications, or recognitions that might be appropriate for Agency consideration (i.e. Joint Commission, TDH/BLHCF survey results, CMS standing, and/or clinical quality awards).

The above metrics should serve as a guide for the Agency to better understand the quality of care that is provided by the applicant at the existing facility. National and state averages serve as an indicator by which the board may evaluate the applicant.

Note: In the event quality data is unavailable for an applicant's existing facility, the applicant should provide data from a comparable, existing facility owned by the applicant. If no comparable data is available, the absence of such information should not disadvantage the applicant over another with available quality data.

3. **Establishment of Service Area:** The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant.

4. **Relationship to Existing Similar Services in the Area:** The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall include the likely impact of the proposed increase in acute care beds on existing providers in the proposed service area and shall include how the applicant's services may differ from these existing services. The agency should consider if the approval of additional beds in the service area will result in unnecessary, costly duplication of services. This is applicable to all service areas, rural and others.

   The following tables should be utilized to demonstrate existing services in the proposed service area.

Facility	County	20XX Licensed Beds	Patient Days			Licensed Occupancy			% Change in Patient Days 20XX-20XX
			20XX	20XX	20XX	20XX	20XX	20XX	
Total									

Facility	County	20XX Staffed Beds	Patient Days			Staffed Occupancy			% Change in Patient Days 20XX-20XX
			20XX	20XX	20XX	20XX	20XX	20XX	
Total									

Rural: Additional acute care beds should only be approved in a rural service area if the applicant can adequately demonstrate the proposed facility will not have a significant negative impact on existing rural facilities that draw patients from the proposed service area.

5. **Services to High-Need and Underserved Populations:** Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements

of certain high-need populations, including uninsured, low-income, and underserved geographic regions, as well as other underserved population groups.

6. **Relationship to Existing Applicable Plans; Underserved Area and Population:** The proposal's relationship to underserved geographic areas and underserved population groups shall be a significant consideration.

7. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is a limited access in the proposed service area.

8. **Adequate Staffing:** An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed service area.

9. **Assurance of Resources:** The applicant shall document that it will provide the resources necessary to properly support the applicable level of services. Included in such documentation shall be a letter of support from the applicant's governing board of directors, Chief Executive Officer, or Chief Financial Officer documenting the full commitment of the applicant to develop and maintain the facility resources, equipment, and staffing to provide the appropriate services. The applicant shall also document the financial costs of maintaining these resources and its ability to sustain them.

10. **Data Requirements**: Applicants shall agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

11. **Quality Control and Monitoring:** The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system.

Rationale: This section supports the State Health Plan's Fourth Principle for Achieving Better Health regarding quality of care.

12. **Licensure and Quality Considerations:** Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH. The applicant shall also demonstrate its accreditation status with the Joint Commission or other applicable accrediting agency.

13. **Community Linkage Plan:** The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care.

    Rationale: The 2014 Update to the State Health Plan moved from a primary emphasis of health care to an emphasis on "health protection and promotion". The development of primary prevention initiatives for the community advances the mission of the current State Health Plan.