

Delaware’s Process for Planning and Approving New or Expanded Medical Facilities

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Abstract

This article aims to inform public health professionals and planners about Delaware’s Certificate of Public Review (CPR) program—the state’s statutory process regulating the review and approval of eligible applications for new or expanded medical and skilled nursing facilities.

Delaware’s CPR process is facilitated by an appointed Health Resources Board (HRB). The HRB’s primary purpose is to promote continual “public scrutiny of certain healthcare developments [that] could negatively affect the quality of health care or threaten the ability of health care facilities to provide services to the medically indigent.”¹

As the state’s population increases, so will the demand for appropriate and accessible healthcare services. In particular, Delaware’s most vulnerable populations, including its increasing older adult population, will continue to be primary drivers of the state’s healthcare services. Delaware’s Community Health Needs Assessment process identifies specific health indicators that also will impact the state’s delivery of resources and services. Understanding the CPR process and the demands for new or expanded health resources is important in helping local healthcare providers, planners, and state and local officials make informed decisions about long-term infrastructure and built environment issues among the state’s growing communities.

Introduction and Background

While evaluation and oversight of the state’s proposed health facilities might not be a common consideration among professionals in the fields of public health or planning, Delaware’s Certificate of Public Review (CPR) program is well-established and stems from a long history of government regulations aimed at monitoring healthcare costs and coordinating services based on the needs of local communities.

Initiated in the 1970’s, the federal government’s National Health Planning and Resources Development Act (NHPRDA) established a mandate requiring state-level oversight—Certificate of Need (CON) programs—of any proposed new health facilities, services, and major capital expenditures. Arguably, the ultimate goal of the federal requirement was to minimize inflation associated with the primary drivers of healthcare costs during that time and to ensure that new or expanded services were being fairly distributed among disadvantaged populations.^{2,3}

Over time, and with much debate about the impact of state CON programs, the NHPRDA was repealed.

Opposition of CON programs is often framed around concerns that reduced price competition among facilities actually encourages spending and that market (versus political) forces should drive the process. Conversely, advocates of the programs argue that healthcare should not be considered a “typical” economic commodity, and that CON programs limit unnecessary

healthcare spending by promoting the distribution of services and resources to areas that might otherwise be overlooked. And, while opponents of the process question the consistency among CON program administration, supporters suggest that a structured evaluation process promotes public input and accountability.^{3,4}

Despite ongoing deliberations about and changes to these programs over the past three decades, many states retained their CON programs.³ In the late 1990s, Delaware's program was replaced by the state's CPR program, which is facilitated through the Health Resources Board (HRB). The Board comprises a chair, vice chair, and 13 members, each appointed to three- year terms by the Governor. HRB members represent all three counties, the public at large, and industry designees.

The state's Health Care Commission currently staffs the HRB and provides important administrative resources to the board, such as information on new CPR applications, meeting materials, status of review subcommittees, and data to help guide the process.

Pursuant to Delaware code, the responsibilities of the HRB include the development of a Health Resources Management Plan,^{1,5} which was first adopted in 1995. The HRMP includes guiding principles and establishes criteria for the committee to use in reviewing eligible CPR applications. In 2017, the HRMP was revised by the Delaware HCC and the HRB with the goal of promoting the state's overall health planning framework, including Delaware's Triple Aim Plus One and Health Care Innovation Plan, which emphasizes improved health outcomes, quality of care, lower healthcare costs, and enhanced provider satisfaction.

As indicated in the recently updated edition of the HRMP, Delaware's CPR process, "in tandem with community-based planning efforts, helps to protect the statewide healthcare infrastructure necessary to meet the expected and projected healthcare needs of all Delawareans." In doing so, the CPR process aims to improve geographic and economic access to healthcare for all Delaware residents.²

HRMP updates are intended to address current activities and pave the way for a more efficient healthcare system in Delaware. The latest version, which was approved by Delaware Health and Social Services Secretary Kara Odom Walker on July 13, 2017, can be reviewed by visiting <http://dhss.delaware.gov/dhss/dhcc/hrb/files/hrmpupdateseptember2017.pdf>.

Requirements, Review Considerations, and Guiding Principles of Delaware's CPR Program

In accordance with state law, Delaware's CPR process is applicable for any activities that include the construction, acquisition, or development of a healthcare facility, a capital expenditure in excess of \$5.8 million, an increase in bed capacity, or the acquisition of major medical equipment. In reviewing CPR proposals, the Delaware HRB uses three primary evaluation sources:

1. Statutory criteria pursuant to Delaware code.
2. Guiding principles that represent the major ideas of the state's overall healthcare reform model.
3. Project specific mathematical need calculations.

Statutory criteria used to review applications include seven standards. Those most relevant to planning and the location of facilities include the need of the population for the proposed project,

the availability of less costly and/or more effective alternatives, and the relationship of the proposal to the existing healthcare delivery system. Therefore, macro-level review and analysis of population projections from the U.S. Census Bureau and the Delaware Population Consortium, in addition to referral patterns in the proposed service area, provide important information for the Delaware HRB in considering CPR applications. The impact on costs, employment, diversity of providers and patient choice in the defined service area are also important elements to be included with application materials. Proposals should also describe plans for care of patients without private insurance and those who are medically underserved within the area.

Guiding principles related to the statutory criteria are also used during the review process. These principles are stipulated by the HRMP and encourage projects that:

- Strive for balance among access, cost, and quality of care issues.
- Contribute to the care of the medically indigents
- Support a managed, coordinated approach to serving the needs of the population.
- Account for the availability of out-of-state resources.
- Discourage incentives for overutilization (including self-referrals).
- Enhance meaningful markets.
- Promote prevention activities such as early detection and healthy lifestyles.

Statewide Trends Impacting the CPR Process

Since 2005, over 40 CPR applications have been reviewed by the state’s HRB, which can be referenced through the Delaware HCC website.⁶ Delaware’s population projections and health indicator trends continue to impact the applications considered through the CPR program.

Projections provided by the Delaware Population Consortium, and referenced in the most recent Delaware Nursing Home Utilization Statistics report, illustrate the expected increases among the state’s older population cohorts over the next several decades (see Table 1). Between 2015 and 2050 Delaware’s 65 and older (65+) population is expected to grow by more than 100 percent. The state’s oldest population cohorts (70–79, 80–84, 85+) are projected to increase most rapidly.

The growing size and the changing demographics of Delaware’s population are key to understanding of the distribution of nursing homes, the number of licensed nursing home beds, and their utilization. In 2016, 46 Delaware nursing homes operated a total of 4,876 licensed beds. The majority of Delaware nursing homes were privately owned and operated in 2016.

Table 1. Delaware Population Projections (2015-2050) Age 60+, by Age Cohort⁷

Age Breakdowns								
Age	2015	2020	2025	2030	2035	2040	2045	2050
60–64	57,492	65,236	67,065	64,371	60,661	59,528	64,865	67,502
65–69	50,681	55,887	62,885	64,961	62,361	58,850	57,923	63,215
70–74	37,811	47,464	51,825	58,494	60,510	58,089	54,942	54,293
75–79	26,917	33,664	41,931	45,918	51,841	53,681	51,598	48,987

80–84	18,872	22,285	27,711	34,747	37,999	42,894	44,520	42,896
85+	19,378	23,467	27,578	33,873	42,493	49,426	56,270	60,755
Age Totals								
Total Age	2015	2020	2025	2030	2035	2040	2045	2050
60+	211,151	248,003	278,995	302,364	315,865	322,468	330,118	337,648
65+	153,659	182,767	211,930	237,993	255,204	262,940	265,253	270,146
75+	65,167	79,416	97,220	114,538	132,333	146,001	152,388	152,638
85+	19,378	23,467	27,578	33,873	42,493	49,426	56,270	60,755
Percent Change								
Age	2015	2020	2025	2030	2035	2040	2045	2050
60+	0.0%	17.5%	32.1%	43.2%	49.6%	52.7%	56.3%	59.9%
65+	0.0%	18.9%	37.9%	54.9%	66.1%	71.1%	72.6%	75.8%
75+	0.0%	21.9%	49.2%	75.8%	103.1%	124.0%	133.8%	134.2%
85+	0.0%	21.1%	42.3%	74.8%	119.3%	155.1%	190.4%	213.5%

Since 2006, overall occupancy rates for private nursing home facilities in all three counties have remained near 90 percent.⁸

In addition to the aforementioned demographic trends and nursing home data, indicators listed below have been identified through the state's Community Health Needs Assessment process as problem areas in need of attention in Delaware⁹:

- Healthy eating and active living
- Cancer prevention and control
- Access to healthcare services
- Maternal and infant health
- Violence and public safety
- Social determinants of health

These indicators, in addition to other Delaware-specific information available through the Behavioral Risk Factor Surveillance System, connect current and projected healthcare issues with need for new or expanded facilities among the state's counties and local jurisdictions. Specific examples within these indicators include statewide chronic disease rates (cancer and heart disease incidence) as well as exercise, lifestyle, and substance abuse trends among all Delawareans.⁹ As noted in the 2017 Report of State Planning Issues, Delaware has the 17th highest adult obesity rate in the country, and the 9th highest among high school students nationally.¹⁰

Conclusion

Delaware's CPR process continues to be a significant component of the state's evolving healthcare agenda. With demographic trends, medical needs, and technological advances driving the process, CPR applications will reflect the emerging needs of local communities. As described by the Cabinet Committee on State Planning Issues and Delaware Office of State Planning Coordination, a healthy community is one that includes a mixture of recreational and service options—including medical care and medical facilities.¹⁰

As public health professionals and planners continue to interact on health indicators and outcomes, data and information sharing about the CPR process and the trends impacting the program will be increasingly critical. In conjunction with demographic trends and health indicator data available, learning about the types of new or expanded medical facilities being proposed throughout the state can provide community members, local officials, planners, and public health professionals with additional information needed to appropriately plan for the infrastructure required to support these proposed projects.

While local government comprehensive plans often address an area's need for new or expanded healthcare facilities, municipalities do not have direct control of where medical facilities are located. Data and information sharing among local officials, planners, and HRB members could help bridge this gap while supporting broader, county- and statewide planning initiatives such as Plan4Health or other collaborative efforts. Furthermore, understanding the evolving medical needs of our communities can help local policy makers in promoting healthier lifestyles through the built environment.

Acknowledgments

This article is written from a public-at-large perspective and does not represent the members of Delaware Health Resources Board.

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