PROPOSED POLICY MANUAL FOR PLANNING AND CERTIFICATE OF NEED REVIEWS OF LONG-TERM CARE FACILITIES AND SERVICES WITHIN THE STATE OF NEW JERSEY

HEALTH PLANNING SERVICES
NEW JERSEY STATE DEPARTMENT OF HEALTH

Approved for initial publication by the
Health Care Administration Board
on June 5, 1980

NJ/KA8
H4/N8
1980
c. 2

INTRODUCTION

The 1971 Health Care Facilities Planning Act, as amended in 1978, (N.J.S.A. 26:2H-1 et seq. and N.J.S.A. 26:2H-8) established as public policy of the State of New Jersey "that hospital and related health care services of the highest quality, of demonstrated need, efficiently provided and properly utilized at a reasonable cost are of vital concern to the public health."[1]

To implement this policy, Chapter 83 has given the State Department of Health "the central, comprehensive responsibility for the development and administration of the State's policy with respect to health planning, hospital and related health care sevices and health care facility cost containment programs, and all public and private institutions, whether State, county, municipal, incorporated and not incorporated, serving principally as boarding, nursing or maternity homes or other homes for the sheltered care of adult persons or as facilities for the prevention, diagnosis or treatment of human disease, pain, injury, deformity, or physical condition(s)."[2]

"No health care facility shall be constructed or expanded, and no new health care services shall be instituted except upon application for and receipt of a Certificate of Need."[3]

The Department of Health has a major responsibility for the promotion of quality health services rendered in an efficient and economical manner and available to all citizens of the State. To insure significant progress toward the achievement of this goal, planning and Certificate of Need activities will be directed toward the provision of long-term care facilities and services which:

1. "improve the health of residents of a health service area,
2. "increase the accessibility (including overcoming geographic, architectural and transportation barriers), acceptability, continuity, and quality of health services provided them,
3. "restrain increases in the costs of providing them health services, and
4. "prevent unnecessary duplication of health resources."[4]

[1]Chapter 136, N.J.S.A. 26:2H-1, as amended.

[2]Ibid.

[3]Chapter 136, N.J.S.A. 26:2H-7, as amended.

[4]P.L. 93-641, Section 1513(a).

No problem poses a greater challenge to health planning than that of long-term care for the frail elderly.[5] The needs of the frail and disabled elderly population are manifold and complex, encompassing a broad range of medical, social, personal, psychological, and income-maintenance services. The actual sources of care are similarly manifold and complex. While 5 percent of the over-65 population resides, at any given time, in institutional long-term care facilities, anywhere from two to four times as many others receive some level of services in licensed or unlicensed boarding homes, from non-institutional community agencies or, most notably, from families and friends.[6]

There is widespread recognition that current patterns of financing and providing long-term care services are highly unbalanced, with an emphasis almost exclusively on institutional services organized along a "medical model" of care. While some proportion of the chronically impaired elderly clearly require medical services in an institutional setting, many others are placed in such institutions because of the unavailability of noninstitutional services, even though such services may be more desirable, more economical, and more humane.[7] In many parts of the country, including much of New Jersey, there are substantial waiting lists for nursing home placement at the same time that many of those admitted to nursing homes might prefer in-home or quasi-institutional services.

[5]Properly speaking, long-term care services are also needed by the mentally ill, the mentally retarded, the developmentally disabled, those who are dependent on drugs or alcohol, and those who need long-term rehabilitative services following an accident or acute illness. Therefore, this manual is, in a sense, incomplete, since it specifically addresses only the needs of the frail elderly and chronically ill. The Department particularly recognizes the special needs of discharged psychiatric hospital patients. These other aspects of long-term care warrant and will receive treatment in the future.

[6]U.S. General Accounting Office, Entering a Nursing Home - Costly Implication for Medicaid and the Elderly, Comptroller General's Report to the Congress (PAD-80-12, November, 1979) pages 22ff.

[7]Ibid., page I.

It is common for health planners to speak of the need for a system of care, and nowhere is that need greater than in long-term care. Such a system should be based on the following assumptions and propositions:

- The needs of the frail elderly require an integrated, coordinated, comprehensive spectrum of services responsive to the enormous variety and frequent instability of impairments and functional deficits. The development or expansion of free-standing institutions providing only a single level of services should thus be discouraged, unless adequate demonstration of coordination with other services is made.

- All those in need of services should receive them in the least restrictive and most homelike environment conducive to appropriate service delivery. Thus, it shall be the policy of this Department to discourage the construction of additional inpatient nursing care beds as the only response to the long-term care needs of the chronically impaired elderly.

- The assistance and support of family, friends, and social institutions such as religious or fraternal organizations should be encouraged and supported by public policy, rather than discouraged or ignored, as is now frequently the case. In order to avoid severing the links of the frail elderly to life-long patterns of social support, long-term care systems must emphasize the connections between institutional, as well as non-institutional, services and broader geographical or sociological communities.

- The quality of services must always be a paramount consideration, because of the particular vulnerability of the population being served. In this regard, it should be emphasized that long-term care institutions are places where people live for an average of more than 18 months.

- The cost-effectiveness of service provision must always be a major concern, because long-term care services are inherently quite costly, and because the financing of such services already constitutes a serious drain on increasingly limited budgetary resources. This concern with cost-effectiveness need not conflict with other objectives of quality, appropriateness, or acceptability. Indeed, it is entirely consonant with them in many instances, as in the substitution of non-institutional for institutional care.

While health planning must be directed at the development of a long-term care system, implementation must often focus on particular decisions addressed at parts of the problem. Development of a satisfactory, comprehensive long-term care system is seriously hindered by federal financing and regulatory policies, budgetary constraints, the absence of an adequate data base in many areas, and frequent disagreement among professional experts.

Over the last several years, the Department of Health, often in conjunction with other agencies of State government, has taken a number of steps towards improvement of the long-term care system. These include:

- Systematic restructuring and strengthening of the process of licensing, inspecting, and regulating the quality of care in long-term care facilities.
- A complete revision of the methodology for determining Medicaid reimbursement rates for long-term care, undertaken in cooperation with the Department of Human Services, resulting in a system that provides adequate payment for efficient providers of quality care while preventing pecuniary abuses.
- Issuance of a regulation requiring acceptance of indigent recipients as a condition of licensure.
- Issuance of a regulation, advocated by the Public Advocate, controlling non-medically justified discharge from nursing homes.
- Granting of priority in approving Certificate of Need applications to facilities that agree to provide a significant number of Medicaid beds.
- Encouragement of dual SNF/ICF licensure to insure that changes in patient status will not require traumatic relocation.
- Development, in a joint effort with the Departments of Human Services and Community Affairs, of comprehensive boarding home reform legislation.
- Development of licensure standards for medical day care services.
- Exploration, at the initiative of the Department of Human Services, of innovative means of financing construction of long-term care facilities.

Each of these activities have been one concrete step towards development of an improved long-term care system. This manual represents another, admittedly partial in focus, but conceived and developed in the context of systems goals. It sets forth standards and guidelines which are intended to provide substantive criteria for the planning, development, and review of long-term care facilities and services within the State of New Jersey.

This manual is to be distinguished from the "Guidelines and Criteria for Submission of Application for Certificate of Need" published by the New Jersey State Department of Health. The latter document identifies the procedures, rules, and regulations to implement N.J.S.A. 26:2H-1 et seq. (1971 Health Facilities Planning Act), as amended, Public Law 92-603 (Section 1122 of the Social Security Act), Public Law 93-641 (The National Health Planning and Resources Development Act of 1974), and Public Law 96-79 (Health Planning and Resources Development Amendments of 1979). This document, on the other hand, presents substantive criteria for the planning of long-term care facilities and services within the State. It is these policies, standards, and guidelines which shall be applied in the review of proposed actions requiring Certificate of Need authorization.

These criteria will focus on the long-term care facility as a defined community, appropriately offering, or providing access to, a continuum of services at the appropriate level and time for each resident. Thus, long-term care services should be planned and developed to assure that inpatient nursing care does not become the care of first choice unless it is clearly medically necessary. This does not preclude the provision of various long-term care services (including medical or social day care, home health care, residential health care, congregate housing, and nutrition services, for example) from a setting that does not also offer inpatient services. In many instances, these non-inpatient services can serve as alternatives to institutionalization and will be encorged throughout the State. However, to foster a system of long-term care services, it is essential that inpatient and outpatient services be linked together through written referral and transfer mechanisms.

This manual also emphasizes the need to provide quality long-term care services. While measures of quality are often difficult to construct and even more difficult to monitor, several quality standards and guidelines are presented. Institutions with a demonstrated history of providing high quality services are given encouragement to expand services; those with poor records are discouraged. In conjunction with these efforts and in keeping with the concept of community, the manual includes maximum size guidelines for both long-term and residential health care facilities, in that the larger the facility, the wider the geographical radius it must draw upon for its residents.

CHAPTER II

GENERAL POLICIES

THE GENERAL POLICIES IDENTIFIED HEREIN SHALL
APPLY TO ALL LONG-TERM CARE FACILITIES LICENSED AND REGULATED
UNDER CHAPTER 136 (N.J.S.A. 26:2H-1 ET SEQ.)
AND AMENDMENTS THERETO

GENERAL POLICIES

1. "No Certificate of Need shall be issued unless the action proposed in the application for such certificate is necessary to provide required health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of adequate and effective health care services."[8]

2. No Certificate of Need shall be given consideration by the Department of Health from a long-term care facility licensed for skilled or intermediate care which does not have an acceptable long-range plan pursuant to N.J.A.C. 8:31-16.1 on file with the Department prior to submission of its application or by the date agreed to by the Department of Health. The only exceptions to this policy will be in regard to emergency repairs or transfer of ownership. The long-range plan update shall be due every three years or as determined by the Department. All other related facilities which subsequently may be obligated to file a long-range plan with the State pursuant to N.J.A.C. 8:31-16.1 shall be denied Certificate of Need approval until such time that they have complied with the requirements of this law. Except for applications requiring an administrative review, no Certificate of Need shall be issued if the subject of the application is not anticipated in the "Certificate of Need forecast" of the institution's most recently accepted long-range plan. Exceptions to the "forecast" can be made for applications of unusual merit, particularly if they respond to other State and federal policies, arise in response to emergency situations, or result from unforeseen growth in volume.

3. It is the policy of the State of New Jersey to encourage planning which:

   a. is directed toward the achievement of national health planning goals and guidelines issued pursuant to Section 1501 and priorities referenced in Section 1502 of Public Law 93-641, "The National Health Planning and Resources Development Act of 1974";

   b. promotes actions consistent with the New Jesey State Health Plan, the State Medical Facilities Plan, and other Departmental policies and regulations;

   c. promotes and is consistent with the goals and objectives of the Health Systems Plan for the health service area in which the proposed action is planned; and

   d. promotes prevention of disease and disability through early intervention and the provision of preventive and rehabilitative services, and encourages the continued development of alternative service modalities to substitute for inpatient long-term care and alternative facilities to substitute for inpatient construction.

   Special consideration in the awarding of Certificates of Need shall be given to applications which promote items 3a, b, c, and d above.

4. Institutions which engage in cooperative regional planning and which demonstrate that they are sharing their resources on a regional basis shall be given special consideration in the awarding of Certificates of Need.

[8] Chapter 136, N.J.S.A. 26:2H-8, as amended.

5. Long-term care facilities seeking Certificate of Need approval to add beds to an existing facility or to construct a new facility must demonstrate an efficient use of existing beds. Among the factors to be considered in assessing the efficient use of existing beds shall include:

   a. documentation of efforts by the facility to operate an optimal utilization review program for all patients, including an efficient discharge program;

   b. documentation that the facility is participating in its Local Medical Assistance Unit assessment activities, when applicable; and

   c. a description of the alternatives to inpatient modalities that were considered by the facility and why they were rejected.

CHAPTER III

DEFINITIONS

DEFINITIONS

In this document the terms "Standards", "Guidelines", and "Community Concept" have specific meaning, as follows:

Standards: The specific requirements that applicants must satisfy in developing applications for Certificate of Need approval. To the extent practicable, standards address measurable characteristics that such applications must meet.

Guidelines: Those general factors to be considered in applying a given standard, or to guide decision-making in areas for which specific standards are not available or would not be appropriate.

Community Concept: An integrated, coordinated, and comprehensive system of care which includes the assistance and support of family, friends, and social institutions. It recognizes that there is a continuum of care needed that provides access to services at the appropriate level and time, insuring that inpatient care does not become the care of first choice unless it is clearly medically necessary; and that long-term care institutions are places where people live.

CHAPTER IV

STANDARDS AND GUIDELINES FOR PLANNING AND CERTIFICATE OF NEED REVIEWS OF LONG-TERM CARE FACILITIES AND SERVICES

THE STANDARDS AND GUIDELINES DEFINED

HEREIN SHALL APPLY TO ALL LONG-TERM CARE FACILITIES LICENSED

AND REGULATED UNDER CHAPTER 136 (N.J.S.A. 26:2H-1

ET SEQ.) AND AMENDMENTS THERETO.

STANDARDS AND GUIDELINES

I. SIZE OF FACILITIES

STANDARDS

STANDARD I-01, MINIMUM SIZE, LONG-TERM CARE FACILITIES

The minimum size for a long-term care facility licensed for skilled or intermediate care shall be 60 beds. Size of facilities should be based upon even multiples of 60-bed nursing units to maximize cost efficiency.

This standard shall not apply to:

1. Facilities licensed for fewer than 60 beds at the time of adoption of this regulation unless a bed expansion is planned. Where there is a documented need for additional beds within a planning region, the preferred manner for authorizing bed additions shall be to add beds to an efficiently operated existing facility whose bed capacity will be brought up to 60 beds or the next highest multiple of 60 beds by this addition.

2. Facilities proposing renovations or improvements in their physical plant necessary to meet minimum State and Federal Life Safety Code requirements. (A renovation plan with costs which equal or exceed the cost of replacement will be considered as a proposal for new construction and the policies which apply to new construction will apply to it).

3. Distinct units in efficiently operated general hospitals, where minimum size shall be 30 beds.

4. Facilities where a small number (up to 10) of beds can be added for minimal capital cost.

GUIDELINES

GUIDELINE I-01, MAXIMUM SIZE, LONG-TERM CARE FACILITIES

The recommended maximum size of any long-term care facility licensed for skilled or intermediate care is 240 beds. This guideline may be exceeded in situations where existing facilities currently exceed 240 beds.

GUIDELINE I-02, MAXIMUM SIZE, RESIDENTIAL HEALTH CARE FACILITIES

The recommended maximum size of any residential health care facility is 100 beds. This guideline may be exceeded in situations where existing facilities currently exceed 100 beds.

II. COST EFFECTIVENESS

STANDARDS

STANDARD II-01, CERTIFICATE OF NEED - FACTORS IN ASSESSMENT

In making determinations on requests for Certificate of Need approval "there shall be taken into consideration (a) the availability of facilities or services which may serve as alternatives or substitutes, (b) the need for special equipment and services in the area, (c) the possible economies and improvement in services to be anticipated from the operation of joint central services, (d) the adequacy of financial resources and sources of present and future revenues, (e) the availability of sufficient manpower in the several professional disciplines, and (f) such other factors as may be established by regulation . . ."[9]

STANDARD II-02, INSTITUTING SERVICES WITHOUT PRIOR CERTIFICATE OF NEED APPROVAL

All those long-term care or residential health care facilities that do not apply for a Certificate of Need and that institute new beds, services, equipment, et cetera, for which Certificate of Need approval must be obtained, shall be called unlawful and the facility shall be asked to remove such beds, services, or equipment. No costs for unlawful actions shall be included in rates established for reimbursement to the facility. See "Guidelines and Criteria for Submission of Applications for Certificate of Need", New Jersey State Department of Health.

STANDARD II-03, COOPERATIVE ARRANGEMENTS

Each long-term care or residential health care facility must be responsive to the medical, economic, and social necessities of coordinating its programs and services with other providers in its service area to avoid unnecessary duplication of services, equipment, and personnel. Where a facility initiates a new program or service or expands an existing one, it shall support its application for a Certificate of Need by providing written documentation of existing working relationships or of plans to develop working relationships with other providers in the area. In demonstrating present and proposed working relationships within the service area, the facility, as necessary and appropriate, shall consider the following entities:

1. Hospitals, especially those offering tertiary care services
2. Other inpatient health facilities such as:
    - A. Long-term care facilities
    - B. Residential health care facilities
    - C. Facilities for the mentally retarded

[9] Chapter 136, N.J.S.A. 26:2H-8, as amended.

D. Institutions for the treatment and care of alcohol and drug abusers

E. Homes for the blind and/or deaf

F. Institutions for the emotionally disturbed

G. Other providers of inpatient care

3. Outpatient and nonpatient health services such as:

A. Ambulance services

B. Blood Banks

C. Clinical laboratories

D. Community mental health centers

E. Neighborhood health centers

F. Medical and social day care centers

G. Dental group practices

H. Home health services

I. Medical group practices

J. Rehabilitation services

K. Other providers of outpatient services

4. Major professional categories of providers such as physicians, nurses, psychiatrists, psychologists, dentists, etc.

5. Health professions education programs, especially including schools of medicine, osteopathy, dentistry, nursing, and allied health professions

6. Health maintenance organizations

7. Areawide planning agencies

8. Public health departments

9. County departments of social services

10. Local employment agencies

11. Police departments

12. Other health care providers

GUIDELINES

GUIDELINES II-01, ALTERNATIVES TO INPATIENT CARE

The Department strongly encourges any Certificate of Need applicant for inpatient beds to examine appropriate alternatives to inpatient care and their economic feasibility. No inpatient capital program involving beds shall be approved for a Certificate of Need unless appropriate alternatives to inpatient care and their economic feasibility have been examined and their evaluation documented.

GUIDELINE II-02, COST EFFICIENCY

Priority consideration shall be given to actions which promote cost-effective measures. Determination of whether a proposed action promotes cost effectiveness requires an analysis of the impact of a proposed action or projected payment rates in the applicant facility itself and upon its neighboring related facilities as determined by the Deprartment of Health. Consideration should be given to a projection of payment rates with facilities of comparable size, age, and service array statewide, in the health service area in which the facility is located, and in the local service area served by the applicant, and by applying projected costs to the current reimbursement methodology.

GUIDELINE II-03, QUALITY OF HEALTH SERVICES

Special consideration will be given to Certificate of Need applications which promote the quality of health services rendered in an efficient and economical manner and available to all residents of the facility's service area or all members of its special constituency.

III. EXPANSION AND NEW CONSTRUCTION

STANDARDS

STANDARD III-01, OCCUPANCY RATES

The desired occupancy rates (based on licensed beds) for inpatient facilities shall be:

Long-Term Care	95%
Residential Health Care	95%

STANDARD III-02, NEED FOR BEDS

The need for long-term and residential health care beds shall be governed by the formula and methodology described in the State Medical Facilities Plan and the State Health Plan adopted pursuant to Public Law 96-79. Exceptions to the formula and methodology can be made in determining the need for residential health care beds, in that emphasis shall be placed on the "Health Commissioner's Advisory Committee on Boarding Homes" report of February 23, 1978 and on local Health Systems Agency findings of need.

STANDARD III-03, ADDITION OF BEDS

Long-term care facilities seeking Certificate of Need approval to add beds to an existing facility or to construct a new facility will be required to submit all of the following with the application:

1. documentation demonstrating an occupancy history which meets Standard III-01 for the calendar year preceding submission of the Certificate of Need request and/or occupancy projections for two years, whichever is applicable;

2. documentation demonstrating that the request is in compliance with the documents listed in Standard III-02;

3. documentation demonstrating that the request will provide services that are accessible, acceptable, affordable, and delivered in a cost-effective manner to residents of the proposed service area;

4. documentation that the request will enhance the development of a system of long-term care services in the proposed service area through the provision, either on-site or through contractual agreements, of a continuum of both inpatient and outpatient services. Thus, the applicant must submit copies of referral arrangements with area hospitals, rehabilitation services, home health care agencies, residential health care facilities, congregate housing, and others, if such services are available and appropriate.

5. documentation that the request will foster the development of a community concept among the residents in the long- term care setting; and

6. documentation of a prior record of providing a high quality of care, if the application is for bed addition or an applicant for a new facility has any history of ownership or management of long-term or residential health care facilities. Repeated violations of significant licensure standards or other indicia of poor quality, shall, except in exceptional circumstances, require denial of any application.

GUIDELINES

GUIDELINE III-01, LOCAL OWNERSHIP

To implement Standards III-03, items 4. and 5., the Department encourages local ownership and/or local management of inpatient long-term care facilities within the State.

GUIDELINE III-02, EXCEPTION TO STANDARD III-03, ADDITION OF BEDS

If an applicant cannot submit the documentation required in Standard III-03, item 2., for long-term care beds, new or additional beds may still be approved if the applicant can demonstrate to the local Health Systems Agency and the State Department of Health that other services (residential health care, medical day care, congregate housing, for example) being proposed in the same application will provide a defined community, a portion of which will normally be expected to required inpatient long-term care beds.

IV. PHYSICAL PLANT

STANDARDS

STANDARD IV-01, CERTIFICATE OF NEED REQUIREMENTS FOR MODERNIZATION, RENOVATION OR NEW CONSTRUCTION

Applications for Certificates of Need to modernize, renovate, or initiate new construction should, to the extent possible and practical, be directed toward correcting life safety code violations in catagories "A" and "B", N.F.P.A. Life-Safety Code 101).

Facilities with such violations (whether waivered or not) must contact the Department of Health's Division of Licensure, Certification, and Standards, and the Division of Health Planning and Resources Development to discuss the seriousness of the violations before submitting the application. Applicants for Certificates of Need for modernization or renovation directed toward any other licensing or accrediting violations or deficiencies also must contact the Division of Licensure, Certification, and Standards, and the Division of Health Planning and Resources Development before submitting the application.

V. CONVERSION

STANDARDS

STANDARD V-01, CERTIFICATE OF NEED REQUIREMENTS FOR CONVERSION OF HOSPITAL FACILITIES TO LONG-TERM CARE

Applications for Certificates of Need to convert distinct parts of hospital facilities to long-term care shall be given priority consideration by the Department of Health provided that:

1. They entail a permanent conversion of capacity (i.e., the creation of so-called "swing beds" is not encouraged).

2. There is a bed need in the hospital's service area, and/or the conversion will remove excess acute care beds from the system while mitigating the local economic and labor impact of such a reduction in acute care capacity.

3. The hospital documents plans for providing a suitable living environment for long-stay patients within an appropriate continuum of care.

4. The hospital plans and maintains admission criteria to reserve such beds for patients whose stays can reasonably be expected to be less than 100 days.

5. The capital cost of new beds is less than that of new construction.

6. The applicant generally complies with all other standards and guidelines herein, and will comply with standards and regulations applicable to all long-term care facilities, including reimbursement regulations.

STANDARD V-02, CERTIFICATE OF NEED REQUIREMENTS FOR CONVERSION OF RESIDENTIAL HEALTH CARE FACILITIES TO LONG-TERM CARE

Applications for Certificates of Need to convert entire or distinct parts of residential health care facilities to long-term care shall be given consideration by the Department of Health provided that:

1. There is a State and HSA documented bed need in area.

2. The State Department of Health, local HSA, and county department of social services document that the conversion will not adversely affect the supply of residential health care beds in the area.

3. The conversion can be accomplished with minimal or no additional capital cost.

4. The applicant guarantees that at least 75 percent of the converted beds will be made available for Medicaid or indigent patients.

5. The conversion will not substantially impair the State's ability to implement the "Health Commissioner's Advisory Committee on Boarding Homes" report of February 23, 1978.

6. The applicant generally complies with all other standards and guidelines herein.

VI. LOCATION OF FACILITIES

GUIDELINES

GUIDELINES VI-01, ACCESS, TIME-DISTANCE TO LONG-TERM CARE SERVICES

The location of a proposed new long-term care or residential health care facility should allow for reasonable access to the facility by patients, physicians, and immediate family of the patient. Reasonable access is interpreted to mean not more than 25 miles from the point of origin of the patient, except for a facility serving a statewide clientele.

GUIDELINE VI-02, ACCESS TO PUBLIC TRANSPORATION

Where possible, each facility shall be located where access is easily gained by low-cost public transportation.

GUIDELINE VI-03, PHYSICAL ENVIRONMENT (A)

Each facility shall be located so as to be served by all necessary utilities and must conform to the transportation and land use plan of the area.

GUIDELINE VI-4, PHYSICAL ENVIRONMENT (B)

Where possible, the site of any new facility construction must allow for future expansion, provide ample parking, and conform to local zoning and building requirements.

GUIDELINE VI-05, EXPOSURE TO ADVERSE ENVIRONMENTAL CONDITIONS

Long-term care and residential health care facilities should be located so as to prevent exposure of patients to adverse environmental conditions which might hamper or interfere with their care, including excessive noise levels, offensive odors, or unsightly physical surroundings.

GUIDELINE VI-06, SAFETY

Long-term care and residential health care facilities should be located so as to reduce the risks of physical harm resulting from physical environmental factors upon patients, staff, or visitors entering or leaving the facility.

GUIDELINE VI-07, ZONING AND LAND USE APPROVALS

Long term care and residential health care facilities should not seek formal zoning or land use approval prior to receiving an approved Certificate of Need. While there may be some cases when circumstances promote quick and inexpensive approvals from government agencies for land use prior to Certificate of Need approval, facilities generally should not enter into costly land use approval procedures until a Certificate of Need is approved.

VII. ENVIRONMENTAL IMPACT

STANDARDS

STANDARD VII-01, ENVIRONMENTAL IMPACT STATEMENT

An Environmental Impact Statement is required as supporting documentation for location and/or relocation of health facilities proposed to be funded through the use of Farmers Home Administration or Federal Housing Administration resources.

VIII. FINANCIAL FEASIBILITY

STANDARDS

STANDARD VIII-01, DEMONSTRATION OF FINANCIAL FEASIBILITY

Applicants for Certificates of Need must demonstrate:

a. sufficient resources to obtain financing at reasonable rates, and to maintain operations if there are temporary interruptions to cash flow; and

b. ability to operate with such costs so that the operator can be expected to provide for a reasonable percentage of Medicaid or indigent patients.

STANDARD VIII-02, LEAST-COST FINANCING

As a condition of approval for all long-term care Certificates of Need, applicants must make reasonable efforts to obtain the least-cost financing available.

IX. ADMISSION POLICIES

STANDARDS

STANDARD IX-01, ADMISSION POLICIES REQUIREMENTS

Applicants for Certificates of Need for long-term care must agree:

a. to have appropriate mechanisms to review the medical necessity of all admissions; and

b. consistent with the Civil Rights Act of 1964, to make admission determinations on the basis of appropriateness of placement and community concept only (i.e., no extra admission fees); however, applicants may provide a limited number of beds for "respite care" of fewer than 30 days duration, even if such respite care admissions do not meet other elements of this Standard.