

Comments in Opposition to  
Project ID # F-8515-10 Waltonwood at Ballantyne  
Project ID # F-8517-10 Villages of Mecklenburg Assisted Living  
Project ID # F-8518-10 Brookdale Place of South Charlotte  
Project ID # F-8523-10 Queen City Health Investors  
Project ID # F-8524-10 Liberty Healthcare Properties  
Project ID # F-8526-10 Mount Tabor Community Development

Received by the  
CON Section  
01 JUL 2010 01:37

### Comments Submitted by Preston House

Pursuant to NCGS § 131E-185, Preston House submits these comments in opposition to the above identified assisted living CON applicants.

### § 131E-183. Review criteria.

*(4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.*

### Waltonwood at Ballantyne

Waltonwood at Ballantyne fails to demonstrate that its proposed project is the least costly alternative. Waltonwood at Ballantyne proposes to most expense project with a total project cost of nearly \$100,000 per assisted living bed.

### Villages of Mecklenburg Assisted Living

Villages of Mecklenburg Assisted Living fails to demonstrate that its proposed project is the least costly alternative. Villages of Mecklenburg Assisted Living proposes to second most expense project with a total project cost of nearly \$82,000 per assisted living bed.

### Queen City Health Investors

Queen City Health Investors fails to demonstrate that its proposed project is the least costly alternative. Queen City Health Investors proposes to most expense project based on total project costs of nearly \$170 per square foot.

### Mount Tabor Community Development

Mount Tabor Community Development fails to demonstrate that its proposed project is the least costly alternative. In Section XI.10, Mount Tabor Community Development proposes total project costs of \$110 per square foot; however, Exhibit 13, a letter from the project architect, states that construction costs alone will be \$120 to \$135 per square foot.

***(5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.***

### **Waltonwood at Ballantyne**

Waltonwood at Ballantyne fails to demonstrate the availability of funds for its capital project. Specifically, Waltonwood at Ballantyne states that it will fund its project through a combination of HUD backed government loan and cash of the applicant. Exhibit 47 includes a letter from Berkadia Commercial Mortgage that shows intent to provided financing for the proposed project. However, this intent is based on the "ultimate HUD issuance of a Firm Commitment," as such; Waltonwood at Ballantyne should have included an alternate source of these funds if HUD fails to issue a Firm Commitment. Furthermore, Waltonwood at Ballantyne fails to provide documentation that they will commit and obligate the funds received from the assumed HUD back government loan, as such; either HUD or Berkadia Commercial Mortgage should have been an applicant in the CON application.

Additionally, Waltonwood at Ballantyne includes in Exhibit 58 two balance sheets. These balance sheets are not audited balance sheets and merely appear to be MS Excel spreadsheets showing balances of \$900,000 and \$200,000 for Waltonwood at Ballantyne and Waltonwood Management, respectively. No documentation exists to show that these funds actually exist and are available for the project.

### **Villages of Mecklenburg Assisted Living**

Villages of Mecklenburg Assisted Living fails to include all of the costs in the submission of their CON application. As indicated on page 2 of the CON application, the CON application was prepared by Health Planning Source. Line 12 of the Table VIII.1 includes space for the costs associated with "Certificate of need preparation," yet this line remains blank. Not only did it cost Villages of Mecklenburg Assisted Living \$5,000 to submit the CON applicable, but the cost to prepare the CON application by Health Planning Source could be over \$35,000. These costs are not included in either the Capital Costs in Section VIII or the Start-Up and Initial Operating Expenses in Section IX.

### **Brookdale Place of South Charlotte**

Brookdale Place of South Charlotte fails to demonstrate the availability of funds for its capital project. Specifically, Brookdale Place of South Charlotte states that it will fund its project through a combination of HUD backed government loan and cash of the applicant. Exhibit 12 includes a letter from Lancaster Pollard Mortgage Company that shows intent to provided financing for the proposed project. However, this intent is based on the "HUD's final approval of its insured projects," as such; Brookdale Place of South Charlotte should have included an alternate source of these funds if HUD fails to approve the project. Furthermore, Brookdale Place of South Charlotte fails to provide documentation that they will commit and obligate the funds received from the assumed HUD back government loan, as such; either HUD or Lancaster Pollard Mortgage Company should have been an applicant in the CON application. Exhibit 13 only includes documentation of a commitment of \$3.0 million, not the entire capital cost of the project.

Additionally, Brookdale Place of South Charlotte includes in Exhibit 14 a balance sheet. The balance sheet is not an audited balance sheet and does not indicate the liquidity of any funds with the exception of the

cash and equivalents. Two sections are labeled 4/30/10 Business Use Assets and the applicant fails to explain the difference between the two and the liquidity of the assets. No documentation exists to show that these funds are liquid and can be accessed for the project.

### **Queen City Health Investors**

Queen City Health Investors fails to demonstrate the availability of funds for its capital project. Specifically, Queen City Health Investors states that it will fund its project through a commercial loan. Exhibit O includes two letters from Wakefield Capital that shows intent to provided financing for the proposed project and working capital. However, Queen City Health Investors fails to provide documentation that they will commit and obligate the funds received from the commercial loan, as such; Wakefield Capital should have been an applicant in the CON application.

### **Mount Tabor Community Development**

Mount Tabor Community Development fails to demonstrate the availability of funds for its capital project. Specifically, Mount Tabor Community Development states that it will fund its project through a combination of commercial loan, donations, and cash of the applicant. Exhibit 7 includes a letter from Charlotte Metro Credit Union that shows intent to provided financing for the proposed project. However, Mount Tabor Community Development fails to provide documentation that they will commit and obligate the funds received from the assumed commercial loan, as such; Charlotte Metro Credit Union should have been an applicant in the CON application.

Additionally, Mount Tabor Community Development includes in Exhibit 7 a financial pledge for \$1,134,000 from the CON applicant; however, the applicant fails to provide personal financial statements as required in Section VIII.5(b)(ii). Mount Tabor Community Development also includes in Exhibit 8 a financial pledge for \$2,500,000 from Mrs. Marguerite Veas; however, the applicant fails to provide personal financial statements as required in Section VIII.5(b)(ii). As a result, there is no documentation in the CON application to show the funds exist and are available for the project.

Finally, Mount Tabor Community Development fails to provide documentation that it will commit and obligate the funds received from the commercial loan and pledges to the project.

***(7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.***

**Villages of Mecklenburg Assisted Living**

The Villages of Mecklenburg Assisted Living failed to provide a letter of contract from any contract service provider as required in Section II.4. These contracted services included pharmacy, beauty and barber, PT/OT/ST, dietary services, and physician services.

**Mount Tabor Community Development**

Mount Tabor Community Development failed to provide a letter of contract from any contract service provider as required in Section II.4. These contracted services included pharmacy, RN consultant, and dietary services.

***(8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.***

#### **Villages of Mecklenburg Assisted Living**

The Villages of Mecklenburg Assisted Living failed to provide a letter of contract from any contract service provider as required in Section II.4. These contracted services included pharmacy, beauty and barber, PT/OT/ST, dietary services, and physician services.

#### **Mount Tabor Community Development**

Mount Tabor Community Development failed to provide a letter of contract from any contract service provider as required in Section II.4. These contracted services included pharmacy, RN consultant, and dietary services.

***(14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.***

#### **Mount Tabor Community Development**

Mount Tabor Community Development did not demonstrate that their proposed assisted living facility would accommodate the needs of clinical training programs. The applicant states that a "lack of time" prevented them from meeting this requirement.

***(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.***

**Waltonwood at Ballantyne**

Waltonwoods does not operate any assisted living facilities in North Carolina; however, they do operate seven assisted living facilities in Michigan. A search on the State of Michigan, Department of Human Services, Bureau of Children and Adult Licensing for recent facility violations results in the following:

<b>Facility</b>	<b>Investigation #</b>	<b>Date</b>	<b>Rule Violations</b>
Waltonwood at University	2009A1009016	February 24, 2009	R 325.1924 R 325.1932 MCL 333.20201 R 325.1931 R 325.1944
Waltonwood at Cherry Hill	2009A1009026	April 17, 2009	R 325.1931 R 325.1924 R 325.1922 R 325.1922 R 325.1931 R 325.1964 R 325.1979
Waltonwood at Cherry Hill	2008A1009034	September 19, 2008	R 325.1931 R 325.1921
Waltonwood at Lakeside	2010A1006016		
Waltonwood at Lakeside	2010A1006010		
Waltonwood at Lakeside	2010A1006007		
Waltonwood at Main	2010A1013030	April 20, 2009	R 325.1932
Waltonwood at Main	2010A1009001	September 30, 2008	R 325.1931 R 325.1944
Waltonwood at Twelve Oaks	2010A1013013	April 6, 2010	R 325.1924 R 325.1922 MCL 333.20201 R 325.1931
Waltonwood at Twelve Oaks	2010A1013006	January 25, 2010	R 325.1931 Repeat Violation R 325.1922 Repeat Violation
Waltonwood at Twelve Oaks	2009A1005017	September 29, 2009	R 325.1932 R 325.1921 R 325.1942
Waltonwood at Twelve Oaks	2009A1013045	September 8, 2009	R 325.1931 R 325.1922 R 325.1979
Waltonwood at Twelve Oaks	2009A1013017	January 27, 2009	R 325.1922
Waltonwood at Twelve Oaks	2009A1013003	October 13, 2008	R 325.1932
Waltonwood at Carriage Park	2010A1005005	November 22, 2009	R 325.1924
Waltonwood at Carriage Park	2009A1009037	July 31, 2009	R 325.1932
Waltonwood at Carriage Park	2009A1009035	July 16, 2009	R 325.1931 R 325.1922

Waltonwood at Carriage Park	2009A1009024	April 21, 2009	R 325.1931 MCL 333.21333 R 325.1931
Waltonwood at Carriage Park	2009A1009025	April 21, 2009	R 325.1922
Waltonwood at Carriage Park	2009A1009017	February 26, 2009	R 325.1931 R 325.1922 R 325.1922
Waltonwood at Carriage Park	2009A1009022	April 13, 2009	R 325.1931 Repeat Violation R 325.1921 R 325.1922
Waltonwood at Carriage Park	2009A1009004	October 10, 2008	R 325.1931
Waltonwood at Royal Oak	2009A1009029	May 19, 2009	R 325.1932 R 325.1924 R 325.1931
Waltonwood at Royal Oak	2010A1013015	May 3, 2010	R 325.1922 R 325.1924 R 325.1931

Source:

[http://www.dleg.state.mi.us/brs\\_afc/rs\\_afc.asp?name=waltonwood&address=&cnty\\_name=%25&city=&zip=&type=%25&lic\\_nbr=&Search=Search&sorry=yes](http://www.dleg.state.mi.us/brs_afc/rs_afc.asp?name=waltonwood&address=&cnty_name=%25&city=&zip=&type=%25&lic_nbr=&Search=Search&sorry=yes)

Clearly, Waltonwoods quality of care is highly suspect considering the high number of violations it has received in Michigan.

### **Villages of Mecklenburg Assisted Living**

Based on the new North Carolina Star Rated Certificate program for assisted living facilities, the applicant's existing assisted living facility in Ashe County, Villages of Ashe Traditional Living, was only able to earn a 3-star rating out of a possible 4-stars in the most recent ratings.

### **Brookdale Place of South Charlotte**

Based on the new North Carolina Star Rated Certificate program for assisted living facilities, the applicant's facility, Brookdale Place of South Charlotte, was only able to earn a 3-star rating out of a possible 4-stars in the most recent ratings.

### **Liberty Healthcare Properties**

Liberty Healthcare Properties failed to show that it has provided quality care in the past due to a Type B Violation relating to inappropriate water temperature in the shower of the Special Care Dementia Unit at Liberty Commons Assisted Living of Jacksonville, as noted in Section II.6(a).

Based on the new North Carolina Star Rated Certificate program for assisted living facilities, the applicant's Jacksonville facility, Liberty Commons Assisted Living of Jacksonville, was only able to earn a 3-star rating out of a possible 4-stars in the most recent ratings.

CON Application Comparisons

Project ID	F-8515-10	F-8517-10	F-8518-10	F-8523-10	F-8524-10	F-8526-10	F-8522-10
Application	Waltonwood at Ballantyne	Villages of Mecklenburg Assisted Living	Brookdale Place of South Charlotte	Queen City Health Investors	Liberty Healthcare Properties	Mount Tabor Community Development	Preston House
New/Expansion	New	New	Expansion	New	New	New	Expansion
# Beds	80	100	37	90	340	130	40
# of Special Care Beds	26	24	0	48	50	40	40
Construction/Renovation	Construction	Construction	NA	Construction	Renovation	Construction	Construction
Location in Mecklenburg County	Southern	Northern	Southern	Western	Central	Southern	North Central
% Medicaid Days (Year 2)	38.7%	51.5%	10.0%	84.0%	81.1%	Unknown	56.8%
Capital Cost	\$7,881,200	\$8,179,095	\$0	\$5,676,200	\$1,397,285	\$8,170,000	\$3,015,518
Cost/Bed	\$98,515	\$81,791	\$0	\$63,069	\$4,109	\$62,846	\$75,388
Op Exp per Day (Year 2)	\$101.64	\$99.04	\$147.23	\$96.60	\$73.83	Unknown	\$131.39
Net Income per Day (Year 2)	\$3.49	\$3.18	\$3.73	\$6.00	\$1.49	Unknown	\$9.46