



## Competitive Comments on Wake County Skilled Nursing Facility Bed Applications

*submitted by*

**AH North Carolina Owner, LLC d/b/a The Heritage of Raleigh**

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), AH North Carolina Owner, LLC d/b/a The Heritage of Raleigh (Brookdale<sup>1</sup>) submits the following comments related to competing applications to develop skilled nursing facility beds in Wake County to meet the need for 240 skilled nursing facility beds identified in the *2011 State Medical Facilities Plan (SMFP)*. Brookdale's comments focus primarily on the issues that should be important in a review of these competing applications and some of the identified deficiencies within each of the competing applications. Because sixteen (16) competing applications have been submitted in this review and the time period for commenting is relatively short, Brookdale has not attempted to point out all problems or deficiencies in each of the competing applications.

### **THE 2011 SMFP NEED DETERMINATION**

The need determination for 240 nursing facility beds in Wake County in the *2011 SMFP* resulted from a special need petition filed in the summer of 2010. The petition, filed by Brookdale Senior Living Inc. (Brookdale), requested that a portion of Wake County's bed deficit be allocated. Unique circumstances existed in Wake County. Wake County has a huge deficit of nursing facility beds (much larger than any other county) but no allocation had resulted using the standard methodology, only because of the 90% average occupancy test. As Brookdale demonstrated in its Petition, the only reason a 90% average utilization was not met was the fact that a few nursing facilities had been chronically underutilized for various reasons which are not likely to change.

The petition was approved by the SHCC. Part of the rationale behind the approved petition for a 240-bed allocation was the ability for multiple providers to be approved, including a new provider such as The Heritage of Raleigh. As noted on page 198 of the *2011 SMFP*, the second basic assumption of the nursing care facility methodology states that "[a]ny advantages to patients that may arise from competition will be fostered by policies which lead to the establishment of new provider institutions." Brookdale's project proposed in this competitive review is consistent with that core assumption, and Brookdale believes that as a new provider institution, its proposal offers significant

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<sup>1</sup> Brookdale Senior Living Inc. is the parent company of AH North Carolina Owner, LLC. In its CON application, the applicant was most commonly referred to as "Brookdale." For consistency, the same pattern of referring to the applicant AH North Carolina Owner, LLC as "Brookdale" will be used in these comments.

advantages to patients through the enhancement of competition and the development of a high-quality skilled nursing facility in Wake County.

### ***IMPORTANT FACTORS IN THIS REVIEW***

The 2011 SMFP includes a very important policy applicable to the review of all seventeen (17) competing applications submitted. Policy NH-8 emphasizes the importance of factors that make Brookdale's CON application superior in this review.

### **POLICY NH-8 INNOVATIONS IN NURSING FACILITY DESIGN**

Certificate of need applications proposing new nursing facilities, replacement nursing facilities, and projects associated with the expansion and/or renovation of existing nursing facilities shall pursue innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of the residents. These plans could include innovative design elements that encourage less institutional, more home-like settings, privacy, autonomy and resident choice, among others.

Throughout its application, Brookdale provides descriptions of the innovative and creative plans for the new nursing facility. With consciousness and foresight, Brookdale sought out the design services of architects who are specialists in developing and constructing state-of-the-art nursing facilities that place the patient at the center of the design. Each aspect of the design has been carefully selected to enhance and support the overall care being provided at the proposed nursing facility.

Brookdale's design for the 90 bed skilled nursing center, to be located on campus alongside The Heritage of Raleigh, is centered upon beliefs, concepts and values developed from caring for skilled residents for 33 years in many different physical settings. American Retirement Corporation, a predecessor entity to Brookdale, was formed in 1978 and its initial focus was the management of not-for-profit continuing care retirement communities (CCRCs), most of which included skilled nursing care centers. Accordingly, while within the context of Brookdale's 67,444 total units, the Company operates a relatively small number of skilled nursing beds (3,972 total beds in 647 communities), it has operated many more over its 33 year history for third parties and is thus very experienced providing skilled nursing care to its residents.

Recently, Brookdale has embarked upon a mission of developing modern skilled nursing centers - although always as a part of a larger senior living community - to provide residents and their families with a product and service much more in keeping with their desires than environments offered by most existing healthcare centers. First and foremost, Brookdale has noted that virtually every skilled healthcare center

brochure claims to respect the "dignity" of its residents. Yet, and this is often due to restrictions on new development, the great majority of skilled care beds are within semi-private room settings. We believe that "privacy" is really one of a very few, albeit imperfect, synonyms for "dignity." In keeping with a core Brookdale mission to respect and maximize the dignity of its residents, in what is most certainly one of the least dignified portions of their lives, the last seven (7) skilled nursing centers Brookdale has developed, listed below, have been designed and constructed to offer private bedroom accommodations for 100% of the residents. Further, the Company has devoted significant efforts and funds to create and open family-friendly and resident-friendly common and activity areas.

The seven skilled care centers previously referenced are (i) The Summit in Lakeway (TX), (ii) Hampton at Willowbrook (Houston, TX), (iii) Richmond Heights (Cleveland, OH), (iv) Westlake Village (Cleveland, OH), (v) Richmond Place (Lexington, KY), (vi) Sweet Life at Overland Park (KS), and (vii) Freedom Pointe at the Villages (Villages, FL).

While each of the these seven care centers have 100% private occupancy designs that also enable high levels of rehabilitative therapy care, the design for Heritage of Raleigh represents an even further evolution, or next generation, of Brookdale design. The Heritage of Raleigh Healthcare Center design is a 3-story, non-combustible, fully sprinkled structure comprised of three nearly identical floor plans. Each floor will be home to thirty (30) residents, with every resident having a private bedroom. Twenty-six (26) of the private rooms will feature private, full baths, including an ADA compliant shower. While labeled as "semi-private" in the context of the requirements of this application, each floor's four (4) "semi-private" beds will, in fact, have private bedrooms but will share two full baths, also including ADA compliant showers, and a common entrance to the unit. To promote a resident-focused design, residents of each floor will dine on their floor and will not have to travel to a centralized dining room. Common and activity areas are all located in the center of each floor, located around the open, country kitchen, which will be a focal point of socialization and activity. Many of these design elements embrace the best elements of what has become known in the long term care industry as "The Greenhouse Concept" by avoiding commonly seen double-loaded corridors by clustering small groups of residents around exclusive commons areas.

As with all Brookdale facilities currently being developed, The Heritage of Raleigh's nursing facility will not only be designed in compliance with all requirements of the Americans with Disabilities Act of 1990 (amended in 2008) but in most instances will exceed the requirements. For example, the ADA requires that a portion (typically 50 percent) of the rooms be designed for wheelchair access. At the proposed facility, Brookdale designed all its rooms in the facility to be handicapped accessible. Another example of Brookdale's standard that exceeds the ADA requirements is that all dining

and activity room tables at the proposed facility will be height adjustable for wheelchair access rather than a given percentage of the tables being wheelchair accessible as is the standard.

In designing its nursing facilities, Brookdale also considered other impairments of its residents that may impact their quality of life. As described in more detail in Sections II and VI, specifically on pages 33 and 100 of its application, Brookdale will implement innovative approaches in the design and construction of the proposed facility, especially with regard to ADA compliance.

Contrary to most of the other applicants' proposals, Brookdale's proposal goes beyond a description of what it will do because the innovative design features proposed for the nursing facility are already in place at other Brookdale nursing facilities around the country. As explained on page 75 of its application, Brookdale (the parent company of The Heritage of Raleigh), has followed these standards even in states that do not have CON laws and do not require innovative approaches in nursing facility development such as those in North Carolina. Rather, the innovative approaches and less institutional designs have been and will continue to be at the core of Brookdale's philosophy regarding patient care and will be central features in the design of the proposed nursing facility at The Heritage of Raleigh.

As with all nursing facilities, Brookdale Senior Living communities provide rehabilitation services, including physical therapy, occupational therapy and speech therapy. However, Brookdale facilities also include additional services, many of which are trademark protected and are unique to Brookdale properties. One of these specialty (innovative) services is CAREconnections<sup>SM</sup>, a progressive approach that brings together a variety of systems that assess, plan, deliver and follow-up to residents' care based on their specific need. This progressive care system is in place now at The Heritage of Raleigh, optimizing the residents' health and wellness while identifying transitions to other levels of care proactively rather than reactively. As such, CAREconnections<sup>SM</sup> not only improves the clinical aspects of care but also provides peace of mind and security for its residents.

Hand in hand with this coordinated plan of care is another of Brookdale's unique services, Innovative Senior Care <sup>SM</sup> or ISC. ISC, Brookdale's in-house therapy services division, provides proactive therapy by identifying potential health issues through onsite assessments and interventions. When a problem is identified, a referral by the physician is made to the appropriate therapy service for follow-up and treatment. ISC combines the proactive assessments with nursing, exercise and education to improve and support the quality of life for each of its residents. Because these services are in use now at The Heritage of Raleigh, residents that transition to the nursing facility will continue to receive this proactive care even when relocating to nursing care.

In addition to CAREconnections<sup>SM</sup> and Innovative Senior Care<sup>SM</sup>, another differentiating service is known as Optimum Life<sup>®</sup>. Brookdale believes the key to aging well is living well. As such, Optimum Life<sup>®</sup> supports and encourages residents to live at their peak level across six key dimensions of wellness:

- ♦ **Purposeful** – providing a sense of value and focus;
- ♦ **Spiritual** – assisting residents in finding meaning in life;
- ♦ **Emotional** – supporting residents to respond effectively to what they are feeling;
- ♦ **Social** – encouraging interaction with others and promoting personal connections that support a positive outlook on life;
- ♦ **Intellectual** – encouraging residents to make full use of their mental capacity (thinking, analyzing, reasoning and comprehending); and,
- ♦ **Physical** – improving health and wellness through participatory activities designed to increase cardiovascular endurance, strength and improve flexibility.

As a result of its next-generation and state-of-the-art design, coupled with both traditional and progressive specialty services, Brookdale believes its application clearly sets it apart from all the other applicants in this process.

#### *OTHER COMPARATIVE FACTORS*

In addition to bringing competition to Wake County and meeting Policy NH-8 better than any other applicant, Brookdale also compares well to the other applications on other factors that may be considered in a comparative analysis. It is important to remember, however, that in any comparison of costs and charges and services to Medicaid, some applicants' projected numbers that are not realistic when compared to the current Wake County averages. Some of the unrealistic projections by other applicants are addressed below in the comments on specific applications.

Brookdale's proposed service to Medicaid patients, charges, and salary costs are very reasonable and often mirror the fiscal year 2010 Wake County averages. The chart below compares the Brookdale application with the Wake County average in several areas.

### BROOKDALE COMPARISON CHART

	Brookdale (The Heritage)	FY 2010 Wake County Average*
Medicaid Patient Days as % of Total Patient Days	55.4%	55.4%
Proposed Year 2 Charge: Private Room	\$244.33	\$244.33
Proposed Year 2 Charge: Semi-Private Room	\$221.13	\$221.13
Projected Annual Salary for One FTE Registered Nurse (RN) Position	\$54,237.00	\$54,237.00
Projected Annual Salary for One FTE Licensed Practical Nurse (LPN) Position	\$45,488.00	\$45,488.00
Projected Hourly Rate for Nurse Aide Position	\$12.63	\$12.63
Projected Annual Salary for the Director of Nursing	\$89,757.00	\$89,757.00

\*Source: 2011 License Renewal Applications for all Wake County skilled nursing facilities excluding continuing care retirement communities.

It is important to note that in deriving assumptions for its proposed application, Brookdale used the 2011 License Renewal Applications to match the reported benchmarks currently realized in Wake County. If any assumptions are proven to be inadequate for attracting superior talent under current hiring conditions, Brookdale will most certainly meet market salary expectations in its hiring practices of associates for the proposed facility.

### COST COMPARISON

Brookdale has higher operating costs per patient day than most of the competing applicants. However, as Brookdale acknowledged in its application, in order to develop a truly state-of-the-art nursing facility that places the residents and their needs at the center of the design proposed in its application, it will, of necessity, be a more costly project than most, if not all, other applicants' design and construction cost in this CON review. However, Brookdale strongly believes in Policy NH-8, which requires that nursing facilities "pursue innovative approaches in care practices, work place practices, and environmental design that address quality of care and quality of life needs of the residents" and "include innovative design elements that encourage less institutional, more home-like settings, privacy, autonomy and resident choice" to the degree that Brookdale has followed these standards even in states that do not have CON law and do not require innovative approaches in newly constructed nursing

facility developments such as those in North Carolina. Rather, the innovative approaches and less institutional designs described in Brookdale's application and in this document are at the core of Brookdale's philosophy regarding patient care and will be central features in the design of the proposed skilled nursing facility at The Heritage of Raleigh, even though such designs are, by their very nature, more expensive than standard institutional-type designs.

As described in Section II.2 of its application, throughout its history, Brookdale has developed numerous unique programs, activities and services that are designed to allow older residents to live the richest lives possible. However, to develop and initiate these innovative programs is not sufficient. Brookdale recognizes that the environment in which the residents live plays a vital role in allowing residents to live life to the fullest, but these additional features are not without cost. For example, it is more costly to build a more intimate and patient-focused facility with 30 beds on each floor as opposed to one large building with a long hallway and small rooms on each side. It is also more costly to place a kitchen on each floor so that the residents have fresh and hot food delivered directly to their plate from the kitchen or to enjoy the aroma of cookies baking in the afternoon. It is more costly to have a beauty salon on each floor so that the residents can go on their own, thus supporting residents' autonomy. It is also more costly to have large resident rooms that allow handicapped use throughout with additional space for a loved one. It is more costly to have outside access on each floor, including a garden on the second floor. Finally, it is more costly to have an in-house rehabilitation therapy facility that allows the rehabilitation staff to proactively monitor and care for the residents rather than waiting until the residents have more severe problems. All these features do cost more, but each special feature supports the autonomy, privacy and choices of the residents in a home-like environment as is required by Policy NH-8.

Therefore, as the previously listed examples demonstrate, although development of these state-of-the-art nursing facilities is more costly than the traditionally built nursing facilities that currently exist in Wake County, Brookdale has committed its resources to ensuring that all residents living in Brookdale facilities (IL, AL, memory care and nursing) are supported to the highest degree possible, regardless of the fact that it is a requirement of Policy NH-8. This commitment, of course, results in a greater capital expenditure, which given the resulting higher-than-average depreciation cost, directly impacts Brookdale's indirect cost of service provided on the pro forma financial forms included within the CON application form. As such, Brookdale contends that its cost of service must be considered within the context of the comparatively superior innovative facility design proposed in its application, and that it must not be penalized in this regard.

Unlike all other applicants, Brookdale is able to point to recently completed and successful projects opened over the last few years demonstrating the company's ability

to deliver an unmatched physical space and superior programs. Evidence of Brookdale's exceptional design can be seen in photographs located in Section II (beginning on page 26 of the application) of actual completed skilled nursing developments. The ultimate goal of every design element is to provide a space that truly enhances the dignity, a term that is often used without regard for its true meaning, of the resident and to offer unmatched programs and care.

### **GEOGRAPHIC DISTRIBUTION OF BEDS**

All of the applicants propose to serve all of Wake County and surrounding counties. Furthermore, with numerous highways connecting all regions of the county (north, south, east, and west), location of the beds within the county should not be a paramount consideration. If the geographic location of beds becomes a factor in this review, Brookdale contends it is also important to consider the location of the proposed beds to other related services, such as Brookdale's proposed location at The Heritage of Raleigh, which has independent living units as well as multi-unit assisted living with services providing residents with necessary nursing and personal care services, similar to those at an assisted living facility. The addition of skilled nursing beds on the same campus would directly benefit residents in the two lower levels of care through their proximity to Brookdale's proposed facility, as well as other residents of the service area. This factor, which was part of Brookdale's consideration in determining a proposed location, should be weighed in any geographic analysis.

With the exception of UniHealth's 20-bed proposal in Swift Creek, each of the applicants proposed locations in townships with a projected deficit of beds. All of the proposals are at least located near townships with a projected deficit. As noted in its application, Brookdale's proposed site, located in Neuse township, is on the border of House Creek, which has the greatest net need of all the townships in Wake County, if need is projected on a township basis (*See* page 59 of application), and as such, will provide immediate access to both townships as well as serving the rest of Wake County and beyond.

It is also important to note that the need in House Creek is actually understated, since the only two existing facilities in the township are both CCRC's, which provide limited access to skilled nursing care, compared to facilities that are open to the community at large. If a township analysis is performed, Brookdale's proposed site located on the House Creek border is a factor that makes it superior in such an analysis.



In summary, Brookdale's proposal is unique from a geographic perspective for several reasons:

- Brookdale's proposed site borders two townships with a combined projected need for 192 beds;
- Brookdale's proposed location is more centrally located within the county than many of the other proposals, which focus on the extreme borders of the county. As such, Brookdale's facility is more likely to attract patients from a broader geography within Wake County, first and foremost, versus neighboring counties;
- Brookdale's proposed site has existing independent living and multi-unit assisted living with services beds, which will directly enhance access to a higher level of care for those residents, while providing access to the broader community as well;
- Brookdale's proposed 90 beds will help meet the need for additional beds in the area;
- Brookdale has proposed the most conservative number of beds—90—for a new facility in Wake County, thus ensuring its effective utilization while also allowing the approval of other applications, and;
- Brookdale is one of the few applicants to represent a new skilled nursing provider for Wake County—and thus can help meet the *SMFP* goal of approving a new provider in this review.

#### *COMMENTS ON SPECIFIC APPLICATIONS*

Following are some of the deficiencies noted in the competing applications:

- **Britthaven, Inc. with Spruce LTC Group, LLC (Britthaven Cedar Fork), Project ID# J-8713-11**
  - The applicant is projecting hourly rates for aides that are below existing Wake County nursing facilities, as noted in the 2011 License Renewal Applications for all Wake County skilled nursing facilities, excluding CCRCs.
- **Britthaven, Inc. with Redwood LTC Group, LLC (Britthaven St. Mary's), Project ID# J-8715-11**
  - The Britthaven/Redwood LTC application includes confusing and contradictory information which brings into question the actual site of the proposed nursing facility. The cover of the application identifies the location of the proposed facility as the St. Mary's Township. However, the response to Section I.6 indicates that the site is in Brier Creek, which is

in the Cedar Fork Township while the response to Section XI.2 indicates that the site is in Garner, which is in the St. Mary's Township.

- The applicant is projecting hourly rates for aides that are below existing Wake County nursing facilities, as noted in the 2011 License Renewal Applications for all Wake County skilled nursing facilities, excluding CCRCs.
  
- **Hillcrest Convalescent Center (Hillcrest), Project ID# J-8711-11**
  - Hillcrest projects a low percentage of Medicaid patient days as a percentage of total patient days --- 49% compared to the Wake County average of 55.4%.
  - Hillcrest projects an annual salary for registered nurses of \$50,464, well below the Wake County average of \$54,237.
  - Hillcrest projects taxes and benefits as a percentage of salaries of only 12.8%, well below all other applicants.
  - Hillcrest proposes licensed (RNs and LPNs) direct care NHPPD of only 1.09, the second lowest in the review.
  - Hillcrest is projecting hourly rates for aides that are below existing Wake County nursing facilities, as noted in the 2011 License Renewal Applications for all Wake County skilled nursing facilities, excluding CCRCs.
  
- **Liberty Healthcare Properties of W. Wake County, LLC (Liberty St. Mary's), Project ID# J-8723-11**
  - Liberty of Western Wake-St. Mary's includes a comprehensive list of proposed patient-centered facility designs and programs. However, drawings are too small to determine whether facility designs proposed are included in the design of the drawings.
  - Liberty of Western Wake-St. Mary's failed to respond to Policy GEN-3 or GEN-4.
  - As required in response to Section II.6 on pages 52 through 54 of its application, multiple Liberty skilled nursing facilities, related to the applicant, have experienced numerous substandard quality events and have incurred corresponding denials of payment and/or monetary penalties and fines, calling into question Liberty's conformance with Criterion 20.

- **Liberty Healthcare Properties of W. Wake County, LLC (Liberty Cedar Fork), Project ID# J-8726-11**
  - Liberty of Western Wake-Cedar Fork includes a list of proposed patient-centered facility designs and programs. Drawings are too small to determine whether facility designs proposed are included in the design of the drawings.
  - Liberty of Western Wake-Cedar Fork failed to respond to Policy GEN-3 or GEN-4.
  - As required in response to Section II.6 on pages 52 through 54 of its application, multiple Liberty skilled nursing facilities, related to the applicant, have experienced numerous substandard quality events and have incurred corresponding denials of payment and/or monetary penalties and fines, calling into question Liberty's conformance with Criterion 20.
  
- **Liberty Healthcare Properties of W. Wake County, LLC (Liberty House Creek), Project ID# J-8727-11**
  - Liberty of Western Wake-House Creek includes a list of proposed patient-centered facility designs and programs. Drawings are too small to determine whether facility designs proposed are included in the design of the drawings.
  - Liberty of Western Wake-House Creek failed to respond to Policy GEN-3 or GEN-4.
  - As required in response to Section II.6 on pages 52 through 54 of its application, multiple Liberty skilled nursing facilities, related to the applicant, have experienced numerous substandard quality events and have incurred corresponding denials of payment and/or monetary penalties and fines, calling into question Liberty's conformance with Criterion 20.
  
- **Cary Operations, LLC d/b/a The Rehabilitation and Nursing Center at Cary (The Rehab and Nursing Center at Cary), Project ID# J-8730-11**
  - While the Section II.2 narrative discusses "neighborhood designs" the drawings are typical of traditional nursing facilities with long hallways rather than the more cluster designs of neighborhoods, which calls into question whether the project can actually be developed as described in Section II.2. Therefore, based on the drawings proposed, it is questionable whether the applicant can actually develop a neighborhood design as described in its narrative in Section II.2.

- On page 49, the applicant proposes to offer dialysis care as a contract service, but nowhere does the applicant identify a contracted service provider or make any mention of establishing a relationship or agreement with a licensed dialysis clinic although a nursing facility cannot offer these services absent such a relationship.
  - Also on page 49, the applicant proposes a staff pharmacist for the facility, but there is no FTE allocation or projected consult hours for a pharmacist in Table VII.3 on page 126 nor is there any pharmacist salary or consult expense allocated in the pro forma financial statements. Using the description of the duties of the pharmacist as a guide, it is difficult to see how using a temporary or off-site pharmacist could perform all of the functions proposed by the applicant in Section II.2. Nevertheless, the project does not include such a position (either staff or consultant) on the payroll in spite of the indication of its availability on page 49 of the application. Similarly, the applicant also proposes on page 49 to have a psychologist/psychiatrist on staff, but there is no apparent cost for this position included in the pro forma financial statements. Both of these inconsistencies call into question the applicant's conformance with Criterion 5, 7, and 8.
  - The applicant projects 50.9% Medicaid patient days as a percentage of total patient days, which is below the Wake County average of 55.4%.
- **Raleigh Operations, LLC d/b/a The Rehabilitation and Nursing Center at Raleigh (The Rehab and Nursing Center at Raleigh), Project ID# J-8731-11**
    - The Section II.2 narrative on page 37 discusses "neighborhood designs;" however, the drawings are typical of traditional nursing facilities with long hallways rather than the more cluster designs of neighborhoods, which calls into question whether the project can actually be developed as described in Section II.2. Further, the only facility dining room is on the first floor and the memory care and hospice units are on the third floor with no apparent dining facilities available other than the one on the first floor. This does not appear to be consistent with a resident-focused design if residents have to be moved from the third floor to the first floor, three times a day for meals. Similarly, therapy services are located on the first floor while all resident rooms are on the second and third floors. For its post-acute rehabilitation residents, access to therapy services is also not convenient, particularly as the applicant proposes to provide therapy seven days a week for these residents (page 38). While the applicant claims to be developing a "patient-centered" culture, its proposed physical environment does not appear to uphold that claim.
    - On page 51, the applicant proposes to offer dialysis care as a contract service, but nowhere does the applicant identify a contracted service

provider or make any mention of establishing a relationship or agreement with a licensed dialysis clinic although a nursing facility cannot offer these services absent such a relationship.

- Also on page 51, the applicant proposes a staff pharmacist for the facility, but there is no FTE allocation or projected consult hours for a pharmacist in Table VII.3 nor is there any pharmacist salary or consult expense allocated in the pro forma financial statements. Using the description of the duties of the pharmacist as a guide, it is difficult to see how using a temporary or off-site pharmacist could perform all of the functions proposed by the applicant in Section II.2. Nevertheless, the project does not include such a position (either staff or consultant) on the payroll in spite of the indication of its availability on page 49 of the application. Similarly, the applicant also proposes on page 51 to have a psychologist/psychiatrist on staff, but there is no apparent cost for this position included in the pro forma financial statements. Both of these inconsistencies call into question the applicant's conformance with Criterion 5, 7, and 8.
  - The applicant projects 50.7% Medicaid patient days as a percentage of total patient days, lower than the Wake County average of 55.4%.
- **UniHealth Post-Acute Care - Raleigh, LLC (UniHealth Raleigh), Project ID# J-8719-11**
    - Applicant projects 29.6% Medicaid patient days as a percent of total patient days, well below the Wake County average of 55.4%.
  - **UniHealth Post Acute-Care - Cary, LLC (UniHealth Cary), Project ID# J-8720-11**
    - Applicant is projecting hourly rates for aides that are below existing Wake County nursing facilities, as noted in the 2011 License Renewal Applications for all Wake County skilled nursing facilities, excluding CCRCs.
  - **UniHealth Post-Acute Care - North Raleigh, LLC (UniHealth North Raleigh), Project ID# J-8722-11**
    - The applicant is projecting hourly rates for aides that are below existing Wake County nursing facilities, as noted in the 2011 License Renewal Applications for all Wake County skilled nursing facilities, excluding CCRCs.

- **Universal Properties/North Raleigh, LLC (Universal North Raleigh), Project ID# J-8714-11**
  - The drawings appear to add two short wings to a typical nursing facility. Because the existing nursing facility is not designed as neighborhoods, it is difficult to see how the addition of 20 beds will be able to incorporate the neighborhood concept.
  - The applicant failed to provide a response to Policy GEN-4.
  - Applicant projects licensed (RNs and LPNs) direct care NHPPD of only 0.88, the lowest of all the applicants in the review.
  
- **Universal Properties/Fuquay Varina, LLC (Universal Fuquay Varina), Project ID# J-8721-11**
  - While the applicant did propose innovative, patient-centered nursing care, the drawings do not provide sufficient information to allow the reader to clearly understand what portion is being added and what portion is part of the existing building.
  - The applicant failed to provide a response to Policy GEN-4.
  - Applicant projects licensed (RNs and LPNs) direct care NHPPD of only 1.14, among the lowest of the applicants in the review.
  
- **Wake County H & R Re, LP (Wake County Health & Rehabilitation), Project ID# J-8712-11**
  - Applicant projects licensed (RNs and LPNs) direct care NHPPD of only 1.17, among the lowest of the applicants in the review.

**SUMMARY**

In summary, Brookdale believes its application represents the most effective alternative for meeting a portion of the need identified in the 2011 SMFP for additional nursing facility beds in Wake County. The following points demonstrate some of the unique characteristics of the Brookdale application that merit its approval:

- Brookdale is the only applicant proposing to develop a new skilled nursing facility on a campus with an existing independent and multi-unit assisted living with services facility, which provides an opportunity to offer a higher level of care to existing residents as well as meeting the need of the surrounding community;
- Brookdale is the only applicant with a historical commitment and mission demonstrated by its recently developed nursing facilities in other states to provide residents truly dignified living arrangements, with a willingness to

develop a higher cost facility in order to provide those innovative design features;

- Brookdale is the only applicant to propose all private or private bedrooms with shared bath living accommodations, and;
- Brookdale is the only applicant that is located on the border of two townships with needs for additional nursing care beds, one of which is the township with the highest need for additional beds.