

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: October 19, 2012
PROJECT ANALYST: Les Brown
ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: H-8841-12 / St. Joseph of the Pines, Inc. and RALM, Inc. / Relocate 10 adult care home beds from Southern Pines Manor to The Coventry which will be licensed for 60 adult care home beds upon project completion / Moore County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

St. Joseph of the Pines, Inc. (SJP) and RALM, Inc. (RALM) propose to relocate 10 existing adult care home (ACH) beds 4.9 miles from Southern Pines Manor (a 10-bed ACH facility) to The Coventry. The Coventry is an existing 50-bed ACH facility owned and operated by SJP. The applicants propose to convert 10 existing private rooms at The Coventry to 10 semi-private rooms, thus adding the 10 additional ACH beds without new construction. The Coventry is a component of Belle Meade, a Continuing Care Retirement Community (CCRC), owned and operated by SJP, which also includes two independent living communities on separate campuses and a nursing facility, in addition to The Coventry. The 10 relocated beds, which are currently available to the general population, will remain available to the general population at The Coventry. The applicants do not propose to develop any new health service facility beds, services or equipment for which there is a need determination in the 2012 State Medical Facilities Plan (SMFP).

However, Policy LTC-2: Relocation of Adult Care Home Beds in the 2012 SMFP is applicable and states:

“Relocations of existing licensed adult care home beds are allowed only within the host county and to contiguous counties currently served by the facility. Certificate of need applicants proposing to relocate licensed adult care home beds to contiguous counties shall:

1. Demonstrate that the proposal shall not result in a deficit in the number of licensed adult care home beds in the county that would be losing adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins, and

2. Demonstrate that the proposal shall not result in a surplus of licensed adult care home beds in the county that would gain adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.”

Southern Pines Manor and The Coventry are both located in Moore County. Thus, the inventory of ACH beds will not be changed as a result of the proposal to move them from one facility to another within the same county and the application is consistent with this policy. Therefore, the application is conforming with this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

St. Joseph of the Pines, Inc. (SJP) and RALM, Inc. (RALM) propose to relocate 10 existing ACH beds 4.9 miles from Southern Pines Manor (a 10-bed ACH facility) to The Coventry. The Coventry is an existing 50-bed ACH facility owned and operated by SJP. The applicants propose to convert 10 existing private rooms at The Coventry to 10 semi-private rooms, thus adding the 10 additional ACH beds with no new construction. The Coventry is a component of Belle Meade, a Continuing Care Retirement Community (CCRC), owned and operated by SJP, which also includes two independent living communities on separate campuses and a nursing facility, in addition to The Coventry. The 10 relocated beds, which are currently available to the general population, will remain available to the general population.

Population to Be Served

On page 38 the applicants provide the current and projected patient origin of the existing 50-bed ACH facility, as shown in the table below.

County	% of Total ACH Residents
Moore	100%
Total	100%

On page 38 the applicants state that the patient origin is not expected to change because the current residents are residents of the CCRC and the additional residents are expected to be from Moore County. Current patient origin data for SPM are not available because the ACH facility has been vacant since March 2011. The applicants adequately identify the population projected to be served.

Need to Relocate the Beds

On page 32 the applicants state:

“SJP has turned away prospective residents who were unwilling to meet the required Entrance Fee, but were willing to pay the monthly fee. As SJP is licensed as a CCRC, the beds developed under the CCRC are limited to only CCRC residents and the payment of an Entrance Fee and signing a contract is necessary to meet resident requirements. The acquisition and development of 10 non-CCRC limited adult care beds will allow SJP the opportunity to make its highly sought after services available to the general public without requiring an Entrance Fee or a contract .”

On page 35 the applicants state:

“Several reasons have limited RALM’s ability to fully utilize the adult care home beds, which include but are not limited to the age and design of the current facility (which requires two FTEs to operate) making it difficult to have a stand-alone assisted living facility that only has 10 beds. The cost of renovating the facility would be dramatically more than the cost of the project proposed in this CON application and no need for additional adult care home beds is projected into the near future for Moore County.”

Projected Utilization

On pages 40-43 the applicants show the historical utilization for The Coventry for the nine months prior to submission of the application and projected utilization for the 60-bed ACH facility for the first three operating years, as shown in the following table:

Historical and Projected Utilization

	Actual 9/1/2011 – 5/31/2012	Partial FFY 2013	Year 1 FFY 2014	Year 2 FFY 2015	Year 3 FFY 2016
# of Beds	50	60	60	60	60
Resident Days	12,113	13,936	18,980	18,980	19,032*
Occupancy Rate	88.7%	84.5%	86.7%	86.7%	86.7%

* Year 3 includes additional 52 resident days apparently due to additional day in leap year.

In Section III.1(b), pages 28-32, and in supplemental information, the applicants provide the assumptions and methodology used in projecting utilization. In supplemental information, the applicants state:

“The projected number of Coventry residents is based on the last three years of occupancy; the Coventry has had an average daily census of 42 residents. There are 30 private units at the Coventry and 10 single bedroom units, which can become double occupancy units for married couples. The 10 single bedroom units are not appropriately sized to become semi-private rooms for two non-related residents. The 30 private units have been full these past three years; the 10 single bedroom units, which can become double occupancy units, are the only units that have experienced fluctuations in occupancy. The 10 additional adult care home beds will allow the Coventry to convert 10 of the 30 private rooms into semi-private units.

The Coventry serves two independent living campuses; Belle Meade which has had an average daily unit census of 164 residents in 2012 and Pine Knoll which has had an average daily unit census of 61 residents in 2012. The Coventry can only serve 17.8% (40 Coventry apartments / 225 Independent Living units) of these Independent Living units at this time (based on single occupancy units). The addition of 10 more units will allow the Coventry to effectively serve 22.2% (50 Coventry apartments / 225 Independent Living units) of the Independent Living units (based on double occupancy units).

...

Over the past 3 years, the Coventry has had an internal waiting list of 8-12 residents from the CCRC, as well as an external waiting list of 5-7 potential residents from the community who could not meet the Required Entrance Fee, but who are willing to pay the monthly fee. In the past 3 years, the Coventry has not been able to accommodate any individuals from outside the CCRC due to internal demand.”

Projected utilization is based on reasonable, credible and supported assumptions. In particular, the applicants report that they have maintained a waiting list for the last three years with at least 10 people on it. Furthermore, the 50 existing beds are well utilized. Thus, it is reasonable to assume the 10 relocated beds will be well utilized at The Coventry.

There are eleven ACH facilities in Moore County, with a total licensed and CON-approved inventory of 624 beds. The 2012 SMFP excludes one-half of the ACH beds in CCRCs (40

beds), resulting in a planning inventory of 584 beds. The inventory of ACH beds in the 2012 SMFP is illustrated in the following table:

ACH Facility	Licensed Beds in Nursing Homes	Licensed Beds in ACH Facilities	Total Licensed Beds	CCRC Beds Excluded From Planning Inventory	Total Beds in Planning Inventory
Carolina House of Pinehurst		76	76		76
Elmcroft of Southern Pines		94	94		94
Fox Hollow Senior Living Community		85	85		85
KingsWood Nursing Center	10		10		10
Magnolia Gardens		110	110		110
Peak Resources – Pinelake	20		20		20
Penick Village	29		29	15	14
Seven Lakes Assisted Living		60	60		60
Southern Pine Manor		10	10		10
Tara Plantation of Carthage		80	80		80
The Coventry – St. Joseph of the Pines		50	50	25	25
Total Beds	59	565	624	40	584

According to the 2012 SMFP, there will be a deficit of 32 ACH beds in 2015, as illustrated in the table below.

Total ACH Bed Need Projected in 2014	Currently Licensed	Planning Inventory	Deficit	% Deficit	Additional Beds Needed
616	624	584	- 32	5%	0

Thus, the 10 unoccupied beds at Southern Pines Manor are clearly needed and the applicants adequately demonstrate that it would be cost-effective to relocate them to The Coventry where they can be operated more efficiently as part of a 60-bed ACH facility than as a 10-bed ACH facility.

In summary, the applicants adequately identify the population to be served and adequately demonstrate the need to replace the facility and to relocate the 10 existing ACH beds to the existing 50-bed facility, for a total of 60 ACH beds. Therefore, the application is conforming with this criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

The applicants propose to relocate the 10 existing (unoccupied) ACH beds located at Southern Pines Manor to The Coventry, a 50-bed ACH facility which is part of a CCRC in Southern Pines. The Coventry is 4.9 miles away from Southern Pines Manor. Thus, the relocated ACH beds will be geographically accessible to the same population formerly served at Southern Pines Manor. In Section III.5, page 37, the applicants state: *“Because there are no residents currently occupying the ten beds, no residents will be displaced or impacted.”*

The applicants demonstrate that the needs of the population would be adequately met following the relocation of the ACH beds. Therefore, the application is conforming with this criterion.

- (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.

CA

On page 35 the applicants state that two alternatives were considered: (1) maintain the status quo and (2) relocate the 10 ACH beds. The applicants did not choose to maintain the status quo because Southern Pines Manor is old, in need of major renovation which would be more expensive than the proposed project and not financially feasible to operate with only 10 beds. The applicants decided to relocate the ACH beds because the capital expenditure and operating costs are less expensive than renovating and operating Southern Pines Manor as a separate stand-alone facility.

Furthermore, the application is conforming with all applicable statutory and regulatory review criteria, and thus, approvable. An application that cannot be approved is not an effective alternative.

The applicants adequately demonstrate that the proposal is the least costly or most effective alternative to meet the need for the proposed project and the application is conforming with this criterion and approved subject to the following conditions:

- 1. St. Joseph of the Pines, Inc. and RALM, Inc. shall materially comply with all representations made in the certificate of need application and in supplemental information. In those instances where representations conflict. St. Joseph of the Pines, Inc. and RALM, Inc. shall materially comply with the last-made representation.**
- 2. St. Joseph of the Pines, Inc. and RALM, Inc. shall relocate the 10 adult care home beds from Southern Pines Manor to The Coventry, an existing 50-bed facility, for a total of 60 adult care home beds upon completion of the project.**
- 3. For the first two years of operation following completion of the project, St. Joseph of the Pines, Inc. and RALM, Inc. shall not increase actual private pay charges more than 5% of the projected private pay charges provided in**

Section X of the application, without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.

- 4. St. Joseph of the Pines, Inc. and RALM, Inc. shall submit all resident charges and resident admissions for each source of resident payment to the CON Section at year end for each of the first three operating years following licensure of the beds in the facility.**
 - 5. St. Joseph of the Pines, Inc. and RALM, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (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.

C

On page 60 the applicants state that the projected capital cost of the project is \$165,000 for equipment and furniture, architectural and engineering fees and consultant fees. In Section IX, page 64, the applicants state there will be no start-up or initial operating expenses associated with the proposal. In Section VII.2, page 61, the applicants state that the capital cost of the project will be financed with the accumulated reserves of SJP. Exhibit 14 includes a May 25, 2012 letter signed by the Controller of SJP, which states:

“St. Joseph of the Pines, Inc. will commit and obligate \$165,000 from cash and cash equivalents/operating cash for the sole purpose of capitalizing the acquisition, development, equipment, and miscellaneous fees related to the proposed expansion of The Coventry.”

Exhibit 13 contains St. Joseph of the Pines’ balance sheet, which shows that SJP had \$960,000 in operating cash as of April 2012. Exhibit 14 contains a letter dated May 25, 2012 from the SJP Controller, which states:

“St. Joseph of the Pines, Inc. will commit and obligate \$165,000 from cash and cash equivalents/operating cash for the sole purpose of capitalizing the acquisition, relocation, development, equipment, and miscellaneous fees related to the proposed expansion of The Coventry.”

The applicants adequately demonstrate the availability of sufficient funds for the capital needs of the project.

In Section X.4, pages 70-71, the applicants provide the projected monthly rates as shown in the table below.

Monthly Rates
First Three Full Federal Fiscal Years 10/01/2013 - 9/30/2016

Source of Payment by Type of Care	Private Room	Semi-Private Room*
Private Pay – Studio	\$4,825	\$4,323
Private Pay – Bedroom wo/ kitchen	\$5,168	\$4,651
Private Pay – Bedroom w/ kitchen	\$5,395	\$4,856

*Indicates the charge for the second resident (husband/wife, sibling, etc.)

In Section X, Form B, ProForma Statement of Operating Results and Retained Earnings, pages 90-91, the applicants project the revenue and expenses for the first three full federal fiscal years of operation, as shown in the table below.

	Year 1 FFY 2014	Year 2 FFY 2015	Year 3 FFY 2016
Revenue	\$2,792,338	\$2,792,338	\$2,799,988
Expenses	\$2,388,229	\$2,388,229	\$2,389,604
Income (Loss)	\$404,108	\$404,108	\$410,384

As shown in the table above, the applicants project that revenue will exceed operating costs in each of the first three full federal fiscal years of operation. According to the financial assumptions included in Forms B and C, the increased revenue and expenses in Year 3 are the result of an increase in utilization, not inflation adjustments. The assumptions used by the applicants in preparation of the pro formas are reasonable, including projected utilization. See Criterion (3) for discussion of utilization projections which is incorporated hereby as if fully set forth herein.

The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Consequently, the application is conforming with this criterion.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

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The applicants propose to relocate the 10 existing ACH beds from Southern Pines Manor, an existing 10-bed adult care home facility which is currently vacant, to The Coventry, an existing 50-bed adult care home facility. The proposal will not change the inventory of ACH beds in Moore County. Both facilities are located in Southern Pines. According to the 2012 SMFP, there will be a deficit of 32 ACH beds in Moore County in 2015. Thus, the 10 existing ACH beds, although currently vacant, are needed in Moore County. Furthermore, the applicants adequately demonstrate that the beds are needed at The Coventry. See Criterion (3) for discussion regarding the need for the proposal which is incorporated hereby as if fully set forth herein.

The applicants adequately demonstrate that proposed project will not result in the unnecessary duplication of existing or approved ACH beds in Moore County. Consequently, the application is conforming with this criterion.

- (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.

C

In Section VII.3, page 56, the applicants provide projected staffing as shown in the table below.

**Projected Staffing
 Second Full Federal Fiscal Year
 October 1, 2014 – September 30, 2015**

Position	Full Time Equivalents
Nurse/Care Coordinator	1.0
Personal Care Aide	17.5
Food Service Supervisor	0.1
Cooks	2.8
Activity Director	1.0
Housekeeping Aides	2.8
Maintenance Supervisor	0.1
Administrator	0.2
Total Positions	25.6

On page 57 the applicants project direct patient care staff hours per patient day for Year 2, as shown in the table below.

ACH Direct Care Hours per Patient Day

ACH Beds	60
# of Full Time Equivalents (FTEs)	17.5
Direct care hours per year per FTE	1,856
Total direct care hours per year	32,480
Patient days per year	18,980
Direct care hours per patient day	1.71

The applicants propose to provide certified nursing assistant coverage twenty four hours per day, seven days per week. The applicants project 1.71 direct care hours per patient day for the ACH beds. The applicants adequately demonstrate the availability of resources, including health manpower and administrative personnel, for the proposed services. Therefore, the application is conforming with this criterion.

- (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.

C

In Section II.2, page 21, the applicants describe the services provided by the facility. On page 46 the applicants state that SJP has working agreements with many agencies and physicians in the service area. Exhibit 11 contains a copy of the transfer agreement with FirstHealth of the Carolinas. Exhibit 8 contains a pharmacy services agreement with United Pharmacy Services. On page 51 the applicants state that SJP accepts referrals from any agency, facility or person, and that most ACH residents will be transferred from the CCRC independent living units. The applicants adequately demonstrate the availability of the necessary ancillary and support services and coordination with the existing health care system. Therefore, the application is conforming with this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NA

SJP is a continuing care retirement community and the 10 ACH beds to be relocated were not developed pursuant to a certificate of need, and thus, no representations were made regarding access by the medically underserved in those beds.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA

SJP is a continuing care retirement community and the 10 ACH beds to be relocated were not developed pursuant to a certificate of need, and thus, no representations were made regarding access by the medically underserved in those beds.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

NA

SJP is a continuing care retirement community and the 10 ACH beds to be relocated were not developed pursuant to a certificate of need, and thus, no representations were made regarding access by the medically underserved in those beds.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

NA

SJP is a continuing care retirement community and the 10 ACH beds to be relocated were not developed pursuant to a certificate of need, and thus, no representations were made regarding access by the medically underserved in those beds.

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

C

Exhibit 10 includes a copy of an affiliation agreement with Sandhills Community College for professional training of nursing students. The applicants adequately demonstrate that SJP accommodates the clinical needs of area health professional training programs. Therefore, the application is conforming with this criterion.

- (15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.
(18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

NA

SJP is a continuing care retirement community.

- (19) Repealed effective July 1, 1987.
(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

According to the files in the Adult Care Licensure Section, DHSR, no incidents occurred within the eighteen months immediately preceding the date of this decision, for which any

sanctions or penalties related to quality of care were imposed by the State on the two ACH facilities. Therefore, the application is conforming with this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The application is conforming to all applicable *Criteria and Standards for Nursing Facility or Adult Care Home Services* promulgated in 10A NCAC 14C .1100. The specific criteria are discussed below.

.1101 INFORMATION REQUIRED OF APPLICANT

(a) *An applicant proposing to establish new nursing facility or adult care home beds shall project an occupancy level for the entire facility for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(b) *An applicant proposing to establish new nursing facility or adult care home beds shall project patient origin by percentage by county of residence. All assumptions, including the specific methodology by which patient origin is projected, shall be stated.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(c) *An applicant proposing to establish new nursing facility or adult care home beds shall show that at least 85 percent of the anticipated patient population in the entire facility lives within a 45 mile radius of the facility, with the exception that this standard shall be waived for applicants proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, facilities that are fraternal or religious facilities, or facilities that are part of licensed continuing care facilities which make services available to large or geographically diverse populations.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(d) *An applicant proposing to establish a new nursing facility or adult care home shall specify the site on which the facility will be located. If the proposed site is not owned by or under the control of the applicant, the applicant shall specify at least one alternate site on which the services could be operated should acquisition efforts relative to the proposed site ultimately fail, and shall demonstrate that the proposed and alternate sites are available for acquisition.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(e) *An applicant proposing to establish a new nursing facility or adult care home shall document that the proposed site and alternate sites are suitable for development of the facility with regard to water, sewage disposal, site development and zoning including the required procedures for obtaining zoning changes and a special use permit after a certificate of need is obtained.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(f) *An applicant proposing to establish new nursing facility or adult care home beds shall provide documentation to demonstrate that the physical plant will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F, whichever is applicable.*

.1102 PERFORMANCE STANDARDS

(a) *An applicant proposing to add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed nursing facility beds within the facility in which the new beds are to be operated was at least 90 percent.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(b) *An applicant proposing to establish a new nursing facility or add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless occupancy is projected to be at least 90 percent for the total number of nursing facility beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be clearly stated.*

-NA- The applicants propose to relocate 10 existing ACH beds.

(c) *An applicant proposing to add adult care home beds to an existing facility shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed adult care home beds within the facility in which the new beds are to be operated was at least 85 percent.*

- C- On page 40 the applicants state that the average occupancy of The Coventry over the nine months immediately preceding the submittal of the application was 88.7%.

- (d) *An applicant proposing to establish a new adult care home facility or add adult care home beds to an existing facility shall not be approved unless occupancy is projected to be at least 85 percent for the total number of adult care home beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*

- C- On page 42 the applicants state that the occupancy at the end of the second full federal fiscal year of operation is projected to be 86.7%. The assumptions are provided in supplemental information.

