

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: July 16, 2013  
PROJECT ANALYST: Bernetta Thorne-Williams  
TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: R-10085-13 /East Coast Health Investors, LLC, (lessor) and East Coast AL Holdings, LLC, (lessee) d/b/a Tyrrell House/ Construct a 50 bed adult care facility which includes a 24-bed special care unit / Tyrrell 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, ambulatory surgical operating rooms, or home health offices that may be approved.

CA

The 2013 State Medical Facilities Plan (SMFP) established an adjusted need determination for 50 adult care home (ACH) beds in the Hyde-Tyrrell Service Area. East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC (lessee) d/b/a Tyrrell House propose to construct a 50-bed ACH facility in Columbia, in Tyrrell County. The applicants propose to develop no more than 50 adult care home beds in the Hyde-Tyrrell Service Area and thus are conforming to the need determination in the 2013 SMFP. The lessee, Tyrrell House intends to contract with Meridian Senior Living, LLC for the management of the facility.

Additionally, the following two policies are applicable to this review; Policy GEN-3: Basic Principles and Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities. Policy GEN-3: Basic Principles of the 2013 SMFP states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for*

*resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”*

### Maximize Healthcare Value

In Section III.4, pages 27-28, the applicants state:

*“This application, by increasing professional coverage, addresses the needs of the residents of Hyde-Tyrrell service area, the Applicants’ PSA, in providing adequate access and availability to quality health care at a reasonable cost and is consistent with the State Medical Facilities Plan. Furthermore, as indicated in EXHIBIT H, the gradient of disability across the socioeconomic spectrum is inversely proportionate to household wealth or income; showing up to 35% greater incidence of disability among those below the poverty level; thereby increasing access to needed services for the lower income residents of the Applicants’ PSA, particularly given the fact that the proposed facility will accept Medicaid reimbursement for services rendered.”*

The applicants adequately demonstrate that this project will maximize healthcare value.

### Promote Safety and Quality

In Section I.12(b), pages 9-10, the applicants state:

*“The proposed facility will be managed by Meridian Senior Living, a related party, via management agreement with East Coast, AL Holdings, LLC. Meridian has significant experience managing adult care homes in North Carolina and currently manages over 48 adult care homes statewide. Meridian’s management team includes a Chief Operating Officer, four Regional Executives, a Coordinator of Special Care Services, and a Vice President of Quality Assurance (QA), who among them have more than 50 years experience in assisted living, long-term care, and related health care services. Additionally, there are 6 QA Associates (5 Registered Nurses and a Physician’s Assistant) who report to the Vice President of Quality Assurance (an RN with 10 years of experience in ALF services in North Carolina).”*

In Section II.2, page 14, the applicants state the following in regard to quality assurance services:

*“An ongoing commitment to ‘best practices’ in the areas of Personal Care Services, Pharmacy Services & Medication Administration, as well as overall resident care, will be supported by an experienced Quality Assurance team whose only goal is the provision of the*

*absolute finest in resident care and services. QA staff will make regular monthly visits to the facility to assure compliance with State regulations, and to check delivery systems to ensure ongoing safety and quality of care. QA staff will provide consultation and staff training on a continuous basis.”*

In Section II.3(a), page 15, the applicants state:

*“The Applicants propose to develop a 50-bed Adult Care Home, of which 24 beds will be an Alzheimer’s/Dementia Special Care Unit. The applicants believe it is important to create a homelike setting in a smaller, [sic] community, as contrasted with a larger, institutional environment. With 24 (out of 50) Special Care Unit residents, the Tyrrell House community will:*

- *Promote greater social interaction;*
- *Provide a more secure, supportive atmosphere;*
- *Allow for greater, individualized care for each resident; and*
- *Enhance the overall quality of life for all residents.*

*The Special Care Unit will be designed, constructed, and operated in accordance with 10A NCAC 13F .1301-1310. The Special Care Unit will have the following design features:*

- *Electronically controlled ingress and egress.*
- *A self-contained physical environment with recreational, dining and staff area within the unit.*
- *An enclosed outdoor recreational area.*
- *Environmental cues to maintain resident contact with reality.*

*The Administrator, Special Care Coordinator, and all facility staff will undergo rigorous training in the special needs and care of Alzheimer’s/related dementia-afflicted residents. The training will be ongoing, and designed to exceed all regulatory requirements for Special Care Unit employee training.”*

In Section II.5, pages 20-21, the applicants state:

*“The Applicants are committed to employing, training, supervising, directing and leading the best qualified and dedicated personnel. This staff is charged with the responsibility and authority to carry out resident care and services in a timely and consistent manner in accordance with the rules and regulations. In addition, through Meridian Senior Living, the Applicants will:*

- *Employ a consultant Registered Nurse to monitor care & services in accordance with resident needs, policies & procedures and in accordance with the rules.*

- *Develop a working relationship with the regional chapter of the Alzheimer's Association to work closely in the development of a state-of-the-art program and will assist in monitoring the care & services on an ongoing basis.*
- *Utilize an electronic medication management system to monitor and control all aspects of medication administration, ordering, receipt and recording.*
- *Monitor results on an ongoing basis through ongoing resident feedback, Resident Council meetings and Family Council meetings.*
- *Manage the quality of services and care on an ongoing basis through a Quality Assurance Committee consisting of: 5 registered nurses and a physician's assistant with extensive long-term-care experience and diverse professional credentials; on-site staff and department heads, overseen by the consultant Registered Nurse, the staff Pharmacist, the Chief Operating Officer, and a Regional Executive, along with the Vice President of Quality Assurance."*

The applicants adequately demonstrated their ability to promote safety and quality care.

#### Promote Equitable Access

In Section V.4, pages 38-39, the applicants state:

*"The proposed project ... to develop 50 beds will have a positive impact [sic] access of underserved groups to the services in the following manner:*

...

- *The facility will meet the needs of underserved residents including those with Special Assistance as a payor source and those needing a higher level of care.*
- *The facility will offer services to those with any payor source – whether Special Assistance, insurance or private pay without regard to race, creed, religion or gender.*
- ...
- *The location in the Hyde-Tyrrell Service Area is easily accessible to the [sic] all residents of the county.*
- *The Applicants have carefully balanced resident care and design considerations in proposing a project that provides quality care but still provides access to the medically underserved by keeping costs low through economies of scale and utilization of a flexible physical plant design."*

In Section III.4, page 28, the applicants state, *"the proposed facility will accept Medicaid reimbursement for services rendered."*

The applicants adequately demonstrate that the proposed project will maximize healthcare value, promote safety and quality and promote equitable access to medically underserved groups. See Criterion (13) for additional discussion relating to promoting equitable access which is hereby

incorporated by reference as if fully set forth herein. Therefore, the application is consistent with this policy.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities states:

*“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In improving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”*

In Section XI.13 and 14, pages 79-80, the applicants describe the measures that will be used to promote energy efficient operations and water conservation which include: providing individual HVAC units in each bedroom, zoning public spaces with 7 day programmable thermostats, use of energy recovery ventilators to reclaim energy from exhausted air, installing equipment that meets the NC Energy Code for the SEER ratings, heating water by natural gas or propane, insulating all piping and using recirculating pumps to minimize water consumption, and installing lighting that meets the NC energy requirements.

The applicants adequately demonstrate the proposal includes a plan to assure improved energy efficiency and water conservation.

In summary, the applicants adequately demonstrated the proposed application is consistent with the need determination in the 2013 SMFP. Additionally, the application is consistent with Policies GEN-3 and GEN-4 and is conforming to 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

The 2013 State Medical Facilities Plan established an adjusted need determination for 50 adult care home beds in the Hyde-Tyrrell Service Area. The applicants, East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC (lessee) propose to construct a 50-bed ACH facility, which includes a 24-bed Special Care Unit, in Columbia, in Tyrrell County. The applicants propose to construct an 18,420 square foot ACH facility which will consist of six private beds and 44 semi-private beds.

Population to be Served

In Section III.7(a), page 29, the applicants provide Tyrrell House proposed projected patient origin for the first full federal fiscal year of operation following completion of the project, as illustrated in the table below.

<i>County</i>	<i>Percent of Total ACH Admissions</i>
<i>Tyrrell</i>	<i>40%</i>
<i>Hyde</i>	<i>60%</i>
<i>Total</i>	<i>100%</i>

In Section III.7(a), pages 29-30, the applicants state:

*“Applicant [sic] identifies the Primary Service Area as the Hyde-Tyrrell service area, and has evaluated both demand and convenience factors (as well as economic efficiencies) in determining the demand/need for assisted living and special care services within the delineated PSA. The Applicants’ marketing will exclusively target the defined PSA in addition to the surrounding counties. The described PSA results in sufficient demand/need for the proposed facility. SEE EXHIBIT H.”*

In Section III.7(b), page 30, the applicants provide their assumptions and methodology for projecting patient origin as follows:

*“The origin projections are based upon the current demographic composition of Hyde-Tyrrell service area (together, the PSA). Furthermore, sufficient demand/need is evidenced in EXHIBIT H, to support resident origins in the percentages projected from among the existing population. Sufficient demand exists in the PSA to generate 100% resident origins from the PSA.”*

In Section VI.1, pages 40-41, the applicants describe how the residents of the service area will have access to the proposed services, including those residents that are low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups. The applicants state on page 40 that 75% of those residents served at Tyrrell House will receive basic Medicaid and that 100% of those served in the SCU will receive basic Medicaid.

The applicants adequately identified the population it proposes to serve.

#### Need for the Proposed Project

In Section III.1(a), pages 23-24 of the application and in supplemental information, the applicants state the following regarding the need to construct a new 50-bed adult care home facility in the Hyde-Tyrrell service area.

*“The basis for the need and components of the project are as follows:*

- *The State Medical Facilities Plan (SMFP) identified the need for 50 adult care home beds in Hyde-Tyrrell Service Area.*
- *...*
- *For the seven-year period 2010 to 2017, the age 65+ population in the PSA is projected to grow 16.8%; from the current 15.8% of the total population, to 18.5% of the 2017 total population. SEE EXHIBIT H and G.*
  - *Year 2010 in connection with the 2017 growth in the 55+ population for the county are summarized in the following chart.*

<b>Age Range</b>	<b>2010 #/% Total Population</b>	<b>2012 #/% Total Population</b>	<b>2017 #/% Total Population</b>
55-59	780/7.6%	802/7.9%	815/8.0%
60-64	636/6.2%	668/6.5%	698/6.9%
65-69	475/4.6%	509/5.0%	601/5.9%
70-74	422/4.1%	444/4.3%	526/5.2%
75-79	315/3.1%	315/3.1%	341/3.3%
80-84	197/1.9%	193/1.9%	187/1.8%
85+	208/2.0%	217/2.1%	225/2.2%
65+	1617/15.8%	1678/16.8%	1880/18.5%
75+	720/7.0%	725/7.1%	753/7.4%

- *These charts show a consistent rate of growth in the 65+ population category between 2010 and 2012, projected to accelerate between 2012 and 2017.*
- *Among the 65+ population of the two-county PSA, approximately 20.8% have either 1 or more disabilities ...<sup>1</sup>*
- *The community has endorsed the Applicants' proposed project for Tyrrell County. The comments from the community relative to the need for the SCU beds are found in Exhibit I.*

In Section III, pages 23-25 and supplemental information, the applicants provide the assumptions and methodology used in their determination of need for the proposed project. The applicants referenced the 2013 SMFP's identified need for 50 adult care home beds in the Hyde-Tyrrell service area (adjusted from the 2012 SMFP which identified a need for 30 beds in Hyde County and 20 beds in Tyrrell County subsequent to a petition to the SHCC by Hyde County and Tyrrell County Commissioners).

In Section IV.2(c), page 31, the applicants state that they will begin marketing the adult care facility in the months prior to licensure and anticipate they will have a list of 10 residents (5 ACH residents and 5 SCU residents), prior to licensure of the proposed facility. Exhibit L contains the applicants' assumptions concerning utilization. The applicants state that the facility will begin with 10 patients, 5 adult care home (ACH) patients and 5 special care unit (SCU) patients on October 1, 2015 and increase at a rate of 2 ACH and 2 SCU patients per month. The applicants assume that ACH patient occupancy will reach 92.3% with 24 out of 26 beds occupied by the eleventh month of the first full year, August 2016. The applicants assume that SCU patient occupancy will reach 95.8% with 22 out of 24 beds occupied by the tenth month of the first full year, July 2016. The applicants assume that the facility will be considered stable or

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<sup>1</sup> ESRI Business Analyst Age 50+ Profile



full at 92.0% occupancy with 46 out of 50 beds occupied. In Section IV.2(e), page 32, the applicants state the following in regard to their assumptions and methodology used to project utilization:

*“The assumptions and methodology are based on the following:*

- *The experiences of the Regional Executive, the Chief Operating Officer and the VP of Quality Assurance Services in opening 20 assisted living facilities and 12 Alzheimer’s and Dementia facilities.*
- *Healthcare providers and the community leadership recognized need for additional beds, especially SCU beds. See Exhibit I.*
- *The need identified in the 2013 State Medical Facilities Plan.”*

In Section IV.2(e), pages 32-33 and supplemental information, the applicants project utilization for the first three years of operation, as summarized in the table below.

**Tyrrell House Projected Utilization Summary Years 1- 3**

	<b>FFY 2015 10/1/15-9/30/16</b>	<b>FFY2016 10/1/16-9/30/17</b>	<b>FFY2017 10/1/17-9/30/18</b>
# ACH Beds	26	26	26
ACH Patient Days	5,720	8,760	8,760
ACH % Occupancy	60.3%	92.3%	92.3%
# SCU Beds	24	24	24
SCU Patient Days	5,567	8,030	8,030
SCU % Occupancy	63.6%	91.7%	91.7%
Total Facility Bed	50	50	50
Total Facility Patient Days	11,287	16,790	16,790
Total Facility % Occupancy	61.8%	92.0%	92.0%

Projected utilization of the 50-bed ACH facility in the Hyde-Tyrrell service area is based on reasonable, credible and supported assumptions regarding growth in utilization, which is based on the population growth rate and increased rate of growth in the 65+ population of the Hyde-Tyrrell service area. The applicants adequately demonstrated the need to develop 50 ACH beds in the Hyde-Tyrrell service area.

Access

In Section VI.2, page 40, the applicant states that 75% of the residents residing in the regular ACH section of the facility will have as its payor source special assistance with basic Medicaid and 100% of its residents residing in the SCU will have special assistance with enhanced Medicaid as its payor source. In Section VI.4(a), page 41, the applicants state, *“[A]ll persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. ...”*

Thus, the applicants demonstrate that the underserved population will have access to services at Tyrrell House.

In summary, the applicants adequately identified the population to be served, demonstrated the need the population has for the project and the extent to which all residents of the area, in particular underserved groups are likely to access the services provided. Therefore, the application is conforming to 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.

NA

- (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

In Section III.2, pages 26-27, the applicants describe three alternatives considered which include the following:

- 1) Construct a 50 bed facility of all regular ACH beds.
- 2) Construct a 50 bed facility of all SCU beds.
- 3) Construct a 50 bed state-of-the-art facility containing both ACH and SCU beds.

The applicants concluded that the construction of a new 50-bed ACH facility with a special care unit to meet the needs of residents with Alzheimer's and related Dementias and other residents in need of ACH services was its best alternative. Thus, the applicants concluded that this was their least costly and most effective alternative to meet the need identified in the 2013 SMFP.

Furthermore, the application is conforming to all other applicable statutory and regulatory review criteria, and thus, is approvable. A project that cannot be approved cannot be an effective alternative.

The applicants adequately demonstrate that the proposed alternative is the most effective or least costly alternative to meet the need to provide adult care home beds/services in the Hyde-Tyrrell service area. The application is conditionally conforming to this criterion and approved subject to the following conditions.

- 1. East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC (lessee) d/b/a Tyrrell House shall materially comply with all representations made in the certificate of need application and in supplemental information provided. In those instances where representation conflict, East Coast Health Investors, LLC and East Coast AL Holdings, shall materially comply with the last made representations**
  - 2. East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC (lessee) d/b/a Tyrrell House shall construct a facility with no more than 50 adult care beds, including a 24-bed special care unit, upon the completion of the proposed project.**
  - 3. East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC, (lessee) shall provide care to State/County Special Assistance patients with Basic Medicaid for the facility and the Special Care Unit commensurate with their representations in the application.**
  - 4. For the first two years of operation following completion of the project, East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC (lessee) d/b/a Tyrrell House 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 made in the certificate of need application.**
  - 5. East Coast Health Investors, LLC (lessor) and East Coast Holdings, LLC, (lessee) shall submit all patient charges and patient admissions for each source of patient payment to the CON Section at year end for each of the first three operating years following licensure of the beds in the facility.**
  - 6. East Coast Health Investors, LLC (lessor) and East Coast Holdings, LLC, (lessee) shall submit a plan of energy efficiency and water conservation to the Construction Section, DHSR, that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation.**
  - 7. East Coast Health Investors, LLC (lessor) and East Coast AL Holdings, LLC (lessee) d/b/a Tyrrell House 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

In Section VIII.1, page 52 and supplemental information, the applicants project the total capital cost of the project will be \$3,255,475, which includes \$582,075 in site costs, \$1,749,900 in construction costs, \$450,000 in equipment and furniture costs, \$120,000 in architect and engineering costs, \$15,000 in Certificate of Need preparation costs, \$3,500 in legal costs, \$10,000 in financing costs, \$225,000 in interest during construction and \$100,000 in other costs (contingency). In Section VIII.2, page 53, the applicants state that the capital costs of the project will be financed by means of a commercial loan. Exhibit N contains a letter dated February 14, 2013 from a Principal of Stirling Realty Advisors, LLC, which states:

*“Stirling Realty Advisors, LLC (“Stirling”) hereby expresses its interest in providing construction and permanent financing for your proposed new facility in Hyde-Tyrrell. Through our longstanding relationship with affiliated entities of East Coast Health Investors, LLC and East Coast AL Holdings, LLC, whereby we have previously funded all costs associated with several like projects, Stirling is comfortable with and is eager for the opportunity to fund 100% of the Tyrrell House project.*

*The following is a summary of the terms and conditions that would apply to this transaction:*

<i>Borrower:</i>	<i>East Coast Health Investors, LLC</i>
<i>Purpose:</i>	<i>To provide 100% financing for the development, construction, and permanent financing of a 50 bed Adult Care Facility of which 24 beds will a Special Care Unit in Columbia, Tyrrell County, NC</i>
<i>Amount:</i>	<i>\$3,255,475</i>
<i>Interest Rate:</i>	<i>10.00%</i>
<i>Term/Repayment:</i>	<i>60 monthly payments of principal and interest based on a twenty-five year amortization, with all accrued interest and principal due at maturity.</i>
<i>Collateral:</i>	<i>Senior Deed of Trust on the proposed facility, located on property selected in Columbia, Tyrrell County, NC.”</i>

In Section IX, page 57, the applicants project total start-up expenses of \$155,000 during the two months start-up period, and initial operating expenses of \$140,000 for a total working capital cost of \$295,000 which will be funded through a commercial loan from Stirling Realty Advisors.

In Exhibit P, the applicants provide a second letter dated February 14, 2013 from the Principal of Stirling Realty Advisors, LLC, which states:

*“Stirling Realty Advisors, LLC (“Stirling”) hereby expresses its interest in providing working capital financing for your proposed new facility in Hyde-Tyrrell. ... Stirling is comfortable with and is eager for the opportunity to fund 100% of the Tyrrell House project.*

*The following is a summary of the terms and conditions that would apply to this transaction:*

*Borrower: East Coast AL Holdings, LLC*

*Purpose: To provide working capital financing inclusive of initial operating costs as well as start-up expenses for 50 bed Adult Care Facility of which 24 beds will be a Special Care Unit in Columbia, Tyrrell County, NC.*

*Amount: \$295,000*

*Interest Rate: 12.00%*

*Term/Repayment: Interest Only for 60 month term. All accrued interest and principal due at maturity.*

*Collateral: Senior Lien on Accounts Receivable*

The applicants documented the availability of adequate funds to develop the proposed project. The table below reflects per diem costs provided by the applicants in Form C of the Pro Forma Operating Expense Statement for FFY 2017 and supplemental information. The projected average per diem cost for direct expenses is \$52.84. The projected per diem cost for indirect expenses is \$48.16, as shown in the table below.

<b>FFY2017 Year Two (10/1/16-9/30/17) Direct Operating Costs</b>			
<b>Per Diem Costs</b>			
	<b>Tyrrell House Cost</b>	<b>Tyrrell House Patient Days of Care</b>	<b>Tyrrell House ❶ Resident Cost/Per Diem</b>
		16,790	
<b>Total Direct Expense</b>	\$887,332		\$52.84
<b>Total Indirect Expense</b>	\$808,621		\$48.16
<b>Total Operating Expenses</b>	\$1,695,953		\$101.01

❶ Certificate of Need Application, Project I.D. # R-10085-13, pages 83-86 and supplemental information.

In Section X.4, page 66, the applicants project the reimbursement charges/rates for Tyrrell House’s first three operating years following project completion. According to the NC Region Map, Tyrrell County, which is the proposed site for the new ACH facility, is bordered by Washington County to the west, Dare County to the east and Hyde County to the south. The 2013 SMFP identifies two facilities in Dare County with ACH beds, Colony Ridge Nursing and Rehabilitation Center with 18-beds and Spring Arbor of the Outer Banks with 102 beds. The 2013 SMPF also identifies two facilities in Washington County with ACH beds; Cypress Manor with 40 beds and Roanoke Landing and Rehabilitation Center with 9 beds. The applicants propose to build Tyrrell House on Elementary School Road, in Columbia, Tyrrell County. The table below illustrates the location and distance of the existing ACH beds in adjacent counties to the proposed facility.

Facility Name	Location	County	Number of ACH Beds	Distance to Tyrrell House*
<b>Colony Ridge Nursing &amp; Rehab</b>	430 West Health Center Drive, Nags Head	Dare	18	45.7 miles, 54 minutes
<b>Spring Arbor of the Outer Banks</b>	803 Bermuda Bay Blvd , Kill Devil Hill	Dare	102	48.6 miles, 57 minutes
<b>Cypress Manor</b>	503 Buncombe Ave, Roper	Washington	40	25 miles, 29 minutes
<b>Roanoke Landing Nursing &amp; Rehab</b>	1084 US 64 East, Plymouth	Washington	9	30.9 miles, 32 minutes

\*Note: Distances as reported by Google Maps

As illustrated in the table above, the closest facility with ACH beds to the proposed site of Tyrrell House is 25 miles away in Washington County. There are currently no adult care home beds in the Hyde-Tyrrell service area.

The following table compares the projected per diem reimbursement rates for Tyrrell House, as provided by the applicants in supplemental information, with the current reimbursement rates

reported in the 2013 License Renewal Application for the two facilities in Dare and Washington County.

**Tyrrell House Projected Daily Per Diem  
 Reimbursement Rate/Charges Comparison**

TYRRELL HOUSE	PRIVATE ROOM	SEMI-PRIVATE ROOM
<b>Tyrrell House Projected</b>		
<b>ACH (excludes special care unit)</b>		
Private Pay	\$138.08	\$124.93
State/County Special Assistance with Medicaid Enhanced Care		\$0.74
<b>SCU Bed Rate</b>		
Private Pay	\$138.08	\$124.93
State/County Special Assistance		\$135.51
<b>DARE COUNTY FACILITIES</b>		
<b>Colony Ridge Nursing &amp; Rehab</b>		
<b>ACH Bed Rate</b>		
Private Pay	\$184.00	\$173.00
<b>Spring Arbor of the Outer Banks*</b>		
<b>ACH Bed Rate</b>		
Private Pay*	\$146.50	\$95.00
<b>WASHINGTON COUNTY FACILITIES</b>		
<b>Cypress Manor**</b>		
<b>ACH Bed Rate</b>		
Private pay**	\$78.33	\$65.00
<b>Roanoke Landing Nursing &amp; Rehab</b>		
<b>ACH Bed Rate</b>		
Private pay	\$121.00	\$116.00

\*Spring Arbor of the Outer Banks' daily rate was calculated based on the monthly rate provided in its 2013 LRA and divided by 30. Example: Monthly private room reported is 4,395/30=146.50

\*\*Cypress Manor's daily rate was calculated based on the monthly rate provided by the applicant in its 2013 LRA. Example: Monthly private room rate is 2,350/30=78.33

The applicants provided pro forma financial statements and supplemental information for the first three years of the proposed project. The applicants project revenues will exceed operating expenses in the second and third years of the proposed project, as illustrated in the table below.

**Tyrrell House Financial Projections**

	Project Yr 1 FFY 2015	Project Yr 2 FFY 2016	Project Yr 3 FFY 2016
Total Revenue	\$1,187,633	\$1,739,267	\$1,744,127
Total Expenses	\$1,536,100	\$1,695,953	\$1,696,196
Profit/(Loss)	(\$348,767)	\$43,314	\$47,932

In summary, the applicants adequately demonstrate the availability of funds for the capital and operating needs of the proposal and demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Therefore, the application is conforming to 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.

C

The 2013 SMFP identifies an adjusted need for 50 ACH beds in the Hyde-Tyrrell service area which was the result of a petition endorsed by the County Commissioners of both Hyde County and Tyrrell County and approved by the SHCC and the Governor to allow the 30-bed need determination identified in the 2012 SMFP from Hyde County and the 20-bed need from Tyrrell County to be developed as part of a combined Hyde-Tyrrell service area. The proposed facility will be located in Columbia, in Tyrrell County and provide ACH services for residents residing in the proposed Hyde-Tyrrell service area. The proposed facility will include 24 special care unit beds and 26 adult care home beds. There are currently no ACH-beds located in the Hyde-Tyrrell service area. The applicants project that in 2017 there will be 1,880 residents age 65 and over in Hyde County and Tyrrell County combined. The applicants further state, based on information from the NC Division of Aging, 20.8%<sup>2</sup> of the projected population of residents age 65 and older in the two county service area have one or more disability.

The applicants state that they expect to start with 10 residents, of which 5 are expected to be adult care home residents and 5 special care unit residents. The applicants assume that the ACH beds will fill up at a rate of 2 residents per month until 92.3% occupancy, or 24 out of 26 beds are occupied, which is projected to be reached in the eleventh month of the first year, August 2016. The applicants assume that the SCU will fill up at a rate of 2 residents per month until 95.8% occupancy is achieved with 22 out of 24 SCU beds occupied in the tenth month of the first year, July, 2016.

The applicants adequately demonstrate the need to develop a 50-bed ACH facility in the Hyde-Tyrrell service area. See Criterion (3) for the discussion regarding the need for the proposal which is incorporated hereby as if fully set forth herein.

The applicants adequately demonstrate the project will not result in the unnecessary duplication of existing or approved adult care home services in the Hyde-Tyrrell service area. Consequently, the application is conforming to 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.

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<sup>2</sup> ESRI Business Analyst Age 50+ Profile



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In Section VII.4, page 48 and supplemental information, the applicants propose to have 38.94 FTE positions by the second full federal fiscal year following completion of the proposed project. The applicants project 13,395 annual direct care staff hours (6.44 personal care aides x 2,080 annual hours =13,395) for the ACH beds and 34,944 annual direct care staff hours (16.80 personal care aides x 2,080 annual hours =34,944) for the SCU beds in Project Year 2. Therefore, the applicants project an average of 1.53 direct care staff hours per patient day (DCHPPD) in Project Year 2 for those patients residing in the 26 ACH beds. Because the SCU will be designed to treat patients who suffer from Alzheimer Disease and other forms of related dementia, those residents residing in the 24-bed SCU will receive 4.35 direct care hours per patient

Table VII.3, page 48 and supplemental information, illustrates the FTE positions proposed for the second full federal fiscal year (10/1/16 – 9/30/17), as follows.

**Tyrrell House Proposed Staff Second Full Federal Fiscal Year (10/1/16- 9/30/17)**

	Adult Care Home Beds FTEs	Special Care Unit FTEs	Total Facility FTEs	Annual Salary/Hourly Rate	
				ACH	SCU
<b>Routine Services</b>					
Supervisor Direct Care	0.00	4.20	4.20	\$9.00	\$10.00
Personal Care Aide	4.20	8.40	12.60	\$8.00	\$9.50
Med Tech Direct Care	2.24	4.20	6.44	\$9.00	\$10.00
Care Coordinator*	0.00	1.00	1.00	\$13.00	\$15.00
<b>Total</b>	<b>6.44</b>	<b>17.80</b>	<b>24.24</b>		
<b>Dietary</b>					
Supervisor	0.00	1.00	1.00	\$10.00	
Cooks	0.80	1.00	1.80	\$8.00	
Dietary Aides	0.80	1.00	1.80	\$7.50	
<b>Total</b>	<b>1.60</b>	<b>3.00</b>	<b>4.60</b>		
<b>Activity Services</b>					
Director	0.00	1.00	1.00	\$10.00	
Activity Aide	0.34	1.00	1.34	\$8.00	\$8.00
<b>Total</b>	<b>0.34</b>	<b>2.00</b>	<b>2.34</b>		
<b>Patient Transportation</b>					
Driver	0.00	1.00	1.00	\$8.00	
<b>Housekeeping/Laundry</b>					
Housekeeping Supervisor	0.00	1.00	1.00	\$8.00	
Housekeeping Aides	0.48	0.00	0.48	\$7.75	
Laundry Aides	0.80	1.00	1.80	\$7.75	
<b>Total</b>	<b>1.28</b>	<b>2.00</b>	<b>3.28</b>		
<b>Operations &amp; Maintenance</b>					
Maintenance Supervisor	0.00	1.00	1.00	\$10.00	
Janitors	0.48	0.00	0.48	\$7.75	
<b>Total</b>	<b>0.48</b>	<b>1.00</b>	<b>1.48</b>		
<b>Admin &amp; General</b>					
Administrator	0.00	1.00	1.00	\$70,000	
Bookkeeper	0.00	1.00	1.00	\$9.00	
<b>Total</b>	<b>0.00</b>	<b>2.00</b>	<b>2.00</b>		
<b>Total All Positions</b>	<b>10.14</b>	<b>28.80</b>	<b>38.94</b>		

\*Direct Care Coordinator is not factored in when averaging direct care hours per patient

In Section VII.2, page 44 and supplemental information, the applicants provide the following table illustrating the proposed direct care staffing for each shift in a 24-hour day during the second year of operation.

<b>Proposed Staff by Shift For Second FFY (10/1/2016—9/30/17)</b>	
<b>Day Shift</b>	
ACH Bed (excluding Special Care Units)	2.0
Special Care Unit	5.0
<b>Total Adult Care Home Day Shift</b>	<b>7.0</b>
<b>Evening Shift</b>	
ACH Bed (excluding Special Care Units)	2.0
Special Care Unit	4.0
<b>Total Adult Care Home Evening Shift</b>	<b>6.0</b>
<b>Night Shift</b>	
ACH Bed (excluding Special Care Units)	1.0
Special Care Unit	4.0
<b>Total Adult Care Home Night Shift</b>	<b>5.0</b>
<b>Total for the Day</b>	
ACH Bed (excluding Special Care Units)	5.0
Special Care Unit	13.0
<b>Total Adult Care Home per 24 Hour Shift</b>	<b>18.0</b>

Adequate costs for the health manpower and management positions proposed by the applicants in Table VII.3 and supplemental information are budgeted in the pro forma financial statements. In Section VII.7, page 50, the applicants provide their recruitment and staff retention plan. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to 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.

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In Section II.2, pages 12-14, the applicants list the ancillary and support services that will be made available, including: activities/recreation; beauty/barber services; dentistry services; dietary services; emergency medical services; family support groups; housekeeping/laundry services; personal care services; community volunteer services; pharmacy services and medication administration; physician services; quality assurances services; respite care; therapies; and transportation services. Exhibit X includes a letter of interest from Amy S.

Costin, RN concerning nursing consultant services, a letter of interest from Stanley Lab, Inc., for pharmacy services; and a letter of interest from Sysco for food services. Exhibit J includes an unsigned transfer agreement between Tyrrell House and Vidant Chowan Hospital. In Exhibit I, the applicants provide letters of support and referral from the following sources: the Chairman of Hyde County Board of Commissioners, the Chairman of Tyrrell County Board of Commissioners, President of Greater Tyrrell County Chamber of Commerce, Director of Tyrrell County Social Services, Health Director of Martin-Tyrrell-Washington District Health Department, EMS Director of Washington County Emergency Medical Services, President & CEO of NC's Northeast Commission, Commander of the local American Legion and letters of support from Representatives of the North Carolina General Assembly.

The applicants adequately demonstrated the availability of the necessary ancillary and support services and that the proposed services would be coordinated with the existing health care system. Therefore, the application is conforming to 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

NA

- (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.

C

The applicants propose to build a 18,420 square foot adult care home facility, which upon completion, will house 6 private rooms of 204 square feet each and 22 semi-private rooms of 204 square feet each, for a total of 50 beds. Twenty-four of the beds will be dedicated to an Alzheimer's Special Care Unit. Exhibit V contains the proposed floor plan. The applicants have identified two possible sites for the proposed adult care facility. The primary site consists of 4 acres and is located on Elementary School Road and the secondary site identified by the applicants consists of 5 acres and is located on US Highway 64 East. Both sites identified are located in Columbia in Tyrrell County.

Exhibit W contains a letter dated February 11, 2013, from David R. Polston, AIA, which states:

*"We examined the feasibility of several design alternatives for the construction of a 50 bed assisted living facility. Based on our selected design (18,420 S.F.), I estimate that the square foot cost for the new construction will be approximately \$95.00 for a total new building budget of \$1,749,900.00."*

The construction cost of \$1,749,900.00 is based on the architect's estimate of cost per square foot which is consistent with the subtotal construction contract cost in table VIII.1, page 52.

In Section XI.13 and 14, pages 79-80, the applicants state the measures that will be used to contain costs, maintain energy efficiency and sustainability and water conservation. Exhibit V contains the Site and Floor Plans. See Criterion (1) for additional discussion regarding energy conservation which is incorporated hereby as if fully set forth herein. The applicants adequately demonstrate that applicable energy saving features have been incorporated into the construction plans.

The applicants adequately demonstrate that the cost, design, and means of construction represent the most reasonable alternative for the proposal to construct a 50-bed adult care home facility. Furthermore, the applicants adequately demonstrate the project will not unduly increase costs or charges. See Criterion (5) for discussion of costs and charges which is incorporated hereby as if fully set forth herein. Therefore, the application is conforming to this criterion.

(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

(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

(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

C

In Section VI.(2), page 40, the applicants project 100% of Special Care Unit resident days and 75% of the residents residing in the regular adult care beds would receive Special Assistance for the second full federal fiscal year (10/1/16 to 9/30/17) of operation following the completion of the project, as illustrated in the table below.

**Tyrrell House – October 1, 2016 - September 30, 2017**

Payor Source	ACH Residents	SCU Residents
Private Pay	25.0%	0.0%
Special Assistance with Basic Medicaid	75.0%	100.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The applicants demonstrated that medically underserved populations will have adequate access to the proposed services. Therefore, the application is conforming to this criterion.

- (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.

C

In Section VI.6, page 42 the applicants state:

*“Persons from the Hyde-Tyrrell Service Area will have access to all Tyrrell House services through the following referrals:*

- *Physicians*
- *Hospitals*
- *Department of Social Services*
- *Hospice*
- *Home Health Agencies*
- *Department of Health*
- *Alzheimer’s Association*
- *Word of mouth”*

The applicants adequately identified the range of means by which residents will have access to the proposed adult care home facility. Therefore, the application is conforming to this criterion.

- (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 K contains a letter documenting the applicants’ willingness to serve as a training site for nursing assistant students from Beaufort County Community College. The applicants adequately demonstrate that the proposed facility would accommodate the clinical needs of health professional training programs in the area. The information provided is reasonable and credible and supports a finding of conformity 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.

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The proposed project, Tyrrell House, would be the only provider of adult care home services in the Hyde-Tyrrell service area. In Section V.4, pages 38-39, the applicants discuss how the proposed 50-bed adult care home facility will promote cost effectiveness, quality, and access to these services in the proposed service area. See Sections II, III, V, VI and VII of the application. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area includes a positive impact on cost-effectiveness, quality and access to adult care home services in the Hyde-Tyrrell service area. This determination is based on the information in the application, and the following:

- ◆ The applicants adequately demonstrate the need to develop a 50 bed adult care home with 24 special care unit beds.
- ◆ The applicants adequately demonstrate that the proposed facility will provide quality services; and
- ◆ The applicants demonstrate that the proposed facility will provide adequate access to medically underserved populations.

The application is conforming to this criterion.

- (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.

NA

- (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* in 10A NCAC 14C Section .1100. Therefore, the application is conforming to this criterion.

**.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.*

-C- The applicants project the first eight quarters occupancy levels in Section IV, Table IV.2, pages 32-33, and project 92% occupancy by the first quarter of the second full year, FFY 2017. See Exhibit L for the assumptions used by the applicants in projection of the utilization. See Criterion (3) for discussion of the reasonableness of the projections and assumptions which is hereby incorporated by reference as if full set forth within.

(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.*

-C- In Section III.7(a), page 29, the applicants project patient origin by county of residence. The applicants state that 60% of admissions will originate from Hyde County and 40% from Tyrrell County. The applicants' assumptions and methodology are provided in Section III.7, page 30 and Exhibit L.

(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.*

-C- In Exhibit D and supplemental information the applicants state that 85% of Tyrrell House residents are projected to live within a 45-mile radius of the Hyde-Tyrrell service area prior to admission.

(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.*

- C- In Section XI.2, page 69, the applicants identify a primary site. In Section XI.3 page 73, the applicants identify a secondary site. Both proposed sites are located in Columbia, in Tyrrell County. See Exhibit R for documentation that both sites are available for acquisition.
- (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.*
- C- Exhibit S contains a letter from the Town Manager of Columbia, in Tyrrell County which addresses the zoning issues and states the re-zoning would require action by the Columbia Planning Board and the Columbia Board of Alderman which could be completed in three months. Exhibit U contains a letter from the Town Manager of Columbia, in Tyrrell County stating that both water and sewer are already available on the proposed sites, as is natural gas.
- (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.*
- C- In Section II.2, page 12, the applicants state, “*Tyrrell House will provide a comprehensive range of long-term care services to its residents, and will operate in accordance with 10A NCAC 13B and 13F ‘Rules for the Licensing of Adult Care Homes,’ and North Carolina G.S. Chapter 131D ‘Inspection and Licensing of Facilities.’ The Applicants are committed to meet, or exceed all resident care and life services needs of those whom the facility is privileged to serve.*”

Exhibit W includes a letter from the applicants’ architect, David R. Polston, AIA, which states, “... we will to the best of our ability and knowledge develop a set of construction documents which comply with all applicable federal, state, local construction and licensure codes for this type of occupancy and building type.”

#### **.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 develop new ACH beds not add NF 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 develop new ACH beds not NF 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.*
- NA- The applicants propose to develop a new ACH facility.
- (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- The applicants, in Section IV, Table IV.2, page 33, state that occupancy at the end of the second full year of operation will be 92%. All assumptions are set forth in Exhibit L.