

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: January 28, 2014

FINDINGS DATE: February 3, 2014

PROJECT ANALYST: Gregory F. Yakaboski

TEAM LEADER: Lisa Pittman

PROJECT I.D. NUMBER: J-10163-13 / UniHealth Post-Acute Care- Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) / Acquire 18 nursing facility beds from two WakeMed facilities, relocate these 18 NF beds within Wake County to UniHealth Post-Acute Care- Raleigh, LLC's nursing care facility and renovate and expand the facility including therapy space / Wake 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.

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The applicants for this proposed project are:

- UniHealth Post-Acute Care- Raleigh, LLC ("UPAC-Raleigh") (lessee)
- Wake Healthcare Properties, Inc (lessor)

The applicants may be referred to collectively as either the applicants or UPAC-Raleigh.

UPAC-Raleigh currently has 150 nursing facility ("NF") beds. UPAC-Raleigh proposes to acquire and relocate 18 nursing facility (NF) beds from two WakeMed facilities to the UPAC-Raleigh nursing care facility in Wake County, renovate and expand its existing facility including its therapy space. Twelve of the NF beds will come from WakeMed Fuquay and six of the NF beds will come from WakeMed Zebulon. Upon completion of the proposed project UPAC-Raleigh will have 168 NF beds.

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2013 State Medical Facilities Plan (SMFP). However, the following policies are applicable:

- Policy NH-6: Relocation of Nursing Facility Beds
- Policy NH-8: Innovations in Nursing Facility Design
- Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

Policy NH-6: Relocation of Nursing Facility Beds states:

“Relocations of existing licensed nursing facility beds are allowed only within the host county and to contiguous counties currently served by the facility, except as provided in Policies NH-4, NH-5 and NH-7. Certificate of need applicants proposing to relocate licensed nursing facility beds to contiguous counties shall:

- 1. Demonstrate that the proposal shall not result in a deficit in the number of licensed nursing facility beds in the county that would be losing nursing facility 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 nursing facility beds in the county that would gain nursing facility 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.”*

The applicants propose relocating the 18 licensed NF beds within the same county. The application is consistent with Policy NH-6.

Policy NH-8: Innovations in Nursing Facility Design states:

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

In Section III.4, page 112, and Section II.2, pages 38-43, UPAC-Raleigh describes how the proposed project will incorporate innovative approaches in work place practices, environmental design and care practices to address quality of life and quality of care issues of the residents. Privacy, autonomy, resident choice and more home-like settings are all included in the proposed project. The application is consistent with Policy NH-8.

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 approving 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., page 197, the applicants provide a written statement describing the proposed project’s plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

In summary, the application is consistent with all applicable policies in the 2013 SMFP. Therefore, the application 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.

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UPAC-Raleigh currently has 150 nursing facility (“NF”) beds. UPAC-Raleigh proposes to acquire and relocate 18 nursing facility (NF) beds from two WakeMed facilities to the UPAC-Raleigh nursing care facility in Wake County, renovate and expand its existing facility including its therapy space. Twelve of the NF beds will come from WakeMed Fuquay and six of the NF beds will come from WakeMed Zebulon. Upon completion of the proposed project UPAC-Raleigh will have 168 NF beds.

Population to be Served

In Section III.9, page 116, the applicants provide projected patient origin for the NF beds, as shown in the table below.

County	Projected % of Total NF Residents
Wake	88.0%
Johnston	3.1%
Harnett	2.7%
Other Out of State	1.5%
Virginia	0.6%
Durham	0.4%
Cumberland	0.4%
New Hanover	0.3%
Nash	0.3%
Other Counties/Areas**	2.5%
Total	100.0%

*Other counties represent other North Carolina counties, each of which represents 0.01% or less of patient population.

On page 116, UPAC-Raleigh states that “*The applicants assume historical patient origin will remain constant.*”

The applicants adequately identified the population to be served.

Demonstration of Need

In Section III.1, pages 96-103, and the supplemental information the applicants state that the need to acquire and relocate 18 licensed NF beds renovate and expand its existing facility including its therapy space is based on the following:

- Private rooms are preferred by patients and help increase access.
- Patients with Alzheimer’s, dementia or other memory impairment issues have special needs.
- Patients are in need of therapy services
- Need to consolidate two very small facilities into a larger one with operational efficiencies.
- Agreement with WakeMed for special consideration for hard to place persons.
- Need for services for residents with chronic diseases.
- Need to absorb short-term rehabilitation patients discharged from WakeMed.

- Need for 565 nursing home beds in Wake County, as identified in the 2013 State Medical Facilities Plan.
- Need based on sustained growth and aging of Wake County’s population;
- Need for continuous improvement in culture change and quality;
- Need for careful management of healthcare systems transitions and reduction of hospital readmissions;
- Need for a facility in an accessible location to residents from Eastern and Southern parts of the county.

Projected Utilization

In supplemental information, the applicants state that the occupancy at the end of the second full federal fiscal year of operation is projected to be 96.0% as shown in the table below.

UPAC-Raleigh Projected Utilization First Two Project Years (Oct. 1, 2015 – September 30, 2017)					
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
First Full Project Year (FFY2016: 10/1/2015 – 9/30/2016)					
Pt. Days	14,705	14,580	14,742	14,904	58,931
# Beds	168	168	168	168	168
Occupancy	95%	96%	96%	96%	96%
Second Full Project Year (FFY2017: 10/1/2016 – 9/30/2017)					
Pt. Days	14,904	14,580	14,742	14,904	59,130
# Beds	168	168	168	168	168
Occupancy	96%	96%	96%	96%	96%

As shown in the table above, in the second full federal fiscal years of operation, UPAC-Raleigh projects the 168 NF beds will operate at 96% of capacity [59,130 / 365 / 168 = 0.9642 or 96%].

In Section III, pages 96-106, Section IV and the supplemental information, the applicants provide the assumptions and methodology utilized to project utilization for the 168 NF beds at UPAC-Raleigh including the 18 relocated NF beds.

In Section II.1, page 37, the applicants state that the average occupancy of the total number of licensed beds operated at UPAC-Raleigh was 92% over the last nine months. In Section IV, page 119, UPAC-Raleigh provides a table which illustrates the number of patient days, number of beds and the occupancy rate for the nine months starting October 2012 through June 2013.

	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	April 13	May 13	June 13	Total
Patient Days	4,470	4,133	4,134	4,361	3,861	4,265	4,235	4,248	4,166	37,873
# of Beds	150	150	150	150	150	150	150	150	150	150
Occupancy Rate	96%	92%	89%	94%	92%	92%	94%	91%	93%	92%

In addition, the applicants cite the following factors in support of projected utilization:

- The 2013 SMFP shows a deficit of 565 NF beds in Wake County in 2016.
- WakeMed is closing both the WakeMed Zebulon and the WakeMed Fuquay-Varina facilities. (See Exhibit 63)
- The WakeMed facilities where the 18 NF beds are originating operated at 95% occupancy (WakeMed Zebulon- 18 of 19 beds filled) and 97% occupancy (WakeMed Fuquay-Varina- 35 of 36 beds filled) according to the 2013 Licensure Renewal applications. (see application page 97)
- Both the WakeMed Zebulon and WakeMed Fuquay-Varina facilities are housed in buildings over 40 years old. (see application page 96)
- UPAC-Raleigh, as part of the agreement with WakeMed to acquire the 18 NF beds, has committed to accommodate individuals that WakeMed's discharge planners find hard to place. (see application pages 97-99)
- Accessible location. UPAC-Raleigh is located less than a 30 minute drive from either the WakeMed Zebulon or WakeMed Fuquay-Varina facilities. Further, the UPAC-Raleigh facility is directly accessible to Route 440, I-40 and other major transportation corridors. In addition, the site has sufficient parking. (see application page 103)
- NF Bed deficit in Wake County combined with projected Wake County population growth. On pages 104 -106, the applicants identify the existing NF bed deficit in Wake County and utilizing the methodology in the 2013 SMFP and projected Wake County population growth based on NCOSBM population data project a NF deficit in Wake County of 1,013 beds as of 2019.
- No change to patient origin pattern. (see application page 106)

In the supplemental information, the applicants discuss the assumptions supporting renovation and expansion of the existing facility including expansion of the therapy services area. The applicants state that:

- Patients with Alzheimer's, dementia or other memory impairment issues have special needs. The proposed project includes the development of a dedicated building for Memory Support Unit Beds. UPAC-Raleigh has 20 of the 38 available Special Care Unit beds in Wake County. Patients with Alzheimer's, dementia or other memory impairment issues have special needs and the proposed Memory Support Unit annex will be designed and staffed around these special needs.
- Private rooms are preferred by patients and help increase access. The proposed project includes increasing the number of private rooms and adding living and social

support areas in the main building. UPAC-Raleigh currently has 20 private bedrooms and four living rooms for the 150 residents. Patients and their families prefer private rooms. Semi-private rooms create more work and limit access in that staff members must match gender, accommodate preferences, take additional precautions to provide privacy and take preventative measures to separate patients with infections. UPAC-Raleigh frequently must refuse admission to patients because the facility cannot make a proper match. The proposed project will increase the number of private rooms in the facility from 20 to 116. In addition, the social amenities will be improved. The proposed project includes the addition of a cinema, internet café, enclosed courtyard, dining room and living room.

- Patients are in need of therapy services. The proposed project includes the expansion of the existing therapy space. An increasing mix of patients are being referred to UPAC Raleigh after short stays in the hospital for such procedures as stroke, acute episodes of chronic ailments and joint replacement. The changing case mix has led to an increased need for therapy services for more patients. The therapy-specific expansion portion of the proposed project will help address the need for therapy services with a therapy pool, room for indoor change of gait training, permit use of a porch and canopy for outdoor therapy and provide room for advanced rehabilitation aerobic training equipment.

In summary, the applicants adequately identify the population to be served, and adequately demonstrate the need that that population has for the 18 relocated NF beds, expansion and for renovation of the facility including additional therapy space. 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.

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UPAC-Raleigh currently has 150 NF beds. UPAC-Raleigh proposes to acquire and relocate 18 NF beds from two WakeMed facilities to the UPAC-Raleigh nursing care facility in Wake County, renovate and expand its existing facility including its therapy space. Twelve of the NF beds will come from WakeMed Fuquay and six of the NF beds will come from WakeMed Zebulon. Upon completion of the proposed project UPAC-Raleigh will have 168 NF beds.

Exhibit 63 contains a newspaper article stating that WakeMed Health and Hospitals, as a cost-cutting move, is shutting down the two nursing homes, WakeMed Fuquay-Varina and WakeMed Zebulon from which the 18 NF beds, are being acquired.

In Section III.7, page 113-115, the applicants state that WakeMed has ceased to admit patients (to the WakeMed Fuquay-Varina and WakeMed Zebulon nursing homes) and is currently arranging placements for existing residents. UPAC-Raleigh anticipates and expects that the beds will be vacant at the time of the acquisition.

According to Map Quest, the distance from WakeMed Fuquay-Varina to UPAC-Raleigh is approximately 16 miles and 26 minutes and the distance from WakeMed Zebulon to UPAC-Raleigh is 24.65 miles and 28 minutes. Major transportation corridors connect the two WakeMed nursing facilities with the UPAC-Raleigh location. Thus, the replacement facility would be geographically accessible to the same population formerly served. Because the two nursing facilities from which the 18 NF beds are being acquired are scheduled to be closed down and UPAC-Raleigh expects the NF beds to be empty upon acquisition, no patients will be displaced as a result of the proposed project. Without UPAC-Raleigh acquiring and relocating the 18 NF beds no medically underserved residents would be served in the future by the 18 NF beds. In Section III.7, page 114, the applicants state that according to the 2013 Hospital License Renewal Applications 39.5% of WakeMed Fuquay residents were covered by Medicaid and 24.0% of the WakeMed Zebulon residents were covered by Medicaid. In comparison, UPAC-Raleigh projects approximately 48% of its residents will be covered by Medicaid.

On page 114, the applicants state that *“There will be a positive impact on the ability of the residents of Wake County to obtain the same services in the future. UPAC-Raleigh has a comprehensive list of services and amenities beyond those that are offered at other area nursing homes.”*

The applicants demonstrate that the needs of the population presently served would be adequately met following the relocation of the NF beds. Therefore, the application is conforming to 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.

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In Section III.2, pages 107-108, UPAC-Raleigh describes the alternatives considered, which include the following:

- Maintain the Status Quo- The applicants considered maintaining the status quo, however, the applicants concluded that to do nothing would not allow the applicants to meet the needs of the population in need of the proposed services in Wake County.
- Close and abandon 18 beds- Wake County will have a deficit of 565 NF beds in 2016 according to the 2013 SMFP. Thus, returning 18 NF beds to the inventory would have a negative impact on Wake County residents seeking NF bed access. In addition, WakeMed and UPAC-Raleigh have an agreement whereby UPAC- Raleigh will accept WakeMed’s Difficult to Place patients. Loss of the beds would have a negative impact on these patients.

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

In summary, the applicants adequately demonstrate that its proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion and approved, subject to the following conditions:

- 1. UniHealth Post-Acute Care-Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) shall materially comply with all representations made in its certificate of need application and in the supplemental information materials submitted during the review. In those instances where representations conflict, UniHealth Post-Acute Care- Raleigh, LLC and Wake Healthcare Properties, Inc. shall materially comply with the last made representation.**
- 2. UniHealth Post-Acute Care-Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) shall acquire and relocate 18 NF beds to the UniHealth Post-Acute Care- Raleigh, LLC nursing care facility for a total licensed bed complement of no more than 168 beds upon completion of the project.**
- 3. UniHealth Post-Acute Care- Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) shall take the necessary steps to de-license 18 NF beds at WakeMed Fuquay-Varina and WakeMed Zebulon following completion of the proposed bed addition at UniHealth Post-Acute Care-Raleigh.**
- 4. For the first two full federal fiscal years of operation following completion of the project, UniHealth Post-Acute Care-Raleigh's actual private pay charges shall not be increased 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. UniHealth Post-Acute Care-Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) shall receive Medicaid per diem rates allowed by the Division of Medical Assistance, under the NC State Plan Section .0102.**
- 6. UniHealth Post-Acute Care-Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) shall 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.**
- 7. UniHealth Post-Acute Care-Raleigh, LLC (lessee) and Wake Healthcare Properties, Inc. (lessor) 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.

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In supplemental documents the applicants project the total capital expenditure for the proposal to relocate 18 NF beds and renovate and expand its existing facility including therapy space to be \$10,716,649.

The \$10,716,649 capital cost for this project includes:

Site Costs	\$ 1,115,000
Construction Costs	\$ 7,106,546
Equipment and Furniture	<u>\$ 2,495,103</u>
Total:	\$10,716,649

In supplemental documents the applicants indicate that the capital cost of the project will be financed with a commercial loan and HUD backed government loans. In Section IX, page 94, the applicants state that, as existing providers, there will be no start up expenses or initial operating expenses.

Attachment M of the supplemental information contains a copy of a letter dated January 10, 2014 and signed by M. Henry Tanner, Vice President of Berkadia Commercial Mortgage, LLC, which states:

“For the past several years we have had the privilege of working closely with United Health Services, Inc. and are familiar with its financial operations. We understand that two of its subsidiaries UniHealth Post-Acute Care-Raleigh, LLC and Wake Healthcare Properties, Inc. are applying as co-applicants for Certificate of Need approval to expand and renovate the existing 150 bed nursing home in Wake County, add 18 beds and increase space for therapy. The expansion will include a 20-bed Memory Support building, a 37-bed private room wing and a therapy addition. United Health Services, Inc, expects that fixed and working capital costs for the project will not exceed \$10,800,000.

Please allow this letter to serve as Berkadia Commercial Mortgage, LLC’s (“Berkadia”) intent to provide construction and permanent financing for the proposed addition ... The loan shall be based on up to 85% of the projects estimated replacement cost. It shall have a term of up to 35 years, plus a construction period of approximately 10 months. ...”

Attachment M of the supplemental information also contains a letter dated January 10, 2014 signed by the Sr. VP and Treasurer of United Health Services, Inc., which states

“This letter documents the availability of all funds necessary for any capital required for the proposed expansion/renovation of the existing facility in Wake County to include a 20-bed Memory Support Unit, a 37-bed addition, therapy addition and renovations necessary to add 18 beds, applied for by UniHealth Post-Acute Care-Raleigh, LLC and Wake Healthcare Properties, Inc., as co-applicants. Both co-applicants are majority-owned subsidiaries of United Health Services, Inc.

United Health Services, Inc. hereby commits to provide all funds to successfully develop and operate the proposed project. United Health Services, Inc. commits to provide funding for the project through a HUD-backed commercial loan and a revolver loan from GE Capital.

Consistent with past developments we have ready access to funds via a \$45,000,000 Asset Based (AR) Loan with GE Capital. This debt facility has been in place with GE Capital for about 18 years. The outstanding draws on the loan fluctuate daily, but at present are below \$6,000,000. Thus, approximately \$39,000,000 remains available to borrow. ... The specific amount of funding required for this project is approximately \$1,700,000.

As a financial representative of United Health Services, Inc, UniHealth Post-Acute Care- Raleigh, LLC and Wake Healthcare Properties, Inc., I am authorized to commit all funds necessary for the development and operation of this project.”

Therefore, the applicants adequately demonstrate the availability of sufficient funds for the capital needs for the proposed project.

In Section X, pages 181-182, the applicants projected charges/rates for the first two operating years following completion of the project as illustrated in the following table:

First Full FFY (2016)

Payor Source	Private Room	Semi-Private Room
Nursing Unit (excluding special care units)		
Private Pay	\$269.12	\$229.28
Commercial Insurance	\$462.63	\$462.63
Medicare*	\$462.63	\$462.63
Medicaid	\$157.62	\$157.62
VA	\$202.62	\$202.62

Other (Hospice)	\$157.62	\$157.62
Nursing Special Care Unit		
Private Pay	\$269.12	\$229.28
Commercial Insurance	\$462.63	\$462.63
Medicare*	\$462.63	\$462.63
Medicaid	\$157.62	\$157.62
VA	\$202.62	\$202.62
Other (Hospice)	\$157.62	\$157.62

*For Medicare: the charge reported in this table should be the weighted average of the facility's RUG rates.

Second Full FFY (2017)

Payor Source	Private Room	Semi-Private Room
Nursing Unit (excluding special care units)		
Private Pay	\$269.12	\$229.28
Commercial Insurance	\$462.63	\$462.63
Medicare*	\$462.63	\$462.63
Medicaid	\$157.62	\$157.62
VA	\$202.62	\$202.62
Other (Hospice)	\$157.62	\$157.62
Nursing Special Care Unit		
Private Pay	\$269.12	\$229.28
Commercial Insurance	\$462.63	\$462.63
Medicare*	\$462.63	\$462.63
Medicaid	\$157.62	\$157.62
VA	\$202.62	\$202.62
Other (Hospice)	\$157.62	\$157.62

*For Medicare: the charge reported in this table should be the weighted average of the facility's RUG rates.

The applicants provided proformas for both applicants. Attachment N of the supplemental information, contains the revenues and expenses for UPAC-Raleigh and projects that revenues will exceed operating costs in the first two full FFY following completion of the proposed project, as shown in the table below.

Net Profit: UPAC-Raleigh

	Nursing (excluding special care units)	Special Care Unit	Total Facility
1 st Full FFY (2016)	\$43,269	\$5,641	\$48,910
2 nd Full FFY (2017)	\$61,271	\$8,280	\$69,551

Attachment N of the supplemental information, contains the revenues and expenses for Wake Healthcare Properties, Inc and projects that revenues will exceed operating costs in the first two full FFY following completion of the proposed project, as shown in the table below.

Net Profit: Wake Healthcare Properties, Inc.

	Nursing (excluding special care units)	Special Care Unit	Total Facility
1 st Full FFY (2016)	\$20,487	\$0	\$20,487
2 nd Full FFY (2017)	\$33,810	\$0	\$33,810

Projected utilization is based on reasonable, credible and supported assumptions. See Criterion (3) for discussion which is incorporated hereby as if set forth fully herein. Consequently, operating costs and revenues that are based on this projection are reasonable, credible and supported. Therefore, the applicants adequately demonstrated that the financial feasibility of the proposal is based on reasonable assumptions regarding revenues and operating costs.

In summary, the applicants adequately demonstrated the availability of sufficient funds for the capital needs of the proposal. In addition, the applicants adequately demonstrated that the financial feasibility of the project is based on reasonable projections of revenues and operating costs. 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.

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UPAC-Raleigh currently has 150 NF beds. UPAC-Raleigh proposes to acquire and relocate 18 NF beds from two WakeMed facilities to the UPAC-Raleigh nursing care facility in Wake County and renovate and expand its existing facility including its therapy space. Twelve of the NF beds will come from WakeMed Fuquay and six of the NF beds will come from WakeMed Zebulon. Upon completion of the proposed project UPAC-Raleigh will have 168 NF beds.

The applicants do not propose to offer any new services and do not propose to increase the number of NF beds in Wake County as part of this application.

The 2013 SMFP shows a deficit of 565 NF beds in Wake County in 2016. This projected deficit includes the 18 NF beds the applicants propose to acquire and relocate to UPAC-Raleigh. If these 18 NF beds went out of service the deficit would increase. The proposed project is estimated to be completed in October 2015. UPAC-Raleigh proposes to acquire and relocate 12 NF beds from the WakeMed Fuquay-Varina facility. The WakeMed Fuquay-Varina facility had 36 NF beds of which 35 (97%) were filled according to the 2013 Licensure Renewal application. UPAC-Raleigh proposes to acquire and relocate 6 NF beds from the WakeMed Zebulon facility. The WakeMed Zebulon facility had 19 NF beds of which 18 (95%) were filled according to the 2013 Licensure Renewal application. The applicants state that both the WakeMed Zebulon and WakeMed Fuquay-Varina facilities are housed in buildings over 40 years old. (see application page 96)

Therefore, the applicants adequately demonstrated the proposed project will not result in the unnecessary duplication of existing or approved NF beds in Wake County. 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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UPAC-Raleigh proposes to provide personal care staff twenty-four hours per day, seven days per week. In supplemental information, the applicants state that in FFY 2017, the direct care staffing following completion of the proposed project will be 115.4 full-time equivalent (FTE) positions. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in the pro forma financial statements.

In Section VII.6, pages 158-161, the applicants describe the recruitment and staff retention plan. On page 130 of the application, UPAC-Raleigh states that Dr. Patrick O'Brien is UPAC-Raleigh's Medical Director. In supplemental information Dr. O'Brien provides a letter dated December 11, 2013 in which he states that he intends to continue to serve as the Medical Director.

The applicants adequately demonstrate the availability of adequate health manpower and management personnel to provide the proposed services, and 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.4, pages 72-74, the applicants describe the ancillary and support services that will be provided by the facility or made available through agreements with other providers including physician services, podiatry, pharmacy, audiology, laboratory services, dentist, chaplain, medical transport, eye care, barber/beauty, mental health services, radiology services, prosthetics and orthotics and dietary services. See also Exhibit 8 which contains a listing of UPAC-Raleigh's consultants and contractors and the services the ancillary and support services they provide. In Section III, page 129, the applicants state "*As an existing provider, UPAC-Raleigh has established relationship [sic] with many local physicians. Of those physicians, many have expressed support for the proposed expansion and refer patients to the facility.*" In Table V.1 on page 129 of the application, UPAC-Raleigh provides a sample of referring providers.

The applicants adequately demonstrate 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 (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

As part of the proposed project the applicants propose to construct 45,681 square feet of new space and renovate 4,985 square feet of existing space at 2420 Lake Wheeler Road, Raleigh. Construction costs are projected to be \$6,432,305 as stated in Attachment J of the supplemental information. Attachment K of the supplemental information contains a letter dated January 10, 2014 from the architect, which details the estimated construction costs. This corresponds with line 7 "*construction estimate architect*" in Table VIII.1- Estimated Capital Costs in Attachment J of the supplemental information.

In Section XI, page 197, the applicants describe the energy and water saving features to be included in the proposed project.

The applicants adequately demonstrate that the cost, design and means of construction represent the most reasonable alternative and that the construction costs will not unduly increase costs and charges for health services. See Criterion (5) for discussion of costs and charges which is incorporated hereby as if set forth fully herein. Therefore, the application is conforming with 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;

C

In Section VI, page 134, and supplemental information the applicants provide the payor mix for 7/1/2011 to 6/30/2012, which is illustrated in the following table:

**Current Days as % of Total Days
 July 1, 2011-June 30, 2012
 UPAC-Raleigh**

Payor	Nursing Patients (excluding special care units)	Nursing Patients Special Care Unit
Private Pay	13.5%	13.5%
Medicare	38.6%	38.6%
Medicaid	41.8%	41.8%
Hospice	4.7%	4.7%
Other (Specify)	1.5%	1.5%
Total	100.0%	100.0%

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages for Wake, Johnston and Harnett counties and statewide.

County	2010 Total # of Medicaid Eligibles as % of Total Population *	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *	2009 % Uninsured (Estimate by Cecil G. Sheps Center) *
Wake	10.0%	3.3%	18.4%
Johnston	18.0%	6.7%	20.0%
Harnett	17.0%	6.2%	20.3%
Statewide	17.0%	6.7%	19.7%

*More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services offered by UPAC-Raleigh and the WakeMed Fuquay-Varina and WakeMed Zebulon nursing facilities.

The DMA website also contains the *Medicaid Annual Report, for State Fiscal Year (SFY) 2008*, the most recent fiscal year for which this data are available. According to this report, the elderly and disabled Medicaid recipients in North Carolina comprised 29% of total Medicaid recipients. Additionally, there were 145,898 aged (age 65+) Medicaid recipients in SFY 2008, which comprised 8.5% of the total Medicaid eligibles in North Carolina [145,898 / 1,726,412 total eligibles = 0.0845]. In Harnett County, data is available for January-August CY 2013. The data shows that, for the first eight months of 2013, the aged comprised 6.8% of the total Medicaid eligibles in the County [5,822 aged / 85,175 total eligibles = 0.0684].

Medicaid Recipients by Eligibility category data compare North Carolina Medicaid recipients grouped by age for SFY 2008 with the general population of the entire state, as shown in the table below:

MEDICAID RECIPIENTS BY ELIGIBILITY CATEGORIES VS. GENERAL POPULATION SFY 2008		
ELIGIBILITY CATEGORY	MEDICAID RECIPIENT	GENERAL POPULATION
Children (aged 5 – 20 years)	38%	24%
Adults (aged 21-64 years)	31%	57%
Children (aged birth-4 years)	21%	7%
Elderly (aged 65 and older)	10%	12%

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually

receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data are available by age, race or gender. However, a direct comparison to the applicants' current payor mix would be of little value. The population data by age, race or gender do not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

The applicants adequately demonstrate that UPAC-Raleigh provided adequate access to medically underserved populations. Therefore, the application is conforming to this criterion.

- (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;

C

In Section VI.5, page 137, the applicants state:

“UPAC-Raleigh provides care to all residents regardless of financial ability to pay. UPAC- Raleigh does not discharge or transfer private-pay residents who “spend-down” assets and become eligible for Medicaid. UPAC-Raleigh staff works with residents and their families to make a smooth transition. UPAC-Raleigh budgets an allowance for doubtful accounts to cover uncompensated care that occurs during the transition.”

In Section VI.6, page 137, UPAC-Raleigh states:

“UPAC-Raleigh has had no civil rights access complaints filed against the facility. ”

The application is conforming to this criterion.

- (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 supplemental information, the applicants project the payor mix for the second full federal fiscal year (October 1, 2016 – September 30, 2017), as illustrated in the table below.

Patient Days as a % of Total Days

Payor	Nursing Patients (excluding special care units)	Nursing Patients Special Care Unit
Private Pay	10.5%	10.5%
Commercial Insurance	5.6%	5.6%
Medicare	31.5%	31.5%
Medicaid	47.5%	47.5%
VA/Champus	1.9%	1.9%
Other(Hospice)	3.1%	3.1%
Total	100.0%	100.0%

The applicants demonstrate that the proposed relocation of 18 NF beds within Wake County will provide adequate access to the medically underserved populations. Therefore, the application is conforming to this criterion. See also condition number 5 in Criterion (4).

- (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.

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In Section VI.7, page 138, the applicants state:

“To have access to UPAC-Raleigh services, a person must have an order for admission from a physician or other person legally authorized to admit residents.”

UPAC-Raleigh states that referrals and admissions are expected to follow the existing patterns. Currently referrals and admissions to the facility are from the following:

- Area hospitals
- WakeMed in accordance with Asset Purchase Agreement
- Area physicians and family medicine nurse practitioners
- Current referring physicians
- Medical Director, Dr. Patrick O’Brien and members of the physician group
- Richard Williams, MD, Geriatric Psychiatrist
- Wake County Department of Social Services
- Area private case managers and social workers
- Area nursing homes
- Area hospice agencies
- Area home health and home care agencies
- Area adult care facilities
- Family members/self-referrals

The applicants adequately identified the range of means by which patients will have access to the proposed services. 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.

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UPAC-Raleigh is an existing provider. In Section V.1, page 128, UPAC-Raleigh states “*UHS and UPAC- Raleigh currently have formal program relationships with several North Carolina health professional training programs:*

- *ECPI University*
- *Wake Technical Community College*”

Exhibit 31 contains a list of the existing training programs.

The applicants adequately demonstrate that the proposed project would accommodate the clinical needs of area health professional training programs. Therefore, the application is conforming to 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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UPAC-Raleigh currently has 150 NF beds. UPAC-Raleigh proposes to acquire and relocate 18 NF beds from two WakeMed facilities to the UPAC-Raleigh nursing care facility in Wake County and renovate and expand its existing facility including its therapy space. Twelve of the NF beds will come from WakeMed Fuquay and six of the NF beds will come from WakeMed Zebulon. Upon completion of the proposed project UPAC-Raleigh will have 168 NF beds.

In Section III, pages 107-111 and 113-116, Section V.6, pages 131-133, and supplemental information, the applicants discuss the impact of the proposed project on competition in the

service area as it relates to promoting cost-effectiveness, quality and access to nursing facility services in Wake County. The applicants further state:

“The project will enhance accessibility to quality services by allowing an experienced nursing home operator to expand. Allowing UPAC-Raleigh to expand its quality operations in Wake County will encourage other area providers to enhance their services.”

See also Sections II, III, V, VI and VII and the supplemental information where UPAC-Raleigh discusses the cost-effectiveness, quality and access to the proposed services.

The applicants adequately demonstrate that any enhanced competition will have a positive impact on the cost-effectiveness, quality and access to the proposed services based on the information in the application and the following analysis:

- The applicants adequately demonstrate the need to replace and relocate 18 NF beds within Wake County and expand and renovate the facility including the therapy space. The applicant also demonstrates that the proposed project is a cost-effective alternative to meet the need to provide access to NF beds in Wake County;
- The applicants adequately demonstrate they will continue to provide quality services. The information regarding staffing provided in Section VII is reasonable and credible and demonstrates adequate staffing for the provision of quality care services in accordance with 42 C.F.R., Section 494 (formerly 405.2100). The information regarding ancillary and support services and coordination of services with the existing health care system in Sections V.1, V.2, V.4, V.5 (pages 128-130), and VII (pages 152-158), and referenced exhibits is reasonable and credible and demonstrates the provision of quality care;
- The applicants adequately demonstrate they will provide adequate access to medically underserved populations. In Section VI.5, page 136, the applicants state:

“No UHS facility discriminates on the basis of income, racial, ethnic, minority, gender, handicap conditions, or any other circumstance or physical condition, which classify an individual, as underserved. Please see Exhibit 46 for a copy of the admissions policy and for the non-discrimination policy.”

Therefore, the application is conforming with 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.

In Section I.3, page 7, and Exhibit 5, the applicants, UniHealth Post-Acute Care- Raleigh, LLC and Wake Healthcare Properties, Inc identify United Health Services, Inc as the ultimate parent company of both applicants. Specifically, United Health Services of North Carolina, Inc. is the immediate parent company of UniHealth Post-Acute Care- Raleigh, LLC and Pruitt Properties, Inc. is the immediate parent company of Wake Healthcare Properties, Inc.

UniHealth Post-Acute Care- Raleigh, LLC only operates one nursing facility in North Carolina, UniHealth Post-Acute Care- Raleigh (see page 14), and an affiliate, UHS-Pruitt Corporation (UHS-Pruitt) manages the facility. In Section I, pages 16-17 and Exhibit 14, the applicants state that the affiliates manage a total of 13 nursing facilities in North Carolina, found to have provided substandard quality of care, as defined in 42 CFR 488.301, during the 18 months immediately preceding the submittal of the application.

According to the Nursing Home Licensure and Certification Section, DHSR, there were 6 incidents in 5 facilities for which licensure penalties, suspension of admission, provisional licensure or certification deficiencies constituting substandard quality of care were imposed at the facilities listed in Section I, pages 16-17 and Exhibit 14 of the application since February 15, 2012. After reviewing and considering information provided by the applicants and by the Nursing Home Licensure and Certification Section, and considering the quality of care provided at all 13 facilities, the applicants have provided evidence that quality care has been provided in the past and demonstrated that there is no pattern of substandard quality of care. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183(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 Facility 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 18 existing NF 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 18 existing NF 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 18 existing NF 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 18 existing NF 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 18 existing NF 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.*

-NA- The applicants propose to relocate 18 existing NF beds.

.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.

-C- In Section II.1, page 37, the applicants state that the average occupancy of the total number of licensed beds operated at UPAC-Raleigh was 92% over the last nine months. In Section IV, page 119, UPAC-Raleigh provides a table which illustrates the number of patient days, number of beds and the occupancy rate for the nine months starting October 2012 through June 2013.

	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	April 13	May 13	June 13	Total
Patient Days	4,470	4,133	4,134	4,361	3,861	4,265	4,235	4,248	4,166	37,873
# of Beds	150	150	150	150	150	150	150	150	150	150
Occupancy Rate	96%	92%	89%	94%	92%	92%	94%	91%	93%	92%

(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.*

-C- In supplemental information, the applicants state that the occupancy at the end of the second full federal fiscal year of operation is projected to be 96.0% as shown in the table below. A summary of the assumptions and methodology used to project occupancy are provided in Criterion (3) which is incorporated hereby as if fully set forth herein.

**UPAC-Raleigh
 Projected Utilization
 First Two Project Years (Oct. 1, 2015 – September 30, 2017)**

	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	TOTAL
First Full Project Year (FFY2016: 10/1/2015 – 9/30/2016)					
Pt. Days	14,705	14,580	14,742	14,904	58,931
# Beds	168	168	168	168	168
Occupancy	95%	96%	96%	96%	96%
Second Full Project Year (FFY2017: 10/1/2016 – 9/30/2017)					
Pt. Days	14,904	14,580	14,742	14,904	59,130
# Beds	168	168	168	168	168
Occupancy	96%	96%	96%	96%	96%

(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 relocate 18 existing NF beds.

- (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.*

-NA- The applicants propose to relocate 18 existing NF beds.