

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: December 28, 2015

Findings Date: January 4, 2016

Project Analyst: Gregory F. Yakaboski

Team Leader: Lisa Pittman

Assistant Chief: Martha J. Frisone

Project ID #: F-11052-15

Facility: Radbourne Manor Village

FID #: 150328

County: Mecklenburg

Applicant: The 4C Holding Company, LLC

Project: Replace and relocate 12 adult care home beds from Radbourne Manor III to a new location where the Facility will be called Radbourne Manor Village/ Mecklenburg County

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The applicant, 4C Holding Company, LLC, (4C) proposes to replace and relocate 12 adult care home (ACH) beds within Mecklenburg County, from Radbourne Manor III (RMIII) to Radbourne Manor Village (Radbourne Manor). RMIII is identified as Slay's Rest Home in the 2015 State Medical Facilities Plan (SMFP). The applicant recently purchased Slay's Rest Home and relicensed it as RMIII. For identification purposes Slay's Rest Home will be identified as either Slay's Rest Home or RMIII. The 2015 SMFP lists 12 existing ACH beds at Slay's Rest Home in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 SMFP. Radbourne Manor II (RMII) is an existing 6 bed family care home located on the proposed site, which is owned by the applicant.

The applicant's petition for expedited review was approved by the Healthcare Planning and Certificate of Need Section (CON Section). Consequently, in order to determine that the application conforms to all applicable statutory and regulatory review criteria, the CON Section requested a significant amount of supplemental information from the applicant. In addition to requesting information in writing on October 15, 2015 and October 19, 2015, the Project Analyst had numerous phone conversations with the applicant and her representative to discuss the requests. However, the applicant's responses to the CON Section's requests were not received until December 1, 2015 and December 2, 2015. The responses received were not complete and/or raised additional issues.

In addition, there is a discrepancy as to the proper identification of the applicant. In this case the identification of the applicant in Exhibit 1, Section I and the certification page of the application and the supplemental information varies; therefore, there are discrepancies between the versions. It is unclear if The 4C Holding Company, LLC is the correct applicant.

Need Determination

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 2015 SMFP.

Policies

The following policy is applicable to this review:

- Policy LTC-2: Relocation of Adult Care Home Beds

Policy LTC-2: Relocation of Adult Care Home Beds states

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

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

Both the existing and proposed locations are in Mecklenburg County. The application is consistent with Policy LTC-2.

Conclusion

In summary, the applicant demonstrates that its proposal is conforming to all applicable policies in the 2015 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.

NC

The applicant proposes to replace and relocate 12 ACH beds within Mecklenburg County, from RMIII to Radbourne Manor. RMIII is identified as Slay's Rest Home in the 2015 SMFP. The applicant recently purchased Slay's Rest Home and relicensed it as RMIII. The 2015 SMFP lists 12 existing ACH beds at Slay's Rest Home in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 SMFP.

The applicant's petition for expedited review was approved by the CON Section. Consequently, in order to determine that the application conforms to all applicable statutory and regulatory review criteria, the CON Section requested a significant amount of supplemental information from the applicant. In addition to requesting information in writing on October 15, 2015 and October 19, 2015, the Project Analyst had numerous phone conversations with the applicant and her representative to discuss the requests. However, the applicant's responses to the CON Section's request were not received until December 1, 2015 and December 2, 2015. The responses received were not complete and/or raised additional issues.

In addition, there is a discrepancy as to the proper identification of the applicant. In this case, the identification of the applicant in Exhibit 1 is "The 4C Company Holdings, LLC", in Section I, page 1, and in the certification page of the application it's "The 4C Holding Company, LLC" and in the supplemental information it's "The 4C Company of NC, LLC." Therefore, there are discrepancies between the versions. It is unclear if The 4C Holding Company, LLC is the correct applicant.

Population to be Served

On page 217, the 2015 SMFP defines the service area for adult care beds as *'the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are*

separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area.” Thus, the service area for this facility consists of Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

In Section III.7, page 12, the applicant provides the historical patient origin for the existing family care home located on the proposed site as shown in the table below.

**Radbourne Manor II: Patient Origin
CY2014**

County	Projected % of Total Family Care Home Admissions
Mecklenburg	100.0%
Total	100.0%

In Section III.7, pages 12-13, the applicant provides the projected patient origin for the proposed replacement adult care home facility, as shown in the table below.

**Radbourne Manor Village: Patient Origin
FFY2017**

County	Projected % of Total Family Care Home Admissions
Mecklenburg	100.0%
Total	100.0%

On page 13 of Section III, the applicant states *“The proposed project is requesting to relocate 12 existing ACH beds from Radbourne Manor III to Radbourne Manor Village, which is 16.1 miles away. We do not expect any changes in patient origin within this proposed project.”*

The project analyst notes that the historical patient origin provided is for Radbourne Manor II, which is a different type of facility from Radbourne Manor III. Radbourne Manor II is an existing 6 bed family care home located on the proposed site, which is owned by the applicant. Furthermore, in supplemental information the applicant states that *“Operations have ceased at Radbourne Manor III. All of the residents at Radbourne Manor III have been safely discharged to other facilities.”* However, in Section III, page 11, the applicants state *“Current residents will be given an option to move to RMV. A thirty day notice of this option will be provided to all residents and their families.”* Furthermore, in Section III, page 13, that applicant states *“The residents will be relocated from one facility to another.”* Nevertheless, given that the facility is currently located in Mecklenburg County and will remain in Mecklenburg County, the projection of 100% Mecklenburg County residents is reasonable.

The applicants adequately identified the population to be served.

Analysis of Need

In Section III, pages 1-12, and supplemental information, the applicant states the need to relocate and replace the 12 ACH beds is as follows:

- Major structural improvements would be necessary at the current location to enhance the quality of life for the residents. The major structural and physical upgrades needed include central heating and air-conditioning that cannot be accomplished at the current location. (See page 10 of Section III and supplemental information)
- The current facility and the previous owner’s personal residence are located on the same parcel of land. (See page 10 of Section III)
- Demand for ACH beds in Mecklenburg County is supported by the rapidly growing Mecklenburg population age 65 and older. (See pages 1-8 of Section III)
- RMIII has been operating at an average of 86.3% capacity and the proposed Radbourne Manor facility is only 17 miles or a 26 minute drive from the existing RMIII. (See page 33 of Section III.)

Projected Utilization

In Section IV, pages 4-5, and in supplemental information, the applicant provides projected utilization as shown in the following table.

**Radbourne Manor- Projected Utilization
 First FFY (October 2017 – September 2018)**

	1ST QUARTER 10/1-12/31	2ND QUARTER 1/1 – 3/31	3RD QUARTER 4/1 – 6/30	4TH QUARTER 7/1-9/30	TOTAL
Patient Days	951	930	940	940	3,761
# Beds	12	12	12	12	12
Occupancy	86.1%	86.1%	86.1%	85.1%	86.0%

**Radbourne Manor- Projected Utilization
 Second FFY (October 2018 – September 2019)**

	1ST QUARTER 10/1-12/31	2ND QUARTER 1/1 – 3/31	3RD QUARTER 4/1 – 6/30	4TH QUARTER 7/1-9/30	TOTAL
Patient Days	951	930	940	940	3,761
# Beds	12	12	12	12	12
Occupancy	86.1%	86.1%	86.1%	85.1%	86.0%

As shown above, for each quarter of the second year following completion of the proposed project, Radbourne Manor projects the 12 ACH beds will operate at 86% of capacity [3,761/365/12 = 0.8586 or 86%]

In Section III, pages 1-7, 9, in Section IV, pages 3-4, and in supplemental information, the applicant provides the assumptions and methodology used to project utilization. However, the information provided regarding occupancy is contradictory, as follows:

- In Section III, page 7, the applicant states the 12 ACH beds are currently operating at an average capacity of 86.3%.
- In Section III, page 9, the applicant provides occupancy rates for other ACH facilities in Mecklenburg County and states the average occupancy rate for the county is 81.2%.
- In Section IV, page 1, the applicant provides historical data for RMIII from July 1, 2014 through March 1, 2015 showing an average occupancy rate for that nine month period of 83.3%. As part of this historical data, the applicant includes a “projected” occupancy rate for March 2015 of 100.0% based on the preceding month. However, the occupancy rate for the preceding month was only 91.6%. The application was submitted in July 2015.
- In Section IV, page 3, the applicant states “*Based on days of care during April through November 2015, RMV is operating at 86.1 percent occupancy.*” However, in supplemental information the applicant states that “*Operations have ceased at Radbourne Manor III. All of the residents at Radbourne Manor III have been safely discharged to other facilities.*”
- The applicant states in Section IV, page 4, “*RMV projects days of care for the relocated 12 adult care beds on a fill-up rate of 1 resident per 4 week period until the beds assume occupancy of 91.6 percent. This is consistent with the current occupancy of RMV’s existing ACH beds.*” [Emphasis added]

The applicant appears to be basing projected occupancy on current occupancy and even including a reference to current occupancy rates at other ACH facilities in Mecklenburg County. However, according to the applicant’s statements current occupancy at RMIII is somewhere between 0.0% and 91.6%.

The applicant does not adequately document that projected utilization is based on reasonable and supported assumptions.

Access

In Section VI, page 3, the applicant states “*RMV will provide ACH services to all residents regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved.*” In supplemental information, the applicant states that Medicaid would be the payor source in 16.0% of the cases at the proposed Radbourne Manor facility. On page 57, the applicant states “*Radbourne Manor facilities have experience with residents whose status has changed from*

private-pay to eligibility to Medicaid. The source of payment has never affected the delivery of ACH services to Radbourne Manor clients and RMV will be administered under the same policies.”

The applicant adequately demonstrates the extent to which all residents, including underserved groups, will have access to the proposed services.

Conclusion

In summary, the applicant does not adequately demonstrate that projected utilization is based on reasonable and adequately supported assumptions. Therefore, the applicant does not adequately demonstrate the need to construct a replacement facility for the currently unoccupied RMIII. Consequently, the applicant is not 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.

C

The applicant proposes to relocate 12 licensed, but not currently operational, ACH beds. According to Map Quest, the proposed replacement ACH would be located 15.8 miles or 34 minutes from the existing facility. Therefore, the replacement facility would be geographically accessible to the same population previously served at RMIII. In supplemental information, the applicant states that RMIII has no residents and has ceased operations. Since the facility is not operational and is not currently serving residents no residents will be impacted by the relocation of the 12 ACH beds. The applicant adequately demonstrated that 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.

NC

In Section III.3, pages 3-5, the applicant describes the alternatives considered, which included maintaining the status quo or replacing and relocating the 12 ACH beds to a replacement facility on a parcel of property already owned by the applicant and upon which there is an existing 6 bed family group home. After considering those alternatives, the applicant states the alternative represented in the application is the least costly and most effective alternative to meet the identified need.

However, there is a discrepancy as to the proper identification of the applicant. In this case, the identification of the applicant in Exhibit 1 is “The 4C Company Holdings, LLC”, in Section I, page 1, and in the certification page of the application it’s “The 4C Holding Company, LLC” and in the supplemental information it’s “The 4C Company of NC, LLC.” Therefore, there are discrepancies between the versions. It is unclear if The 4C Holding Company, LLC is the correct applicant.

Furthermore, the application is not conforming to all other applicable statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative. Consequently, the application is not conforming to this criterion and is not approved.

- (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.

NC

4C proposes to replace and relocate 12 ACH beds within Mecklenburg County, from RMIII to Radbourne Manor. RMIII is identified as Slay’s Rest Home in the 2015 SMFP. The applicant recently purchased Slay’s Rest Home and relicensed it as RMIII. For identification purposes Slay’s Rest Home will be identified as either Slay’s Rest Home or RMIII. The 2015 SMFP lists 12 existing ACH beds at Slay’s Rest Home in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 SMFP.

Capital and Working Capital Costs

In Section VIII, page 2, the applicant projects the total capital cost of the project will be \$1,284,445, which includes:

Site costs-	\$ 68,848
Construction costs-	\$ 917,980
Equipment-	\$ 50,000
Consultant Fees-	\$ 99,542
Financing Costs-	<u>\$ 297,617</u>
Total:	\$1,284,445

However, the total of the separate line items is \$1,433,987, not \$1,284,445.

In Section IX, page 1, the applicant projects there will be no working capital (start-up and initial operating expenses) costs. As the proposed Radbourne Manor is a replacement facility for an unoccupied ACH, the projection of no working capital costs is not reasonable. Further, in the application and supplemental information, the applicant provides conflicting proposed square footage for the proposed building. The projected site and construction costs

are also not supported by a letter from either an architect or a builder. The applicant has not provided sufficient information to document that the proposed capital and working capital costs are reasonable.

Availability of Funds

In Section VIII, page 3, the applicant states it will fund the capital cost with a combination of commercial loan, bequests and endorsements, private foundations and owner’s equity. However, the information provided in the application and supplemental information regarding financing for the proposed project is not sufficient to document the reasonableness of any of the stated sources of funding. Moreover, since the proposed capital cost is unreliable, the applicant does not project sufficient funds even if the sources of funds were supported. Therefore, the applicant does not adequately demonstrate the availability of sufficient funds for the capital or working capital needs of the project.

Financial Feasibility

The tables below reflect projected per diem reimbursement rates as reported by the applicant in Tables X.4A and X.4B, pages 3-4.

Radbourne Manor Projected Per Diem Reimbursement FFY 2018		
<i>Payor Source</i>	Private Room	Semi-Private Room
Private Pay	\$120	NA
State/County Special Assistance	NA	\$64.47

Radbourne Manor Projected Per Diem Reimbursement FFY 2019		
<i>Payor Source</i>	Private Room	Semi-Private Room
Private Pay	\$120	NA
State/County Special Assistance	NA	\$64.47

In the projected revenue and expense statement (Form B), the applicant projects revenues will exceed operating expenses in both of the first two Project Years following completion of the proposed project. However, the applicant did not provide a Form A Balance Sheet in the pro forma section at the end of the application. Moreover, for Form B, the applicant did not provide the assumptions used to project the dollar amounts that were included. Furthermore, the applicant did not provide the assumptions used to project the revenues and expenses reported in Form B. Therefore, the applicant does not adequately demonstrate that the projected revenues and expenses are based on reasonable and adequately supported

assumptions. Moreover, since projected revenues and expenses are based in part on projected utilization, they are not reliable since projected utilization is not based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. In addition, since projected revenues and expenses are also based in part on capital and working capital costs and financing for these costs, they are not reliable since the projected capital and working capital costs and financing are not based on reasonable and adequately supported assumptions. See the discussion above. Therefore, the applicant did not adequately demonstrate that the financial feasibility of the project is based upon reasonable projections of costs and charges.

Conclusion

In summary, the applicant does not adequately demonstrate the availability of sufficient funds for the capital and working capital needs of the project. Furthermore, the applicant does not adequately demonstrate the immediate or long-term financial feasibility of the proposal is based on reasonable projections of costs and charges. Consequently, the application is not 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.

NC

4C proposes to replace and relocate 12 ACH beds within Mecklenburg County, from RMIII to Radbourn Manor. RMIII is identified as Slay's Rest Home in the 2015 SMFP. The applicant recently purchased Slay's Rest Home and relicensed it as RMIII. For identification purposes Slay's Rest Home will be identified as either Slay's Rest Home or RMIII. The 2015 SMFP lists 12 existing ACH beds at Slay's Rest Home in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 SMFP.

On page 217, the 2015 SMFP defines the service area for adult care beds as "*the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area*". Thus, the service area for this facility consists of Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The 2015 SMFP documents that there are currently a total of 48 existing facilities in Mecklenburg County that offer ACH services. The table below is a summary of the 48 facilities in Mecklenburg County. The table is recreated from the 2015 SMFP, Chapter 11, Table 11A, pages 232-233 and Table 11B, page 244. There is a projected surplus of 181 ACH beds in 2018 for Mecklenburg County.

2015 SMFP ACH Inventory & 2018 Need Projections Mecklenburg County	
# ACH Facilities	48
# Beds in ACH Facilities	2,524
# ACH Beds in Nursing Homes	235
Total Licensed ACH Beds	2,759
# CON Approved	335
Total # Available	3,094
Total # in Planning Inventory	3,079
2018 Projected ACH Bed Need	2,898
Projected Bed Surplus	181
Source: 2015 SMFP	

The applicant does not propose to develop new ACH beds, but rather to replace an old ACH facility and relocate its existing 12 ACH beds. There will be no increase in the inventory of ACH beds or the number of facilities in Mecklenburg County.

However, the applicant does not adequately demonstrate that projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the applicant does not adequately demonstrate that the proposed project will not result in the unnecessary duplication of existing or approved adult care home services in Mecklenburg County. Consequently, the application is not 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.

C

The applicant proposes to provide personal care staff twenty-four hours per day, seven days per week. In Section VII., pages 5-6, the applicant states that by FY2019 (the second full fiscal year) the adult care facility will be staffed by 8 full-time equivalent (FTE) positions. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in the pro forma financial statements. The applicant adequately demonstrates 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.

NC

In Section II, pages 4-5, the applicant identifies the required ancillary and support services that will be provided. However, the application does not include sufficient information to adequately document how and by whom those services will be made available. Therefore, the applicant does not adequately demonstrate that it will make available or otherwise make arrangements for the provision of the necessary ancillary and support services or that the proposed services will be coordinated with the existing health services. Consequently, the application is not 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.

NC

The applicant proposes to relocate the 12 existing, non-operational, ACH beds to a replacement facility to be located at 7352 Swans Run Road, Charlotte. There is already a family care home on the property containing six family care home beds known as Radbourne Manor II. Information provided in the application and supplemental information is conflicting as to the square footage and cost of the proposed building. In addition, it is unclear based on information provided, if a second structure containing ACH beds is permitted on the property pursuant to local zoning code. Due to lack of information, or directly conflicting information, the applicant does not adequately demonstrate that the cost, design and means of construction represent the most reasonable alternative. Consequently, the application is not 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;

C

The 12 ACH beds at RMIII are not currently in use. In supplemental information, the applicant states that operations have ceased at RMIII.

- (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

Radbourne Manor is not an existing facility. In Section VI, page 2, the applicant discusses its admission and discharge requirements. Exhibit 2 contains a copy of the applicant's admission/discharge policies. In Section VI, pages 2-3, the applicant states

“RMV will be operated by the 4C Company that owned other Radbourne Manor Facilities. No civil right complaints have ever been received. ...No sanctions or complaints have been imposed to facilities operated by the parent company.”

Therefore, 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 applicant provides the projected payor mix for the adult care home services to be provided by the proposed Radbourne Manor for the second full federal fiscal year of operation following completion of the proposed project as shown in the following table:

Radbourne Manor Projected Payor Mix FFY 2018	
Payor	% of Total Patients
Private Pay	84.0%
Special Assistance with Basic Medicaid	16.0%
Total	100.0%

As shown in the table above, Medicaid would be the payor source in 16.0% of the total patients at the proposed Radbourne Manor facility. On page 2 in Section VI, the applicant states *“Radbourne Manor facilities have experience with residents whose status has changed from private-pay to eligibility to Medicaid. The source of payment has never affected the delivery of ACH services to Radbourne Manor clients and RMV will be administered under the same policies.”* In addition, the applicant states *“RMV will provide ACH services to all residents regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved.”* (See Section VI, pages 2-3).

The applicant demonstrates that the elderly and other medically underserved groups would have adequate access to the proposed adult care home 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, page 3, the applicant states that *“RMV anticipates continued referrals from its traditional referral sources including physicians, Mecklenburg Department of Health and Social Services, hospitals, skilled nursing facilities and word of mouth from families, churches, other social groups and friends.”* The applicant adequately

demonstrates that the facility will offer a 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.

C

In Section V, page 1, the applicant describes how the facility will accommodate the clinical needs of area health professional training programs through an agreement with Regent University. Exhibit 7 contains a copy of an affiliation agreement with Regent University regarding clinical training

The information provided is reasonable and adequately supports a determination that 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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The 2015 SMFP documents that there are currently a total of 48 existing facilities in Mecklenburg County that offer ACH services. The table below is a summary of the 48 facilities in Mecklenburg County. The table is recreated from the 2015 SMFP, Chapter 11, Table 11A, pages 232-233 and Table 11B, page 244. There is a projected surplus of 181 ACH beds in 2018 for Mecklenburg County.

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2018 Projected ACH Bed Need	2,898
Projected Bed Surplus	181
Source: 2015 SMFP	

The applicant does not propose to develop new ACH beds, but rather to replace an old ACH facility and relocate its existing 12 ACH beds. There will be no increase in the inventory of ACH beds or the number of facilities in Mecklenburg County.

However, the applicant does not provide sufficient information in the application or the supplemental information received to adequately document how any enhanced competition would have a favorable impact on the cost-effectiveness of the proposed services. This determination is based on the application, the supplemental information and the following analysis.

- The applicant does not adequately demonstrate that projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- The applicant does not adequately demonstrate that the proposal would be cost effective. The discussion regarding capital costs and financial feasibility found in Criterion (5) is incorporated herein by reference.

Consequently, the application is not 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.

Radbourne Manor III is an existing facility with 12 ACH beds located in Mecklenburg County. According to the files in the Adult Care Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State. After reviewing and considering information provided by the applicant and by the Adult Care Licensure and Certification Section the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

NA

The Criteria and Standards for Nursing Facility or Adult Care Home Facility Services promulgated in 10A NCAC 14C .1100 are not applicable because the applicant does not propose to establish new adult care home beds or to add adult care home beds to an existing facility.