

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming
CA = Conditional
NC = Nonconforming
NA = Not Applicable

DATE: January 16, 2015
PROJECT ANALYST: Gloria C. Hale
ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: F-10356-14/ Stanley Total Living Center, Inc./ Add 12 nursing facility beds pursuant to Policy NH-2 and 30 adult care home beds pursuant to Policy LTC-1 in the 2014 SMFP/ Gaston 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.

CA

Stanley Total Living Center (Stanley TLC) is a non-profit facility licensed by the Department of Insurance as a Continuing Care Retirement Community (CCRC). It is located at 514 Old Mount Holly Road in Stanley, Gaston County. In Section I.7, page 4, the applicant states,

“Stanley Total Living Center intends to construct 40 new independent apartment units to replace its current 29 units which are outdated (under the NC Department of Insurance and currently being reviewed separately by that entity), renovate those units for relocation of its current 24 licensed assisted living beds with an additional 30 licensed assisted living beds in [sic] pursuant to Policy LTC-1 (for a total of 54 assisted living beds), and renovate those smaller beds previously used for assisted living to create 12 private suites for skilled nursing care pursuant to Policy NH-2 (for a total of 118 SNF beds)...”

In Section 1, page 8, the applicant states that Stanley TLC is on a 10.10 acre site located approximately 20 miles from Charlotte which consists of independent living apartments, assisted

living beds (adult care home beds), and skilled nursing beds. The applicant describes the CCRC in Section 1, page 9, as follows:

- “29 independent apartments (14 1-bedroom and 15 2-bedroom units)
- 24 assisted living beds all certified for Medicaid (all semi-private room [sic]—some have bathrooms shared with only the 2 residents in that particular room and others share between 2 rooms with 4 residents)
- 106 skilled nursing beds (88 beds are dually certified for Medicare/Medicaid and 18 are certified for Medicare only with 14 of those actual private rooms and 2 semi-private).

The building includes a rehab/fitness room, large community room for group activities/events, and complimentary Wi-Fi throughout the entire facility. There are (6) separate dining rooms, a beauty shop, (3) inner courtyards, and (3) spas with whirlpool tubs in addition to support services including dietary, environmental, and administrative services.”

The applicant proposes to add 12 nursing facility (NF) beds and 30 adult care home (ACH) beds for a total of 172 licensed beds upon completion of the project. The table below summarizes the current and proposed number of nursing facility and adult care home beds.

	Nursing Facility Beds	Adult Care Home Beds	Total
Currently Licensed	106	24	
Proposed	12	30	
Total	118	54	172

Need Determination

There are no need determinations in the 2014 State Medical Facilities Plan (2014 SMFP) applicable to the review of this proposal.

Policies

Stanley TLC is a CCRC and is applying to add both NF and ACH beds. There are three policies in the 2014 SMFP that are applicable to the proposed project as follows:

Policy NH-2: Plan Exemption for Continuing Care Retirement Communities, Policy NH-8: Innovations in Nursing Facility Design, and Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds are applicable to the proposed project and are discussed as follows:

Policy NH-2: Plan Exemption for Continuing Care Retirement Communities

Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for nursing care without regard to the nursing care bed need shown in Chapter 10: Nursing Care Facilities. To qualify for such exemption, applications for certificates of need shall show that the proposed nursing care bed capacity:

- (1) Will only be developed concurrently with or subsequent to construction on the same site of facilities for both of the following levels of care:
 - a. independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms;*
 - b. licensed adult care home beds for use by people who, because of age or disability, require some personal services, incidental medical services and room and board to assure their safety and comfort.**
- (2) Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
- (3) Reflects the number of nursing care beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional nursing care.*
- (4) Will not be certified for participation in the Medicaid program.*

In Section I.7, page 4; Section I.12, page 9; Section III.1, page 38; Section III.4, pages 43-44; and Section IV, pages 55-59; the applicant describes how the proposed project is consistent with Policy NH-2. The applicant adequately documents the proposal is consistent with Policy NH-2.

Policy NH-8: Innovations in Nursing Facility Design

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, pages 45-46, the applicant describes how its proposed project is consistent with Policy NH-8. The applicant adequately documents the proposal is consistent with Policy NH-8.

Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities - Adult Care Home Beds

Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for adult care without regard to the adult care home bed need shown in Chapter 11: Adult Care Homes. To qualify for such exemption, applications for certificates of need shall show that the proposed adult care home bed capacity:

- (1) Will only be developed concurrently with, or subsequent to, construction on the same site of independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms.*
- (2) Will provide for the provision of nursing services, medical services or other health related services as required for licensure by the North Carolina Department of Insurance.*
- (3) Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing or adult care unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.*

- (4) *Reflects the number of adult care home beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional adult care home care.*
- (5) *Will not participate in the Medicaid program or serve State-County Special Assistance recipients.*

In Section I.7, page 4; Section II.2, pages 22-26, 28-29; Section III.4, pages 41-43; and Section IV.2, pages 54-55, 57-59, the applicant adequately describes how its proposed project is consistent with Policy LTC-1. The applicant adequately documents the proposal is consistent with Policy LTC-1.

The application is conforming to Policy NH-2, Policy NH-8, Policy LTC-1, and Policy GEN-4. Therefore, the application is conforming to this Criterion.

Conclusion

In summary, the applicant adequately demonstrates that its proposal to renovate and add an additional 30 adult care home beds and an additional 12 nursing facility beds for a total of 172 licensed beds is consistent with the following three policies in the 2014 SMFP: *Policy NH-2: Plan Exemption for Continuing Care Retirement Communities*, *Policy NH-8: Innovations in Nursing Facility Design*, and *Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds*. 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.

C

Stanley TLC is licensed by the Department of Insurance as a CCRC and is located in Stanley, Gaston County. The applicant proposes to expand and renovate its facility to add 12 NF beds and 30 ACH beds, for a total of 118 NF beds and 54 ACH beds at project completion. In Section III, pages 32-33, 38, 42, and 44, the applicant states that the 12 NF beds and the 30 ACH beds will be

utilized by persons with continuing care contracts with Stanley TLC, as required by Policies NH-2 and LTC-1 in the 2014 SMFP.

Population to Be Served

In Section III, page 49, the applicant states that in FFY 2013, 94.8% of the NF residents originally came from Gaston County (81%), Mecklenburg County (7.1%), and Lincoln County (6.7%). The remaining 5.2% came from other counties and states. For ACH residents, 90.5% originally came from Gaston (71%) and Mecklenburg (19.5%) counties. The remainder of ACH residents came from other counties. However, the applicant states, in Section III, page 51, that when an individual moves in to Stanley TLC and becomes a resident, Gaston County becomes their county of residence and Stanley TLC becomes their permanent place of residence.

In Section III, page 51, the applicant states that the project involves relocating residents who are already residing at Stanley TLC and as such, projects that patient origin will remain the same as historical patient origin.

The applicant adequately identifies the population to be served.

Need Analysis

In December of 2013, the applicant contracted with Love & Company Senior Living Marketing (Love & Company) to conduct a market analysis to determine the needs in the local area for senior living and whether the market would support an expansion of Stanley TLC. A summary of the market analysis findings, found in Exhibit 13, identified the following:

- *“Measures of demand indicate that the market has adequate depth in the current year to support approximately 50 independent living units at STLC. Projecting to the future to take into account demographic growth, by 2018 the market could support as many as 60 units.”* (Exhibit 13, page 7)
- In regard to Stanley TLC’s 29 current independent living units and the current 91 NF beds and ACH beds, Love & Company states, *“...the market penetration rate is 13.2% In our experience, a market penetration rate of 25% is generally achievable in most markets. This suggests that the market should be able to support the existing product and maintain a healthy operating environment and, in fact, appears to have depth to support additional inventory.”* (Exhibit 13, page 51)

In Section III.1, page 34, the applicant provides a table depicting population growth in Gaston County, over a five-year period, as follows:

Gaston County Population

	2014	2019	CAGR*
Gaston County 65+ Years	31,493	35,816	2.61%
Gaston County Total	210,980	218,204	0.68%
North Carolina	9,956,488	10,462,726	1%

"Source-North Carolina Office of State Budget and Management

**CAGR = Compound Annual Growth Rate"*

The applicant states, in Section III.1, page 34,

"The market analysis completed for Stanley Total Living Center in December 2013 (Exhibit 13 pgs. 22-30) took a closer look at a 7-mile market around the facility and indicates that of the 29,500 households within 7 miles of Stanley Total Living Center, there are approximately 6,500 households with the head of household over the age of 65 (22.2% of households) which is projected to increase by 1% per year over the next 5 years, adding another 1,192 such households in this 7 mile radius alone. As such, the projected growth of those ages 65 and older not only in Gaston County but in the town of Stanley (and 7 mile radius around the facility) supports the need for Stanley Total Living Center's expansion, renovation, and relocation projects to expand what it is currently able to offer. The additional assisted living and skilled nursing beds requested are necessary for the growing number of residents who will require these higher levels of care from the independent apartment units in the town of Stanley alone." (Emphasis added by applicant.)

In addition to identifying a need for the proposed project based on demographic growth, the applicant states, in Section III.1, page 32, that Stanley TLC has several limitations that need to be addressed to better meet the needs of current residents and to meet the needs of future residents. The applicant summarizes these limitations, which are identified by Love & Company in its December 2013 market analysis in Exhibit 13, as follows:

- Independent apartment units are small, lack amenities and have an institutional feel;
- Adult care homes are small and limited in personal privacy – two residents share '200 feet and have cramped bathrooms'; and
- "Nursing units are 'institutional and private rooms are limited'".

Moreover, the applicant states, in Section III.1, page 34, that due to these limitations and a general lack of capacity, Stanley TLC has not been able to serve the needs of some of their residents, stating that *"...there have been several who inevitably had to leave the facility for another simply due to the lack of availability in the nursing home area in order to continue having their needs met as necessary."* In addition, the applicant states, on page 34,

“This has also shown true for the skilled nursing area-residents who complete rehabilitative services and improve to an assisted living level of care, have had to transfer to other facilities due to the beds at Stanley Total Living Center being full at their specific time of need OR due simply to the fact that available assisted living beds were too small and did not allow for enough personal privacy.”

Projected Utilization

In Section IV.1, page 53, the applicant provides historical utilization data for Stanley TLC for the nine months immediately preceding the submittal of the application, as follows:

Stanley Total Living Center Historical Utilization, December 2013 – August 2014

	Dec. 2013	Jan. 2014	Feb. 2014	March 2014	April 2014	May 2014	June 2014	July 2014	Aug. 2014	Total 9 Month Utilization
Nursing Facility Beds										
Patient Days	3,109	3,144	2,810	3,010	2,942	3,077	3,075	3,191	3,055	27,413
Occupancy Rate	94.61%	95.68%	94.68%	91.60%	92.52%	93.64%	96.70%	97.11%	92.97%	94.39%
# of Beds	106	106	106	106	106	106	106	106	106	106
Adult Care Home Beds										
Patient Days	647	664	605	725	694	701	608	691	713	6,048
Occupancy Rate	90.74%	93.13%	93.51%	97.45%	96.39%	94.22%	84.44%	92.88%	95.83%	93.17%
# of Beds	24	24	24	24	24	24	24	24	24	24
Total Facility										
Patient Days	3,756	3,808	3,415	3,735	3,636	3,778	3,683	3,882	3,768	33,461
Occupancy Rate	92.68%	94.41%	94.10%	94.53%	94.46%	93.93%	90.57%	94.99%	94.40%	93.78%
# of Beds	130	130	130	130	130	130	130	130	130	130

The 2014 SMFP shows a surplus of 155 NF beds and a surplus of 426 ACH beds in Gaston County. However, since the applicant is a CCRC, the proposed beds will be used exclusively to meet the needs of persons with whom the facility has continuing care contracts or in cases of a qualifying exception.

Regardless of the occupancy of current facilities providing NF and ACH beds in Gaston County, the applicant bases the need for the renovations on its internal need for additional NF and ACH beds to serve its current and future CCRC residents.

In Section IV.2, pages 57-58, the applicant provides its projected utilization for NF beds and ACH beds for a partial federal fiscal year, the first full federal fiscal year, and the second full federal fiscal year after completion of the project.

**Projected Utilization, Partial Federal Fiscal Year
July 1, 2016 through September 30, 2016**

	1st Quarter 10/01/2015- 12/31/2015	2nd Quarter 01/01/2016- 03/31/2016	3rd Quarter 4/01/2016- 6/30/2016	4th Quarter 7/01/2016- 9/30/2016	Total Utilization
Nursing Facility Beds					
Patient Days-existing beds				9,200	9,200
Patient Days-additional beds				1,104	1,104
Patient Days-total beds				10,304	10,304
Occupancy Rate				95%	95%
# of Beds				118	118
Adult Care Home Beds					
Patient Days-existing beds				2,024	2,024
Patient Days-additional residents moved from Independent Living Units				1,288	1,288
Patient Days-additional beds				276	276
Patient Days-total beds				3,588	3,588
Occupancy Rate				72%	72%
# of Beds				54	54
Total Facility					
Patient Days-existing beds				11,224	11,224
Patient Days-additional beds				2,668	2,668
Patient Days-total beds				13,892	13,892
Occupancy Rate				88%	88%
# of Beds				172	172

Stanley Total Living Center
F-10356-14
Page 10

**Projected Utilization, First Full Federal Fiscal Year
October 1, 2016 through September 30, 2017**

	1st Quarter 10/01/2016- 12/31/2016	2nd Quarter 01/01/2017- 03/31/2017	3rd Quarter 4/01/2017- 6/30/2017	4th Quarter 7/01/2017- 9/30/2017	Total Utilization
Nursing Facility Beds					
Patient Days-existing beds	9,200	9,000	9,100	9,200	36,500
Patient Days-additional beds	920	900	910	920	3,650
Patient Days-total beds	10,120	9,900	10,010	10,120	40,150
Occupancy Rate	93%	93%	93%	93%	93%
# of Beds	118	118	118	118	118
Adult Care Home Beds					
Patient Days-existing beds	2,024	1,980	2,002	2,024	8,030
Patient Days-additional residents moved from Independent Living Units	1,288	1,260	1,274	1,288	5,110
Patient Days-additional beds	552	810	1,092	1,380	3,834
Patient Days-total beds	3,864	4,050	4,368	4,692	16,974
Occupancy Rate	78%	83%	89%	94%	94%
# of Beds	54	54	54	54	54
Total Facility					
Patient Days-existing beds	11,224	10,980	11,102	11,224	44,530
Patient Days-additional beds	2,760	2,970	3,276	3,588	12,594
Patient Days-total beds	13,984	13,950	14,378	14,812	57,124
Occupancy Rate	88%	90%	92%	94%	94%
# of Beds	172	172	172	172	172

**Projected Utilization, Second Full Federal Fiscal Year
October 1, 2017 through September 30, 2018**

	1st Quarter 10/01/2017- 12/31/2017	2nd Quarter 01/01/2018- 03/31/2018	3rd Quarter 4/01/2018- 6/30/2018	4th Quarter 7/01/2018- 9/30/2018	Total Utilization
Nursing Facility Beds					
Patient Days-existing beds	9,200	9,000	9,100	9,200	36,500
Patient Days-additional beds	920	900	910	920	3,650
Patient Days-total beds	10,120	9,900	10,010	10,120	40,150
Occupancy Rate	93%	93%	93%	93%	93%
# of Beds	118	118	118	118	118
Adult Care Home Beds					
Patient Days-existing beds	2,024	1,980	2,002	2,024	8,030
Patient Days-additional residents moved from Independent Living Units	1,288	1,260	1,274	1,288	5,110
Patient Days-additional beds	1,656	1,620	1,638	1,656	6,570
Patient Days-total beds	4,968	4,860	4,914	4,968	19,710
Occupancy Rate	100%	100%	100%	100%	100%
# of Beds	54	54	54	54	54
Total Facility					
Patient Days-existing beds	11,224	10,980	11,102	11,224	44,530
Patient Days-additional beds	3,864	3,780	3,822	3,864	15,330
Patient Days-total beds	15,088	14,760	14,984	15,088	59,860
Occupancy Rate	95%	95%	95%	95%	95%
# of Beds	172	172	172	172	172

The applicant provides the assumptions and methodology used to project utilization for both NF and ACH beds in Section IV, pages 54-56, as follows:

Historical occupancy rates and daily average census were used as the basis for projecting occupancy in the first two full federal fiscal years following completion of the project.

“Nursing Facility

The previous 9 month patient day volume was used to calculate historical occupancy rates for the nursing facility beds (patient days/days in the quarter/number of beds). The occupancy rate for the 9-month period from December 2013 – August 2014 for the total nursing facility was 94.39% which corresponds to a historical average daily census of 100.

...

Projected patient days for the nursing facility beds were calculated by multiplying the historical average daily census by the projected operational days within the period to generate 36,500 patient days in each of the first 2 full federal fiscal years following completion of the project (100 patient days x 365 days). As stated in Section XII, the proposed completion date of the renovation of the nursing facility beds is July 1st, 2016; therefore the project will be [sic] operation for 3 months of the 2016 federal fiscal year (July 2016 – September 2016). Based on this historical average daily census, the current nursing facility beds will generate 9,200 patient days in these 3 months (100 patients x 92 days).

The projected days for the proposed 12 additional nursing facility beds are based on the assumed fill-up during the first partial federal fiscal year. Given the level of demand discussed in Section III.1 for these nursing beds, it is assumed that 12 residents will move in within the first month of operation at a rate of 4 per week (as directed in 2(c) above). Based on this methodology, the additional nursing facility beds are projected to generate 1,104 patient days in the first partial federal fiscal year (12 patients x 92 days) thus the total patient days for the nursing facility will be 10,304 in the first partial federal fiscal year (9,200 days + 1,104 days).

After the fill-up of the additional proposed nursing facility beds is complete, the average daily census of these beds during each of the first 2 full federal fiscal years is projected to be 10 patients. Thus these beds are estimated to generate 3,650 patient days in each of the first 2 full federal fiscal years following completion of the project (10 patients x 365 days). The total patient days for the nursing facility beds will be 40,150 in each of the first 2 full federal fiscal years following completion of the proposed project (36,500 patient days = [sic] 3,650 patient days).

Assisted Living

The previous 9 month patient day volume was used to calculate the historical occupancy rate for the assisted living beds (patient days/days in the quarter/number of beds). The occupancy rate for the 9-month period from December 2013 – August 2014 for the total assisted living beds was 93.17%, which corresponds to a historical average daily census of 22.

As noted previously, Stanley Total Living Center will construct 40 new independent living apartment units under the NC Department of Insurance. Upon completion of new construction and subsequent renovation of the current building, 14 independent living residents have been identified and will remain in place as they qualify for

assisted living level of care. The current 24 assisted living residents will then be relocated to these renovated rooms. This proposal suggests an addition of 30 assisted living beds – with this addition to the currently licensed 24 beds (total of 54 beds following completion of the project), 36 beds will be filled immediately. Based on the historical average daily census of 22 plus the additional 14 who remained in place from the independent living apartments, immediate occupancy will be 67%

Projected patient days for the assisted living beds was calculated by multiplying the historical average daily census by the projected operational days within the period to generate 8,030 patient days in each of the first 2 full federal fiscal years following completion of the project (22 patients x 365 days). The remaining 14 residents from the previous independent living units within the same period will generate an additional 5,110 days (14 patients x 364 [sic] days). Thus the combination of these moves upon the immediately [sic] completion of this step of the proposed project will annually generate 13,140 days in each of the first 2 full federal fiscal years.

As stated in Section XII, the proposed completion date of the renovation/relocation project in this application for the assisted living beds is July 1st, 2016; therefore the project will be operational for 3 months of the federal fiscal year 2016 (from 7/1/16 – 9/30/16) or 92 days. Based on the historical average daily census, the existing assisted living with the additional 14 residents who remained in place following construction of the new independent apartments is estimated to generate 3,312 patient days (36 patients x 92 days).

Given the level of projected demand as discussed in Section III.1 for the overall project while continuing to meet the requirements of Policy LTC-1 in meeting both the internal needs of the existing and prospective residents, it is assumed that the residents of the independent living apartment units will require some level of increased healthcare need over the first 2 full federal fiscal years following completion of the project and will require assisted living care. It is also assumed that those residents in nursing facility beds who receive rehabilitative services and improve in functional ability with the intention of eventually moving into an independent living apartment unit will require assisted living in the interim. As such, Stanley Total Living Center conservatively assumes the addition of 1 assisted living resident to be admitted each month into the remaining 18 beds available over the first 2 full federal fiscal years.

After the fill-up of the proposed additional assisted living beds (1 patient per month X 18 months), the assumed average daily census of these beds is projected to be at 100% with 54 beds. The total patient days following the proposed fill-up by the end of the second full federal fiscal year including all residents from the existing assisted living based on that average daily census, all those residents who remained in place from the

previous independent apartment units, and those newly admitted over the 18 months will be 19,710 (54 patients x 365 days)."

These projected occupancy levels exceed the performance standard in 10A NCAC 14C .1102 *Criteria and Standards for Nursing Facility Services or Adult Care Home Services*.

The applicant provides sufficient documentation to demonstrate the reasonableness of the utilization projections. Thus, the applicant documents the need for the proposed NF and ACH beds to meet the internal long-term care needs of current and prospective Stanley TLC residents.

Access

In Section III.4, pages 43-44, the applicant states, consistent with Policy LTC-1 and Policy NH-2, neither the 30 proposed, additional ACH beds nor the 12 proposed, additional NF beds will be certified to participate in the Medicaid program.

However, the applicant states in Section V, page 64, that all 24 of Stanley TLC's ACH beds and 88 of its 106 NF beds are licensed to provide care to Medicaid recipients. The nine private pay residents who are in the existing ACH beds will be able to move to the new ACH beds to be developed, thereby freeing up those vacated beds for residents with Medicaid benefits. In addition, the applicant states, on page 64, that the proposed project will increase availability of services for Stanley TLC residents who are experiencing declines in their functional ability and need additional services either in the short or long-term.

The applicant adequately demonstrates the extent to which all residents of the service area are likely to have access to the proposed services.

In summary, the applicant adequately identifies the population to be served, adequately demonstrates the need the population to be served has for the proposed project and adequately demonstrates the extent to which all residents of the service area will have access to the services. Therefore, the application is conforming to this criterion.

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

- (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.

C

In Section III.2, pages 39-41, the applicant discusses the alternatives considered prior to submission of this application, which include:

1. Maintain the status quo – the applicant states this alternative is not an effective alternative for the following reasons:
 - The need for larger rooms and increased amenities would not be addressed;
 - The lack of private rooms for ACH and NF beds would not be addressed, resulting in current and potential residents going elsewhere for care; and
 - Demand for all levels of care due to population growth of the service area would not be accommodated.
2. Renovation of existing independent living units and ACH beds - the applicant states that renovating these existing units without new construction would not address the need for more living space per unit or bed, nor would it allow for additional units or beds. Therefore, this was not considered to be the most effective alternative.
3. Adding a second story to the existing building – the applicant states that adding a second story to the building would allow for increased room size, however it would require that rooms/units would need to be closed off during construction and that this would not be possible due to the current level of occupancy, high cost, and stress on current residents. In addition, the applicant states it would not address many of the concerns identified in the market analysis done in December 2013 (Exhibit 13). Therefore, this was not an effective alternative.
4. Developing the project as proposed – the applicant states that the least costly and most effective alternative is to construct new independent living units on nearby, already-owned property which will then allow for the renovation of the existing independent living units for the ACH beds, and the renovation of existing ACH beds for NF beds. The applicant states that the proposed project “*will allow for more individual privacy, dignity, and personal choice.*”

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

In summary, the applicant adequately demonstrates 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. Stanley Total Living Center, Inc. shall materially comply with all representations made in the certificate of need application.**
- 2. Stanley Total Living Center, Inc. shall add no more than 12 nursing facility beds and 30 adult care home beds pursuant to Policies NH-2 and LTC-1, respectively.**
- 3. The 12 additional nursing facility beds shall not be certified for participation in the Medicaid program.**
- 4. The 12 additional nursing facility beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 5. The 30 additional adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 6. The 30 additional adult care home beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing or adult care unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 7. The 12 new nursing facility beds and 30 new adult care home beds shall be developed on the existing site of Stanley Total Living Center, located near the property on which the new independent living units will be developed.**

8. Stanley Total Living Center, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

In Section VIII.1, page 75, the applicant projects the total capital cost of the project will be \$706,476 as shown in the following table:

Construction Costs	\$456,500
Equipment and Furniture	\$200,000
Consultant Fees*	\$49,976
Total Capital Cost	\$706,476

*Includes architect and engineering fees, CON application preparation and market analysis

Exhibit 21 contains a letter from Southside Constructors, Inc. providing pricing and details of the proposed renovations.

In Section X, page 84, the applicant states that there will be no start-up or initial operating expenses for the proposed project.

The applicant states, in Section VIII.2, page 80, that the proposed project will be financed through accumulated reserves. Exhibit 22 contains a letter from the Chief Financial Officer of Stanley Total Living Center, Inc. which states,

“... The total capital cost of the renovation and relocation project within the current building is estimated to be \$706,476.

Stanley Total Living Center plans to pay for this project in its entirety through its own capital expenditure allowances from accumulation of reserves.”

Exhibit 23 contains the audited financial statements for Stanley Total Living Center, Inc. for the years ending September 30, 2012 and 2011. As of September 30, 2012, Stanley Total Living Center, Inc. reported cash in the amount of \$1,224,434 and net assets of \$11,047,488 (total assets

less total liabilities). The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

In the pro formas for the entire facility, including the proposed independent living units, the applicant projects that revenues will exceed operating costs in the first and second full federal fiscal years of operation following project completion. Likewise, the pro formas for Stanley TLC's NF and ACH beds project that revenues will exceed operating costs in the project's first full federal fiscal year and second full federal fiscal year of operation following project completion, as illustrated in the table below:

Nursing Facility Beds	First Full Federal Fiscal Year 10/01/16 - 9/30/17	Second Full Federal Fiscal Year 10/01/17 - 9/30/18
Projected # of Patient Days	40,150	40,150
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$216.90	\$216.90
Gross Patient Revenue	\$8,708,535	\$8,708,535
Deductions from Gross Patient Revenue	0	0
Other Revenue	\$93,000	93,000
Total Revenue	\$8,801,535	\$8,801,535
Total Expenses	\$8,752,511	\$8,745,107
Net Income	\$49,024	\$56,428
Adult Care Home Beds		
Projected # of Patient Days	16,974	19,710
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$100.95	\$106.93
Gross Patient Revenue	\$1,713,526	\$2,107,510
Deductions from Gross Patient Revenue	0	0
Other Revenue	0	0
Total Revenue	\$1,713,526	\$2,107,510
Total Expenses	\$1,197,761	\$1,221,499
Net Income	\$515,765	\$886,011
Total Licensed Beds		
Projected # of Patient Days	57,124	59,860
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$158.93	\$161.92
Gross Patient Revenue	\$10,422,061	\$10,816,045
Deductions from Gross Patient Revenue	0	0
Other Revenue	0	0
Total Revenue	\$10,515,061	\$10,909,045

Total Expenses	\$9,950,272	\$9,966,606
Net Income	\$564,789	\$942,439

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section X, pages 88-92 and the pro formas for the assumptions regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and therefore, the application is conforming to this criterion.

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

C

The applicant proposes to renovate and expand its facility to add 12 NF beds and 30 ACH beds, for a total of 118 NF beds and 54 ACH beds at project completion. In Section III.4, pages 44 and 42, respectively, the applicant states that the 12 NF beds and the 30 ACH beds will be available exclusively to persons with continuing care contracts with Stanley TLC, pursuant to Policies NH-2 and LTC-1. Furthermore, the applicant adequately demonstrates the need the population to be served has for 12 additional NF beds and 30 ACH beds. The discussion regarding the need for the proposed beds found in Criterion (3) is incorporated herein by reference. Consequently, the applicant adequately demonstrates that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities. Therefore, 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.

C

In Section VII.2, page 72, the applicant proposes to provide registered nurse (RN) and licensed practical nurse (LPN) coverage for the NF beds 24 hours per day, 7 days per week. RNs are proposed to provide coverage for the ACH beds during the day shift only while LPN coverage for the ACH beds is proposed to be provided 24 hours per day, 7 days per week. The applicant provides the projected number of direct care staff per shift for the second project year in Section VII.2, page 72, in the following table:

**Direct Care Staff per Shift
 Project Year 2, 10/01/2017 – 9/30/2018**

	RNs	LPNs	Aides	Total
Day Shift				
Nursing Unit	3	4	15	22
Adult Care Home Unit	1	1	3	4[5]
Total Direct Care - Day Shift	4	5	18	27
Evening Shift				
Nursing Unit	2	4	15	21
Adult Care Home Unit	0	2	3	4[5]
Total Direct Care - Evening Shift	2	6	18	26
Night Shift				
Nursing Unit	1	2	8	11
Adult Care Home Unit	0	1	2	3
Total Direct Care - Night Shift	1	3	10	14
Total for the Day				
Nursing Unit	6	10	38	54
Adult Care Home Unit	1	4	8	11[13]
TOTAL Direct Care Staff	7	14	46	67

Note: corrections provided by the Project Analyst are in brackets

The applicant states, on page 72, that each of the staff positions identified in the above table are multiplied by 1.4 to convert to the total number of full-time equivalent (FTE) positions projected in the second full federal fiscal year of operation. This is illustrated below from Section VII.3, page 72, as follows:

**Direct Care Staff Converted to FTEs
Project Year 2, 10/01/2017 – 9/30/2018**

	FTE Positions
Nursing Facility	
RN	8.40
LPN	14.40
Aides	53.20
Total	76.00
Adult Care Home	
RN	1.40
LPN	5.60
Aides	11.20
Total	18.20
Total Direct Care Staff	
RN	9.80
LPN	20.00
Aides	64.40
Total	94.20

Adequate costs for the direct care nursing positions proposed by the applicant in Sections II.4 and VII.3 are budgeted in the pro forma financial statements. The table below, from Section VII.4, page 77, shows the applicant's proposed direct care nursing staff and total direct care hours per patient day.

**Direct Care Nursing Hours per Patient Day
Project Year Two, 10/01/2017 – 9/30/2018**

	RNs	LPNs	Aides	Total
Nursing Facility				
FTEs	8.40	14.40	53.20	76.00
Number of nursing hours per year per FTE	2,080	2,080	2,080	2,080
Total nursing hours per year	17,472	29,952	110,656	158,080
Number of patient days per year	40,150	40,150	40,150	40,150
Nursing hours per patient day	0.43	0.75	2.75	3.94
Adult Care Home				
FTEs	1.40	5.60	11.20	18.20
Number of nursing hours per year per FTE	2,080	2,080	2,080	2,080
Total nursing hours per year	2,912	11,648	23,296	37,856
Number of patient days per year	19,710	19,710	19,710	19,710
Nursing hours per patient day	0.15	0.59	1.18	1.92

The applicant states, in Section V.3, page 62, that its current Medical Director, Dr. John Nelson, will continue to serve as Medical Director of Stanley TLC upon completion of the proposed project. Exhibit 10 contains a copy of a contract between the facility and Dr. Nelson and a copy

of his resume is included in Exhibit 15. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. 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.

C

In Section II.4, pages 28-29, the applicant lists the ancillary and support services, and indicates the proposed providers for each. Exhibit 10 contains copies of existing contracts for the provision of many ancillary and support services, including therapy, pharmacy, laboratory, and transportation services for Stanley TLC residents. In Section II.4, page 29, the applicant states that the current contractual and consultant services provided to residents will remain in place for the proposed project. In Section V.2, page 61, the applicant states that Stanley TLC will maintain a transfer agreement with Gaston Memorial Hospital. A copy of the transfer agreement is provided in Exhibit 17. In Section III.3, page 62, the applicant states that it has established relationships with home health partners and community medical providers that provide referrals to its facility, and that it has and will continue to work in collaboration with Gaston Memorial Hospital's Transitional Care staff to provide quality short-term nursing care and services to patients with certain chronic health conditions who are discharged to their facility. Moreover, the applicant states, on page 63, that it has established relationships with local healthcare and social service providers over the years and expects to continue those relationships. Exhibit 15 contains letters of support from these providers. The applicant adequately demonstrates that it will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

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

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates:

- (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and
NA

- (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner, which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
 - (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner, which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.

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

C

In Section XI, page 98, the applicant proposes to renovate 15,826 square feet of the facility's total 72,126 square feet on the existing campus. Exhibit 21 contains a document from Southside Constructors, Inc. which includes a list of renovations planned and the construction costs. The construction costs of \$456,500 are consistent with the capital cost projections provided in Section VIII.1, page 79, of the application.

In Section XI.13, page 102, the applicant states that cost, design, and means of construction are based upon the architect's experience with similar projects. In Section XI.14, page 102, the applicant states that *"it will continue to maintain efficient energy operations and contain the costs of utilities as it currently does..."* and discusses how its heating, ventilation, air conditioning, plumbing, and electrical systems will conserve energy and reduce utility costs.

The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative and that the construction costs will not unduly increase the costs and charges of providing nursing facility or adult care home services. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. Therefore, the application is conforming to this criterion.

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

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

NA

The 2014 SMFP Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Stanley TLC for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

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

NA

The 2014 SMFP Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Stanley TLC for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

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

NA

The 2014 SMFP Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Stanley TLC for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

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

NA

The 2014 SMFP Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds requires the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and who have lived at Stanley TLC for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

- (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

The applicant states, in Section V.1, page 61, that Stanley TLC has an agreement with Gaston College to provide clinical training for students enrolled in several health programs. Exhibit 16 contain a copy of this agreement. The applicant demonstrates that the proposed health services will accommodate the clinical needs of health professional training programs in the service area. 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.

NA

The 2014 SMFP Policies NH-2 and LTC-1: Plan Exemption for Continuing Care Retirement Communities – Nursing Home and Adult Care Home Beds require the applicant to exclusively meet the needs of people with whom the facility has continuing care contracts and whom have lived at Stanley TLC for at least 30 days. The policies also prohibit participation in the Medicaid program and serving State-County Special Assistance recipients.

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

C

According to the files in the Nursing Home Licensure and Certification Section, DSHR, no incidents occurred within the eighteen months immediately preceding the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on the facility. 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.

C

The proposal is conforming with all applicable Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1100, as indicated below.

SECTION .1100 - CRITERIA AND STANDARDS FOR NURSING FACILITY SERVICES or ADULT CARE HOME SERVICES

10A NCAC 14C .1101 INFORMATION REQUIRED OF APPLICANT

- .1101(a) *An applicant proposing to establish new nursing facility or adult care home beds shall project an occupancy level for the entire facility for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*
- C- Stanley TLC provides the assumptions and methodologies, and projects occupancy levels for the first nine calendar quarters following project completion in Section IV.2, pages 53-59.
- .1101(b) *An applicant proposing to establish new nursing facility or adult care home beds shall project patient origin by percentage by county of residence. All assumptions, including the specific methodology by which patient origin is projected, shall be stated.*
- C- The applicant projects patient origin by county of residence and provides the assumptions and methodologies used to make the projections in Sections III.9, pages 50-51, of the application.
- .1101(c) *An applicant proposing to establish new nursing facility or adult care home beds shall show that at least 85 percent of the anticipated patient population in the entire facility lives within a 45 mile radius of the facility, with the exception that this standard shall be waived for applicants proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, facilities that are fraternal or religious facilities, or facilities that are part of licensed continuing care facilities which make services available to large or geographically diverse populations.*
- C- The applicant states that 95% of its assisted living residents and 96% of its nursing home residents resided within a 45 mile radius of the facility prior to becoming residents of the facility.
- .1101(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 applicant does not propose to establish a new nursing facility.

.1101(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 applicant does not propose to establish a new nursing facility.

.1101(f) *An applicant proposing to establish new nursing facility or adult care home beds shall provide documentation to demonstrate that the physical plant will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F, whichever is applicable.*

-C- The applicant states in Section II, page 18 (confirmed by letter from architect in Exhibit 9), that the proposed facility will conform with all requirements as stated in both 10A NCAC 13D and 10A NCAC 13F.

10A NCAC 14C .1102 PERFORMANCE STANDARDS

.1102(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 IV, page 53, the applicant demonstrates the average occupancy of Stanley TLC's nursing facility beds was 94.4% from December 1, 2013 through August 31, 2014.

.1102(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 Section IV, pages 59, the applicant projects an average occupancy of 93% at the end of both the first and second federal fiscal years following completion of the proposed project. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- .1102(c) *An applicant proposing to add adult care home beds to an existing facility shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed adult care home beds within the facility in which the new beds are to be operated was at least 85 percent.*

- C- In Section IV, page 53, the applicant demonstrates that the average occupancy of its adult care home beds from December 1, 2013 through August 31, 2014 was 93.2%.

- .1102(d) *An applicant proposing to establish a new adult care home facility or add adult care home beds to an existing facility shall not be approved unless occupancy is projected to be at least 85 percent for the total number of adult care home beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*

- C- In Section IV, page 59, the applicant projects that the average occupancy of its adult care home beds at the end of federal fiscal years one and two, following completion of the proposed project, will be 94% and 100%, respectively. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.