

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: February 26, 2015

Findings Date: February 26, 2015

Project Analyst: Gregory F. Yakaboski

Assistant Chief: Martha J. Frisone

Project ID #: F-11101-15

Facility: Cabarrus Manor

FID #: 140292

County: Cabarrus

Applicants: Cabarrusco, LLC  
Cabarrus AL Holdings, LLC

Project: Change of scope for Project ID # F-10311-14 (relocate and replace 48 ACH beds from Concord House) and Project ID #F-10263-14 (relocate and replace 60 ACH beds from Kannapolis Village) by relocating and replacing the 25 ACH beds at St. Andrews to Cabarrus Manor. Upon completion of all three projects Cabarrus Manor will be licensed for 133 ACH beds / Cabarrus 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

Cabarrusco, LLC and Cabarrus AL Holdings, LLC (the applicants) propose to relocate 25 existing but unutilized adult care home (ACH) beds from the St. Andrews Center to Cabarrus Manor. Cabarrus Manor is an approved 108-bed replacement ACH facility which has not yet been developed. St. Andrews Center has been closed for over five years. In Project ID # F-7636-06, the 25 ACH beds from St. Andrews Center were approved to be part of an 81-bed replacement ACH facility which has not yet been developed. St. Andrews Center and the 81-bed replacement ACH facility approved in Project ID #F-7636-06 are, or were, both located

in Concord. Cabarrus Manor is approved for development in Kannapolis. St. Andrews Center's 25 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan (2015 SMFP).

### **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 two policies are applicable to this review:

- Policy LTC-2: Relocation of Adult Care Home Beds
- Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

#### **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 Cabarrus County. The application is consistent with Policy LTC-2.

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

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

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

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

In Section X.14, page 75, the applicant provides a written statement describing the proposed project's plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

### **Conclusion**

In summary, the applicants demonstrate that the 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.

### C

The applicants propose to relocate 25 existing but unutilized ACH beds from the St. Andrews Center to Cabarrus Manor. Cabarrus Manor is an approved 108-bed replacement ACH facility which has not yet been developed. St. Andrews Center has been closed for over five years. In Project ID # F-7636-06, the 25 ACH beds from St. Andrews Center were approved to be part of an 81-bed replacement ACH facility which has not yet been developed. St. Andrews Center and the 81-bed replacement ACH facility approved in Project ID #F-7636-06 are, or were, both located in Concord. Cabarrus Manor is approved for development in Kannapolis. St. Andrews Center's 25 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 SMFP.

### **Population to be Served**

On page 217, the 2015 SMFP defines the service area for adult care home 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 Cabarrus County. Facilities may also serve residents of counties not included in their service area.

In Section III.7, page 23, the applicants provide the projected patient origin, as shown in the table below.

<b>County</b>	<b>Projected % of Total ACH Admissions</b>
Cabarrus	100.0%
Total	100.0%

The 25 existing ACH beds are being relocated from the St. Andrews Center facility. The St. Andrew Center facility is no longer operational and has not housed any residents for over five years. Moreover, Cabarrus Manor is an approved but not yet operational facility. It has no historical data upon which to base projected patient origin.

On page 24 of the application and in Exhibit E, the applicants state that the patient origin projections are based on the current demographic composition of Cabarrus and the need generated by that demographic.

The applicants adequately identify the population to be served.

### **Analysis of Need**

In Section III.1, pages 18-20, the applicants describe the need to relocate and replace St. Andrews Center’s 25 existing, but non-operational ACH beds to the approved 108-bed Cabarrus Manor as follows:

- Cabarrus Manor is approved to be located in a part of the county currently lacking ACH beds.
- Replacing the non-operational ACH beds will improve accessibility for residents of Cabarrus County and allow the residents to remain close to family.
- Cabarrus Manor is approved to be located in an area of the county where the elderly population is expected to increase.
- Replacing the non-operational ACH beds will provide increased access for low income residents since Cabarrus Manor will accept Medicaid reimbursement.

In Exhibit Y, the applicants provide the current utilization for the existing operational ACH facilities in Cabarrus County. Utilization at seven of the ten facilities exceeds 90.0%. Two facilities are operating at greater than 72.0% and one facility is operating at 83.0%. The applicants adequately demonstrate the need to relocate and replace the 25 ACH beds to the approved, but not yet developed, Cabarrus Manor replacement facility.

Projected Utilization

In Section IV.2, pages, 26-27, and referenced exhibits, the applicants provide projected utilization for all 133 ACH beds during the first three full federal fiscal years (FFYs). The following table illustrates projected utilization during the third full FFY.

**Projected Utilization**  
**Third Full Federal Fiscal Year**  
**October 1, 2019 through September 30, 2020**

	<b>1<sup>st</sup> Quarter</b> <b>10/1 to 12/31</b>	<b>2<sup>nd</sup> Quarter</b> <b>1/1/ to 3/31</b>	<b>3<sup>rd</sup> Quarter</b> <b>4/1 to 6/30</b>	<b>4<sup>th</sup> Quarter</b> <b>7/1 to 9/30</b>	<b>Total</b>
Patient Days	11,379	11,256	11,256	11,379	45,271
# of Days in Qtr	92	91	91	92	366
Occupancy Rate	93/0%	94.0%	93.0%	93.0%	93.3%
# of Beds	133	133	133	133	133

As shown in the table above, in the third full FFY of operation, the applicants project the 133 ACH beds will operate at 93.3% of capacity [ $45,271/365/133 = 0.933$ , or 93.3%].

In Exhibit L and Section IV, pages 25-30, the applicants provide the assumptions and methodology utilized to project utilization of the 133 ACH beds. The applicants state on page 25 that the facility will begin operations on October 1, 2017, have commitments from 20 patients reserving a bed prior to the licensure of the facility, and fill up at a rate of four residents per month until the facility is full. Projected utilization is based on reasonable and adequately supported assumptions.

Access

In Section VI, page 35, the applicants state “...all persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. Also, all routine and specialized services will be available to persons regardless of their race, color, creed, age, national origin, handicap, sex, or source of payment.” Furthermore, the applicants state “Private-pay patients who spend down and become eligible for Medicaid will not be discharged from the facility. Source of payment will not affect the delivery of either routine services or specialized nursing care. ... Residents who spend down will not be discriminated against in room availability or services.” (See page 35 of the application.)

In Section VI.2, page 34, the applicants project the following payor mix during the second full FFY (2019):

**Projected Days as a % of Total Days**

<b>Payor Source</b>	<b>ACH Beds</b>
Private Pay	43.0%
Special Assistance with Basic Medicaid	57.0%
Total	100.0%

As shown in the table above, the applicants project that 57.0% of residents will qualify for Special Assistance with Basic Medicaid. The 25 ACH beds from St. Andrews Center are presently unutilized and thus are not providing access to anyone. The applicants adequately demonstrate the extent to which all residents, including underserved groups, will have access to the proposed services.

**Conclusion**

In summary, the applicants identified the population to be served, adequately demonstrated the need that this population has for the proposed project and adequately demonstrated the extent to which all residents, including underserved groups, will have access to the proposed 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.

C

The applicants propose to relocate 25 licensed but not operational ACH beds from the closed St. Andrews Center in Concord to the previously approved Cabarrus Manor in Kannapolis. According to Map Quest, Cabarrus Manor will be located 10.0 miles (an eighteen minute drive) from the St. Andrews Center. Therefore, the 25 beds would be geographically accessible to the same population previously served at the St. Andrews Center. The St. Andrews Center has not had any residents and has not been operational for over five years. Since the facility is not operational and is not currently serving residents, no residents will be impacted by the relocation of the 25 ACH beds. The applicants 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.

CA

In Section III, pages 20-21, the applicants describe the alternatives considered stating “*the primary alternatives considered were location, services to be offered and the size of the facility.*” The applicants concluded that the proposed project provided the most effective alternative to meet the identified need for more ACH beds in Kannapolis which has a growing elderly population and fewer ACH beds than other parts of Cabarrus County. The applicants are not developing new ACH beds. Rather, they propose to relocate existing ACH beds to another part of the County.

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

The applicants adequately demonstrate that the proposed alternative is the most effective or least costly alternative to meet the identified need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

- 1. Cabarrusco, LLC and Cabarrus AL Holdings, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. Upon completion of this project (relocate and replace 25 ACH beds), Project ID# F-10263-14 (relocate and replace 60 ACH beds) and Project ID F-10311-14 (relocate and replace 48 ACH beds) Cabarrus Manor shall be licensed for no more than 133 ACH beds.**
- 3. For the first two years of operation following completion of the project, Cabarrus Manor shall not increase actual private pay charges more than 5% of the projected private pay charges provided in Section X of the application, without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 4. Cabarrus Manor shall provide care to recipients of State/County Special Assistance with Medicaid for the facility, commensurate with representations made in Section VI. 2 and Exhibit L.**
- 5. The total capital cost for this project shall be \$4,897,132.**
- 6. Cabarrusco, LLC and Cabarrus AL Holdings, LLC shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicants’ representations in the written statement as described in paragraph one of Policy GEN-4.**

7. **Cabarrusco, LLC and Cabarrus AL Holdings, LLC 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

The applicants propose to relocate 25 existing but unutilized ACH beds from the St. Andrews Center to Cabarrus Manor. Cabarrus Manor is an approved 108-bed replacement ACH facility which has not yet been developed.

**Capital and Working Capital Costs**

There are two previously approved projects for Cabarrus Manor with a total combined capital cost of \$4,897,132.

In Section VIII.1, page 46, of this application, the applicants project the total capital cost to construct the 133-bed replacement facility (three projects instead of two) will be:

Site costs-	\$1,719,400
Construction costs-	\$8,762,975
Equipment-	\$ 565,000
Consultant Fees-	\$ 230,000
Financing-	\$ 100,000
Interest during construction	\$ 250,000
Contingency-	<u>\$ 150,000</u>
Total:	\$11,777,375

The difference between the total for all three projects combined and the approved capital cost of the two previously approved projects combined is \$4,897,132.

In Section IX.1-3, pages 52-53, the applicant projects the total working capital (start-up and initial operating expenses) costs will be \$884,187 (start-up expenses: \$135,500 and initial operating expenses: \$748,659). This is an increase of \$135,528 over the amount approved for the first two projects.

**Availability of Funds**

In Section VIII.2, page 47, and in Section IX.5, page 55, the applicants state that the capital and working capital costs will be financed by two commercial loans.



In Exhibit N, the applicants provide a letter dated September 11, 2015 from John W. Savage of DCR Mortgage Partners VI, LP (DCR) which states that the DCR will provide 100% financing for the capital costs for all three projects combined in the amount of \$11,777,375. The letter includes the proposed terms of the commercial loan.

In Exhibit P, the applicants provide a letter dated September 9, 2015 from John W. Savage of DCR Mortgage Partners VI, LP (DCR) which states that the DCR will provide 100% financing for the projected working capital costs for all three projects combined in the amount of \$884,187. The letter includes the proposed terms of the commercial loan.

The applicants adequately demonstrated that sufficient funds will be available for the capital and working capital needs of all three projects combined.

### **Financial Feasibility**

In Tables X.3A and X.B, page 61, the applicants project that the per diem reimbursement rate/charge will be \$119.67 for a private pay patient in a private room and \$76.41 State/County Special Assistance for a private room or a semi-private room.

In Section XI.8, page 72, the applicants state Cabarrus Manor will consist of 133 private beds. In the projected revenue and expense statement (Form B), the applicants project revenues will exceed operating expenses in the second full FFY (2019), as shown in the table below.

	<b>First Full FFY (2018)</b>	<b>Second Full FFY (2019)</b>
Total Revenues	\$1,740,767	\$3,651,214
Total Operating Expenses	\$2,424,686	\$3,612,647
Net Profit	(\$683,919)	\$38,567

The assumptions used by the applicants in preparation of the pro formas are reasonable including projected utilization, costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

### **Conclusion**

In summary, the applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of all three projects combined. Furthermore, the applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. 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 applicants propose to relocate 25 existing but unutilized ACH beds from the St. Andrews Center to Cabarrus Manor. Cabarrus Manor is an approved 108-bed replacement ACH facility which has not yet been developed. St. Andrews Center has been closed for over five years. In Project ID # F-7636-06, the 25 ACH beds from St. Andrews Center were approved to be part of an 81-bed replacement ACH facility which has not yet been developed. St. Andrews Center and the 81-bed replacement ACH facility approved in Project ID #F-7636-06 are, or were, both located in Concord. Cabarrus Manor is approved for development in Kannapolis. St. Andrews Center's 25 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 2015 SMFP.

On page 217, the 2015 SMFP defines the service area for adult care home 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 Cabarrus County. Facilities may also serve residents of counties not included in their service area.

Table 11A in the 2015 SMFP lists a total of 16 ACH facilities in Cabarrus County and a total of 934 beds, 48 of which are in a nursing home. The table below is based on Table 11A, pages 220-221, and Table 11B, page 243, in the 2015 SMFP.

<b>2015 SMFP ACH Inventory &amp; 2018 Need Projections Cabarrus County</b>	
# Facilities	16
# Beds in ACH Facilities	886
# Beds in Nursing Homes	48
Total Licensed Beds	934
# CON Approved	0
Total # Available	934
Total # in Planning Inventory	934
Projected Bed Surplus 2017	330
Projected Bed Surplus 2018*	269

\*From Table 11B, page 250, 2016 SMFP

The applicants do not propose to develop new ACH beds, but rather to replace 25 ACH beds located in a closed facility. There will be no increase in the inventory of ACH beds or the number of facilities in Cabarrus County. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

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

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicants propose to provide personal care staff twenty-four hours per day, seven days per week. In Section VII, page 42, the applicants state that by FFY2019 (the second full fiscal year) the adult care home facility will be staffed by 58.50 full-time equivalent (FTE) positions. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in the pro forma financial statements. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Section II.2, pages 12-14, the applicants describe the ancillary and support services that will be provided by the facility or made available through agreements with other providers including dietary, medical transportation, dentistry, physician, therapy, recreation, personal care, housekeeping and laundry services. Exhibit X contains copies of letters for pharmacy, RN consultant and dietary services. In addition, Exhibit B contains a copy of the professional consulting and accounting services agreement for Meridian Senior Living, LLC to provide such services for the proposed project. The applicants adequately demonstrate that the necessary ancillary and support services will be available 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 (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the

HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

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

C

The applicants propose to develop the 25 ACH beds as part of a 133-bed replacement ACH facility to be located at 4821 Kannapolis Pkwy, Kannapolis. The total square footage of the replacement facility is 76,700. Exhibit 13 contains a letter from an architect that estimates that site and construction costs will total \$8,762,975 which corresponds to the projected capital costs in Section VIII, page 46. In Section X.14, page 75, the applicants provide a written statement describing the proposed project's plan to assure improved energy efficiency and water conservation. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrate that the cost, design and means of construction represent the most reasonable alternative, and that the construction project will not unduly increase costs and charges for health services. 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 25 ACH beds to be relocated from the St. Andrews Center are not currently in use. The facility closed over five years ago.

- (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 25 ACH beds to be relocated from the St. Andrews Center are not currently in use. The facility closed over five years ago

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

C

In Section VI.2, page 34, the applicants project the following payor mix during the second full FFY (2019):

**Projected Days as a % of Total Days**

<b>Payor Source</b>	<b>ACH Beds</b>
Private Pay	43.0%
Special Assistance with Basic Medicaid	57.0%
Total	100.0%

As shown in the table above, the applicants project that 57.0% of residents will qualify for Special Assistance with Basic Medicaid. The 25 ACH beds are presently unutilized and thus are not providing access to anyone. In Section VI.4, page 35, the applicants state *“Private-pay patients who spend down and become eligible for Medicaid will not be discharged from the facility. Source of payment will not affect the delivery of either routine services or specialized nursing care. ... Residents who spend down will not be discriminated against in room availability or services.”* On page 35, the applicants state *“...all persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. Also, all routine and specialized services will be available to persons regardless of their race, color, creed, age, national origin, handicap, sex, or source of payment.”*

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

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

C

In Section VI.6, page 36, the applicants state patients will have access to the services offered at Cabarrus Manor through the following referral sources:

- Physicians
- Hospitals
- Department of Social Services
- Hospice
- Home Health Agencies
- Department of Health
- Word of Mouth

The applicants adequately demonstrate they offer a range of means by which residents will have access to the facility. Therefore, the application is conforming to this criterion.

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

C

In Section V.1, page 31, the applicants state,

*“...Steps have been taken to create agreements with the following health professional training programs...”*

Exhibit K contains a copy of the letters sent to Rowan-Cabarrus Community College stating

*“We would welcome the opportunity to work with your college...”*

The applicants adequately demonstrate that the proposed facility would accommodate the clinical needs of area health professional training programs. Therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.  
(16) Repealed effective July 1, 1987.

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

C

The applicants propose to relocate 25 existing but unutilized ACH beds from the St. Andrews Center to Cabarrus Manor. Cabarrus Manor is an approved 108-bed replacement ACH facility which has not yet been developed. St. Andrews Center has been closed for over five years. In Project ID # F-7636-06, the 25 ACH beds from St. Andrews Center were approved to be part of an 81-bed replacement ACH facility which has not yet been developed. St. Andrews Center and the 81-bed replacement ACH facility approved in Project ID #F-7636-06 are, or were, both located in Concord. Cabarrus Manor is approved for development in Kannapolis. St. Andrews Center’s 25 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 SMFP.

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Table 11A in the 2015 SMFP lists a total of 16 ACH facilities in Cabarrus County and a total of 934 beds, 48 of which are in a nursing home. The table below is based on Table 11A, pages 220-221, and Table 11B, page 243, in the 2015 SMFP.

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Projected Bed Surplus 2018*	269

\*From Table 11B, page 250, 2016 SMFP

The applicants do not propose to develop new ACH beds, but rather to replace 25 ACH beds located in a closed facility. There will be no increase in the inventory of ACH beds or the number of facilities in Cabarrus County. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

In Section V.4, page 33, the applicants discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

See also Sections II, III, V, VI and VII where the applicants discuss the impact of the project on cost-effectiveness, quality and access to the proposed services

The information in the application is reasonable and adequately demonstrates that any enhanced competition in the service area includes a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicants adequately demonstrate the need for the proposed project and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicants adequately demonstrate that it will provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicants demonstrate that they will provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3) and (13) are incorporated herein by reference.

Therefore, the application is conforming to this criterion.

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

## C

In publicly available information, the Project Analyst determined that the applicants or Meridian Senior Living, the management company for Cabarrus Manor, currently own, lease, or manage 66 adult care homes in North Carolina. According to the files in the Adult Care Licensure 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 on any facility owned and operated by the applicants or managed by Meridian Senior Living in North Carolina. After reviewing and considering information provided by the applicants and by the



Adult Care Licensure Section and considering the quality of care provided at all 66 facilities, the applicants provide 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 applicants do not propose to establish new adult care home beds.