

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: January 27, 2017

Findings Date: January 27, 2017

Project Analyst: Julie Halatek

Team Leader: Lisa Pittman

Project ID #: A-11222-16

Facility: Peachtree Manor

FID #: 110519

County: Cherokee

Applicants: Cherokee Valley, LLC
Peachtree Manor, Inc.

Project: Cost overrun for Project ID #A-8701-11 (develop an 80-bed adult care home facility, including 32 special care unit beds)

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Agency 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.

NA

Cherokee Valley, LLC and Peachtree Manor, Inc. propose a cost overrun for Project I.D. #A-8701-11 (*Develop an 80-bed adult care home (ACH) facility, including 32 special care unit (SCU) beds*). The applicants were awarded the certificate of need to develop Peachtree Manor on April 15, 2012, but subsequently had difficulty obtaining suitable land upon which to develop the facility. After a series of issues between the applicants, which led to a halt in development as well as lack of communication with the Agency, the Agency withdrew the certificate. The withdrawal was appealed, a settlement was agreed upon, and the Agency rescinded the withdrawal of the certificate of need. The applicants are now moving forward with development, having secured suitable land on which to develop the project, but due to

the change in location from the approved project, additional infrastructure such as water pipes, sewer drains, and other features need to be added that were not part of the original capital expenditure. Due to the increased expenses associated with those unplanned additional requirements, as well as the increases in cost that naturally occur over time, the project cannot be completed within 115 percent of the approved capital expenditure. The original approved capital expenditure was \$3,100,000. The projected is now expected to cost \$5,100,000, an increase of 64.5 percent ($\$5,100,000 - \$3,100,000 = \$2,000,000$; $\$2,000,000 / \$3,100,000 = 0.645$ or 64.5%).

Need Determination

The applicants do not propose to increase the number of licensed beds in any category, add any new health services, or acquire equipment for which there is a need determination in the 2016 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations in the 2016 SMFP that are applicable to this review.

Policies

There are no policies in the 2016 SMFP that are applicable to this review.

Conclusion

In summary, there are no need determinations in the 2016 SMFP that are applicable to this review, and there are no policies in the 2016 SMFP that are applicable to this review. Therefore, this criterion is not applicable to the application.

- (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 a cost overrun for Project I.D. #A-8701-11 (*Develop an 80-bed adult care home (ACH) facility, including 32 special care unit (SCU) beds*). After the applicants were awarded the certificate of need to develop Peachtree Manor on April 15, 2012 they had difficulty obtaining suitable land upon which to develop the facility. Eventually, after considering several alternative sites for the project, an ideal site became available and was purchased after a declaratory ruling authorizing the new site was issued on July 17, 2014.

Subsequent to the authorized change in site location, a series of issues arose between the applicants, which led to a halt in development as well as lack of communication with the

Agency. After repeated requests for updates and lack of communication or response with the applicants, the Agency withdrew the certificate on August 7, 2015. The withdrawal was appealed, a settlement was agreed upon, and the Agency rescinded the withdrawal of the certificate of need in November 2015.

The applicants are now moving forward with development, having secured suitable land on which to develop the project, but due to the change in location from the approved project, additional infrastructure such as water pipes, sewer drains, and other features need to be added that were not part of the original capital expenditure. Due to the increased expenses associated with those unplanned additional requirements, as well as the increases in cost that naturally occur over time, the project cannot be completed within 115 percent of the approved capital expenditure. The original approved capital expenditure was \$3,100,000. The projected is now expected to cost \$5,100,000, an increase of 64.5 percent ($\$5,100,000 - \$3,100,000 = \$2,000,000$; $\$2,000,000 / \$3,100,000 = 0.645$ or 64.5%).

Patient Origin

On page 223, the 2016 SMFP defines the service area for ACH 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 project consists of Cherokee County. Facilities may also serve residents of counties not included in their service area.

In Project I.D. #A-8701-11, the applicants were approved to develop an 80-bed ACH facility with 32 SCU beds pursuant to a need determination for Cherokee County. The current application is for a cost overrun for that project. In Project I.D. #A-8701-11, the application was found to adequately identify the population to be served and no changes are proposed in this application that affect that determination.

Analysis of Need

The applicants discuss the need for the proposed cost overrun project in Sections II.1 and II.7, pages 7 and 9, respectively, stating that due to surface water drainage issues on the existing site, the physical location of the building has to be moved to a different part of the 23-acre site. This results in the building being further away from existing water, sewer, and road access. Additionally, the applicants state that the increased distance results in the need for a larger diameter water service pipe to ensure compliance with building codes. The applicants also state that increased costs result from increasing the building footprint in order to accommodate newer building codes and planned energy efficient features.

The following table compares the previously approved capital cost and the proposed capital cost in this application, as reported on page 17.

Peachtree Manor – Previously Approved vs. Proposed Capital Expenditures			
Item/Category	Previously Approved Cost	Total Proposed Cost	Total Overrun Cost
Purchase Price of Site	\$20,000	\$117,000	\$97,000
Other Site Prep Costs	\$285,750	\$384,800	\$99,050
Construction Contract	\$2,300,000	\$3,900,000	\$1,600,000
Financing Costs	\$36,000	\$146,700	\$110,700
Other Misc. Costs	\$458,250	\$551,500	\$93,250
Total	\$3,100,000	\$5,100,000	\$2,000,000

The project scope, the population to be served, and access by underserved groups as demonstrated in the original application will not change as a result of this application. The applicants’ representations regarding the need for an additional capital expenditure to develop the proposed facility are reasonable and adequately supported.

Projected Utilization

Peachtree Manor is not yet operational. In supplemental information received December 30, 2016 and January 17, 2017, the applicants provide the projected utilization for the first two operating years, as shown in the tables below.

Projected Utilization – Peachtree Manor – Operating Year 1 (4/2018 – 3/2019)					
	1st Quarter 4/1 to 6/30	2nd Quarter 7/1 to 9/30	3rd Quarter 10/1 to 12/31	4th Quarter 1/1 to 3/31	Total / Average
ACH Beds					
Number of Patients	13	25	33	39	
Patient Days	1,183	2,300	3,036	3,510	10,029
Occupancy Rate	27.1%	52.1%	68.8%	81.3%	57.2%
# of Beds	48	48	48	48	48
SCU Beds					
Number of Patients	11	20	25	28	
Patient Days	1,001	1,840	2,300	2,520	7,661
Occupancy Rate	34.4%	62.5%	78.1%	87.5%	65.6%
# of Beds	32	32	32	32	32
Total Facility					
Number of Patients	24	45	58	67	
Patient Days	2,184	4,140	5,336	6,030	17,690
Occupancy Rate	30.0%	56.3%	72.5%	83.8%	60.6%
# of Beds	80	80	80	80	80

Projected Utilization – Peachtree Manor – Operating Year 2 (4/2019 – 3/2020)					
	1st Quarter 4/1 to 6/30	2nd Quarter 7/1 to 9/30	3rd Quarter 10/1 to 12/31	4th Quarter 1/1 to 3/31	Total / Average
ACH Beds					
Number of Patients	45	48	48	48	
Patient Days	4,095	4,416	4,416	4,320	17,247
Occupancy Rate	93.8%	100.0%	100.0%	100.0%	98.4%
# of Beds	48	48	48	48	48
SCU Beds					
Number of Patients	31	32	32	32	
Patient Days	2,821	2,944	2,944	2,880	11,589
Occupancy Rate	96.9%	100.0%	100.0%	100.0%	99.2%
# of Beds	32	32	32	32	32
Total Facility					
Number of Patients	76	80	80	80	
Patient Days	6,916	7,360	7,360	7,200	28,836
Occupancy Rate	95.0%	100.0%	100.0%	100.0%	98.1%
# of Beds	80	80	80	80	80

The applicants provide the assumptions for the above projections in supplemental information received December 30, 2016. Projected utilization is different from the approved utilization and assumptions in Project I.D. #A-8701-11. In supplemental information received December 30, 2016, the applicants state that the original application was submitted five years ago and was based on the best information available at the time. The applicants state they have been involved in discussions with local leaders and healthcare professionals in the area during the last five years and have used information from those discussions to develop a more fine-tuned utilization projection which is believed to be more accurate.

Projected utilization for Peachtree Manor was found to be reasonable and adequately supported as part of Project I.D. #A-8701-11. The changes in projected utilization and assumptions are immaterial and thus do not affect that determination.

Access

In Project I.D. #A-8701-11, the applicants adequately demonstrated the extent to which all residents of the area, including underserved groups, are likely to have access to the proposed services. The applicants propose no changes in the current application that would affect that determination.

Conclusion

In the original application, the applicants adequately identified the population to be served, adequately demonstrated the need to develop a new 80-bed adult care home facility with 32 SCU beds, and adequately demonstrated the extent to which all residents of the service area, including underserved groups, are likely to have access to its services. In this application, the applicants adequately demonstrate the need for the proposed cost overrun. Consequently, the application is conforming to this criterion.

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

NA

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

CA

In Section II.5, page 8, the applicants describe the alternatives considered prior to submitting this application for a cost overrun, which include:

- Maintain the Status Quo – The applicants state that maintaining the status quo is not an effective alternative because the facility is currently undeveloped. The applicants state in Section II.4(a) that the 2016 SMFP shows an unmet need in Cherokee County for 150 ACH beds, none of which are currently developed. The applicants further state that at present, there are no facilities in Cherokee County with more than seven ACH beds, with a total of 24 beds in those facilities.
- Relocate to a Different Site: The applicants state that this alternative is not feasible due to the availability of municipal utilities.
- Submit the Abridged Cost Overrun Application – The applicants state that this alternative is the most effective alternative because it allows development of the facility to meet the unmet need in Cherokee County while maintaining critical accessibility to Murphy Medical Center.

After considering the above alternatives, the applicants state that they determined that the project as presented in the application is the most effective alternative to meet the identified need.

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

1. **Cherokee Valley, LLC and Peachtree Manor, Inc. shall materially comply with all of the conditions of approval on the certificate of need for Project I.D. #A-8701-11, except as specifically modified by the conditions of approval for this application, Project I.D. #A-11222-16.**
 2. **The total approved capital expenditure for Project I.D. #A-8701-11 and Project I.D. #A-11222-16 combined is \$5,100,000, an increase of \$2,000,000 over the previously approved capital expenditure of \$3,100,000.**
 3. **Cherokee Valley, LLC and Peachtree Manor, Inc. shall not acquire, as part of this project, any equipment that is not included in the project’s proposed capital expenditure in Section VI of the application or that would otherwise require a certificate of need.**
 4. **Cherokee Valley, LLC and Peachtree Manor, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and 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 proposed project is for a cost overrun for Project I.D. #A-8701-11.

Capital and Working Capital Costs

The total capital cost is now expected to be \$5,100,000, an increase of \$2,000,000 over the previously approved capital cost of \$3,100,000, which is greater than 115 percent of the approved capital expenditure. The following table compares the previously approved capital cost and the proposed capital cost in this application, as reported on page 17.

Peachtree Manor – Previously Approved vs. Proposed Capital Expenditures			
Item/Category	Previously Approved Cost	Total Proposed Cost	Total Overrun Cost
Purchase Price of Site	\$20,000	\$117,000	\$97,000
Other Site Prep Costs	\$285,750	\$384,000	\$99,050
Construction Contract	\$2,300,000	\$3,900,000	\$1,600,000
Financing Costs	\$36,000	\$146,700	\$110,700
Other Misc. Costs	\$458,250	\$551,500	\$93,250
Total	\$3,100,000	\$5,100,000	\$2,000,000

In Section VII, page 21, the applicants project total start-up expenses to be the same as in the originally approved project. The initial operating expenses are projected to total \$250,000, which is \$180,750 more than approved in Project I.D. #A-8701-11.

Availability of Funds

In Section VI.5, page 19, and Section VII.2, page 21, the applicants state the total capital cost and working capital costs for the project will be funded through government loans, grants, and owner's equity. The applicants also state on page 19 that they are exploring alternate financing sources which may prove to be more cost effective, since they cannot finalize the loan amount unless the application is approved. In Exhibit 8, the applicants provide a July 13, 2016 letter signed by a Senior Vice President at Lancaster Pollard Mortgage Company, LLC stating they intend to assist the applicants in obtaining a U.S. Department of Housing and Urban Development (HUD) Section 232 loan for \$4,500,000. Exhibit 9 contains a U.S. Small Business Administration Personal Financial Statement of assets and liabilities for John and Vicki Glenn as of July 13, 2016. John Glenn is the owner of both applicants. The Personal Financial Statement shows assets and net worth of \$4,300,800 (including \$1,453,000 in real estate and \$2,350,000 in other assets) and shows no liabilities. Exhibit 9 also contains the audited financial statements for Mountain Plumbing and Mechanical, Inc., a company owned by John Glenn. As of December 31, 2015, Mountain Plumbing and Mechanical, Inc. had \$294,492 in stockholder's equity. The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

In the original application, Project I.D. #A-8701-11, the applicants projected that operating expenses would exceed revenues in the first project year, but that revenues would then exceed operating expenses in each of the next two operating years, as shown in the table below.

Peachtree Manor Projected Revenue and Expenses A-8701-11			
	FFY 2015	FFY 2016	FFY 2017
Net Patient Revenue	\$1,504,263	\$2,214,412	\$2,254,602
Total Expenses	\$1,573,781	\$2,133,615	\$2,206,401
Net Income	(\$69,518)	\$80,797	\$48,201

In supplemental information received January 17, 2017, the applicants provide the pro forma financials, Form B, for the cost overrun application's first three operating years following project completion, as summarized below.

Peachtree Manor Projected Revenue and Expenses A-11222-16			
	OY 1 (4/18-3/19)	OY 2 (4/19-3/20)	OY 3 (4/20-3/21)
Net Patient Revenue	\$1,854,685	\$2,872,666	\$3,149,962
Total Expenses	\$1,888,874	\$2,519,681	\$2,578,833
Net Income	(\$34,189)	\$307,985	\$571,129

The cost overrun application projects an increase in average charge. The applicants state that the reasons for the increase in averages charges include increased operating costs since the original application was approved; previous projections were based on historical data from a much older facility as opposed to a brand new facility; and the increases in construction and operating costs. In supplemental information received January 17, 2017, the applicants provide their assumptions and methodology for determining costs and revenues.

Project I.D. #A-8701-11 was determined to be conforming to this criterion with regard to the original proposal. The changes in projected charges, costs, and revenue are immaterial and thus do not affect that determination. The assumptions used by the applicants in preparation of the pro forma financial statements in this cost overrun application are reasonable, including projected utilization, costs, and charges. 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 the availability of funds for the increased capital and working capital needs of the project. Furthermore, the applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. Therefore, the cost overrun 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 a cost overrun for Project I.D. #A-8701-11. The applicants were awarded the certificate of need to develop Peachtree Manor on April 15, 2012, but subsequently had difficulty obtaining suitable land upon which to develop the facility. After a series of events which included the withdrawal of the certificate, settlement, and rescission of the withdrawal of the certificate, as well as securing suitable land for development of the project, the applicants are now moving forward with development. Due to the increased expenses associated with additional requirements for the new site, as well as the increases in cost that naturally occur over time, the project cannot be completed within 115 percent of the approved capital expenditure. The original approved capital expenditure was \$3,100,000. The projected is now expected to cost \$5,100,000, an increase of 64.5 percent ($\$5,100,000 - \$3,100,000 = \$2,000,000$; $\$2,000,000 / \$3,100,000 = 0.645$ or 64.5%).

On page 223, the 2016 SMFP defines the service area for ACH 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 project consists of Cherokee County. Facilities may also serve residents of counties not included in their service area.

Project I.D. #A-8701-11 was approved to develop a new 80-bed ACH facility with 32 SCU beds. The current application is a cost overrun for that project. In Project I.D. #A-8701-11, the application was found to adequately demonstrate that the project would not result in unnecessary duplication of existing or approved adult care home services and no changes are proposed in this application that affect that determination. 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

In Project I.D. #A-8701-11, the applicants proposed a total of 50 FTEs for the facility, which included a direct care staff ratio of 3.43 patients per FTE. In Project I.D. #A-11222-16, the applicants state there are no changes to the previously approved staffing. With the increased utilization in the current application, the direct care staff ratio increased slightly to 3.57 patients per FTE (28,674 days of care / 365 days per year = 78.6 patients; 78.6 patients / 22 FTE direct care staff = 3.57 patients per FTE direct care staff). In Section VIII.6(b), page 27, the applicants state that part of the reason for the increase in the previously approved per diem operating costs is due to increases in salaries for all levels of employees as well as the addition of a Supervisor/Executive Director to manage the facility (not a member of FTE staff; receives a fixed percentage of revenue). In supplemental information received January 17, 2017, the pro formas show adequate costs are budgeted for staffing, the salary increases for staff, and the addition of facility management (listed as “management fee”).

In Project I.D. #A-8701-11, the application was found conforming to this criterion and the projected increase in utilization for services as well as the projected increase in patient to direct care staff ratio are immaterial and thus do not affect that determination. The applicants project that revenues will exceed expenses in each of the first three years of the proposed project and adequately demonstrate the availability of funds for the increased operational needs of the project. Consequently, the cost overrun 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 Project I.D. #A-8701-11, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the cost overrun 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 application under review is for a cost overrun for Project I.D. #A-8701-11. In the original application, the applicants proposed to develop the 80-bed ACH facility on an approved site. This cost overrun application proposes to develop the same 80-bed ACH facility but on a different site which is one of the main reasons for the cost overrun. Exhibit 6 contains a copy

of a draft construction contract dated September 1, 2016. The table below contains the previously approved and the proposed project costs.

Peachtree Manor Construction Cost			
Item	Previously Approved Cost	Total Proposed Cost	Total Overrun Cost
Estimated SF	20,554	26,796	6,242
Total Construction Cost	\$2,300,000	\$3,900,000	\$1,600,000
Construction Cost per SF	\$112	\$145	\$33
Construction Cost per Bed	\$28,750	\$48,750	\$20,000
Total Project Cost	\$3,100,000	\$5,100,000	\$2,000,000
Total Cost per SF	\$151	\$190	\$39
Total Cost per Bed	\$38,750	\$63,750	\$25,000

In Section II.1, page 7, the applicants describe some of the reasons for the increased costs of construction and project development. In Sections II.7-8, page 9, and Section IX.5, page 32, the applicants describe the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. 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 represents the most reasonable alternative, and that the construction cost 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

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

NA

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

C

In Project I.D. #A-8701-11, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the cost overrun 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 Project I.D. #A-8701-11, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the cost overrun 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 Project I.D. #A-8701-11, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the cost overrun 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

Project I.D. #A-8701-11 was approved to develop a new 80-bed ACH facility with 32 SCU beds. The current application is for a cost overrun due to changes in location and delays in development. In Project I.D. #A-8701-11, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the cost overrun application is conforming to this criterion.

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

NA

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

Project I.D. #A-8701-11 was found conforming to the Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C.1100, and the applicants propose no changes in the current application that would affect that determination. Consequently, the cost overrun application is conforming to this criterion.