

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: October 26, 2018

Findings Date: October 26, 2018

Project Analyst: Celia C. Inman

Co-Signer: Fatimah Wilson

Project ID #: G-11556-18

Facility: Northbay Group Home

FID #: 180425

County: Guilford

Applicant: Community Innovations, Inc.

Project: Relocate and replace Westridge Group Home, a five-bed ICF/IID group home, and change the name to Northbay Group Home

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §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.

C

Community Innovations, Inc., “the applicant”, proposes to relocate and replace Westridge Group Home, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County.

#### **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 2018 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

## **Policies**

*Policy MH-1: Linkages Between Treatment Settings*, on page 27 of the 2018 SMFP, is applicable to this review. *Policy MH-1* states:

*“An applicant for a certificate of need for psychiatric, substance use disorder, or intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services.”*

In Section I, page 15, the applicant states:

*“The current existing ICF/IDD group home currently has patients with the LME/MCOs listed below. (see Exhibit 3 for copies of current contracts):*

- 1. Sandhills Center*
- 2. Trillium Health Resources”*

Exhibit 3 contains copies of the contacts as stated above. Exhibit 11 contains letters from the CEO of the Sandhills Center and the CEO of Trillium Health Resources, the two local management entity / managed care organizations (LME/MCOs) involved with the facility’s five clients, supporting the applicant’s request to relocate to a new ICF/IID facility. Following is an excerpt from the letters:

*“The relocation to the newer home at Northbay Drive is necessary to minimize and/or remove risks which are factors at the older home. The Northbay Group Home will afford the program a stable, secure long term location in the community from which to serve their individuals, some of whom have been with Community Innovations for more than 20 Years.”*

The applicant adequately demonstrates that its application is consistent with the policy in the 2018 SMFP that requires an ICF/IID applicant for a certificate of need to invite the affected area program to comment on its proposal.

## **Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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 applicant proposes to relocate and replace Westridge, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County. Brown Summit is a community approximately nine miles northeast of Greensboro.

The new facility will be known as Northbay Group Home. The applicant is the licensed operator of the existing 5-bed ICF/IID group home and will be the licensed operator of the proposed relocated Northbay Group Home.

**Patient Origin**

On page 391, the 2018 SMFP defines a service area for ICF/IID beds:

*“The service area for an ICF/IID bed is the catchment area for the LME-MCO for developmental disability and substance use disorder services in which the bed is located. LME-MCO catchment areas for mental health, developmental disability and substance use disorder services are listed in Table 17A: Inventory of ICF/IID Facilities and Beds.”*

The existing ICF/IID group home beds and the proposed new group home are located in Guilford County, in the Sandhills Center catchment area. Therefore, the service area for this project is the Sandhills Center catchment area, which includes Anson, Guilford, Harnett, Hoke, Lee, Montgomery, Moore, Randolph and Richmond counties, consisting of 39 ICF/IID group homes with a total of 265 licensed ICF/IID beds. Providers may serve residents of counties not included in their service area.

The existing Westridge ICF/IID group home currently serves five clients: three from Guilford County, one originally from Moore County and one originally from Onslow County. As stated in the support letters from the applicable LME/MCOs, some of the individuals served at the existing Westridge ICF/IID group home have been with Community Innovations for more than 20 Years.

The applicant provides the assumptions regarding percentages of projected patient origin following project completion on page 34, stating that 100% of the current five individuals residing in the Westridge group home will relocate to the proposed Northbay group home. The applicant provides the following table on page 34 showing the projected patient origin.

COUNTY	PROJECTED # OF CLIENTS	PERCENT OF TOTAL CLIENTS
Guilford	3	60%
Moore	1	20%
Onslow	1	20%
Total Clients	5	100%

The applicant further states that 80% of those individuals will be within 90 minutes of their county of origin.

The applicant's assumptions are reasonable and adequately supported.

### **Analysis of Need**

In supplemental information requested by the Agency during the expedited review of this project, the applicant discusses the need for the proposed project, addressing how the age of the facility presents special challenges and barriers to providing the highest quality of care to the individuals being served. Renovations and improvements needed at the existing facility are not reasonable considering the age and condition of the facility.

Westridge Group Home currently has contracts with two LME/MCOs for the five existing clients: The Sandhills Center and Trillium Health Resources. Exhibit 11 contains letters from the CEO of the Sandhills Center and the CEO of Trillium Health Resources stating the need for the relocation of the group home facility. The letters state:

*“The relocation to the newer home at Northbay Drive is necessary to minimize and/or remove risks which are factors at the older home. The Northbay Group Home will afford the program a stable, secure long term location in the community from which to serve their individuals, some of whom have been with Community Innovations for more than 20 Years.”*

The information provided by the applicant is reasonable and adequately supported for the following reasons:

- the applicant uses historical data with regard to identifying the population to be served and the need the identified population has for the proposed services, and
- the applicant provides reasonable information to support the need to relocate the group home to a new location.

### **Projected Utilization**

In Section IV, pages 37-38, the applicant provides the projected utilization through the first eight quarters of operation, project year one (PY1: July 2019 - June 2020) and project year two (PY2: July 2020 - June 2021), following completion of the project, as summarized below.

MONTH	ICF/IDD BEDS			OTHER BEDS		
	ICF/IDD CLIENT DAYS	OCCUPANCY RATE	# OF CERTIFIED BEDS	OTHER CLIENT DAYS	OCCUPANCY RATE	# OF LICENSED BEDS
July–Sept 2019	460	100%	5	0	0	0
Oct-Dec 2019	460	100%	5	0	0	0
Jan-Mar 2020	455	100%	5	0	0	0
April-June 2020	455	100%	5	0	0	0
<b>PY1 Total</b>	<b>1,830</b>	<b>100%</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
July–Sept 2020	460	100%	5	0	0	0
Oct-Dec 2020	460	100%	5	0	0	0
Jan-Mar 2021	450	100%	5	0	0	0
April-June 2021	455	100%	5	0	0	0
<b>PY2 Total</b>	<b>1,825</b>	<b>100%</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>

The applicant provides the methodology and assumptions for the above projections on page 38. As previously stated by the applicant, all five existing clients will relocate to the proposed new group home location.

Projected utilization is reasonable and adequately supported because it is based upon the existing clients who intend to relocate to the proposed new group home.

**Access**

In Section VI, pages 43-44, the applicant discusses access to the proposed services. The applicant states:

*“Community innovations, Inc. accepts all individuals who qualify for care in the group home, regardless of income level.*

...

*Community Innovations, Inc. currently serves individuals that have been previously underserved and will provide services to any adults who meet ICF/IDD service criteria.*

...

*Community Innovations, Inc. does not discriminate based on race, religion, color, creed, sex [sic], age, national origin, sexual orientation, or disability.”*

The applicants provide policy documentation in Exhibits 12, 13, and 14.

In Section X, pages 70-71, the applicant provides the historical Medicaid per diem reimbursement rates for the existing Westridge ICF/IDD group home and the projected rates for PY1 and PY2, as shown below.

<b>Year</b>	<b>Amount</b>
2016	\$302.67
2017	\$318.41
2018	\$343.29
PY1	\$343.29
PY2	\$343.29

On page 971, the applicant states:

*“The current rates are not consistent among the Management Care Organizations. The projected clients by County of Origin include four (4) clients in catchment areas with a daily rate of \$349.14 and one (1) in catchment areas with a daily rate of \$319.88. The blended rate  $((349.14 \times 4/5) + 319.88 \times 1/5)$  equals \$343.29.”*

The applicant further states that the projected rates do not include inflation and are based upon rates in effect as of July 1, 2018. Exhibits 12, 13, and 14 include admission policies, individual rights policies, and personal finance policies.

The projected payor mix (reimbursement) is reasonable and adequately supported.

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served,
- The applicant adequately explains why the population to be served needs the services proposed in this application,
- Projected utilization is reasonable and adequately supported, and
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

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

## C

The applicant proposes to relocate an existing ICF/IID group home facility/service within Guilford County. The same five clients currently served will continue to be served in the new location.

Exhibit 11 contains letters from the CEO of the Sandhills Center and the CEO of Trillium Health Resources, the two local management entities involved with the facility's five clients, supporting the applicant's request to relocate to a new ICF/IID facility. Following is an excerpt for the letters:

*“The relocation to the newer home at Northbay Drive is necessary to minimize and/or remove risks which are factors at the older home. The Northbay Group Home will afford the program a stable, secure long term location in the community from which to serve their individuals, some of whom have been with Community Innovations for more than 20 Years.”*

### **Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The needs of the population currently using the services to be relocated will be adequately met following project completion.
- The project will not adversely impact the ability of underserved groups to access these services following project completion.

- (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

The applicant proposes to relocate and replace Westridge, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County.

In supplemental information requested by the Agency during the expedited review of this project, the applicant discusses the alternatives it considered and explains why each alternative is either

more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- the status quo, and
- relocating the facility to a different location.

The applicant states that the age of the facility makes the alternative of remaining in the facility and making the necessary renovations and improvements a more costly and less effective alternative.

Therefore, the alternative to maintain the status quo was not a reasonable alternative, leaving relocation of the facility as the only viable alternative. Scioto Properties SP 16, LLC, sister company to Community Innovations, Inc., is the owner of the proposed group home location, which will be leased to the applicant. The property is properly zoned and located in a nice suburban neighborhood with continued access to the individuals' familiar area and networks in Greensboro and Guilford County. Alternative locations proved to be more costly and/or less effective locations than the chosen property.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the identified need for the following reasons:

- the applicant adequately demonstrates that the proposed alternative was the only alternative that meets the identified need for the project,
- the applicant provides adequate documentation regarding the development of the proposed project, including all related costs, and
- the data cited is reasonable and supports the assumptions made with regard to the least costly or most effective alternative for development of the proposed project.

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Community Innovations, Inc. shall materially comply with all representations made in the certificate of need application and supplemental information. In the event that representations conflict, Community Innovations, Inc. shall materially comply with the last made representation.**



2. **Community Innovations, Inc. shall be certified for no more than five ICF/IID beds at the Northbay Group Home at 1907 Northbay Drive, Brown Summit location.**
  3. **After the relocation of the five-bed Westridge Group Home facility to 1907 Northbay Drive, Brown Summit, Community Innovations, Inc. shall decertify the 908 Westridge Road, Greensboro facility as an ICF/IID facility.**
  4. **The actual Medicaid per diem reimbursement rate shall be determined by the Division of Medical Assistance in accordance with 10A NCAC 22G .0300.**
  5. **Community Innovations, Inc. shall only serve adults with complex behavioral challenges and/or medical conditions for whom a community ICF/IDD placement is appropriate, as determined by the individual's treatment team and with the individual/guardian being in favor of the placement.**
  6. **No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Community Innovations, Inc. shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
    - a. **Payor mix for the services authorized in this certificate of need.**
    - b. **Utilization of the services authorized in this certificate of need.**
    - c. **Revenues and operating costs for the services authorized in this certificate of need.**
    - d. **Average gross revenue per unit of service.**
    - e. **Average net revenue per unit of service.**
    - f. **Average operating cost per unit of service.**
  7. **Community Innovations, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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 applicant proposes to relocate and replace Westridge, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County.

**Capital and Working Capital Costs**

In Section VIII, pages 58-59, the applicant states the total capital cost for the proposed project is projected to be as follows:

**Projected Capital Cost**

<b>Cost Category</b>	<b>Lessee Community Innovations, Inc.</b>
Building Lease	\$613,586
Consultant Fees	\$45,350
Other (Contingency)	\$25,000
<b>TOTAL CAPITAL COST</b>	<b>\$683,936</b>

Source: Section VIII of the application.

In Section VIII, page 57, the applicant provides the assumptions used to project the capital costs. The applicant states that the applicant for this certificate of need, Community Innovations, Inc., will be leasing the proposed site from sister company, Scioto Properties SP16, LLC. The applicant further states:

*“The capital costs of the lessee/applicant are comprised primarily of the present value of future anticipated lease payments.”*

Exhibit 26 contains the anticipated lease agreement and terms. On page 62, the applicant states, *“The estimated total cost of the home purchased plus necessary upfits to bring the home to 5-bed ICF/IID regulatory requirements is \$500,000.”* Exhibit 18 contains the architectural design contract. Scioto Properties SP16, LLC owns the proposed property and will upfit the home to specifications. Community Innovations, Inc. will lease the property and operate the group home facility.

In supplemental information requested by the Agency during the expedited review of this project, the applicant provides a letter from the project’s senior architect documenting the projected construction/renovation cost of the proposed project.

In Section IX, pages 66-67, the applicant states that the proposed project will require start-up expenses and total working capital in the amount of \$20,000.

**Availability of Funds**

On pages 62 and 68, the applicant states that the project’s capital and working capital costs will be financed through accumulated reserves and owner equity, respectively. Exhibit 17 contains copies of the most recent audited consolidated financial statements for the applicant’s parent organization showing operating cash of \$4.4 million, total assets of \$27.6 million, and member’s equity of \$12.1 million as of December 31, 2017. In supplemental information requested by the Agency during the expedited review of this project, the applicant provides a letter from the parent organization committing to provide all funding necessary for the project.

The applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project.

### **Financial Feasibility**

In supplemental information requested by the Agency during the expedited review of this project, the applicant provides data correcting a rounding error in its projected staffing that affects the total operating expenses and therefore, the net income. The discussion below reflects the revised supplemental data. The applicant projects that total proposed revenues will exceed operating expenses in the first two years of operation following project completion. The following table shows the projected revenues and expenses for PY1 and PY2, as summarized below from Form B in the supplemental information..

	<b>PY1 July 2019-June 2020</b>	<b>PY2 July 2020-June 2021</b>
Total Days of Service	1,830	1,825
Total Gross and Net Revenue	\$628,221	\$626,504
Average Revenue per Day	\$343	\$343
Total Operating Expenses	\$560,970	\$561,759
Operating Expense per Day	\$306.54	\$308
<b>Net Income (Loss)</b>	<b>\$67,251</b>	<b>\$64,745</b>

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Forms B, C, and D of the application and supplemental information for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

### **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- the applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions,
- the applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal, and

- the applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (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 relocate and replace Westridge, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County.

On page 391, the 2018 SMFP defines a service area for ICF/IID beds:

*“The service area for an ICF/IID bed is the catchment area for the LME-MCO for developmental disability and substance use disorder services in which the bed is located. LME-MCO catchment areas for mental health, developmental disability and substance use disorder services are listed in Table 17A: Inventory of ICF/IID Facilities and Beds.”*

The existing ICF/IID group home beds and the proposed new group home are located in Guilford County, in the Sandhills Center catchment area. Therefore, the service area for this project is the Sandhills Center catchment area, which includes Anson, Guilford, Harnett, Hoke, Lee, Montgomery, Moore, Randolph and Richmond counties, consisting of 39 ICF/IID group homes with a total of 265 licensed ICF/IID beds. Providers may serve residents of counties not included in their service areas.

The applicant is relocating an existing Guilford County five-bed ICF/IID group home facility and replacing it in a nearby location in Guilford County. Therefore, the project is not increasing the inventory of ICF/IID beds in the county or the catchment area.

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area for the following reasons:

- the applicant adequately demonstrates that the replacement and relocation of the ICF/IID beds will not increase the total inventory of ICF/IID beds in the county or the catchment service area, and
- the applicant adequately demonstrates the need for the replacement and relocation of ICF/IID group home beds.

### **Conclusion**

The Agency reviewed the:

- application, and

- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

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

C

The applicant proposes to continue to staff the relocated ICF/IID group home with the same level of staff currently used at the existing Westridge ICF/IID group home and provides the current and proposed staffing in tables on pages 51-52, as summarized below.

<b>Position</b>	<b>Current FTE Positions</b>	<b>Proposed FTE Positions</b>
Registered Nurse	0.00	0.00
Direct Care Staff	8.00	8.00
<b>Total FTEs</b>	<b>8.00</b>	<b>8.00</b>

In supplemental information requested by the Agency during the expedited review of the application, the applicant clarified the staffing tables provided on pages 51-52. Computer rounding caused the omission of 0.3 RN FTE positions in the staffing tables. The applicant provided updated tables that corrected the computer rounding error and reflected the proper RN FTE positions. Because the corrected number of FTE positions has an effect on total staffing expense, the applicant also provided updated pro forma financial statements.

In Section II, page 22, the applicant states that the projected staffing patterns are in compliance with 10A NCAC 27G .2102 and 42 CFR 483.73. The applicant further states that some of the staff are not FTEs, rather are providing shared time via the central office, which is allocated to overhead in the pro forma financial statements.

In Section 7, pages 53-55, the applicant provides the assumptions and methodology used to determine staffing needs. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in the Forms B and C in the pro forma financial statements section. In Section 7.8, page 55, the applicant describes the applicant's experience and process for recruiting and retaining staff. Exhibit 5 contains the applicant's training and continuing education programs. In Section 7.5, the applicant states that developmental day services will continue to be provided by Lindley Rehabilitation Services, owned by the same parent company, Community Based Care, LLC. Exhibit 10 contains a contract for medical services with Dr. David Kaplan, who will serve as Medical Director.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

## **Conclusion**

The Agency reviewed the:

- application,
- exhibits to the application, and
- supplemental information requested by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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, pages 22-25, the applicant states that the necessary ancillary and support services for the proposed services include, but are not limited to:

- dietary,
- pharmacy,
- psychological,
- behavioral assessment and planning,
- physical therapy,
- occupational therapy, and
- speech therapy.

In Section II, page 22, the applicant explains how the necessary services will be made available with the oversight of a Chief Operating Officer, residential manager, and qualified developmental disabilities professional. A table identifying the proposed services and indicating how the services will be provided is included on pages 23-25. Exhibit 10 contains contracts for medical services with Dr. David Kaplan, dental services, physical therapy services, psychological services, dietary services, rehab and language therapy, and occupational therapy.

The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be provided in the same manner as before, in the new location.

## **Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicants do not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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 applicant proposes to relocate and replace Westridge, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County. The project involves renovating 2,258 square feet in an existing residential home to comply with ICF/IID requirements at a renovation cost of no more than \$185,000 for a total cost to the lessor of \$500,000. Exhibit 22 contains line drawings. The property will be leased and operated by the applicant.

In Section XI, pages 77-80, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site.

In Section XI, pages 77-85, the applicant adequately explains how the cost, design and means of construction represents the most reasonable alternative for the proposal and explains why the proposal will not unduly increase the costs to the applicants of providing the proposed services or the costs and charges to the public for the proposed services. Charges will not increase based on the relocation of the group home. The applicant provides supporting documentation in Exhibits 18, 19, 20, 21, and 22.

The architect's memorandum in Exhibit 27 states that the facility will be renovated under the *"requirements as directed by the DHSSR-Construction Section and Revised Guidelines for Applicable Portions of the North Carolina State Building Code for Newly Licensed Mental Health Facilities and Family Care Homes."*

### **Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced



difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

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

C

In Section VI.9, page 46, the applicant states that 100 percent of client days at Westridge Group Home had services paid for by Medicaid in the previous operating year. The applicant demonstrates that it provides adequate access to medically underserved populations.

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

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

C

The applicant states that it currently serves individuals that have been previously underserved and will provide services to any adults who meet ICF/IID service criteria.

In Section VI.8, page 46, the applicant states that is not aware of any civil rights equal access complaints which have been filed against it in the past five years. The applicant states that no sanctions have been imposed against Community Innovations, Inc.

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In Section VI.10, page 46, the applicant provides a table showing that 100% of the projected client days will be reimbursed by Medicaid.

Exhibits 12, 13, and 14 contain Community Innovations, Inc.'s Admissions, Individual Rights and Client Personal Finances policies. The projected payor mix is reasonable and adequately supported for the following reasons:

- the projected payor mix is based on the historical payor mix of existing clients in the applicant's defined service area, who will relocate to the new Northbay Group Home, and
- the applicant adequately demonstrates that medically underserved populations will have access to the proposed services.

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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.7, page 44, the applicant describes the range of means by which a person will have access to the proposed services as through contracts with the managed care organizations. Exhibit 3 contains the applicable LME/MCO contracts.

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that 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 40, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant lists the professional training programs it affiliates with on page 40. The applicant states:

*“Community Innovations, Inc. already has established relationships with these organizations and multiple providers and the clinical needs of health professional staff are already being met. Exhibit 10 includes Health Care Contracts to support the existing relationships.”*

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the applicant adequately demonstrates the proposed services will accommodate the clinical needs of health professional training programs in the area. Therefore, the applicants adequately demonstrate that the application is conforming to this criterion.

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

C

The applicant proposes to relocate and replace Westridge, a five-bed ICF/IID group home, currently located at 908 Westridge Road, Greensboro, Guilford County to 1907 Northbay Drive, Brown Summit, Guilford County.

On page 391, the 2018 SMFP defines a service area for ICF/IID beds:

*“The service area for an ICF/IID bed is the catchment area for the LME-MCO for developmental disability and substance use disorder services in which the bed is located. LME-MCO catchment areas for mental health, developmental disability and substance use disorder services are listed in Table 17A: Inventory of ICF/IID Facilities and Beds.”*

The existing ICF/IID group home and the proposed new group home are in Guilford County, in the Sandhills Center catchment area. Therefore, the service area for this project is the Sandhills Center catchment area, which includes Anson, Guilford, Harnett, Hoke, Lee, Montgomery, Moore, Randolph and Richmond counties, consisting of 39 ICF/IID group homes with a total of 265 licensed ICF/IID beds. Providers may serve residents of counties not included in their service area.

The applicant is relocating an existing Guilford County ICF/IID group home facility and replacing it in a nearby location in Guilford County. The project is not increasing the inventory of ICF/IID beds in the county or the catchment area, rather, the project is enhancing the safety and living conditions of the existing clients; thereby promoting the cost-effectiveness, quality and access to the proposed services.

The applicants adequately describe the expected effects of the proposed services on competition in the service area and adequately demonstrate:

- the cost-effectiveness of the proposal (see Sections VIII, IX, X, and the pro forma financial statements of the application and any referenced exhibits),
- quality services will be provided (see Section II of the application and any referenced exhibits), and
- access will be provided to underserved groups (see Section VI of the application and any referenced exhibits).

### **Conclusion**

The Agency reviewed the:

- application, and
- exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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 Section I.12, pages 12-13, the applicant lists the 15 ICF/IID group homes that Community Innovations, Inc. operates in North Carolina, including the existing Westridge Group Home which the applicant is proposing to relocate and replace in this application. According to the files in the Mental Health Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in three of these facilities. All of the facilities were back in compliance at the time of the submittal of the application. After reviewing and considering information provided by the applicants and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 15 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

NA

There are no Criteria and Standards applicable to the review of this relocation/replacement application.