

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: April 17, 2019

Findings Date: April 17, 2019

Project Analyst: Ena Lightbourne

Team Leader: Gloria C. Hale

Project ID #: F-11652-19

Facility: Trinity Place

FID #: 923316

County: Stanly

Applicants: Lutheran Home-Albemarle, Inc.

Lutheran Home Albemarle Property, Inc.

Project: Cost overrun for Project ID# F-11370-17 (acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks)

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.

NA

The applicants, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. propose a cost overrun for Project ID# F-11370-17 (acquire and relocate 17 adult care home (ACH) beds from Forrest Oaks Healthcare Center (Forest Oaks) in Stanly County and construct an addition, for a total of 27 ACH and 76 nursing facility (NF) beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks).

A certificate of need was issued on November 1, 2017 for Project ID# F-11370-17 and authorized a capital cost of \$2,554,560. The current application is for a cost overrun of \$745,440 for a total combined capital cost of \$3,300,000. The cost overrun is due to an increase in construction costs. In Exhibit C.10, the applicants provide a letter from the project

architect describing the reasons for the increase in cost. There is no material change in scope from the originally approved project in this application, however, the date for services to be offered will be December 31, 2019 instead of October 1, 2018.

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 2019 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

Project ID# F-11370-17 was found to be consistent with Policy LTC-2 and Policy GEN-4 in the 2017 SMFP in the original review. The applicants propose no changes in the current application that would affect that determination. There are no other policies in the 2019 SMFP that are applicable to this review.

Conclusion

The applicants were previously approved to acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forest Oaks upon project completion. In the original review, the application was conforming to this Criterion. The applicants propose no changes in the current application that would affect that determination. Therefore, this criterion is not applicable to this review.

- (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, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. propose a cost overrun for Project ID# F-11370-17 (acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks).

A certificate of need was issued on November 1, 2017 for Project ID# F-11370-17 and authorized a capital cost of \$2,554,560. The current application is for a cost overrun of \$745,440 for a total combined capital cost of \$3,300,000. In Section F, page 31, the applicants state the increase in capital costs is due to an increase in construction costs from the time the certificate of need was issued.

Patient Origin

On page 219, the 2019 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located.*” Thus, the service area for this facility consists of Stanly County. Facilities may also serve residents of counties not included in their service area.

In the previously approved application for Project ID# F-11370-17, the applicants identified the current and projected patient origin for Trinity Place. The applicants adequately identified the population to be served and no changes are proposed in this application that would affect that determination.

Analysis of Need

The following table compares the previously approved capital cost and the proposed capital cost, as reported in Section Q.1, page 55.

Trinity Place			
Previously approved and Proposed Capital Cost			
	Previously Approved Cost (F-11370-17)	Proposed Cost (F-11652-19)	Difference
Site Preparation	\$280,000	\$375,000	\$95,000
Construction/Renovation Contract(s)	\$2,134,560	\$2,800,000	\$665,440
Landscaping	\$30,000	\$15,000	-\$15,000
Architect/Engineering fees	\$110,000	\$110,000	\$0
Total Capital Costs	\$2,554,560	\$3,300,000	\$745,440

In Section C.10, page 23, the applicants state the following to explain the reason for the proposed cost overrun:

“The increase in cost is due to an increase in construction costs from the time the original Certificate of Need application was submitted until the time the construction contract was bid out.”

In Exhibit C.10, the applicants provide a letter from the project architect describing the reasons for the increase in cost, as summarized below:

- Significant material and labor costs increased since January 2017
- A raise in the price of all steel/metal related products resulting from the federal steel tariff
- Availability and premium costs for major subcontractors due to the economic upturn
- The impact on availability and price of labor/materials for construction projects due to hurricanes and floods
- Unexpected City of Albemarle and site condition requirements

The applicants' representations regarding the need for an additional capital expenditure to develop the proposed facility are reasonable and adequately supported for the following reasons:

- The applicants demonstrate the cost of supplies, material and labor have increased since the original application was approved.
- The applicants demonstrate unexpected cost necessary to ensure compliance with city construction requirements.
- The applicants demonstrate the impact on cost due to major weather events.
- The applicants do not propose to change the scope of services offered to the patients projected to be served.

Projected Utilization

In the previously approved application, Project ID# F-11370-17, the applicants adequately demonstrated that projected utilization was based on reasonable and adequately supported assumptions regarding continued growth in the patient population that utilizes the services proposed in the application. The applicants propose no changes in the current application that would affect that determination.

Access

In Project ID# F-11370-17, 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

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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

- The applicants adequately identified the population to be served in Project ID #F-11370-17, and the applicants do not project a change in that population.
- Projected utilization was deemed reasonable and adequately supported in Project ID# F-11370-17 and the applicants do not project any changes.

- The applicants adequately identified the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix), and the applicants do not project any changes.

(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

In Project ID# F-11370-17, this Criterion was determined to be non-applicable, since the applicants were not proposing a reduction or elimination of a service, and were not proposing the relocation of a facility or service. In this application, the applicants do not propose any change that would affect that determination. Therefore, Criterion (3a) is not applicable to this review.

(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 applicants, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. propose a cost overrun for Project ID# F-11370-17 (acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks).

In Section E, page 26, the applicants explain why there are no alternative methods of meeting the needs for the proposed project and provided supporting documentation in Exhibit E.3. The applicants state the following:

“The continued rise in construction costs has increased the estimated cost of this project significantly. There is no way to decrease the cost of the project without compromising the quality of the project.”

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

- The applicants were approved in Project ID# F-11370-17 to develop the project as proposed.
- The applicants state the increase in the project costs is solely due to the increase in construction costs, therefore, the cost overrun application proposes no other changes to the project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used 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. Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. shall materially comply with the representations in this application and representations in Project ID# F-11370-17. Where representations conflict, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc., Inc. shall materially comply with the last made representation.**
 - 2. The total approved capital expenditure for Project ID# F-11652-19 is \$3,300,000, an increase of \$745,440 over the previously approved capital expenditure of \$2,554,560.**
 - 3. 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, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, 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.**
 - 4. Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, 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.

The applicants, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. propose a cost overrun for Project ID# F-11370-17 (acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks).

Capital and Working Capital Costs

The applicants state, in Section Q.1, page 55, the total capital cost of the project is now expected to be \$3,300,000, an increase of \$745,440 over the previously approved Project ID# F-11370-17 capital cost of \$2,554,560, which is above the allowed 115 percent overage for capital expenditures. The applicants state the increase in capital costs is due to an increase in construction costs which will result in an increase in the facility’s annual rental payment. The following table compares the previously approved capital cost and the proposed capital cost, as reported in Section Q.1.

Trinity Place			
Previously Approved and Proposed Capital Cost			
	Previously Approved Cost (F-11370-17)	Proposed Cost (F-11652-19)	Difference
Site Preparation	\$280,000	\$375,000	\$95,000
Construction/Renovation Contract(s)	\$2,134,560	\$2,800,000	\$665,440
Landscaping	\$30,000	\$15,000	-\$15,000
Architect/Engineering fees	\$110,000	\$110,000	\$0
Total Capital Costs	\$2,554,560	\$3,300,000	\$745,440

In the previously approved application, the applicants stated there will be no start-up expenses or initial operating expenses since Trinity Place is an existing facility. The applicants do not propose any start-up expenses or initial operating expenses in this application.

Availability of Funds

In the previously approved application, the applicants stated the previously approved capital cost of \$2,554,560 was to be funded using \$1,400,000 in accumulated reserves from Lutheran Services for the Aging Foundation, Inc. and \$1,154,560 from a \$4,000,000 line of credit from Lutheran Home Albemarle Property, Inc. Exhibit 26 of the previously approved application contains two letters dated July 13, 2017, from the Chief Financial Officers/Treasurers of Lutheran Home Albemarle Property, Inc. and Lutheran Services for the Aging Foundation, Inc., stating their commitment to using funds from accumulated reserves and the line of credit to meet the capital needs of the project.

In Section F.5, page 31, the applicants state the amount accessed from the line of credit from Lutheran Home Albemarle Property Inc., will increase from \$1,154,560 to \$1,900,000. In Section F, page 31, the applicants state:

“The source for financing the project remain the same as what was submitted in the original application, however, the amounts that will be accessed have changed.”

In Section Q.1, page 55, the applicants provide the updated Form F.1b to reflect the increase in capital cost. The applicants state the source for the funding has not changed. Exhibit F.2 contains the letters of funding commitment that were submitted in the previously approved application. The applicants adequately demonstrate that sufficient funds will be available for the capital needs of the project.

Financial Feasibility

In the previously approved application, the applicants projected that revenues would not exceed expenses in project year one, but would exceed expenses in project years two and three. In this cost overrun application, in Section Q, Forms B and C, pages 57-67, the applicants project that revenues will exceed expenses in each of the first three operating years, as shown in the table below.

Trinity Place Revenue and Expensed Projections for Cost Overrun Project ID# F-11652-19			
	1st Full Fiscal Year 2020	2nd Full Fiscal Year 2021	3rd Full Fiscal Year 2022
Patients Days	35,002	35,982	35,982
Total Gross Revenues (Charges)	\$7,836,453	\$8,007,989	\$8,007,989
Total Adjustments to Revenues	\$0	\$0	\$0
Total Net Revenues	\$7,836,453	\$8,007,989	\$8,007,989
Average Net Revenue per day	\$224	\$223	\$223
Total Operating Expenses (Costs)	\$7,753,075	\$7,771,789	\$7,771,789
Average Operating Expense per day	\$222	\$216	\$216
Net Income	\$83,377	\$236,200	\$236,200

This cost overrun application proposes to begin offering services by October 1, 2019, which is one year later than proposed in Project ID# F-11370-17.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that 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 needs of the proposal.
 - 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 applicants, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. propose a cost overrun for Project ID# F-11370-17 (acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks).

On page 219, the 2019 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located*.” Thus, the service area for this facility consists of Stanly County. Facilities may also serve residents of counties not included in their service area.

This application is for a cost overrun for Project ID# F-11370-17. The applicants adequately demonstrated that the project would not result in unnecessary duplication of existing or approved services in the service area and no changes are proposed in this application that affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

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

In Section H.5, page 34, the applicants state that there are no changes in the staffing levels or positions from the original project.

In Project ID# F-11370-17, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used 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 Project ID# F-11370-17, the application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

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 applicants do 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 applicants are not HMOs. 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

In the previously approved application, the applicants stated that the project involved renovating 1,398 square feet of the existing facility and constructing a 13,041 square foot addition for a total facility size of 54,796 square feet. The application was found conforming to this criterion, and the applicants propose no changes in the current application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that 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;

C

In Project ID# F-11370-17, the application was conforming to this criterion and the applicants propose no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicants adequately document the extent to which medically underserved populations currently use the applicants' existing services in comparison to the percentage of the population in the applicants' 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

In Project ID# F-11370-17, the application was conforming to this criterion and the applicants propose no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

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 Project ID# F-11370-17, the application was conforming to this criterion and the applicants propose no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

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 Project ID# F-11370-17, the application was conforming to this criterion and the applicants propose no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

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 Project ID# F-11370-17, the application was conforming to this criterion and the applicants propose no changes in the current cost overrun application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes 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 applicants, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc. propose a cost overrun for Project ID# F-11370-17 (acquire and relocate 17 ACH beds from Forrest Oaks Healthcare Center in Stanly County and construct an addition, for a total of 27 ACH and 76 NF beds at Trinity Place, and 60 NF beds and no ACH beds at Forrest Oaks).

On page 219, the 2019 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located.*” Thus, the service area for this facility consists of Stanly County. Facilities may also serve residents of counties not included in their service area.

Project ID# F-11370-17 was approved to acquire and relocate ACH beds and construct an addition. The current application is for a cost overrun due to the increase in construction costs. In Project ID# F-11370-17, the application was found conforming to this criterion and no

changes are proposed in this application that affect that determination. Consequently, the cost overrun application is conforming to this criterion.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency.

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 O, pages 47-50, the applicants, Lutheran Home-Albemarle, Inc. and Lutheran Home Albemarle Property, Inc., identify the nursing care facilities located in North Carolina owned, operated or managed by the applicants or a related entity. The applicants identify a total of seven nursing facilities located in North Carolina. In Section O.3, page 51, the applicants state that all but two facilities identified in the application are currently in compliance. The applicants state Lutheran Home Albemarle, Inc. and Lutheran Home Hickory West, Inc. had complaint surveys conducted in January 2019. However, a final determination regarding compliance has not been issued. According to the files in the Nursing Home Licensure and Certification Section, DHHS, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in one of these facilities. After reviewing and considering information provided by the applicants and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at all seven facilities, the applicant provided sufficient evidence the 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.

In Project ID# F-11370-17, the applicants were found conforming to all applicable *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, this criterion is not applicable to the cost overrun application.