

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: February 4, 2021

Findings Date: February 4, 2021

Project Analyst: Kim Meymandi

Team Leader: Fatimah Wilson

Project ID #: G-11954-20

Facility: PruittHealth - High Point

FID #: 923250

County: Forsyth

Applicant(s): PruittHealth-High Point, LLC

High Point Healthcare Properties, Inc.

Project: Develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility

REVIEW CRITERIA

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The applicants, PruittHealth-High Point, LLC and High Point Healthcare Properties, Inc., collectively referred to as “the applicant”, proposes to develop a new 100-bed replacement nursing facility (NF) by relocating all 100 existing NF beds from their current location in High Point, NC, Forsyth County to a new replacement facility in Clemmons, NC, Forsyth County. The parent company for applicant is United Health Services, Inc.

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 2020 State Medical Facilities Plan (SMFP). Therefore, no need determinations are applicable to this review.

Policies

There are three policies applicable to this review: **Policy NH-6: Relocation of Nursing Facility Beds**, **Policy NH-8: Innovations in Nursing Facility Design**, and **Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities**.

Policy NH-6: Relocation of Nursing Facility Beds

Policy NH-6, on page 22 of the 2020 SMFP, states:

“Relocations of existing licensed nursing facility beds are allowed. Certificate of need applicants proposing to relocate licensed nursing facility beds shall:

- 1. Demonstrate that the proposal shall not result in a deficit, or increase an existing deficit in the number of licensed nursing facility beds in the county that would be losing nursing facility beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins; and*
- 2. Demonstrate that the proposal shall not result in a surplus or increase an existing surplus of licensed nursing facility beds in the county that would gain nursing facility beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.”*

Both the existing facility location and the proposed facility location are both in Forsyth County. The proposed relocation of beds does not change the NF bed inventory in Forsyth County. Therefore, the application is consistent with Policy NH-6.

Policy NH-8: Innovations in Nursing Facility Design

Policy NH-8, on page 22 of the 2020 SMFP, states:

“Certificate of need applicants proposing new nursing facilities and replacement nursing facilities shall pursue innovative approaches in environmental design that address quality of care and quality of life needs of the residents. These plans could include innovative design elements that encourage less institutional, more home-like settings, privacy, autonomy and resident choice, among others.”

In Section B, page 14, the applicant explains why they believe their application is consistent with Policy NH-8. The applicant states they are providing private oversized rooms with access to outdoor space and connection to administrative and activity areas where they receive services, socialization and family support. The applicant states that in this new setting they

will be better equipped to provide patient focused care, improving the autonomy, dignity and quality of life of their residents. The application is consistent with Policy NH-8.

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

Policy GEN-4, on page 31 of 2020 SMFP, states:

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

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

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

In Section B, pages 19-20, the applicant explains why they believe their application is consistent with Policy GEN-4. The applicant provides a written statement of the minimum energy conservation features they will utilize in regard to the building envelope, lighting, mechanical and plumbing systems. Additionally, the applicant provides letters from the architect in Exhibit F.1, which state that the architect will assist in developing plans for water and energy conservation that meet all applicable laws, regulations, and codes. The application is consistent with Policy GEN-4.

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 proposal is consistent with Policy NH-6 because the location for the existing and the proposed replacement nursing facility are both in Forsyth County.
 - The applicant adequately demonstrates that the proposal is consistent with Policy NH-8 because they adequately document the innovative approaches in environmental design to address quality of care and quality of life needs of the residents.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the application adequately describes the project's plan to assure improved energy efficiency and water conservation.
- (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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

In a request for clarifying information, the applicant states that due to being designated as a COVID-19 NF, their existing special care unit (SCU) has been closed. All patients in the SCU who tested negative for COVID-19 were transferred to other NFs. The applicant states that the SCU will not be reopened in the replacement nursing facility.

Patient Origin

On page 175, the 2020 SMFP defines the service area for nursing facility beds as "... *the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area.*" Thus, the service area for this facility is Forsyth County. Facilities may also serve residents of counties not included in their service area.

In Section C, pages 34-35, the applicant provides historical and projected patient origin, as shown in the table below.

PRUITTHEALTH-HIGH POINT				
County	Current and Projected Patient Origin			
	Last FFY: 10/1/2018 -9/30/2019		Third FFY: 07/1/2026-6/30/2027	
	General NF Beds		General NF Beds	
	# Patients	% of Total	# Patients	% of Total
Forsyth	23	27.7%	27	27.7%
Guilford	22	26.5%	26	26.5%
Davidson	8	9.6%	10	9.6%
Durham	6	7.2%	7	7.2%
Wake	5	6.0%	6	6.0%
Granville	2	2.4%	2	2.4%
Mecklenburg	2	2.4%	2	2.4%
Stokes	2	2.4%	2	2.4%
Surry	2	2.4%	2	2.4%
Alamance	1	1.2%	1	1.2%
Davie	1	1.2%	1	1.2%
Iredell	1	1.2%	1	1.2%
Jones	1	1.2%	1	1.2%
Nash	1	1.2%	1	1.2%
New Hanover	1	1.2%	1	1.2%
Orange	1	1.2%	1	1.2%
Randolph	1	1.2%	1	1.2%
Rockingham	1	1.2%	1	1.2%
Rowan	1	1.2%	1	1.2%
Vance	1	1.2%	1	1.2%
Total	83	100.0%	95	100.0%

Source: Section C., pages 34-35

Note: Totals may not sum due to rounding

In Section C.3, page 35, the applicant provides the assumptions and methodology used to project patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant bases the projected patient origin on the historical patient origin of PruittHealth-High Point.
- The applicant provides details and documentation to support growth of the population they will be serving in Forsyth County.

Analysis of Need

In Section C, the applicant explains why the population projected to utilize the proposed services needs the proposed services. On pages 37-41, the applicant describes the need for the proposed project, summarized as follows:

- Forsyth County Population Growth and Aging

- According to the NC State Office of Budget and Management (NCOSBM), in December 2019 the 55+ population of Forsyth County grew by 27.6 percent from 2010 to 2020 and NCOSBM projects this population will grow by an additional 14.1 percent between 2020 to 2030.
- The 75-84 population of Forsyth County grew by 18.8 percent from 2010 to 2020 and NCOSBM projects this population will grow by an additional 52.0 percent between 2020 to 2030.
- The 85+ population of Forsyth County grew by 22.2 percent from 2010 to 2020 and NCOSBM projects this population will grow by an additional 26.0 percent between 2020 to 2030.
- The applicant states that as the aging population of Forsyth County grows, there will be an increased demand for NF beds.
- Forsyth County Life Expectancy
 - Based on information from the NC State Center for Health Statistics, the life expectancy in every age group, gender and race of Forsyth County residents has increased between 1990-1992 to 2016-2018.
 - The applicant states that the increase in life expectancy increases the chance of needing nursing services for healthcare related issues.
- Age and Condition of the Existing Facility
 - The existing facility was constructed in 1958.
 - The existing facility is in need of substantial maintenance and repair despite \$4,100,000 in capital improvements over the past nine years.
 - An inefficient layout and design as well as cinder block walls at the existing facility makes completion of necessary upgrades difficult.
 - Limited access to private rooms.
- Proposed New Location
 - The new site is approximately 10.8 miles or a 16-minute drive from the most densely populated area of Winston-Salem.
 - The new site is in a less congested area with larger parcels of land available for development and expansion
 - The property borders Novant Health Clemmons Medical Center making patient access to healthcare services very convenient.

The information is reasonable and adequately supported based on the following:

- The applicant relies on clearly sited and reasonable population growth to support the need the population proposed to be served has for the proposed services as stated above.
- The applicant provides adequate reasons to support the need to replace and relocate the entire facility due to the age and condition of the current facility.

Projected Utilization

In Section C, pages 42-43, and in Section Q, the applicant provides historical and projected utilization, as illustrated in the following table.

PruittHealth-High Point Historical and Projected Utilization-FY 2019-2026								
	Last FFY	Interim Year 1	Interim Year 2	Interim Year 3	Interim Year 4	Project Year 1	Project Year 2	Project Year 3
	7/01/19 - 6/30/2020	7/01/20 - 6/30/2021	7/01/21 - 6/30/2022	7/01/22 - 6/30/2023	7/01/23 - 6/30/2024	7/01/24 - 6/30/2025	7/01/25 - 6/30/2026	7/01/26 - 6/30/2027
# General NF Beds	100	100	100	100	100	100	100	100
Days of Care	28,579	20,038	27,375	31,755	31,755	34,310	34,310	34,310
Occupancy Rate	78.3%	54.9%	75.0%	87.0%	87.0%	94.0%	94.0%	94.0%

*Occupancy Rate Calculation: Total Days/ 365 / # of beds

In Section C, page 43 the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- In Section C, pages 42-43, and Section Q, Form C, the applicant states that, in the prior Full Fiscal Year (FFY) (2019-2020) the occupancy rate of the facility was 78.3% based on operating 100-beds prior to COVID-19 for the first 10 months of the year and being designated as a COVID-19 NF and operating only 40 beds for the remaining two months of the year.
- In a response to clarifying information requested by the Agency, the applicant explains that being designated as a COVID-19 NF means that only COVID-19 diagnosed patients are served in the facility. The applicant states that in early May 2020, all existing residents of the PruittHealth-High Point facility who tested negative for COVID-19 were transferred to other nursing facilities in Durham and Rockingham County and the building was cleaned, sanitized and customized to serve COVID-19 patients. The applicant states that once the pandemic has ended, the facility will be cleaned and sanitized and will fully operate all 100 NF beds with the exception of the SCU.
- In Section C, page 43, and Section Q, Form C, the applicant states they expect to continue with a designation as COVID-19 NF operating only 40 beds at 87.0% occupancy for the first six months of interim year one, defined as July 1, 2020 to December 31, 2020 and in the second six months of interim year one, defined as January 1, 2021 to June 30, 2021 they expect to operate 100 beds at 75.0% occupancy. The Project Analyst notes that in the table above, the applicant states that in the first Interim Fiscal Year (2020-2021) they expect to have a 54.9% occupancy rate. In a response to clarifying information requested by the Agency, the applicant clarifies that the 54.9% occupancy rate is an aggregate rate, and provides the following calculations to confirm the Interim Year 1 occupancy rate:
 - First six months of Interim Year 1: 40 beds x 182.5 days x 87.0% = 6,351 days
 - Last six months of Interim Year 1: 100 beds x 182.5 days x 75.0% = 13,687 days

$$\circ (6,351 \text{ days} + 13,687 \text{ days}) / (100 \text{ beds} \times 365 \text{ days}) = 20,038 \text{ days} / 36,500 \text{ days} = 54.9\%$$

- In Section C, pages 42-43, and Section Q, Form C, the applicant states that, in the second, third and fourth Interim Fiscal Years (2022-2024) they expect to operate 100 beds with 75.0%, 87.0%, and 87.0% occupancy respectively. The applicant states that the 75% occupancy rate projected for Interim Year 2 is lower than the pre-COVID-19 pandemic level of 87%. However, in response to clarifying information requested by The Agency, the applicant states that the facility's utilization for the first 10 months of the previous FY (July 2019-April 2020) prior to being designated as a COVID-19 NF, was 79.6% based on actual days of care.
- In a response to clarifying information requested by The Agency, the applicant also states that prior to COVID-19 and since FY2017, PruittHealth-High Point had been experiencing increased utilization. The following table was provided:

Fiscal Year	Days of Care	Capacity	Utilization
2017	28,471	36,500	78.0%
2018	30,110	36,500	82.5%
2019	31,171	36,500	85.4%

- In Section C, pages 42-43, and Section Q, Form C, the applicant states that, in the first three project years (2025-2027) they expect to operate 100 beds with 94.0% occupancy. In the response to clarifying information requested by The Agency, the applicant states that the projected increase in occupancy is reasonable based on:
 - The public feeling safe to return to congregate care settings post pandemic.
 - The replacement facility being state of the art, with 100% private rooms and located adjacent to a medical center in a densely populated area of Forsyth County.
- The applicant states that the availability of 95 private rooms at the replacement facility will directly increase the average daily census at the facility.
- In a response to clarifying information requested by the Agency, the applicant states that the replacement facility will not experience an extended ramp up period during the initial operating phase because over 90 patients at the existing facility will be transferred to the replacement facility upon opening. This is based on the applicant's assumption that the facility will be fully operational (all 100 beds) once the pandemic has ended and as a result, nearly all facility residents in the year one projection will be existing patients.
- According to NCOSBM the population growth rate in Forsyth County will be 52% for ages 75-84 and 26% for ages 85+.

Projected utilization is reasonable and adequately supported for the following reasons:

- The applicant relies on their historical utilization as a basis for their projected utilization.

- The applicant provides details and documentation to support growth of the population they will be serving in Forsyth County.

Access to Medically Underserved Groups

In Section C, page 44, the applicant states:

“PruittHealth-High Point will accept referrals to its facility through any facility, agency, or person.”

In Section D, page 49, the applicant states:

“all residents and patients currently utilizing PruittHealth-High Point will be relocated to the replacement nursing facility regardless of race, ethnicity, sex, age, handicapped, or the ability to pay.”

In a request for supplemental information by the Agency, the applicant projects the following during the third full fiscal year of operation for each medically underserved group, as shown in the following table.

PruittHealth-High Point Estimated Percentage of Patients by Group FY 2026	
Medically Underserved Groups	Percentage of Total Patients
Low income persons	80.0%
Racial and ethnic minorities	
Women	50.0%
Persons with Disabilities	5.0%
The elderly	70.0%
Medicare beneficiaries*	29.0%
Medicaid recipients*	44.0%

*Including any managed care plans

Source: Section C, page 44 and Section L, page 82

In a request for supplemental information by the Agency, the applicant states that they do not track patient race.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency
- Clarifying and supplemental information requested 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 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.
- The applicant describes the extent to which all residents, including underserved groups, are likely to have access to the proposed services 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 develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

The applicant does not propose to reduce or eliminate any of the NF beds; rather, the applicant proposes to build a replacement facility. The current facility is located at 3830 North Main Street in High Point, in Forsyth County. The proposed site of the new facility is 3645 Harper Road in Clemmons, in Forsyth County. The two facilities are approximately 23 miles and 22 minutes driving time from each other, according to Google Maps. Thus, the facility will still be accessible to the same population in its new location. In a request for clarifying information, the applicant states that due to being designated as a COVID-19 NF, the SCU has been closed and that all patients in the SCU who tested negative for COVID-19 were transferred to other NFs. The applicant states that the SCU will not be reopened in the replacement facility.

In Section C, page 41, the applicant states that the relocation site borders Novant Health Clemmons Medical Center which will provide patients with access to healthcare services and very accessible nursing care to any patients that are discharged.

In a request for clarifying information by The Agency, the applicant states that the replacement NF will be located in Clemmons, a suburb of Winston Salem in western Forsyth County while the existing facility is currently located in High Point in eastern Forsyth County. The applicant states that due to the differences in community demographics, it is projected that Medicare patients will increase while Medicaid patients will decrease. The applicant further explains how the needs of the population presently served, which includes 86% Medicaid patients will be adequately met, the applicant states all residents in the existing facility in High Point in Interim Year 4 will be given the opportunity to transfer to the replacement facility in Clemmons. However, the applicant expects that some residents, in order to remain in close proximity to family and current physicians, will request to be transferred to other nursing

facilities in the immediate service area. The applicant states, given that the 2021 SMFP shows a 81.4% utilization rate for NFs in Forsyth County in 2024, NF beds will be available for patients not wishing to transfer. The applicant states:

“PruittHealth-High Point will assure that all patients at the time of relocation are transferred according to the patient’s wishes even if that means Medicaid utilization will be higher than projected in the CON application.”

In Section D, page 49, the applicant states:

“all residents and patients currently utilizing PruittHealth-High Point will be relocated to the replacement nursing facility regardless of race, ethnicity, sex, age, handicapped, or the ability to pay.”

The information is reasonable and adequately supported based on the following:

- The needs of the population currently using the services to be reduced, eliminated, or 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency
- Clarifying information requested 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 needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion.
 - The applicant adequately demonstrates that 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 develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

In Section E, page 52, the applicant describes the alternatives they considered and explain 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:

- Not submit a CON application – The applicant states that this alternative fails to address the age and condition of the existing building as well of the costs associated with the substantial maintenance and repairs. Failure to develop a new state of the art facility would result in patients being underserved.
- Alternative site locations- The applicant states that location of the new site is the best alternative site in Forsyth County as it is very accessible to a major interstate which provides easy access from the majority of county development.
- Not developing the total number of NF beds-The applicant states this would fail to address economies of scale for services and purchases. The applicant also asserts that developing all 100 NF beds will allow for more private NF beds to be made available to Medicaid residents.
- Develop a special care unit-The applicant state that this alternative fails to recognize that patients requiring such care are best served in alternative settings and there is not sufficient demand in the Forsyth County long term care setting for the additional medical equipment and specialized nurse training required for such.

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

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.

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. PruittHealth-High Point, LLC and High Point Healthcare Properties, Inc. (hereinafter certificate holders) shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, PruittHealth-High Point, LLC and High Point Healthcare Properties, Inc. shall materially comply with the last made representation.**

- 2. The certificate holders shall construct a 100-bed replacement nursing facility for PruittHealth-High Point's existing nursing facility beds.**
- 3. Upon completion of the project, PruittHealth-High Point shall be licensed for no more than 100 nursing facility beds.**
- 4. For the first two years of operation following completion of the project, the certificate holders shall not increase private pay charges more than five percent of the projected private pay charges provided in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 5. The certificate holders shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 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, the certificate holders 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. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. Progress reports shall be due on the first day of every sixth month. The first progress report shall be due on December 1, 2021. The second progress report shall be due on June 1, 2022 and so forth.**

8. **Prior to the issuance of a Certificate of Need, the certificate holders shall provide documentation from the medical director expressing support for the proposed project and his willingness to continue to serve as medical director.**
 9. **Prior to the issuance of the certificate of need, the certificate holders shall provide documentation from United Health Services, Inc., the parent company for the applicant regarding their financial commitment for all the capital cost associated with the development of the proposed project.**
 10. **The certificate holders shall certify 100 percent of the licensed nursing home beds for participation in the Medicaid program and shall provide care to Medicaid recipients commensurate with representations made in the application.**
 11. **The certificate holders 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 develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

Capital and Working Capital Costs

In Section Q on Form F.1a, the applicant projects the total capital cost of the project as shown in the table below.

Site Costs	\$4,059,000
Construction Costs	\$16,013,274
Equipment/Furniture	\$3,178,612
Consultant Fees	\$75,000
Financing Costs	\$1,213,787
Other Costs	\$604,331
Total	\$25,144,004

In Section Q, the applicant provides the assumptions used to project capital costs. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- In Exhibit F-1, the applicant provides documentation from an architect projecting construction plans and capital costs which are included in the projected capital cost.

- In Exhibit F-1, the applicant provides costs for equipment and case goods necessary for the proposed facility and these costs are included in the projected capital cost.
- In Exhibit K-4, the applicant provides documentation for the cost of land acquisition and the costs are included in the projected capital cost.

In Section F, page 58-59, the applicant states that due to PruittHealth-High Point being an existing nursing facility, there are no start-up costs or initial operating expenses.

Availability of Funds

In Section F, page 56, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

Type	PruittHealth-High Point, LLC	High Point Healthcare Properties, Inc.	Total
Loans		\$20,115,203	\$20,115,203
Accumulated reserves or OE*		\$5,028,801	\$5,028,801
Total Financing		\$25,144,004	\$25,144,004

* OE = Owner's Equity

In Section F, page 57, the applicant states that the capital costs will be financed by a loan and owner's equity.

In Exhibit F.2., the applicant provides a letter dated September 10, 2020 from Randall Loggins, Chief Investment Officer for PruittHealth, which states that High Point Healthcare Properties, Inc. will obligate and commit \$20,115,203 in the form of debt financing through a mortgage with Synovus Bank for the sole purpose of funding the project costs. In addition, the letter also states that High Point Healthcare Properties, Inc. will obligate and commit \$5,025,801 by means of a cash transfer from United Health Services, Inc. (parent company) for the sole purpose of funding the project costs. The applicant also provides in Exhibit F.2. a letter dated September 10, 2020 from Jennifer M. Lawley, Managing Director for Synovus Bank which states that Synovus Bank is committed to funding 80 percent of the project costs, up to \$20,115,203.

The Project Analyst notes that the funding documents from Synovus Bank and from PruittHealth do not account for approximately \$3,000 of the project's capital cost [\$25,144,004 (project capital costs) - \$20,115,203 (loan) - \$5,025,801 (cash transfer) = \$3,000]. In a response to a request for clarifying information from The Agency, the applicant states that the \$3,000 shortfall will be covered by adding the amount to PruittHealth's cash transfer from the parent company for a total of \$5,028,801.

In Exhibit F.2, a bank statement from Synovus is provided showing \$14.2 million in cash and cash equivalents for United Health Services, Inc. as of September 1, 2020. The letter from Mr. Loggins further states that PruittHealth will obligate and commit any additional funds necessary to develop the nursing facility. The Project Analyst notes that there is no

documentation from United Health Services, Inc. indicating that they will commit the cash transfer to the applicant for the proposed project.

The applicant adequately demonstrates that sufficient funds will be available for the capital needs of the proposed project as conditioned by Condition #9 in Criterion 4.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Forms F.3, F.4. and F.5., the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below.

PruittHealth-High Point – Revenue and Expenses – FYs 2024-2027			
	FY 2024	FY 2025	FY 2026
Total Patient Days	34,310	34,310	34,310
Total Net Revenue*	\$12,823,727	\$3,208,406	\$13,604,652
Average Net Revenue per Patient Day	\$374	\$385	\$397
Total Operating Expenses (Costs)	\$12,036,877	\$12,319,029	\$12,612,446
Average Operating Expense per Patient Day	\$351	\$359	\$368
Net Income	\$786,850	\$889,377	\$992,206

*Includes routine services, ancillary services, and other revenue net of all contractual adjustments

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, Forms F.2, F.3, F.4 and F.5. The applicants adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant accounts for projected operating expenses, such as salaries, consistent with projections elsewhere in the application.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 applicant proposes to develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

On page 175, the 2020 SMFP defines the service area for nursing facility beds as “... *the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area.*” Thus, the service area for this facility is Forsyth County. Facilities may also serve residents of counties not included in their service area.

10A: Inventory of Nursing Home and Hospital Nursing Care Beds in the 2020 SMFP, pages 183-184, lists 17 nursing facilities in Forsyth County, with a combined total of 1,710 NF beds, as shown in the table below.

Forsyth County NF Beds – 2020 SMFP Inventory			
Facility	Number of NF Beds	Days of Care	% Utilization
Accordius Health at Clemmons	120	28,221	64.6%
Accordius Health at Winston Salem	40	12,952	88.9%
Arbor Acres United Methodist Retirement Community Inc.	83	27,873	92.2%
Brookridge Retirement Community	77	21,163	75.5%
Homestead Hills	40	10,316	70.8%
Liberty Commons Nursing and Rehab Center of Silas Creek	100	NA	NA
Oak Forest Health and Rehabilitation	170	53,539	86.5%
Piney Grove Nursing and Rehabilitation Center	92	27,504	82.1%
PruittHealth-High Point	100	31,171	85.6%
Salemtowne	100	33,991	93.3%
Silas Creek Rehabilitation Center	90	27,006	82.4%
Summerstone Health and Rehabilitation Center	120	34,278	78.4%
The Citadel at Winston Salem	230	69,814	83.3%
The Oaks	131	*	*
Trinity Elms	100	33,370	91.6%
Trinity Glen	117	39,711	93.2%
Total	1,479*	450,909**	83.7%

*The data was missing from the electronic version of the LRA

**Does not include Liberty Commons Nursing and Rehab Center or The Oaks.

In Section G., page 63, the applicant explains why they believe their proposal would not result in the unnecessary duplication of existing or approved NF services in Forsyth County.

The applicant does not propose to develop new NF beds, but rather relocate 100 existing licensed beds from an existing facility in Forsyth County. The proposed project will not increase the inventory of NF beds in Forsyth County.

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

- The proposal would not result in an increase in the number of existing or approved NF beds in Forsyth County.
- The applicant adequately demonstrates that the beds being relocated in this proposal are needed in addition to the existing or approved NF beds in Forsyth County.

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.

- (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 develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

In Section Q, Form H, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as summarized in the table below.

PruittHealth-High Point Current and Projected Staffing				
Position	Current	Projected		
	As of 8/31/2020	1st FFY	2nd FFY	3rd FFY
Director of Health Services	1.00	1.00	1.00	1.00
RN MDS Nurse	1.00	3.00	3.00	3.00
RN SNF Certified	4.80	9.10	9.10	9.10
RN Senior Care Partner	0.00	1.0	1.0	1.0
LPN SNF Certified	12.00	14.00	14.00	14.00
Aide SNF DOM	1.90	2.25	2.25	2.25
Aide SNF Certified	28.00	32.50	32.50	32.50
Medical Records	0.95	0.95	0.95	0.95
Social Services	1.00	1.00	1.00	1.00
Activities	1.00	1.00	1.00	1.00
Dietary	7.10	9.50	9.50	9.50
Laundry & Linen	1.80	2.65	2.65	2.65
Housekeeping	9.4	8.5	8.5	8.5
Plant Operations & Maintenance	1.00	1.00	1.00	1.00
Administration	2.40	3.40	3.40	3.40
Admissions	1.00	1.00	1.00	1.00
TOTAL	74.35	91.85	91.85	91.85

Source: Form H in Section Q of the application

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.4, which is found in Section Q. In Section H, pages 65-67, the applicant describes the methods to be used to recruit or fill new positions and their existing training and continuing education programs. In Section H, page 67, the applicant identifies the current medical director as Imran Haque, MD.

The applicant adequately demonstrates the availability of adequate health manpower and management personnel to provide the proposed services based on the following:

- The applicant based their projections on the operating costs of similarly sized healthcare center staffing for related companies.
- The applicant uses an annual inflation rate of 3.0% to incrementally increase operating costs.

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

The applicant proposes to develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

Ancillary and Support Services

In Section I.1, the applicant identifies the necessary ancillary and support services for the proposed services. On page 69, the applicant explains how each ancillary and support service is or will be made available and provides sample service agreements in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant and its affiliates have operated other NFs and ACHs in the area and have historically provided adequate ancillary and support services.
- The applicants can contract with vendors if additional or new ancillary or support services are needed and the necessary contracts and procedures are in place to facilitate such.

Coordination

In Section I.2, page 70, the applicant describes their existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.1. The applicants adequately demonstrate that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant has existing relationships with local healthcare and social service providers.
- The applicant and its affiliates have operated other NFs and ACHs in the area and have historically provided adequate ancillary and support services.

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 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 applicant does 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.

- (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 develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

In Section K, page 73, the applicant state that the project involves constructing 79,622 square feet of new space. Line drawings are provided in Exhibit K.1.

On page 76, 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. Supporting documentation is provided in Exhibit K.4. The site appears to be suitable for the proposed project based on the applicant's representations and supporting documentation.

On page 74, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the following:

- Supporting documentation from the project architect in Exhibit F.1.
- The project architect states they considered several design alternatives before determining the most reasonable alternative.

On page 74, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The design of the proposed project is in compliance with all requirements for energy efficiency and consumption.
- According the expertise of the project architect, the projected cost, design and means of construction is the most reasonable alternative for the proposed facility.

On pages 74-75, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit F.1.

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 all 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 L, page 80, the applicant provides the historical payor mix for FFY 2019 as illustrated in the table below.

PruittHealth-High Point – Historical Payor Mix– Last FFY (7/1/2019-6/30/2020)		
Payor Source	Patient Days	Percentage
Private Pay	286	1.0%
Medicare*	2,857	10.0%
Medicaid*	24,578	86.0%
Hospice	572	2.0%
UniHealth	286	1.0%
Total	28,579	100.0%

*Including any managed care plans

In Section L, pages 79, the applicant provides the percentage of total patients served by the facility during the last full fiscal year compared to the percentage of the population of the service area.

	Percentage of Total Patients Served by the Facility during the Last Full FY	Percentage of the Population of the Service Area
Female	37.5%	52.6%
Male	52.5%	47.4%
Unknown	0.0%	0.0%
64 and Younger	42.5%	84.0%
65 and Older	57.5%	16.0%
American Indian	Not available	0.9%
Asian	Not available	2.6%
Black or African-American	Not available	27.5%
Native Hawaiian or Pacific Islander	Not available	0.1%
White or Caucasian	Not available	56.5%
Other Race	Not available	12.4%
Declined / Unavailable	Not available	0.0%

In supplemental information requested by the Agency, the applicant states that PruittHealth-High Point does not track patient race.

Conclusion

The Agency reviewed the:

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

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

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 81, the applicant states that they have no such obligation.

In Section L, page 81, the applicant states that during the last five years, there have been no patient civil rights access complaints filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

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.

- (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 L, page 82, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

PruittHealth-High Point – Projected Payor Mix – Third Full Fiscal Year (FY 2026)		
Payor Source	Patient Days	Percentage
	General	Total
Private Pay	1,716	5.0%
Unihealth	3,774	11.0%
Medicare*	9,950	29.0%
Medicaid*	15,096	44.0%
Hospice	1,716	5.0%
Total	34,310	100.0%

*Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects 5.0 percent of total services will be provided to private pay patients, 29.0 percent to Medicare patients, and 44.0 percent to Medicaid patients.

In a request for clarifying information requested by The Agency, the applicant states that currently as a COVID-19 designated nursing facility 43.0 percent of services are being provided to Medicare patients and 14.0 percent of services are being provided to Medicaid patients. The applicant projects that given the suburban community demographics of the proposed new location the percentage of Medicare patients will increase, and the percentage of Medicaid patients will decrease.

In a request for supplemental information by The Agency, the applicant provides the inpatient payor sources from the hospital closest to the existing facility (High Point Regional Health) as well as the hospital closest to the replacement facility (Novant Health Clemmons Medical Center) as relied upon to project future payor mix, as shown in the table below:

Payor Source	Novant Health Clemmons Medical Center				High Point Regional Health			
	IP Days of Care		IP Surgical Cases		IP Days of Care		IP Surgical Cases	
Self-Pay	22	0.5%	4	0.2%	4327	7.1%	112	4.3%
Charity Care	80	1.8%	8	0.5%	0	0.0%	54	2.1%
Medicare	2,954	67.3%	1,080	61.3%	38,532	63.4%	1,251	48.6%
Medicaid	96	2.2%	23	1.3%	8,561	14.1%	393	15.3%
Insurance	1,125	25.6%	594	33.7%	7,830	12.9%	710	27.6%
Other	114	2.6%	54	3.1%	1,552	2.6%	55	2.1%
Total	4,391	100.0%	1,763	100.0%	60,802	100.0%	2,575	100.0%

The projected payor mix is reasonable and adequately supported based on the following:

- Private pay and hospice payor mix projections are based on the facility’s historical payor mix.
- UniHealth and Medicare payor mix projections are based on the facility’s historical payor mix as well as the enhancement of services and community demographics of the proposed location.
- Medicaid payor mix projections are based on the facility’s historical payor mix as well as the community demographics of the proposed location.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency
- Clarifying and supplemental information requested 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.

In Section L, page 83, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

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

C

The applicant proposes to develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

In Section M, page 85, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provide supporting documentation in Exhibit M.2. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area for which it already provides access at the existing High Point NF.
- The applicant states it will continue to provide access to the new proposed facility in Clemmons, NC.

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 that the application is conforming to this criterion for all the reasons described above.

- (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 develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility.

On page 175, the 2020 SMFP defines the service area for nursing facility beds as “... *the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area.*” Thus, the service area for this facility consists of Forsyth County. Facilities may also serve residents of counties not included in their service area.

10A: *Inventory of Nursing Home and Hospital Nursing Care Beds* in the 2020 SMFP, pages 183-184, lists 17 nursing facilities in Forsyth County, with a combined total of 1,710 NF beds, as shown in the table below.

Forsyth County NF Beds – 2020 SMFP Inventory			
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Total	1,479*	450,909**	83.7%

*The data was missing from the electronic version of the LRA

**Does not include Liberty Commons Nursing and Rehab Center or The Oaks.

Regarding the expected effects of the proposal on competition in the service area, in Section N, pages 87-88, the applicant states that the development of the replacement NF will not have an impact on existing NFs in Forsyth County as the replacement facility will represent only 5.9 percent of the total licensed NF beds. The applicant also states that initially they will focus on existing residents transferring to the new facility and these residents will represent over 90 percent of utilization in OY1.

Regarding the impact of the proposal on cost effectiveness, in Section N, page 87, the applicant states:

“Charges for Medicaid, Medicare A, and Hospice residents will not increase above historical annual rate increase.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 87, the applicant states that all 100 rooms in PruittHealth-High Point will be private and the facility will be large with small resident wings allowing residents to establish close and caring relationships with staff and family. See also Sections C and O of the application.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 87, the applicant states:

“Based on Year 3 Patient Estimates, almost all PruittHealth-High Point residents can be defined as being in a medically underserved group.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

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.

- (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 A, page 9, the applicant identifies the nursing facilities located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 17 nursing facilities located in North Carolina.

In Section O, pages 97-98, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in two of these facilities. The applicant states all of the problems have been corrected and the facilities are back in compliance. According to the files in the Nursing Home 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 two of these facilities, however as of the date of these findings these facilities are back compliance. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at all nine facilities, the applicant provides sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

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

NA

The applicant proposes to develop a 100-bed replacement nursing facility by relocating all 100-beds from the existing facility. The Criteria and Standards for Nursing Facility or Adult Care Home Services, promulgated in 10A NCAC 14C .1100, are not applicable to this review because the applicant does not propose to add new NF beds to an existing facility or to develop a new nursing facility.