

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: January 11, 2021

Findings Date: January 11, 2021

Project Analyst: Misty L. Piekaar-McWilliams

Team Leader: Fatimah Wilson

Project ID #: J-11942-20

Facility: Bloomsbury Health Center

FID #: 200728

County: Wake

Applicants: Raleigh CCRC Management, LLC  
Raleigh CCRC Properties, LLC

Project: Develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

Raleigh CCRC Properties, LLC and Raleigh CCRC Management, LLC, an affiliate of Liberty Senior Living, LLC (hereinafter collectively referred to as “the applicants”), propose to develop a new nursing facility (NF) with no more than nine (9) NF beds pursuant to Policy NH-2, no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 adult care home (ACH) beds to include a 32-bed memory care unit, pursuant to Policy LTC-1. The proposed healthcare facility, Bloomsbury Health Center, will be part of a continuing care retirement community (CCRC), whereas Hayes Barton Place, the name of the entire facility, will also

include 187 independent living units (ILU) to be built in addition to Bloomsbury Health Center. Raleigh CCRC Properties, LLC will develop the project and Raleigh CCRC Management, LLC will operate the facility.

### **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, there are no need determinations applicable to this review.

### **Policies**

There are five (5) policies in the 2020 SMFP which are applicable to this review: *Policy NH-2: Plan Exemption for Continuing Care Retirement Communities*, *Policy NH-6: Relocation of Nursing Facility Beds*, *Policy NH-8: Innovations in Nursing Facility Design*, *Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

### **Policy NH-2: Plan Exemption for Continuing Care Retirement Communities**

Policy NH-2, on pages 20-21 of the 2020 SMFP, states:

*“Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for nursing care without regard to the nursing care bed need shown in Chapter 10: Nursing Care Facilities. To qualify for such exemption, applications for certificates of need shall show that the proposed nursing care bed capacity:*

- 1. Will only be developed concurrently with or subsequent to construction on the same site of facilities for both of the following levels of care:*
  - a. independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages and rooms;*
  - b. licensed adult care home beds for use by people who, because of age or disability, require some personal services, incidental medical services and room and board to assure their safety and comfort.*
- 2. Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical*

*condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.*

3. *Reflects the number of nursing care beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional nursing care.*
4. *Will not be certified for participation in the Medicaid program.*

*One hundred percent of the nursing care beds developed under this exemption shall be excluded from the inventory and the occupancy rate used to project nursing care bed need for the general population. Certificates of need issued under policies analogous to this policy in the North Carolina State Medical Facilities Plans subsequent to the 1985 State Medical Facilities Plan are automatically amended to conform to the provisions of this policy at the effective date of this policy. Certificates of need awarded pursuant to the provisions of Chapter 920 Session Laws 1983 or Chapter 445, Session Laws 1985 shall not be amended.”*

In Section B.3, pages 10-11, the applicants provide responses that address all requirements of Policy NH-2 including: 1) the proposed NF beds will be developed on the same site as the independent living units and ACH beds, 2) the nine “closed” NF beds will be used exclusively by people with whom Hayes Barton Place has a continuing care contract, 3) the proposed number of “closed” NF beds will be used to meet the need of residents with whom the facility has an agreement and 4) the nine “closed” NF beds will not be certified for Medicaid participation. Therefore, the application is consistent with Policy NH-2.

#### **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.”*

In Section B.5, page 12, the applicants state:

*“This proposal will relocate 22 total [NF] beds within the same host county (Wake County)...the proposal will not result in a net change in licensed skilled nursing beds*

*in the county. The beds are already accounted for in the 2020 SMFP, and therefore there is no creation of a surplus or deficit in the number of licensed NF beds in Wake 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.6, pages 12-14, the applicants provide responses that address all requirements of Policy NH-8 including using innovative patient care practices such as a cloud-based electronic health care platform, utilizing an integrated recruitment, retention and training program and employing facility details which address quality of care and life needs of the residents including but not limited to separate living, activity, dining and kitchen areas throughout the facility for each level of care which creates a more home-like setting. Therefore, the application is consistent with Policy NH-8.

### **Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities – Adult Care Home Beds**

Policy LTC-1, on pages 22-23 of the 2020 SMFP, states:

*“Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for adult care without regard to the adult care home bed need shown in Chapter 11: Adult Care Homes. To qualify for such exemption, applications for certificates of need shall show that the proposed adult care home bed capacity:*

- 1. Will only be developed concurrently with, or subsequent to, construction on the same site of independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms.*
- 2. Will provide for the provision of nursing service, medical services or other health related services as required for licensure by the North Carolina Department of Insurance.*

3. *Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing or adult care unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
4. *Reflects the number of adult care home beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional adult care home care.*
5. *Will not participate in the Medicaid program or serve State-County Special Assistance recipients.*

*One hundred percent of the adult care home beds developed under this exemption shall be excluded from the inventory and the occupancy rate used to project adult care home bed need for the general population. Certificates of need issued under policies analogous to this policy in the North Carolina State Medical Facilities Plans subsequent to the 1985 State Medical Facilities Plan are automatically amended to conform to the provisions of this policy at the effective date of this policy.”*

In Section B.7, page 15, the applicants provide responses that address all requirements of Policy LTC-1 including: 1) the proposed ACH beds will be developed on the same site as the independent living units, 2) the residents will benefit from a continuum of care due to the offering of both ACH and NF beds, 3) the proposed number of ACH beds will be exclusively used by people with whom Hayes Barton Place has a continuing care contract, 4) the proposed ACH beds reflect the number required to meet the needs of the facility and 5) the nine “closed” ACH beds will not be certified for the Medicaid or State-County Special Assistance programs. Therefore, the application is consistent with Policy LTC-1.

#### **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.”*

The proposed capital expenditure for this project is greater than \$31 million; therefore, Policy GEN-4 is applicable to this review. In Section B.11, pages 17-18, the applicants provide responses that adequately address all requirements of Policy GEN-4 including but not limited to adding Energy Star rated appliances, compact fluorescent lighting, electronic file storage and locally sourced construction in their Energy Efficiency and Sustainability Plan. Therefore, the application is consistent with Policy GEN-4.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application.

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

- The applicants do not propose to develop any beds, services or equipment for which there is a need determination in the 2020 SMFP.
- The applicants adequately demonstrate that the proposal is consistent with Policy NH-2 based on the following reasons:
  - The applicants adequately document a plan for developing the proposed NF beds on the same site as the independent living (IL) units and ACH beds.
  - The applicants adequately document a plan for developing the proposed NF beds to be used exclusively by people with whom the facility has a continuing care contract.
  - The applicants adequately document the number of NF beds required to meet the current and projected needs of residents with whom the facility has an agreement.
  - The applicants adequately document that the proposed additional nine NF beds will not be certified for participation in the Medicaid program.
- The applicants adequately demonstrate that the proposal is consistent with Policy NH-6 based on the following reasons:

- The applicants adequately demonstrate that the relocation of NF beds from Capital Rehabilitation Nursing Center will not result in a deficit nor surplus upon project completion given that the proposed project would relocate NF beds within the same service area (Wake County).
  - The applicants adequately demonstrate that the proposal is consistent with Policy NH-8 based on the following reasons:
    - The applicants adequately demonstrate that the design of the proposed NF facility would incorporate innovative approaches in environmental design that address quality of care and quality of life needs for the patients.
  - The applicants adequately demonstrate that the proposal is consistent with Policy LTC-1 based on the following reasons:
    - The applicants adequately document a plan for developing the proposed ACH beds on the same site as the IL units.
    - The applicants adequately document a plan for developing the proposed ACH beds to be used exclusively by people with whom the facility has a continuing care contract.
    - The applicants adequately document the number of ACH beds required to meet the current and projected needs of residents with whom the facility has an agreement.
    - The applicants adequately document that the proposed 63 ACH beds will not be certified for participation in the Medicaid program or State-County Special Assistance program.
  - The applicants adequately demonstrate that the proposal is consistent with Policy GEN-4 based on the following reasons:
    - The applicants' response to the application demonstrates that the project includes a plan for 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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

## C

The applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

### **Patient Origin**

On page 175, the 2020 SMFP defines the service area for nursing care beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The proposed new facility, Bloomsbury Health Center, will be located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The applicants state on page 20 of the application that the proposed facility is a new facility and, therefore there is no historical patient origin. The following table illustrates projected patient origin.

County	Third Full FY of Operation following Project Completion for NF Beds (10/1/2026-9/30/2027)	
	Patients	% of Total
Wake	26	93%
Durham/Franklin/Nash/Johnston	2	7%
<b>Total</b>	<b>28</b>	<b>100%</b>

**Source:** Page 20 of the application.

**Note:** Totals may not sum due to rounding.

In Section C.3, page 20, the applicants provide the assumptions and methodology used to project their patient origin. The applicants state nine (9) of the NF beds are restricted for use to provide care to CCRC residents who have already entered into a residency agreement with the facility. Thus, the applicants state these residents are from Wake County. For the 22 NF beds which will be relocated from Capital Nursing Rehabilitation Center, the applicants state that since the proposed site is nine (9) miles from the facility, the expectation is that most of the 22 NF beds will be utilized by Wake County residents. However, the applicants use the 2020 license renewal application (LRA) of Capital Nursing Rehabilitation Center to project the number of patients by county. Similar to Capital Nursing Rehabilitation Center’s census, the applicants expect several residents to come from contiguous counties such as Durham County or Johnston County.

The applicants’ assumptions are reasonable and adequately supported based on the following reasons:

- The applicants base their projections on the Policy NH-2 requirement that nine (9) NF beds of 31 NF beds will be ‘closed’ for admission and offered to those residents with whom the facility has a contract.
- The applicants use the 2020 LRA for Capital Nursing Rehabilitation Center to project future patient origin for the 22 Policy NH-6 beds, which is the facility from which the beds are being relocated from that is also located within the same county as the proposed facility.

On page 205, the 2020 SMFP defines the service area for adult care home beds as “... *the county in which the adult care home bed is located. Each of the 100 counties is a separate*



*service area.*” The proposed new facility, Bloomsbury Health Center, will be located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

The applicants state on page 20 of the application that the proposed facility is a new facility and, therefore there is no historical patient origin. The following table illustrates projected patient origin.

County	Third Full FY of Operation following Project Completion for ACH Beds (10/1/2026-9/30/2027)	
	Patients	% of Total
Wake	54	100%
<b>Total</b>	<b>54</b>	<b>100%</b>

**Source:** Page 20 of the application.

**Note:** Totals may not sum due to rounding.

In Section C.3, page 20, the applicants provide the assumptions and methodology used to project their patient origin. The applicants state all proposed ACH beds are restricted for use to provide care to CCRC residents who have already entered into a residency agreement with the facility. Thus, the applicants state all of these residents are from Wake County.

The applicants’ assumptions are reasonable and adequately supported based on the following reasons:

- The applicants base their projections on the Policy LTC-1 requirement that the ACH beds will be ‘closed’ for admission and offered to those residents with whom the facility has a contract.

### **Analysis of Need**

In Section C, pages 21-29, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, summarized as follows:

#### **Need for 63 Policy LTC-1 ACH Beds**

The applicants provide the following four (4) reasons for the need for 63 Policy LTC-1 ACH beds:

- Projected population growth in the service area (Wake County);
- The applicant (Raleigh CCRC Management, LLC) and their affiliates historical experience in regard to the appropriate ratio of independent living units to assisted living (ACH) beds when developing new facilities;
- The strong CCRC ACH occupancy in Wake County; and
- The need for a 32 bed memory care unit.

### Projected Population Growth

In Section C.4, pages 21 - 28, the applicants provide data from Spotlight Pop – Facts by Environics Analytics in conjunction with data from the 2010 US Census showing the projected population growth for Wake County will increase for those individuals aged 65 or older. On page 22, the applicants state, “*In the Raleigh Township, which is where the applicant’s facility will be located, there is a projected increase of 3,013 individuals who are aged 65 and older from 2020 to 2025.*” With an increase in residents aged 65+ in the Raleigh Township, the applicants document the need for additional ACH beds as individuals 65+ are most likely to use these services as they age.

### Applicant’s affiliates historical experience in regard to the appropriate ratio of independent living units to ACH beds

On page 24, the applicants state they are currently developing or have recently developed CCRCs in North Carolina and South Carolina and considered this experience when applying for these ACH beds. The applicants state they considered the ILU ratio to ACH ratio for five (5) of their affiliates located in North Carolina and South Carolina. For those five (5) locations, the ratio of ILU to ACH beds was 1.72, 2.11, 2.42, 1.56 and 2.3. The applicants are proposing to add 187 ILUs and 63 ACH beds creating a proposed ratio of 2.9. On pages 23-24, the applicants explain how the 2.9 ratio was derived. The proposed ratio of 2.9 is in the range of the historical ratios of the other five facilities.

### Strong CCRC ACH occupancy in Wake County

The applicants state they reviewed the NC Department of Insurance CCRC 2019 Reference Guide for Wake County and determined the ACH occupancy in CCRC facilities is at 89.5%, which more than likely indicates low inventory in Wake County. On page 25, the applicants state adding ACH beds in a CCRC would permit a CCRC resident to age in place and not fear being transferred to another CCRC due to lack of inventory, which is contrary to the purpose of a CCRC and contrary to the obligations a CCRC has to its residents. On page 25, the applicants state:

*“The Applicants’ proposal would address the need of these Wake County residents and provide the future residents of Hayes Barton Place the security in knowing they would be able to age in place without the worry of being transferred off campus. This would allow Hayes Barton Place to serve all residents in a true continuum of care community.”*

### Need for 32 Policy LTC-1 ACH beds in a memory care unit

The applicants propose a 32-bed memory care unit that will be housed in a memory care unit to serve residents with cognitive impairment issues including Alzheimer’s and stroke, but these rooms will not be designated as SCU beds. On page 25, the applicants provide statistics from the 2020 Alzheimer’s Disease Facts and Figures Report which show the population to be served will benefit from these memory care services based on the following reasons:

- One in 10 people (10%) age 65 and older has Alzheimer's disease;
- The percentage of people with Alzheimer's dementia increases with age: 3% of people age 65-74, 17% of people age 75-84, and 32% of people age 85 and older; and
- 180,000 people age 65 and older in NC have Alzheimer's dementia and that number is expected to increase to 210,000 persons by 2025.

The applicants provide clarifying information which explains how the residents in the 32 bed memory care unit will receive care from personnel who are trained to support individuals with cognitive impairment such as stroke, Alzheimer's and dementia. The clarifying information requested by the Agency also notes that the facility will not be designated to have a Special Care Unit (SCU) but that the services offered are programs offered by the applicants which create a supportive environment for those with cognitive impairments. Thus, due to the projected increases in the older population and the projected increase of cognitive impairment issues among this segment of the population, it is reasonable to assume that additional memory care services will also be needed going forward.

#### Need for 22 Policy NH-6 and 9 Policy NH-2 NF Beds

The applicants provide five (5) reasons for the need for 22 Policy NH-6 NF beds and nine (9) Policy NH-2 NF beds:

- Projected population growth in the service area (Wake County);
- The applicant (Raleigh CCRC Management, LLC) and their affiliates historical experience in regard to the appropriate ratio of ILUs to NF beds when developing new facilities;
- The strong CCRC NH occupancy in Wake County;
- Underutilized beds at Capital Nursing Rehabilitation Center; and
- Serve patients during CCRC fill up

#### Projected Population Growth

In Section C.4, pages 21 - 28, the applicants provide data from Spotlight Pop – Facts by Environics Analytics in conjunction with data from the 2010 US Census showing the projected population growth for Wake County will increase for those individuals aged 65 or older. On page 22, the applicants state, *“In the Raleigh Township, which is where the applicant's facility will be located, there is a projected increase of 3,013 individuals who are aged 65 and older from 2020 to 2025.”* With an increase in residents aged 65+ in the Raleigh Township, the applicants document the need for additional NF beds as individuals 65+ are most likely to use these services as they age.

#### Applicant's affiliates historical experience in regard to the appropriate ratio of independent living units to NF beds

On page 26, the applicants state they are currently developing or have recently developed CCRCs in North Carolina and South Carolina and considered this experience when applying for the NF beds. The applicants state on page 29 they considered the ILU ratio to NF ratio for

five (5) of their affiliates located in North Carolina and South Carolina. For those five (5) locations, the ratio of IL units to NF beds was 4.46, 4.12, 7.12, 7.68 and 0.61. The applicants are proposing to add 187 IL units and 31 total NF beds creating a proposed ratio of 6.03. On page 29, the applicants explain how the 6.03 ratio was derived. The proposed ratio of 6.03 is in the range of historical ratios of the other five facilities.

#### Strong CCRC NH occupancy in Wake County

The applicants state they reviewed the NC Department of Insurance CCRC 2019 Reference Guide for Wake County and determined the NH occupancy in CCRC facilities is at 74.1%. The applicants acknowledge this number is not particularly high but attributed the low occupancy rate to two (2) facilities that hover around 50% occupancy (Windsor Point at 51.1% and Springmoor at 56.1%). The applicants state on page 27 that the NH occupancy rates for 4 of the 5 remaining Wake County CCRCs are 93% or greater which likely means there is low inventory in Wake County. The applicants state adding NH beds in a CCRC would permit a CCRC resident to age in place and not fear being transferred to another CCRC due to lack of inventory, which is contrary to the purpose of a CCRC and contrary to the obligations a CCRC has to its residents.

#### Underutilized Beds at Capital Nursing Rehabilitation Center

The applicants propose to relocate no more than 22 NF beds to the proposed facility from Capital Nursing Rehabilitation Center. Capital Nursing Rehabilitation Center is licensed for 125 NF beds. The applicants provide tables on pages 27-28 which shows Capital Nursing Rehabilitation Center's monthly census. According to the tables, Capital Nursing Rehabilitation Center averaged 95 residents in 2018 and 94 residents in 2019. The applicants provide supporting documentation in Exhibit C.4 from the administrator of Capital Nursing Rehabilitation Center which states Capital Nursing Rehabilitation Center considers their functional capacity of the building to be 103 NF beds. This is because Capital Nursing Rehabilitation Center has turned some of their semi-private rooms to private rooms due to the increased number of short term rehabilitation patients. On page 27, the applicants state,

*“The relocation of these beds will allow the facility to operate more efficiently and to better serve its current residents, while also bringing these beds back into service, thus increasing the availability of skilled nursing beds in Wake County.”*

#### Serve Patients during CCRC Fill Up

The applicants state the healthcare building is expected to be completed about three (3) months after the completion of the IL building. The availability to relocate 22 NF beds which are not restricted by Policy NH-2 will allow the facility to accept residents from the general public during the fill-up period while CCRC residents matriculate from independent living.

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

- The Raleigh Township population is projected to grow by 3,301 persons aged 65 or older from 2020 to 2025.

- The proposed ratio of independent living units to NF/ACH beds is in the range of historical ratios of other North Carolina and South Carolina CCRC facilities.
- The Wake County CCRC occupancy rate is 89.5% for ACH beds and 74.1% for NF beds.
- The applicants use data from reliable sources to support their claim that in 2025, 210,000 persons 65 years of age and older in North Carolina will have Alzheimer’s dementia.
- The relocation of 22 NF beds from Capital Nursing Rehabilitation Center to the proposed site will bring these underutilized beds back into service.

Projected Utilization

In Section Q, the applicants provide the historical and projected utilization for the facility’s NF and ACH beds. Section C.7 requires the completion of Form C Utilization, which is found in Section Q and asks for the projected annual utilization data for the first three full federal fiscal years (FFY) after completion of the proposed project. In Section P, the applicants project that the project will be completed, and services will be offered on October 1, 2024. The applicants state the first three full federal fiscal years after completion of the project will be FFY 2024, FFY 2025 and FFY 2026. The applicants’ projected utilization (Form C) is summarized below.

<b>Bloomsbury Health Center Form C Utilization</b>			
	<b>1<sup>ST</sup> FULL OY FFY 2024</b>	<b>2<sup>ND</sup> FULL OY FFY 2025</b>	<b>3<sup>RD</sup> FULL OY FFY 2026</b>
<b>NF Beds</b>			
# of Beds	31	31	31
Patient Days	3,649	8,213	10,220
Occ. Rate	32%	73%	90%
<b>ACH Beds</b>			
# of Beds	63	63	63
Patient Days	6,936	15,696	19,710
Occ. Rate	30%	68%	86%

The applicants provide the assumptions for the above projections in Section Q, as summarized below:

- Due to the impact of COVID-19, the applicants estimated a conservative fill-up period despite Wake County’s competitive senior living market.
- As additional IL units are added, the need for ACH and NF beds in the facility increases as well to provide a continuum of care for people as they age.
- The applicants project to add two (2) NF beds per month in the first four (4) months of operation then one (1) NF bed per months 5-24 of operation. The applicants project to add eight (8) ACH beds in the first month of operation and then add two (2) beds per months 2-24 of operation. The applicants state on page 75 they project utilization based upon their experience in the senior living industry and provide documentation in Exhibit A.7 showing they currently operate 34 NF facilities and 5 ACH facilities in North Carolina.
- The applicants project 90% utilization by the third year of operation for NF beds and 86% for ACH beds due to an increase in the 65+ population in Wake County,

specifically, a projected growth of 3,013 individuals in the Raleigh Township (where the proposed facility will be located) from 2020 to 2025.

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

- Projected utilization is based upon historical utilization of Capital Nursing Rehabilitation Center and recent Wake County CCRC occupancy rates (2019).
- Projected utilization is based upon projected population increases in the 65+ population in Wake County, specifically, a projected growth of 3,013 individuals in the Raleigh Township where the proposed facility will be located.
- Applicants use historical ACH and NF occupancy experience in Wake County for CCRCs market to project utilization.

### Access

In response to a request for supplemental information requested by the Agency regarding access to the proposed services, the applicants provide the estimated percentage of total patients for each medically underserved group during the third full federal fiscal year of operation. The applicants also state in their response:

*“...Bloomsbury will afford equal treatment and access to its services for all persons, without discrimination due to race, color, religion, sex, age, marital status, national origin, sexual orientation, ancestry, or disability, or any other factor that would classify a resident as underserved.*

*Due to the restrictions of Policy LTC-1 and Policy NH-2 beds, Bloomsbury will only admit to its 63 adult care home and 9 skilled nursing “closed” beds anyone over the age of 62 (the minimum age for entry to Hayes Barton Place independent living) who qualifies for adult care home or skilled nursing services and who has a continuing care contract in place with Hayes Barton Place and who have lived in a non-nursing unit of the CCRC for a period of at least 30 days, unless as excepted by Policy LTC-1 or Policy NH-2.*

*Regarding the 22 Policy NH-6 “open” beds being transferred from Capital Nursing, Bloomsbury will afford equal treatment and accept referrals via local hospitals, physician, self-admission, and the Department of Social Services and allow admission only on the written order of a physician. Persons whose health, habilitative, rehabilitative, or financial needs cannot be met by the services offered in the facility will not be admitted.*

*In Section L.3, page 59, the Applicant projects the payor mix for the ACH and NF beds at Bloomsbury in the third year of the project. The applicant utilized its extensive experience and payor mix at the existing and proposed CCRC facilities as well as knowledge of the local area and market to project the likely payor source projection during the third full FFY of operation.*

*The estimated percentage of total patients for each group during the third FFY of operation are as follows:*

- a) *Low income persons = 1%*
- b) *Racial and ethnic minorities = N/A*
- c) *Women = 60%*
- d) *Handicapped persons = N/A*
- e) *The elderly = 100%*
- f) *Other underserved groups = N/A*

*The Applicant does not have any internal report and the current license renewal application does not ask for any reporting on [r]ace, handicapped, or other underserved groups. Therefore, any percentage given for this would be a mere guess. Low income persons, women, and elderly percentages were projected using the Applicant's extensive experience at affiliated existing and proposed CCRC facilities."*

The applicants adequately describe the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicants will afford equal treatment and access to its services for all persons without discrimination based upon a factor that would classify the resident as underserved.
- The applicants use their experience at affiliated existing and proposed CCRC facilities to estimate percentage of each underserved group.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- 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 applicants adequately identify the population to be served;
- The applicants adequately explain why the population to be served needs the services proposed in this application;
- Projected utilization is reasonable and adequately supported; and
- The applicants project the extent to which all residents, including underserved groups, will have access to the proposed services and adequately support those 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 applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1. The applicants are not proposing a reduction or elimination of a health service but are proposing to relocate 22 NF beds from Capital Nursing Rehabilitation Center to a proposed facility located in the same county (Wake County). After the relocation of the 22 NF beds from Capital Nursing Rehabilitation Center to Bloomsbury Health Center, Capital Nursing Rehabilitation Center will be licensed for 103 NF beds.

In Section D.2, the applicants explain why they believe the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 37, the applicants state:

*“The 22 beds proposed to be transferred from Capital Nursing are currently underutilized and not in service. These 22 beds are currently underutilized, with Capital Nursing’s current nursing bed average census being 95 residents. Please see Exhibit C.4, which documents the average census as well as the functional capacity from the Administrator at Capital Nursing. . . This also allows for more private rooms to be created at Capital Nursing. Therefore, no current or future residents will be affected by this relocation of beds.”*

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

- The applicants demonstrate that the relocation of NF beds from Capital Rehabilitation and Nursing Center will not result in a reduction or elimination of service upon project completion and would employ underutilized beds.

In Section Q, Form D, the applicants provide projected utilization for Capital Nursing Rehabilitation Center, as illustrated in the following table:



**Projected Utilization Following 22 NF Beds Relocation –  
 From Capital Nursing Rehabilitation Center to Bloomsbury Health Center**

	PRIOR FULL FFY 10/1/18 – 9/30/19	INTERIM FULL FFY 10/1/19 – 9/30/20	INTERIM FULL FFYs 10/1/20 – 9/30/24	1 <sup>ST</sup> FULL FFY* 10/1/24 – 9/30/25	2 <sup>ND</sup> FULL FFY* 10/1/25 – 9/30/26	3 <sup>RD</sup> FULL FFY* 10/1/26 – 9/30/27
<b>NF BEDS</b>						
# of General NF Beds	125	125	125	103	103	103
Days of Care in General NF Beds	34,395	31,438	34,500	34,500	34,500	34,500
Occupancy Rate	75.39%	68.91%	75.62%	91.77%	91.77%	91.77%
<b>TOTAL NUMBER OF NF BEDS</b>						
# of General NF Beds	125	125	125	103	103	103
Days of Care in General NF Beds	34,395	31,438	34,500	34,500	34,500	34,500
Occupancy Rate	75.39%	68.91%	75.62%	91.77%	91.77%	91.77%

\*1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Full FFYs dates reflect Project Analyst’s corrections

In Section Q, Form D, the applicants provide the assumptions and methodology used to project utilization, which is summarized below.

- The applicants provide the actual annual utilization rate for the last federal fiscal year (FFY).
- The applicants provide the projected annual utilization rate for the interim FFY (10/1/2019-9/30/2020).
- The applicants project annual utilization rate for interim FFYs 2020-2024 using Capital Nursing Rehabilitation Center’s previous utilization data.
- The applicants project the utilization rate for Capital Nursing Rehabilitation Center for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> full operating years (10/1/2024-9/30/2027) using Capital Nursing Rehabilitation Center’s previous utilization. The applicants project Capital Nursing Rehabilitation Center to have the same or similar utilization as their previous utilization.

Projected utilization is reasonable and adequately supported based on the following:

- The applicants utilized historical rates from Capital Nursing Rehabilitation Center.
- The applicants calculated growth rate based on its historical utilization.

**Access to Medically Underserved Groups**

In Section D.4, the applicants state on page 38:

*“As has been stated throughout this application, the 22 beds proposed to be transferred from Capital Nursing are currently underutilized and not in service. Capital Nursing’s current nursing bed average census is 95 residents. Additionally, according to the 2020 license renewal application for Capital nursing[,] 22,999 (66%) of the total census days were reimbursed by Medicaid. Capital Nursing has and will continue to support access to the groups listed above. Therefore, this relocation of beds will have no ill effect on the groups listed above.*

*In fact, this relocation will have a positive effect on the community, as it will allow more private rooms to be created at Capital Nursing.”*

The applicants adequately demonstrate that the needs of medically underserved groups who will continue to use the 103 remaining licensed beds at Capital Nursing Rehabilitation Center will be adequately met following completion of the project for the following reasons:

- The 22 NF beds being relocated are currently underutilized and are not currently serving medically underserved groups.
- Upon completion of the proposed project, Capital Nursing Rehabilitation Center will be able to convert the existing semi-private rooms to private rooms that has the potential to be better utilized by all patients including medically underserved groups.

### **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 demonstrate that the needs of the population currently using the services to be reduced will be adequately met following project completion for all the reasons described above.
- The applicants adequately demonstrate that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

- (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 propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

In Section E.2, pages 36-37, the applicants describe 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 for NF and ACH beds. The alternatives considered were:

- Do Not Construct a Facility – The applicants state maintaining the status quo was not an effective alternative due to the fact that it would not meet the need for additional ACH and NF bed capacity for a growing 65+ population in Wake County.
- Construct a Continuing Care Retirement Community with No Licensed Beds Available to the General Public – The applicants state this alternative was rejected because it would not solve the issue of underutilized beds at an existing nursing facility (Capital Nursing Rehabilitation Center) and the facility would need to be fully staffed, even though the first resident could not be admitted until living in the independent living unit for 30 days.
- Construct a Continuing Care Retirement Community with a Full Service Healthcare Center with Beds Open and Available to the General Public – The applicants state after rejecting the other alternatives for the reasons above, they determined this alternative was the most economically feasible, operationally effective, considering the potential growth of 65+ individuals in Wake County and permits for more private rooms to be created at Capital Nursing Rehabilitation Center.

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

- The data cited is reasonable to support the assumptions made with regard to the most effective alternative for development of the proposed project.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

### **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. Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC (hereinafter, the certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall develop a new nursing facility (NF) with no more than nine (9) NF beds pursuant to Policy NH-2 and relocate no more than 22 NF beds from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total**

**of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.**

- 3. The Policy NH-2 nursing facility beds shall not be certified for participation in the Medicaid program.**
- 4. The Policy NH-2 nursing facility beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 5. The new Policy NH-2 nursing facility beds shall be developed on the same site with the independent living units and licensed adult care home beds.**
- 6. The 63 Policy LTC-1 ACH beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 7. The Policy LTC-1 adult care home beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
- 8. The new Policy LTC-1 adult care home beds shall be developed on the same site with the independent living units.**
- 9. Upon completion of the project, Bloomsbury Health Center shall be licensed for no more than nine (9) Policy NH-2 beds, 22 Policy NH-6 beds and no more than 63 Policy LTC-1 beds.**
- 10. 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 fourth month. The first progress report shall be due on May 1, 2021. The second progress report shall be due on September 1, 2021 and so forth.**

**11. No later than three (3) 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, Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC 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.**

**12. Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**

**13. Raleigh CCRC Management, LLC and Raleigh CCRC Properties, LLC 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 applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

### **Capital and Working Capital Costs**

In Section Q, Form F.1a, the applicants project the following capital cost of the project, as shown in the table below:

<b>Projected Capital Cost</b>	
Purchase Price of Land	\$1,577,018
Closing Costs	\$1,512,613
Site Preparation	\$1,144,376
Construction/Renovation Contract(s)	\$20,463,497
Landscaping	\$448,728
Architect/Engineering Fees	\$745,684
Furniture	\$669,513
Consultant Fees (Geotech. & Environmental)	\$44,932
Financing Costs	\$3,065,545
Other (licenses/fees/permits)	\$1,895,587
<b>Total</b>	<b>\$31,567,763</b>

Whereas the applicants did not submit their assumptions used to project the capital cost in Form F.1a as requested in the application, the applicants submitted supporting documentation in Exhibit K.3 which shows the architect's verification of capital costs involved to complete the project. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicants employed an architect to project capital costs for the proposed project.
- The architect and an officer of the proponent certify by signature that the costs indicated in the table above are complete and correct.
- The applicants state elsewhere in the application that the projected cost, design and means of construction is based upon a similar quality and sized community in Wake County (Swift Creek Health Center).

In Section F, page 39, the applicants project start-up costs will be \$307,045 and initial operating expenses will be \$1,724,667 for a total working capital of \$2,031,712. On page 40, the applicants provide the assumptions and methodology used to project the working capital needs of the project. The applicants adequately demonstrate that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicants project start-up expenses to last two (2) months while initial operating expenses are based on operating the facility for 15 months, at which time, cash in would exceed cash out.
- The applicants state on page 40 of the application that Liberty Senior Living, LLC (parent company to Raleigh CCRC Management, LLC) relied on their experience building, operating and managing facilities in North Carolina to project accurate start-up and operating expenses.

- The applicants’ affiliates recently opened another CCRC in Wake County and used that experience, including opening a CCRC during a pandemic, to make their projections.

**Availability of Funds**

In Section F.2, page 39, the applicants project the following funding sources for the total project capital costs:

**Sources of Capital Cost Financing**

TYPE	TOTAL
Loans	\$20,519,046
Accumulated reserves or OE *	\$11,048,717
<b>Total Financing</b>	<b>\$31,567,763</b>

\*OE = owner’s equity

In Section F.2, page 30, the applicants state that 65% of the project will be financed through a loan and the other 35% to be financed through owners’ equity. In Exhibit F-2, the applicants provide a letter dated September 8, 2020, from Truist Bank, which states that while the bank cannot offer a loan commitment until a formal loan application has been filed with the bank; the bank would welcome the opportunity to loan in the amount of \$20,519,046 million for the project. In Exhibit F-2, the applicants provide a letter dated September 8, 2020, from Cherry Bekaert, certified public accountants to John A. McNeill, Jr. and Ronald McNeill, which states, in part:

*“I am aware of the McNeill’s financial status, including current liabilities and debt obligations and I will attest that John A. McNeill, Jr. and Ronald B. McNeill each have in excess of \$15,000,000 in cash, stocks, or short term investments in order to fund the construction and operation of the proposed addition, including any working capital, start-up and capital expenditures associated with this project.”*

In F.3, page 40, the applicants state that the working capital needs of the project will be funded, as shown in the table below.

**Sources of Working Capital Needs**

TYPE	TOTAL
Cash or cash equivalents, Accumulated Reserves or OE *	\$2,031,712
<b>Total</b>	<b>\$2,031,712</b>

\*OE = owner’s equity

The applicants adequately demonstrate the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicants provide documentation of a lending institution’s willingness to finance the proposed project.
- The applicants are willing and would have sufficient capital to fund the project should the loan not be approved as exhibited by the Cherry Bekaert letter.

**Financial Feasibility**

The applicants provide pro forma financial statements for the first three (3) full fiscal years of operation following completion of the project. In Form F.5, the applicants project that operating expenses will exceed revenues in the first operating year of the project for NF and ACH beds. In addition, the applicants project that revenues will exceed operating expenses in the second and third operating years for both NF and ACH beds, as shown in the tables below.

	<b>10/1/2024- 9/30/2025</b>	<b>10/1/2025- 9/30/2026</b>	<b>10/1/2026- 9/30/2027</b>
<b>NF Beds</b>			
Projected # of Patient Days	3,649	8,213	10,220
Gross Revenue	\$2,813,429	\$6,519,272	\$8,368,736
Deductions from Gross Revenue	\$812,417	\$1,876,883	\$2,401,995
Net Patient Revenue	\$2,001,012	\$4,642,389	\$5,966,741
Projected Average Net Revenue Per Patient Day	\$771	\$794	\$819
Total Operating Expenses	\$3,110,683	\$4,579,584	\$4,919,393
Avg Operating Expense / Pt Day	\$852	\$558	\$481
<b>NF Net Income</b>	<b>(\$1,109,671)</b>	<b>\$62,805</b>	<b>\$1,047,348</b>
<b>Total ACH Beds*</b>			
Projected # of Patient Days	6,936	15,696	19,710
Gross Revenue	\$2,098,672	\$4,967,952	\$6,540,588
Deductions from Gross Revenue	\$0	\$0	\$0
Net Patient Revenue	\$2,098,672	\$4,967,952	\$6,540,588
Projected Average Net Revenue Per Patient Day	\$303	\$317	\$332
Total Operating Expenses	\$2,618,473	\$4,088,483	\$5,052,937
Avg Operating Expense / Pt Day	\$167	\$260	\$256
<b>ACH Net Income</b>	<b>(\$519,801)</b>	<b>\$879,470</b>	<b>\$1,487,651</b>

\* Includes data for the 32 designated memory care unit ACH beds.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, Forms 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 applicants provide comparative data from other facilities owned, operated or affiliated with the applicants.



- Projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicants adequately demonstrate that the capital and working capital costs are based on reasonable and adequately supported assumptions.
  - The applicants adequately demonstrate availability of sufficient funds for the capital and working capital needs of the proposal.
  - The applicants adequately demonstrate 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 propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

On page 175, the 2020 SMFP defines the service area for nursing care beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The proposed new facility, Bloomsbury Health Center, will be located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On pages 193-194 of the 2020 SMFP, Table 10A documents that there is a total of 30 existing or approved facilities in Wake County that offer or will offer NF services. The table below is a summary of those 30 facilities in Wake County, recreated from the 2020 SMFP, Chapter 10, Table 10A (pages 193-194) and Table 10C (page 202). There is a projected surplus of 164 NF beds in 2023 for Wake County.

<b>2019 NH INVENTORY AND 2023 NEED PROJECTIONS FOR WAKE COUNTY</b>	
# Facilities with NH Beds	30
# Beds in Hospitals	175
# Beds in Nursing Facilities	2,384
Total # Licensed Beds	2,559
# CON Approved Beds (License Pending)	144
Total # NF Beds Available	2,695
Total # NF Beds in Planning Inventory	2,326
Projected Bed Utilization with Vacancy Factor*	2,162
Projected Bed Surplus (Deficit)	164

\*Calculated by dividing Projected Bed Utilization by 95%.

Table 10C of the 2020 SMFP shows that the occupancy rate for Wake County nursing facility beds is 86.2%, which indicates they are well-utilized. The applicants state the project is applying for additional NF beds pursuant to Policy NH-2 which would serve only residents of the CCRC in addition to requesting 22 NF NH-6 beds which does not add or decrease bed capacity in the service area; thus, the relative utilization of other Wake County nursing facilities and NF beds is not relevant to this review.

On page 205, the 2020 SMFP defines the service area for adult care home beds as “... the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.” The proposed new facility, Bloomsbury Health Center, will be located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On pages 231-232 of the 2020 SMFP, Table 11A documents that there is a total of 44 existing or approved facilities in Wake County that offer or will offer ACH services. The table below is a summary of those 44 facilities in Wake County, recreated from the 2020 SMFP, Chapter 11, Table 11A (pages 231-232) and Table 11C (page 241). There is a projected surplus of 793 beds in 2023 for Wake County.

<b>2019 ACH INVENTORY AND 2023 NEED PROJECTIONS FOR WAKE COUNTY</b>	
# Facilities with ACH Beds	44
# Beds in Nursing Homes	165
# Beds in Adult Care Homes	3,013
Total # Licensed Beds	3,178
# CON Approved Beds (License Pending)	(-40)**
Total # ACH Beds in Planning Inventory	3,138
Projected Bed Utilization with Vacancy Factor*	2,345
Projected Bed Surplus (Deficit)	793

\*Calculated by dividing Projected Bed Utilization by 95%.

\*\*CON Bed Relocations

Table 11C of the 2020 SMFP shows that the occupancy rate for Wake County ACH beds is 70.57%. The applicants state all proposed ACH beds are restricted for use to provide care to CCRC residents who have already entered into a residency agreement with the facility; thus, the relative utilization of other Wake County adult care homes and ACH beds is not relevant to this review.

In Section G.3, pages 45-46, the applicants explain why the proposal would not result in the unnecessary duplication of existing or approved NF services in Wake County. The applicants state:

*“The Applicants’ proposed project does not seek to increase the number of NF or ACH beds in the Wake County SMFP inventory. . . no new beds will be added to the skilled nursing or adult care home bed inventory in the SMFP, and the current surplus of beds in Wake County will not increase. Rather, the [a]pplicants proposed project will seek to utilize “open” NF beds that are already part of the Wake County SMFP inventory as well as develop new beds that will be used exclusively by people with whom Hayes Barton Place has continuing care contracts with. The “closed” beds are excluded from the planning inventory. Therefore, the proposed project will not result in an unnecessary duplication of the existing or approved nursing or adult care home facilities located in Wake County. ”*

The applicants adequately demonstrate that the addition of nine (9) NF beds pursuant to Policy NH-2, 22 NF beds pursuant to Policy NH-6 and 63 ACH beds pursuant to Policy LTC-1 at Bloomsbury Health Center will not result in an unnecessary duplication of the existing or approved services in Wake County for the following reasons:

- The 22 NH-6 NF beds proposed to be relocated are currently licensed but not utilized and the applicants propose to relocate them to a CCRC that will utilize the beds.
- The applicants adequately document that the nine (9) NF beds and 63 ACH beds will be used exclusively by people who already reside at the CCRC or to be used by people with whom Hayes Barton Place has continuing care contracts with currently.
- The applicants adequately demonstrate that the proposed NF and ACH beds are needed.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation

Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

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

**Bloomsbury Health Center Projected FTE Positions**

STAFF POSITION	OY 1 10/1/2024- 9/30/2025	OY 2 10/1/2025- 9/30/2026	OY 2 10/1/2026- 9/30/2027
Registered Nurses (RNs)	4.60	4.60	4.60
Licensed Practical Nurses (LPNs)	4.60	4.60	4.60
Aides	42.16	42.16	42.16
Director of Nursing	1.00	1.00	1.00
MDS Nurse	1.00	1.00	1.00
Staff Development Coordinator	1.00	1.00	1.00
Clerical	1.00	1.00	1.00
Medical Records	1.00	1.00	1.00
Physical Therapy	2.60	2.60	2.60
Speech Therapy	0.50	0.50	0.50
Occupational Therapy	2.50	2.50	2.50
Social Services	1.00	1.00	1.00
Activities	2.00	2.00	2.00
Transportation	1.00	1.00	1.00
Laundry & Linen	2.80	2.80	2.80
Housekeeping	8.53	8.53	8.53
Plant Operation & Maintenance	1.50	1.50	1.50
Administration	4.00	4.00	4.00
Total FTE Positions*	82.79	82.79	82.79

Source: Form H in Section Q of the application

The assumptions and methodology used to project staffing are provided in Section Q, Form H. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in the pro forma financial statements in Form F.4, which is found in Section Q. In Section H, pages 47-48, the applicants describe the methods used to recruit or fill new positions and its proposed training and continuing education programs.

The applicants adequately demonstrate the availability of adequate health manpower and management personnel for the provision of the proposed services based on the following:

- The applicants based their projections on management’s experience with similar healthcare center staffing for related companies.
- The applicants incrementally increased staffing salaries annually at a rate of 2% as the project becomes operational. The applicants assume full staffing by April 2026.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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 applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

## **Ancillary and Support Services**

In Section I.1, the applicants identify the necessary ancillary and support services for the proposed services. The applicants state that many ancillary and support services will be provided by facility staff on site. Additionally, should new vendors be needed, the applicants state that Liberty Senior Living, parent company to one (1) of the applicants, provides services to residents across North Carolina and can contract with these new vendors if necessary. On page 50, the applicants explain how each ancillary and support service is or will be made available. The applicants adequately demonstrate that the necessary ancillary and support services will be made available based on the following:

- The applicants operate additional CCRCs, NFs and ACHs in the area and have established ancillary and support services in the area.
- The applicants can contract with vendors if additional or new ancillary or support services are needed.

## **Coordination**

In I.2, page 51, the applicants describe their existing and proposed relationships with other local health care and social service providers and provide supporting documentation in Exhibit H.4. The applicants adequately demonstrate that the proposed services will be coordinated with the existing health care system based on the following:

- The applicants operate additional CCRCs, NFs and ACHs in the area and have established ancillary and support services in the area.
- The applicants can contract with vendors if additional or new ancillary or support services are needed.
- The applicants have existing relationships with local healthcare providers.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The 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 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 applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

In Section K, page 53, the applicants state that the project involves 99,154 square feet of new construction space. Line drawings of the new facility are provided in Exhibit K-1.

On page 55, the applicants identify the proposed site and provide 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 applicants' representations and supporting documentation.

On page 53, the applicants adequately explain how the cost, design and means of construction represent the most reasonable alternative for the proposal including but not limited to available acreage and site layout, large rooms and aesthetics of surrounding area architecture.

On page 54, the applicants adequately explain why the proposal will not unduly increase the costs to the applicants providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The construction of the ACH and NF beds will be built concurrently with the 187 independent living units which will allow for cost savings.
- The applicants projected cost, design and means of construction based upon a similar quality and sized community in Wake County (Swift Creek Health Center).

On page 54, the applicants identify any applicable energy saving features that will be incorporated into the construction plans.

On pages 53-54, the applicants adequately explain how the cost, design and means of construction represent the most reasonable alternative for the proposal and provide supporting documentation in Exhibit K-3.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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 supplemental information requested by the Agency, the applicants provide the historical payor mix for nursing home beds at Capital Nursing and Rehabilitation Center, the facility from which beds are being relocated from October 1, 2018, to September 30, 2019, as shown in the table below.

<b>Payor Category</b>	<b>NF Services as Percent of Total</b>
Private Pay	7.38%
Insurance	0.00%
Medicare	11.64%
Medicaid	66.87%
TRICARE	0.00%
Other (Various)	14.12%
<b>Total</b>	<b>100.00%</b>

**Source:** Capital Nursing and Rehabilitation Center's 2020 LRA

**Note:** Totals may not sum due to rounding

In supplemental information requested by the Agency, the applicants provide the following comparison.



	Percentage of Total Patients Served by the Facility or Campus during the Last Full Fiscal Year	Percentage of the Population of the Service Area
Female	63.3%	51.4%
Male	36.7%	48.6%
Unknown	N/A	N/A
64 and Younger	13.3%	88.0%
65 and Older	86.7%	12.0%
American Indian	N/A	0.8%
Asian	N/A	7.7%
Black or African-American	N/A	21.0%
Native Hawaiian or Pacific Islander	N/A	0.1%
White or Caucasian	N/A	67.9%
Other Race	N/A	2.5%
Declined / Unavailable	100.0%	N/A

The applicants state in their response:

*“Capital Nursing affords equal treatment and access to its services for all persons, without discrimination due to age, race, color, religion, sex, marital status, national origin, sexual orientation, ancestry, or disability, or any other factor that would classify a resident as underserved. Since the license renewal process does not currently require a report on the race of current patients, Capital Nursing does not have the statistics on the race of patients served.”*

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested 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;

In Section L.2(c), page 58, the applicants state they are under no obligation under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons and that no civil rights access complaints have been filed against the facility or any affiliated facility in the last five years.

The agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is not applicable 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.3, page 59, the applicants project payor mix in the third year of operation, as shown in the following table:

**Bloomsbury Health Center Projected Payor Mix, 10/1/2026-9/30/2027**

PAYOR SOURCE	NF DAYS	% OF TOTAL NF DAYS	ACH DAYS	% OF TOTAL ACH DAYS
Private Pay	3,066	30%	19,710	100%
Medicare	7,154	70%	--	--%
<b>Total</b>	<b>10,220</b>	<b>100%</b>	<b>19,710</b>	<b>100%</b>

As shown in the table above, during the third full fiscal year of operation, the applicants project that 30% of NF services and 100% of ACH services will be provided to private pay patients/residents and 70% of NF services to Medicare patients.

Whereas Policy NH-2: Plan Exemption for Continuing Care Retirement Communities requires the applicants to use the proposed additional nine (9) NF beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days, the Policy also prohibits the applicant from participation in the Medicaid program for the Policy NH-2 beds.

Whereas Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities requires the applicants to use the proposed additional 63 ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days, the Policy also prohibits the applicant from participation in the Medicaid program and serving State-County Special Assistance recipients for the Policy LTC-1 beds.

The projected payor mix is reasonable and adequately supported for the following reasons:

- The projected payor mix is based upon the applicants' affiliates historical experience in North Carolina and the applicants' knowledge of local area and market conditions.
- The proposed Policy NH-2 beds are prohibited from participation in the Medicaid program.
- The proposed Policy LTC-1 beds are prohibited from participation in the Medicaid program or the State-County Special Assistance program.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### C

In Section L.5, page 60, the applicants state due to the restrictions of Policies LTC-1 and NH-2, the facility will only admit to its proposed 63 ACH beds and nine (9) NF beds those individuals who qualify for adult care home or skilled nursing services and who have a continuing care contract in place with the facility and have lived in a non-nursing unit for 30 days, unless excepted by Policies LTC-1 or NH-2. For these patients, the professional opinion of the medical director and executive director shall determine whether the resident should be transferred from one level of care to another level of care.

For the 22 proposed NF beds pursuant to NH-6, the facility will accept referrals from local hospitals, physicians, self-admission and the Department of Social Services. The applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application.

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

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

C

The applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

In Section M, page 61, the applicants describe 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 applicants adequately demonstrate that health professional training programs in the area will have access to the facility for training purposes based on the following reason:

- The applicants adequately demonstrate their working relationships with surrounding health professionals in the area due to their presence (or affiliates' presence) in North Carolina.
- The applicants demonstrate the willingness of other health programs to work with the applicants to accommodate the clinical needs of health professional training programs in the area.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicants propose to develop a new NF with no more than nine (9) NF beds pursuant to Policy NH-2 and no more than 22 NF beds relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6 for a total of no more than 31 NF beds and no more than 63 ACH beds to include a 32-bed memory care unit, pursuant to Policy LTC-1.

On page 175, the 2020 SMFP defines the service area for nursing care beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The proposed new facility, Bloomsbury Health Center, will be located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On pages 193-194 of the 2020 SMFP, Table 10A documents that there is a total of 30 existing or approved facilities in Wake County that offer or will offer NF services. The table below is a summary of those 30 facilities in Wake County, recreated from the 2020 SMFP, Chapter 10, Table 10A (pages 193-194) and Table 10C (page 202). There is a projected surplus of 164 NF beds in 2023 for Wake County.

<b>2019 NH INVENTORY AND 2023 NEED PROJECTIONS FOR WAKE COUNTY</b>	
# Facilities with NH Beds	30
# Beds in Hospitals	175
# Beds in Nursing Facilities	2,384
Total # Licensed Beds	2,559
# CON Approved Beds (License Pending)	144
Total # NF Beds Available	2,695
Total # NF Beds in Planning Inventory	2,326
Projected Bed Utilization with Vacancy Factor*	2,162
Projected Bed Surplus (Deficit)	164

\*Calculated by dividing Projected Bed Utilization by 95%.

Table 10C of the 2020 SMFP shows that the occupancy rate for Wake County nursing facility beds is 86.2%, which indicates they are well-utilized. The applicants state the project is applying for additional NF beds pursuant to Policy NH-2 which would serve only residents of the CCRC in addition to requesting 22 NF NH-6 beds which does not add nor decrease bed capacity in the service area; thus, the relative utilization of other Wake County nursing facilities and NF beds is not relevant to this review.

On page 205, the 2020 SMFP defines the service area for adult care home beds as “... *the county in which the adult care home bed is located. Each of the 100 counties is a separate service area.*” The proposed new facility, Bloomsbury Health Center, will be located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

On pages 231-232 of the 2020 SMFP, Table 11A documents that there is a total of 44 existing or approved facilities in Wake County that offer or will offer ACH services. The table below is a summary of those 44 facilities in Wake County, recreated from the 2020 SMFP, Chapter

11, Table 11A (pages 231 - 232) and Table 11C (page 241). There is a projected surplus of 793 beds in 2023 for Wake County.

2019 ACH INVENTORY AND 2023 NEED PROJECTIONS FOR WAKE COUNTY	
# Facilities with ACH Beds	44
# Beds in Nursing Homes	165
# Beds in Adult Care Homes	3,013
Total # Licensed Beds	3,178
# CON Approved Beds (License Pending)	(-40)**
Total # ACH Beds in Planning Inventory	3,138
Projected Bed Utilization with Vacancy Factor*	2,345
Projected Bed Surplus (Deficit)	793

\*Calculated by dividing Projected Bed Utilization by 95%.

\*\*CON Bed Relocations

Table 11C of the 2020 SMFP shows that the occupancy rate for Wake County ACH beds is 70.57%. The applicants state all proposed ACH beds are restricted for use to provide care to CCRC residents who have already entered into a residency agreement with the facility; thus, the relative utilization of other Wake County adult care homes and ACH beds is not relevant to this review.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 62, the applicants state:

*“The proposed project will have a positive effect on competition in the area, as the demand for this CCRC may encourage other facilities with poor utilization to improve their current situations in order to compete with the proposed project. It will also allow for additional options within Wake County.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 62, the applicants state they considered multiple factors including but not limited to acreage, backup power supply, large rooms and aesthetics of surrounding area architecture so as to produce a high quality facility while being cost-conscious.

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

Regarding the impact of the proposal on quality, in Section N, page 63, the applicants state they are a family-owned and operated business with a strong commitment to ‘Caring with Excellence’. The applicants further state the business has been rendering services in North Carolina since 1870 which illustrates their experience in working with the population to be served.

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 63, the applicants state the additional nine (9) NF beds will be used exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days as required by Policy NH-2 and the proposed additional 63

ACH beds will be used exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days as required by Policy LTC-1 beds. Regarding the 22 NF NH-6 beds, the applicants state they will accept referrals via local hospitals, physicians, self-admission, and the Department of Social Services and permit admission only on the written order of a physician.

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

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

- The proposal is cost effective because the applicants 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.
- Quality care would be provided based on the applicants' representations about how it will ensure the quality of the proposed services and the applicants' record of providing quality care in the past in affiliate North Carolina CCRCs.
- Medically underserved groups will have access to the proposed services based on the applicants' representations about access by medically underserved groups and the projected payor mix.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### **C**

In Section Q, Form A.7, the applicants state they own or are affiliated with 34 NF and seven (7) ACH facilities located in North Carolina. The applicants further state Bloomsbury Health Center has a quality assurance policy in place, a copy of which is provided in Exhibit O-1.

In Section O, pages 66-67, the applicants state that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in one

of their facilities (Summerstone Health and Rehabilitation Center). This facility had two (2) citations with one (1) citation occurring in 2019 and one (1) in 2020. The applicants state that all the problems have been corrected.

According to the files in the Nursing Home Licensure and Certification Section and Adult Care Licensure Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in three (3) of these facilities; however, all cited facilities are currently back in compliance. After reviewing and considering information provided by the applicants and by the Nursing Home Licensure and Certification Section and Adult Care Licensure Section and considering the quality of care provided at all 41 (34NF+7ACH) facilities, the applicants provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

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

## C

The applicants propose to add 22 NF beds pursuant to Policy NH-2. 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 beds added pursuant to Policy NH-2 are used exclusively to meet the needs of people with whom the facility has continuing care contracts who have lived in a non-nursing unit of the center for a period of at least 30 days.

The applicants propose to add 63 ACH beds pursuant to Policy LTC-1. 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 beds added pursuant to Policy LTC-1 are used exclusively to meet the needs of people with whom the facility has continuing care contracts who have lived in a non-nursing unit of the center for a period of at least 30 days.

The Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1100 are applicable to this review for the 22 NF beds being relocated from Capital Nursing Rehabilitation Center pursuant to Policy NH-6. The specific criteria are discussed below.



**10A NCAC 14C .1102                      PERFORMANCE STANDARDS**

- (a) *An applicant proposing to add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed nursing facility beds within the facility in which the new beds are to be operated was at least 90 percent.*
- NA- The applicant is not proposing to add nursing facility beds to an existing facility.
- (b) *An applicant proposing to establish a new nursing facility or add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless occupancy is projected to be at least 90 percent for the total number of nursing facility beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be clearly stated.*
- C- In Section C, page 31 and Section Q, pages 75-76, the applicants project that the occupancy for the 22 NF beds will be at 90 percent by **the end of** (emphasis added) the second operating year following completion of the project. The applicants further state that it should be noted that the 2<sup>nd</sup> Federal fiscal year occupancy found in Section Q, Form C is an average of the total year. The applicants are projecting NF occupancy to be at 90% by September of the 2<sup>nd</sup> Federal fiscal year. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. Therefore, the application is conforming to this Rule.
- (c) *An applicant proposing to add adult care home beds to an existing facility shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed adult care home beds within the facility in which the new beds are to be operated was at least 85 percent.*
- NA- The applicant is not proposing to add adult care home beds to an existing facility.
- (d) *An applicant proposing to establish a new adult care home facility or add adult care home beds to an existing facility shall not be approved unless occupancy is projected to be at least 85 percent for the total number of adult care home beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.*
- NA- As stated above, subsection (d) of 10A NCAC 14C .1102 is not applicable to this review because beds added pursuant to Policy LTC-1 are used exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived in a non-nursing unit of the center for a period of at least 30 days.