

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 22, 2021

Findings Date: January 22, 2021

Project Analyst: Ena Lightbourne

Team Leader: Gloria C. Hale

Project ID #: J-11971-20

Facility: Universal Health Care/Wake Forest

FID #: 140240

County: Wake

Applicant(s): Universal Properties/Wake Forest, LLC

Universal Health Care/Raleigh, Inc.

Project: Cost overrun for Project ID #J-10308-14 (construct a replacement nursing facility)

### REVIEW CRITERIA

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

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

C

Universal Properties/Wake Forest, LLC and Universal Health Care/Raleigh, Inc. (referred to collectively as “the applicant”) proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

#### **Need Determination**

A certificate of need was issued on January 12, 2018 for Project ID# J-10308-14 and authorized a capital cost of \$10,260,522. The current application proposes a capital cost increase of \$5,541,229 over the previously approved capital cost for a total combined capital cost of \$15,801,751. The cost overrun application is necessary due to increased costs for the site and

construction. The applicant proposes no material change in scope from the originally approved project in this application.

### **Policies**

Project ID #J-10308-14 was found to be consistent with *Policy NH-6: Relocation of Nursing Facility Beds*, *NH-8: Innovations in Nursing Facility Design* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* as published in the 2014 SMFP. The applicant proposes no changes in the current application which would affect that determination. There are no policies in the 2020 SMFP that are applicable to this review.

### **Conclusion**

In Project ID# J-10308-14, the applicant was previously approved to relocate 119 nursing care beds under Policy NH-6, for a total of 119 nursing care beds at Universal Health Care/Wake Forest upon project completion. In the original review, the application was conforming to this criterion. The applicant proposes no changes in the current application which would affect that determination. Therefore, the application is conforming to this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

## C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

A certificate of need was issued on January 12, 2018 for Project ID# J-10308-14 and authorized a capital cost of \$10,260,522. The current application proposes a capital cost increase of \$5,541,229 over the previously approved capital cost for a total combined capital cost of \$15,801,751. The cost overrun application is necessary due to increased costs for the site and construction. The applicant proposes no material change in scope from the originally approved project in this application.

### **Patient Origin**

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

The application for Project ID# J-10308-14 adequately identified the current and projected patient origin for the facility at the time of the application. No changes are proposed in this application which would affect that determination.

**Analysis of Need**

In Exhibit I, the applicant states that the increase in capital expenditure is necessary since the cost of the approved site is higher and construction costs have risen significantly since the time the prior CON application was submitted.

The following table compares the previously approved capital cost and the proposed capital cost, as reported on Form F.1b in Section Q.

<b>Universal Health Care/Wake Forest – Previously Approved and Proposed Capital Cost</b>			
	<b>Previously Approved Capital Cost (J-10308-14)</b>	<b>New Total Capital Cost (J-11971-20)</b>	<b>Difference (Capital Cost for This Project)</b>
Purchase Price of Land	\$1,300,000	\$3,500,00	\$2,200,000
Site Preparation	\$624,000	\$1,100,000	\$476,000
Construction/Renovation Contract(s)	\$6,560,815	\$9,100,000	\$2,539,185
Landscaping	\$126,000	\$125,000)	(\$1,000)
Architect/Engineering Fees	\$175,000	\$250,000	\$75,000
Medical Equipment	\$892,500	\$900,000	\$7,500
Consultant Fees	\$50,000	\$0	(\$50,000)
Financing Costs	\$275,000	\$465,316	\$190,316
Interest during Construction	\$257,207	\$361,435	\$104,228
<b>Total Capital Costs</b>	<b>\$10,260,522</b>	<b>\$15,801,751</b>	<b>\$5,541,229</b>

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

- The applicant adequately explains the necessity of the increased capital expenditure to develop the project as approved in Project ID# J-10308-14.
- The applicant does not propose to change the scope of services offered or to change the number of patients projected to be served by the proposed project.

**Projected Utilization**

The application for Project ID# J-10308-14 adequately demonstrated projected utilization was based on reasonable and adequately supported assumptions regarding historical utilization at Litchford Falls, UHC/Nash and UHC/Oxford, deficit of nursing facility beds as stated in the 2014 SMFP, and the continued population growth in the service area. The applicant proposes no changes in the current application which would affect that determination.

**Access to Medically Underserved Groups**

The application for Project ID# J-10308-14 adequately demonstrated the extent to which all residents of the area, including underserved groups, were likely to have access to the proposed services. The applicant proposes no changes in the current application which would affect that determination.

### **Conclusion**

The Agency reviewed the:

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

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

- (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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

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

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

In Section E, page 23, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Abandon the Project-The applicant states that this would not be an effective alternative because the existing facilities would continue to operate with fewer private rooms and no modern services. The proposal in Project ID# J-10308-14 is part of a larger project involving six related facilities.

Move to a Lesser Desirable Site-The applicant states that this alternative would not work since it would be away from the main population areas and not suitable for nursing home.

In Project ID# J-10308-14, the applicant states that its proposal is the most effective alternative because it would meet the needs of the population in need of the proposed services in Wake County.

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

- In the application for Project ID# J-10308-14, the applicant provided credible information to explain why it believed the proposed project is the most effective alternative. The applicant proposes no changes in the current application which would affect that determination.
- The application is conforming to all statutory and regulatory review criteria. Therefore, the application can be approved.

### **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. Therefore, the application is approved subject to the following conditions:**

- 1. Universal Properties/Wake Forest, LLC and Universal Health Care/Raleigh, Inc. (hereinafter certificate holder) shall materially comply with the representations in this application and the representations in Project I.D. #J-10308-14. Where representations conflict, Universal Properties/Wake Forest, LLC and Universal Health Care/Raleigh, Inc. shall materially comply with the last made representation.**
- 2. The total combined capital expenditure for both projects is \$15,801,751, an increase of \$5,541,229 over the capital expenditure of \$10,260,522 previously approved in Project ID# J-10308-14.**
- 3. The certificate holder shall construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford).**
- 4. Upon completion of this project and Project ID# J-10308-14, Universal Health Care/Wake Forest shall be licensed for no more than 119 nursing facility beds.**

5. **The certificate holder shall take the necessary steps to de-license 90 NF beds at Litchford Falls, 9 NF beds at UHC/Nash and 20 NF beds at UHC/Oxford following completion of the bed relocation to UHC/Wake Forest.**
6. **For the first two years of operation following completion of the project, UHC/Wake Forest shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations made in the certificate of need application.**
7. **The certificate holder 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.**
8. **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 third month. The first progress report shall be due on September 1, 2021. The second progress report shall be due on December 1, 2021 and so forth.**
9. **The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
10. **No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder 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.**

**11. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

**Capital and Working Capital Costs**

A certificate of need was issued on January 12, 2018 for Project ID# J-10308-14 and authorized a capital cost of \$10,260,522. The current application proposes a capital cost increase of \$5,541,229 over the previously approved capital cost for a total combined capital cost of \$15,801,751. The cost overrun application is necessary due to increased costs for the site and construction. The applicant proposes no material change in scope from the originally approved project in this application. The following table compares the previously approved capital cost and the proposed capital cost, as reported on Form F.1b in Section Q.

<b>Universal Health Care/Wake Forest – Previously Approved and Proposed Capital Cost</b>			
	<b>Previously Approved Capital Cost (J-10308-14)</b>	<b>New Total Capital Cost (J-11971-20)</b>	<b>Difference (Capital Cost for This Project)</b>
Purchase Price of Land	\$1,300,000	\$3,500,00	\$2,200,000
Site Preparation	\$624,000	\$1,100,000	\$476,00
Construction/Renovation Contract(s)	\$6,560,815	\$9,100,000	\$2,539,185
Landscaping	\$126,000	\$125,000	(\$1,000)
Architect/Engineering Fees	\$175,000	\$250,000	\$75,000
Medical Equipment	\$892,500	\$900,000	\$7,500
Consultant Fees	\$50,000	\$0	(\$50,000)
Financing Costs	\$275,000	\$465,316	\$190,316
Interest during Construction	\$257,207	\$361,435	\$104,228
<b>Total Capital Costs</b>	<b>\$10,260,522</b>	<b>\$15,801,751</b>	<b>\$5,541,229</b>

In Section Q, and Section F.1, page 24, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions such as an estimate from an architect and

a construction firm, future costs/expenses related to property ownership and maintenance, interest expenses over the life of the loan, and depreciation expenses.

In Section F, page 25, the applicant projects that start-up costs will be \$200,000 and initial operating expenses will be \$600,000 for a total working capital of \$800,000.

On page 25, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions which are based on the applicant's experience in opening over 30 facilities in North Carolina.

**Availability of Funds**

In Section F, page 24, the applicant states that the capital cost will be funded, as shown in the table below.

**Sources of Capital Cost Financing**

Type	Universal Properties/Wake Forest, LLC and Federal Housing Administration	Universal Health Care/Raleigh, Inc.	Total
Loans	\$14,457,400	\$0	\$14,457,400
Accumulated reserves or OE *	\$0	\$0	\$0
Bonds	\$0	\$0	\$0
Other (Owner Financing)	\$1,344,351	\$0	\$1,344,351
<b>Total Financing</b>	<b>\$15,801,751</b>	<b>\$0</b>	<b>\$15,801,751</b>

\* OE = Owner's Equity

In Section F, page 26, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner Equity	\$800,000
Lines of credit	\$0
Bonds	\$0
<b>Total *</b>	<b>\$800,000</b>

Exhibit II contains a letter dated September 8, 2020, from the Senior Vice President of BB&T Bank verifying the applicant's available assets. The applicant has corporate and personal assets totaling \$10 million. In Exhibit IV, the applicant provides an email dated September 8, 2020, from the HUD Specialist of the Federal Housing Administration indicating the likelihood of obtaining the loan. The email includes the terms of the loan. The amortization chart is provided in Exhibit V.



The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

**Financial Feasibility**

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

	<b>1<sup>st</sup> FFY CY 2023</b>	<b>2<sup>nd</sup> FFY CY 2024</b>	<b>3<sup>rd</sup> FFY CY 2025</b>
Total Patient Days	40,405	41,378	41,265
Total Gross Revenues (Charges)	\$13,773,190	\$14,100,454	\$14,061,395
Total Net Revenue	\$10,796,742	\$11,054,289	\$11,023,793
Average Net Revenue per patient day	\$267.21	\$267.15	\$267.14
Total Operating Expenses (Costs)	\$9,997,436	\$10,219,395	\$10,193,906
Average Operating Expense per patient days	\$247.43	\$246.97	\$247.03
Net Income	\$799,306	\$834,894	\$829,887

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant based its estimated costs on another facility similar in size.
- In preparation of financial statements, the applicant considered future Medicare and Medicaid rates, inflation, bad debts, and loan interest and depreciation expenses.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the increased capital costs and the working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.

- The applicant adequately demonstrates availability of sufficient funds for the increased capital and working capital needs of the proposal for all the reasons described above.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

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

The application for Project ID# J-10308-14 adequately demonstrated that the project would not result in unnecessary duplication of existing or approved services in the service area and no changes are proposed in this application which would affect that determination.

**Conclusion**

The Agency reviewed the:

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

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

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

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

The application for Project ID# J-10308-14 adequately demonstrated the availability of resources, including health manpower and management personnel to provide the proposed services and no changes are proposed in this application which would affect that determination.

**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 all the reasons described above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

The application for Project ID# J-10308-14 adequately demonstrated the availability of the ancillary and support services necessary to the provision of the proposed services and adequately demonstrated the proposed services would be coordinated with the existing healthcare system and no changes are proposed in this application which would affect that determination.

**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 all the reasons described above.

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

NA

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

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

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

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

In Section K, page 33, the applicant states that the project involves constructing a total of 64,000 square feet of new space which is 3,895 square feet more than it proposed in Project ID# J-10308-14. Line drawings are provided in Exhibit VII.

In supplemental information requested by the Agency, the applicant states that the additional square footage was needed for additional storage space for lifts, wheelchairs, and general supplies, increased toilet size to meet Americans with Disabilities Act (ADA) requirements, and the addition of two kitchens and an ancillary space.

On page 34, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits III and VI. A Material Compliance request for this site was approved June 15, 2020.

A certificate of need was issued on January 12, 2018 for Project ID# J-10308-14 and authorized a capital cost of \$10,260,522. The current application proposes a capital cost increase of \$5,541,229 over the previously approved capital cost for a total combined capital cost of \$15,801,751. The cost overrun application is necessary due to increased costs for the site and construction. The applicant proposes no material change in scope from the originally approved project in this application.

The following table compares the previously approved capital cost and the proposed capital cost, as reported on Form F.1b in Section Q.

<b>Universal Health Care/Wake Forest – Previously Approved and Proposed Capital Cost</b>			
	<b>Previously Approved Capital Cost (J-10308-14)</b>	<b>New Total Capital Cost (J-11971-20)</b>	<b>Difference (Capital Cost for This Project)</b>
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Landscaping	\$126,000	\$125,000	(\$1,000)
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Medical Equipment	\$892,500	\$900,000	\$7,500
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<b>Total Capital Costs</b>	<b>\$10,260,522</b>	<b>\$15,801,751</b>	<b>\$5,541,229</b>

In Exhibit I, the applicant states that the increase in capital expenditure is necessary since the cost of the approved site is higher and the fact that construction costs have risen significantly since the time the prior CON application was submitted.

The discussion regarding the need for the increased capital expenditure found in Criterion (3) is incorporated herein by reference. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. In Project ID# J-10308-14, the applicant adequately demonstrated that the cost, design, and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for health services and no changes are proposed in this application which would affect that determination.

In Project ID# J-10308-14, the applicant identified its energy saving features that will be incorporated into the construction plans. The applicant proposes no material change in scope from the originally approved project in this application.

### **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 all the reasons described above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], 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

Project ID# J-10308-14 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities

and ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Project ID# J-10308-14 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

Project ID# J-10308-14 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

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 reasons stated above.

- (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

Project ID# J-10308-14 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

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 applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).

The application for Project ID# J-10308-14 adequately demonstrated that the proposed health services will accommodate the clinical needs of health professional training programs in the area. The applicant proposes no changes in the current application which would affect that determination.

### **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 all the reasons described above.

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

C

The applicant proposes a cost overrun for Project ID# J-10308-14 (Construct a new 119-bed nursing facility by relocating 90 beds from Litchford Falls Health and Rehabilitation, 9 beds from Universal Health Care (Nash), and 20 beds from Universal Health Care (Oxford)).



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

The applicant proposes a cost overrun for Project ID# J-10308-14. That application adequately demonstrated the expected effects of the proposed services on competition and how any enhanced competition would have a positive impact on cost-effectiveness, quality, and access to the services proposed. The applicant proposes no changes in this application which would affect that determination.

### **Conclusion**

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described 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, the applicant identifies the nursing facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 14 of this type of facility located in North Carolina.

In Section O, page 40, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in one of these facilities. The applicant states that the facility was back in compliance December 26, 2019. According to the files in the Nursing Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in two of these facilities. Both facilities were back in compliance as of August 5, 2020. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section, DHSR, and considering the quality of care provided at all 14 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

Project ID# J-10308-14 was found conforming to all applicable Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1100, and the applicant proposes no changes in the current application which would affect that determination. Consequently, the application is conforming to the performance standards in this rule.