

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 28, 2022

Findings Date: January 28, 2022

Project Analyst: Celia C. Inman

Team Leader: Micheala Mitchell

Project ID #: Q-12151-21

Facility: Rising Phoenix

FID #: 210834

County: Pitt

Applicant: SpringShire Retirement, LLC

Project: Develop a new ACH by relocating no more than 29 ACH beds from Winterville Manor

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

SpringShire Retirement, LLC, the applicant, proposes to develop a new 29-bed adult care home (ACH) facility in Pitt County by relocating 29 existing ACH beds from Winterville Manor, also located in Pitt County.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2021 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2021 SMFP which is applicable to this review: **Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities**, on page 29 of the 2021 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 capital expenditure of the project is over \$2 million dollars but less than \$5 million. In Section B, pages 28-29, the applicant describes its plan to assure improved energy efficiency and water conservation. The applicant lists numerous features it plans to include, such as open floor plan to maximize natural daylighting, sealed thermal building envelope, insulated glass, proper insulation, and energy-efficient LED lighting fixtures.

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:

- The project is not based on a need determination in the 2021 SMFP.

- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop a new 29-bed ACH facility in Pitt County by relocating 29 existing ACH beds from Winterville Manor in Pitt County. The proposed relocated ACH beds will be an integral part of the applicant’s proposed senior living community composed of 99 independent living (IL) beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 multi-unit assisted housing with services (MUAHS) beds.

Patient Origin

On page 175, the 2021 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located.*” The proposed ACH facility and the existing facility from which the ACH beds are to be relocated are both located in Pitt County. Thus, the service area for this project is Pitt County. Facilities may also serve residents of counties not included in their service area.

Rising Phoenix is not an existing facility and thus has no historical patient origin to report. In Section C, pages 37-38, the applicant states that Winterville Manor reported the following patient origin on its 2021 License Renewal Application (LRA).

County	Winterville Manor Historical Patient Origin 8/1/2019 to 7/31/2020	
	Patients	% of Total
Pitt	13	50.0%
Beaufort	4	15.4%
Lenoir	3	11.5%
Craven	2	7.7%
Martin	2	7.7%
Anson	1	3.9%
Edgecombe	1	3.9%
Total	26	100.0%

Source: Section C page 38

On page 39, the applicant projects the patient origin at Rising Phoenix for the first three full fiscal years following completion of the proposed project, as summarized below:

County	1 st Full FY CY2024		2 nd Full FY CY2025		3 rd Full FY CY2026	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Pitt	25	89.23%	25	89.23%	25	89.23%
Beaufort	<1	1.31%	<1	1.31%	<1	1.31%
Edgecombe	<1	1.13%	<1	1.13%	<1	1.13%
Lenoir	<1	1.03%	<1	1.03%	<1	1.03%
Green	<1	0.85%	<1	0.85%	<1	0.85%
Craven	<1	0.75%	<1	0.75%	<1	0.75%
Other NC Counties*	1	5.70%	1	5.70%	1	5.70%
Total	28	100.00%	28	100.00%	28	100.00%

Source: Section C page 39

*Represents all other North Carolina counties, each of which project <1% patient origin

In Section C, page 39, the applicant provides the assumptions and methodology used to project its patient origin. The applicant assumes 50% of the Rising Phoenix ACH beds will be utilized by independent living residents, all of whom are Pitt County residents. The remaining 50% will be similar to the Pitt County historic patient origin for ACH beds, resulting in the projected patient origin as provided. The applicant’s assumptions are reasonable and adequately supported based on the following:

- All residents in an independent living facility are assumed to be residents of the county in which the independent living facility is located.
- The applicant bases the projected patient origin of the non-independent living residents on the historical patient origin of the other ACH facilities in the county.

Analysis of Need

In Section C, pages 41-53, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On page 41, the applicant states the specific need for the project is based on the following factors:

- Pitt County’s growing and aging senior population (pages 41-44)
- ACH bed use and demand (pages 44-47)
- High utilization of Winterville Manor ACH beds (page 47)
- Local marketplace need for ACH memory care services (pages 47-50)
- Bed relocation to Greenville (pages 51-52)
- Qualitative benefits (pages 52-53)

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

- The applicant provides population and aging projections from credible sources to support the projected need for the ACH beds in Pitt County.
- The applicant provides reliable data and information regarding the number of Americans residing in assisted living communities and the growing demand for ACH beds nationwide and in Pitt County.

- The applicant provides credible data showing an average occupancy rate of 93.23% at the existing Winterville Manor facility.
- The applicant provides reliable information regarding the need for memory care ACH beds in Pitt County.
- The applicant provides credible information regarding Greenville as the hub of Pitt County healthcare and as easily accessible to residents throughout Pitt County.
- The applicant does not propose to add any new ACH beds in Pitt County. Rather it proposes to relocate existing ACH beds within Pitt County to a new senior living community.

Projected Utilization

Rising Phoenix is not an existing ACH facility; therefore, it has no historical patient utilization to report. In Section Q Form C.1b and the Assumptions & Methodology, the applicant provides the projected utilization for the first three years following project completion, as summarized in the table below:

Rising Phoenix ACH Projected Utilization

	Partial FY 8/23-12/23	1st Full FY CY2024	2nd Full FY CY2025	3rd Full FY CY2026
ACH - All Beds	29	29	29	29
# of Admissions	24	28	28	28
# of Patient Days	2,072	10,085	10,448	10,448
Average Length of Stay	86.33	360.17	373.14	373.14
Occupancy Rate	51.0%	95.3%	98.7%	98.7%
ACH – General Beds	5	5	5	5
# of Patient Days	2,072	10,085	10,448	10,448
Occupancy Rate	86.0%	95.0%	98.4%	98.4%
ACH- Special Care Unit Beds	24	24	24	24
# of Admissions	20	23	23	23
# of Patient Days	1,470	8,351	8,652	8,652
Average Length of Stay	73.50	363.09	376.17	376.17
Occupancy Rate	43.8%	95.3%	98.8%	98.8%

General ACH Beds

To project utilization of the five general ACH beds, the applicant assumes a ramp up in the first calendar year with a census of four residents one week each month and a census of five for the remaining weeks, an overall average daily census of 4.75. The applicant projects that the second full calendar year census will increase over the prior year fourth quarter census by 3.36% annually, the annual growth rate of the age 65+ cohort in Pitt County. This brings the general ACH beds to a practical capacity of 98.4% in the third full calendar year.

Special Care Unit (SCU) ACH Beds

To project utilization of the 24 SCU Memory Care ACH beds, the applicant assumes a ramp up of one net SCU bed admission per week for the initial 23 weeks. In the first full calendar year, the applicant assumes the same census as week 23, which is 23 residents. The applicant projects that the second full calendar year census will increase over the prior year fourth quarter census by 3.36% annually, the annual growth rate of the age 65+ cohort in Pitt County. This brings the SCU Memory Care ACH beds to a practical capacity of 98.8% in the third full calendar year.

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

- Pitt County currently has a limited SCU inventory of 72 beds, with an estimated bed occupancy rate of 95.8%, according to Rising Phoenix's research.
- Fill-up rate is based on CR Senior Living Management's experience opening and operating other senior living facilities in the southeast.
- Utilization of the proposed facility is supported by projected growth of the aging population in Pitt County.

Access to Medically Underserved Groups

In Section C, pages 57-59, the applicant states:

“Rising Phoenix will admit to the ACH beds [sic] patients who are in need of assistance with daily living, such as independent living residents or other local people who need help with bathing, dressing, taking medications, and other daily activities. The facility will offer equal treatment and access to the assisted living beds for all people, without discrimination due to age, race, color, religion, gender, marital status, ethnic or national origin, sexual orientation, or disability.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Group	Percentage of Total Patients
Low income persons*	12.0%
Racial and ethnic minorities*	47.3%
Women*	53.1%
Persons with disabilities*	9.7%
Persons 65 and older**	85.9%
Medicare beneficiaries***	0.0%
Medicaid recipients***	0.0%

*Assumed to approximate the respective Pitt County population percentages

**Based on historical access to ACH bed services by age in Pitt County ACH beds during CY2020

***Medicare will not fund ACH bed services; the applicant contemplates no Medicaid patients

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

- The applicant provides an estimate for each medically underserved group it proposes to serve.
- The applicant provides written statements about offering access to all qualified persons, including 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 the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

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

(3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of

the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

In Section D, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 64, the applicant states:

“Per the terms of the Facility Acquisition Letter of Intent between SpringShire Retirement, LLC and Winterville Manor, the Sellers (Clared, LLC and Sovereign Healthcare, LLC) will continue operation of the facility in the short term. Upon Agency award of the Certificate of Need and sale agreement closing, Sellers will permanently close the Winterville Manor facility, and any residents of Winterville Manor who are still using the facility will be relocated to a different facility.”

In Exhibit D.1, the applicant provides a signed Letter of Intent, which specifies that the Sellers “will provide information to residents of Winterville Manor of potential relocation opportunities.” The Sellers own and manage other existing licensed ACH facilities in nearby counties and have expressed a desire to make those beds available to Winterville Manor residents. The applicant further states that for any resident who does not choose to relocate to a facility owned and operated by Winterville Manor's current owner and operator, Rising Phoenix will timely and directly support the residents and their families to assist in identifying other alternative facilities to which they may transfer.

Access to Medically Underserved Groups

The applicant adequately demonstrates that the needs of medically underserved groups that currently use ACH beds that will be relocated to Rising Phoenix will be adequately met following completion of the project for the following reasons:

- The beds proposed to be relocated will be closed.
- The applicant proposes to relocate the ACH beds within the same county.
- The current owners of the ACH beds have agreed to offer access to ACH beds in other facilities to the residents in the beds to be relocated.
- The applicant provides written statements about offering access to all residents of the service area, including underserved groups.

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 needs of the population currently using the services to be relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates 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 applicant proposes to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

In Section E, pages 69-71, 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. The alternatives considered were:

- Maintain the status quo – The applicant states that maintaining the status quo will result in the non-utilization of licensed ACH beds in Pitt County and thus is not an effective alternative.
- Renovate and reopen the current Winterville Manor facility – The applicant states that the Winterville Manor facility has outlived its useful life and renovating it would be a more costly alternative.
- Develop a replacement facility in another location in Pitt County - The applicant states Greenville is the largest city in and the county seat of Pitt County, as well as the hub of healthcare infrastructure; thus, the applicant states that any other location would be a less effective alternative.
- Develop a facility with fewer beds – The applicant states that a facility with fewer beds would be less able to meet the need of county residents for long-term care services and would not be a cost-effective model.
- Forego development of a Special Care Unit – The applicant states that industry professionals agree that up to 50% of assisted living residents are afflicted by some

type of dementia; thus, not providing a Memory Care Unit would be a less effective alternative.

In evaluating the alternatives, the applicant determined that constructing a replacement facility in Greenville, with a Memory Care Unit, is the most effective and cost-efficient option to best address Pitt County's need for increased access to high quality and cost-effective assisted living care.

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

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

Conclusion

The agency reviewed the:

- Application
- Exhibits to the application

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. SpringShire Retirement, LLC (hereinafter the certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop a new 29-bed ACH facility in Pitt County by relocating 29 existing ACH beds from Winterville Manor in Pitt County.**
- 3. Upon completion of the project, Rising Phoenix shall be licensed for no more than 29 ACH beds.**
- 4. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic progress 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 July 1, 2022. The second progress report shall be due on October 1, 2022 and so forth.**
 5. **For the first two years of operation following completion of the project, Rising Phoenix 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 in the certificate of need application.**
 6. **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.**
 7. **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 to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

Capital and Working Capital Costs

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

Capital Cost Category	Projected Cost
Site Prep, Construction Costs, Landscaping, A&E	\$4,090,922
Medical Equipment	\$116,000
Non-Medical Equipment/Furniture	\$233,632
Other (Consultant Fees, Financing Costs, Interest during Construction, Insurance and Construction Contingency)	\$482,698
Total	\$4,923,252

In Form F.1a., 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 based on the following:

- The related construction costs are based on contractor estimate.
- Equipment and furniture costs are based on contractor allowance and CR Senior Living Management experience.
- Financing costs and interest rates are estimated at 1% and 5.5%, respectively.
- Other costs are based on contractor estimate.

In Section F.3, page 74, the applicant estimates start-up and initial operating expenses at \$40,000 and \$460,000, respectively, for a total working capital of \$500,000.

Availability of Funds

In Section F.2, page 72, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing	
Type	SpringShire Retirement, LLC
Loans	\$
Accumulated reserves or OE *	\$
Bonds	\$4,923,252
Other (Specify)	\$
Total Financing	\$4,923,252

* OE = Owner's Equity

In Section F.3, page 75, the applicant states that the working capital will be funded as shown in the table below.

Sources of Capital Cost Financing

Type	SpringShire Retirement, LLC
Loans	\$
Accumulated reserves or OE *	\$
Bonds	\$500,000
Other (Specify)	\$
Total Financing	\$500,000

* OE = Owner's Equity

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

- Exhibit F.1 contains the contractor's cost estimate for the ACH bed portion of the project.
- The applicant states that SpringShire Retirement, LLC will fund the project with tax-exempt and taxable bonds.
- Exhibit F.2 contains a letter dated October 7, 2021 from DA Davidson documenting available bond financing for the capital and working capital costs of the proposed senior living community.

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.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

	1 st Full FY CY2024	2 nd Full FY CY2025	3 rd Full FY CY2026
Total Patient Days	10,085	10,448	10,448
Total Gross Revenues (Charges)	\$ 1,955,451	\$ 2,066,403	\$ 2,107,731
Total Net Revenue	\$ 1,884,676	\$ 1,994,213	\$ 2,034,098
Average Net Revenue per Patient Day	\$ 187	\$ 191	\$ 195
Total Operating Expenses (Costs)	\$ 1,902,096	\$ 1,939,917	\$ 1,975,227
Average Operating Expense per Patient Day	\$ 189	\$ 186	\$ 189
Net Income	\$ (17,419)	\$ 54,296	\$ 58,871

Totals may not sum due to rounding

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 accounts for projected operating expenses, such as salaries, building and grounds maintenance and rental expenses consistent with projections elsewhere in the application.

- The applicant accounts for projected revenues consistent with projections elsewhere in the application.
- Projected utilization is based on reasonable and adequately supported assumptions. See 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 applicant adequately demonstrates that the capital and 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 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 to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

On page 175, the 2021 SMFP defines the service area for ACH beds as "*the county in which the adult care home bed is located.*" The proposed facility and the existing facility are both located in Pitt County. Thus, the service area for this project is Pitt County. Facilities may also serve residents of counties not included in their service area.

Table 11A of the 2021 SMFP indicates that there is currently a total of nine facilities in Pitt County with licensed ACH beds. The table below is a summary of those facilities in Pitt County, from the 2021 SMFP, Chapter 11, Tables 11A and 11C. There is a projected surplus of 78 ACH beds in 2024 for Pitt County.

2021 ACH INVENTORY AND 2024 NEED PROJECTIONS FOR PITT COUNTY	
# ACH Facilities	9
# Beds in ACH Facilities	547
# Beds in Nursing Facilities	20
Total Licensed Beds	567
# CON Approved Beds (License Pending) including CON Bed Transfer	0
Total # Available	567
Total # in Planning Inventory	567
Projected Bed Utilization Summary	489
Projected Bed Surplus (Deficit)	78

In Section G, page 82, the applicant explains why it believes its proposal would not result in any unnecessary duplication of existing or approved ACH services in Pitt County. The applicant states:

“Rising Phoenix is not adding any ACH beds to the current Pitt County inventory, but will relocate 29 existing licensed ACH beds within Pitt County, from a facility that the owners have already determined will be permanently closed and no longer available to local residents. . . . The proposed project is needed to address the local access to assisted living services, and to offer a new senior living option to local residents. . . . Rising Phoenix will include independent living units, and will offer a CCRC alternative, with no entry fees and lower expenses than a traditional CCRC. Also, Rising Phoenix will have a Memory Care Unit; as described in Section C.4, Pitt County residents currently have limited access to ACH memory care services.”

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

- The proposal will not result in an increase in the inventory of ACH beds in Pitt County.
- The discussions regarding analysis of need, including projected utilization, access, and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is conforming to this criterion for 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 to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

In Section Q Form H, the applicant provides projected full-time equivalent (FTE) positions for the proposed services, as illustrated in the following table.

**Projected FTE Positions
Rising Phoenix**

Position	1st Full FY	2nd Full FY	3rd Full FY
LPN (MC Director)	1.00	1.00	1.00
CNA/Med Tech	11.00	11.00	11.00
Cook	3.00	3.00	3.00
Dietary Aide	1.00	1.00	1.00
Social Worker	0.25	0.25	0.25
Activities Director	0.20	0.20	0.20
Medical Records	0.10	0.10	0.10
Laundry and Linen	1.00	1.00	1.00
Housekeeping	1.00	1.00	1.00
Maintenance/Engineering	0.20	0.20	0.20
Business Office	0.50	0.50	0.50
Other (Medical Director)	1.00	1.00	1.00
Total	20.25	20.25	20.25

The assumptions and methodology used to project staffing are provided in Section Q Form H and Section H.1. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Section H, pages 84-86, and Exhibit M.1, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant projects the number of FTE positions necessary to accommodate the proposed development of healthcare services for ACH beds at Rising Phoenix.
- The methods used to recruit or fill new positions and the existing training and education programs are provided.

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 applicant proposes to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

Ancillary and Support Services

In Section I, pages 87-88, the applicant identifies the necessary ancillary and support services for the proposed services and explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1.

The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant identifies the necessary ancillary and support services for ACH patients located in or near Pitt County and how these will be made available.
- Rising Phoenix, via its management agreement with CR Senior Living Management, will have access to the same negotiating relationships and contracts with ancillary service providers for the proposed ACH facility as the management company uses at its other facilities.

Coordination

In Section I, pages 88-89, the applicant describes its proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- Rising Phoenix, via its management agreement with CR Senior Living Management, will have access to the same relationships with healthcare and social service providers at the proposed ACH facility as the management company uses at its other facilities.

- CR Senior Living Management values the importance and balance of community's needs, and its leadership team will meet with community leadership to identify areas of partnership and support.

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

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

NA

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

- (11) Repealed effective July 1, 1987.

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

C

The applicant proposes to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant's proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

In Section K.1, page 91, the applicant states that the project involves 20,895 square feet of new construction. Line drawings are provided in Exhibit K.1.

On pages 93-97, 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, and provides supporting documentation. The site is suitable for the proposed facility based on the applicant's representations and supporting documentation.

On pages 91-92, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- the design build firm based the design cost on a detailed review, experience, and published construction costing data
- the design build firm will develop the project to incorporate the most cost-effective design and means of construction

On page 92, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- the cost of the new facility is justified by the ability of local residents to have access to a state-of-the-art assisted living facility
- based on the contractor's projected costs and charges, the applicant does not anticipate the project unduly increasing costs and charges to the public

On pages 92-93, the applicant identifies applicable energy saving features that will be incorporated into the construction plans.

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.

- (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

Rising Phoenix is not an existing facility; thus, it has no historical data to report. On page 99, the applicant provides a table showing the most recent payor mix at Winterville Manor.

**Historical Payor Mix
8/1/19-7/31/20**

Payor Category	ACH Services as % of Total
Self-pay	11.54%
Insurance*	
Medicare*	
Medicaid*	
Other (County/Special Assistance)	88.46%
Total	100.00%

*Including any managed care plans

In Section L, page 100, the applicant provides the following comparison of residents served at Winterville Manor during FY2020 to the population in the service area.

	Percentage of Total Patients Served by the Facility	Percentage of the Population in the Service Area *
Female	38.5%	53.1%
Male	61.5%	46.9%
Unknown	0.0%	0.0%
64 and Younger	50.0%	86.1%
65 and Older	50.0%	13.9%
American Indian	**	0.5%
Asian	**	2.1%
Black or African-American	**	35.9%
Native Hawaiian or Pacific Islander	**	0.1%
White or Caucasian	**	52.7%
Other Race	**	8.7%
Declined / Unavailable	**	0.0%

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter in the name of the county.

**Not Available

The Agency reviewed the:

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the existing beds to be relocated to the proposed facility 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

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L.2, page 100, the applicant states it has no obligation to provide such care.

In Section L.2, page 70, the applicant states that Rising Phoenix is not an existing facility. For informational purposes, the applicant states that no patient civil rights equal access complaints have been filed against Winterville Manor in the most recent 18 months.

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

In Section L.3, page 101, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

Rising Phoenix
Third Full Fiscal Year CY2026

Payor Source	ACH Beds
Private Pay	100.0%
Medicaid/County Assistance	
Total	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 100% of total services will be provided to self-pay or private pay residents. The applicant provides the assumptions and methodology used to project payor mix on page 102. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant anticipates that the facility will not utilize or rely upon any governmental payments for services.
- The applicant anticipates that residents will have the financial resources to pay for their ACH care, but if residents' financial resources are depleted, Rising Phoenix will assure that residents will not be asked to terminate residency due to inability to pay.

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 103, 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

In Section M.1, page 105, the applicant describes the extent to which area health professional training programs will have access to the facility for training purposes and provides supporting documentation in Exhibit M-1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant offers the facility as a clinical learning site for students from East Carolina University and Pitt Community College.
- The applicant provides a copy of letters of support from the above schools in Exhibit M-1.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the 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 applicant proposes to relocate 29 ACH beds from an existing Pitt County ACH facility to be an integral part of the applicant’s proposed Pitt County senior living community composed of 99 IL beds, 29 ACH beds (including five general ACH beds and a 24-bed ACH memory care unit), and 31 MUAHS beds.

On page 175, the 2021 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located.*” The proposed facility and the existing facility are both located in Pitt County. Thus, the service area for this project is Pitt County. Facilities may also serve residents of counties not included in their service area.

Table 11A of the 2021 SMFP indicates that there is currently a total of nine facilities in Pitt County with licensed ACH beds. The table below is a summary of those facilities in Pitt County, from the 2021 SMFP, Chapter 11, Tables 11A and 11C. There is a projected surplus of 78 ACH beds in 2024 for Pitt County.

2021 ACH INVENTORY AND 2024 NEED PROJECTIONS FOR PITT COUNTY	
# ACH Facilities	9
# Beds in ACH Facilities	547
# Beds in Nursing Facilities	20
Total Licensed Beds	567
# CON Approved Beds (License Pending) including CON Bed Transfer	0
Total # Available	567
Total # in Planning Inventory	567
Projected Bed Utilization Summary	489
Projected Bed Surplus (Deficit)	78

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 106, the applicant states:

“Rising Phoenix anticipates that the proposed project will have no negative impact on the existing assisted living facilities in Pitt County because it is not increasing the ACH bed inventory.

The proposed project will offer the benefit of introducing a new long-term care provider to Pitt County residents. . . .

The proposed project will have a positive effect on competition in the area, as demand for the 29 ACH beds may encourage other Pitt County facilities with lower utilization to improve their facility/services in order to compete in the marketplace.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 106, the applicant states:

“Rising Phoenix anticipates offering room and board rates that are competitive to area facilities, enabling the facility to maintain high utilization. The project capital cost will be reasonable. . . . Rising Phoenix is committed to and will be actively involved in efforts to contain costs in its facility services, including specifically utility costs.”

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

Regarding the impact of the proposal on quality, in Section N, page 107, the applicant states:

“CR Senior Living is an experience[d] operator of ACH beds and services, and as the facility manager, will strive to meet the mission of delivering high-quality health care that exceeds the expectations of each of its residents, and to be the provider and employer of choice in Pitt County.”

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 107, the applicant states:

“Rising Phoenix will admit residents to the facility without regard to race, color, creed, age, ethnic or national origin, religion, gender, disability, or income status.”

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

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

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.

- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

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

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

NA

In Section O, page 109, the applicant states that SpringShire Retirement, LLC does not own, operate or manage any similar facilities in North Carolina.

- (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

The application is relocating existing ACH beds within the same county; therefore, the Criteria and Standards for Nursing Facility or Adult Care Home Services are not applicable.