

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: June 3, 2022

Findings Date: June 3, 2022

Project Analyst: Ena Lightbourne

Co-Signer: Gloria C. Hale

Project ID #: B-12194-22

Facility: Deerfield Episcopal Retirement Community

FID #: 923135

County: Buncombe

Applicant(s): Deerfield Episcopal Retirement Community, LLC

Project: Develop no more than 39 ACH beds pursuant to Policy LTC-1 for a total of no more than 62 NF beds and 101 ACH beds

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.

CA

Deerfield Episcopal Retirement Community, LLC, (“the applicant” or Deerfield) proposes to develop 39 ACH beds pursuant to Policy LTC-1, to its existing Continuing Care Retirement Community (CCRC) Deerfield Episcopal Retirement Community (“Deerfield”), for a total of 62 nursing facility (NF) beds and 101 adult care home (ACH) beds at Deerfield upon project completion.

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 2022 State Medical Facilities Plan (SMFP).

Policies

There are two policies in the 2022 SMFP which are applicable to this review: *Policy LTC-1: Plan Exemption for Continuing Care Retirement Communities - Adult Care Home Beds* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Policy LTC-1

Policy LTC-1, on page 25 of the 2022 SMFP, states:

“Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for adult care without regard to the adult care home bed need shown in Chapter 11: Adult Care Homes. To qualify for such exemption, the applicant shall document that the proposal meets all the following requirements:

- 1. will only be developed concurrently with, or subsequent to, construction on the same site, of independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages, and rooms.*
- 2. will provide for the provision of nursing services, medical services, or other health related services as required for licensure by the North Carolina Department of Insurance.*
- 3. will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing or adult care unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
- 4. reflects the number of adult care home beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional adult care home care.*
- 5. will not participate in the Medicaid program or serve State-County Special Assistance recipients.”*

In Section B, pages 25-26, the applicant provides responses that demonstrate compliance with the requirements of Policy LTC-1 and provides supporting documentation in Exhibit B-2. The applicant adequately demonstrates conformance with the requirements of Policy LTC-1.

Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*, on page 30 of the 2022 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 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 of 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 combined proposed capital expenditure for this project is greater than \$5 million. In Section K, page 65, the applicant describes the plans involved in achieving energy conservation goals and also provides a written statement:

“As with any new construction, the project will include modern materials and technology which will support the environment with significant energy efficiency.”

The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency. The applicant does not provide information regarding water conservation, but will be conditioned in Criterion (4) to provide a description of its plan to conserve water.

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 because the applicant adequately demonstrates that the proposal is consistent with Policy LTC-1 and Policy GEN-4, as conditioned in Criterion (4), based on the following reasons:

- The applicant adequately documents its plan for developing the proposed adult care home beds to be used exclusively to meet the needs of its independent living (IL) residents.
 - The applicant adequately documents that it will provide for the provision of nursing services, medical services, or other health related services as required for licensure by the North Carolina Department of Insurance.
 - The applicant adequately documents the number of ACH beds required to meet the current and projected needs of residents with whom the facility has an agreement to provide continuing care.
 - The applicant adequately documents that the proposed additional ACH beds will not be certified for participation in the Medicaid program or serve State-County Special Assistance recipients.
 - The applicant provides a written statement that demonstrates that the project includes a plan for energy efficiency and will be conditioned to provide its water conservation plans.
- (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 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

Patient Origin

On page 177, the 2022 SMFP defines the service area for adult care home beds as “*the county in which the adult care home bed is located.*” Thus, the service area for this proposal is Buncombe County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

Deerfield Episcopal Retirement Community Historical Patient Origin		
Last Full FY 10/01/2020-09/30/2021 (FY 2021)		
ZIP Code	# of Patients	% of Total
ACH		
28803	96	100%
Total	96	100%
NF		
28803	84	100%
Total	84	100%

Source: Section C, pages 27-28

Deerfield Episcopal Retirement Community Projected Patient Origin						
	1st Full FY 10/1/24-9/30/25		2nd Full FY 10/1/25-9/30/26		3rd Full FY 10/1/26-9/30/27	
ZIP Code	FY 2025		FY 2026		FY 2027	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
ACH						
28803	144	100%	144	100%	144	100%
Total	144	100%	144	100%	144	100%
NF						
28803	135	100%	135	100%	135	100%
Total	135	100%	135	100%	135	100%

Source: Section C, page 29

In Section C, page 28, the applicant provides the assumptions and methodology used to project its patient origin. On page 28, the applicant states:

“Since Deerfield is a licensed CCRC, all resident population will be for Buncombe County, specifically zip code 28803. This would not change for future years.”

The applicant’s assumptions are reasonable and adequately supported.

Analysis of Need

In Section C, page 30, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The applicant states that Deerfield has historically experienced high occupancy within their health center and projects a deficit of beds given the current number of NF and ACH beds and life-care residents.

- The applicant states that the facility was forced to utilize NF beds to residents who would be better served in an ACH bed. The applicant states that although the proposal does not include additional NF beds, the proposed 39 ACH beds will allow the facility to use NF beds appropriately by providing a short-term, high acuity option that meets the definition of skilled care. The applicant states that the ACH beds would better serve its residents in need of additional assistance with Activities of Daily Living (ADL) and increased supervision.

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

- The facility’s historical occupancy rate for NH and ACH beds in comparison to the amount of available beds demonstrates a possible deficit of beds in the future.
- The proposed 39 ACH beds are part of a larger expansion project that will allow the facility to continue to meet the needs of current and future residents.

Projected Utilization

In Section Q, the applicant provides historical and projected utilization, as illustrated in the following tables.

Deerfield Episcopal Retirement Community Historical and projected Utilization Nursing Facility and Adult Care Home Beds			
	Last Full FY	Interim Full FY	Interim Full FY
	FY 2021	FY 2022	FY 2023
NF			
# of Beds	62	62	62
# of Admissions	46	52	52
# of Patient Days	18,346	18,346	18,346
Average Length of Stay	398.8	352.8	352.8
Occupancy Rate	81.1%	81.1%	81.1%
ACH			
# of Beds	62	62	62
# of Admissions	34	37	37
# of Patient Days	18,075	18,075	18,075
Average Length of Stay	531.6	483.3	483.3
Occupancy Rate	79.9%	79.9%	79.9%

Source: Section Q, page 3

Deerfield Episcopal Retirement Community Projected Utilization Nursing Facility and Adult Care Home Beds				
	Interim Full FY	1st Full FY	2nd Full FY	3rd Full FY
	FY 2024	FY 2025	FY 2026	FY 2027
NF				
# of Beds	62	62	62	62
# of Admissions	52	78	78	78
# of Patient Days	18,346	20,367	20,367	20,367
Average Length of Stay	352.8	261.1	261.1	261.1
Occupancy Rate	81.1%	90.0%	90.0%	90.0%
ACH				
# of Beds	62	101	101	101
# of Admissions	37	64	54	54
# of Patient Days	18,075	29,078	33,215	33,215
Average Length of Stay	483.3	454.3	615.1	615.1
Occupancy Rate	79.9%	78.9%	90.1%	90.1%

Source: Section Q, page 2

In Section Q, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The last full fiscal year reflects a period of fluctuation due to the pandemic. The applicant assumes operations will stabilize moving forward.
- The applicant projects utilization for the ACH beds based on a fill-up rate of two residents every two weeks for newly licensed ACH beds.
- The applicant projects that patient days and admissions for ACH beds will remain constant for the second and third year of the project.
- The applicant projects that patient days and admissions for NF beds will remain constant for the first three years of the project. The project does not include an increase in NF beds.

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

- Projected utilization is based upon, and supported by, the historical utilization of the NF and ACH beds and the decrease in the number of available ACH beds within Deerfield.
- As a CCRC, the applicant reasonably projects that upon completion of the project, utilization of the ACH beds will remain constant for the first two years of the project.

Access to Medically Underserved Groups

The applicant provides the estimated percentage for each medically underserved group, during the third full fiscal year, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons	0.0%
Racial and ethnic minorities	6.0%
Women	60.1%
Persons with Disabilities	8.0%
Persons 65 and older	100.0%
Medicare beneficiaries	100.0%
Medicaid recipients	0.0%

Source: Section C, page 36

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

Conclusion

The Agency reviewed the:

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

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.

CA

The applicant proposes to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

In Section E, page 48, 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 applicant considered adding both NF and ACH beds pursuant to Policies NH-2 and LTC-1. On page 48, the applicant states that a resident will more likely choose ACH as opposed to NF, therefore, adding the ACH beds would better serve the needs of the residents.

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

- The applicant adequately demonstrates that the alternative proposed would better serve the needs of its residents.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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. Deerfield Episcopal Retirement Community, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall develop no more than 39 adult care beds pursuant to Policy LTC-1 to its existing Continuing Care Retirement Community, Deerfield Episcopal Retirement Community, for a total of no more than 62 nursing home beds and 101 adult care beds at Deerfield Episcopal Retirement Community upon project completion.**
- 3. The Policy LTC-1 adult care home beds shall not participate in the Medicaid program or serve State-County Special Assistance recipients.**
- 4. The Policy LTC-1 adult care home beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance**

with the Department of Insurance statutes and regulations) who have lived in a non-nursing or adult care unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the adult care home unit at the time the other spouse or sibling moves into a non-nursing or adult care unit, or when the medical condition requiring nursing or adult care home care was not known to exist or be imminent when the individual became a party to the continuing care contract.

5. The new Policy LTC-1 adult care home beds shall be developed on the same site with the independent living units.
6. Progress Reports:
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
 - b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. Progress reports shall be due on the first day of every fourth month. The first progress report shall be due on February 1, 2023.
7. 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.
8. The certificate holder shall submit a written statement to the Agency describing the project's plan to conserve water.
9. 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.
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 to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

Capital and Working Capital Costs

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

Capital Costs	
Site Preparation	\$2,319,342
Construction/Renovation Contract(s)	\$15,466,574
Architect/Engineering Fees	\$540,882
Non-Medical Equipment	\$250,341
Consultant Fees	\$423,819
Financing Costs	\$264,407
Interest during Construction	\$1,979,615
Other	\$175,830
Total	\$21,420,810

In Section Q, 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 that are based on the overall square footage needed for the additional ACH beds.

In Section F, page 51, the applicant states that there will be no working capital associated with this project because all operating costs will be included in the overall operations of the Deerfield campus.

Availability of Funds

In Section F, page 49, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Deerfield Episcopal Retirement Community	Total
Loans	\$21,420,810	\$21,420,810
Accumulated reserves or OE *	\$0	\$0
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$21,420,810	\$21,420,810

* OE = Owner's Equity

In Exhibit F.2, the applicant provides a letter dated February 11, 2022, from the managing director of an investment banking firm. The letter states that the firm will assist the applicant in securing tax-exempt bond financing to fund the capital cost of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the applicant's ability to secure financing due to their high credit rating and their long-standing relationship with an experienced investment banking firm.

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 for the entire facility will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the tables below.

Deerfield Episcopal Retirement Community (Entire Facility)	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	FY 2025	FY 2026	FY 2027
Total Patient Days (NF and ACH beds Only)	49,445	53,582	53,582
Total Gross Revenues (Charges)	\$45,801,356	\$47,239,188	\$48,656,363
Total Net Revenue	\$45,801,356	\$47,239,188	\$48,656,363
Average Net Revenue per Patient days	\$926	\$882	\$908
Total Operating Expenses (Costs)	\$40,653,050	\$42,111,300	\$43,374,206
Average Operating Expense per Patient Day	\$822	\$786	\$809
Net Income	\$5,148,306	\$5,127,888	\$5,282,157

Note: To calculate net income, the Project Analyst used the total patient days for NF and ACH beds only and used revenue and operating expenses for the entire facility.

Deerfield Episcopal Retirement Community (NF and ACH Beds)	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
	FY 2025	FY 2026	FY 2027
Total Patient Days	49,445	53,582	53,582
Total Gross Revenues (Charges)	\$14,528,788	\$15,072,472	\$15,540,159
Total Net Revenue	\$14,528,788	\$15,072,472	\$15,540,159
Average Net Revenue per Patient days	\$294	\$281	\$290
Total Operating Expenses (Costs)	\$17,640,694	\$19,016,578	\$19,587,037
Average Operating Expense per Patient Day	\$357	\$355	\$366
Net Income	(\$3,111,903)	(\$3,944,106)	(4,046,878)

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 adequately explains the assumptions used to project revenue, such as projected self-pay revenue, and operating costs, such as salaries and professional fees.
- 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 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 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.

The applicant proposes to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

On page 177, the 2022 SMFP defines the service area for adult care home beds as “*the county in which the adult care home bed is located*”. Thus, the service area for this proposal is Buncombe County. Facilities may also serve residents of counties not included in their service area.

On pages 182-183 of the 2022 SMFP, Table 11A documents that there is a total of 28 existing or approved facilities in Buncombe County that offer or will offer ACH services that are available to the general population. Based on the data reported in Table 11E, page 216, Deerfield currently has a total of 62 ACH beds, all of which are Policy LTC-1 beds and excluded from the total planning inventory.

In Section G, page 57, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved adult care services in Buncombe County. The applicant states:

“...Deerfield does not compete with the open market within the service area. The SNF and ACH beds are dedicated to Deerfield residents with life contracts. The additional 39 ACH beds included in this proposal would only be available to life-care residents of Deerfield.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the applicant adequately documenting that the 39 ACH beds will be used exclusively by individuals who already reside at the CCRC.

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.

The applicant proposes to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

In Section Q, pages 15-16, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current FTE Staff	Projected FTE Staff
	(As of 09/30/2021)	2 nd Full Fiscal Year (FY 2026)
Registered Nurses	13.34	16.34
Licensed Practical Nurses	17.18	24.93
Certified Nurse Aides/Nursing Assistants	56.27	82.27
Director of Nursing	1.07	1.07
MDS Nurse	1.15	1.15
Cooks	12.20	16.20
Social Workers	2.67	3.17
Medical Records	1.79	2.29
Laundry and Linen	2.48	4.48
Housekeeping	7.97	12.97
Maintenance/Engineering	12.73	15.23
Business Office	17.94	18.94
Other (Nursing Administration)	13.81	14.31
TOTAL	160.60	213.35

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 59-60, 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:

- Methods used to recruit staff include the facility’s website, social media, career websites and Asheville-Buncombe Technical Community College’s nursing program.
- Deerfield’s commitment to offer on-site training to Asheville-Buncombe Technical Community College’s nursing students.
- The applicant provides supporting documentation in Exhibits H.2 and H.4.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion 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 to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

In Section I, page 61, the applicant identifies the necessary ancillary and support services for the proposed services. On page 61, the applicant 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:

- Ancillary and support services are currently available at Deerfield.
- The applicant provides letters of support from entities currently providing services, such as dietician, therapy, pharmacy and hospice.

Coordination

In Section I, page 62, the applicant describes its existing and 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:

- Deerfield's established relationships with local hospitals, nursing facilities, hospice providers, and physician practices.
- In Exhibit I-2, the applicant provides letters of support from local providers.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion 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 to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at Deerfield upon project completion.

In Section K, page 64, the applicant states that the project involves constructing 18,242 square feet of new space. Line drawings are provided in Exhibit K-1.

On page 64, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the facility's high occupancy driving the need for additional ACH beds.

On page 65, 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.

On page 65, the applicant identifies any 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

In Section L, pages 68-69, the applicant provides the historical payor mix during for the proposed services. The Project Analyst concludes that the date provided was a typographical error. The analyst's correction is in brackets.

Deerfield Episcopal Retirement Community Historical Payor Mix 10/01/2021 [2020] - 09/30/2021		
Payor Source	NF Beds as Percent of Total	ACH Beds as Percent of Total
Private Pay	95.4%	100.0%
Charity Care	0.0%	0.0%
Medicare*	4.6%	0.0%
Medicaid*	0.0%	0.0%
Insurance*	0.0%	0.0%
Workers Compensation	0.0%	0.0%
TRICARE	0.0%	0.0%
Other	0.0%	0.0%
Total	100.0%	100.0%

*Including any managed care plans.

In Section L, page 69, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	61.5%	52.4%
Male	38.5%	47.6%
Unknown	0.0%	0.0%
64 and Younger	0.0%	78.20%
65 and Older	100.0%	21.80%
American Indian	0.0%	0.4%
Asian	2.0%	1.7%
Black or African-American	4.0%	7.2%
Native Hawaiian or Pacific Islander	0.0%	0.2%
White or Caucasian	94.0%	83.4%
Other Race	0.0%	7.1%
Declined / Unavailable	0.0%	0.0%

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 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

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 70, the applicant states that the facility is not obligated to provide uncompensated care, community service or access by minorities and persons with disabilities.

In Section L, page 70, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

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, page 71, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Deerfield Episcopal Retirement Community Projected Payor Mix 3rd Full FY, FY 2027		
Payor Source	NF Beds as Percent of Total	ACH Beds as Percent of Total
Private Pay	92.0%	100.0%
Charity Care	0.0%	0.0%
Medicare*	8.0%	0.0%
Medicaid*	0.0%	0.0%
Insurance*	0.0%	0.0%
Workers Compensation	0.0%	0.0%
TRICARE	0.0%	0.0%
Other	0.0%	0.0%
Total	100.0%	100.0%

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 92.0% of total NF services and 100.0% of total ACH services will be provided to self-pay patients, and 8.0% of total NF services to Medicare patients.

On page 71, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The proposed 39 ACH beds will be designated to Deerfield residents only as private pay.
- The facility provides a “Residency Fund” for residents who can no longer pay for services. The applicant provides supporting documentation in Exhibit L-4.

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

In supplemental information provided to the Agency, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to develop 39 ACH beds pursuant to Policy LTC-1, to its existing CCRC, Deerfield, for a total of 62 NF beds and 101 ACH beds at upon project completion.

In Section M, page 74, the applicant describes the extent to which health professional training programs in the area 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 Deerfield's commitment to provide on-site training to Asheville-Buncombe Technical Community College nursing students.

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.

NA

Policy LTC-1 of the 2022 SMFP requires the applicant to use the proposed additional ACH beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days. The policy also prohibits the applicant from participation in the Medicaid program and serving State-County Special Assistance recipients in the Policy LTC-1 beds.

- (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 O, the applicant does not identify any other facilities located in North Carolina owned, operated or managed by the applicant or a related entity. In Section O, page 77, the applicant states that Deerfield has a history of deficiency-free surveys over the last several years and provides supporting documentation in Exhibit O-4. 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 have not occurred in this facility. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at Deerfield, 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.

NA

The applicant proposes to develop ACH beds pursuant to Policy LTC-1. The Criteria and Standards for Nursing Facility or Adult Care Home Services promulgated in 10A NCAC 14C .1100 are not applicable to this review because beds added pursuant to Policy LTC-1 are used exclusively to meet the needs of people with whom the facility has continuing care contracts who have lived in a non-nursing unit of the center for a period of at least 30 days.