

REQUIRED STATE AGENCY FINDINGS

CORRECTED FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: June 26, 2023

Findings Date: June 26, 2023

Project Analyst: Cynthia Bradford

Co-signer: Gloria C. Hale

Project ID #: G-12341-23

Facility: The Atrium/The Respite Center

FID #: 922007

County: Forsyth

Applicant: Horizons Residential Care Center

Project: Construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium/The Respite Center.

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

Horizons Residential Care Center, (hereinafter referred to as “Horizons” or “the applicant”) proposes to construct two six-bed Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IID) group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium/The Respite Center (The Atrium) Both new group homes will be located in Rural Hall in Forsyth 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 2023 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There is one policy in the 2023 SMFP which is applicable to this review: Policy **MH-1: Linkages between Treatment Settings**, on page 26 of the 2023 SMFP states:

“An applicant for a certificate of need for psychiatric, substance use disorder or intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed service.”

In supplemental information, the applicant provides documentation to its Local Management Entity Managed Care Organization (LME-MCO), Partners Health Management (Partners HM), that states:

“Our housing Initiative is actually a 2-stage project, with the recently-awarded ARPA funds financing only the initial effort. With that, during the initial phase we plan to build two 6-bed homes on our main campus at Horizons Lane in Rural Hall, and relocate all ten residents from their current Arches home (on Bethabara Park Blvd. in Winston-Salem). To complete the census of 12 residents we will move two residents from the Atrium Home, thus reducing that census to 28 residents.”

Conclusion

The Agency reviewed the:

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

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

- The applicant does not propose to develop additional ICF-IID residential beds; there will be no increase in the number of beds in the service area.

- The applicant adequately demonstrates that the proposal is consistent with Policy MH-1 that requires an ICF/IID applicant for a certificate of need to invite the area program LME-MCO to comment on its proposal because it provides a letter from Partners HM.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low-income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium. The two six-bed group homes will be located in Rural Hall in Forsyth County on the same site as The Atrium.

Patient Origin

On page 285, the 2023 SMFP defines the service area for ICF-IID beds:

“The LME-MCOs serve as the portals of entry and exit for the admission and discharge of clients in ICF/IID facilities (G.S. 122C-115.4) within the applicable Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) catchment areas. This involvement is essential to ensure that only clients in need of the intensive array of services provided in an ICF/IID program are admitted and served as close as possible to their own homes, and to ensure coordination with services outside the facility.”

The existing ICF/IID group home beds and the proposed new group home beds are located in Forsyth County, in the Partners HM catchment area. Therefore, the service area for this project is the Partners HM catchment area, which includes Burke, Cleveland, Cabarrus, Catawba, Davie, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanly, Surry, Union, and Yadkin counties, consisting of 61 ICF/IID facilities with a total of 547 licensed ICF/IID beds (2023 SMFP pages 288-297). Providers may serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

Horizons ICF-IID Facility	County	Historical Patient Origin (7/1/21 to 6/30/22)		Third Full FY of Operation following Project Completion (7/1/26 to 6/30/27)	
		# of Patients	% of Total	# of Patients	% of Total
The Atrium/ The Respite Center	Forsyth (27045)	30	75%	28	70%
The Arches	Forsyth (27106)	10	25%	0	0%
New ICF-IID Arches I	Forsyth (27045)	0	N/A	6	15%
New ICF-IID Arches II	Forsyth (27045)	0	N/A	6	15%
Total		40	100%	40	100%

Source: application, pages 36-37

IN Section C, pages 36-37, and in Exhibit 2, the applicant provides the assumptions and methodology to project patient origin, stating that 100% of the current ten individuals residing in The Arches group home will relocate to the proposed Arches I and Arches II group homes and further,

“Horizons proposes to build two 6-bed homes...relocate all beds from the current Horizons-Arches Home in Winston-Salem into the two 6-bed homes in Forsyth County. Additionally, we will transfer two beds from The Atrium/The Respite Center in the same piece of property to complete the 12 bed census; thus, reducing the census at The Atrium/The Respite Center to 28 beds total.”

The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant relied on historical patient origin information from its existing ICF-IID facilities to project patient census upon project completion.
- The facilities from which the beds will be relocated have 100% occupancy and bed census will not change with the proposed location.
- The applicant states that once the two new 6-bed group homes are operational, the licensed beds at The Arches Residential Home will be reduced from 10 beds to zero beds.
- The applicant states that once the two new 6-bed group homes are operational, the licensed beds at The Atrium will be reduced from 30 beds to 28 beds.

Analysis of Need

In Exhibit 5, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. In Exhibit 5, the applicant states:

“...Horizons will move substantially closer to achieving goals that benefit the individual resident and the community as a whole. From the residents’ perspective, we will have made both quality-of-life impacts as well as civil rights impacts. The residents will be moved from the standard congregate care environment into a highly individualized and intimate setting. It will be easier to manage potential future outbreaks of airborne illness and larger pandemic related illnesses. The residents will have greater opportunities to integrate into their community and we will have greater opportunities to integrate into their community and we will improve our capacity to organize and transport smaller groups of individuals to opportunities throughout the county... The proposed ‘campus’ was chosen due to our having a 100 year lease on the property with Forsyth County. By developing the existing property we eliminated costs of acquiring additional property.”

The information is reasonable and adequately supported because the applicant provides reasonable information to support the need to relocate the existing ICF-IID beds to a new location, developing smaller group homes.

Projected Utilization

In Exhibit 6, Form C.1.a, the applicant provides historical utilization, as illustrated in the following tables.

HORIZONS	FY 2020	FY 2021	FY 2022	FY 2023
HISTORICAL UTILIZATION	(7/1/19-6/30/20)	(7/1/20-6/30/21)	(7/1/21-6/30/22)	(7/1/22-6/30/23)
The Atrium				
# of ICF-IID Beds	30	30	30	30
# of Days of Care	10,770	10,779	10,684	7,710 [10,775]
Occupancy Rate	98.4%	98.4%	97.6%	98.4%
The Arches				
# of ICF-IID Beds	10	10	10	10
# of Days of Care	3,612	3,569	3,529	2,570 [3,595]
Occupancy Rate	96.7%	96.7%	96.7%	98.5%

Note: Project Analyst corrections in brackets annualize the applicant’s data provided.

In Exhibit 9, Form D.1.a, the applicant provides projected utilization, as illustrated in the following tables.

HORIZONS PROJECTED UTILIZATION	FY 2024 (7/1/23-6/30/24)	FY 2025 (7/1/24-6/30/25)	FY 2026 (7/1/25-6/30/26)	FY 2027 (7/1/26-6/30/27)
The Atrium				
# of ICF/IID Beds	30	28	28	28
# of Days of Care	10,731	10,015	10,015	10,015
Occupancy Rate	98.0%	98.0%	98.0%	98.0%
The Arches				
# of ICF/IID Beds	10	Closed	Closed	Closed
# of Days of Care	3,577			
Occupancy Rate	98.0%			
New ICF Group Home Arches I				
# of ICF/IID Beds	Projected	6	6	6
# of Days of Care	To open	2,146	2,146	2,146
Occupancy Rate	July 2024	98.0%	98.0%	98.0%
New ICF Group Home Arches II				
# of ICF/IID Beds	Projected	6	6	6
# of Days of Care	To open	2,146	2,146	2,146
Occupancy Rate	July 2024	98.0%	98.0%	98.0%

Projected utilization is reasonable and adequately supported because it is based upon the existing patients who intend to relocate to the proposed new group homes.

Access to Medically Underserved Groups

In Section C, Page 43, the applicant states,

“Horizons will continue to follow ICF entrance and continued stay requirements regarding persons served. All residents receiving support from Horizons are Medicaid recipients.”

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

Group	Estimated Percentage of Total Patients during the Third Full Fiscal Year
Low-income persons	100%
Racial and Ethnic Minorities	40%
Women	50%
Persons with Disabilities	100%
Persons 65 and older	30%
Medicare beneficiaries	0%
Medicaid recipients	100%

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 estimated percentages for each medically underserved group and provides a statement attesting to the fact that all of its patients are Medicaid recipients.
- All ICF/IID residents must meet criteria for admission and continued stay at an ICF/IID level of care.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the agency.

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

In Section D, and in Exhibit 8, 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 50, the applicant states:

“The move to a 6-bed ICF-licensed facility will provide a smaller, more intimate environment that will enable them [the residents] to better-immense themselves into their community. The smaller environment will also enable Horizons to better manage potential future airborne and communicable diseases and virus’[sic].”

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

- The relocation of the residents into a smaller residential setting will provide increased opportunity for ICF individuals to be integrated into their community.
- The relocation will enable the applicant to appropriately mitigate airborne viruses and communicable diseases in a smaller residential setting.

In Section D, Page 51, the applicant provides projected utilization, as illustrated in the following table.

Horizons – The Arches		
Service Component to be Eliminated or Reduced	Number of beds to be reduced	Number Remaining
The Arches ICF Beds	10	0
The Atrium/ The Respite Center ICF Beds^	2	28

^As referenced in the project description

In Section D, Page 51, and in Exhibit 8, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

“The Arches home will be closed, and all 10 beds will be transferred to the Atrium/ The Respite Center Campus. All 10 of the beds are occupied at this time and we anticipate no disruptions to current support.”

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

- There will be no disruptions to current support activities during the resident’s transition to the new group homes.
- Existing group home will be closed after the residents move into their new ICF facility.

Access to Medically Underserved Groups

In Section D, Page 50, the applicant states,

“There will be no effect on the populations listed below [on page 50 of the application]. The new 6-bed homes will follow the same ICF eligibility and continued-stay criteria as is adhered to today.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use ICF/IID residential services will be adequately met following completion of the project for the following reasons:

- All residents must meet and maintain eligibility for ICF/IID residential services.
- The applicant provides documentation in supplemental information that it serves medically underserved groups.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

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

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion 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.

C

The applicant proposes to construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

In Section E, page 54, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Secure additional property to accommodate two 6-bed ICF/IID group homes - the applicant states,
“...to secure additional property to ‘house’ the two 6-bed homes we would encounter additional property costs. By utilizing currently owned property, we eliminate those costs.” Therefore, this alternative would be more costly and is not the most effective alternative.
- Maintain Status Quo – the applicant states,
“By successfully moving twelve of our residents out of congregate care environments, Horizons will benefit each individual resident and the community...we will have made both quality-of-life impacts, as well as civil rights impacts.” Therefore, maintaining the status quo would be less beneficial to residents and is not the most effective alternative.

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 proposed alternative was the only alternative that meets the identified need for the project.
- The data cited is reasonable and supports the assumptions made with regard to the least costly or most effective alternative for development of the proposed project.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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. Horizons Residential Care Center 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 construct two six-bed ICF-IID group homes on the same site as The Atrium/ The Respite Center by relocating no more than 10 beds from The Arches in Winston-Salem and two beds from The Atrium/The Respite Center.**
- 3. Upon project completion, The Atrium/ The Respite Center shall be licensed for no more than 40 ICF/IID beds on the entire campus; no more than 28 ICF/IID beds at The Atrium/The Respite Center, no more than six ICF/IID beds at The Arches I group home, and no more than six ICF/IID beds at The Arches II group home.**
- 4. Upon completion of the project, The Arches will no longer be licensed and will have no ICF/IID beds.**
- 5. 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. The first progress report shall be due on January 30, 2024.**
- 6. 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 construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

Capital and Working Capital Costs

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

Total Capital Cost	
Building Purchase Price	\$2,000,000
Total	\$2,000,000

In Section Q, Form F.1.a, 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 applicant is working with a developer who has completed several similar projects as the proposed project.
- The applicant’s developer estimates each of the two new homes will cost approximately \$750,000 each to construct.

In Section F, page 56, the applicant states there will be no start-up costs or initial operating expenses because all residents, furniture, equipment, and supplies will be transferred from the current facilities to the new homes once completed.

Availability of Funds

In Section F, page 58, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	Horizons Residential Care Center	Total
Accumulated reserves or OE *	\$ 100,000	\$ 100,000
ARPA Grant Funds**	\$1,900,000	\$1,900,000
Total Financing	\$2,000,000	\$2,000,000

* OE = Owner's Equity
**ARPA = American Rescue Plan Act

In Section A, page 18, the applicant states they received an ARPA grant from Forsyth County in the amount of \$1,900,000. The additional funding for this project will come from the applicant's cash reserves.

In the supplemental information requested by the Agency, the applicant provides a copy of the signed sub-award contract #2023-1175-00 ARPA Agreement from Forsyth County to the applicant for the amount of \$1,900,000. In addition, the applicant provides a copy of correspondence from its investment broker showing the availability of cash reserves for the project.

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

- The applicant received \$1,900,000 in grant monies from Forsyth County as part of the American Rescue Plan Act.
- The applicant has adequate cash reserves budgeted for this project.

Financial Feasibility

In supplemental information, the applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2.a, the applicant projects that revenues will not exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

The Atrium/ The Respite Center	1st Full Fiscal FY2025 (7/1/24-6/30/25)	2nd Full Fiscal FY2026 (7/1/25-6/30/26)	3rd Full Fiscal FY2027 (7/1/26-6/30/27)
Total Days of Service [^]	14,307	14,307	14,307
Total Gross Revenues (Charges)	\$8,191,592	\$8,191,592	\$8,191,592
Total Net Revenue	\$8,191,592	\$8,191,592	\$8,191,592
Average Net Revenue per Day ^{^^}	\$573	\$573	\$573
Total Operating Expenses (Costs)	\$8,126,137	\$8,126,137	\$8,126,137
Average Operating Expense per Day of Service ^{^^}	\$568	\$568	\$568
Net Income	\$65,455	\$65,455	\$65,455

[^]Source: Form D.1a Projected Facility Bed Utilization.

^{^^}Table may not sum due to rounding.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Exhibit 3 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected revenue is based on Medicaid reimbursement and Supplemental Security Income.
- 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
- Supplemental information requested by the Agency

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

- The applicant adequately 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.

C

The applicant proposes to construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

On page 285, the 2023 SMFP defines the service area for ICF-IID beds:

“The LME-MCOs serve as the portals of entry and exit for the admission and discharge of clients in ICF/IID facilities (G.S. 122C-115.4) within the applicable Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) catchment areas. This involvement is essential to ensure that only clients in need of the intensive array of services provided in an ICF/IID program are admitted and served as close as possible to their own homes, and to ensure coordination with services outside the facility.”

The existing ICF/IID group home beds and the proposed new group home beds are located in Forsyth County, in the Partners HM catchment area. Therefore, the service area for this project is the Partners HM catchment area, which includes Burke, Cleveland, Cabarrus, Catawba, Davie, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanley, Surry, Union, and Yadkin counties, consisting of 61 ICF/IID facilities with a total of 547 licensed ICF/IID beds (2023 SMFP pages 288-297). Facilities may serve residents of counties not included in their service area.

The applicant proposes to construct two six-bed ICF-IID group homes on the same site as The Atrium/The Respite Center by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium/The Respite Center to the proposed facility location. Therefore, the project is not increasing the inventory of ICF/IID beds in the county or the catchment area as represented in the table below.

Horizons ICF-IID Facility	Current Residential Beds		Residential Beds following Project Completion	
	# of Patients	% of Total	# of Patients	% of Total
Forsyth (27045) The Atrium/ The Respite Center	30	75%	28	70%
Forsyth (27106) The Arches	10	25%	0	0%
Forsyth (27045) Arches I	0	NA	6	15%
Forsyth (27045) Arches II	0	NA	6	15%
Total	40	100%	40	100%

In Section G, page 62, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved ICF/IID residential services in Forsyth County, stating that it is no requesting additional beds, rather it is seeking to relocate a total of 12 beds from two facilities to develop two six-bed group homes.

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

- the applicant adequately demonstrates that the replacement and relocation of the ICF/IID beds will not increase the total inventory of ICF/IID beds in the county or the catchment service area, and
- the applicant adequately demonstrates the need for the replacement and relocation of ICF/IID group home beds.

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.

- (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 construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

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

Position	Current FTE The Arches & The Atrium/ The Respite Center	Projected FTE The Arches I and II & The Atrium/ The Respite Center
	As of 3/14/2023	3rd Full Fiscal Year 2026-2027
Administrator	1	1
Clinical Services Director (RN)	1	1
Assistant Director of Nursing (RN)	1	1
Director of Operations (RN)	1	1
Director of Human Resources	1	1
Director of Environmental Services	1	1
Human Resource Generalist	1	1
Licensed Practical Nurse	5	5
Medical Coordinator	2	2
Direct Support Professionals	41	61
Qualified Intellectual Disabilities Professional	3	3
Program Specialists	2	4
Accounts Payable	1	1
Accounts Receivable	1	1
Business Manager	1	1
Physical Therapists	1	1
Speech Therapist	1	1
Dietary Aide Supervisor	1	1
Dietary Aides	3	4
Housekeeping	2	6
Maintenance/ Engineering	2	4
TOTAL	73	102

Source: Section Q, Form H

The assumptions and methodology used to project staffing are provided in Section H, pages 63-64. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Section H, page 63, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. In Section H, Page 64, the applicant states that the projected staffing patterns are and will remain in compliance with ICF/IID regulatory staffing requirements (10A NCAC 27G .2102).

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 current and future FTE staffing positions necessary to accommodate the proposed residential services at all three residential facilities at The Atrium/ The Respite Center campus.
- Salary adjustments and annual increases are accounted for in the budgeted operating costs.
- The methods used to recruit or fill new positions and the existing training and continuing education programs are in place.

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 construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

Ancillary and Support Services

In Section I, page 65, the applicant identifies the necessary ancillary and support services for the proposed services. The applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit 10. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because the applicant describes how ancillary and support services will be provided directly by the staff at The Atrium.

Coordination

In Section I, pages 65-66, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because the applicant already has existing relationships with other healthcare and

social services entities in their local community and anticipates these relationships will continue.

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.

- (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 construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

In Section K, page 68, the applicant states that the project involves constructing two ICF/IID group homes that will encompass 3,218 square feet each. The line drawing for the group home is provided in Exhibit 11.

On pages 69-70, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit 12. The site appears to be suitable for the proposed two group homes based on the applicant's representations and supporting documentation.

In supplemental information, 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
- Supplemental information requested by the Agency

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

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C

In Section L, pages 71-72, the applicant provides the historical payor mix during the last full fiscal year for the proposed services, as shown in the table below.

Horizons Residential Care Center – Historical Payor Mix 7/1/21 – 6/30/22		
	The Arches	The Atrium
Payor Category		
Self-Pay	0%	0%
Charity Care	0%	0%
Medicare^	0%	0%
Medicaid^	100%	100%
Insurance^	0%	0%
Workers Compensation	0%	0%
TRICARE	0%	0%
Other (specify)	0%	0%
Total	100%	100%

^ including managed care plans

In Section L, pages 72-73, the applicant provides the following comparison in the follow tables.

Horizons Residential Care Center – The Arches 7/1/21 – 6/30/22		
	% of Total Residents Served	% of the Population of Service Area
Female	70%	52%
Male	30%	48%
Unknown	N/A	N/A
64 and Younger	90%	83%
65 and Older	10%	17%
American Indian	0%	1%
Asian	0%	3%
Black or African American	10%	28%
Native Hawaiian or Pacific Islander	0%	<1%
White or Caucasian	90%	65%
Other Race – Hispanic	0%	14%
Declined/ Unavailable	N/A	N/A

Source: Section L, page 72

Horizons Residential Care Center – The Atrium		
7/1/21 – 6/30/22		
	% of Total Residents Served	% of the Population of Service Area
Female	33%	52%
Male	67%	48%
Unknown	N/A	N/A
64 and Younger	100%	83%
65 and Older	0%	17%
American Indian	0%	1%
Asian	0%	3%
Black or African American	27%	28%
Native Hawaiian or Pacific Islander	0%	<1%
White or Caucasian	60%	65%
Other Race – Hispanic	13%	14%
Declined/ Unavailable	N/A	N/A

Source: Section L, page 73

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 73, the applicant states it is not obligated to provide uncompensated care, community service, or access by minorities and persons with disabilities.

In Section L, page 73, 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 74, 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.

Payor Category	The Atrium
Self-Pay	0%
Charity Care	0%
Medicare^	0%
Medicaid^	100%
Insurance^	0%
Workers Compensation	0%
TRICARE	0%
Other (specify)	0%
Total	100%

Source: Section L, page 74

^ including managed care plans

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 Medicaid patients.

On page 73, 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 projected payor mix is based on the historical payor mix of existing clients in the applicant's defined service area, who will relocate to the new ICF/IID Group Homes, and
- The applicant adequately demonstrates that medically underserved populations will have access to the proposed services provided they meet ICF/IID eligibility requirements.

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 Section L, page 73, 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 construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

In Section M, page 76, and in supplemental information, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes because the applicant states it collaborates with Forsyth Technical Community College to host annual clinical training for nursing students and provides documentation regarding this arrangement.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application

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

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

C

The applicant proposes to construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston-Salem and two beds from The Atrium.

On page 285, the 2023 SMFP defines the service area for ICF-IID beds:

“The LME-MCOs serve as the portals of entry and exit for the admission and discharge of clients in ICF/IID facilities (G.S. 122C-115.4) within the applicable Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) catchment areas. This involvement is essential to ensure that only clients in need of the intensive array of services provided in an ICF/IID program are admitted and served as close as possible to their own homes, and to ensure coordination with services outside the facility.”

The existing ICF/IID group home beds and the proposed new group home beds are located in Forsyth County, in the Partners HM catchment area. Therefore, the service area for this project is the Partners HM catchment area, which includes Burke, Cleveland, Cabarrus, Catawba, Davie, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanley, Surry, Union, and Yadkin counties, consisting of 61 ICF/IID facilities with a total of 547 licensed ICF/IID beds (2023 SMFP pages 288-297). Providers may serve residents of counties not included in their service area.

The applicant proposes to construct two six-bed ICF-IID group homes on the same site by relocating 10 beds from The Arches in Winston Salem and 2 beds from The Atrium to the proposed facility location. Therefore, the project is not increasing the inventory of ICF/IID beds in the county or the catchment area. The proposed relocation of existing beds is represented in the table below.

Horizons ICF-IID Facility	Current Residential Beds		Residential Beds following Project Completion	
	Patients	% of Total	Patients	% of Total
Forsyth (27045) The Atrium	30	75%	28	70%
Forsyth (27106) The Arches	10	25%	0	0%
Forsyth (27045) The Arches I	0	N/A	6	15%
Forsyth (27045) The Arches II	0	N/A	6	15%
Total	40	100%	40	100%

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 77, the applicant states:

“Horizons anticipates no additional or increased competition with the relocation of the Arches home to the Atrium campus.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 77, the applicant states:

“Due to close proximity of the two new 6-bed ICF/IID home to the Atrium/Respite Center, Horizons will be able to more efficiently share ancillary services...”

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 77, the applicant states:

“Quality expectations will increase as traveling time between the Atrium/ Respite Center campus and the current Arches campus will dramatically diminish. Operational, clinical, environmental services, and executive leadership will be much more available to all related components of the program...”

See also Section O of the application and Exhibit 13.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 77, the applicant states:

“Horizons has historically honored ICF/IID entrance and continued stay criteria and will continue to do so in the future, thus the issue of ensuring service to underserved groups is taken care of systematically.”

See also Sections 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

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

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

C

In Section O, page 79, and in Section Q, Form O, the applicant identifies the ICF/IID residential facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of two (2) of this type of facility located in North Carolina.

In Section O, page 80, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in none of these facilities. According to the files in the Mental Health Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, no incidents related to quality of care occurred in either of these facilities. After reviewing and considering information provided by the applicant and by the Mental Health Licensure and Certification Section and considering the quality of care provided at both facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

(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

There are no Criteria and Standards applicable to the review of this relocation/replacement application.