

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming  
CA = Conforming as Conditioned  
NC = Nonconforming  
NA = Not Applicable

Decision Date: March 23, 2023

Findings Date: March 23, 2023

Project Analyst: Donna D. Donihi

Co-Signer: Gloria C. Hale

Project ID #: G-12288-22

Facility: The Waverly at Oak Hollow

FID #: 200746

County: Guilford

Applicants: High Point Opco, LLC

High Point Propco, LLC

Project: Relocate no more than 25 ACH beds from Holden Heights to The Waverly Oak Hollow which is a change of scope (COS) and cost overrun (COR) to Project ID# G-11965-20 (relocate 29 ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 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.

C

High Point Opco, LLC and High Point Propco, LLC (hereinafter referred to as “the applicants”) propose a change of scope (COS) and cost overrun (COR) for Project ID# G-11965-20 to relocate no more than 25 ACH beds from Holden Heights. The 25 ACH beds are in addition to the relocation of 29 undeveloped ACH beds from Guilford House (Project ID# G-11965-20), which was a COS for Project ID# G-11496-18, and 11 ACH beds from Holden Heights. Project ID# G-11965-20 would have resulted in the development of a 40-bed ACH facility named The Waverly at Oak Hollow. Project ID# G-11496-18 proposed to relocate 29 beds from Wellington Oaks to Guilford House for a total of 85 special care unit (SCU) beds at Wellington Oaks and a total of 89 ACH beds at Guilford House, including a 32-bed SCU. In

this application, the applicants propose to develop a 65-bed ACH facility, The Waverly at Oak Hollow, by relocating 25 additional ACH beds from Holden Heights, 29 undeveloped ACH beds from Guilford House, and 11 ACH beds from Holden Heights. The proposed capital cost for both projects is \$10,749,920, an increase of \$4,807,045.

A certificate of need was issued on April 23, 2021, for Project ID #G-11965-20. That application proposed to relocate no more than 29 undeveloped ACH beds from Guilford House which is a change of scope for Project ID #G-11496-18 (relocate 29 ACH beds) and 11 ACH beds from Holden Heights to develop a new 40-bed ACH facility and authorized a capital cost of \$5,942,875. In this application, the applicant proposes to relocate the 29 previously approved but undeveloped ACH beds from Holden Heights in Project ID# G-11965-20 from Guilford House and 36 existing licensed ACH beds from Holden Heights to develop a new 65-bed ACH facility, The Waverly at Oak Hollow in Guilford 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 2022 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

### **Policies**

There is one policy in the 2022 SMFP that is applicable to this review: ***Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities.***

***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 Facility Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. § 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must*

*be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety, or infection control."*

The proposed capital expenditure for this project is greater than \$4 million; therefore, Policy GEN-4 is applicable to this review. In Section B, page 26, the applicants explain why they believe the application is consistent with Policy GEN-4. On page 26, the applicants state the facility will be constructed "*...to utilize the latest technologies to assure maximum energy efficiency. ...will allow for the fulfillment of the 2022 SMFP's Policy GEN-4....*"

The application is consistent with Policy GEN-4.

### **Conclusion**

The Agency reviewed the:

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

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

- The applicants do not propose to develop any new health service facility beds, services or equipment for which there is a need determination in the 2022 SMFP.
- The applicants adequately demonstrate that the proposal is consistent with Policy GEN-4 based on the following:
  - The applicants adequately demonstrate that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

(2) Repealed effective July 1, 1987.

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

C

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow, which is a COS and a COR to Project ID #G-11965-20 (relocate 29 undeveloped ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

### **Patient Origin**

On page 171, the 2022 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located.*” The Waverly at Oak Hollow is proposed to be located in Guilford County, thus, the service area for this project is Guilford County. Facilities may also serve residents of counties not included in their service area.

The Waverly at Oak Hollow has no historical patient origin to report since it would be a new facility.

To project patient origin, in Section C, page 56, the applicants provide historical patient origin data for ACHs within a 5-mile vicinity of where The Waverly at Oak Hollow will be located. The applicants state that 74.9 % of the patient population for these ACHs will originate in Guilford County. The applicants assume its patient origin will be 75% from Guilford County. The remaining residents are expected to come from the bordering counties of Forsyth, Davidson, and Randolph.

The assumptions for projected patient origin are the same as those used to project resident origin in the previous application, Project ID # G-11965-20.

**Historical Patient Origin-ACH Beds within 5 Miles of  
 The Waverly at Oak Hollow FFY2020-2021**

County	2020 LRAs		2021 LRAS		2020 and 2021 LRAs	
	2019 Number of Existing Residents	2019 Number of New Admissions	2022 Number of Existing Residents	2022 Number of New Admissions	2019 & 2020 Total Residents	2019 & 2020 Percentage of Total Residents
Guilford	150	114	143	97	504	74.9%
Forsyth	26	7	25	7	65	9.7%
Davidson	11	11	2	4	28	4.2%
Randolph	7	5	5	4	21	3.1%
Alamance	1	0	5	2	8	1.2%
Iredell	3	0	3	0	6	0.9%
Mecklenburg	0	4	0	1	5	0.7%
Other unknown	4	1	7	1	13	1.9%
Other Identified Locations	10	3	6	4	23	3.4%
<b>Total</b>	<b>212</b>	<b>145</b>	<b>196</b>	<b>120</b>	<b>673</b>	<b>100.0%</b>

Source: Section C, page 56

The following table illustrates the projected patient origin for the facility.

**The Waverly at Oak Hollow Projected Patient Origin**

COUNTY	1 <sup>ST</sup> FFY 08/01/2026 to 07/31/2027		2 <sup>ND</sup> FFY 08/01/2027 to 07/31/2028		3 <sup>RD</sup> FFY 08/01/2028 to 07/31/2029	
	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL
Guilford	20	80%	43	80%	46	80%
Forsyth	2	9%	5	9%	5	9%
Davidson	1	4%	2	4%	2	4%
Randolph	1	2%	1	2%	1	2%
Alamance	0	1%	1	1%	1	1%
Other	1	4%	2	4%	2	4%
<b>Total*</b>	<b>25</b>	<b>100%</b>	<b>54</b>	<b>100%</b>	<b>58</b>	<b>100%</b>

Source: Section C page 49

In Section C, pages 49-50, the applicants provide the assumptions and methodology used to project patient origin. The applicants' assumptions are reasonable and adequately supported based on the following:

- The applicants analyzed existing patient origin data from ACH facilities within 5 miles of the proposed location of The Waverly at Oak Hollow to project patient origin and determined the majority of the ACH residents were Guilford County residents.
- The applicants analyzed the impact of access and location in determining where to locate the proposed facility and the potential impact that location would have on potential ACH residents and the family members who would visit them.
- The applicants considered possible reasons for outmigration from Guilford County for ACH residents and determined that a new facility with affordable, available and desirable beds would best serve Guilford County residents who need ACH services.

**Analysis of Need**

In Section C, pages 41-45, the applicants explain why they believe this application, which is a COS and COR for Project ID #G-11965-20, is necessary for the following reasons:

The Certificate of Need for Project ID #G-11496-18 approved the relocation of 29 ACH beds from Wellington Oaks in Guilford County to Guilford House, also in Guilford County, for a total of 85 SCU beds at Wellington Oaks and a total of 89 ACH beds, of which 32 would be SCU beds, at Guilford House.

The Certificate of Need for Project ID # G-11965-20, which was a COS to Project ID #G-11496-18, approved the relocation of 11 licensed ACH beds from Holden Heights in Greensboro, Guilford County and 29 ACH beds from Guilford House, also in Greensboro, Guilford County, to create a new, freestanding 40-bed ACH facility in High Point, Guilford

County, to be known as Guilford Senior Living. None of the 40 ACH beds comprising the completed project would retain an SCU designation.

In Project ID #G-12288-22, the applicants propose to relocate 25 additional ACH beds from Holden Heights to Guilford Senior Living (to be renamed The Waverly at Oak Hollow) to develop a 65-bed ACH facility. The 25 existing licensed ACH beds from Holden Heights proposed for relocation in this application would be added to the 40 ACH beds (29 ACH beds from Guilford House, and 11 ACH beds from Holden Heights) previously approved for development at Guilford Senior Living.

In Section C, page 42, the applicants state, Holden Heights is an older, outdated facility. The facility has an entirely semi-private room floor plan with little green space, and is located in a deteriorating neighborhood on a busy street. The applicants determined that the remodel of the entire facility would cause a reduction of beds and the increased costs associated with the remodel of Holden Heights made it clear that such renovation would not be worth the expense.

In Section D, page 49, the applicants state the assumptions utilized in this application are the same assumptions used in the previous application, Project ID #G-11965-20. Those are that residents and their families prefer proximity to each other, and that movement of patients into other counties is minimized by proper ACH bed availability in home counties.

In addition, in Section D, pages 67-69, the applicants state:

- The surplus of ACH beds in Guilford County in the 2022 SMFP is too high due to the COVID-19 pandemic and the need will increase and the surplus will decrease by 2025.
- The change of scope to the project will make available 65 of the 125 ACH beds in the inventory that are not currently being utilized in Guilford County. Holden Heights ceased operations on December 21, 2021, so none of the 25 ACH beds that the proposed project seeks to relocate are currently available to the public.
- ACH bed availability in the county - The Waverly at Oak Hollow will make all of its ACH beds into private rooms as the population prefers to have their own room and these will be provided for all payor sources which was not typical in older facilities. The applicants state that this will improve the comfort and desirability of 65 ACH beds and will increase access to private rooms for Guilford County's Medicaid and Special Assistance recipients at a rate of approximately 12%.
- Local Support – the applicants state there is local support from Guilford County residents, clinicians, and physicians for the proposed 65-bed ACH facility and provides letters of support in Exhibit C.4.

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

- The applicants demonstrate that the 65 existing ACH beds will serve a population in Guilford County that needs those beds.

- The applicants demonstrate that the 29 previously approved but undeveloped ACH beds will serve a population in Guilford County that needs those beds.
- The applicants demonstrate that the ACH beds proposed to be developed in this application are needed in the area of the county in which they are proposed.
- The applicants demonstrate that the ACH beds proposed to be developed in this application will offer available, appealing, and affordable ACH options to Guilford County residents.
- The applicants provide documentation of community support for the proposed project.

**Projected Utilization**

In Exhibits, Form C.1b, page 106, the applicants provide projected utilization for the first three full fiscal years (FY) of operation for the proposed facility, as shown in the table below:

<b>The Waverly at Oak Hollow</b>			
<b>Projected Health Services Facility Bed Utilization</b>	<b>Projected</b>		
	<b>FY 2026 (08/1/26-7/31/27)</b>	<b>FY 2027 (8/1/27-7/31/28)</b>	<b>FY 2028 (8/1/28-7/31/29)</b>
# General ACH Beds	65	65	65
# of Patient Days	8,973	19,856	21,170
Occupancy Rate	37.8%	83.7%	89.2%

In the Exhibit section, Form C.1b, pages 106-110, the applicants provide the assumptions and methodology used to project utilization, as summarized below:

- The applicants documented the utilization of new ACH facilities managed by ALG Senior LLC by reviewing historical move-in rates from their new facilities across North Carolina from 2013-2020.
- The applicants calculated a “fill rate” based on 14 new adult care homes opened by ALG in both urban and rural North Carolina which was an average of 4 new move-ins per month.
- The applicants also base their admissions on the recovery of the challenging market related to COVID-19.

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

- The applicants relied on and adequately explained the historical experience of the management company in developing new ACH facilities similar in size to the proposed facility.
- The applicants relied on historical data of new ACH facilities in similar service areas to project utilization at the proposed facility.

- The applicants’ utilization projections are supported by the historical and projected growth and aging of the Guilford County population, particularly for older patient populations.

### **Access to Medically Underserved Groups**

In Section C, pages 60-62, the applicants state the facility will admit all persons without regard to race, color, creed, age, national origin, handicap, sex or payment source. The applicants provide the estimated percentage for each medically underserved group for the third full federal fiscal year of operation following project completion, as shown in the following table:

<b>Medically Underserved Groups</b>	<b>Percentage of Total Patients</b>
Low-income persons*	12.3%
Racial and ethnic minorities	52.1%
Women	75.0%
Persons with Disabilities	100.0%
The elderly	93.0%
Medicaid recipients*	12.3%

Source:: Section C page 60 \*The applicants state this group includes Medicaid and State/County Special Assistance.

The applicants state, “*when projecting rates of access by underserved individuals the applicants rely on both ALG Senior LLC’s long and broad experience with ACH facilities and on the demographics of the County.*”

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

### **Conclusion**

The Agency reviewed the:

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

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

- The applicants adequately identify the population to be served.
- The applicants adequately explain why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicants project the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately support their assumptions.



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

C

The applicants previously received approval to relocate 11 ACH beds from Holden Heights and 29 ACH beds from Guilford House, leaving 85 ACH beds at Holden Heights, and 60 ACH beds at Guilford House. The applicants were found conforming to this Criterion in the prior application. This application proposes to relocate an additional 25 ACH beds from Holden Heights, leaving 60 ACH beds at the closed Holden Heights facility. The 60 ACH beds remaining at Holden Heights will not continue to be used at Holden Heights as the facility will not reopen. In Section D, page 67, the applicants explain why they believe the needs of the population presently utilizing the services to be relocated from Holden Heights will be adequately met. On page 67, the applicants state:

*“Holden Heights is an aging and dated facility with 48 resident rooms. It currently has 96 licensed ACH beds, of which 11 have been previously approved for relocation to Guilford Senior Living (now, The Waverly at Oak Hollow)...*

*...Holden Heights had traditionally only filled approximately 75 of its licensed 96 beds in the years before the COVID pandemic, for an average utilization of approximately 78%. Put differently, about 21 of Holden Heights’ 96 ACH beds were empty on average, even before the effects of COVID-19 decreased census further and placed additional pressure on the facility’s staff and resources. The operator of Holden Heights believes that the COVID-19-related decrease in demand for ACH beds will be temporary. The temporary decrease in demand for ACH beds, however, creates a unique opportunity to move those beds to new developments in Guilford County with minimal impact on overall bed availability in the county, and therefore, minimal impact on ACH residents.*

*Holden Heights’ closure means that none of the licensed beds at Holden Heights are currently available for use by residents of Guilford County—they are only available on paper as part of the inventory of ACH beds in the SMFP. The applicants now seek to relocate 25 additional ACH beds from Holden Heights to the Project...”*

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

- The historical experience of the applicants’ consultant company with relocating ACH beds in similar projects in North Carolina.
- The fact that the 25 additional ACH beds that are to be relocated from Holden Heights are currently not utilized and will be put to use at the proposed facility.

In Exhibits, Form D.1, the applicants provide the historical utilization for Holden Heights, from which the 25 additional ACH beds are proposed to be relocated. The facility ceased operations on December 21, 2021. The applicants state that another application will be submitted to apply for the unused portion of beds at Holden Heights following the proposed relocation.

- Holden Heights is currently closed to the public, so none of its ACH beds are available for use to the residents of Guilford County.
- The beds which the applicant seeks to relocate are accounted for in the 2022 SMFP but are not currently in service.
- Holden Heights is not operational, and so there is no projected utilization for that facility.
- The applicants account for the needs of the ACH population in Guilford County by acknowledging the closure of Holden Heights and its inability to be restructured.
- The applicants propose a solution to reintegrate the currently accounted-for but out-of-service beds.
- The residents of Guilford County who choose to receive ACH services in Guilford County in the same vicinity of Holden Heights and who desire a private, single-occupancy room will have their needs met.
- The applicants do not propose to reduce beds in Guilford County. The applicants plan to develop 25 ACH beds to meet the need in Guilford County.

### **Access to Medically Underserved Groups**

In Section D, page 69, the applicants state that Holden Heights is closed. The applicants, with the help of ALG Senior LLC, will continue to serve those ACH residents who rely on Medicaid/Special Assistance and those with financial needs. Additionally, the applicants state ACH facilities managed by ALG Senior, LLC will continue to serve all persons, regardless of racial or ethnic background, religion, or any other personal or cultural characteristic.

The applicants adequately demonstrate that the needs of medically underserved groups will be adequately met at The Waverly at Oak Hollow following the completion of the project for the reasons stated above.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application.

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

- The applicants adequately demonstrate that the needs of the population that will use the services to be relocated will be adequately met following project completion for all the reasons described above.
  - The applicants adequately demonstrate that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.
- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

#### CA

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow, which is a change of scope and a cost overrun to Project ID# G-11965-20 (relocate 29 undeveloped ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

In Section E, page 70, the applicants describe the alternatives they considered and explain why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- Do not relocate the 25 ACH beds from Holden Heights - The applicants determined that this would not be feasible because even if the facility reopened it would continue to experience low utilization since the current demand for private rooms and Holden Heights only has all semi-private rooms. The facility would struggle with utilization, effective staffing, and efficiency. Therefore, this is not an effective alternative.
- Develop a small 25-bed facility -The applicants stated a small facility would be cost-prohibited due to the ever-rising cost of land and development. The applicants would have to transfer these costs to the residents which would make it financially inefficient. Therefore, this is not an effective alternative.
- Relocate the 25 ACH beds from Holden Heights to another Guilford County facility – The applicants determined that it would not be possible to construct an addition that could accommodate 25 new ACH beds in the other Guilford County ACH facilities that ALG Senior LLC manages due to associated remodeling of common areas, lack of acreage, costly code retrofitting, and disruption to residents. Therefore, this was not a reasonable or effective alternative.

On page 71, the applicants state that their proposal is the most effective alternative because this proposal will allow for the relocation of currently undeveloped ACH beds to a new, efficient facility that will provide high-quality and affordable ACH services to residents of Guilford County.

The applicants provide supporting documentation in Exhibit C.4.

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

- The application is conforming to all statutory and regulatory review criteria.
- The applicants provide credible information that explains why they believe the proposed project is the most reasonable alternative.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. High Point Opco, LLC and High Point Propco, LLC (hereinafter the certificate holders) shall materially comply with the representations made in this application and the representations in project ID# G-11965-20. Where representations conflict, the certificate holders shall material comply with the last made representation.**
- 2. The certificate holders shall relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow which is a change of scope to Project ID# G-11965-20. Upon completion of this project and project ID# G-11965-20, The Waverly at Oak Hollow shall be licensed for no more than 65 ACH beds, including the relocation of 29 ACH beds from Guilford House and 36 ACH beds from Holden Heights.**
- 3. The total capital expenditure for this project and Project ID# G-11965-20 is \$10,749,920 an increase of 4,807,045 over the capital expenditure of \$5,942,875 previously approved in Project ID# G-11965-20.**
- 4. Upon completion of this project, Guilford Senior Living shall be licensed for no more than 31 ACH beds.**
- 5. Upon completion of this project, Holden Heights shall be licensed for no more than 85 ACH beds.**
- 6. The certificate holders shall certify at least 12.3% of the total number of licensed adult care home beds in the facility for recipients of State/County Special Assistance with Medicaid and provide care to those recipients commensurate with representations made in this application and Project ID# G-11965-20.**

- 7. For the first two years of operation following completion of the project, The Waverly at Oak Hollow shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations made in the certificate of need application.**
  - 8. Progress Reports:**

    - a. Pursuant to G.S. 131E-189(a), the certificate holders 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 holders shall complete all sections of the Progress Report form.**
    - c. The certificate holders 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 September 1, 2023.**
  - 9. 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 holders 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.**
  - 10. The certificate holders 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 any charges for providing health services by the person proposing the service.

C

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow which is a change of scope and a cost overrun to Project ID# G-11965-20 (relocate 29 ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

**Capital and Working Capital Costs**

In Exhibits, Form F.1b, the applicants provide a summary of the capital cost approved in Project ID# G-11965-20, the changes proposed in this application, and the new projected capital costs, shown in the table below.

<b>Previously Approved &amp; Proposed Capital Cost</b>			
	<b>Previously Approved (G-11965-20)</b>	<b>Project Changes to Capital Cost (G-12288-22)</b>	<b>Difference</b>
Purchase Price of Land	\$625,000	\$1,225,000	\$600,000
Closing Costs	\$50,000	\$150,000	\$100,000
Site Preparation	\$550,000	\$850,00	\$300,000
Construction/Renovation Contract(s)	\$3,592,875	\$6,624,920	\$3,032,045
Landscaping	\$25,000	\$175,000	\$150,000
Architect / Engineering Fees	\$275,000	\$250,000	(\$25,000)
Non-Medical Equipment	\$100,000	\$200,000	\$100,000
Furniture	\$350,000	\$850,000	\$500,000
Financing Costs	\$125,000	\$175,000	\$50,000
Interest during Construction	\$250,000	\$250,000	\$0
<b>Total Capital Cost</b>	<b>\$5,942,875</b>	<b>10,749,920</b>	<b>4,807,045</b>

Source: Exhibits page, 114

The applicants propose to increase the number of ACH beds associated with the project from 40 to 65 ACH beds. This increase will change the scale of the operation by adding 25 ACH beds to the project.

In Section C, pages 41-43, the applicants explain the need for the proposed increase in projected capital costs. On Form F.1b in the Exhibits pages 114-115, the applicants provide the assumptions and calculations used to project the proposed increase in capital cost. The applicant adequately demonstrates that the proposed increase in the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicants propose to increase the number of ACH beds associated with the project from 40 to 65 ACH beds.
- The applicants provide supporting documentation for the need for the proposed capital cost increase and the assumptions regarding the proposed capital cost increase in Exhibit K.

In Section F.5, page 78, the applicants project the total working capital costs will be \$1,588,995 an increase of \$1,097,273 from Project ID# G-11965-20. In Section F, page 78, the applicants provide a table summarizing working capital costs for the proposed project and the difference from project ID # G-11965-20 as summarized below:

New total estimated start-up costs	\$135,500
New total estimated initial operating costs during the initial operating period	\$1,453,446
New total working capital	\$1,588,945
Previously approved total working capital	\$491,671
Difference	\$1,097,273

Source: Section F., 5b. page 78

\*Numbers may not foot due to rounding.

In Exhibit F.5, page 174, the applicants provide the assumptions and methodology used to project the working capital needs of the project. The applicants adequately demonstrate that the projected working capital needs of the project are based on reasonable and adequately supported assumptions because it is based on the applicants' related entities' experience in developing similar projects in North Carolina.

**Availability of Funds**

In Exhibit, F.5, pages 179-193, the applicants provide documentation that the capital cost for the project will be funded as shown in the table below:

**Source of Capital Financing**

Type	High Point Opco, LLC	Locust Point Capital Bank	Total
Loans	\$0	\$10,749,920	\$10,749,920
<b>Total Financing</b>	<b>\$0</b>	<b>\$10,749,920</b>	<b>\$10,749,920</b>

Source: Exhibit, page 114

In the Exhibits page 175, the applicants provide information to illustrate that working capital cost for the project are reasonable and adequately supported. The applicants state that the working capital cost for the project will be funded as shown in the table below:

**Source of Working Capital Costs**

Type	High Point Opco, LLC	Locust Point Capital Bank	Total
Loans	\$0	\$1,588,945	\$1,588,945
<b>Total Financing</b>	<b>\$0</b>	<b>\$1,588,945</b>	<b>\$1,588,945</b>

Source: Exhibit, page 175

- The applicants provide a capital cost funding letter from Locust Point Capital Bank that documents funding for the capital cost of the project in Exhibits, page 114.
- The applicants provide a capital cost funding letter from Locust Point Capital Bank that documents funding for the working capital of the project in Exhibits, page 175.

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

- In Exhibits, pages 114 and 175, the applicants provide a letter dated September 27, 2022, signed by the Managing Director of Locust Point Capital Bank that confirms the bank’s willingness to provide financing in the amount of \$10,749,920 for the capital needs of the project.
- The applicants provide a capital cost funding letter from Locust Point Capital Bank that documents funding for the capital cost of the project in Exhibits, page 175.
- Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

**Financial Feasibility**

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

<b>The Waverly at Oak Hollow</b>	<b>1st Full Fiscal Year 8/01/2026 - 7/31/2027</b>	<b>2nd Full Fiscal Year 8/01/2027 - 7/31/2028</b>	<b>3rd Full Fiscal Year 8/01/2028 - 7/31/2029</b>
Total Days of Care	8,973	19,856	21,170
Total Gross Revenues (Charges)	\$1,305,682	\$3,060,865	\$3,283,196
Total Net Revenue	\$1,292,625	\$3,030,256	\$3,250,364
Average Net Revenue per Day of Care	\$144	\$152	\$153
Total Operating Expenses (Costs)	\$2,621,121	\$3,082,323	\$3,128,331
Average Operating Expense per Day of Care	\$292	\$155	\$147
Net Income (loss)	(\$1,328,496)	(\$52,066)	\$122,034

Source: Exhibit Form F.2b page 116 (Numbers may not sum due to rounding by Project Analyst)

The assumptions used by the applicants in the preparation of the pro forma financial statements are provided in Exhibits, page 116. The applicants adequately demonstrate that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicants account for projected operating expenses, such as salaries, consistent with projections elsewhere in the application.
- 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 based on the following:

- The applicants adequately demonstrate that the capital and working capital costs are based on reasonable and adequately supported assumptions.
  - The applicants adequately demonstrate the availability of sufficient funds for the capital and working capital needs of the proposal.
  - The applicants adequately demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow which is a COS and a COR to Project ID# G-11965-20 (relocate 29 ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

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

Table 11A on pages 190-191 of the 2022 SMFP lists 26 ACH facilities and four nursing facilities with ACH beds, for a total of 2,127 licensed ACH beds in Guilford County.

**GUILFORD COUNTY 2022 SMFP ACH BED INVENTORY**

<b>FACILITY</b>	<b># OF ACH BEDS</b>	<b>COUNTY OCCUPANCY RATE</b>
Abbotswood at Irving Park Assisted Living	28	
Alpha Concord of Greensboro	64	
Arbor Care Assisted Living	92	
Blumenthal Nursing & Rehabilitation Center	20	
Brighton Gardens of Greensboro	125	
Brookdale High Point	82	
Brookdale High Point North	65	
Brookdale High Point North AL	102	
Brookdale Lawndale Park	118	
Brookdale Northwest Greensboro	81	
Brookdale Skeet Club	79	
Carriage Heights Senior Living Community	108	
Clapp's Assisted Living	30	
Countryside	16	
Guilford House	60	
Harmony at Greensboro	92	
Heartland Living & Rehab @ The Moses H. Cone Memorial Hospital	37	
Holden Heights	96	
Lawson's Adult Enrichment Center	18	
Maple Grove Health and Rehabilitation Center	40	
Morningview at Irving Park	105	
Piedmont Christian Home	93	
Richland Place	70	
Spring Arbor of Greensboro	100	
St. Gales Estates	60	
The Arboretum at Heritage Green	66	
The Elms at Abbotswood	48	
Verra Springs at Heritage Greens	45	
Wellington Oaks	85	
Westchester Harbor	90	
<b>Total</b>	<b>2,127</b>	<b>66.67%</b>

Source: Tables 11A and 11C, pages 190-191, respectively of the 2022 SMFP

In Section G, pages 80-81, the applicants explain why they believe their proposal would not result in the unnecessary duplication of existing or approved ACH bed services in Guilford County. The applicants state that the beds proposed to be relocated are existing ACH beds and are accounted for in the Guilford County ACH bed planning inventory in the 2022 SMFP because the project involves the relocation of existing, licensed beds. Developing these previously approved ACH beds as proposed in this COS and COR application will not result in a change in the number of ACH beds in the planning inventory for Guilford County, but will change the availability of these beds for Guilford County residents in need of ACH services. Therefore, the project will not result in unnecessary duplication of existing or approved ACH beds in the county.

The applicants adequately demonstrate that the proposal would not result in unnecessary duplication of existing or approved services in the service area for the following reasons:

- The proposal would not result in an increase in ACH beds in Guilford County.
- The applicants adequately demonstrate that ACH beds that were previously approved for development in the county and those that were not being utilized elsewhere would now be available to Guilford County residents.

### **Conclusion**

The Agency reviewed the:

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

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

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

C

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly Oak Hollow which is a COS and a COR to Project ID# G-11965-20 (relocate 29 ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

In Exhibits, Form H, pages 123, 124 and 125, the applicants provide projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table:

Position	PY 1 (FTEs)	PY 2 (FTEs)	PY 3 (FTEs)
	08/1/26 - 7/30/27	8/1/27 - 7/30/28	8/1/28 - 7/30/29
Registered Nurse	0.5	0.5	0.5
Certified Nursing Aids/Nursing Assistants	9.2	13.9	14.1
Staff Development Coordinator	1.0	1.0	1.0
Business Office	1.3	1.4	1.4
Cooks	4.7	5.1	5.1
Activities Director	0.8	0.9	1.0
Transportation	0.6	0.8	0.9
Laundry and Linen	0.6	0.6	0.6
Housekeeping	1.6	1.7	1.8
Maintenance/Engineering	0.8	0.9	0.9
Administrator/CEO	1.0	1.0	1.0
<b>TOTAL</b>	<b>22.1</b>	<b>27.8</b>	<b>28.2</b>

Source: Exhibits, page 123

The assumptions and methodology used to project staffing are provided in Section Q operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.4, which is found in Section Q.

In Project ID# G-11965-20, the Agency determined the applicant had adequately demonstrated the methods to be used to recruit or fill new positions and their existing training and continuing education programs. The applicants propose no changes in the current application which would affect that determination.

**Conclusion**

The Agency reviewed the:

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

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

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

C

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly Oak Hollow which is a COS and a COR to Project ID# G-11965-20 (relocate 29 ACH

beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

### **Ancillary and Support Services**

In Section I, pages 85-86, the applicants describe the ancillary and support services they will provide under an agreement with ALG Senior, LLC and provide letters of support from providers in Exhibits C.1 and C.4. Exhibit C.1 documents support from providers of food services and pharmacy services. Exhibit C.4 documents support from providers of the following ancillary and support services that are necessary for the proposed services:

- Primary and urgent care
- Rehabilitation services
- Home and home care
- Mental health support

The applicants adequately demonstrate that the necessary ancillary and support services will be made available at the proposed facility.

### **Coordination**

Although the proposed facility will be new construction, the applicants and their related entities are experienced in developing and constructing ACH facilities in Guilford County and in North Carolina. In Section I, the applicants describe their efforts to develop relationships with other local health care and social service providers and provide supporting documentation in Exhibit C.4. The applicants adequately demonstrate that the proposed services will be coordinated with the existing health care system based on their experience in developing similar facilities and their existence in Guilford County.

### **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.

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

- (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

Neither applicant is an HMO. Therefore, Criterion (10) is not applicable to this review.

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

C

The applicants propose to relocate no more than 25 ACH beds from Holden Heights to The Waverly at Oak Hollow which is a COS and a COR to Project ID# G-11965-20 (relocate 29 ACH beds from Guilford House and 11 ACH beds from Holden Heights) for a total of no more than 65 ACH beds.

In Section K, page 90, the applicants state that the project involves constructing 39,486 square feet of new space. Line drawings and a location map are provided in Exhibit K.1.

On page 91, the applicants adequately explain how the cost, design, and means of construction represent the most reasonable alternative for the proposal because it is based on the applicants'

related entities' experience in developing similar projects in North Carolina. The applicants provide an architect's cost estimate in Exhibit K.3.

On page 91, the applicants adequately explain why the proposal will not unduly increase the costs to the applicants of providing the proposed services or the costs and charges to the public for the proposed services because of the applicants' and architects' experience in developing similar projects using cost-saving methods.

On page 92, the applicants identify applicable energy-saving features that will be incorporated into the construction plans.

On page 92, the applicants state there is no change to the proposed site. In Project ID #G-11965-20, the applicants provided information about the current owner, zoning and special use permits for the site, and the availability of water, sewer, waste disposal, and power at the site.

### **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 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, page 97, the applicants state the changes in this project will not result in any changes from the previously approved project for the medically underserved. In Project ID #G-11965-20, the Agency determined the applicant was conforming to this criterion. The applicant proposes no changes in the current application that would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

In Project ID# G-11965-20, the Agency determined the applicants were conforming to this criterion. The applicants propose no changes in the current application that would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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 Project ID# G-11965-20, the Agency determined the applicants were conforming to this criterion. The applicants propose no changes in the current application that would affect that determination.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application



Based on that review, the Agency concludes that the application is conforming to this criterion for the reason 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 Heights staff, and admission by personal physicians.

C

In Project ID# G-11965-20, the Agency determined the applicants were conforming to this criterion. The applicants propose no changes in the current application that would affect that determination.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Project ID# G-11965-20, the Agency determined the applicants were conforming to this criterion. The applicants propose no changes in the current application that would affect that determination.

**Conclusion**

The Agency reviewed the:

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

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

On page 77, the 2022 SMFP defines the service area for ACH beds as “*the county in which the adult care home bed is located.*” Thus, the service area for this project is Guilford County. Facilities may also serve residents of counties not included in their service area.

Table 11A on pages 190-191 of the 2022 SMFP lists 26 ACH facilities and four nursing facilities with ACH beds, for a total of 2,127 licensed ACH beds in Guilford County.

**GUILFORD COUNTY 2022 SMFP ACH BED INVENTORY**

FACILITY	# OF ACH BEDS	COUNTY OCCUPANCY RATE
Abbotswood at Irving Park Assisted Living	28	
Alpha Concord of Greensboro	64	
Arbor Care Assisted Living	92	
Blumenthal Nursing & Rehabilitation Center	20	
Brighton Gardens of Greensboro	125	
Brookdale High Point	82	
Brookdale High Point North	65	
Brookdale High Point North AL	102	
Brookdale Lawndale Park	118	
Brookdale Northwest Greensboro	81	
Brookdale Skeet Club	79	
Carriage Heights Senior Living Community	108	
Clapp's Assisted Living	30	
Countryside	16	
Guilford House	60	
Harmony at Greensboro	92	
Heartland Living & Rehab @ The Moses H. Cone Memorial Hospital	37	
Holden Heights	96	
Lawson's Adult Enrichment Center	18	
Maple Grove Health and Rehabilitation Center	40	
Morningview at Irving Park	105	
Piedmont Christian Home	93	
Richland Place	70	
Spring Arbor of Greensboro	100	
St. Gales Estates	60	
The Arboretum at Heritage Green	66	
The Elms at Abbotswood	48	
Verra Springs at Heritage Greens	45	
Wellington Oaks	85	
Westchester Harbor	90	
<b>Total</b>	<b>2,127</b>	<b>66.67%</b>

Source: Tables 11A and 11C, pages 190-191 and 212 respectively, of the 2022 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 99, the applicants state:

*“The changes proposed to the scope of the Project are not expected to result in changes to the effects of the proposal on competition, because the core of the Project and its interaction with the marketplace are fundamentally unchanged by the mere addition of ACH beds to the Project that already exists in the planning inventory for Guilford County.”*

Regarding the impact of the proposal on cost-effectiveness, in Section N, page 100, the applicants state:

*“The changes proposed to the scope of the Project are expected to have a positive impact of enhanced competition on the cost effectiveness, quality, and access by medically underserved groups from what was previously stated. This is because operating additional ACH beds is expected to increase the availability of affordable, high-quality ACH beds at The Oaks at Waverly Hollow. The applicants believe that additional affordable yet high-quality and attractive ACH beds in the local marketplace will encourage other operators of ACH beds to either adjust their high rates down to be more competitive or to improve their facilities to be more inviting, as applicable. More affordable rates and more attractive beds will only increase the cost-effectiveness and quality of, and access by medically underserved groups to, ACH beds in Guilford County.”*

See also Sections C, F and Exhibits of the application.

Regarding the impact of the proposal on quality, in Section O, page 101, the applicants state:

*“...ALG Senior LLC will support the Project with an experienced Quality Assurance (“QA”) team, whose only goal is the provision of the absolute finest in resident care and services...”*

See also Section C of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 102, the applicants state:

*“All persons will be admitted to The Waverly at Oak Hollow upon the written order of a physician without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. ...”*

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

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

- 1) The need the population to be served has for the proposal, the proposal would not result in unnecessary duplication of existing and approved health services, and the reasonableness of projected revenues and operating costs which collectively results in a cost-effective proposal.
- 2) The quality of the care to be provided based on the applicants’ representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicants’ representations about access by medically underserved groups and the projected payor mix.

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Exhibit O.4, pages 244-248, the applicants identify the adult care homes located in North Carolina owned, operated, or managed by the applicants or a related entity. The applicants identify a total of 105 facilities located in North Carolina.

In Exhibit O.4, the applicants state that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in some of these facilities. The applicants state that all of the problems have been corrected. According to the files in the Adult Care Licensure Section, DHSR, during the 18 months immediately preceding the submission of the application through the date of this decision, incidents related to the quality of care occurred in these facilities. After reviewing and considering information provided by the applicants and by the Adult Care Home Licensure Section and considering the quality of care provided at all of the applicants' facilities, the applicants provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

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 Criteria and Standards for ACH facilities, promulgated in 10A NCAC 14C .1102 are not applicable to this application.