

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: March 28, 2023

Findings Date: April 4, 2023

Project Analyst: Tanya M. Saporito

Co-Signer: Michael J. McKillip

Project ID #: G-12289-22

Facility: The Stanbridge

FID #: 220735

County: Guilford

Applicant(s): Guilford Opco II, LLC
Guilford Propco II, LLC

Project: Develop a new ACH by relocating no more than 60 ACH beds, including 32 SCU beds, from Holden Heights

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

Guilford Opco II, LLC and Guilford Propco II, LLC, (hereinafter collectively referred to as “the applicant”), propose to relocate no more than 60 existing adult care home (ACH) beds from Holden Heights, an existing ACH facility in Guilford County, to a new facility, The Stanbridge, to be developed on Hicone Road in Greensboro (Guilford County). Following completion of the project, The Stanbridge will be licensed for 60 ACH beds, including 32 special care unit (SCU) beds.

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 which is applicable to this review: **Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities**, on pages 30-31 of the 2022 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN 4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy-GEN 4. The plan shall not adversely affect patient or resident health, safety, or infection control.”

The capital expenditure of the project is over \$5 million dollars. In Section B, page 24, the applicant describes its plan to assure improved energy efficiency and water conservation. The applicant lists numerous features it plans to include, such as automatic and LED light fixtures, 7-day programmable thermostats in public areas and energy recovery ventilators.

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 project is not based on a need determination in the 2022 SMFP.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, persons with disabilities, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro (Guilford County). Following project completion, The Stanbridge will be licensed for 60 ACH beds, including 32 special care unit (SCU) beds.

Patient Origin

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.*” The proposed ACH facility and the existing facility from which the ACH beds are to be relocated are both 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.

This proposal is to develop The Stanbridge, a new 60-bed ACH facility in Guilford County; therefore, historical patient data for this facility does not exist. In Section C, pages 27-28, the applicant states the facility from which the ACH beds are proposed to be relocated, has not served patients since December 2021, but provides the historical patient origin for that facility from August 1, 2020 to July 31, 2021, as shown in the following table from application page 28:

Holden Heights Historical Patient Origin, 8/1/20-7/31/21

COUNTY	# PTS.	% OF TOTAL
Caswell	1	1%
Forsyth	3	4%
Guilford	61	82%
Mecklenburg	2	3%
Person	1	1%
Randolph	2	3%
Rockingham	1	1%
South Carolina	1	1%
Surry	1	1%
Wake	1	1%
Total	74	100%

On page 29, the applicant projects the patient origin at The Stanbridge for the first three full fiscal years (FY), February 1-January 31, following project completion, as summarized below:

COUNTY	1 ST FULL FY 2/1/27-1/31/28		2 ND FULL FY 2/1/28-1/31/29		3 RD FULL FY 2/1/29-1/31/30	
	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL	# PTS.	% OF TOTAL
Guilford	26	88%	48	88%	48	88%
Alamance	1	2%	1	2%	1	2%
Forsyth	1	2%	1	2%	1	2%
Randolph	0	1%	1	1%	1	1%
Other	2	7%	4	7%	4	7%
Total	30	100%	55	100%	55	100%

In Section C, pages 30-38, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states that projected patient origin is based on data from the 2022 license renewal applications of Guilford County ACHs.

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

- The applicant assumes the majority of the residents will be residents of the county in which the facility is located.
- The applicant bases the projected patient origin on the historical patient origin of the other ACH facilities in Guilford County.
- The applicant examined historical patient origin for ACH facilities in Guilford County and accounted for counties bordering Guilford County whose residents have sought ACH placement in Guilford County.

Analysis of Need

In Section C, pages 38-47, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Need in Guilford County for affordable, high quality ACH beds.

- The impact of COVID-19 on ACH services across the country, in North Carolina and in Guilford County indicates a need for quality ACH beds with more private rooms to help ensure resident health and safety.
- Projected increase in populations age 65-84 and 85+ in North Carolina and in Guilford County from 2022-2047 illustrate increasing demand for ACH beds in the area. The applicant provides tables on page 40 that illustrates projected population growth. The applicant states that the older populations are the population groups more likely to utilize ACH services than younger cohorts.
- The applicant states that the 2022 SMFP projects a surplus of 752 ACH beds in Guilford County by 2025; however, as the public recovers from the impact of COVID-19 and ACH facilities respond to the increasing need for private rooms in a quality setting, ACH utilization will not only rebound, but will increase more rapidly than it has.
- The applicant states the proposed location of the facility, in Greensboro in Guilford County, is situated in the “*Piedmont Crescent*”, which covers major population centers in the area and is easily accessible by major highways. The population of this Piedmont Crescent area will increase between 2022-2047.
- The need for appealing ACH beds that combine single-story construction, smaller facility size, privacy and lower cost; particularly for Medicaid and Special Assistance recipients.
- Documented community support for the proposed relocation of ACH beds.

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

- The applicant does not propose to add any new ACH beds in Guilford County. The applicant proposes to relocate existing but unutilized ACH beds within Guilford County.
- The applicant provides credible population data regarding the need for more ACH and SCU beds in Guilford County.
- The applicant provides credible information regarding projected population growth in the county and surrounding counties.

Projected Utilization

The Stanbridge is not an existing ACH facility; therefore, it has no historical patient utilization to report. In Section Q, Form C.1b, the applicant provides the projected utilization for the first three years following project completion, as illustrated in the following table:

The Stanbridge Projected Utilization

	1st Full FY 2/1/27-1/31/28	2nd Full FY 2/1/28-1/31/29	3rd Full FY 2/1/29-1/31/30
ACH - All Beds	60	60	60
# of Patient Days	11,558	20,648	20,805
Occupancy Rate	52.8%	94.3%	95.0%

As shown in the table above, the applicant projects the 60 total ACH beds will operate at 94.3% of capacity [(20,648 days / (365 days per year X 60 beds) = 0.943] in the second year of operation. The applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant examined historical data provided by ALG Senior LLC.
- During the first month of operation, the applicant projects zero residents will move in on opening day. The applicant states that rarely happens, but the applicant chooses to begin with a zero census to remain conservative.
- For the first nine months of operation (March 2027-November 2027), the applicant projects 4 net move-ins per month.
- For the next month (December), the applicant projects three net move-ins.
- For the following three months, the applicant projects 2 net move-ins per month.
- For the following two months, the applicant projects 1 net move-in per month.
- For the remaining 20 months (June 2028-January 2030), the applicant projects zero net move-ins per month.

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

- The facility from which the ACH beds are proposed to be relocated is closed and the residents are currently not being served.
- The fill rate is based on ALG Senior's experience opening and operating other senior living facilities in the southeast.
- Utilization of the proposed facility is supported by the percentage of the 65-74 and 75+ age cohorts in Guilford County population and the projected growth of the population.

Access to Medically Underserved Groups

In 51, the applicant states all persons will be admitted to the facility without regard to race, color, creed, age, national origin, handicap, sex or source of payment. The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
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%

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

- The applicant provides an estimate for each medically underserved group it proposes to serve.
- The applicant provides written statements about offering access to all qualified persons, including underserved groups.

Conclusion

The Agency reviewed the:

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

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

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

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

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 Special Care Unit (SCU) beds.

In Section D, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 56, the applicant states:

“This [a]pplication proposes to relocate 60 ACH beds... from Holden Heights in Greensboro, Guilford County, to The Stanbridge in the same city and county. Holden Heights is not currently in operation because eth physical plant is a four-story building, and the operator struggled to effectively utilize the facility’s licensed ACH beds with its outdated floorplan. Additionally, Holden Heights location is undesirable as it is accessible from busy Holden Road and situated on a small parcel that does not provide much green space for recreation and enjoyment. Since Holden Heights is not operational, there are no residents currently using the services of the facility.

...

The Stanbridge will make many of its beds available to Medicaid and Special Assistance residents. ... In short, the [p]roject would make 60 non-operational ACH beds available in Guilford County to those for whom ACH placement is appropriate.”

Access to Medically Underserved Groups

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

- The applicant proposes to relocate the ACH beds within the same city and county.
- The applicant provides written statements demonstrating that it will offer access to all residents of the service area, including underserved groups.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

CA

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) beds.

In Section E, pages 61-63, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application. The alternatives considered were:

- Leave the 60 ACH beds at Holden Heights – The applicant states this is not a feasible alternative because Holden Heights has had low occupancy for several years, due in part to the age of the facility and the fact that the existing beds are mostly semi-private, which is no longer desirable to residents. Additionally, the impact of the COVID-19 pandemic forced ACH operators to reconsider placing residents in close quarters as in semi-private rooms. To leave the beds at a facility that has been closed for over a year would not be cost-effective in terms of facility upgrade or meeting resident needs.
- Relocate the 60 ACH beds to another Guilford County location – The applicant states the other facilities that could have been considered for the 60 ACH beds cannot accommodate an additional 60 ACH beds because of the existing facility footprint, floorplans or available acreage. Additionally, the applicant has learned that it is ultimately more costly and less effective to renovate existing older ACH facilities and would not efficiently serve residents.

In evaluating the alternatives, the applicant determined that constructing a new facility in Greensboro and relocating existing, unutilized ACH beds is the most effective and cost-efficient option to best address Guilford County's assisted living residents.

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

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

Conclusion

The agency reviewed the:

- Application
- Exhibits to the application
- 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. Therefore, the application is approved subject to the following conditions:

- 1. Guilford Opco II, LLC and Guilford Propco II, LLC (hereinafter the certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop a new 60-bed ACH facility in Guilford County, The Stanbridge, by relocating 60 existing ACH beds from Holden Heights in Guilford County.**
- 3. Upon completion of the project, The Stanbridge shall be licensed for no more than 60 ACH beds.**
- 4. The certificate holder shall certify the percentage of the total number of licensed adult care home beds in the facility for recipients of State/County Special Assistance with Medicaid commensurate with representations made in the application**
- 5. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic progress reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report Form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on January 1, 2024.**
- 6. For the first two years of operation following completion of the project, The Stanbridge shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need**

Section that the proposed increase is in material compliance with the representations in the certificate of need application.

- 7. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.****
- 8. Prior to the issuance of the certificate of need, the certificate holder (buyer) shall obtain documentation from Greensboro Opco Holdings, LLC (seller) showing that the purchase transaction between the buyer and seller has been completed and shall provide a copy of the documentation to the Healthcare Planning and Certificate of Need Section.**
- 9. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) beds.

Capital and Working Capital Costs

In Section Q, Form F.1a, page 114, the applicant projects the total capital cost of the project as shown in the table below.

Site Costs	\$600,000
Construction Costs	\$6,325,000
Miscellaneous Costs	\$2,815,000
Total	\$9,740,000

In Section Q, “*Assumptions and Methodology for Form F.1a*”, page 115, 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:

- Construction costs, site preparation, and architect/engineer fees are based on estimates from the project architect.
- Other project costs are based on ALG Senior’s experience in developing similar facilities in the state.

In Section F, page 66, the applicant projects that start-up costs will be \$135,500 and initial operating expenses will be \$974,237 for a total working capital of \$1,109,737. On page 66, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions because it is based on the applicant’s experience with similar projects and facilities.

Availability of Funds

In Section F.2., page 64, the applicant states that the capital cost will be funded as shown in the table below:

SOURCES OF FINANCING FOR CAPITAL COST	AMOUNT
Loans	\$9,740,000
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$0
Lines of credit	\$0
Bonds	\$0
Total	\$9,740,000

In Section F, page 64, the applicant states the capital costs for the project will be incurred by Guilford Propco II, LLC, the property company applicant. In Exhibit F.2, page 165, the applicant provides a September 27, 2022 letter signed by the managing director of Locust Point Capital that confirms the finance company’s willingness to provide financing in the amount of \$9,740,000 for the capital needs of the project.

In Section F.3, page 67, the applicant states that the working capital will be funded as shown in the table below:

SOURCES OF FINANCING FOR WORKING CAPITAL	AMOUNT
Loans	\$1,109,737
Cash or Cash Equivalents, Accumulated Reserves or Owner’s Equity	\$0
Lines of credit	\$0
Bonds	\$0
Total	\$1,109,737

In Section F, page 67, the applicant states the working capital costs for the project will be financed with a loan to Guilford Opco II, LLC. In Exhibit F.3, page 176, the applicant provides a September 27, 2022 letter signed by the managing director of Locust Point Capital that confirms the finance company's willingness to provide financing in the amount of \$1,109,737 for the working capital needs of the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project because the applicant provides documentation from a finance company that confirms the company's willingness to provide full financing for the capital and working capital needs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Forms F.2b and F.3b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

	1ST FULL FY 2/1/27-1/31/28	2ND FULL FY 2/1/28-1/31/29	3RD FULL FY 2/1/29-1/31/30
Total Patient Days	11,558	20,648	20,805
Total Gross Revenues (Charges)	\$1,900,836	\$3,487,382	\$3,533,043
Total Net Revenue	\$1,881,828	\$3,452,508	\$3,497,713
Average Net Revenue per Patient Day	\$163	\$167	\$168
Total Operating Expenses (Costs)	\$2,856,065	\$3,321,542	\$3,332,403
Average Operating Expense per Patient Day	\$247	\$161	\$160
Net Income	(\$974,237)	\$130,966	\$165,310

Totals may not sum due to rounding

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

- The applicant accounts for projected operating expenses consistent with projections elsewhere in the application.
- The applicant accounts for projected revenues consistent with projections elsewhere in the application.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) 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.*” The proposed ACH facility and the existing facility from which the ACH beds are to be relocated are both 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.

Table 11A of the 2022 SMFP, pages 190-191 indicates that there is currently a total of 31 facilities in Guilford County with a total of 2,014 licensed ACH beds.

In Section G, pages 74-75, the applicant explains why it believes its proposal would not result in any unnecessary duplication of existing or approved ACH services in Guilford County. The applicant states:

“... Holden Heights has been closed since December 2021, and its 85 ACH beds that have not already been approved for relocation are sought to be relocated to two new, state-of-the-art facilities in this Application (60 ACH beds) and a concurrent CON application for The Waverly at Oak Hollow (the remaining 25 ACH beds). ... This Application proposes not to duplicate ACH beds, but to relocate 60 underutilized ACH beds into a state-of-the-art new facility that offers new private rooms, ample outdoor space, and single-story living. ... there is no net gain of ACH beds or unnecessary duplication of services contemplated by this Application.”

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

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) beds.

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

The Stanbridge Projected FTE Positions

POSITION	1 ST FULL FY	2 ND FULL FY	3 RD FULL FY
Registered Nurses	0.5	0.5	0.5
Certified Nurse Aides/Nursing Assistants	17.4	23.1	23.3
Alzheimer’s Coordinator	1.0	1.0	1.0
Staff Development Coordinator	1.0	1.0	1.0
Cooks	4.8	5.1	5.1
Activities Director	0.8	1.0	1.0
Laundry & Linen	0.6	0.6	0.6
Housekeeping	1.6	1.8	1.8
Maintenance/Engineering	0.8	0.9	0.9
Administrator/CEO	1.0	1.0	1.0
Business Office	1.3	1.4	1.4
Other (Transportation)	0.6	0.9	0.9
Total	31.5	38.3	38.5

The assumptions and methodology used to project staffing are provided in Section Q, page 125. Adequate operating expenses for the health manpower and management positions

proposed by the applicant are budgeted in Form F.3b. In Section H, page 76, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant projects the number of FTE positions necessary to accommodate the proposed relocation of ACH beds to develop The Stanbridge.
- The methods used to recruit or fill new positions and the proposed methods for providing training and education programs are provided.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) beds.

Ancillary and Support Services

In Section I, page 78, the applicant identifies the necessary ancillary and support services for the proposed services. On page 78, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1.

The applicant adequately demonstrates that the necessary ancillary and support services will be made available because it is based on the experience of the applicant and ALG Senior LLC

Coordination

In Section I, page 79, the applicant describes its proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The

applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The Stanbridge, via its management agreement with ALG Senior, LLC, will have access to the same relationships with area healthcare and social service providers as the management company uses at its other facilities.
- In Exhibit I.2, the applicant provides copies of agreements with the community health care and ancillary service providers where ACH patients can receive appropriate referrals for necessary services and care related to their condition.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NA

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

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

NA

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

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) beds.

In Section K.1, page 83, the applicant states that the project involves 26,112 square feet of new construction. Line drawings and a floor plan are provided in Exhibit K.1.

On pages 88-89, the applicant identifies the proposed site and provides information about the current owner, zoning and the availability of water, sewer and waste disposal and power at the site, and provides supporting documentation. The site is suitable for the proposed facility based on the applicant's representations and supporting documentation.

On pages 83-84 and in Exhibit K.3, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- Supporting documentation from the project architect is provided in Exhibit K.3.
- The project architect confirms it will comply with all building codes and applicable regulations to develop the facility in a cost-effective manner.

On page 84, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The facility will be operationally optimized because of the 60-bed design, which the applicant states is ideal for efficient delivery of ACH services.
- According to the expertise of the project architect, the projected cost, design and means of construction is the most reasonable alternative for the proposed facility.
- The applicant provides comparisons of 60-bed ACH facilities to larger facilities that demonstrate the efficiency of this facility's design.

On pages 87-88, the applicant identifies applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 90, the applicant states there is no historical payor mix for The Stanbridge because it is not an existing facility. However, in Section L, page 91, the applicant provides the historical payor mix for Holden Heights, the facility from which the proposed ACH beds will be relocated, during the last full operating year, as shown in the table below.

Holden Heights Historical Payor Mix 8/1/21-7/31/22

PAYOR CATEGORY	ACH SERVICES AS % OF TOTAL
Self-pay	8.5%
Medicaid*	91.5%
Total	100.0%

In Section L, page 92, the applicant provides the following comparison based on the historical payor mix of Holden Heights:

	Percentage of Total Patients Served by the Facility or Campus during the Last Full OY	Percentage of the Population in the Service Area*
Female	38.3%	52.5%
Male	61.7%	47.5%
Unknown	0.0%	0.0%
64 and Younger	23.4%	84.1%
65 and Older	76.6%	15.9%
American Indian	0.0%	0.8%
Asian	2.4%	5.5%
Black or African-American	52.4%	36.2%
Native Hawaiian or Pacific Islander	0.0%	0.1%
White or Caucasian	31.0%	54.8%
Other Race	0.0%	2.7%
Declined / Unavailable	14.3%	0.0%

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

The Agency reviewed the:

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the 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.2, page 93, the applicant states it has no obligation to provide such care.

In Section L.2, page 93, the applicant states that Holden Heights has not operated since December 21, 2021, and no patient civil rights access complaints have been filed against that facility.

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 93, the applicant projects the following payor mix during the third full fiscal year of operation following completion of the project, as illustrated in the following table.

Payor Source	General ACH Beds
Private Pay	60.0%
Medicaid	40.0%
Total	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 40.0% of total services will be provided to Medicaid patients. On page 94, 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 applicant bases the projections on the historical experience of the applicant as an owner and operator of other ACH facilities in the area.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L.5., page 95, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section M.1, page 96, the applicant describes the extent to which area health professional training programs will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- The applicant will offer the facility as a clinical learning site for students from Guilford Technical Community College.
- The applicant provides a copy of a letter of support from the Senior Vice President of Instruction at Guilford Technical Community College in Exhibit M.1.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the needs of health professional training programs in the area; therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) 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.*” The proposed ACH facility and the existing facility from which the ACH beds are to be relocated are both 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.

Table 11A of the 2022 SMFP, pages 190-191 indicates that there is currently a total of 31 facilities in Guilford County with a total of 2,014 licensed ACH beds.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 97, the applicant states:

“The Applicants expect that the development of these 60 ACH beds will stimulate utilization of Guilford County ACH beds by local private payors by providing excellent service and top-notch care at an affordable price that is both competitive and accessible.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 97, the applicant states:

“The proposed Project anticipates offering rates that will be very competitive to the surrounding facilities in Guilford County, while still offering reasonable rates for private pay residents, allowing the facility to maintain excellent utilization.”

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 98, the applicant states:

“... the Applicants will develop the proposed project to the highest quality and care standards.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 98, the applicant states:

“... all persons will be admitted to the facility without regard to their actual or perceived race, color, creed, age, national origin, handicap, sex, or source of payment. The Applicants propose to reserve 24 of The Stanbridge’s 60 ACH beds for residents receiving Medicaid/Special Assistance.”

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

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

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

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

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

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

In Section Q, Form O, the applicant identifies the ACH facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 105 of this type of facility located in North Carolina.

In Exhibit O.7, the applicant provides documentation that 25 of the 105 facilities received some type of violation over the 18 month look back period. The applicant provides documentation in the same exhibit that all facilities are currently back in compliance with CMS Conditions of Participation. After reviewing and considering information provided by the applicant and considering the quality of care provided at all 105 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

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

C

The applicant proposes to relocate no more than 60 existing ACH beds from Holden Heights, to develop a new facility on Hicone Road in Greensboro, for a total of 60 ACH beds, including 32 special care unit (SCU) beds.

The Criteria and Standards for Nursing Facility or Adult Care Home Services, promulgated in 10A NCAC 14C .1100, do not apply to a proposal to relocate existing licensed adult care home beds. Therefore, this Criterion is not applicable.