

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 27, 2024

Findings Date: September 27, 2024

Project Analyst: Gregory F. Yakaboski

Co-Signer: Lisa Pittman

COMPETITIVE REVIEW

Project ID #: F-12502-24

Facility: Iredell County Health and Rehabilitation Center

FID #: 240312

County: Iredell

Applicants: Hillco, Ltd.
Everest Long Term Care, LLC
Britthaven, Inc.

Project: Develop a new 89-bed nursing facility by relocating no more than 32 NF beds from Harmony Hall Nursing and Rehabilitation Center, no more than 38 NF beds from Maple Grove Health and Rehabilitation Center, no more than 8 NF beds from Pine Ridge Health and Rehabilitation Center, and no more than 11 NF beds from Westwood Hills Nursing and Rehabilitation Center pursuant to Policy NH-6

Project ID #: F-12515-24

Facility: Lake Norman OpCo, LLC

FID #: 240317

County: Iredell

Applicants: Lake Norman OpCo, LLC
Lake Norman Healthcare Properties, LLC

Project: Develop a new 50-bed nursing facility by relocating no more than 50 NF beds from Village Green Health and Rehabilitation pursuant to Policy NH-6

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

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

Both Applications

Need Determination

The proposed projects do not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2024 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

Three policies in Chapter 4 the 2024 SMFP are applicable to the applications in this review: Policy NH-6: *Relocation of Nursing Home Facility Beds*; Policy NH-8: *Innovations in Nursing Home Facility Design*; and Policy GEN-4: *Energy Efficiency and Sustainability for Health Service Facilities*.

Policy NH-6: *Relocation of Nursing Home Facility Beds*, on pages 24 of the 2024 SMFP, states:

“Relocations of existing licensed nursing home facility beds to another service area are allowed. Certificate of need applicants proposing to relocate licensed nursing home facility beds to another service area shall:

- 1. demonstrate that the proposal shall not result in a deficit, or increase an existing deficit in the number of licensed nursing home facility beds in the county that would be losing nursing home facility beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins; and*
- 2. demonstrate that the proposal shall not result in a surplus or increase an existing surplus of licensed nursing home facility beds in the county that would gain nursing home facility beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.”*

Policy NH-8: Innovations in Nursing Home Facility Design, on page 24 of the 2024 SMFP, states:

“Certificate of need applicants proposing new nursing home facilities and replacement nursing home facilities shall pursue innovative approaches in environmental design that address quality of care and quality of life needs of the residents. These plans could include innovative design elements that encourage less institutional, more home-like settings, privacy, autonomy and resident choice, among others.”

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2024 SMFP, states:

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

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

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

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

Hillco, Ltd., Everest Long Term Care, LLC, and Britthaven, Inc. (hereinafter referred to as “Britthaven” or “the applicant”) propose to develop a new 89-bed nursing facility by relocating no more than 32 NF beds from Harmony Hall Nursing and Rehabilitation Center (Lenoir County), no more than 38 NF beds from Maple Grove Health and Rehabilitation Center (Guilford County), no more than 8 NF beds from Pine Ridge Health and Rehabilitation Center (Davidson County, and no more than 11 NF beds from Westwood Hills Nursing and Rehabilitation Center (Wilkes County) pursuant to Policy NH-6.

The facility will be known as Iredell County Health and Rehabilitation Center (Iredell Health and Rehab) to be located on a parcel that currently has no designated site address but is described as the site being the wooded area northeast of the intersection at Charlotte Highway and Medical Park Road and across from 223 Medical Park Road in Mooresville, Iredell County.

Need Determination. There are no need determinations applicable to this review.

Policy NH-6. In Section B, pages 26-28, the applicant provides information to show its application is conforming to Policy NH-6.

The policy states, in part, that the proposed project shall not “*shall not result in a deficit, or increase an existing deficit in the number of licensed nursing home facility beds in the county that would be losing nursing home facility beds as a result of the proposed project.*”

In the proposed project a total of 89 NF beds would be relocated from four existing nursing facilities located in four counties: Lenoir, Guilford, Davidson and Wilkes.

The applicant proposes to:

- relocate 32 NF beds from Harmony Hall Nursing and Rehabilitation Center located in Lenoir County; and
- relocate 38 NF beds from Maple Grove Health and Rehabilitation Center located in Guilford County;
- relocate 8 NF beds from Pine Ridge Health and Rehabilitation Center located in Davidson County;
- relocate 11 NF beds from Westwood Hills Nursing and Rehabilitation Center located in Wilkes County.

As shown in the table below, per the 2024 SMFP, each of the four counties has a surplus of NF beds and, after project completion, each of the four counties would still have a surplus of NF beds.

| County | # of NF beds to be relocated to Iredell County | 2024 SMFP NF Bed Surplus / (Deficit) | Remaining NF Bed Surplus/ (Deficit) |
|--------------|--|--------------------------------------|-------------------------------------|
| Lenoir | 32 | 45 | 13 |
| Guilford | 38 | 249 | 211 |
| Davidson | 8 | 125 | 117 |
| Wilkes | 11 | 75 | 64 |
| Total | 89 | | |

Source: 2024 SMFP, Table 10A and 10C.

In the proposed project the 89 NF beds identified in the table above would be relocated to Iredell County.

The policy states, in part, that the proposed project shall not “*shall not result in a surplus or increase an existing surplus of licensed nursing home facility beds in the county that would gain nursing home facility beds.*”

As shown in the table below, per the 2024 SMFP, Iredell County currently has a deficit of 89 NF beds and, after project completion, Iredell County would not have a surplus of NF beds.

| | # of NF beds to be relocated to Iredell County | 2024 SMFP NF Bed Surplus / (Deficit) | Remaining NF Bed Surplus/ (Deficit) |
|----------------|--|--------------------------------------|-------------------------------------|
| Iredell County | 89 | (89) | 0 |

Source: 2024 SMFP, Table 10A and 10C.

Therefore, the proposed project is consistent with Policy NH-6.

Policy NH-8. In Section B, pages 29-31, the applicant provides information to show its application is conforming to Policy NH-8.

Policy GEN-4. The proposed capital expenditure for this project is approximately \$25.8 million. In Section B, pages 31-32, and Exhibit B.2-2, the applicant describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 applicant does not propose to develop any beds, services, or equipment for which there is a need determination in the 2024 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy NH-6, Policy NH-8 and Policy GEN-4 based on the following:

- The applicant adequately demonstrates that the proposal is consistent with Policy NH-6 because the counties losing NF beds will not have a deficit nor will the county gaining NF beds have a surplus upon project completion.
- The applicant adequately demonstrates that the proposal is consistent with Policy NH-8 because the applicant demonstrated that the design of the proposed NF facility would incorporate innovative approaches in environmental design that address quality of care and quality of life needs of the residents.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

Lake Norman OpCo, LLC and Lake Norman Healthcare Properties, LLC (hereinafter referred to as “Lake Norman Healthcare” or “the applicant”) propose to develop a new 50-bed nursing facility by relocating no more than 50 NF beds from Village Green Health and Rehabilitation (Cumberland County) pursuant to Policy NH-6.

The facility will be known as Lake Norman OpCo, LLC (Lake Norman OpCo) to be located at 0 Mecklenburg Highway (Intersection of Faith Road), Mooresville, Iredell County.

Need Determination. There are no need determinations applicable to this review.

Policy NH-6. In Section B, pages 26-28, the applicant provides information to show its application is conforming to Policy NH-6.

The policy states, in part, that the proposed project shall not “*shall not result in a deficit, or increase an existing deficit in the number of licensed nursing home facility beds in the county that would be losing nursing home facility beds as a result of the proposed project.*”

In the proposed project a total of 50 NF beds would be relocated from one existing nursing facility located in Cumberland County.

As shown in the table below, per the 2024 SMFP, Cumberland County has a surplus of 288 NF beds and, after project completion, Cumberland County will still have a surplus of NF beds.

| County | # of NF beds to be relocated to Iredell County | 2024 SMFP NF Bed Surplus / (Deficit) | Remaining NF Bed Surplus/ (Deficit) |
|------------|--|--------------------------------------|-------------------------------------|
| Cumberland | 50 | 288 | 238 |
| Total | 50 | | |

Source: 2024 SMFP, Table 10A and 10C.

In the proposed project the 50 NF beds identified in the table above would be relocated to Iredell County.

The policy states, in part, that the proposed project shall not “*shall not result in a surplus or increase an existing surplus of licensed nursing home facility beds in the county that would gain nursing home facility beds.*”

As shown in the table below, per the 2024 SMFP, Iredell County currently has a deficit of 89 NF beds and, after project completion, Iredell County would still have a deficit of NF beds.

| | # of NF beds to be relocated to Iredell County | 2024 SMFP NF Bed Surplus / (Deficit) | Remaining NF Bed Surplus/ (Deficit) |
|----------------|--|--------------------------------------|-------------------------------------|
| Iredell County | 50 | (89) | (39) |

Source: 2024 SMFP, Table 10A and 10C.

Therefore, the proposed project is consistent with Policy NH-6.

Policy NH-8. In Section B, pages 28-29, and Exhibit B.2, the applicant provides information to show its application is conforming to Policy NH-8.

Policy GEN-4. The proposed capital expenditure for this project is approximately \$31.2 million. In Exhibit K.3 the applicant provides an architect’s letter which describes the project’s plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Responses to comments
- 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 applicant does not propose to develop any beds, services, or equipment for which there is a need determination in the 2024 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with Policy NH-6, Policy NH-8 and Policy GEN-4 based on the following:

- The applicant adequately demonstrates that the proposal is consistent with Policy NH-6 because the county losing NF beds will not have a deficit nor will the county gaining NF beds have a surplus upon project completion.
 - The applicant adequately demonstrates that the proposal is consistent with Policy NH-8 because the applicant demonstrated that the design of the proposed NF facility would incorporate innovative approaches in environmental design that address quality of care and quality of life needs of the residents.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the applicant 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

Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

Patient Origin

The 2024 SMFP, page 141, defines a nursing home facility's service area as "... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*" The applicant proposes relocating existing NF beds from other counties to new nursing home facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area.

Iredell Health and Rehab is not an existing facility.

The following table illustrates projected patient origin, based on average daily census, for the first three fiscal years following project completion.

| County | 1 st Full FY 10/1/2027-9/30/2028 | | 2 nd Full FY 10/1/2028-9/30/2029 | | 3 rd Full FY 10/1/2029-9/30/2030 | |
|-------------|--|------------|--|------------|--|------------|
| | NF Bed Census | % of Total | NF Bed Census | % of Total | NF Bed Census | % of Total |
| Iredell | 39 | 87.0% | 70 | 87.00% | 73 | 87.0% |
| Alexander | 1 | 2.0% | 2 | 2.00% | 2 | 2.0% |
| Rowan | 1 | 2.0% | 2 | 2.00% | 2 | 2.0% |
| Mecklenburg | 1 | 2.0% | 2 | 2.00% | 2 | 2.0% |
| Catawba | 0 | 1.0% | 1 | 1.00% | 1 | 1.0% |
| Gaston | 0 | 0.5% | 0 | 0.50% | 0 | 0.5% |
| Davie | 0 | 0.5% | 0 | 0.50% | 0 | 0.5% |
| Forsyth | 0 | 0.3% | 0 | 0.30% | 0 | 0.3% |
| Lincoln | 0 | 0.3% | 0 | 0.30% | 0 | 0.3% |
| Yadkin | 0 | 0.3% | 0 | 0.30% | 0 | 0.3% |
| Other* | 2 | 4.1% | 3 | 4.10% | 3 | 4.1% |
| Total | 45 | 100.0% | 80 | 100.00% | 84 | 100.0% |

*Other includes other North Carolina counties and other states.

Source: Section C, pages 38-39, of the application.

The table above reflects bed census. In the table below the project analyst converted projected bed census to projected number of patients (admissions) utilizing projected admissions as discussed below.

| County | 1 st Full FY 10/1/2027-9/30/2028 | | 2 nd Full FY 10/1/2028-9/30/2029 | | 3 rd Full FY 10/1/2029-9/30/2030 | |
|-------------|--|------------|--|------------|--|------------|
| | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Iredell | 154.9 | 87.0% | 278.4 | 87.00% | 291.5 | 87.0% |
| Alexander | 3.6 | 2.0% | 6.4 | 2.00% | 6.7 | 2.0% |
| Rowan | 3.6 | 2.0% | 6.4 | 2.00% | 6.7 | 2.0% |
| Mecklenburg | 3.6 | 2.0% | 6.4 | 2.00% | 6.7 | 2.0% |
| Catawba | 1.8 | 1.0% | 3.2 | 1.00% | 3.4 | 1.0% |
| Gaston | 0.9 | 0.5% | 1.6 | 0.50% | 1.7 | 0.5% |
| Davie | 0.9 | 0.5% | 1.6 | 0.50% | 1.7 | 0.5% |
| Forsyth | 0.5 | 0.3% | 1.0 | 0.30% | 1.0 | 0.3% |
| Lincoln | 0.5 | 0.3% | 1.0 | 0.30% | 1.0 | 0.3% |
| Yadkin | 0.5 | 0.3% | 1.0 | 0.30% | 1.0 | 0.3% |
| Other* | 7.3 | 4.1% | 13.1 | 4.10% | 13.7 | 4.1% |
| Total | 178.0 | 100.0% | 320.0 | 100.00% | 335.0 | 100.0% |

*Other includes other North Carolina counties and other states.

Source: Section C, page 39 and Form C of the application.

Note: Numbers might not foot due to rounding.

In Section C.3, pages 37-38, the applicant provides the assumptions and methodology used to project its patient origin.

“The applicants project that 87 percent of all NF bed patients will originate from Iredell County, which is slightly higher than the FFY 2023 patient origin for all Iredell County NF beds. The applicants believe it is reasonable to project that a slightly higher percentage of patients will originate from Iredell County given the proposed project will represent a new NF in Iredell County. In addition, excluding Iredell County, the applicants project the majority of patients will originate from surrounding counties.”

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

- The applicants analyzed patient origin for all existing Iredell County NF beds using data from 2024 License Renewal Applications (“LRAs”) and projected only a slightly higher percent of patients from Iredell County compared to historical data from the LRA’s.
- The applicants based the higher percentage of patients originating from Iredell County on the fact that the facility will be a brand-new nursing facility.
- The applicants relied on historical data from the existing nursing facilities in Iredell County to project patient origin from surrounding counties.
- The applicants state that current market conditions were also factored in to projected patient origin.

In Section C.4, pages 41-50, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below

- Projected population growth and aging in Iredell County (pages 41-44).
- Need for additional NF beds in Iredell County (pages 44-47).
- Need to distribute inventory in Principle Long Term Care, Inc. (“Principle LTC”) managed nursing facilities (page 48).
- Need for proven nursing facility services (pages 48-50).

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

- The 2024 SMFP, in Table 10C: *Nursing Care Bed Need Projections for 2027*, page 175, projects a deficit of 89 NF beds in Iredell County in 2027.
- The applicant cites data from the North Carolina Office of State Budget and Management (NCOSBM) that projects from 2024 to 2034 that the 65+ age cohort in Iredell County is expected to grow by over 16,000. The applicant also references data published in the National Center for Health Statistics in 2019 that, nationwide, 83.5% of nursing home patients are over the age of 65.4. Furthermore, the applicant notes that according to the 2024 License Renewal Applications (LRA’s), in FFY 2023 approximately 90 percent of all patients served at Iredell County nursing facilities were over the age of 65.

- In Exhibit C.4-1, the applicant references NCOSBM data projections that Iredell County is currently the 14th most populated county in the state and is expected to add the fifth greatest number of residents from 2024 to 2034.
- The applicant references NCOSBM, Esri and the 2024 SMFP stating that within Iredell County, the proposed facility will be in Davidson Township. Davidson Township is projected to have a deficit of 172 NF beds by 2027.

Projected Utilization

In Section Q, the applicant provides projected utilization, as illustrated in the following table.

| | Project Year 1 (10/1/2027- 9/30/2028) | Project Year 2 (10/1/2028- 9/30/2029) | Project Year 3 (10/1/2029- 9/30/2030) |
|------------------------|--|--|--|
| # of Beds | 89 | 89 | 89 |
| # of Admissions | 356 | 356 | 356 |
| # of Patient Days | 16,243 | 29,237 | 30,536 |
| Average Length of Stay | 45.625 | 82.125 | 85.775 |
| Occupancy Rate | 50.0% | 90.0% | 94.0% |

Source: Form C.1b.

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

- Operating Year 1 (OY1) is Federal Fiscal Year (FFY) 10/1/2027 – 9/30/2028.
- OY2 is FFY 10/1/2028 – 9/30/2029.
- OY3 is FFY 10/1/2029 – 9/30/2030.
- The applicants project the proposed NF to ramp up from 50 percent of its available capacity in FFY 2028, to 90 percent in FFY 2029, and 94 percent in FFY 2030, as demonstrated below.

Table 1

| | FFY28 | FFY29 | FFY30 |
|--|--------------|--------------|--------------|
| Number of NF Beds | 89 | 89 | 89 |
| Projected NF Bed Occupancy | 50.0% | 90.0% | 94.0% |
| Projected NF Bed Days* | 16,243 | 29,237 | 30,536 |
| Projected NF Bed Census[^] | 45 | 80 | 84 |

*NF Bed Days = (Number of NF Beds) x (Projected NF Bed Occupancy).

[^]NF Bed Census = (NF Bed Days) / 365.

- FFY28: Projected 50% occupancy for the first full year after project completion:
 - The applicant states that a projected 50 percent occupancy, on average, for its first full project year (FFY 2028) is conservative and reasonable given it is based on the experience of one of its other facilities, Clear Creek Nursing and Rehabilitation Center (Clear Creek), which is approximately 22 miles from the proposed site and located in Mecklenburg County, which is contiguous to Iredell County. By the end of its twelfth month of operation Clear Creek had an occupancy of 59 percent.

- FFY29 and FFY30: Projected 90% and 94% occupancy respectively for the second and third full years after project completion:
 - The applicant projects 90 percent and 94 percent occupancy, on average, for its second and third full project years (FFY 2029 and FFY 2030) based on the experience of two of its other facilities: Huntersville Health and Rehabilitation Center (Huntersville) in Mecklenburg County, which averaged 95 percent occupancy during its second full year of operation (FY 2017) with 14.6 admissions per week; and Springbrook Nursing and Rehabilitation Center (Springbrook), in Johnston County, which averaged ten admissions per week during its second year of operation and 12.6 per week during its third year of operation (or 655 admissions in its third year of operation, $12.6 \times 52 = 655$). The applicant states that like the proposed facility, Huntersville and Springbrook are both located in an urban area. In addition, Springbrook, for the 12-month period fiscal period ending September 30, 2023, operated at an average occupancy of 94 percent.

- Admissions projections: Fill-up projections based on the assumption of four admissions per NF bed per year as shown in the table below:

- Next, to project admissions for the proposed NF, the applicants referenced the information above in addition to analyzing internal data for other sister facilities of comparable size and scope and determined that four NF bed admissions per NF Bed per year is a reasonable and conservative assumption for the proposed NF. As such, the applicants applied the assumption of four admissions per NF bed per year to the number of NF beds to be relocated to develop the proposed facility, as shown below.

Table 2

| | FFY28 | FFY29 | FFY30 |
|--|--------------|--------------|--------------|
| Number of Admissions per NF Bed per Year | 4 | 4 | 4 |
| Number of NF Beds | 89 | 89 | 89 |
| Projected NF Bed Admissions* | 356 | 356 | 356 |

*Projected NF Bed Admissions = (Number of NF Admission per NF Bed per Year) x (Number of NF Beds).

As demonstrated above, the applicants project 356 NF bed admissions in FFY 2030, based on the experience of Huntersville and Springbrook and the fact that Iredell County Health and Rehabilitation Center will be focused on short-term rehabilitation stays.

The Project Analyst notes that while the projected number of patient days is reasonable and adequately supported the projected number of admissions and the average length of stay in Form C.1b cited above is incorrect.

Projected Admissions: In Table 2 above and in Form C.1b, the applicant shows projected number of admissions at 100% occupancy (4 admissions per NF bed year (4) x # of NF beds (89) = 356 for each of the first three project years. However, the applicant projects occupancy at 50%; 90% and 94% respectively for Project Years 1-3. Therefore, projected admissions should have reflected projected occupancy percentages. Below is a revised Table 2:

Table 2 (Revised)

| | FFY28 | FFY29 | FFY30 |
|--|--------------|--------------|--------------|
| Number of Admissions per NF Bed per Year | 4 | 4 | 4 |
| Number of NF Beds | 89 | 89 | 89 |
| Projected NF Bed Admissions* | 356 | 356 | 356 |
| Projected Occupancy | 50% | 90% | 94% |
| Projected Admissions | 178 | 320 | 335 |

*Projected NF Bed Admissions = (Number of NF Admission per NF Bed per Year) x (Number of NF Beds).

Projected Average Length of Stay: In Table 1 above and in Form C.1b, the applicant projected ALOS base on the number of patient days divided by the projected number of admissions. Since, as discussed above, the projected number of admissions was incorrect for each of the first three project years the projected ALOS was incorrect. The table below illustrates the project analyst's adjustments.

| | Project Year 1 (10/1/2027- 9/30/2028) | Project Year 2 (10/1/2028- 9/30/2029) | Project Year 3 (10/1/2029- 9/30/2030) |
|------------------------|--|--|--|
| # of Beds | 89 | 89 | 89 |
| Full Capacity* | 32,485 | 32,485 | 32,485 |
| Occupancy Rate | 50.0% | 90.0% | 94.0% |
| # of Admissions | 178 | 320 | 335 |
| # of Patient Days | 16,243 | 29,237 | 30,536 |
| Average Length of Stay | 91.25 | 91.37 | 91.15 |
| Bed Census** | 45 | 80 | 84 |

Source: Form C.1b.

*Full Capacity = 365 days x 89 beds = 32,485

**NF Bed Census = (NF Bed Days) / 365.

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

- The 2024 SMFP, in Table 10C: *Nursing Care Bed Need Projections for 2027*, page 175, projects a deficit of 89 NF beds in Iredell County in 2027.
- The applicant utilized a ramp-up for projected occupancy of 50%, 90% and 94% respectively for the first three project years.
- The applicant relied on historical experience from some of its other similarly situated nursing facilities in projecting occupancy over the first three project years.
- The applicants fill-up projection of 4 admissions per NF bed per year is reasonable and adequately supported based on its experience, the fact that the applicant states it will be focusing on short-term rehabilitation stays, the facilities proximity to Lake Normal Regional Medical Center, the only hospital in Davidson Township and southern Iredell County and the fact that it is easily accessible by the main traffic corridors of Interstate 77, Interstate 485, and Highway 21 (the main transportation artery in Iredell County) combined with the fact that this will be a brand-new state of the art facility.
- The applicant cites data from the North Carolina Office of State Budget and Management (NCOSBM) projects that from 2024 to 2034 the 65+ age cohort in Iredell County is expected to grow by over 16,000. The applicant also references data published in the National Center for Health Statistics in 2019 that, nationwide, 83.5% of nursing home patients are over the age of 65.4. Furthermore, the applicant notes that according to the 2024 License Renewal Applications (LRA's), in FFY 2023 approximately 90 percent of all patients served at Iredell County nursing facilities were over the age of 65.
- In Exhibit C.4-1, the applicant references NCOSBM data projections that Iredell County is currently the 14th most populated county in the state and is expected to add the fifth greatest number of residents from 2024 to 2034.
- The applicants based the higher percentage of patients originating from Iredell County on the fact that the facility will be a brand-new nursing facility.
- The applicants relied on historical data from the existing nursing facilities in Iredell County to project patient origin from surrounding counties.
- The proposed site for this proposed project, located off Medical Park Road in Mooresville, is of particular interest given it is described by the current owner(s) as an ideal site for "mixed-use, long-term care, and age-restricted community" living and the applicants concur. The site is in close proximity to Interstate 77, Interstate 485, and Highway 21, which is main artery in Iredell County that extends from the Mooresville area to Statesville and into Yadkin County. In addition, the proposed site is minutes from dining, shopping, and other amenities and is adjacent to Lake Normal Regional Medical Center, the only hospital in Davidson Township and southern Iredell County.
- Further, as discussed in Section C.4, Principle LTC is the management company for all 37 existing North Carolina NFs owned by the applicants or related parties through common ownership. Principle LTC has extensive experience operating under North Carolina regulations and guidelines. This experience facilitates the delivery of quality care to residents by creating specialized environments to foster rehabilitation and long-term care.

Access to Medically Underserved Groups

In Section C.6, page 57, the applicant states,

“The proposed facility will be equally accessible to all persons, including those with low income, racial and ethnic minority groups, women, people with disabilities, the elderly, and Medicare beneficiaries, and Medicaid recipients. The applicants will accommodate all admissions for whom they are able to provide healthcare services. Please see Exhibit C.6 for a copy of the applicant’s Non-Discrimination Policy.”

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 | 62.5% |
| Racial and ethnic minorities | 25.6% |
| Women | 63.1% |
| Persons with Disabilities | Not Available |
| Persons 65 and older | 89.2% |
| Medicare beneficiaries | 14.9% |
| Medicaid recipients | 62.5% |

Source: Table on page 57 of the application.

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 states that the estimated percentages in the table above are based on 2024 LRA data from the nursing facilities in Iredell County.
- The applicant states that although most residents in a nursing facility have at least one disability neither the applicant nor their related entities track the number of residents with disabilities.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks at public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

Patient Origin

The 2024 SMFP, page 141, defines a nursing home facility’s service area as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The applicant proposes relocating existing NF beds from other counties to new nursing home facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area.

Lake Norman OpCo is not an existing facility. The following table illustrates projected patient origin for the first three fiscal years following project completion.

| County | 1 st Full FY CY 2027 | | 2 nd Full FY CY 2028 | | 3 rd Full FY CY 2029 | |
|-------------|------------------------------------|------------|------------------------------------|------------|------------------------------------|------------|
| | # of Patients | % of Total | # of Patients | % of Total | # of Patients | % of Total |
| Iredell | 89 | 90.8% | 130 | 91.5% | 130 | 91.5% |
| Mecklenburg | 4 | 4.1% | 5 | 3.5% | 5 | 3.5% |
| Catawba | 2 | 2.0% | 3 | 2.1% | 3 | 2.1% |
| Rowan | 1 | 1.0% | 2 | 1.4% | 2 | 1.4% |
| Davie | 1 | 1.0% | 1 | 0.7% | 1 | 0.7% |
| Cabarrus | 1 | 1.0% | 1 | 0.7% | 1 | 0.7% |
| Total | 98 | 100.0% | 142 | 100.0% | 142 | 100.0% |

Source: Section C, page 34, of the application.

In Section C.3, pages 33-35, and in Section Q, *Significant Assumptions for Section Q*, and Exhibits C.3, C.4 and C.7, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- OY1 begins on January 1st, 2027. The fiscal year ends on December 31st, therefore there is no partial fiscal year.
- Based on the applicant’s operational experience and the nursing facility industry recovery of occupancy from the effects of the COVID-19 pandemic.
- The projected population growth of the 65+ age cohort in Iredell County.
- During the fill-up period the projected fill-up rate is an average of 5 admissions per month until occupancy reaches 90.0%.

- OY1 includes fill-up of the new beds.
- OY2 & OY3 patient census are assumed to be constant due to stabilized census and operations.
- The projected fill-up rate is based on a combination of: 1) recent fill-up rates of a newly constructed facility in Nash County (The Lodge at Rocky Mount), which is currently operating at over 93%; and 2) historical occupancy for the affiliated nursing facilities owned by the applicant.
- The applicant states that the fill-up rate is consistent with previous CON applications for newly constructed nursing facilities that offer enhanced amenities compared to the area nursing facilities.
- The 2024 SMFP, in Table 10C: *Nursing Care Bed Need Projections for 2027*, page 175, projects a deficit of 89 NF beds in Iredell County in 2027. The proposed projects first full fiscal year after completion is CY2027.

Analysis of Need

In Section C.4, pages 36-37, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below

- Population growth in the 65+ age cohort in Iredell County (page 36).
- Iredell County has become a premier retirement destination (page 36).
- Occupancy data for NF beds in Iredell County shows a recovery in census following the COVID-19 pandemic. (page 36).
- Existing nursing facilities in Iredell County are aging. The applicant states that the last new nursing facility in Iredell County was constructed 23 years ago (page 36).
- Growing need for the placement of indigent/underserved/Medicaid beneficiaries in Iredell County. (pages 36-37)

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

- The 2024 SMFP, in Table 10C: *Nursing Care Bed Need Projections for 2027*, page 175, projects a deficit of 89 NF beds in Iredell County in 2027.
- The applicant's operational experience and the nursing facility industry recovery of occupancy from the effects of the COVID-19 pandemic.
- Exhibit C.4 contains a document that identifies the nursing facilities in Iredell County and includes their dates of initial construction.
- Exhibit C.3 contains a document showing Iredell County Population Statistics based on Claritas data from 2024 showing that the age 65+ age cohort is projected to grow by 16.94% or 7,565 people between 2024 - 2029.
- Copy of newspaper article dated May 10, 2023, entitled "*These 3 Lake Norman towns are amount the top retirement destinations in the US., study says.*"

Projected Utilization

In Section Q, Form C.1b, the applicant provides projected utilization, as illustrated in the following table.

| | 1st Full FY CY 2027 | 2nd Full FY CY 2028 | 3rd Full FY CY 2029 |
|------------------------|---|---|---|
| # of Beds | 50 | 50 | 50 |
| # of Admissions | 98 | 142 | 142 |
| # of Patient Days | 11,340 | 16,426 | 16,426 |
| Average Length of Stay | 116 | 116 | 116 |
| Occupancy Rate | 62.1% | 90.0% | 90.0% |

Source: Form C.1b.

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

- OY1 begins on January 1st, 2027. The fiscal year ends on December 31st, therefore there is no partial fiscal year.
- The proposed project will be newly constructed therefore there is no historical or previous year data.
- During the fill-up period the projected fill-up rate is an average of 5 [sic 4] admissions per month until occupancy reaches 90.0%.
- The projected fill-up rate is based on a combination of: 1) recent fill-up rates of a newly constructed facility in Nash County (The Lodge at Rocky Mount), which is currently operating at over 93%; and 2) historical occupancy for the affiliated nursing facilities owned by the applicant.
- OY1 includes fill-up of the new beds.
- OY2 & OY3 patient census are assumed to be constant due to stabilized census and operations.

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

- The 2024 SMFP, in Table 10C: *Nursing n Care Bed Need Projections for 2027*, page 175, projects a deficit of 89 NF beds in Iredell County in 2027.
- Iredell County population statistics and census data. Exhibit C.3 contains a document showing Iredell County Population Statistics based on Claritas date from 2024 showing that the age 65+ age cohort is projected to grow by 16.94% or 7,565 people between 2024 - 2029. and that the percentage of the population over age 65 in Iredell County is projected to be 17.2% in 2029 (above the projected State of North Carolina average of 17.4% for the over 65+ age cohort).

- The applicant states that the proposed location will be in close proximity to hospitals, health care provider, recreational amenities, and neighboring urban cities,
- The applicant references the aging of the existing nursing facilities in Iredell County and their current occupancy rates. Exhibit C.4 contains a document that identifies the nursing facilities in Iredell County and includes their dates of initial construction with the most recent facility having been constructed 23 years ago.
- The applicant states that the projected 90% occupancy for Lake Norman OpCo, LLC is assumed realized and maintained based on operational experience, and the recent recovery of occupancy within the nursing facility industry after several years of reduced occupancies stemming from effects of the COV/0-19 pandemic.
- The applicant details projected fill-up of the proposed facility in Exhibit C.4 and C.7.
- In Exhibit C.3, the applicant provided detailed calculations of average length of stay for Sandhills Health and Rehabilitation facilities based on cost report data from December 31, 2022.
- The projected fill-up rate is based on a combination of: 1) recent fill-up rates of a newly constructed facility in Nash County (The Lodge at Rocky Mount), which is currently operating at over 93%; and 2) historical occupancy for the affiliated nursing facilities owned by the applicant.

Access to Medically Underserved Groups

In Section C, pages 43-44 the applicant states that Lake Norman OpCo, LLC

“...will accept both direct admit Medicaid beneficiaries, as well as those patients that transition to Medicaid after their Medicare benefit or Private Pay resources have been exhausted. ... will have a strict non-discriminatory policy, which will allow full access to the facility regardless of gender, race, religion, or country of origin. ... will be fully equipped to handle handicapped patients. ... will service primarily (nearly 100%) the elderly population and will not discriminate based on age of the individual in need of service. ... expects to be a preferred provider within the service area for Medicare beneficiaries needing post-acute care NF placement.”

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 | 48.0% |
| Racial and ethnic minorities | 25.8% |
| Women | 50.3% |
| Persons with Disabilities | Unable to Estimate |
| The elderly | 100.0% |
| Medicare beneficiaries | 40.0% |
| Medicaid recipients | 48.0% |

Source: Table on page 44 of the application

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 states that the percentage of racial and ethnic minorities are consistent with the Iredell County total population.
- The applicant states that the percentage of women is consistent with the Iredell County total population.
- The applicant states that the percentage of Medicare beneficiaries includes Medicare replacement plans.
- The applicant states that the figures in the table above represent only the primary payor source. The applicant further states, *“Nearly all NF residents are Medicare beneficiaries in some capacity. Medicaid beneficiaries are often dually eligible for Medicare Part B benefits. Other payer sources (private-pay, etc.) are also often over 65 and eligible for Medicare Part B and D benefits.”*

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks at public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

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

racial and ethnic minorities, women, ... persons [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

Both Applications

**Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center /
Develop a new 89-bed nursing facility**

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

In Section D, pages, 65-67, the applicant explains why it believes the needs of the population presently utilizing the services to be reduced will be adequately met following completion of the project. On pages 65-66, the applicant states:

“Harmony Hall Nursing and Rehabilitation Center is an existing NF in Lenoir County that is licensed to operate 175 NF beds. Pursuant to previously approved Project ID #J-12384-23, nine NF beds are approved to relocate from Harmony Hall Nursing and Rehabilitation Center to a new NF in Wake County. Following completion of previously approved Project ID #J- 12384-23, Harmony Hall Nursing and Rehabilitation will be licensed to operate 166 NF beds.

According to the 2024 SMFP, Lenoir County has a total planning inventory of 272, which includes the approved relocation of nine NF beds from Harmony Hall Nursing and Rehabilitation Center, and a projected surplus of 45 NF beds. Following the completion of previously approved Project ID #J-12384-23 and the project proposed in this application, Harmony Hall Nursing and Rehabilitation Center will be licensed to operate 134 NF beds and Lenoir County will have a remaining surplus of 13 NF beds ($45 - 32 = 13$). According to Table 10C in the 2024 SMFP, Lenoir County has an NF bed occupancy rate of 67.5 percent. In addition, according to internal data, maximum occupancy for Harmony Hall Nursing and Rehabilitation Center from January 2023 to February 2024 was 110 or 62.8 percent ($110 / 175 = 0.628$) of its licensed NF bed capacity; thus, if Harmony Hall Nursing and Rehabilitation Center were operating with 134 NF beds today, occupancy would be 82.1 percent ($110 / 134 = 0.821$ or 82.1 percent). Based on this information, subsequent to the proposed and approved relocations, Harmony Hall Nursing and Rehabilitation Center will have sufficient capacity to meet existing and future patient demand.”

On page 66, the applicant states:

“Maple Grove Health and Rehabilitation Center is an existing NF in Guilford County that is licensed to operate 210 NF beds. Pursuant to previously approved Project ID #J-12384-23, 10 NF beds are approved to relocate from Maple Grove Health and Rehabilitation Center to a new NF in Wake County. Following completion of previously approved Project ID #J-12384- 23, Maple Grove Health and Rehabilitation Center will be licensed to

operate 200 NF beds. According to the 2024 SMFP, Guilford County has a total planning inventory of 2,221 NF beds, which includes the approved relocation of 10 NF beds from Maple Grove Health and Rehabilitation Center, and a projected surplus of 249 NF beds. Following the completion of previously approved Project ID #J-12384-23 and the project proposed in this application, Maple Grove Health and Rehabilitation Center will be licensed to operate 162 NF beds and Guilford County will have a remaining surplus of 211 NF beds (249 – 38 = 211). According to Table 10C in the 2024 SMFP, Guilford County has an NF bed occupancy rate of 75.6 percent. In addition, according to internal data, maximum occupancy for Maple Grove Health and Rehabilitation Center from January 2023 to February 2024 was 118 or 56.4 percent (118 / 210 = 0.564) of its licensed NF bed capacity; thus, if Maple Grove Health and Rehabilitation Center were operating with 162 NF beds today, occupancy would be 72.8 percent (118 / 162 = 0.728 or 72.8 percent). Based on this information, subsequent to the proposed and approved relocations, Maple Grove Health and Rehabilitation Center will have sufficient capacity to meet existing and future patient demand.”

On page 66, the applicant states:

“Pine Ridge Health and Rehabilitation Center is an existing NF in Davidson County that is licensed to operate 140 NF beds. Pursuant to previously approved Project ID #J-12384-23, 12 NF beds are approved to relocate from Pine Ridge Health and Rehabilitation Center to a new NF in Wake County. Following completion of previously approved Project ID #J-12384-23, Pine Ridge Health and Rehabilitation Center will be licensed to operate 128 NF beds. According to the 2024 SMFP, Davidson County has a total planning inventory of 736 NF beds, which includes the approved relocation of 12 NF beds from Pine Ridge Health and Rehabilitation Center, and a projected surplus of 125 NF beds. Following the completion of previously approved Project ID #J-12384-23 and the project proposed in this application, Pine Ridge Health and Rehabilitation Center will be licensed to operate 120 NF beds and Davidson County will have a remaining surplus of 117 NF (125 – 8 = 117). According to Table 10C in the 2024 SMFP, Davidson County has an NF bed occupancy rate of 85.6 percent. In addition, according to internal data, maximum occupancy for Pine Ridge Health and Rehabilitation Center from January 2023 to February 2024 was 93 or 66.4 percent (93 / 140 = 0.664) of its licensed NF bed capacity; thus, if Pine Ridge Health and Rehabilitation Center were operating with 120 NF beds today, occupancy would be 77.5 percent (93 / 120 = 0.775 or 77.5 percent). Based on this information, subsequent to the proposed and approved relocations, Pine Ridge Health and Rehabilitation Center will have sufficient capacity to meet existing and future patient demand.”

On pages 66-67, the applicant states:

“Westwood Hills Nursing and Rehabilitation Center is an existing NF in Wilkes County that is licensed to operate 176 NF beds. Pursuant to previously approved Project ID #s L-11623-18 and J-12384-23, a total of 25 NF beds are approved to relocate from Westwood Hills Nursing and Rehabilitation Center to Wilson Pines Nursing and Rehabilitation

Center (five NF beds, pursuant to Project ID # L-11623-18), and Triangle Health and Rehabilitation Center (20 NF beds, pursuant to Project ID # J-12384-23). Following completion of previously approved Project ID #s L-11623-18 and J-12384-23, Westwood Hills Nursing and Rehabilitation Center will be licensed to operate 151 NF beds. According to the 2024 SMFP, Wilkes County has a total planning inventory of 392 NF beds, which includes the approved relocation of 25 NF beds from Westwood Hills Nursing and Rehabilitation Center, and a projected surplus of 75 NF beds. Following the completion of previously approved Project ID # L-11623-18, previously approved Project ID # J-12384-23, and the project proposed in this application, Westwood Hills Nursing and Rehabilitation Center will be licensed to operate 140 NF beds and Wilkes County will have a remaining surplus of 64 NF beds ($75 - 11 = 64$). According to Table 10C in the 2024 SMFP, Wilkes County has an NF bed occupancy rate of 64.2 percent. In addition, according to internal data, maximum occupancy for Westwood Hills Nursing and Rehabilitation Center from January 2023 to February 2024 was 99 or 57.9 percent ($99 / 171 = 0.579$) of its licensed NF bed capacity; thus, if Westwood Hills Nursing and Rehabilitation Center were operating with 140 NF beds today, occupancy would be 70.7 percent ($99 / 140 = 0.707$ or 70.7 percent). Based on this information, subsequent to the proposed and approved relocations, Westwood Hills Nursing and Rehabilitation Center will have sufficient capacity to meet existing and future patient demand.”

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

- Per the 2024 SMFP, each of the four counties from which the applicant is relocating NF has a surplus of NF beds and, after project completion, each of the four counties would still have a surplus of NF beds.

| County | # of NF beds to be relocated to Iredell County | 2024 SMFP NF Bed Surplus / (Deficit) | Remaining NF Bed Surplus/ (Deficit) |
|--------------|--|--------------------------------------|-------------------------------------|
| Lenoir | 32 | 45 | 13 |
| Guilford | 38 | 249 | 211 |
| Davidson | 8 | 125 | 117 |
| Wilkes | 11 | 75 | 64 |
| Total | 89 | | |

Source: 2024 SMFP, Table 10A and 10C and the application.

- The applicant states that all the NF beds being relocated from the four facilities in Lenoir County, Guilford County, Davidson County and Wilkes County are all currently underutilized.

In Q, Form D.1, the applicant provides projected utilization, as illustrated in the following table.

Harmony Hall Nursing and Rehabilitation Center [32 NF beds being relocated]

| | Last Full FY | Interim Full FY | 1st Full FY |
|------------------------|----------------------------|----------------------------|-------------------------------|
| | 10/1/2022-9/30/2023 | 10/1/2026-9/30/2027 | 10/1/2027-9/30/2028 |
| Total # of Beds | 175 | 166 | 134 |
| # of Admissions | 287 | 272 | 220 |
| # of Patient Days | 39,049 | 40,664 | 41,078 |
| Average Length of Stay | 136.1 | 149.4 | 186.9 |
| Occupancy Rate | 61.13% | 67.11% | 83.99% |

Note: Totals might not foot due to rounding.

*Harmony Hall Nursing and Rehabilitation Center is currently licensed to operate 175 NF beds. Pursuant to previously approved Project ID # J-12384-23, nine NF beds are approved to relocate from Harmony Hall Nursing and Rehabilitation Center to a new NF in Wake County, Triangle Health and Rehabilitation Center. Previously approved Project ID # J-12384-23 is expected to be completed prior to development of the project proposed in this application; thus, for purposes of this application, the applicants assume 166 NF beds to be located at Harmony Hall Nursing and Rehabilitation Center prior to the proposed relocation in this current application. Upon completion of previously approved Project ID # J-12384-23 and the project proposed in this application, Harmony Hall Nursing and Rehabilitation Center will be licensed to operate 134 NF beds (175 – 9 – 32 = 134).

Maple Grove Health and Rehabilitation Center [38 NF beds to be relocated]

| | Last Full FY | Interim Full FY | 1st Full FY |
|------------------------|----------------------------|----------------------------|-------------------------------|
| | 10/1/2022-9/30/2023 | 10/1/2026-9/30/2027 | 10/1/2027-9/30/2028 |
| Total # of Beds | 210 | 200 | 162 |
| # of Admissions | 169 | 161 | 130 |
| # of Patient Days | 37,224 | 40,426 | 41,269 |
| Average Length of Stay | 220.3 | 251 | 316.6 |
| Occupancy Rate | 48.56% | 55.38% | 69.79% |

Note: Totals might not foot due to rounding.

**Maple Grove Health and Rehabilitation Center is currently licensed to operate 210 NF beds. Pursuant to previously approved Project ID # J-12384-23, 10 NF beds are approved to relocate from Maple Grove Health and Rehabilitation Center to a new NF in Wake County, Triangle Health and Rehabilitation Center. Previously approved Project ID # J-12384-23 is expected to be completed prior to development of the project proposed in this application; thus, for purposes of this application, the applicants assume 200 NF beds to be located at Maple Grove Health and Rehabilitation Center prior to the proposed relocation in this current application. Upon completion of previously approved Project ID # J-12384-23 and the project proposed in this application, Maple Grove Health and Rehabilitation will be licensed to operate 162 NF beds (210 – 10 – 38 = 162).

Pine Ridge Health and Rehabilitation Center [8 NF beds to be relocated]

| | Last Full FY | Interim Full FY | 1 st Full FY |
|------------------------|---------------------|---------------------|-------------------------|
| | 10/1/2022-9/30/2023 | 10/1/2026-9/30/2027 | 10/1/2027-9/30/2028 |
| Total # of Beds | 140 | 128 | 120 |
| # of Admissions | 170 | 155 | 146 |
| # of Patient Days | 27,936 | 33,897 | 35,576 |
| Average Length of Stay | 164.3 | 218.1 | 244.2 |
| Occupancy Rate | 54.67% | 72.55% | 81.22% |

Note: Totals might not foot due to rounding.

Pine Ridge Health and Rehabilitation Center is currently licensed to operate 140 NF beds. Pursuant to previously approved Project ID # J-12384-23, 12 NF beds are approved to relocate from Pine Ridge Health and Rehabilitation Center to a new NF in Wake County, Triangle Health and Rehabilitation Center. Previously approved Project ID # J-12384-23 is expected to be completed prior to development of the project proposed in this application; thus, for purposes of this application, the applicants assume 128 NF beds to be located at Pine Ridge Health and Rehabilitation Center prior to the proposed relocation in this current application. Upon completion of previously approved Project ID # J-12384-23 and the project proposed in this application, Pine Ridge Health and Rehabilitation Center will be licensed to operate 120 NF beds (140 – 12 – 8 = 120).

Westwood Hills Nursing and Rehabilitation Center [11 NF beds to be relocated]

| | Last Full FY | Interim Full FY | 1 st Full FY |
|------------------------|---------------------|---------------------|-------------------------|
| | 10/1/2022-9/30/2023 | 10/1/2026-9/30/2027 | 10/1/2027-9/30/2028 |
| Total # of Beds | 176 | 151 | 140 |
| # of Admissions | 302 | 259 | 240 |
| # of Patient Days | 35,252 | 40,435 | 41,846 |
| Average Length of Stay | 116.9 | 156.3 | 174.4 |
| Occupancy Rate | 54.88% | 73.37% | 81.89% |

Note: Totals might not foot due to rounding.

Westwood Hills Nursing and Rehabilitation Center is currently licensed to operate 176 NF beds. Pursuant to previously approved Project ID #s L-11623-18 and J-12384-23, a total of 25 NF beds are approved to relocate from Westwood Hills Nursing and Rehabilitation Center to Wilson Pines Nursing and Rehabilitation Center (five NF beds, pursuant to Project ID # L-11623-18) and Triangle Health and Rehabilitation Center (20 NF beds, pursuant to Project ID # J-12384-23). Previously approved Project ID #s L-11623-18 and J-12384-23 are expected to be completed prior to development of the project proposed in this application; thus, for purposes of this application, the applicants assume 151 NF beds to be located at Westwood Hills Nursing and Rehabilitation Center prior to the proposed relocation in this current application. Upon completion of previously approved Project ID # L-11623-18, previously approved Project ID # J-12384-23, and the project proposed in this application, Westwood Hills Nursing and Rehabilitation Center will be licensed to operate 140 NF beds (176 – 5 – 20 – 11 = 140).

In Section Q, Form D *Assumptions and Methodology*, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- In order to project utilization of the NFs that will lose NF beds as part of the proposed project from the table above, the applicants analyzed historical utilization:
 - Pre-Covid-19 pandemic: from Federal Fiscal Year (“FFY”) 2017 to FFY 2019.
 - After on-set of Covid-19 pandemic: from FFY 2020 to FFY 2023
 - Post Covid-19 pandemic: NF days from FFY2023 to annualized FFY2024.
- The first three columns in table below shows the CAGR for each of the three periods described above and the fourth column shows the “Assumed CAGR” the applicant utilized to project utilization.

| Facility Name | FFY17- FFY19 CAGR* | FFY20- FFY23 CAGR* | Annual Growth FFY2023-FFY2024 | Assumed CAGR |
|--|-------------------------------|-------------------------------|--|---------------------|
| Harmony Hall Nursing and Rehab. Center | 10.9% | -4.1% | 5.1% | 1.0% |
| Maple Grove Health and Rehab. Center | -1.7% | -3.6% | 10.4% | 2.1% |
| Pine Ridge Health and Rehab. Center | -2.5% | -12.1% | 24.8% | 5.0% |
| Westwood Hills Nursing and Rehab. Center | -5.7% | -8.7% | 17.4% | 3.5% |

*Compound Annual Growth Rate.

Source: Internal data and License Renewal Applications.

The table below provides projected NF days at the four facilities from FFY 2024 to FFY 2030, the proposed third full fiscal year of the project, assuming the growth rates in the table above.

| Facility Name | Census | Interim Projections | | | | Project Years Projections | | | CAGR |
|--|---------------------|---------------------|--------------|--------------|--------------|---------------------------|--------------|--------------|-------------|
| | | FFY24 | FFY25 | FFY26 | FFY27 | FFY28 | FFY29 | FFY30 | |
| Harmony Hall Nursing and Rehab. Center | NF Days | 39,447 | 39,848 | 40,254 | 40,664 | 41,078 | 41,496 | 41,918 | 1.0% |
| | ADC | 108.1 | 109.2 | 110.3 | 111.4 | 112.5 | 113.7 | 114.8 | |
| | NF Beds | 175 | 175 | 175 | 166 | 134 | 134 | 134 | |
| | NF Occupancy | 61.8% | 62.4% | 63.0% | 67.1% | 84.0% | 84.8% | 85.7% | |
| Maple Grove Health and Rehab. Center | NF Days | 38,000 | 38,792 | 39,601 | 40,426 | 41,269 | 42,129 | 43,007 | 2.1% |
| | ADC | 104.1 | 106.3 | 108.5 | 110.8 | 113.1 | 115.4 | 117.8 | |
| | NF Beds | 210 | 210 | 210 | 200 | 162 | 162 | 162 | |
| | NF Occupancy | 49.6% | 50.6% | 51.7% | 55.4% | 69.8% | 71.2% | 72.7% | |
| Pine Ridge Health and Rehab. Center | NF Days | 29,320 | 30,772 | 32,297 | 33,897 | 35,576 | 37,339 | 39,188 | 5.0% |
| | ADC | 80.3 | 84.3 | 88.5 | 92.9 | 97.5 | 102.3 | 107.4 | |
| | NF Beds | 140 | 140 | 140 | 128 | 120 | 120 | 120 | |
| | NF Occupancy | 57.4% | 60.2% | 63.2% | 72.6% | 81.2% | 85.2% | 89.5% | |
| Westwood Hills Nursing and Rehab. Center | NF Days | 36,482 | 37,755 | 39,072 | 40,435 | 41,846 | 43,306 | 44,817 | 3.5% |
| | ADC | 100.0 | 103.4 | 107.0 | 110.8 | 114.6 | 118.6 | 122.8 | |
| | NF Beds | 171 | 171 | 171 | 151 | 140 | 140 | 140 | |
| | NF Occupancy | 58.5% | 60.5% | 62.6% | 73.4% | 81.9% | 84.7% | 87.7% | |

CAGR- Compound Annual Growth Rate.

Average Daily Census = NF Days / 365.

NF Occupancy = ADC / NF Beds.

Historical CAGR of NF Days from FFY17 to FFY23

| Facility Name | Census | FFY17 | FFY18 | FFY19 | FFY20 | FFY21 | FFY22 | FY23 | CAGR |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------|
| Harmony Hall Nursing and Rehab. Center | NF Days | 39,013 | 44,057 | 47,948 | 44,219 | 36,175 | 37,815 | 39,049 | 0.02% |
| | ADC** | 106.9 | 120.7 | 131.4 | 121.1 | 99.1 | 103.6 | 107.0 | |
| | NF Beds | 175 | 175 | 175 | 175 | 175 | 175 | 175 | |
| | NF Occupancy^ | 61.1% | 69.0% | 75.1% | 69.2% | 56.6% | 59.2% | 61.1% | |
| Maple Grove Health and Rehab. Center | NF Days | 44,253 | 42,389 | 42,770 | 41,582 | 39,129 | 34,974 | 37,224 | -2.84% |
| | ADC** | 121.2 | 116.1 | 117.2 | 113.9 | 107.2 | 95.8 | 102.0 | |
| | NF Beds | 210 | 210 | 210 | 210 | 210 | 210 | 210 | |
| | NF Occupancy^ | 57.7% | 55.3% | 55.8% | 54.2% | 51.0% | 45.6% | 48.6% | |
| Pine Ridge Health and Rehab. Center | NF Days | 45,965 | 45,790 | 43,681 | 41,089 | 34,401 | 27,879 | 27,936 | -7.96% |
| | ADC** | 125.9 | 125.5 | 119.7 | 112.6 | 94.2 | 76.4 | 76.5 | |
| | NF Beds | 140 | 140 | 140 | 140 | 140 | 140 | 140 | |
| | NF Occupancy^ | 90.0% | 89.6% | 85.5% | 80.4% | 67.3% | 54.6% | 54.7% | |
| Westwood Hills Nursing and Rehab. Center | NF Days | 55,109 | 49,180 | 49,050 | 46,395 | 38,750 | 31,752 | 35,252 | -7.18% |
| | ADC** | 151.0 | 134.7 | 134.4 | 127.1 | 106.2 | 87.0 | 96.6 | |
| | NF Beds | 176 | 176 | 176 | 176 | 176 | 176 | 176 | |
| | NF Occupancy^ | 85.8% | 76.6% | 76.4% | 72.2% | 60.3% | 49.4% | 54.9% | |

*Compound Annual Growth Rate.

**Average Daily Census = NF Days / 365.

^NF Occupancy = ADC / NF Beds.

Source: Internal data and License Renewal Applications.

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

- The applicant relied on historical data from the existing facilities.
- The applicant factored in the impact of the Covid-19 pandemic.
- The applicant utilized an aggressive projected CAGR to project occupancy for each of the four facilities when compared to the historical CAGR for each facility from FFY17 to FFY2023. Even using an aggressive projected CAGR to project occupancy in the first project year projected occupancy ranged from 69.8% to 84.0%. In the third project year occupancy ranged from 72.7% to 89.5%.

Access to Medically Underserved Groups

In Section D, page 68, the applicant states,

“The 32 NF beds from Lenoir County, 38 NF beds from Guilford County, eight NF beds from Davidson County, and 11 NF beds from Wilkes County that are proposed to be transferred are all currently underutilized. Following relocation and development of the 89 existing NF beds at the new facility in Iredell County, there will be adequate capacity to serve the groups listed above in the facilities and counties that will lose beds. As such,

the proposed project will have no negative impacts on the underserved groups above [low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries and Medicaid recipients]”

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

- Per the 2024 SMFP, each of the four counties from which the applicant is relocating NF beds has a surplus of NF beds and, after project completion, each of the four counties would still have a surplus of NF beds.

| County | # of NF beds to be relocated to Iredell County | 2024 SMFP NF Bed Surplus / (Deficit) | Remaining NF Bed Surplus/ (Deficit) |
|--------------|--|--------------------------------------|-------------------------------------|
| Lenoir | 32 | 45 | 13 |
| Guilford | 38 | 249 | 211 |
| Davidson | 8 | 125 | 117 |
| Wilkes | 11 | 75 | 64 |
| Total | 89 | | |

Source: 2024 SMFP, Table 10A and 10C.

- The applicant states that all the NF beds being relocated from the four facilities in Lenoir County, Guilford County, Davidson County and Wilkes County are all currently underutilized.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- 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 applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

In Section D, page 50, the applicant explains why it believes the needs of the population presently utilizing the services to be reduced will be adequately met following completion of the project. On page 50, the applicant states:

“Since these 50 beds at Village Green Health & Rehabilitation have been completely un-occupied for a significant period of time, there would be absolutely no disruption of services or displacement of residents as a result of the transfer of these NF beds to Iredell County. Cumberland County currently shows a surplus of 288 NF beds, based on the 2024 NC State Medical Facilities Plan. Not only does Village Green Health & Rehabilitation have enough capacity to service existing residents with no disruption, but the remaining Cumberland County nursing facilities are also more than adequate to service the population of Cumberland County.”

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

- The applicant’s statement that the 50 NF beds to be relocated are currently not in use and have been out of use for a significant period of time.
- The 50 NF beds are proposed to be relocated from Cumberland County to Iredell County. Per the 2024 SMFP Cumberland County has a surplus of 288 NF beds. If the proposed project is approved Cumberland County will have a surplus of 238 NF beds.

In Exhibit C.1, the applicant provides historical utilization for the Village Green Health & Rehabilitation nursing facility, as illustrated in the following table.

Village Green Health & Rehabilitation: Historical Occupancy

| | CY2020 | CY2021 | CY2022 | CY2023 |
|---------------------------------------|---------------|---------------|---------------|---------------|
| # of Beds | 170 | 170 | 170 | 170 |
| Total Days Available (100 % capacity) | 62,050 | 62,050 | 62,050 | 62,050 |
| Patient Days | 38,051 | 34,968 | 33,403 | 32,526 |
| Beds Utilized | 105 | 96 | 92 | 90 |
| Occupancy | 61.2% | 56.4% | 53.8% | 52.4% |

Source: Table in Exhibit C.1.

The number of beds used at Village Green Health & Rehabilitation was 105 of the 170 licensed NF beds in CY2020 and has declined each year through CY2023. In CY2023 the number of beds used was 90 of the 170 licensed beds.

Patient days and occupancy have declined for three straight years. In CY2023 occupancy was only 52.4% at the 170 bed Village Green Health & Rehabilitation nursing facility.

The Project Analyst notes that the first full project year is CY2027. If patient days is held constant from the last full historical year, CY2023, through CY2027 projected occupancy would be 74.3% and the number of beds used would be 89 out of the 120 licensed NF beds assuming project approval as illustrated in the table below.

Village Green Health & Rehabilitation: Historical Occupancy

| | Last Historical Year | First Project Year |
|---------------------------------------|----------------------|--------------------|
| | CY2023 | CY2027 |
| # of Beds | 170 | 120 |
| Total Days Available (100 % capacity) | 62,050 | 43,800 |
| Patient Days | 32,526 | 32,526 |
| Beds Utilized | 90 | 89 |
| Occupancy | 52.4% | 74.3% |

Source: Table in Exhibit C.1.

In Section D, page 50, the applicant states,

“Since these 50 beds at Village Green Health & Rehabilitation have been completely un-occupied for a significant period of time, there would be absolutely no disruption of services or displacement of residents as a result of the transfer of these NF beds to Iredell County.

The historical occupancy data of Village Green Health & Rehabilitation combined with the remaining surplus of 238 NF beds in Cumberland County if the proposed project is approved reasonably and adequately supports the applicant’s statement that there would be no disruption of service or displacement of residents as a result of the relocation of 50 of the 170 licensed NF beds from the Village Green Health and Rehabilitation nursing facility in Cumberland County.

Access to Medically Underserved Groups

In Section D, page 50, the applicant states,

“Due to the fact that the 50 NF beds proposed to be relocated are unoccupied beds, there would be absolutely no impact on the groups listed above [low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries and Medicaid recipients]at the existing Village Green Health & Rehabilitation, or the residents of Cumberland County.”

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

- The applicant states that the 50 NF beds proposed to be relocated are unoccupied beds.
- Per the 2024 SMFP there is a surplus of 288 NF beds in Cumberland County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- 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 applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
 - The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.
- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

In Section E, pages 72-73, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Maintain the Status Quo* – The applicant states that the 2024 SMFP estimates that there will be a deficit of 89 NF beds in Iredell County by 2027. If the status quo was maintained Iredell County residents would encounter access issues to NF beds forcing

them to possibly have to forgo skilled nursing care or resulting in the patients and their families having to travel to obtain access to a NF bed. Thus, the applicant determined that maintaining the status quo was more costly and a less effective alternative.

- *Relocate a Different Number of NF Beds-* The applicant states that the 2024 SMFP estimates that there will be a deficit of 89 NF beds in Iredell County by 2027. The applicant could have proposed to relocate fewer NF beds to Iredell County. However, this would not have allowed the applicant to address the projected 89 NF bed deficit and thus the facility would have less capacity to address projected patient need. Thus, the applicant determined that relocating fewer NF beds was a less effective alternative.
- *Develop the NF Beds at a Different Location-* The applicant states that the proposed site is located in Davidson township or Iredell County which township is projected to have the largest population and greatest NF bed deficit by 2027. Further, the proposed site is located within close proximity to the following major traffic corridors: Interstate 77, Interstate 485 and Highway 21. Lake Norman Regional Hospital is located adjacent to the proposed site. Thus, the applicant determined that a different location was a less effective alternative.

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written Comments
- Remarks made at the public hearing
- Response to comments
- 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.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

In Section E, pages 53-54, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Maintain the Status Quo* – The applicant states that the 2024 SMFP estimates that there will be a deficit of 89 NF beds in Iredell County by 2027. If the status quo was maintained and the applicant did not propose to relocate 50 currently unutilized from Cumberland County to Iredell County residents of Iredell County would not have the availability of these 50 NF beds which availability will be needed in Iredell County based on the projected NF bed deficit in Iredell County. Thus, the applicant determined that maintaining the status quo was more costly and a less effective alternative.
- *De-license NF Beds in Cumberland County*- The applicant considered simply de-licensing 50 NF beds at its Village Green Health & Rehabilitation facility in Cumberland County as that facility has struggled to utilize all of its licensed NF beds. The applicant determined that this was not the most effective alternative based on the projected NF bed deficit in Iredell County and the opportunity to relocate these 50 NF beds to Iredell County.
- *Relocate NF Beds from Cumberland County to Another County in North Carolina besides Iredell County*- The applicant states that it explored other counties to relocate the 50 NF beds to within North Carolina however, Iredell County, based on popularity for retirement relocation, proximity to health care providers and population growth was identified as the most effective alternative. Thus, the applicant determined that relocating the 50 NF beds to another county in North Carolina was not the most effective alternative.

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written Comments

- Remarks made at the public hearing
- Response to comments
- 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.

- (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
 Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

Capital and Working Capital Costs

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

| | |
|------------------------------|---------------------|
| Purchase of Land | \$2,132,000 |
| Site Preparation | \$2,210,986 |
| Construction Costs | \$18,535,800 |
| Landscaping | \$750,000 |
| Equipment | \$387,432 |
| Furniture | \$387,435 |
| Professional Fees | \$500,000 |
| Interest During Construction | \$892,096 |
| Miscellaneous | \$50,000 |
| Total | \$25,845,752 |

In Section F.1, page 74, Section Q, Form F.1a and Form F.1a Assumptions, and Exhibit F.1 Certified Construction Cost Estimate, the applicant provides the assumptions used to project the capital cost.

In Section F.3, pages 76-77, the applicant projects that start-up costs will be \$204,254 and initial operating expenses will be \$1,090,711 for a total working capital of \$1,294,965. On pages 76-77, and Forms F.2b and F.3b, 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.

Availability of Funds

In Section F.2, page 74, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

| Type | Hillco, Ltd. | Total |
|---|---------------------|---------------------|
| Loans | \$16,925,150 | \$16,925,150 |
| Cash and Cash Equivalents, Accumulated reserves or OE * | \$8,145,732** | \$8,145,732** |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$25,070,882 | \$25,070,882 |

*OE = Owner's Equity

**Includes Interest During Construction (\$892,096) and loan paydown (\$7,253,636).

Sources of Capital Cost Financing

| Type | Everest Long Term Care, LLC | Total |
|---|-----------------------------|------------------|
| Loans | | |
| Cash and Cash Equivalents, Accumulated reserves or OE * | \$774,870 | \$774,870 |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$774,870 | \$774,870 |

*OE = Owner's Equity

In Section F.3, page 78, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

| Sources of Financing for Working Capital (Everest Long Term Care, LLC) | Amount |
|---|--------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$1,294,965 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total * | \$1,294,965 |

Exhibit F.2-1 contains a letter dated April 15, 2024, from the Senior Vice President of Wells Fargo Bank, N.A. documenting that a loan in the amount of \$20.0 million will be made available to Britthaven, Inc. and its parent company, Hillco, Ltd. to fund the proposed construction of a new skilled nursing facility in Iredell County.

Exhibit F.2-2 contains a letter dated April 15, 2024, from the President of Hillco, Ltd confirming its willingness to fund the capital cost of the proposed project in the amount of \$8,145,732 from cash and cash equivalents, accumulated reserves or owner's equity. Exhibit

F.2-2 also contains a copy of the audited combined balance sheets of Hillco, Ltd. and Affiliates as of September 30, 2023, which shows total current assets of \$106.6 million and total equity of 45.07 million.

Exhibit F.2-2 also contains a letter dated April 15, 2024, from Gale Boice the CFO of Principle Long Term Care, Inc. (Principle LTC). Everest Long Term Care, LLC is a subsidiary of Principle LTC. The letter commits Principle LTC to fund \$774,870 in capital costs and \$1,294,965 in working capital costs for the proposed project on behalf of Everest Long Term Care, LLC. Ms. Boice is also the CFO of Everest Long Term Care, LLC and commits to use the funds for the proposed project. The letter states *“Please see the balance sheet for Hillco, Ltd. and its affiliates confirming availability of these funds in Exhibit F.2-2 of the Certificate of Need application.”* Exhibit F.2-2 also contains a copy of the audited combined balance sheets of Hillco, Ltd. and Affiliates as of September 30, 2023, which shows total current assets of \$106.6 million and total equity of 45.07 million.

Financial Feasibility

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

| | Project Year 1 (10/1/2027- 9/30/2028) | Project Year 2 (10/1/2028- 9/30/2029) | Project Year 3 (10/1/2029- 9/30/2030) |
|---|--|--|--|
| Total Patient Days | 16,243 | 29,237 | 30,536 |
| Total Gross Revenues (Charges) | \$6,276,460 | \$11,297,628 | \$11,799,744 |
| Total Net Revenue | \$6,150,931 | \$11,071,675 | \$11,563,750 |
| Average Net Revenue per Patient Day | \$379 | \$379 | \$379 |
| Total Operating Expenses (Costs) | \$7,290,594 | \$10,655,000 | \$11,052,975 |
| Average Operating Expense per Patient Day | \$449 | \$364 | \$362 |
| Net Income | (\$1,139,663) | \$416,675 | \$510,774 |

Totals may not sum due to rounding

Source: Form F.2b.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- 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:

- 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.
- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
- 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 costs and charges.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

Capital and Working Capital Costs

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

| | |
|-----------------------------|---------------------|
| Building Purchase Cost | \$25,000,000 |
| Land Purchase Cost | \$4,500,000 |
| Closing Costs | \$885,000 |
| Equipment & Furniture Costs | \$525,000 |
| Miscellaneous Costs | \$50,000 |
| Contingency Costs | \$250,000 |
| Total | \$31,210,000 |

In Section F.1, page 55, Section Q, Form F.1a, and Exhibit F.1, the applicant provides the assumptions used to project the capital cost.

In Section F.3, page 57, the applicant projects that start-up costs will be \$0 and initial operating expenses will be \$1,435,558 for a total working capital of \$1,435,558. On pages 57-58, and Forms F.2b and F.3b, 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.

Availability of Funds

In Section F.2, page 55, the applicant states that the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

| Type | Lake Norman Healthcare Properties, LLC | Total |
|---|--|---------------------|
| Loans | \$20,000,000 | \$20,000,000 |
| Cash and Cash Equivalents, Accumulated reserves or OE * | \$11,210,000 | \$11,210,000 |
| Bonds | \$0 | \$0 |
| Other (Specify) | \$0 | \$0 |
| Total Financing | \$31,210,000 | \$31,210,000 |

* OE = Owner's Equity

In Section F.3, page 58, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

| Sources of Financing for Working Capital (Lake Norman OpCo, LLC) | Amount |
|---|--------------------|
| Loans | \$0 |
| Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity | \$1,435,558 |
| Lines of credit | \$0 |
| Bonds | \$0 |
| Total * | \$1,435,558 |

Exhibit F.2 contains a letter dated April 1, 2024, from the Owner/Member of Sanstone Health & Rehabilitation (Sanstone) pledging \$12.0 million in cash and cash equivalents for the proposed project to Lake Norman Healthcare Properties, LLC. Sanstone is the parent of Lake Norman Healthcare Properties, LLC. Exhibit F.2 also contains a copy of the audited consolidated financial statements and supplement information of Ardent Health and Rehabilitation d/b/a Sanstone Health and Rehabilitation which shows that as of December 31, 2022, Sanstone had \$43.05 million in cash and cash equivalents and total assets of \$270 million.

Exhibit F.2 also contains a letter dated April 8, 2024, from the Senior Vice President of Pinnacle Financial Partners documenting that a loan in the amount of \$20.0 million will be made available to fund the proposed construction of a new skilled nursing facility in Iredell County.

Exhibit F.3 contains a letter dated April 1, 2024, from the Owner/Member of Sanstone pledging \$2.0 million in cash and cash equivalents to fund the projected working capital costs for the proposed project to Lake Norman OpCo, LLC. Sanstone is the parent of Lake Norman OpCo, LLC. Exhibit F.2 contains a copy of the audited consolidated financial statements and supplement information of Ardent Health and Rehabilitation d/b/a Sanstone Health and Rehabilitation which shows that as of December 31, 2022, Sanstone had \$43.05 million in cash and cash equivalents and total assets of \$270 million.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

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

| | Project Year 1 CY 2027 | Project Year 2 CY 2028 | Project Year 3 CY 2029 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Total Patient Days | 11,340 | 16,426 | 16,426 |
| Total Gross Revenues (Charges) | \$5,152,436 | \$7,463,196 | \$7,463,196 |
| Total Net Revenue | \$5,126,674 | \$7,425,880 | \$7,425,880 |
| Average Net Revenue per Patient Day | \$452 | \$452 | \$452 |
| Total Operating Expenses (Costs) | \$5,972,436 | \$7,327,703 | \$7,327,703 |
| Average Operating Expense per Patient Day | \$527 | \$446 | \$446 |
| Net Income | (\$845,763) | \$98,177 | \$98,177 |

Totals may not sum due to rounding
 Source: Form F.2b.

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q of the application. The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Response to comments
- Remarks made at the public hearing
- 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:

- 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.
 - The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
 - 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 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
Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

The 2024 SMFP, page 141, defines a nursing home facility's service area as "... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*" The applicant proposes relocating existing NF beds from other counties to new nursing home facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area.

Table 10A: *Inventory of Nursing Home and Hospital Nursing Care Beds* of the 2024 SMFP, page 156 shows a total of 653 existing and approved NF beds in Iredell County. The total planning inventory is 653 NF beds with 605 NF beds in licensed Nursing Facilities and 48 licensed NF beds in Hospitals. There are a total of five existing licensed nursing facilities in Iredell County. Iredell Memorial Hospital has all 48 of the existing and approved NF beds in Iredell County that are in a hospital.

Table 10C: *Nursing Care Bed Need Projections for 2027* of the 2024 SMFP, page 175 shows a deficit of 89 NF beds in Iredell County.

In Section G, page 84, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved NF bed services in Iredell County. The applicant states:

“The proposed project is to relocate and develop 89 NF beds; thus, Iredell County will have a remaining deficit of zero NF beds. In light of this information, the proposed project will not result in an unnecessary duplication of the existing or approved health service facilities located in the proposed service area...”

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 2024 SMFP identifies a deficit of 89 NF beds in Iredell County and the proposed project to relocate 89 existing NF beds from other North Carolina counties to Iredell County would not result in a surplus of NF beds in Iredell County.
- The applicant adequately demonstrates that the proposed relocation of the NF beds is needed in addition to the existing or approved NF beds in Iredell County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

The 2024 SMFP, page 141, defines a nursing home facility’s service area as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The applicant proposes relocating existing NF beds from other counties to new nursing home

facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area.

Table 10A: *Inventory of Nursing Home and Hospital Nursing Care Beds* of the 2024 SMFP, page 156 shows a total of 653 existing and approved NF beds in Iredell County. The total planning inventory is 653 NF beds with 605 NF beds in licensed Nursing Facilities and 48 licensed NF beds in Hospitals. There are a total of five existing licensed nursing facilities in Iredell County. Iredell Memorial Hospital has all 48 of the existing and approved NF beds in Iredell County that are in a hospital.

Table 10C: *Nursing Care Bed Need Projections for 2027* of the 2024 SMFP, page 175 shows a deficit of 89 NF beds in Iredell County.

In Section G, page 64, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved NF bed services in Iredell County. The applicant states:

“Per the 2024 State Medical Facilities Plan, Iredell County currently has a NF bed deficit of 89 NF beds ... This new facility is also committed to serving a significant amount of its resident population to Medicaid beneficiaries, which continues to be a major need within the nursing facility industry. The population data referenced in Section C.4 also supports the future needs of the Iredell County community due to its expected growth in population of the age group most likely to need nursing facility care (over 65). ... Additionally, there is a facility within Iredell County which was recently de-certified by CMS for continued survey and patient care issues. This de-certification creates an inability to provide care for Medicare or Medicaid beneficiaries. This is further testament that the service area of Iredell County is in desperate need of a nursing facility such as the one being proposed 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 2024 SMFP identifies a deficit of 89 NF beds in Iredell County and the proposed project to relocate 59 existing NF beds from other North Carolina counties to Iredell County would not result in a surplus of NF beds in Iredell County.
- The applicant adequately demonstrates that the proposed relocation of the NF beds is needed in addition to the existing or approved NF beds in Iredell County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Remarks made at the public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

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

C
Both Applications

**Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center /
Develop a new 89-bed nursing facility**

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

In Section Q, Form H Staffing, the applicant provides the projected FTE positions for the proposed NF bed service for the first three full FYs, as summarized below:

| | 1st Full FY (10/1/2027 – 9/30/2028) | 2nd Full FY (10/1/2028 – 9/30/2029) | 3rd Full FY (10/1/2029 – 9/30/2030) |
|-------------------|---|---|---|
| Total FTEs | 53.7 | 82.5 | 84.6 |

The assumptions and methodology used to project staffing are provided in Form H. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 86-88, the applicant describes the methods used to recruit or fill new positions and its 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 adequately demonstrates its intent to recruit and retain qualified staff for the FTE positions it proposes.
- The applicant adequately demonstrates its methods to train and retain staff, as well as its methods to ensure staff will acquire and maintain appropriate certification.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

In Section Q, Form H Staffing, the applicant provides the projected FTE positions for the proposed NF bed service for the first three full FYs, CYs 2027-2029 as summarized below:

| | 1st Full FY (CY2027) | 2nd Full FY (CY2028) | 3rd Full FY (CY2029) |
|--------------|--|--|--|
| Total | 35.0 | 46.5 | 46.5 |

The assumptions and methodology used to project staffing are provided in Form H. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 66-67, the applicant describes the methods used to recruit or fill new positions and its training and continuing education programs. See also Exhibits H.2 and H.3.

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

- The applicant adequately demonstrates its intent to recruit and retain qualified staff for the FTE positions it proposes.
- The applicant adequately demonstrates its methods to train and retain staff, as well as its methods to ensure staff will acquire and maintain appropriate certification.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to comments

- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- (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

Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

Ancillary and Support Services

In Section I, page 90, the applicant identifies the necessary ancillary and support services for the proposed NF Bed services. On pages 90-91, the applicant explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- Exhibit I.1 contains letters of support from ancillary and support providers.
- The applicant provides detailed information as to each service to be provided and how it will be provided.

Coordination

In Section I, page 91, the applicant describes its efforts to develop 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:

- Exhibit I.2 contains letters of support.
- The applicant states that both the applicant and related entities operate nursing facilities near Iredell County and have pre-existing relationships with local healthcare providers.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to comments
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID #F-12515-4/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

Ancillary and Support Services

In Section I, page 68, the applicant identifies the necessary ancillary and support services for the proposed NF bed services. On pages 68-69, the applicant explains how each ancillary and support service will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- Exhibit I.1 contains an example of the management contract that would be signed with Sanstone Management Company as well as letters of support from providers of ancillary and support services.
- The applicant provides detailed information as to each service to be provided and how it will be provided.

Coordination

In Section I, page 69, the applicant describes its efforts to develop 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:

- Exhibit I-2 contains letters reaching out to local providers and letters of support.

- The applicant states that it has sought to establish relationships with local social services, hospitals and ancillary providers and will continue to reach out to other providers in the community.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to comments
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- (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

Both Applications

Neither of the applicants 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. Therefore, Criterion (9) is not applicable to this review.

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

(iv) would be available in a manner which is administratively feasible to the HMO.

NA
Both Applications

Neither of the applicants are 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
Both Applications

**Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center /
Develop a new 89-bed nursing facility**

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

In Section K, page 94, the applicant states the project involves constructing 61,786 square feet of new space. Line drawings are provided in Exhibit K.1.

On page 96-97, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibits K.3-1 and K.3-2. The site appears to be suitable for the proposed nursing facility based on the applicant's representations and supporting documentation.

On pages 94-95, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states that they are working with an architect experienced in nursing facility construction in North Carolina.
- Modular construction techniques will be utilized to address both the shortage of skilled laborers and sub-contractors in North Carolina and rising construction costs in general.
- General contracting will be handled "in-house" to provide flexibility and lower costs.

- To lower project design and construction costs and prevent delays, change orders, and rework that could be costly the applicants will use a design-build method of project delivery along with targeted value design in order.
- The site location will require conditional zoning approval but not a special use permit.
- The applicant provides a detailed line drawing in Exhibit K.1.

On page 95, 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 applicant states that costs to payers are not likely to be impacted by this project. The proposed project will be constructed for a low-to-average cost per square foot for this type of facility.
- The applicant states *“the proposed project will be built to operate within state and federal reimbursement programs as they now exist, i.e., the facility will be sustainable within the cost parameters of even the lowest reimbursing payer (Medicaid). Private rates are designed to be comparable to competitor rates as forecast for the coming years. Medicare rates are paid based upon the acuity of the patients served.”*

On page 95, and Exhibit B.2-2 the applicant identifies any applicable energy saving and water conservation features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

In Section K, page 72, and Exhibit K.1 the applicant states the project involves constructing 47,895 square feet of new space. Line drawings are provided in Exhibit K.1

On pages 73-75, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K-4. The applicant states on page 74 that the site would require a rezoning in order to construct a nursing facility. Exhibit K.4 contains a letter from the applicant's attorney stating that both an annexation of the parcel to the Town of Mooresville and a rezoning would be required. The applicant documents the availability of water, waste disposal and power at the proposed site.

On pages 72-73, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant provides a detailed line drawing in Exhibit K.1.
- The applicant states, *“With 100% private/single-occupancy rooms, the applicants will set the standard for future construction of nursing facilities. Private/single-occupancy rooms have been consistently held out as a key element of infection control. The COVID-19 pandemic sparked a significant emphasis on infection control procedures within nursing facilities, due to the rapid spread of COVID-19 within congregate living environments. Many sources have cited the benefits of private/single-occupancy rooms as a main benefit for both infection control and the quality of care within nursing facilities.”*
- The applicant states that nursing facility patients increasingly demand more privacy in long term care settings and that the planned private/single-occupancy rooms relate to the patient satisfaction and dignity.
- On page 72, the applicant states that the facility will incorporate state-of-the-art technology and is being designed to accommodate future expansion.
- Exhibit K.3 contains a letter from the architect detailing the water and energy conservation features.

On page 73, 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 applicant states that entering into a management agreement with Sanstone Management to manage the new facility will greatly decrease the operating costs of operating the facility based on the benefits of economies of scale available from such a management agreement.
- The applicant states that the majority of patients will be beneficiaries of Medicare and/or Medicaid. Regardless of the setting of care, Medicaid and Medicare benefits are provided at the same costs to the patient.

On page 73 and Exhibit K.3, the applicant identifies any applicable energy saving and water conservation features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing
- Response to comments
- Information publicly available during the review and used by the Agency

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

- (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;

NA
Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

Iredell Health & Rehab is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

Lake Norman OpCo is not an existing facility. Therefore, Criterion (13a) is not applicable to this review.

- (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;

NA
Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

Iredell Health & Rehab is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

Lake Norman OpCo is not an existing facility. Therefore, Criterion (13b) is not applicable to this review.

- (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
Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

In Section L.3, page 107, the applicant projects the following payor mix for the proposed facility during third full fiscal year [10/1/2029 to 9/30/2030] of operation following completion of the project, as shown in the table below.

Iredell Health and Rehab

| Payor Category | Percentage of Total Patients Served |
|-----------------------|--|
| Self-Pay | 7.8% |
| Medicare* | 25.5% |
| Medicaid* | 66.7% |
| Total | 100.0% |

Source: Table on page 107 of the application.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 7.8% of total services will be provided to self-pay patients, 25.5% to Medicare patients and 66.7% to Medicaid patients.

On pages 105-106, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the following:

- The payor mix for non-hospital NF beds in Iredell County based on information in the 2024 License Renewal Applications (LRAs).
- The payor mix for all of the applicant's affiliated North Carolina nursing facilities.
- The applicants combined Medicare and Other as Medicare is assumed to include Medicare A, Medicare Advantage, and Managed Care.

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.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

In Section L.3, page 80, the applicant projects the following payor mix for the proposed facility during third full fiscal year [CY 2028] of operation following completion of the project, as shown in the table below.

Lake Norman OpCo

| Payor Category | Percentage of Total Patients Served |
|-----------------------|--|
| Self-Pay | 10.0% |
| Medicare* | 40.0% |
| Medicaid* | 48.0% |
| Other (Hospice) | 2.0% |
| Total | 100.0% |

Source: Table on page 80 of the application.

*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 10.0% of total services will be provided to self-pay patients, 40.0% to Medicare patients and 48.0% to Medicaid patients.

On page 80, and in Exhibit L.3, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on a combination of:

- historical data for the affiliated nursing facilities owned and operated by the owners of the applicants,

- the anticipated occupancy from the other nursing facilities within the service area, and
- the expected demand for short- term rehabilitative services associated with Medicare beneficiaries and private-pay residents.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C
Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

In Section L, page 109, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

In Section L, page 81, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

- (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

Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

In Section M, page 110, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states the proposed facility will seek to formalize contracts with local area health professional training programs, including those at Cabarrus College of Health Sciences, Central Piedmont Community College, Davidson-Davie Community College, Mitchell Community College, and Rowan-Cabarrus Community College. Each of these schools has various health professional training programs.
- In Exhibit M.1, the applicant provides copies letters to the five above referenced colleges offering Iredell Health and Rehab to accommodate the clinical needs of their students and programs.

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.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

In Section M, page 83, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states Lake Norman OpCo will be available as a training facility for local training programs and community colleges.
- In Exhibit M.1, the applicant provides a copy of a letter to Mitchell Community College offering Lake Norman OpCo as a training 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 described above.

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

The 2024 SMFP, page 141, defines a nursing home facility's service area as "... the county in which the bed is located. Each of the 100 counties in the state is a separate service area." The applicant proposes relocating existing NF beds from other counties to new nursing home facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area.

Table 10A: *Inventory of Nursing Home and Hospital Nursing Care Beds* of the 2024 SMFP, page 156 shows a total of 653 existing and approved NF beds in Iredell County. The total planning inventory is 653 NF beds with 605 NF beds in licensed Nursing Facilities and 48 licensed NF beds in Hospitals. There are a total of five existing licensed nursing facilities in Iredell County. Iredell Memorial Hospital has all 48 of the existing and approved NF beds in Iredell County that are in a hospital.

Table 10C: *Nursing Care Bed Need Projections for 2027* of the 2024 SMFP, page 175 shows a deficit of 89 NF beds in Iredell County.

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 112, the applicant states:

"This project, if approved, will enhance the benefits of competition in the service area by delivering need- responsive services, state-of-the-art amenities, and staff-oriented workplace practices, all of which will contribute to quality of care. As a result, existing providers must, in order to compete, adjust their practices to this enhanced standard the applicants and their related entities are committed to delivering."

Regarding the impact of the proposal on cost effectiveness, in Section N, page 112, the applicant states:

"This proposal will have a positive impact on cost effectiveness ... the applicants and their related entities are well- established providers of NF care in the county, service area, and state. Through the network of related facilities and ancillary services, the applicants and related entities are able to obtain resources and supplies at competitive prices that tend to reduce operating expenses. Principle LTC's central office includes professionals working in operations, clinical services, financial management, human resources, and risk management, among other departments, that allow for expertise to be disseminated as needed to the network of providers."

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

Regarding the impact of the proposal on quality, in Section N, page 112, the applicant states:

“This proposal will have a positive impact on cost effectiveness, quality ..., the applicants and their related entities are well- established providers of NF care in the county, service area, and state. ... the clinical services team, along with operations, consist of new individuals with a proven track record of providing quality care.”

See also Section O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 112-113, the applicant states:

“This proposal will have a positive impact ... access by the medically underserved ... the applicants and their affiliated facilities have demonstrated a long-standing commitment to serving the groups considered “medically underserved,” and particularly the Medicaid population. The applicants regularly provide more total days of care to Medicaid patients, and one of the highest total percentages of total days of care, of all providers in North Carolina. Please see the summary table below, and the full set of data for FFY 2022 in previously referenced Exhibit L.3-2”

See also Section L and B 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
- Written comments

- Remarks made at the public hearing
- Responses to comments
- 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 all the reasons described above.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

Regarding the expected effects of the proposal on competition in the service area, in Section B, pages 28-29, the applicant states:

“The single most innovative approach to this proposed new nursing facility is the construction of a facility with 100% private/single-occupancy rooms: all with private baths. ... By implementing a creative and innovative design, the applicants believe that the facility will be on the forefront of what will soon be the industry standard. The newly constructed facility will be one-of-a-kind within the service area of Iredell County. ... Multiple sources (most notably the White House} have referenced the need for private rooms in nursing facilities as a means of protecting both the quality of care and the quality of life for the elderly population. ... Also, in a comprehensive 2021 study by Health Management Associates, it was noted that ‘evidence suggests single-resident rooms keep residents healthier, happier and is their desired option moving forward.’”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 84, the applicant states:

“As an established operator in NC, the owners of Lake Norman OpCo, LLC have the benefit of scale when driving efficient operations. The new facility will have access to a seasoned management company which provides oversight and infrastructure support. This cost efficiency will help Lake Norman OpCo, LLC provide a much-needed service to the community at reasonable cost.”

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

Regarding the impact of the proposal on quality, in Section N, page 84, the applicant states:

“The related facilities of Lake Norman OpCo, LLC (under the management of Sanstone Management) all have a reputation for delivering quality care. As seasoned operators of nursing facilities the owners of Lake Norman OpCo, LLC will continue this reputation at the new facility. The facility will be equipped with the latest point of care electronic patient

delivery technology and medical equipment. The innovative design and state-of-the-art technology will most certainly enhance the quality of care at Lake Norman OpCo, LLC.

Quality is an integral component of the culture of facilities under the management of Sanstone as evidenced in the culture section of its website.”

See also Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 85, the applicant states:

“The newly constructed nursing facility operated by Lake Norman OpCo, LLC will open up additional access and services to the underserved and indigent population of Iredell County through the Medicaid benefits programs. The facility anticipates roughly half of its residents as Medicaid beneficiaries and will always be open to serving the medically underserved community population. Amenities and services at this state-of-the-art facility will be available to all residents of the facility, regardless of payer source or economic status.”

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

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

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

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Remarks made at the public hearing

- Responses to comments
- 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 all the reasons described above.

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

C
Both Applications

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

In Section Q, Form O, the applicant identifies the nursing facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 42 of this type of facility located in North Carolina.

In Section O, page 117, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in four of these facilities. The applicant states that all the problems have been corrected. According to the files in the Nursing Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in seven of these facilities and each facility is back in compliance. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at all the facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

In Section Q, Form O, the applicant identifies the nursing facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 17 of this type of facility located in North Carolina.

In Section O, pages 87-88, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in four of these facilities. The applicant states that all the problems have been corrected. According to the files in the Nursing Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in five of these facilities and each facility is back in compliance. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at all the 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.

NA
Both Applications

The Criteria and Standards for Nursing Facility or Adult Care Home Services, promulgated in 10A NCAC 14C .1100, are not applicable to this review because neither of the applicants propose develop to develop nursing home beds pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2024 State Medical Facilities Plan, specifically Policy NH-6, the proposed project shall not “*shall not result in a surplus or increase an existing surplus of licensed nursing home facility beds in the county that would gain nursing home facility beds.*” The two applications in this review both propose to relocate existing, licensed NF beds to Iredell County. Per the 2024 SMFP Iredell County has a deficit of 89 NF beds. The two applications in this review collectively propose to relocate 139 NF beds to Iredell County. Both of the applications cannot be approved as that would result in a surplus of 50 NF beds in Iredell County. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of both proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review:

Project ID #F-12502-24/ Iredell County Health and Rehabilitation Center / Develop a new 89-bed nursing facility

The applicant proposes to develop a new 89-bed nursing facility in Mooresville, Iredell County by relocating existing 89 existing NF beds from four other counties: Lenoir County (32), Guilford County (38), Davidson County (8) and Wilkes County (11) pursuant to Policy NH-6.

Project ID #F-12515-24/ Lake Norman OpCo, LLC / Develop a new 50-bed nursing facility

The applicant proposes to develop a new 50-bed nursing facility in Mooresville, Iredell County by relocating by relocating 50 existing NF beds from Cumberland County pursuant to Policy NH-6.

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. Both applications are conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Geographic Accessibility (Location within the Service Area)

The service area is Iredell County. The following table illustrates where in the service area each applicant proposes to develop its proposal.

| | Proposed Locations |
|--------------------------|---------------------------|
| Iredell Health and Rehab | Mooresville |
| Lake Norman OpCo | Mooresville |

Both applications are proposing to locate in Mooresville.

Thus, with respect to geographic accessibility, the applications of **Iredell Health and Rehab** and **Lake Norman OpCo** are equally effective alternatives.

Competition (Patient Access to a New or Alternate Provider)

Generally, the introduction of a new provider in the service area would be the more effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer NF beds than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

N.C.G.S. §131E-176(24a) states: “*Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*”

The 2024 SMFP, page 141, defines a nursing home facility’s service area as “... the county in which the bed is located. Each of the 100 counties in the state is a separate service area.” Each applicant proposes relocating existing NF beds from other/another county(s) to a new nursing home facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area.

Neither applicant or a related entity currently own or operate NF beds in the service area.

Therefore, regarding this comparative factor, the applications of **Iredell Health and Rehab** and **Lake Norman OpCo** are equally effective alternatives.

Access by Service Area Residents

The 2024 SMFP, page 141, defines a nursing home facility’s service area as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*” The applicants propose relocating existing NF beds from other counties to new nursing home facility in Iredell County. Thus, the service area is Iredell County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the

assumption that residents of a service area should be able to derive a benefit from the nursing facility beds in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

3rd Full FY

| Applicant | # Iredell County Patients | Total Patients |
|--------------------------|----------------------------------|-----------------------|
| Iredell Health and Rehab | 291 | 335 |
| Lake Norman OpCo | 130 | 142 |

Source: Section C.3 both applications.

*Section Q, Form C.1b.

As shown in the table above, Iredell Health and Rehab projects to serve the highest number of service area residents during the third full fiscal year following project completion. Therefore, regarding projected service to residents of the service area, the application submitted by **Iredell Health and Rehab** is a more effective alternative.

Number of Private Rooms as a Percentage of Total Rooms (private vs semi-private)

The following table shows the number of nursing care beds in private and semiprivate rooms proposed by the applicants. Generally, the application proposing the higher number of private beds as a percentage of total beds is the more effective alternative with respect to this comparative factor.

| | Total # of Rooms | Total # of Private Rooms | Private Rooms as a Percentage of Total Rooms |
|--------------------------|-------------------------|---------------------------------|---|
| Iredell Health and Rehab | 76 | 63 | 82.9% |
| Lake Norman OpCo | 50 | 50 | 100.0% |

As shown in the table above, the application submitted by Lake Norman OpCo projects a higher percentage of private rooms. Therefore, regarding this comparative factor, the application for **Lake Norman OpCo** is the more effective alternative.

Access by Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

“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 access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicare

The following table compares projected access by Medicare patients in the third full fiscal year following project completion for each facility.

NF Bed Services to Medicare Patients- Project Year 3

| | Medicare Gross Revenue | Total Gross Revenue | Medicare Gross Revenue as a % of Total Gross Revenue |
|--------------------------|-------------------------------|----------------------------|---|
| Iredell Health and Rehab | \$3,796,285 | \$11,799,744 | 32.17% |
| Lake Norman OpCo | \$4,046,008 | \$7,463,196 | 54.21% |

Source: Form F.2b for each applicant.

As shown in the table above, Lake Norman OpCo projects the highest percent of gross revenue is for the provision of NF bed services to Medicare patients. Generally, the application projecting the highest percent of Medicare gross revenue as a percent of total gross revenue is the more effective alternative for this comparative factor. Therefore, regarding projected Medicare gross revenue as a percent of total gross revenue, the application submitted by **Lake Norman OpCo** is a more effective alternative.

Projected Medicaid

The following table compares projected access by Medicaid patients in the third full fiscal year following project completion for each facility.

NF Bed Services to Medicaid Patients- Project Year 3

| | Medicaid Gross Revenue | Total Gross Revenue | Medicaid Gross Revenue as a % of Total Gross Revenue |
|--------------------------|-------------------------------|----------------------------|---|
| Iredell Health and Rehab | \$6,721,257 | \$11,799,744 | 56.96% |
| Lake Norman OpCo | \$2,676,057 | \$7,463,196 | 35.86% |

Source: Form 2b for each applicant.

As shown in the table above, Iredell Health and Rehab projects the highest percent of gross revenue is for the provision of NF bed services to Medicaid patients. Generally, the application projecting the highest percent of Medicaid gross revenue as a percent of total gross revenue is the more effective alternative for this comparative factor. Therefore, regarding projected Medicaid gross revenue as a percent of total gross revenue, the application submitted by **Iredell Health and Rehab** is a more effective alternative.

Projected Average Net Revenue per Patient Day

The following table compares the projected average net revenue per patient day for the third year of operation following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average net revenue per patient day is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor.

Projected Average Net Revenue per Patient Days- Project Year 3

| | # of Patient Days | Net Revenue | Average Net Revenue/Per Patient Days |
|--------------------------|-------------------|--------------|--------------------------------------|
| Iredell Health and Rehab | 30,536 | \$11,563,750 | \$378.69 |
| Lake Norman OpCo | 16,426 | \$7,425,880 | \$452.08 |

Source: Form C.1b and F.2b for each application.

As shown in the table above, Iredell Health and Rehab projects the lowest average net revenue per patient days in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Iredell Health and Rehab** is the more effective alternative.

Projected Average Operating Expense per Patient Day

The following table compares projected average operating expense per patient day in the third full fiscal year following project completion for each facility. Generally, regarding this factor, the application proposing the lowest average operating expense per patient day is the more effective alternative since a lower average may indicate a lower cost to the patient or third-party payor or a more cost-effective service.

Projected Operating Expense per Patient Days- Project Year 3

| | # of Patient Days | Operating Expense | Average Operating Expense/Per Patient Days |
|--------------------------|-------------------|-------------------|--|
| Iredell Health and Rehab | 30,536 | \$11,052,975 | \$361.97 |
| Lake Norman OpCo | 16,426 | \$7,327,703 | \$446.10 |

Source: Form C.1b and F.2b for each application.

As shown in the table above, Iredell Health and Rehab projects the lowest average operating expense per patient day in the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Iredell Health and Rehab** is the more effective alternative.

Summary

The following table lists the comparative factors and indicates whether each application was more effective or less effective for each factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

| Comparative Factor | Iredell Health and Rehab | Lake Norman OpCo |
|--|--------------------------|-----------------------|
| Conformity with Statutory and Regulatory Review Criteria | Yes | Yes |
| Geographic Accessibility | Equally Effective | Equally Effective |
| Competition (Access to New or Alternative Provider) | Equally Effective | Equally Effective |
| Access by Service Area Residents | More Effective | Less Effective |
| Number of Private Rooms as a Percentage of Total Rooms (private vs semi-private) | Less Effective | More Effective |
| Access by Medicare Patients | Less Effective | More Effective |
| Access by Medicaid Patients | More Effective | Less Effective |
| Projected Average Net Revenue per Patient Day | More Effective | Less Effective |
| Projected Average Operating Expense per Patient Day | More Effective | Less Effective |

Both of the applications are conforming to all applicable statutory and regulatory review criteria, and thus approvable standing alone.

Per the 2024 SMFP Iredell County has a deficit of 89 NF beds. The two applications in this review collectively propose to relocate 139 NF beds to Iredell County. Both of the applications cannot be approved as that would result in a surplus of 50 NF beds in Iredell County which is not permitted per Policy NH-6. Therefore, only 89 NF beds can be approved to be relocated to Iredell County from other counties in North Carolina.

As shown in the table above, **Iredell Health and Rehab** was determined to be the more effective alternative for the following three comparative factors:

- Access by Service Area Residents
- Access by Medicaid Patients
- Projected Average Net Revenue per Patient Day
- Projected Average Operating Expense Per Patient Day

As shown in the table above, **Lake Norman OpCo** was determined to be the more effective alternative for the following comparative factor:

- Access by Medicare Patients
- Number of Private Rooms as a Percentage of Total Rooms (private vs semi-private)

As shown in the table above, Iredell Health and Rehab and Lake Norman OpCo were determined to be equally effective for the following two comparative factors:

- Geographic Accessibility
- Competition (Access to New or Alternative Provider)

DECISION

Each application is individually conforming to the applicable Statutory and Regulatory review criteria. However, **Policy NH-6: Relocation of Nursing Home Facility Beds**, on page 24 of the 2024 SMFP, states, in part, that the proposed project shall not result in a surplus of nursing home facility beds in

the county that would gain nursing home facility beds as a result of the proposed project. The 2024 SMFP identifies a deficit of 89 NF beds in Iredell County. The applications of **Iredell Health and Rehab** and **Lake Norman OpCo**, collectively propose to relocate a total of 139 existing NF beds to Iredell County from other counties in North Carolina. If both proposed projects were approved it would result in a surplus of 50 NF beds in Iredell County, therefore, only 89 existing NF beds can be approved to be relocated to Iredell County.

Based upon the independent review of each application and the Comparative Analysis, the Agency determined that the application submitted by **Iredell Health and Rehab**, proposing to relocate 89 NF beds to Iredell County, is the most effective alternative proposed in this review for the relocation of existing NF beds to Iredell County from other North Carolina counties and is approved.

While the application submitted by **Lake Norman OpCo** is approvable standing alone, the approval of all both applications would result in the approval of relocating more existing NF beds from other North Carolina counties to Iredell County than the 89 NF beds allowed pursuant to Policy NH-6. and therefore, the application submitted by **Lake Norman OpCo** is denied.

The application submitted by **Iredell County Health and Rehabilitation Center**, Project ID# F-12502-24, is approved subject to the following conditions:

Project ID# F-12502-24/Iredell County Health and Rehabilitation Center is approved subject to the following conditions:

1. **Hillco, Ltd., Everest Long Term Care, LLC, and Britthaven, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall develop a new 89-bed nursing facility by relocating no more than 32 NF beds from Harmony Hall Nursing and Rehabilitation Center, no more than 38 NF beds from Maple Grove Health and Rehabilitation Center, no more than 8 NF beds from Pine Ridge Health and Rehabilitation Center, and no more than 11 NF beds from Westwood Hills Nursing and Rehabilitation Center pursuant to Policy NH-6.**
3. **Prior to the issuance of the certificate of need, the certificate holder shall obtain documentation from the legal entities owning the beds at Harmony Hall Nursing and Rehabilitation Center, Maple Grove Health and Rehabilitation Center, Pine Ridge Health and Rehabilitation Center and Westwood Hills Nursing and Rehabilitation Center at the time the application was submitted (seller(s)) showing that the purchase transaction(s) between the buyer and seller(s) has completed and shall provide a copy of the documentation to the Healthcare Planning and Certificate of Need Section.**
4. **Upon completion of the project Iredell County Health and Rehabilitation Center shall be licensed for no more than 89 nursing facility beds.**

- 5. Upon completion of this project the certificate holder shall take the necessary steps to delicense 32 NF beds from Harmony Hall Nursing and Rehabilitation Center, 38 NF beds from Maple Grove Health and Rehabilitation Center, 8 NF beds from Pine Ridge Health and Rehabilitation Center, and 11 NF beds from Westwood Hills Nursing and Rehabilitation Center pursuant to Policy NH-6.**
- 6. For the first two years of operation following completion of the project, the certificate holder 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. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
- 8. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on March 1, 2025.**
- 9. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
- 10. 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.**