

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 24, 2025

Findings Date: January 24, 2025

Project Analyst: Tanya M. Saporito

Co-Signer: Michael J. McKillip

Project ID #: J-12563-24

Facility: Liberty Commons of Wake County Health and Rehabilitation Center

FID #: 230316

County: Wake

Applicants: Liberty Commons of Wake County, LLC

Liberty Healthcare Nursing Properties of Wake County, LLC

Project: Change of scope and cost overrun for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion

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.

NA

Liberty Healthcare Properties of Raleigh, LLC Liberty Commons of Raleigh, LLC (hereinafter referred to as “the applicant” or “Liberty”) proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

On October 28, 2023 the Agency issued a certificate of need for Project I.D. #J-12354-23 to develop a new 125-bed nursing facility (NF), Liberty Commons Nursing & Rehabilitation Center of Wake County (“Liberty Commons of Wake”), by relocating 19 NF beds from Liberty Commons of Alamance, 28 NF beds from Cross Creek (Hyde County), 20 NF beds from Oak Forest (Forsyth County), and 58 NF beds from Golden Years (Cumberland County), with an

approved capital cost of \$34,454,934. The current application proposes a change of scope to the originally approved application by relocating 11 NF beds from Swift Creek Health Center (Wake County) to Liberty Commons of Wake for a new total of 136 NF beds at the proposed facility, and a COR in the amount of \$937,962 for a new total capital cost of \$35,392,895.

The applicant proposes to relocate 11 additional NF beds from Swift Creek Health Center to Liberty Commons. Both facilities are in Wake County. The applicant does not propose to increase the number of licensed beds in any category, add any new health services, or acquire equipment for which there is a need determination in the 2024 SMFP. Therefore, there are no need determinations applicable to this review. In addition, the applicant does not propose to offer a new institutional health service for which there are any policies in the 2024 SMFP. Therefore, Criterion (1) is not applicable to this review.

- (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

A certificate of need was issued on October 28, 2023 for Project ID #J-12354-23 [Develop a new 125-bed NF by relocating 19 NF beds from Liberty Commons of Alamance, 28 NF beds from Cross Creek (Hyde County), 20 NF beds from Oak Forest (Forsyth County), and 58 NF beds from Golden Years (Cumberland County)]. In this application, the applicant proposes a change of scope/cost overrun (COS/COR) to relocate 11 NF beds from Swift Creek Health Center (Wake County) for a total of 136 NF beds upon project completion.

In Section C, page 37 the applicant states the change of scope to add 11 NF beds will improve operational efficiencies and staffing and enhance quality of care for its residents.

This application also proposes a COR for Project ID #J-12354-23, which authorized a capital expenditure of \$34,454,934. The current application proposes a cost increase of \$937,962 over the previously approved capital expenditure for a total combined capital expenditure of \$35,392,895. In Section C, page 38 the applicant states that the difference in cost is due to updated market pricing related to a site change and other costs associated with the change of scope.

Patient Origin

On page 141, the 2024 SMFP defines the service area for nursing home beds as “... *the county in which the bed is located. Each of the 100 counties in the state is a separate service area.*”

In Project ID #J-12354-23 the applicant proposed to develop a new 125 bed NF by relocating 19 NF beds from Liberty Commons of Alamance, 28 NF beds from Cross Creek (Hyde County), 20 NF

beds from Oak Forest (Forsyth County), and 58 NF beds from Golden Years (Cumberland County). In this application, the applicant proposes to relocate 11 NF beds from Swift Creek Health Center to Liberty Commons of Wake. Both facilities are located in Wake County. Thus, the service area for this facility is Wake County. Facilities may also serve residents of counties not included in their service area.

Relying on 2024 NF patient origin reports published on the North Carolina Division of Health Service Regulation (DHSR) website, the applicant proposes a change in patient origin from the approved patient origin in Project ID #J-12354-23, to include a larger percentage of patients residing in Wake County. The following tables illustrate the previously approved patient origin and the proposed patient origin for the first three full project years (PY), federal fiscal year (FFY) 2029-2031:

COUNTY	LIBERTY COMMONS OF WAKE COUNTY					
	Previously Approved Patient Origin, Project ID #J-12354-23					
	1 ST FULL FY 10/1/2028 TO 9/30/2029 (FFY 2029)		2 ND FULL FY 10/1/2029 TO 9/30/2030 (FFY 2030)		3 RD FULL FY 10/1/2030 TO 9/30/2031 (FFY 2031)	
	PATIENTS	% OF TOTAL	PATIENTS	% OF TOTAL	PATIENTS	% OF TOTAL
Wake	200	80.32%	360	80.00%	410	79.92%
Johnston	12	4.82%	22	4.89%	25	4.87%
Franklin	7	2.81%	12	2.67%	14	2.73%
Durham	7	2.81%	12	2.67%	14	2.73%
Harnett	7	2.81%	12	2.67%	14	2.73%
Nash	5	2.01%	10	2.22%	12	2.34%
Other/ Unk.	11	4.42%	22	4.89%	24	4.68%
Total	249	100.00%	450	100.00%	513	100.00%

Source: Project ID #J-12354-23 Section C, page 37.

COUNTY	LIBERTY COMMONS OF WAKE					
	Projected Patient Origin, Project ID #J-12563-24					
	1 ST FULL FY 10/1/2028 TO 9/30/2029 (FFY 2029)		2 ND FULL FY 10/1/2029 TO 9/30/2030 (FFY 2030)		3 RD FULL FY 10/1/2030 TO 9/30/2031 (FFY 2031)	
	PATIENTS	% OF TOTAL	PATIENTS	% OF TOTAL	PATIENTS	% OF TOTAL
Wake	205	87.89%	352	88.00%	396	88.00%
Johnston	7	3.00%	12	3.00%	14	3.11%
Durham	5	2.15%	8	2.00%	9	2.00%
Franklin	4	1.72%	8	2.00%	9	2.00%
Other	12	5.15%	20	5.00%	22	4.89%
Total	233	100.00%	400	100.00%	450	100.00%

Source: Section C, page 39.

In Section C, page 40 the applicant states projected utilization is expected to increase as a result of adding 11 additional NF beds. In Section Q, page provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant’s projections of the population to be served are based on reasonable and reliable NF patient origin data.
- The applicant proposes to locate the facility in Wake County, from which it states the highest percentage of its patients will reside.
- The applicant provides reasonable information to explain the change in patient origin from the patient origin approved in Project ID #J-12354-23.

Analysis of Need

In Section Q, Form F.1b, the applicant provides a summary of the capital cost approved in Project ID #J-12354-23, the changes proposed in this application, and the new total projected capital cost, as shown in the table below.

	PREVIOUSLY APPROVED CAPITAL COST (PROJECT ID# J-12354-23)	NEW CAPITAL COST	DIFFERENCE: CAPITAL COST IN PROJECT ID #J-12563-24
Land Purchase Price	\$4,332,250	\$3,463,273	(\$868,977)
Closing Costs	\$129,968	\$346,327	\$216,360
Site Preparation	\$1,750,000	\$2,500,000	\$750,000
Construction/Renovation Contract	\$24,437,700	\$21,696,290	(\$2,741,410)
Landscaping	\$200,000	\$400,000	\$200,000
Architect/Engineering Fees	\$733,131	\$600,000	(\$133,131)
Furniture	\$1,500,000	\$1,632,000	\$132,000
Consultant Fees (Legal/Professional)	\$150,000	\$150,000	\$0
Other (Contingency)	\$1,221,885	\$2,419,629	\$1,197,744
Other (Developer Fee)	\$0	\$1,685,376	\$1,685,376
Total	\$34,454,934	\$35,392,895	\$937,962

Source: Section Q, Form F.1b

In Section C, page 38 the applicant explains why the proposed increase in capital cost is necessary to develop the proposed project, summarized as follows:

- Closing costs increased as a result of a change in land cost.
- Site preparation costs increased as a result of a site change.
- Other fee increases and decreases are a result of current market conditions and additional due diligence.

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

- The applicant adequately explains why additional costs are necessary to develop the proposed project.
- The applicant provides line drawings of the proposed changes and an architect’s cost verification in Exhibit K.5.3.

In Section C, pages 36-38 the applicant explains the need for the proposed COS in this application, summarized as follows:

- The applicant states that although the 2024 SMFP indicates a surplus of 343 NF beds in Wake County, the relocating of existing licensed NF beds will not impact the surplus since they will relocate within the same county.
- The applicant states the relocation of additional NF beds proposed in this application will increase operational efficiencies and cost effectiveness, enhance quality of care and have the ability to improve staffing with more specialized care that is offered in a larger combination NF and ACH.

The information is reasonable and supported based on the following:

- The applicant proposes to relocate existing, licensed NF beds into a facility that will more effectively serve the residents proposed to be served.
- The applicant examined patient origin data from existing Wake County nursing facilities to ensure the proposed NF and additional beds will serve those patients who are most in need of NF services.

Projected Utilization

In Section C, page 39 the applicant states projected utilization is expected to increase with the addition of more NF beds, as illustrated in the following table from Section Q, Form C.1b:

LIBERTY COMMONS OF WAKE -PROJECTED UTILIZATION			
	1ST FY FFY 2029	2ND FY FFY2030	3RD FY FFY 2031
# of Patient Days	20,776	39,484	46,759
Total # of Beds	136	136	136
# of Admissions	233	400	450
Average Length of Stay	89.17	98.71	103.91
Occupancy Rate	41.90%	79.50%	94.20%

In Section Q, page 87, the applicant provides the assumptions and methodology used to project utilization, summarized as follows:

- The applicant relied on the assumptions and methodology in Project ID #J-12354-23 and states the assumptions have not changed.
- The applicant utilized census data from other facilities operated by Liberty Healthcare.
- The applicant utilized Wake County demographic data from the NCOSBM.

Projected utilization is reasonable and adequately supported for all the reasons described above.

Access to Medically Underserved Groups

The application for Project ID#J-12354-23 adequately demonstrated the extent to which all residents of the area, including underserved groups, were likely to have access to the proposed

services. The applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

In Section D, pages 45-46 the applicant explains why it believes the needs of the population presently utilizing the NF beds proposed to be relocated will continue to be adequately met following project completion. The applicant states that it remains committed to maintaining skilled nursing care for residents who require more intensive medical attention. The applicant also states the adult care home beds at Swift Creek Health Center will be enhanced to meet the healthcare needs of the residents.

Swift Creek Health Center is currently licensed for 28 NF beds and 82 ACH beds. In Section Q, Form D.1 the applicant provides projected utilization for Swift Creek Health Center following completion of the proposed project, as illustrated in the following table:

SWIFT CREEK HEALTH CENTER - PROJECTED UTILIZATION			
	INTERIM FY FFY 2027	INTERIM FY FFY 2028	1 ST FULL FY FFY 2029 [^]
Nursing Facility Beds*			
Total # of Beds	6	6	6
# of Admissions	36	36	36
# of Patient Days	1,004	1,004	1,004
Average Length of Stay	27.89	27.89	27.89
Occupancy Rate	45.84%	45.84%	45.84%
Adult Care Home Beds*			
Total # of Beds	120	120	120
# of Admissions	97	97	97
# of Patient Days	40,880	40,880	40,880
Average Length of Stay	421.44	421.44	421.44
Occupancy Rate	93.33%	93.33%	93.33%

*See Project ID #J-12471-24

[^]First full FY of this application

In Section Q, page 89, the applicant provides the assumptions and methodology used to project utilization, which are based on the assumptions and methodology approved pursuant to Project ID #J-12471-24. The information is reasonable and adequately supported because the applicant adequately describes that the needs of the NF population presently served at Swift Creek Health Center will continue to be met following the proposed bed relocation.

In Section D, page 46 the applicant states services are Swift Creek Health Center will continue to be provided without restriction regarding race, color, religion, sex, age, marital status, national origin, sexual orientation, ancestry or disability.

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use NF and ACH beds at Swift Creek Health Center will continue to be adequately met following project completion for the following reasons:

- The applicant states it will maintain skilled nursing care for those residents who require such care.
- The applicant state it will enhance the ACH beds to ensure that the residents in need of assisted living care will continue to be adequately met.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the needs of the population 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.

CA

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

In Section E, page 48, the applicant states it considered maintaining the status quo as an alternative to the proposed project but states the NF beds proposed to be relocated from Swift Creek Health Center are not currently utilized. Though the status quo would save costs, it would not address the need for more NF beds at Liberty Commons of Raleigh, which would not be an effective alternative to meet the needs of the NF patients.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the project for all the reasons described above.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. Liberty Healthcare Nursing Properties of Wake County, LLC and Liberty Commons of Wake County, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and representations made in Project ID #J-12354-23. Where representations conflict, the applicant shall materially comply with the last made representation.**
- 2. The certificate holder shall relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds at Liberty Commons Nursing & Rehabilitation Center of Wake County upon project completion.**

- 3. The total combined capital expenditure for this project and Project ID J-12354-23 is \$35,392,895 which is an increase of \$937,962 over the capital expenditure of \$34,454,934 previously approved in Project ID #J-12354-23.**
 - 4. For the first two years of operation following completion of the project, Liberty Commons Nursing & Rehabilitation Center of Wake County 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.**
 - 5. 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.**
 - 6. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. The first progress report shall be due on June 1, 2025.**
 - 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

Capital and Working Capital Costs

A certificate of need was issued on October 23, 2023, for Project I.D. #J-12354-23 to develop a new 125-bed NF with an authorized capital cost of \$34,454,934. The current application proposes a capital cost increase of \$937,962 over the previously approved capital expenditure for a total combined capital expenditure of \$35,392,895.

The following table compares the capital cost approved in Project ID #J-12354-23, the changes proposed in this application, and the new projected capital costs, as reported on Form F.1b in Section Q.

	PREVIOUSLY APPROVED CAPITAL COST (PROJECT ID# J-12354-23)	NEW CAPITAL COST	DIFFERENCE: CAPITAL COST IN PROJECT ID #J-12563-24
Land Purchase Price	\$4,332,250	\$3,463,273	(\$868,977)
Closing Costs	\$129,968	\$346,327	\$216,360
Site Preparation	\$1,750,000	\$2,500,000	\$750,000
Construction/Renovation Contract	\$24,437,700	\$21,696,290	(\$2,741,410)
Landscaping	\$200,000	\$400,000	\$200,000
Architect/Engineering Fees	\$733,131	\$600,000	(\$133,131)
Furniture	\$1,500,000	\$1,632,000	\$132,000
Consultant Fees (Legal/Professional)	\$150,000	\$150,000	\$0
Other (Contingency)	\$1,221,885	\$2,419,629	\$1,197,744
Other (Developer Fee)	\$0	\$1,685,376	\$1,685,376
Total	\$34,454,934	\$35,392,895	\$937,962

Source: Section Q, Form F.1b

In Section C, page 38 the applicant states the proposed capital cost increase is necessary due to closing cost, site preparation and other cost increases as described in Section C. The applicant adequately demonstrates that the projected increase in capital cost is based on reasonable and adequately supported assumptions for all the reasons described above.

In Section F, page 56 the applicant states there will be no change to the working capital from what was approved in Project ID #J-12354-23. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant’s projections are based on Liberty’s extensive experience in building, operating, and managing facilities in North Carolina including thirty-seven nursing homes and eight assisted living facilities.
- The applicant provides detailed explanations about what the proposed increases in capital costs are to justify the proposed increases.
- The applicant considers the impact of factors such as inflation and interest costs due to the increased timetable to develop the proposed project.

Availability of Funds

The current application proposes a capital cost increase of \$937,962 over the previously approved capital cost of \$34,454,934 in Project ID #J-12354-23, for a combined total capital cost of \$35,392,895. In Section F, page 55 the applicant states the increase in projected capital costs will be funded through the accumulated reserves of Liberty Healthcare Nursing Properties of Wake County, LLC.

Exhibit F-5 contains a letter dated September 11, 2024, from the John A. McNeill, Jr. and Ronald B. McNeill documenting their intention to fund this project, and the availability of sufficient personal cash reserves to cover the capital costs. Exhibit F.5 also provides a September 11, 2024 letter signed by the Chief Financial Officer for Liberty Health that documents sufficient cash reserves to fund the capital cost of this project.

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

- Exhibit F.5 contains a September 11 2024 letter from Liberty Health obligating the increased capital cost as proposed in this application to fund this project.
- In Exhibit F.5 the applicant provides a September 11, 2024 letter from the Chief Financial Officer for Liberty Healthcare Management, Inc. documenting sufficient cash and total assets to fund to the total capital cost of the proposed project

Financial Feasibility

In Section Q, Form F.2b, page 91 the applicant projects revenues will exceed operating expenses in the third full operating year, FFY 2031 as shown in the table below:

	1ST FULL FY FFY 2029	2ND FULL FY FFY 2030	3RD FULL FY FFY 2031
Total Patient Days (Form C.1b)	20,766	39,484	46,759
Gross Revenue	\$7,786,637	\$14,644,860	\$17,706,481
Net Revenue	\$7,689,304	\$14,461,799	\$17,485,150
Average Net Revenue / Patient Day	\$370	\$366	\$374
Operating Costs	\$9,694,424	\$14,584,486	\$15,984,699
Average Operating Costs / Patient Day	\$467	\$369	\$342
Net Income (Loss)	(\$2,005,120)	(\$122,687)	\$1,500,451

The assumptions used by the applicant in preparation of the pro forma financial statements are provided immediately following Form F.2b on page 91 in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant identifies the sources of data used to project revenues and expenses.
- The applicant states the assumptions are based on the applicant’s experience in operating 38 NFs in North Carolina.

- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

The proposed project will not affect the total inventory of NF beds in Wake County. In Project ID #J-12354-23, the Agency determined that the applicant adequately demonstrated the proposal would not result in unnecessary duplication of existing or approved nursing facilities in Wake County. The applicant does not propose any changes in this cost overrun application that would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

In Section Q, Form H on pages 97-98 the applicant provides projected full-time equivalent (FTE) staffing for the proposed NF as illustrated in the following table:

POSITION	PROJECTED FTE STAFF		
	1 ST PY FFY 2029	2 ND PY FFY 2030	3 RD PY FFY 2031
Nurse Practitioners	2	2	2
Registered Nurses	13	28	32
CNA / Nursing Assistants	20	40	44
Director of Nursing	1	1	1
Staff Development Coordinator	1	1	1
Physical Therapist	1	2	2
Physical Therapy Assistants	1	2	2
Speech Therapists	1	1	1
Occupational Therapists	2	2	2
Occupational Therapist Aides	1	3	3
Cooks	3	3	3
Dietary Aides	6	7	7
Social Workers	2	2	2
Activities Director	2	2	2
Medical Records	1	1	1
Laundry & Linen	5	5	5
Housekeeping	7	7	7
Maintenance / Engineering	1	1	1
Administrator / CEO	1	1	1
Business Office	4	4	4
Food Service Director	1	1	1
Marketing	1	1	1
Transportation Staff	1	1	1
Human Resources	1	1	1
Medical Director	1	1	1
Nurse Secretary	1	1	1
TOTAL	81	126	134

The assumptions and methodology used to project staffing are provided in Section Q on page 99. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.2b.

In Section H, page 60 the applicant states the only change with regard to staffing is an increase in staff to accommodate the additional 11 NF beds proposed in this application. The applicant's methods used to recruit or fill new positions, its proposed training and continuing education programs propose no changes to what was approved in Project ID #J-12354-23.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services for the reasons described above and the applicant's experience operating 38 NFs in North Carolina.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

In Section I, page 62 the applicant states the COS application has no impact on the provision of ancillary and support services. The application for Project ID #J-12354-23 adequately demonstrated the availability of the ancillary and support services necessary for the provision of the proposed services and adequately demonstrated the proposed services would be coordinated with the existing healthcare system. The applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NA

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

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

NA

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

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

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

The Agency issued a certificate of need on October 28, 2023 for Project I.D. #J-12354-23 to develop a new 125-bed nursing NF, Liberty Commons Nursing and Rehabilitation of Wake County by relocating 19 NF beds from Liberty Commons of Alamance, 28 NF beds from Cross Creek (Hyde County), 20 NF beds from Oak Forest (Forsyth County), and 58 NF beds from Golden Years (Cumberland County), with an approved capital cost of \$34,454,934. The

current application proposes a change of scope to the originally approved application by relocating 11 NF beds from Swift Creek Health Center to Liberty Commons of Wake for a new total of 136 NF beds at the proposed facility. The applicant states that this cost overrun application is necessary due to increased costs due to the additional bed relocation. In Section K, page 66 the applicant states the project involves 81,565 square feet of new construction to accommodate the additional 11 NF beds.

On page 66 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 construction price per square foot decreased from \$300/sf to \$266/sf as demonstrated by the applicant in Sections K and Q.
- The applicant adequately explains why the increased cost is necessary for the proposed project.
- The applicant states the design and means of construction remain as previously approved in Project ID #J-12355-23.

In Section K, page 66 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, based on the cost estimate provided by the project architect and the projected new costs, the applicant does not anticipate the project will unduly increase charges and costs to the public.
- Project ID #J-12354-23 was conforming to this criterion and this application does not propose any changes that would affect that determination.

In Section B, page 31 and Section K, pages 66-67 the applicant identifies and describes any applicable energy saving features that will be incorporated into the new construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

Liberty Commons of Wake 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

Liberty Commons of Wake is not an existing facility. Therefore, Criterion (13a) 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

The applicant proposes a COS and COR for Project ID #J-12354-23. In Section L, page 73 the applicant states *“Access by medically underserved groups is not expected to be different from what was projected in the previously approved application.”* The applicant did not provide projected payor mix, so the Project Analyst examined the Pro Forma F.2b to compare percentages between this application and the previously approved application (Project ID #J-12354-23). The following table illustrates the difference in projected payor mix of self-pay, Medicare and Medicaid between this project and Project ID #J-12354-23 in the third year of operation, FFY 2031:

PROJECT ID #J-12354-23		PROJECT ID #J-12563-24	
PAYOR CATEGORY	% OF TOTAL PATIENTS SERVED	PAYOR CATEGORY	% OF TOTAL PATIENTS SERVED
Self-Pay	15.25%	Self-Pay	8.0%
Medicare	20.34%	Medicare	15.9%
Medicaid	60.17%	Medicaid	53.2%

Source: Agency Findings for Project ID #J-12354-23, page 28 and Form F.2b for Project ID #J-12562-24.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 8.0% of NF services will be provided to self-pay patients, 15.9% to Medicare patients and 53.3% to Medicaid patients.

In Section Q, in the assumptions following Form F.2b, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following project completion. The projected payor mix is reasonable and adequately supported because the applicant relied on its experience operating and developing NFs in the state and specifically on facilities in Wake County.

Conclusion

The Agency reviewed the:

- Application
 - Exhibits to the application
- (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

The applicant proposes a COS for Project ID #J-12354-23. Project ID #J-12354-23 was conforming to this criterion and the applicant proposes no changes in the current application that would affect that determination.

Conclusion

The Agency reviewed the:

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

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

Project ID #J-12354-23 was conforming to this criterion and the applicant proposes no changes in the current application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

The application for Project ID #J-12354-23 adequately demonstrated the expected effects of the proposed services on competition and how any enhanced competition would have a positive impact on cost-effectiveness, quality, and access to the services proposed. The applicant proposes no changes in this application which would affect that determination.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

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 38 such facilities located in North Carolina.

In Section O, pages 79-83 the applicant states that, during the 18 months immediately preceding submission of the application, incidents related to quality of care occurred at ten of its facilities. On page 79 the applicant states some of the deficiencies have been corrected, plans of correction have been approved by the Nursing Home Licensure and Certification Section, DHSR, and “*substantial compliance*” has been achieved. After reviewing and considering information provided by the applicant and the Nursing Home Licensure and Certification Section and considering the quality of care provided at all 38 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

The applicant proposes a change of scope for Project ID #J-12354-23 (Develop a new 125-bed NF) to relocate no more than 11 NF beds from Swift Creek Health Center for a total of no more than 136 NF beds upon project completion.

There are no administrative rules applicable to the proposed project. Therefore, this criterion is not applicable to this review.