REQUIRED STATE AGENCY FINDINGS

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

Decision Date: June 24, 2026
Findings Date: June 24, 2026

Project Analyst: Cynthia Bradford
Co-signer: Gloria C. Hale

Project ID #: F-12768-26
Facility: A Better Living Cline
FID #: 260188
County: Iredell
Applicant: James Harris
Alisha Caldwell
Project: Develop a new ICF/IID with no more than 3 beds

REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

NC

James Harris and Alisha Caldwell (hereinafter referred to as "the applicant") propose to develop a new Intermediate Care Facility group home for Individuals with Intellectual Disabilities (ICF/IID) with three beds in Statesville, Iredell County.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2026 State Medical Facilities Plam (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There are two policies in the 2026 SMFP which are applicable to this review: **Policy MH-1: Linkages between Treatment Settings**, and **Policy ICF/IID-5: Transfer of ICF/IID Beds from State Operated Developmental Centers to Community-Based Facilities.**

Policy MH-1

On page 26 of the 2026 SMFP states:

> "*An applicant for a certificate of need for intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services."*

In Section B, pages 32-33, the applicant identifies Partners' Behavioral Health Management as the affected LME/MCO. The applicant states that they contacted the LME/MCO on February 5, 2026, however the applicant does not provide documentation as to what was communicated, including the specific services proposed to be provided and how coordination with those services would be ensured. The applicant does not provide documentation of a response from the affected LME/MCO. Therefore, the application is not consistent with this policy.

Policy ICF/IID-5

Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) beds in state operated developmental centers may be relocated to existing community-based facilities through the certificate of need process. This policy covers the relocation of beds only and does not provide for or preclude transfer of residents with the beds. State operated developmental center ICF/IID beds that are relocated to a community-based facility shall be closed upon licensure of the transferred beds. Applicants proposing to relocate beds from a state operated developmental center shall be required to submit a certificate of need application. The application shall include a written agreement signed by all the following: 1. director of the local management entity/managed care organization serving the county where the community-based facility is or will be located; 2. director of the state operated developmental center transferring the beds; 3. director of the North Carolina Division of State Operated Healthcare Facilities; 4. secretary of the North Carolina Department of Health and Human Services; and 5. operator of the community-based facility. The maximum number of beds in the facility upon project completion shall not exceed 15 beds.

The project shall not result in more than three facilities housing a combined total of 18 people being developed on contiguous pieces of property.

The proposed project involves the addition of three new ICF/IID facility beds in Iredell County. However, the applicant does not provide documentation of a written agreement with the affected LME/MCO and other parties as required. Therefore, the application is not consistent with this policy.

Conclusion

The Agency reviewed the:

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

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

- The applicant provides insufficient information regarding linkages with the affected LME-MCO and thus, coordination of services needed by the residents of the proposed ICF/IID facility.
- The applicant proposes to develop ICF/IID facility beds in the service area without an applicable written agreement signed by the afore-mentioned parties in Policy ICF/IID-5.

(2) Repealed effective July 1, 1987.

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

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

Patient Origin

On page 283, the 2026 SMFP defines the service area for ICF/IID beds:

> *"The LME-MCOs serve as the portals of entry and exit for the admission and discharge of clients in ICF/IID facilities (G.S. 122C-115.4) within the applicable Mental Health, Developmental Disabilities, and Substance Abuse Services (MH/DD/SAS) catchment areas. This involvement is essential to ensure that only*

clients in need of the intensive array of services provided in an ICF/IID program are admitted and served as close as possible to their own homes, and to ensure coordination with services outside the facility."

The proposed ICF/IID group home beds are located in Iredell County, in the Partners Health Management (HM) catchment area. Therefore, the service area for this project is the Partners HM catchment area, which includes Burke, Cleveland, Cabarrus, Catawba, Davie, Davidson, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanly, Surry, Union, and Yadkin counties, consisting of 66 community-based ICF/IID facilities with a total of 572 licensed ICF/IID beds (2026 SMFP, Table 14A: Inventory of ICF/IID Facilities and Beds, pages 285-295). Providers may serve residents of counties not included in their service area.

A Better Living Cline is a newly proposed ICF/IID facility and therefore has no historical utilization. The following table illustrates projected patient origin.

Patient Origin	1st Full FY (10/1/2026-9/30/2027)		2nd Full FY* (10/1/2027-9/30/2028)		3rd Full FY (10/1/2028-9/30/2029)	
ZIP code 28677	3	100.0%	3	100.0%	3	100.0%
Total	3	**100.0%**	3	**100.0%**	3	**100.0%**

Source: Section C, page 40

In Section C, page 40, the applicant provides the assumptions and methodology to project patient origin. The applicant states,

"The assumptions and methodology used was gathered from speaking with numerous families in the Statesville, North Carolina area who have family members that they would love to have a local place to live outside of their immediate family home."

However, the applicant's assumptions are not reasonable and adequately supported based on the following:

- The applicant provides a ZIP code for projected patient origin but also discusses Statesville. Statesville has three ZIP codes. Therefore, the applicant is inconsistent in its description of its project patient origin.
- The applicant did not provide sufficient information or documentation of its methodology to determine projected patient origin.

Analysis of Need

In Section C, page 42 the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. The applicant states,

"The patients projected to be served by A Better Living, LLC need this proposal so disabled individuals can have an opportunity to living outside the immediate family's home. There will always be a need for new facilities as caregivers and guardians age. This proposed site was selected because of the family /community setting."

The information is not reasonable and adequately supported based on the following:

- The applicant did not provide sufficient information to determine whether additional community-based ICF/IID beds are needed in the service area.
- The applicant did not provide sufficient documentation of communication with, or an agreement with the affected LME/MCO and other applicable parties to transfer ICF/IID beds from a state developmental center as required per Policy ICF/IID-5.

Historical Utilization

A Better Living Cline is a new facility and therefore does not have historical utilization.

Projected Utilization

In Section Q, Form C.1b, the applicant provides its projected utilization, as shown in the table below.

	1st Full FY	2nd Full FY	3rd Full FY
	10/01/2026-09/30/2027	10/01/2027-09/30/2028	10/01/2028-09/30/2029
# of Beds	3	3	3
Days of Care	1,095	1,095	1,095
Occupancy Rate	33.3% [100.0%]	33.3% [100.0%]	33.3% [100.0%]

*Analyst's corrections are in brackets

Projected utilization is not reasonable and adequately supported because the applicant does not provide any assumptions or methodology used to project utilization.

Access to Medically Underserved Groups

In Section C, Page 47, the applicant provides the estimated percentage for each medically underserved groups, as shown in the table below.

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

However, the applicant does not adequately describe 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 does not discuss accessibility of the proposed services to medically underserved groups.
- The applicant does not explain why it projects to serve 100 percent women, nor how it will serve Medicare recipients when it projects to serve zero percent of persons aged 65 and over.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not conforming to this criterion for all the reasons described above.

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

NA

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

The applicant does not propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

(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.

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

The applicant did not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant did not provide a statement regarding alternative methods of meeting the needs for the proposed project.
- The applicant did not provide information regarding the least costly or most effective alternative for providing services proposed in the application.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is not 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.

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

Capital and Working Capital Costs

In Section Q, Form F.1.a, the applicant projects there will be no capital costs associated with the development of the project because the owner has completed the proposed facility location and it is available to operate as soon as possible.

In Section F, page 57, the applicant states there will be start-up expenses of $2,662 that will cover utilities, mortgage, hiring and training staff, purchasing equipment and supplies, and to cover fees. The applicant reports initial operating expenses of $2,662 for a total working capital of $5,324.

Availability of Funds

In Section F, page 60, the applicant states that the working capital will be funded by one of the owners/applicants and provides a letter affirming their commitment to provide the working capital for the proposed project. The applicant provides documentation of available funds.

The applicant adequately demonstrates the availability of funds for the projected working capital based on the following:

- The applicant provides a letter from an appropriate company officer confirming the availability of the funding proposed for the working capital needs of the project and a commitment to use that funding accordingly.

- The applicant provides adequate documentation of the cash it proposes to use to fund the working capital needs of the project, and provides documentation of a dedicated bank account with a balance adequate to fund the working capital needs of the proposed project in Exhibit F.

Financial Feasibility

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

A Better Living Cline ICF/IID	1st Full Fiscal FY2027 (10/1/26-9/30/27)	2nd Full Fiscal FY2028 (10/1/27-9/30/28)	3rd Full Fiscal FY2029 (10/1/28-9/30/29)
Total Days of Service^	365	365	365
Total Gross Revenues (Charges)	$175,225	$175,225	$175,225
Total Net Revenue	$175,225	$175,225	$175,225
Average Net Revenue per Day	$480	$480	$480
Total Operating Expenses (Costs)	$0	$0	$0
Average Operating Expense per Day of Service	$0	$0	$0
Net Income	**$175,000 [$175,225]**	**$175,000 [$175,225]**	**$175,000 [$175,225]**

^Source: Section Q, Form C.1b
*Project Analyst's corrections are in brackets.

However, the assumptions used by the applicant in preparation of the pro forma financial statements are not reasonable and are not adequately supported based on the following:

- Projected utilization is questionable. The discussion regarding projected utilization found in Criterion 3 is incorporated herein by reference. Therefore, since the projected revenues and expenses are based at least on projected utilization, projected revenues and expenses are also questionable.
- The applicant does not include operating costs in its performas which would include, at a minimum, salaries and benefits of staff which it states will be hired. Therefore, its operating costs and financial feasibility are questionable.
- The applicant does not provide assumptions for its revenues; therefore, the analyst is not able to determine the reasonableness of the financial projections which, in turn, makes the financial feasibility questionable.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is not conforming to this criterion because the applicant does not adequately demonstrate sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

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

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

On page 283, the 2026 SMFP defines the service area for ICF/IID beds:

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

The proposed ICF/IID group home beds are located in Iredell County, in the Partners HM catchment area. Therefore, the service area for this project is the Partners HM catchment area, which includes Burke, Cleveland, Cabarrus, Catawba, Davie, Davidson, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanly, Surry, Union, and Yadkin counties, consisting of 66 ICF/IID facilities with a total of 572 licensed ICF/IID beds (2026 SMFP pages 285-295). Providers may serve residents of counties not included in their service area.
In Section G, page 65, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved ICF/IID residential services in Iredell County. The applicant states,

> "*A Better Living, LLC will be a welcome addition to the ICF/IID landscape in this proposed service area due to the overwhelming influx of individuals with varying conditions needing residential placement."*

However, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- The applicant did not demonstrate the need it has for the proposed project or that its projected utilization is based on reasonable or adequately supported assumptions. The discussion regarding analysis of need, including projected utilization found in Criteria (3), is incorporated herein by reference.
- Because the applicant did not demonstrate the need to develop the ICF/IID beds, it cannot demonstrate that the new ICF/IID beds are needed and don't result in unnecessary duplication in the service area.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not 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.

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

In Section Q, Form H, the applicant does not show any staffing for the proposed services.

However, the assumptions and methodology used to project staffing are provided in Exhibit Section H (7) page 13.

In Section H, page 65, the applicant describes the methods it will use to recruit and fill new positions and its proposed training and continuing education programs.

However, the applicant does not adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant provides inconsistent staffing projections by not including any staff in Form H Staffing but discusses at least two Direct Support Professionals in an exhibit.
- The applicant does not describe training and continuing education programs that are in compliance with ICF/IID regulatory training requirements.
- The applicant does not include operating expenses for the health manpower and management positions it proposes in Form F.3b.

Conclusion

The Agency reviewed the:

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

Based on that review, the Agency concludes that the application is not 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.

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

Ancillary and Support Services

In Section I, page 67, the applicant identifies the necessary ancillary and support services for the proposed services, but in the table for 1.a, only checks two such services. The applicant explains how those ancillary and support services will be made available, and

then states that the owner of the building and the owner of the proposed health service will perform "all other ancillary or support services…" However, the applicant does not adequately demonstrate that the necessary ancillary and support services will be made available because the applicant does not provide an adequate listing of ancillary and support services that will be provided and by whom.

Coordination

The applicant does not describe any existing and proposed relationships with other local health care and social service providers. Therefore, the applicant does not adequately demonstrate that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is not 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.

NA

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

In Section K, page 71, the applicant states that the project does not involve any new construction or renovation of existing space. Therefore, this criterion is not applicable.

(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

A Better Living Cline 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

A Better Living Cline 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

NC

In Section L, page 78, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

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

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 100% of total services will be provided each to Medicare, Medicaid, and insurance-based patients.

The applicant does not provide the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is not reasonable and adequately supported based on the following:

- The applicant's payor source projections are erroneous because the sum of each payor percentage would need to equal 100%. The applicant has multiple payor sources each equaling 100%.

- The applicant did not provide the assumptions and methodology used to project pay mix.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is not conforming to this criterion based on the reasons stated above.

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

C

In Section L, page 79, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

In Section M, page 80, the applicant does not adequately demonstrate that health professional training programs in the area will have access to the facility for training purposes because the applicant does not provide information on training that will be provided at the facility for health or clinical professionals in the area who are participants in health professional training programs at educational institutions.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is not 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.

NC

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

On page 283, the 2026 SMFP defines the service area for ICF/IID beds:

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

The proposed ICF/IID group home beds are located in Iredell County, in the Partners HM catchment area. Therefore, the service area for this project is the Partners HM catchment area, which includes Burke, Cleveland, Cabarrus, Catawba, Davie, Davidson, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanly, Surry, Union, and Yadkin counties, consisting of 66 ICF/IID facilities with a total of 572 licensed ICF/IID beds (2026 SMFP pages 285-295). Providers may serve residents of counties not included in their service area.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 80, the applicant states:

> "*The expected effects of the proposal on the competition of the service area are favorable. The addition of this new proposed health service facility will lighten the burden being incurred by existing health service facilities in this service area."*

Regarding the impact of the proposal on cost effectiveness, in Section N, page 80, the applicant states:

> *"More health service facilities proposed like A better Living LLC (AKA: A Better Living Cline) will add more coverage in the services area keeping families closer."*

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

Regarding the impact of the proposal on quality, in Section N, page 80, the applicant states:

> *"Adding excellent quality of the proposed service will increase client retention."*

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 80, the applicant states:

> *"All medically underserved group* [sic], *except persons 65 years and older, will be served at this facility."*

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

However, the applicant does not adequately demonstrate the expected effects of the proposed services on competition in the service area, including how any enhanced competition will have a positive impact upon the cost-effectiveness of and access to the services proposed. The applicant did not adequately demonstrate the need to develop a three-bed ICF/IID facility or that the project is the least costly or more effective alternative.

In addition, the assumptions used by the applicant in preparation of the proforma financial statements are not reasonable and adequately supported because projected utilization and staffing are questionable. The discussion regarding the analysis of need, including projected utilization, and alternatives found in Criteria (3) and (4) are incorporated herein by reference. The discussions regarding financial feasibility and staffing found in Criteria (5) and (7) are incorporated herein by reference. Moreover, the applicant did not adequately demonstrate that the proposal would have a positive impact on access to services. The discussion regarding access found in Criteria (3) and 13(c) are 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 not conforming to this criterion based on all the reasons 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.

NA

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

In Section O, page 82, the applicant does not identify currently owned or operated ICF/IID facilities in North Carolina.

(21) Repealed effective July 1, 1987.

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

NA

The applicant proposes to develop a new three-bed ICF/IID facility in Iredell County.

There are no rules applicable to proposals to develop ICF/IID beds.