

**PETITION FOR AN ADJUSTED NEED DETERMINATION FOR
16 ACH BEDS IN THE 2017 STATE MEDICAL FACILITIES PLAN**

Petitioner:

Sandy Ridge Homes Holding, Corp. d/b/a
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To:

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Division of Health Service Regulation
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Requested Adjustment

Sandy Ridge Homes Holding, Corp. d/b/a Sandy Ridge Assisted Living (Sandy Ridge) requests an adjusted need determination for 16 adult care home (ACH) beds in Montgomery County in the 2017 State Medical Facilities Plan (SMFP).

Reasons Supporting Requested Adjustment:

- Sandy Ridge operates the largest complement of SCU beds of any adult care home facility in North Carolina.
- Due to the limited available capacity of SCU beds in adjacent counties, Montgomery County has a high percentage of in-migration.
- Existing ACH beds in Montgomery have been well utilized.
- Montgomery County hosts a greater percentage of population age 65 and older compared to the State as a whole. This cohort is projected to increase rapidly during the next four years.
- Montgomery County residents on average have relatively fewer financial resources, and may be limited in traveling long distances to access healthcare services.

Approval of this petition will enable any eligible applicant to submit a Certificate of Need application proposing their specific plan for developing new ACH beds in the Montgomery County service area.

The detailed rationale for this adjusted need determination is described in the remainder of the petition.

Background

Sandy Ridge Assisted Living

Sandy Ridge operates the greatest number of SCU beds in North Carolina.

Sandy Ridge is a Memory Care & Assisted Living community located in Montgomery County among the foothills of the Uwharrie Mountains and the Sandhills of North Carolina. Sandy Ridge is currently licensed for a total of 104 ACH beds and operates the largest complement of ACH Special Care Unit (SCU) beds in North Carolina (88 SCU beds). Sandy Ridge was one of the first facilities in North Carolina to implement SCU beds in an assisted living facility.

Due to the limited available capacity of SCU beds in Montgomery County, Sandy Ridge continuously operates at a high occupancy. Additionally, due to the limited available capacity of SCU beds in adjacent counties, Sandy Ridge also serves residents from multiple counties over a 25-35-mile radius. These combined factors result in a great demand for ACH beds at Sandy Ridge. Sandy Ridge petitions the SHCC for the inclusion of 16 additional ACH beds to expand access to these highly utilized services in Montgomery County.

In-Migration

Due to the limited available capacity of SCU beds in adjacent counties, Sandy Ridge has a high percentage of assisted living in-migration.

The SCH bed methodology in the Proposed 2017 SMFP does not account for patient origin; therefore, this data is not collected on license renewal applications for residents living in adult care home facilities. However, a review of Sandy Ridge's ACH resident origin indicates a high percentage of in-migration.

According to Sandy Ridge's FY2015 ACH resident origin data, Sandy Ridge serves many residents from other counties, primarily the adjacent counties of Moore, Richmond, and Randolph, who travel to Montgomery County for assisted living care. In fact, during FY2015 51.8% of Sandy Ridge's resident origin consisted of residents from counties other than Montgomery County. Please see Table 1 on the following page.

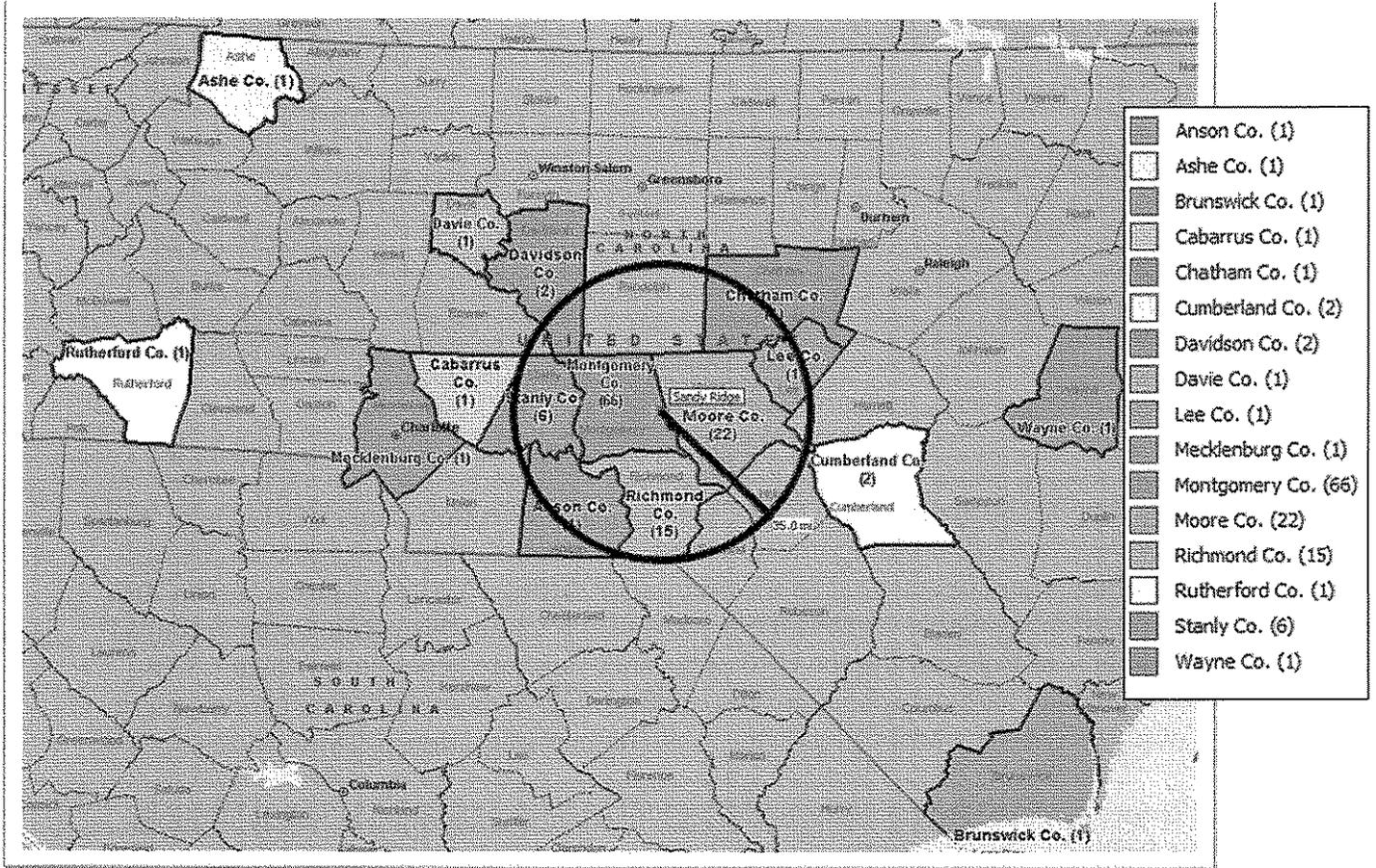
**Table 1
Sandy Ridge Assisted Living
Resident Origin, FY2015**

County	Patients	% of Total
Montgomery	66	48.2%
Moore	22	16.1%
Richmond	15	10.9%
Randolph	14	10.2%
Stanley	6	4.4%
Cumberland	2	1.5%
Davidson	2	1.5%
Anson	1	0.7%
Ashe	1	0.7%
Brunswick	1	0.7%
Cabarrus	1	0.7%
Chatham	1	0.7%
Davie	1	0.7%
Lee	1	0.7%
Mecklenburg	1	0.7%
Rutherford	1	0.7%
Wayne	1	0.7%
Total	137	100.0%

Source: Sandy Ridge Assisted Living

Figure 1 (showing a 35-mile radius) illustrates the breadth of Sandy Ridge’s resident origin and the broad catchment area the facility serves.

Figure 1
Sandy Ridge ACH Resident Origin, FY2015



Sandy Ridge operates the largest complement of ACH beds in Montgomery County (104 of 180 total ACH beds, or 57.8%). Thus, Sandy Ridge’s in-migration data for ACH beds is relevant for consideration of an adjusted need determination in Montgomery County.

The rationale for the large percentage of ACH in-migration at Sandy Ridge may be two fold. First, many of the ACH facilities with SCU beds in adjacent counties are well utilized. Table 2 summarizes recent utilization data for SCU beds in Montgomery, Moore, Richmond, and Randolph counties.

**Table 2
Special Care Unit Capacity and Utilization Data (2014 Data*)**

County	ACH SCU Beds	ACH Residents with Alzheimer's	2014 Occ Rate SCU Beds
Montgomery	88	84	95.5%
Moore	197	177	89.8%
Richmond	54	40	74.1%
Randolph	108	95	88.0%
Total	447	396	88.6%

*Most recent SCU utilization data available via <https://www2.ncdhhs.gov/dhsr/scumoratorium.html>
Source: Special Care Unit Capacity and Utilization Report. Utilization data taken from 2015 license renewal applications. Data were self-reported to DHSR.

According to the Special Care Unit Capacity and Utilization Report (2014 Data), the ACH beds located in Montgomery, Moore, Richmond, and Randolph counties are well utilized and operated at 88.6% occupancy during FY2014. Please note the 2015 Data was not available via the DHSR website at the time this petition was prepared and submitted. Assuming the 2015 occupancy rates are generally consistent with 2014 data, the high occupancy for the existing SCU beds surrounding Montgomery County may be a contributing factor to the high in-migration at Sandy Ridge.

The second contributing factor to the high resident in-migration at Sandy Ridge is the facility's reputation. As described previously, Sandy Ridge operates the largest complement of ACH SCU beds in North Carolina (88 SCU beds). Sandy Ridge was one of the first facilities in North Carolina to implement SCU beds in an assisted living facility. As such, Sandy Ridge is a unique facility and has a long-standing reputation for providing high-quality memory care services. The facility employs a rich clinical staff far beyond the minimum requirements of an assisted living facility. Sandy Ridge employs a full-time Registered Nurse (RN), two full-time Licensed Nurse Practitioners (LPN), with a physician on-site three times each week, and an optometrist, psychiatrist, and podiatrist each on-site on a monthly basis. Sandy Ridge's reputation is recognized by clinicians and families throughout North Carolina, well beyond Montgomery County. As a result, there is a great demand for ACH beds at Sandy Ridge, which are sought after by residents throughout the state.

In summary, Sandy Ridge’s resident origin data supports the request for an adjusted need determination to include 16 additional ACH beds in Montgomery County. In doing so, access may be expanded for not only Montgomery County residents, but also residents of adjacent counties with a demonstrated use of Montgomery County resources.

Montgomery County ACH Bed Capacity

There is limited ACH bed capacity in Montgomery County.

Based on data from 2016 license renewal applications for ACH beds, the majority of ACH beds in Montgomery County are well utilized. Annual occupancy rates are summarized in Table 3 below. Occupancy rates for ACH beds located in adult care homes were calculated based on paid bed days reported in Section B. of license renewal applications. Occupancy rates for ACH beds located in skilled nursing facilities were calculated based on paid bed days reported in Part E., Section 2. of license renewal applications.

**Table 3
Montgomery County ACH Bed Occupancy**

	Facility Type	ACH Beds	SCU Beds	2013 Occ Rate	2014 Occ Rate	2015 Occ Rate
Sandy Ridge Assisted Living	ACH	104	88	98.5%	93.2%	93.5%
Autumn Care of Biscoe	SNF	10	0	23.3%	58.1%	70.1%
Brookstone Haven of Star Assisted Living	ACH	54	32	7.9%	7.0%	31.5%
Poplar Springs Assisted Living	ACH	12	0	0.0%	100.0%	100.0%
Total		180	120	60.6%	65.8%	74.0%

Source: 2014-2016 License Renewal Applications

During 2015 (August 1, 2014 – July 31, 2015), the average occupancy rate for Montgomery County ACH beds was 74.0%. Please note that Brookstone Haven of Star Assisted Living (Brookstone) is a chronically underutilized facility in Montgomery County. While there is no guidance in the ACH bed methodology for what constitutes an underutilized bed, it is clear that Brookstone has consistently operated at an extremely low occupancy during recent years. With

this chronically underutilized facility excluded from the ACH bed inventory, Montgomery County ACH beds would have a 2015 occupancy rate of 92.3%.

The 12 ACH beds at Poplar Springs operated at 100% occupancy during the most recent reporting year. The 10 ACH beds at Autumn Care of Biscoe operated at 70.1% during the most recent reporting year (October 1, 2014 – September 30, 2015). However, it is important to note that use of ACH beds at Autumn Care of Biscoe is related to the use of the facility’s skilled nursing beds, which was approximately 71.6% during the same reporting period (36,846 skilled nursing days ÷ 365 ÷ 141 skilled nursing beds). Thus, there is limited access to ACH beds in Montgomery County. Consequently, many residents are waiting for ACH beds. Table 4 below summarizes the 2015 Sandy Ridge resident waitlist by month.

**Table 4
Sandy Ridge Assisted Living
Wait List for Resident Bed availability, CY2015**

<u>Month</u>	<u># on Waitlist</u>
January	7
February	6
March	5
April	6
May	9
June	4
July	2
August	2
September	9
October	7
November	6
<u>December</u>	<u>7</u>
CY2015 Total	70

During calendar year 2015, 70 residents were on Sandy Ridge’s wait list for an ACH bed. This list does not include other facilities or hospitals inquiring about bed availability at Sandy Ridge. These 70 residents were delayed access to ACH services in Montgomery County, and could have certainly benefited from

additional ACH beds. Recently, during the last two weeks of July, 12 residents passed away at Sandy Ridge. Within days the beds were occupied by new ACH residents who were waiting for a bed to become available at Sandy Ridge. Thus, the need for additional access to ACH beds in Montgomery County is immediate.

In summary, the utilization of existing ACH beds indicates there is limited ACH beds capacity in Montgomery County. Plus, there is a consistent waitlist for ACH beds at Sandy Ridge, further evidence that residents desire expanded access to ACH beds at the Sandy Ridge facility. This data supports the request for an adjusted need determination for 16 additional ACH beds in Montgomery County.

Montgomery County ACH Use Rate

The high rate of Montgomery County ACH bed use for by individuals age 75-84 is consistent with the greatest segment of population affected by Alzheimer’s and dementia.

A review of ACH bed utilization by age cohort indicates that nearly 82% of Montgomery County’s ACH bed utilization is by individuals age 65 and older. Table 5 summarizes 2015 ACH bed utilization in Montgomery County.

**Table 5
Montgomery County ACH Bed Use by Age Cohort, 2015**

Age Cohort	SR	ACB	BH	PS	Total	% of Total
<35	0	0	0	0	0	0.0%
35-64	3	0	0	0	3	2.3%
55-64	6	0	7	8	21	16.0%
65-74	13	0	2	3	18	13.7%
75-84	34	1	7	1	43	32.8%
85+	37	5	4	0	46	35.1%
Total	93	6	20	12	131	100.0%

Source: 2016 License Renewal Applications

Table 6 calculates the 2015 ACH bed use rate by age cohort using the data from Table 5 and population data from the North Carolina Office of State Budget and Management.

**Table 6
Montgomery County ACH Bed Use Rate by Age Cohort, 2015**

Age Cohort	2015 Population	2015 ACH Bed Residents	2015 Use Rate/1,000	Proposed 2017 SMFP Statewide Use Rate
<35	11,882	0	0	0.08
35-64	10,677	24	2.25	1.43
65-74	3,184	18	5.65	5.53
75-84	1,479	43	29.07	19.22
85+	620	46	74.19	75.87
Total	27,842	131		

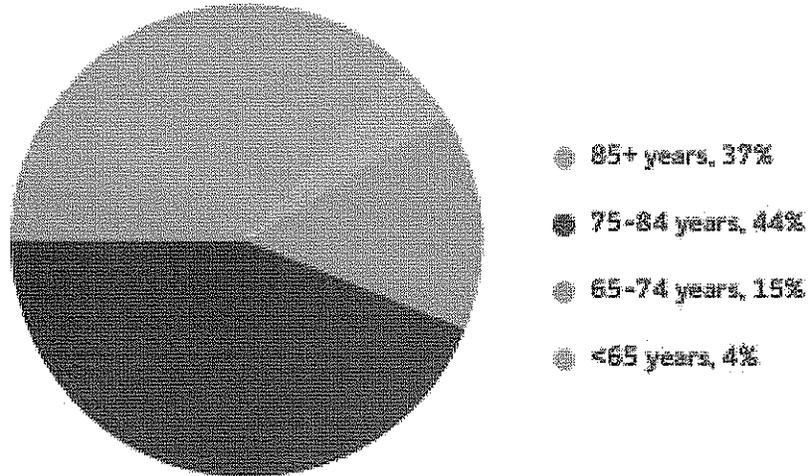
Source: 2016 License Renewal Applications, NC Office of State Budget & Management, Proposed 2017 SMFP

As shown in Table 6, Montgomery County exhibits higher ACH bed use rates for nearly every age cohort compared to the Statewide use rates provided in the Proposed 2017 SMFP. For purposes of this analysis, it is appropriate to consider the most recent 2015 use rate for Montgomery County. As shown in Table 3, occupancy rates at some Montgomery County facilities have experienced extremely low utilization levels which are not representative of current utilization levels.

Notably, the Montgomery County ACH bed use rate for individuals age 75-84 is 51.3% higher compared to the Statewide use rate provided in the Proposed 2017 SMFP for individuals age 75-84. This is likely due to the vital role that ACH SCU beds play in Montgomery County.

Individuals with Alzheimer's live an average of eight years after their symptoms become noticeable to others, but survival can range from four to 20 years, depending on age and other health conditions. According to the Alzheimer's Association, 15 percent of individuals with Alzheimer's are age 65-74, while 44 percent are age 75-84.

Figure 2
Ages of People with Alzheimer’s Disease in the United States, 2016



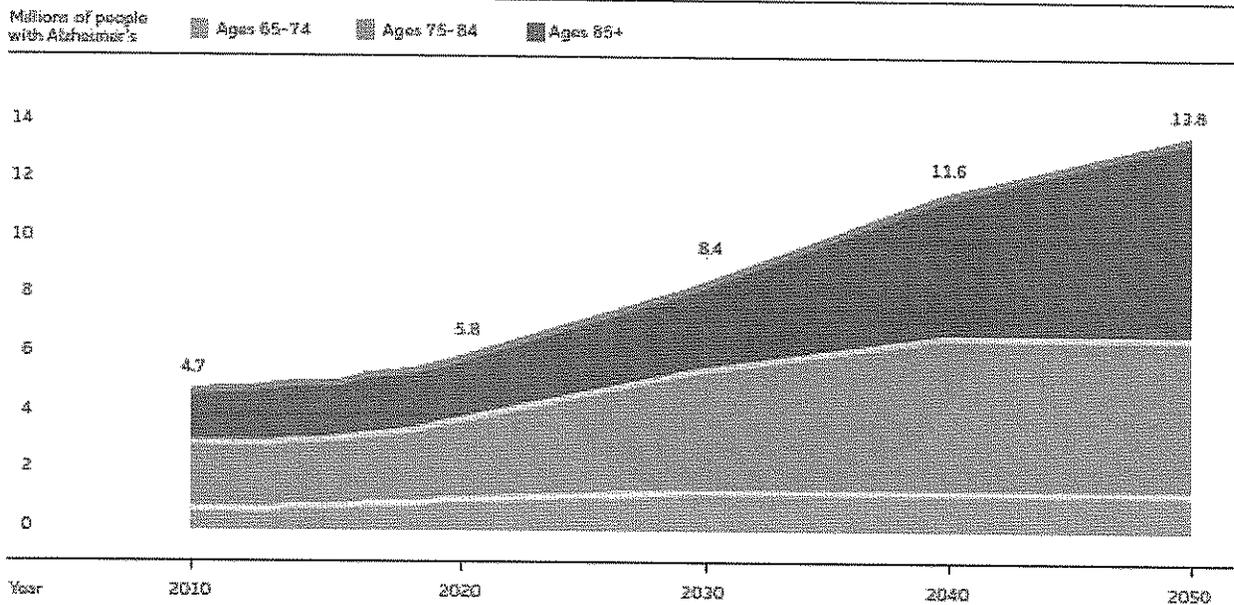
Source: 2016 ALZHEIMER'S DISEASE FACTS AND FIGURES

Thus, the high rate of Montgomery County ACH bed use for by individuals age 75-84 is consistent with the greatest segment of population affected by Alzheimer's and dementia. Given that Montgomery County hosts the single largest SCU memory care unit in North Carolina, clearly this is a unique and significant factor.

According to the Alzheimer's Association, the number of Americans surviving into their 80s and 90s and beyond is expected to grow dramatically due to medical advances, as well as accommodative social and environmental conditions. Additionally, a large segment of the American population – the baby boom generation – has begun to reach age 65 and older, when the risk for Alzheimer's and other dementias is elevated. By 2030, the segment of the U.S. population age 65 and older will increase substantially, and the projected 74 million older Americans will make up over 20 percent of the total population (up from 14 percent in 2012). As the number of older Americans grows rapidly, so too will the numbers of new and existing cases of Alzheimer's disease, as shown in Figure 3.¹

¹ Alzheimer's Association. 2016 Alzheimer's Disease Facts and Figures. Alzheimer's & Dementia 2016;12(4).

Figure 3
Projected Number of People Age 65 and Older
in the U.S. Population with Alzheimer's Disease, 2010 to 2050



Created from data from Hebert et al. (2013)

Source: 2016 Alzheimer's Disease Facts and Figures

The comparatively high use of ACH beds in Montgomery County for select age cohorts is evidence that 16 additional ACH beds in the Montgomery County service area will be well utilized, and will improve access to care without unnecessary duplication of existing resources. Furthermore, local demographic data support the ongoing demand for ACH beds in Montgomery County.

Demographics

The rapidly growing population age 65+ will contribute to the ongoing demand for ACH beds in Montgomery County.

The high use of ACH beds in Montgomery County can be partially attributed to its rapidly aging population. As seen in Table 7, Montgomery County has a much older population than the State as a whole, and this elderly population cohort is projected to substantively increase to over 20% of the total county population in 2020².

**Table 7
2016-2019 Projected Population Age 65+**

	2016	% of Total	2020	% of Total
Montgomery County	5,404	19.4%	5,941	21.3%
North Carolina	1,558,037	15.3%	1,778,807	16.8%

Source: NC Office of State Budget & Management

The Montgomery County population age 65 and older is projected to increase 9.9% by 2020. As shown in Table 8 below, this segment of the population is projected to increase at the highest rate, and is responsible for a great portion of the overall population growth of Montgomery County.

**Table 8
Montgomery County Population Growth by Age Cohort**

	2016	2017	2018	2019	2020	16-20 CAGR
0-17	6,239	6,161	6,075	5,976	5,913	-1.3%
18-34	5,613	5,689	5,770	5,863	5,938	1.4%
35-54	6,762	6,676	6,590	6,517	6,425	-1.3%
55-64	3,846	3,813	3,816	3,778	3,729	-0.8%
65-74	3,251	3,299	3,310	3,365	3,473	1.7%
75-84	1,534	1,602	1,710	1,786	1,807	4.2%
85+	619	645	634	641	661	1.7%
Total	27,864	27,885	27,905	27,926	27,946	0.1%

Source: NC Office of State Budget & Management

² 2020 is the planning year utilized in the Proposed 2017 SMFP ACH bed need methodology.

Notably, the Montgomery County age cohort 75-84 is projected to increase by a 5-year compound annual growth rate (CAGR) of 4.2%. As stated previously, 44 percent of individuals with Alzheimer’s are ages 75-84. Therefore, this rapidly growing subset of the aging population will continue to have a dramatic impact on the demand for ACH beds in Montgomery County.

Furthermore, when compared to the 14 other counties in Health Service Area V, Montgomery County has the 3rd highest percentage of population age 65+, as shown in Table 9.

**Table 9
Health Service Area V
% of Population Age 65+**

County	2016 Population	65+	% 65+
Brunswick	124,668	35,087	28.1%
Moore	95,327	24,271	25.5%
Montgomery	27,864	5,404	19.4%
Bladen	35,194	6,764	19.2%
Columbus	57,579	10,364	18.0%
Pender	58,815	10,344	17.6%
Scotland	35,536	5,998	16.9%
Richmond	45,484	7,657	16.8%
Anson	26,466	4,445	16.8%
Sampson	64,633	10,710	16.6%
New Hanover	223,260	36,663	16.4%
Robeson	132,948	18,639	14.0%
Harnett	130,243	15,836	12.2%
Cumberland	333,073	38,819	11.7%
Hoke	52,400	4,716	9.0%

Source: NC Office of State Budget & Management

It is important to note that both Brunswick County and Moore County are retirement destinations and, thus, have comparatively higher proportions of population age 65 and older. Montgomery is generally not a retirement destination, but rather a simple rural county with extremely limited financial resources.

According to the table below, Montgomery County’s median household income is only \$32,715. This is more than 63% lower than the North Carolina median

household income of \$53,482. A significantly greater percentage of the Montgomery County population lives in poverty compared to the State as a whole. Limited financial resources, especially to a growing aging population, make local access to ACH beds imperative.

**Table 10
Income and Poverty**

	Montgomery County	North Carolina
Median household income, 2010-2014	\$32,715	\$53,482
Per capita income in past 12 months, 2010-2014	\$19,193	\$28,555
Persons in poverty, percent	21.1%	14.8%

Source: US Census Bureau

In summary, as the elderly population of Montgomery County continues to increase and age, the need for ACH beds will increase as well.

No Unnecessary Duplication of Services

The adjusted need determination proposed in this petition will not result in unnecessary duplication of health resources in the area. Sandy Ridge has established that Montgomery County residents will benefit from additional ACH bed capacity. It is apparent that existing ACH beds in Montgomery County are well-utilized. It is also clear that the demand for ACH beds will continue to increasing among Montgomery County residents. In addition, as demonstrated in the letters of support accompanying this petition, Montgomery County physicians, clinicians and community representatives recognize the need for expanded access to ACH beds, and are supportive of this petition. Thus, 16 additional ACH beds will be well supported by the Montgomery County service area.

Adverse Effects of No Adjustment to the Need Determination

Sandy Ridge is operating at 94% occupancy, which is well above its practical capacity. Every month, Sandy Ridge maintains a wait list for admission to the facility. As demand for assisted living and memory care services continue to increase, the pressure for admissions to Sandy Ridge will also increase. If this petition is not approved, the need for additional ACH beds in Montgomery County will remain unmet.

Without an adjusted need determination, Sandy Ridge Assisted Living would not have an opportunity to seek CON approval for a bed expansion, and would continue to operate at capacity, thus remaining limited in its ability to provide local access for long-term care services. The growing demand for assisted living and memory care services in Montgomery County could be unmet, resulting in county residents having to travel to other counties to receive needed services. As previously described, there are only three assisted living facilities in Montgomery County, including one with only 12 beds and another chronically underutilized facility with 54 beds. As stated previously, Montgomery County hosts a higher percentage of old and aging population, coupled with an already existing high ACH use rate, which will put pressure on already well-utilized facilities being further limited in their ability to respond to the demand for care from local residents.

Just as importantly, people greatly prefer to have loved ones placed in facilities that are close to their home, family and local support network, such as church. This enables regular and easy access to visits and support on a regular, even daily basis. It also enables family access and support in case of emergency. Some residents, especially the elderly, are not comfortable with or able to drive either long distances, or at nighttime. 90% of Sandy Ridge residents are age 65+, and 40% are age 85+. Therefore, when residents are placed in assisted living facilities in other counties, family and social support will be less accessible and will likely visit less frequently.

Another adverse impact would be to value, for two reasons. First, an assisted living facility represents an appropriate setting for elderly residents and others who need assisted living support, or who are suffering from Alzheimer's Disease or Related Disorders. Assisted living care is multiple times less expensive than either nursing facility or hospital inpatient care. Second, because travel costs would increase for family members and friends of local residents who need to reside in ACH facilities located outside of Montgomery County. As previously stated, the citizens of Montgomery County typically have much fewer financial resources to travel long distances for healthcare services. Montgomery County's

per capita income is much lower than the North Carolina average. Fewer financial resources for a growing and aging population make limited geographical access to healthcare services more problematic. In fact, the majority of residents at Sandy Ridge receive government assistance to pay for their long-term bed care.

In conclusion, maintaining the status quo would adversely affect access for residents of Montgomery County who need local access to long-term care services. This in turn, does not square with the SMFP Basic Principles of equitable access and cost-effective care. The letters of support accompanying this petition speak to several of the reasons why Montgomery County residents will be adversely impacted without increased local access to ACH beds.

Alternatives Considered

The status quo is not an option because the lack of a need determination for additional ACH beds in Montgomery County limits needed local access to cost-effective long-term care and memory care services. As previously stated, Sandy Ridge is operating at 94% occupancy which is above practical capacity. When the chronically underutilized Brookstone facility is excluded from the ACH bed inventory, Montgomery County ACH beds have a 2015 occupancy rate of 92.3%. Waiting another year or two will likely not produce a need in a future SMFP because of the small size of some of the facilities in the county, and because of the chronic underutilization of Brookstone. Forcing local residents to send their loved ones to another county for needed assisted living and memory care is neither the most effective nor least costly alternative.

A second alternative is to petition for a change of the SMFP's methodology for projecting adult care home bed need. This is not the most effective alternative because the specific circumstances resulting in the lack of adequate access to adult care home beds are local to Montgomery County, and do not merit a proposed change to the entire ACH bed need methodology that would affect nearly every county in North Carolina.

A third alternative is to seek -- via a certificate of need application -- relocation of adult care home beds within Montgomery County or from a contiguous county, as per SMFP Policy LTC-2. However, Sandy Ridge is currently unaware of any facility within or adjacent to Montgomery County that is willing to permit sale and relocation of its ACH beds to Sandy Ridge. Therefore, this is not a feasible alternative.

The final alternative is to submit this petition for an adjusted need determination for additional ACH beds in Montgomery County. Sandy Ridge has chosen this alternative because it is the most direct and appropriate solution for the need at hand in Montgomery County.

Safety and Quality, Access & Value

The requested adjustment is consistent with the SMFP's three Basic Principles, which are:

Safety & Quality

Health care facilities in North Carolina, including assisted living centers, are highly regulated. Adult care facilities are routinely inspected to ensure the provider is operating in compliance with applicable laws and regulations, in a manner that protects the health and safety of their residents. The Adult Care Licensure Section and Construction Section of the Division of Health Service Regulation inspect or survey adult care homes. The types of inspections conducted by both sections include routine inspection (annual or biennial), complaint investigation and follow-up inspection.

Sandy Ridge Assisted Living is licensed annually by the State of North Carolina, and also inspected annually, and thus has demonstrated quality in its ACH facility. In addition, the facility administrator must also be certified by the State every two years. Administrators must show adequate training, including 30 continuing education units every two years.

The proposed adjusted need determination would enable the development of 16 beds that serve memory care patients who currently lack sufficient access to assisted living beds. These patients can be optimally cared for in a memory care facility with increased quality of life. An ACH facility designed specifically for memory care patients is a preferred alternative to practically any care setting. Therefore, the proposed service would improve the safety and quality of care provided to these residents.

Access

As explained throughout this petition, there is currently limited access to assisted living beds, especially for memory care patients, as evidenced by the high facility occupancy rate and long-standing and on-going waiting list for beds at Sandy Ridge. The proposed adjusted need determination will increase access for these residents, as new ACH beds will be available to residents of Montgomery County. Assisted living and memory care will be more readily accessible, thereby increasing convenience for local residents and their family and friends.

Policy GEN-3 will require that any CON applicant for these proposed beds have policies in place that assure access by all medically underserved groups. Sandy Ridge has an excellent reputation in this regard, with notably, more than half of patients at Sandy Ridge receiving governmental assistance.

Value

The proposed adjusted need determination will further the ability of the healthcare system in North Carolina to provide greater value to elderly residents and their families. An assisted living facility represents an appropriate setting for elderly residents and others who need assisted living support, or who are suffering from Alzheimer's Disease or Related Disorders. Assisted living care is multiple times less expensive than either nursing facility or hospital inpatient care. For example, a day delayed in the hospital waiting for an available adult care home bed would pay for almost a month of adult home care.

Another value consideration is the economic cost to family members who must step outside of the workforce to care for a family member at home when an ACH bed is not available.

Approval of the requested beds would provide an opportunity for Sandy Ridge to submit a CON application to expand its ACH facility, which would result in more efficient and cost-effective operations, given the greater economies of scale with additional beds. Furthermore, Sandy Ridge can develop the requested beds in a cost-effective manner on its existing campus in Candor, where the additional beds would be co-located with all existing and necessary support services.

In summary, improved local access to high quality and cost-effective ACH beds will greatly benefit Montgomery County residents.

Conclusion

Sandy Ridge Memory Care supports the SHCC and the SMFP planning process. However, Montgomery County is a rural and remote county with limited local access to health care resources. We appreciate the SHCC's consideration of this petition, and respectfully request an adjusted need determination in the 2017 SMFP, to include 16 additional adult care home beds for Montgomery County. Approval of the petition will ensure adequate local access to assisted living beds, and will enhance quality of care and cost effectiveness for local residents in need of long-term care.

Finally, for information purposes. Sandy Ridge is aware of the DHSR Moratorium on developing SCU beds in North Carolina, but is also familiar with the SCU Moratorium Exception Request Process. If an ACH bed adjusted need determination is approved for Montgomery County, Sandy Ridge intends to file a CON application to develop 16 additional ACH beds, and subsequent to CON approval, Sandy Ridge would file the moratorium exception request.

Thank you for your consideration.