

**Comments on Competing Application for
Additional Nursing Facility Beds
in Iredell County**

May 31, 2024

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In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Hillco, Ltd.; Everest Long Term Care, LLC; and Britthaven, Inc. (hereafter collectively referred to as “Iredell County Health and Rehabilitation Center”) hereby submit the following comments related to the competing application submitted by Lake Norman OpCo, LLC and Lake Norman Healthcare Properties, LLC (“SanStone Health and Rehabilitation,” “SanStone,” Project ID # F-012515-24) to develop a new 50-bed nursing facility by relocating 50 nursing facility (“NF”) beds from Village Green Health and Rehabilitation in Cumberland County pursuant to Policy NH-6 to meet a portion of the NF bed deficit (89 NF beds) identified in the *2024 State Medical Facilities Plan (“2024 SMFP”)* for Iredell County. Iredell County Health and Rehabilitation Center’s comments on SanStone’s competing application include “discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards.”¹ See N.C. GEN. STAT. § 131E-185(a1)(1)(c). To facilitate the Agency’s review of these comments, Iredell County Health and Rehabilitation Center has organized its discussion by issue, noting some of the general Certificate of Need (“CON”) statutory review criteria and specific regulatory criteria creating the non-conformity in the SanStone application. Given the total number of proposed NF beds, both the SanStone and Iredell County Health and Rehabilitation Center applications cannot be approved. As such, Iredell County Health and Rehabilitation Center’s detailed comments not only include application-specific comments relative to SanStone’s competing application, but also a comparative analysis relative to its application.

As discussed in its application, Iredell County Health and Rehabilitation Center and related entities own, manage, and operate 42 existing and approved NFs across North Carolina with a total inventory of over 4,900 existing and approved NF beds or approximately 11 percent of the statewide inventory. As one of the largest providers of NF services in the state, Iredell County Health and Rehabilitation Center and its affiliates are well-positioned to relocate valuable assets to not only meet the need for more capacity in Iredell County but to also improve the distribution of statewide NF bed inventory. Of particular note, the SanStone application proposes to meet only a portion of the 89 NF bed deficit whereas the Iredell County Health and Rehabilitation Center application proposes to meet the entire deficit.

¹ Iredell County Health and Rehabilitation Center is providing comments consistent with this statute; as such, none of the comments should be interpreted as an amendment to the application filed on April 15, 2024 by Iredell County Health and Rehabilitation Center (Project ID # F-012502-24).

ISSUE-SPECIFIC COMMENTS ON SANSTONE APPLICATION

The SanStone application to develop a new 50-bed NF in Iredell County by relocating no more than 50 NF beds from Village Green Health and Rehabilitation in Cumberland County pursuant to Policy NH-6 should not be approved. Notably, the SanStone application contains incomplete and insufficient responses to the CON application form. Please note that relative to each issue, Iredell County Health and Rehabilitation Center has identified the statutory review criteria and specific regulatory criteria and standards creating the non-conformity. The following issues result in areas of non-conformity for the SanStone application:

1. The SanStone application fails to provide historical patient origin for the facility proposed to lose NF beds as a result of the proposed project.

Section C.2.a of the CON application form, which relates to Criterion 3, requires each applicant to provide historical patient origin information for “[E]ach facility from which existing service components will be relocated as part of this proposal [emphasis added].” As noted above, the SanStone application involves relocating 50 NF beds from Village Green Health and Rehabilitation in Cumberland County pursuant to Policy NH-6. As such, the SanStone application must provide historical patient origin information during the last full fiscal year for Village Green Health and Rehabilitation. However, as excerpted below from page 32 of the SanStone application, SanStone fails to provide *any* historical patient information for Village Green Health and Rehabilitation, the facility from which existing service components will be relocated.

a. **Service Component(s)** – Complete the following table for each service component included in this proposal for:

- The facility or campus identified in Section A, Question 4; and
- Each facility from which existing service components will be relocated as part of this proposal.

Nursing Facility	Village Green Health & Rehabilitation	
	Last Full FY 01/01/2023 to 12/31/2023	
County or other geographic area such as ZIP code	Number of Patients	% of Total
	<i>Not applicable. The 50 NF Beds proposed to be transferred have not historically been utilized.</i>	
Total		

* This should match the name provided in Section A, Question 4.

Source: Project ID # F-012515-24, page 32.

As shown above, the SanStone application incorrectly states that Section C.2.a of the CON application form is “[N]ot applicable. The 50 NF Beds proposed to be transferred have not historically been utilized.” This is an incorrect and non-conforming response given SanStone’s proposal. Section C.2.a of the CON application form, which relates to Criterion 3, requires an applicant to provide

historical patient origin information for the entire facility, not just the service component(s) proposed to be relocated.

Accordingly, the SanStone application is non-conforming with Criterion 3.

2. The SanStone application fails to provide adequate assumptions and methodology for projected patient origin for the proposed NF.

Section C.3 of the CON application form, which relates to Criterion 3, also requires each applicant to “[D]escribe the assumptions and methodology used to project the number of patients by county or other geographic area of origin [emphasis added].” The response to Section C.3 in the SanStone application fails to provide any rational assumptions or methodology used to project patient origin for the proposed new NF in Iredell County. In fact, on page 33 of the SanStone application, it states, “[R]egarding the number of patients by county, these assumptions do not necessarily involve a mathematical formula. But rather an estimate that the majority of patients will be derived from admissions within Iredell County.” This statement alone indicates that the SanStone application failed to use reasonable and adequately supported assumptions or methodology to project patient origin for its proposed NF.

In addition, on page 33 of the SanStone application, it states, “[T]his is further validated based on the expected population growth for the over-65 population over the next 5 years for the entire county. The other counties identified are estimates of the patients to be served from the contiguous counties of Iredell County – primarily based on the locations of larger municipalities within those counties.” Once again, the SanStone application lacks a clear correlation between its projected patient origin and an organized cognitive approach that one can use to justify the manner in which patient origin is projected.

Accordingly, the SanStone application is non-conforming with Criterion 3.

3. The SanStone application fails to provide adequate assumptions and methodology for Forms C.

Section C.5 of the CON application form, which relates to Criterion 3, stipulates specific instructions for applicants to substantiate projected utilization in their CON applications. These instructions necessitate the demonstration of reasonable and adequately supported assumptions within the application, specifically Section Q. Nevertheless, the SanStone application fails to fulfill this requirement and deviates from the CON application form instructions.

Section C.5 of the CON application form clearly outlines that the description of assumptions and methodologies should be presented in “[M]icrosoft Word or a similar software and placed in Section Q, immediately following the completed form to which it relates. [emphasis added]” This emphasis underscores the importance of providing transparent and detailed information regarding the basis for projected utilization. However, upon review of Section Q in the SanStone application, it becomes evident that there is a notable absence of substantive assumptions and methodology pertaining to Form C.1b. This deficiency highlights a critical failure to adhere to the prescribed instructions and fulfill the burden of proof outlined in Section C.5 of the CON application form.

Therefore, based on the non-compliance with the established CON application form instructions and the lack of substantiated assumptions in Section Q of the SanStone application, it can be concluded

that the SanStone application fails to meet the requisite standards set forth in Section C.5 of the CON application form.

Accordingly, the SanStone application is non-conforming with Criterion 3.

4. The SanStone application fails to provide Form D and assumptions and methodology for Form D.

Section D of the CON application form, which relates to Criterion 3a, requires an applicant to complete Form D for *“the facility that will lose existing health service facility beds, health services, hospital services, or medical equipment”* as a result of the proposed project. In light of SanStone’s proposal to develop a new NF by relocating NF beds from an existing facility, it is mandatory to provide a Form D.1 - Historical and Projected Health Service Facility Bed Utilization. In addition to not providing any historical patient origin for the facility to lose NF beds as a result of the proposed project, as noted earlier in these comments, the SanStone application fails to provide Form D.1 in Section Q. The absence of Form D.1 prohibits the analysis of utilization at Village Green Health and Rehabilitation following the relocation of the 50 NF beds and the degree to which it can sustain adequate capacity to support future demand for its services.

Further, similar to Section C.5, Section D.2 of the CON application form instructs all applicants to *“[D]escribe the assumptions and methodology used to complete the forms.”* While on page 51 of the SanStone application it states, *“[S]ee Significant Assumptions included in Section Q,”* Section Q of the SanStone application does not include a Form D.1 nor the assumptions and methodology used to project utilization for Village Green Health and Rehabilitation, the facility to lose beds as a result of the proposed project.

Accordingly, the SanStone application is non-conforming with Criterion 3a.

5. The SanStone application fails to include requisite start-up cost estimates and assumptions.

Section F of the CON application form, which relates to Criterion 5, stipulates the acknowledgement of any start-up or initial operating costs associated with a proposed project. In addition, assumptions must be provided to support any start-up/initial operating cost estimates as well as the source of financing for the working capital. As excerpted below from page 57 of the SanStone application, SanStone states that no start-up costs will be incurred by the applicants.

Working Capital and Availability of Funds for Working Capital

3. a. **All applicants**

Start-up Costs *	Will the applicant incur any start-up costs?	NO
Initial Operating Costs *	Will the applicant incur any initial operating costs?	YES

* The term is defined in the Definitions Section of the application form.

- 1) If you answered no to either question, explain why not.
- 2) If you answered yes to either question, respond to the remainder of Question 3.

Typical start-up costs will be absorbed by Sanstone Management Company, which will execute a management contract with Lake Norman OpCo, LLC. Lake Norman OpCo, LLC and Sanstone Management Company are related entities under common ownership. Significant efficiencies will be obtained through Sanstone Management Company, given their industry knowledge and economies of scale with the other 17 skilled nursing facilities owned and operated by the owners of Sanstone Management Company and the applicants (Lake Norman OpCo, LLC and Lake Norman Healthcare Properties LLC).

See Exhibit F.3

Source: Project ID # F-012515-24, page 57.

Further, as shown above, on page 57 of the SanStone application, it states, “[T]ypical start-up costs will be absorbed by SanStone Management Company, which will execute a management contract with Lake Norman Opco, LLC.” While the SanStone application does include a copy of the management agreement, there is no documentation that would substantiate requisite start-up costs for a new facility, nor the availability of funding for such costs. As pictured below from page 57 of the SanStone application, SanStone projects utilities, mortgage/rent, purchasing equipment, purchasing supplies, marketing or advertising, hiring staff, training staff, and fees to encompass necessary start-up activities; however, the SanStone application fails to provide any information to validate the total start-up costs associated with these services, or the availability of funding for such costs.

b. **Start-up costs**

Total estimated start-up costs	\$0
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Identify the types of costs included in the total estimated start-up costs by checking **all** that apply in the following table.

All of the below would apply to full operation during the first six months until operations result in profitability and cash flow (initial operating). These will be fulfilled through the management agreement with Sanstone Management Company.

X	Utilities	X	Hiring Staff
X	Mortgage or Rent	X	Training Staff
X	Purchasing Equipment	X	Fees
X	Purchasing Supplies	X	Other (describe)
x	Marketing or Advertising		Other (describe)

Source: Project ID # F-012515-24, page 57.

Of note, in the Findings for the Carolina Digestive Endoscopy Center-Concord, Project ID # F-12315-23, the Agency concluded that *“the applicant does not adequately demonstrate that the projected working capital needs of the project are based on reasonable and adequately supported assumptions because **the applicant projects no initial operating period or initial operating expenses for a new facility that does not yet exist** [emphasis added].”² Here too, like Carolina Digestive Endoscopy Center-Concord, SanStone fails to project any initial operating expenses for a new facility that does not yet exist. Such an omission is a fatal flaw under Criterion 5.*

Accordingly, the SanStone application is non-conforming with Criterion 5.

6. The proposed site in the SanStone application is not suitable for a Nursing Facility.

The proposed site included in response to Criterion 12 of the SanStone application is located at the corner of Faith Road and Mecklenburg Highway in Mooresville, North Carolina. According to Exhibit K.4 of the SanStone application, the land proposed to be acquired to develop the project consists of nine parcels³ consisting of approximately 13.3 acres. Also included in Exhibit K.4 of the SanStone application is a letter from the Town of Mooresville Planning and Community Development Department that indicates the proposed site is currently zoned Residential Low Intensity (“RLI”). The allowed uses by-right for zone RLI does not include NF services as the Department letter states, “[T]his use is not permitted by-right in the RLI zoning district.” This statement is backed further by the Town of Mooresville Unified Development Ordinance (“UDO”), last amended April 1, 2024, which provides use permissions for all zoning districts in the Town. Pictured below is a screenshot from page 179 of the Town of Mooresville UDO, which shows clearly that a NF is not permitted in a RLI zone.

² 2023 Carolina Digestive Endoscopy Center-Concord Findings, page 9.

³ The proposed site in the SanStone application includes Parcel ID #s 4655065649, 4655065862, 4655065982, 4655076012, 4655077099, 4655076547, 4655079410, 4655076233, and 4655076326.

TABLE 4-1: USE PERMISSIONS

P = Permitted (allowed in PD District if specified in PD Plan) Z = Conditional Zoning S = Special use
 A = Accessory use only T = Temporary use only **blank cell = Not allowed**

Use Class Use Category Use Type	Residential Districts						Mixed-Use & Nonresidential Districts						PD	Use Standards (Sec. __)
	RC	RLS	RLI	RG	HMV	TN	TD	DE	CM	CC	HLI	IN	PD	
	Boarding School	Z		Z	Z		Z	Z	P	P	P			
College or University							Z	Z	Z	Z			P	4.3.4.B.2
School (pre-K to 12)			P	P		P	P	P	P	P			P	
Vocational or Trade School							Z	Z	Z	Z	Z		P	4.3.4.B.3
<i>Health Care Facilities</i>														
Hospice						P		P	P	P			P	4.3.4.C.1
Hospital								Z	Z	Z	Z		P	4.3.4.C.2
Medical Treatment Facility							P	P	P	P	P		P	4.3.4.C.3
Nursing Home	Z			Z		Z		P	P	P			P	
Therapeutic Massage Facility							P	P	P	P	P		P	

Source: Town of Mooresville UDO accessed at: [chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://cms5.revize.com/revize/mooresvillenc/Site%20Documents/Planning/UDO%20Adopted-%20Amended%204-1-2024.pdf](https://efaidnbmnnnibpcajpcglclefindmkaj/https://cms5.revize.com/revize/mooresvillenc/Site%20Documents/Planning/UDO%20Adopted-%20Amended%204-1-2024.pdf).

Further, as shown above, conditional zoning is not allowed to permit a NF in a RLI zone which is contradictory to the statement provided on page 74 of the SanStone application, which states, “[T]here are no anticipated hurdles to achieving the rezoning and special use permit.” As discussed above, the proposed site in the SanStone application will require re-zoning and special use permit approval and there is no discernable process through which SanStone will obtain the necessary approvals.

In contrast, as indicated on pages 96 and 97 of the Iredell County Health and Rehabilitation Center application, the site proposed by Iredell County Health and Rehabilitation Center is zoned Traditional Neighborhood (“TN”), which does permit a NF with conditional zoning, as pictured below.

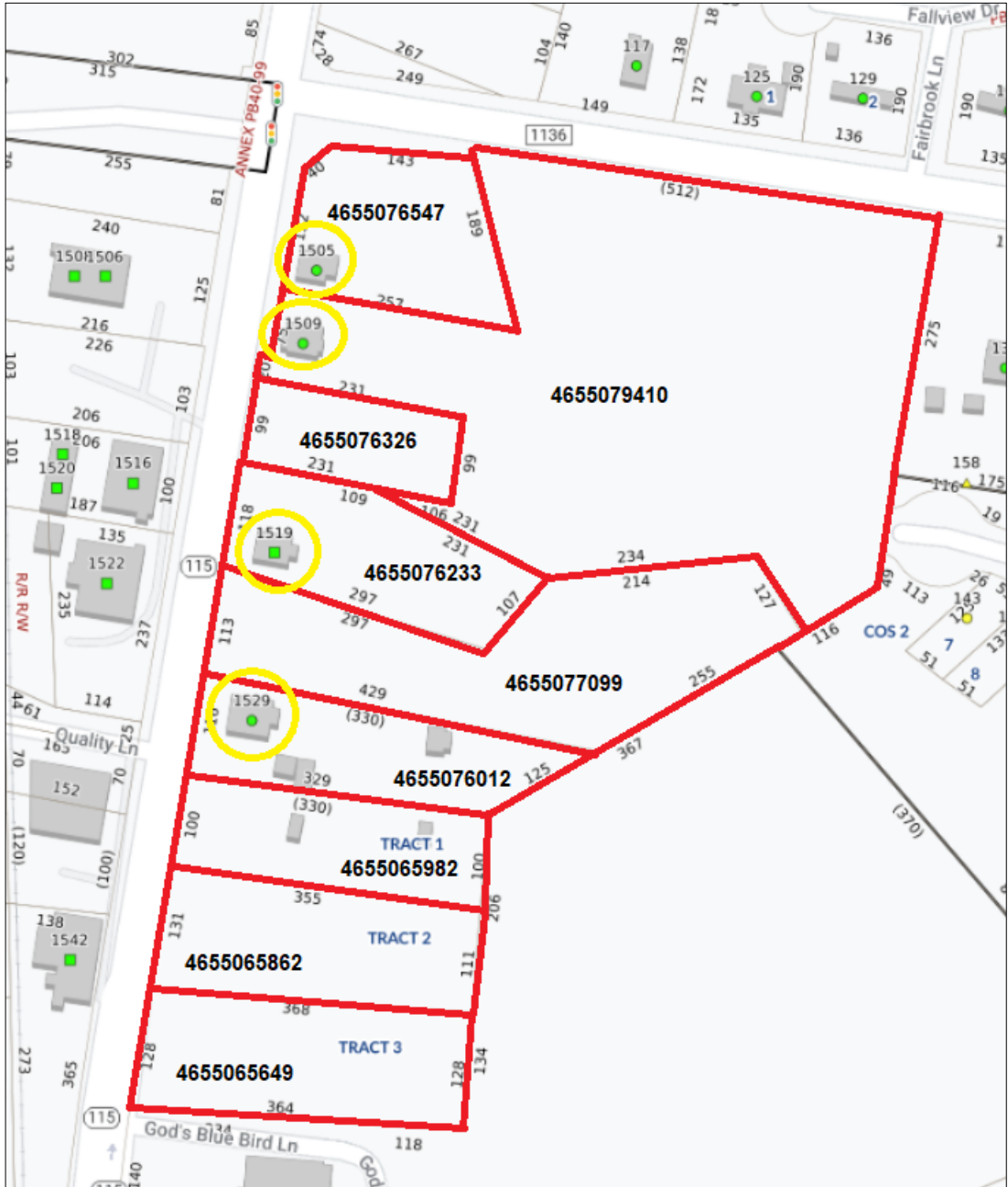
TABLE 4-1: USE PERMISSIONS

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Use Class Use Category Use Type	Residential Districts						Mixed-Use & Nonresidential Districts						PD	Use Standards (Sec. __)
	RC	RLS	RLI	RG	HMV	TN	TD	DE	CM	CC	HLI	IN	PD	
Boarding School	Z		Z	Z		Z	Z	P	P	P			P	4.3.4.B.1
College or University							Z	Z	Z	Z			P	4.3.4.B.2
School (pre-K to 12)			P	P		P	P	P	P	P			P	
Vocational or Trade School							Z	Z	Z	Z	Z		P	4.3.4.B.3
<i>Health Care Facilities</i>														
Hospice						P		P	P	P			P	4.3.4.C.1
Hospital								Z	Z	Z	Z		P	4.3.4.C.2
Medical Treatment Facility							P	P	P	P	P		P	4.3.4.C.3
Nursing Home	Z			Z		Z		P	P	P			P	
Therapeutic Massage Facility							P	P	P	P	P		P	

Source: Town of Mooresville UDO accessed at: [chrome-extension://efaidnbmnnnibpcaipcgklclefindmkaj/https://cms5.revize.com/revize/mooresvillenc/Site%20Documents/Planning/UDO%20Adopted-%20Amended%204-1-2024.pdf](https://cms5.revize.com/revize/mooresvillenc/Site%20Documents/Planning/UDO%20Adopted-%20Amended%204-1-2024.pdf).

Further, Iredell County Health and Rehabilitation Center thought it prudent to include in its comments that several of the parcels that encompass SanStone’s proposed site currently include active domiciles, which is corroborated in the SanStone application on page 74 as it states, “[T]here are multiple dwellings surrounding the property with water access.” The image below, from the Iredell County MapGeo Site, shows the location of the existing occupied homes (circled in yellow) within the nine identified parcels.



Source: Iredell County MapGeo Site, accessed at:
[https://iredellcountync.mapgeo.io/datasets/properties?abuttersDistance=100&latlng=35.782018%2C-80.88281.](https://iredellcountync.mapgeo.io/datasets/properties?abuttersDistance=100&latlng=35.782018%2C-80.88281)

The image above combined with the challenges related to the zoning of the site and receipt of necessary special use permits further calls into question SanStone’s ability to receive requisite approvals to develop the project as proposed in its application and the cogency of its statement that there are no anticipated hurdles.

Accordingly, the SanStone application is non-conforming with Criterion 12.

7. The SanStone application fails to include historical payor mix and percentages of the population of the service area information for Village Green Health and Rehabilitation.

In its response to Section L.1.a of the CON application form, which relates to Criterion 13, the SanStone application deviates again from the CON application form instructions and fails to provide historical payor mix information for Village Green Health and Rehabilitation. Section L.1.a of the CON application form requires historical payor mix for “[E]ach facility from which service components will be relocated to the facility or campus identified in Section A, Question 4,” to which SanStone replies on page 77 of its application, “[B]ecause the 50 nursing facility beds proposed to be relocated from Village Green Health and Rehabilitation (located in Cumberland County) are currently vacant, there is no available historical payor data during the last full fiscal year before the submission of this application. These beds have not been occupied at Village Green Health and Rehabilitation Center for many years.” This is an incorrect, inadequate, and nonconforming response given the nature of the proposal in the SanStone application as it relates to relocating NF beds from an existing facility.

Further, Section L.1.b of the CON application form requires applicants to provide a comparison with the percentages of the population of the service area for “[E]ach facility from which service components will be relocated to the facility or campus identified in Section A, Question 4.” Similar to historical patient origin and payor mix, the SanStone application fails to provide historical percentages of the population of the service area for Village Green Health and Rehabilitation.

Accordingly, the SanStone application is non-conforming with Criterion 13.

COMPARATIVE ANALYSIS

The Iredell County Health and Rehabilitation (Project ID # F-012502-24) and the SanStone (Project ID # F-012515-24) applications propose to develop NF beds in response to the 89 NF bed deficit identified in the 2024 SMFP for Iredell County. Given that more than one applicant proposes to meet all or part of the deficit for the 89 NF beds in Iredell County, both cannot be approved. To determine the comparative factors that are applicable in this review, Iredell County Health and Rehabilitation Center examined Agency findings for competitive NF bed reviews and other reviews applicable to the present circumstance. Based on that examination and the facts and circumstances of the competing applications in this review, Iredell County Health and Rehabilitation Center considered the following comparative factors:

- Conformity with Review Criteria
- Geographic Accessibility
- Competition (Patient Access to a New Provider)
- Private vs. Non-Private Rooms
- Access by Underserved Groups
 - Projected Medicare
 - Projected Medicaid
- Projected Average Net Revenue per Case
- Projected Average Operating Expense per Case
- Projected Capital Cost per NF Bed
- Projected Direct Care Staffing
 - Projected CNA Hours per NF Bed Day
 - Projected LPN Hours per NF Bed Day
 - Projected RN Hours per NF Bed Day

Iredell County Health and Rehabilitation Center believes that the factors presented above and discussed in turn below should be used by the Project Analyst in reviewing the competing applications.

Conformity with Applicable Statutory and Regulatory Review Criteria

As discussed in the application-specific comments above, the SanStone application is non-conforming with at least five statutory and regulatory review criteria. The SanStone application is non-conforming with Criteria 3, 3a, 5, 12, and 13. In contrast, the Iredell County Health and Rehabilitation Center application conforms with all applicable statutory and regulatory review criteria. Therefore, regarding conformity with statutory and regulatory review criteria, the Iredell County Health and Rehabilitation Center application is the most effective alternative.

Geographic Accessibility

Iredell County Health and Rehabilitation Center and SanStone propose to develop the NF beds in Iredell County, specifically the Davidson Township. Both applicants will increase access to NF services in southern Iredell County. Therefore, regarding geographic accessibility, both applications are equally effective (although, as noted above, SanStone has not adequately demonstrated that its proposed site can be developed for NF use).

Competition (Patient Access to a New Provider)

Iredell County Health and Rehabilitation Center and SanStone propose to develop new NFs in Iredell County. According to Form O of each respective application, neither owner(s) of Iredell County Health and Rehabilitation Center nor SanStone own, operate, or manage a NF in Iredell County. As such, both applications are equally effective in regard to patient access to a new provider in the county.

Private vs. Non-Private Rooms

As noted on page 33 and demonstrated in Exhibit K.1 of the Iredell County Health and Rehabilitation Center application, Iredell County Health and Rehabilitation Center is proposed to include 63 private rooms and 13 shared suites (“semi-private”). Further, as discussed on page 28 and shown in Exhibit K.1 of the SanStone application, the 50 NF beds proposed to be relocated and developed as a result of the proposed project will be located in private rooms. Thus, even though the SanStone application proposes to construct all private rooms, Iredell County Health and Rehabilitation Center will have 13 more single occupancy rooms than the SanStone facility and will include 13 semi-private rooms for residents that desire a roommate such as a spouse or family member. As such, Iredell County Health and Rehabilitation Center is more effective regarding the number of private versus non-private NF beds to be developed in Iredell County.

Access by Underserved Groups

The following table shows projected NF bed days provided to Medicare and Medicaid recipients in the third project year following completion of the project, based on the information provided in Section L.3(a) and Form C of each application.

Medicare and Medicaid NF Bed Days – Project Year 3

Applicant	Medicare NF Bed Days	Medicaid NF Bed Days	Total Medicare & Medicaid NF Bed Days
Iredell County Health and Rehab.	6,871	20,367	27,238
SanStone	6,570	7,884	14,455

Source: Section L.3.a and Form C of the respective applications.

As shown above, Iredell County Health and Rehabilitation Center projects to serve a higher number of Medicare and Medicaid NF bed days in project year 3. As such, Iredell County Health and Rehabilitation Center is more effective in regard to serving Medicare and Medicaid patients.

Projected Average Net Revenue per NF Bed Day

The following table shows the projected net revenue per NF bed day in the third year of operation based on the information provided in each applicant’s pro forma financial statements (Form F.2).

Average Net Revenue per Discharge – Project Year 3

Applicant	NF Bed Days	Net Revenue	Average Net Revenue Per NF Bed Day
Iredell County Health and Rehab.	30,536	\$510,774	\$17
SanStone	16,426	\$98,177	\$6

Source: Forms C and F.2 of the respective applications.

As shown above, SanStone projects a lower average net revenue per NF bed day during project year 3; however, the SanStone application is non-conforming with Criteria 3, 3a, 5, 12, and 13 and should not be approved. Therefore, the Iredell County Health and Rehabilitation Center application is the most effective alternative.

Projected Average Operating Expense per Discharge

The following table shows the projected average operating expense per NF bed day in the third year of operation for both applicants, based on the information provided in applicants’ pro forma financial statements (Form F.3).

Average Operating Expense per Discharge – Project Year 3

Applicant	NF Bed Days	Operating Expenses	Average Operating Expense Per NF Bed Day
Iredell County Health and Rehab.	30,536	\$11,052,975	\$362
SanStone	16,426	\$7,327,703	\$446

Source: Forms C and F.3 of the respective applications.

As shown above, Iredell County Health and Rehabilitation Center projects a lower average operating expense per NF bed day in project year 3 and is therefore more effective.

Projected Capital Cost per NF Bed

The following table shows the projected capital cost per NF bed for both applicants, based on the information provided in applicants’ pro forma financial statements (Forms C and F.1).

Average Operating Expense per Discharge – Project Year 3

Applicant	NF Beds	Operating Expenses	Average Operating Expense Per NF Bed Day
Iredell County Health and Rehab.	89	\$25,845,752	\$290,402
SanStone	50	\$31,210,000	\$624,200

Source: Forms C and F.1 of the respective applications.

As shown above, the SanStone application projects a capital cost per NF bed that is **more than twice** that of the Iredell County Health and Rehabilitation Center. Given this information, the Iredell County Health and Rehabilitation Center application is more effective regarding projected capital cost per NF bed.

Projected Direct Care Staffing

The following table shows the projected CNA, LPN, and RN hours per NF bed day in the third year of operation for both applicants, based on the information provided in applicants’ pro forma financial statements (Form F and Form H).

Average Operating Expense per Discharge – Project Year 3

Applicant	NF Bed Days	CNA Hours Per NF Bed Day*	LPN Hours Per NF Bed Day**	RN Hours Per NF Bed Day^	Total Direct Care Hours Per NF Bed Day
Iredell County Health and Rehab.	30,536	2.00	0.85	0.50	3.35
SanStone	16,426	1.90	0.51	0.89	3.29

Source: Forms C and H of the respective applications.

As shown above, Iredell County Health and Rehabilitation Center projects to provide a higher number of CNA, LPN, and Total Direct Care hours per NF bed day in project year 3. SanStone projects to provide a higher number of RN hours per NF bed day, however, the SanStone application is non-conforming to Criteria 3, 3a, 5, 12, and 13 and should not be approved. Thus, the Iredell County Health and Rehabilitation Center application is more effective in regard to projected direct care staffing.

Summary of Comparative Analysis

The following table summarizes the comparative analysis for the competing applications.

Applicant	Iredell County Health and Rehabilitation Center	SanStone
Conformity with Review Criteria	Yes	No
Geographic Accessibility	Equally Effective	Equally Effective, But Not Approvable
Competition (Access to a new Provider)	Equally Effective	Equally Effective, But Not Approvable
Private vs. Non-Private Rooms	More Effective	Less Effective
Access by Underserved Groups - Medicare	More Effective	Less Effective
Access by Underserved Groups - Medicaid	More Effective	Less Effective
Average Net Revenue per NF Bed Day	Less Effective	More Effective, But Not Approvable
Average Operating Expense per NF Bed Day	More Effective	Less Effective
Projected Capital Cost per NF Bed	More Effective	Less Effective
CNA Hours per NF Bed Day	More Effective	Less Effective
LPN Hours per NF Bed Day	More Effective	Less Effective
RN Hours per NF Bed Day	Less Effective	More Effective, But Not Approvable
Total Direct Care Hours per NF Bed Day	More Effective	Less Effective

SUMMARY

In summary, Iredell County Health and Rehabilitation Center believes that its application represents the most effective alternative to meet the entire 89 NF bed deficit in Iredell County. Iredell County Health and Rehabilitation Center is also fully conforming to all applicable statutory and regulatory review criteria and is comparatively superior on the relevant factors in this review. As such, the Iredell County Health and Rehabilitation Center application should be approved.

Please note that in no way does Iredell County Health and Rehabilitation Center intend for these comments to change or amend its application filed on April 15, 2024. If the Agency considers any of these comments to be amending the Iredell County Health and Rehabilitation Center application, those responses should not be considered.