

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: January 27, 2012
FINDINGS DATE: February 3, 2012
PROJECT ANALYST: Michael J. McKillip
ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBERS:

J-8711-11 / Hillcrest Convalescent Center, Inc. / Develop a 120-bed nursing facility in Wake Forest / Wake County (**Hillcrest-Wake Forest**)

J-8712-11 / Wake County H & R Re, Limited Partnership (lessor), Wake County H & R Ops, Limited Partnership (lessee), Medical Facilities of North Carolina, Inc. and Medical Facilities of America, Inc. / Develop a 120-bed nursing facility in Cary / Wake County (**Wake Health & Rehab-Cary**)

J-8713-11 / Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) / Develop a 120-bed nursing facility in the Brier Creek area / Wake County (**Britthaven-Brier Creek**)

J-8714-11 / Universal Properties/North Raleigh, LLC (lessor) and Universal Health Care/North Raleigh, Inc. (lessee) / Develop 20 additional nursing beds at an existing North Raleigh facility for a total of 132 nursing facility beds and 20 adult care home beds upon completion / Wake County (**Universal-North Raleigh**)

J-8715-11 / Britthaven, Inc. (lessor) and Redwood LTC Group, LLC (lessee) / Develop a 100-bed nursing facility in Garner / Wake County (**Britthaven-Garner**)

J-8717-11 / AH North Carolina Owner, LLC / Develop a 90-bed nursing facility in North Raleigh / Wake County (**Brookdale-North Raleigh**)

J-8719-11 / UniHealth Post-Acute Care-Raleigh, LLC and Wake Health Properties, Inc. / Develop 20 additional nursing beds at an existing 150-bed Raleigh facility for a total of 170 nursing facility beds upon completion / Wake County (**UniHealth-Raleigh**)

J-8720-11 / UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc. / Develop a 100-bed nursing facility in Morrisville / Wake County (**UniHealth-Cary**)

J-8721-11 / Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) / Develop 60 additional nursing beds at an existing Fuquay Varina facility for a total of 109 nursing facility beds and 31 adult care home beds upon completion / Wake County (**Universal-Fuquay Varina**)

J-8722-11 / UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc. / Develop a 120-bed nursing facility in the Brier Creek area / Wake County (**UniHealth-North Raleigh**)

J-8723-11 / Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC / Develop a 130-bed nursing facility in Garner with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing / Wake County (**Liberty-Garner**)

J-8726-11 / Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC / Develop a 130-bed nursing facility in Morrisville with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing / Wake County (**Liberty-Morrisville**)

J-8727-11 / Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC / Develop a 130-bed nursing facility in North Raleigh with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing / Wake County (**Liberty-North Raleigh**)

J-8729-11 / E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) / Develop a 100-bed nursing facility on Rock Quarry Road in Raleigh / Wake County (**BellaRose-Raleigh**)

J-8730-11 / Cary Operations, LLC d/b/a The Rehabilitation and Nursing Center at Cary / Develop a 120-bed nursing facility in Cary / Wake County (**Rehab & Nursing Center-Cary**)

J-8731-11 / Raleigh Operations, LLC d/b/a The Rehabilitation and Nursing Center at Raleigh / Develop a 120-bed nursing facility in Raleigh / Wake County (**Rehab & Nursing Center-Raleigh**)

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

Wake Health & Rehab-Cary
Britthaven-Brier Creek
Britt Haven-Garner

CA

BellaRose-Raleigh
Universal-Fuquay Varina

NC

All Other Applications

The 2011 State Medical Facilities Plan (2011 SMFP) establishes a need determination for 240 additional nursing care beds in Wake County. Sixteen applications were submitted to the Certificate of Need Section. The sixteen applications propose a total of 1,570 nursing care beds. However, the limit on the number of nursing care beds that may be approved is 240 beds. Three SMFP policies are applicable to the review: NH-8, GEN-3, and GEN-4. Each proposal and its conformity with this criterion are briefly described below.

Hillcrest Convalescent Center, Inc. [**Hillcrest-Wake Forest**] proposes to develop a 120-bed nursing facility in Wake Forest. The applicant does not propose to develop more than 240 new beds.

Wake County H & R Re, Limited Partnership (lessor), Wake County H & R Ops, Limited Partnership (lessee), Medical Facilities of North Carolina, Inc. and Medical Facilities of America, Inc. [**Wake Health & Rehab-Cary**] propose to develop a 120-bed nursing facility in Cary. The applicants do not propose to develop more than 240 new beds.

Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) [**Britthaven-Brier Creek**] propose to develop a 120-bed nursing facility in the Brier Creek area. The applicants do not propose to develop more than 240 new beds.

Universal Properties/North Raleigh, LLC (lessor) and Universal Health Care/North Raleigh, Inc. (lessee) [**Universal-North Raleigh**] propose to develop 20 additional nursing beds at

an existing North Raleigh facility for a total of 132 nursing facility beds and 20 adult care home beds upon project completion. The applicants do not propose to develop more than 240 new beds.

Britthaven, Inc. (lessor) and Redwood LTC Group, LLC (lessee) [**Britthaven-Garner**] propose to develop a 100-bed nursing facility in Garner. The applicants do not propose to develop more than 240 new beds.

AH North Carolina Owner, LLC [**Brookdale-North Raleigh**] proposes to develop a 90-bed nursing facility in North Raleigh. The applicant does not propose to develop more than 240 new beds.

UniHealth Post-Acute Care-Raleigh, LLC and Wake Health Properties, Inc. [**UniHealth-Raleigh**] propose to develop 20 additional nursing beds at an existing 150-bed Raleigh facility for a total of 170 nursing care beds upon project completion. The applicants do not propose to develop more than 240 new beds.

UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc. [**UniHealth-Cary**] propose to develop a 100-bed nursing facility in Morrisville. The applicants do not propose to develop more than 240 new beds.

Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) [**Universal-Fuquay Varina**] propose to develop 60 additional nursing beds at an existing Fuquay Varina facility for a total of 109 nursing facility beds and 31 adult care home beds upon project completion. The applicants do not propose to develop more than 240 new beds.

UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc. [**UniHealth-North Raleigh**] propose to develop a 120-bed nursing facility in the Brier Creek area. The applicants do not propose to develop more than 240 new beds.

Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC [**Liberty-Garner**] propose to develop a 130-bed nursing facility in Garner with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing and Rehabilitation Center in Raleigh. The applicants do not propose to develop more than 240 new beds.

Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC [**Liberty-Morrisville**] propose to develop a 130-bed nursing facility in Morrisville with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing and Rehabilitation Center in Raleigh. The applicants do not propose to develop more than 240 new beds.

Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC [**Liberty-North Raleigh**] propose to develop a 130-bed nursing facility in North Raleigh with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing and Rehabilitation Center in Raleigh. The applicants do not propose to develop more than 240 new beds.

E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) [**BellaRose-Raleigh**] propose to develop a 100-bed nursing facility on Rock Quarry Road in Raleigh. The applicants do not propose to develop more than 240 new beds.

Cary Operations, LLC d/b/a The Rehabilitation and Nursing Center at Cary [**Rehab & Nursing Center-Cary**] proposes to develop a 120-bed nursing facility in Cary. The applicant does not propose to develop more than 240 new beds.

Raleigh Operations, LLC d/b/a The Rehabilitation and Nursing Center at Raleigh [**Rehab & Nursing Center-Raleigh**] proposes to develop a 120-bed nursing facility in Raleigh. The applicant does not propose to develop more than 240 new beds.

Policy NH-8: Innovations in Facility Design in the 2011 SMFP is applicable to the review of these proposals. The policy states

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

Hillcrest-Wake Forest. In Section III.4, pages 62-68, the applicant describes its “*neighborhood concept*” and other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Wake Health & Rehab-Cary. In Section III.4, pages 75-80, and Exhibits 13 and 15, the applicants describe their “*culture change*” and other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Britthaven-Brier Creek. In Section I.12(b), pages 18-23, Section III.4, page 123, Appendix U and Appendix X, the applicants describe their “*culture change*” and other innovative approaches in care practices, work place practices and environmental design that address

quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Universal-North Raleigh. In Section II.2, pages 20-23, and Section III.4, pages 49-50, the applicants describe their “*neighborhood design*” and other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Britthaven-Garner. In Section I.12(b), pages 18-23, Section III.4, page 123, and Appendix X, the applicants describe their “*culture change*” and other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Brookdale-North Raleigh. In Section II.2, pages 24-34, 42-44, and Section III.4, pages 74-76, the applicant describes its “*home-like*” design and “*patient-centered*” philosophy and other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

UniHealth-Raleigh. In Section III.4, pages 151-159, the applicants describe their “*home-like design*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

UniHealth-Cary. In Section III.4, pages 149-157, the applicants describe their “*home-like design*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Universal-Fuquay Varina. In Section II.2, pages 20-23, and Section III.4, pages 55-57, the applicants describe their “*hybrid neighborhood design*” and other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

UniHealth-North Raleigh. In Section III.4, pages 153-162, the applicants describe their “*home-like design*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Liberty-Garner. In Section III.4, pages 63-69, the applicants describe their “*home-like features*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Liberty-Morrisville. In Section III.4, pages 63-69, the applicants describe their “*home-like features*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Liberty-North Raleigh. In Section III.4, pages 63-69, the applicants describe their “*home-like features*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Bellarose-Raleigh. In Section II.2, pages 23-24, and Section III.4, pages 38-39, the applicants describe their “*neighborhood design*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Rehab & Nursing Center-Cary. In Section III.4, pages 84-87, the applicant describes its “*home-like*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Rehab & Nursing Center-Raleigh. In Section III.4, pages 87-90, the applicant describes its “*home-like*” and “*culture change*” approach, other innovative approaches in care practices, work place practices and environmental design that address quality of care and quality of life needs of residents. Therefore, the application is conforming with Policy NH-8.

Policy GEN-3: Basic Principles is also applicable to this review. Policy GEN-3 states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Hillcrest-Wake Forest. In Section III.4, pages 69-70, the applicant describes how it believes the project would promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Hillcrest-Wake Forest does not demonstrate it will provide adequate access to

medically underserved populations. See Criterion (13c) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Wake Health & Rehab-Cary. In Section III.4, pages 80-88, the applicants describe how they believe the project conforms with Policy GEN-3. The applicants adequately demonstrate the proposal will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. See Criteria (3), (5), (7), (8), (12), and (13) for additional discussion. Therefore, the application is conforming with Policy GEN-3.

Britthaven-Brier Creek. In Section III.4, pages 124-130, the applicants describe how they believe the project conforms with Policy GEN-3. The applicants adequately demonstrate the proposal will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. See Criteria (3), (5), (7), (8), (12), (13) and (20) for additional discussion. Therefore, the application is conforming with Policy GEN-3.

Universal-North Raleigh. In Section III.4, pages 48-49, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Universal-North Raleigh does not demonstrate it will provide adequate access to medically underserved populations. See Criterion (13c) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Britthaven-Garner. In Section III.4, pages 123-130, the applicants describe how they believe the project conforms with Policy GEN-3. The applicants adequately demonstrate the proposal will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. See Criteria (3), (5), (7), (8), (12), (13) and (20) for additional discussion. Therefore, the application is conforming with Policy GEN-3.

Brookdale-North Raleigh. In Section III.4, pages 76-79, the applicant describes how it believes the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Brookdale-North Raleigh does not demonstrate it will provide adequate access to medically underserved populations. See Criterion (13c) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

UniHealth-Raleigh. In Section III.4, pages 160-163, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, UniHealth-Raleigh does not demonstrate it will provide adequate access to medically underserved populations. See Criteria (13a) and (13c) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

UniHealth-Cary. In Section III.4, pages 158-160, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while

promoting equitable access and maximizing healthcare value for resources expended. However, UniHealth-Cary does not demonstrate it will provide adequate access to medically underserved populations. See Criteria (13a) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Universal-Fuquay Varina. In Section III.4, page 54, the applicants describe how they believe the project conforms with Policy GEN-3. The applicants adequately demonstrate the proposal will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. See Criteria (3), (5), (7), (8), (12), (13) and (20) for additional discussion. Therefore, the application is conforming with Policy GEN-3.

UniHealth-North Raleigh. In Section III.4, pages 163-165, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, UniHealth-North Raleigh does not demonstrate it will provide adequate access to medically underserved populations. See Criteria (13a) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Liberty-Garner. In Section III.4, pages 62-63, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Liberty-Garner does not adequately demonstrate how its proposal will promote safety and quality. See Criterion (20) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Liberty-Morrisville. In Section III.4, pages 62-63, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Liberty-Morrisville does not adequately demonstrate how its proposal will promote safety and quality. See Criterion (20) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Liberty-North Raleigh. In Section III.4, pages 62-63, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Liberty-North Raleigh does not adequately demonstrate how its proposal will promote safety and quality. See Criterion (20) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

BellaRose-Raleigh. In Section III.4, page 38, the applicants describe how they believe the project conforms with Policy GEN-3. The applicants adequately demonstrate the proposal will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. See Criteria (3), (5), (7), (8), (12), (13) and (20) for additional discussion. Therefore, the application is conforming with Policy GEN-3.

Rehab & Nursing Center-Cary. In Section III.4, page 88, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Rehab & Nursing Center-Cary does not demonstrate it will provide adequate access to medically underserved populations. See Criteria (13a) and (13c) for additional discussion. Moreover, the applicants did not adequately demonstrate the proposal would maximize healthcare value for resources expended. See Criterion (5) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Rehab & Nursing Center-Raleigh. In Section III.4, pages 90-91, the applicants describe how they believe the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. However, Rehab & Nursing Center-Raleigh does not demonstrate it will provide adequate access to medically underserved populations. See Criteria (13a) and (13c) for additional discussion. Moreover, the applicants did not adequately demonstrate the proposal would maximize healthcare value for resources expended. See Criterion (5) for additional discussion. Therefore, the application is nonconforming with Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities is also applicable to this review. Policy GEN-4 states:

“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

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

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

Hillcrest-Wake Forest. In Section III.4, page 71, the applicant adequately describes the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Wake Health & Rehab-Cary. In Section III.4, pages 88-89, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Britthaven-Brier Creek. In Section III.4, pages 130-135, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Universal-North Raleigh. In Section VIII.1, page 87, the applicants project a total capital cost of \$1,490,200 for the proposed project. Therefore, Policy GEN-4 is not applicable to the application.

Britthaven-Garner. In Section III.4, pages 130-135, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Brookdale-North Raleigh. In Section III.4, page 79, the applicant adequately describes the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

UniHealth-Raleigh. In Section III.4, page 163, and Exhibit 54, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

UniHealth-Cary. In Section III.4, page 161, and Exhibit 51, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Universal-Fuquay Varina. In Section XI.14, page 119, the applicants describe methods that will be used by the facility to maintain efficient energy operations, but the application does not describe the project's plan to assure improved water conservation. Therefore, the application is conforming with Policy GEN-4, subject to the following condition:

Prior to issuance of the certificate of need, Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall provide to the Certificate of Need Section a written statement describing the project's plan to assure improved water conservation.

UniHealth-North Raleigh. In Section III.4, page 166, and Exhibit 51, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Liberty-Garner. The applicants did not specifically address Policy GEN-4 in Section III.4 of the application. However, in Section XI.14, pages 136-137, and Exhibit 34, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Liberty-Morrisville. The applicants did not specifically address Policy GEN-4 in Section III.4 of the application. However, in Section XI.14, pages 136-137, and Exhibit 34, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Liberty-North Raleigh. The applicants did not specifically address Policy GEN-4 in Section III.4 of the application. However, in Section XI.14, pages 136-137, and Exhibit 34, the applicants adequately describe the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Bellarose-Raleigh. In Section XI.14, page 104, the applicants describe methods that will be used by the facility to maintain efficient energy operations, but do not describe the project's plan to assure improved water conservation. Therefore, the application is conforming with Policy GEN-4 subject to the following condition:

Prior to issuance of the certificate of need, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall provide to the Certificate of Need Section a written statement describing the project's plan to assure improved water conservation.

Rehab & Nursing Center-Cary. In Section III.4, pages 88-90, the applicant adequately describes the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Rehab & Nursing Center-Raleigh. In Section III.4, pages 91-93, the applicant adequately describes the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is conforming with Policy GEN-4.

Summary

All 16 applications are conforming to the need determination in the 2011 SMFP for 240 nursing care beds in Wake County. However, the limit on the number of nursing care beds that may be approved in this review is 240 beds. Collectively, the 16 applicants propose a total of 1,570 nursing care beds. Therefore, even if all 16 applications were conforming or conditionally conforming to all statutory and regulatory review criteria, all 16 applications cannot be approved. (See the Comparative Analysis section for the decision.)

All 16 applications are conforming to Policy NH-8.

Fifteen applications are conforming or conditionally conforming to Policy GEN-4. Policy GEN-4 is not applicable to one of the applications.

Five applications are conforming to Policy GEN-3. The following 11 applications are nonconforming with Policy GEN-3:

- Hillcrest-Wake Forest
- Universal-North Raleigh
- Brookdale-North Raleigh
- UniHealth-Raleigh
- UniHealth-Cary
- UniHealth-North Raleigh
- Liberty-Garner
- Liberty-Morrisville
- Liberty-North Raleigh
- Rehab & Nursing Center-Cary
- Rehab & Nursing Center-Raleigh

Therefore, the 10 applications listed above are nonconforming with this criterion. The remaining six applications are conforming or conditionally conforming to this criterion.

- (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.

C
All Applications

Hillcrest-Wake Forest proposes to develop a new 120-bed nursing facility on Caveness Farms Avenue in Wake Forest. In Section I.12(a), page 12, the applicant states it currently operates Hillcrest Convalescent Center in Durham. The applicant does not operate any other nursing facilities in Wake County or elsewhere in North Carolina. In Sections II.2, pages 22-25, and II.4, page 27, the applicant states it will provide a full range of nursing, ancillary and support services. In Section III.1, pages 30-43, and referenced exhibits, the applicant provides documentation supporting the need for the proposed services.

In Section III.9(a), page 73, the applicant provides the projected patient origin for the proposed facility during the first full federal fiscal year of operation, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	89.4%
Durham	2.5%
Franklin	2.5%
Johnston	2.2%
Granville	1.1%
In-Migration	2.3%
Total	100.0%

As shown in the above table, the applicant projects that 89.4% of admissions will be residents of Wake County. In Section III.9(b), page 74 of the application, the applicant states, “*Patient origin was projected based on the patient origin percentages for the existing nursing care facilities in Wake County for FY2010.*” In Section IV.2, pages 78-79, the applicant provides projected utilization for the first three full federal fiscal years of operation. In Section IV.2, pages 79-91, the applicant provides the assumptions and methodology used to project utilization. The applicant adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Hillcrest-Wake Forest adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Wake Health & Rehab-Cary proposes to develop a new 120-bed nursing facility at Davis Drive and Airport Boulevard in Cary. In Section I.12(a), page 9, the applicants state Medical Facilities of North Carolina, the proposed management company for Wake Health & Rehab-Cary, currently operates nine nursing facilities in North Carolina, but does not operate any other nursing facilities in Wake County. In Sections II.2, pages 12-19, and II.4, page 21, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 27-63, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 90, the applicants provide the projected patient origin for the proposed facility during the first full federal fiscal year of operation, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	90%
Other*	10%
Total	100.0%

*On page 91, the applicants state “*Other*” includes Chatham, Durham, Orange, and Lee counties.

As shown in the above table, the applicants project that 90% of admissions will be residents of Wake County. In Section III.9(b), page 91 of the application, the applicants state projected patient origin is based on historical patient origin for existing Wake County nursing facilities, the applicants' historical experience at their existing North Carolina nursing facilities, discussions with local contacts in Wake County, research on emerging trends in the industry, and the proximity of proposed sites to county lines. In Section IV.2, pages 95-96, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, page 96, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Wake Health & Rehab-Cary adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek proposes to develop a new 120-bed nursing facility on Little Brier Creek Lane in Raleigh. In Section I.12, pages 12-14, the applicants provide a list of nursing facilities they own, manage or operate in North Carolina, including Tower Nursing and Rehab Center, which is located in Wake County. Also, on May 17, 2011, Britthaven of Holly Springs was approved (Project I.D. J-8618-10) to relocate 90 nursing care beds from Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) in Raleigh to a new facility to be developed in Holly Springs. In Sections II.2, pages 29-32, II.3, pages 32-52, and II.4, pages 56-57, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 73-106, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 137, the applicants provide the projected patient origin for the proposed facility during the first full federal fiscal year of operation, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	92%
Durham	2%
Franklin	2%
Orange	1%
Chatham	1%
Other NC	2%
Total	100.0%

As shown in the above table, the applicants project that 92% of admissions will be residents of Wake County. In Section III.9(b), pages 137-140, the applicants state projected patient origin is based on historical patient origin for existing Wake County nursing facilities, and the proximity of the proposed site to surrounding counties. In Section IV.2, pages 145-146, the applicants provide projected utilization for the first two full federal fiscal years of operation. In Section IV.2, page 144, the applicants provide the assumptions and methodology used to

project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Britthaven-Brier Creek adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Universal-North Raleigh proposes to add 20 new nursing care beds to an existing facility, located at 5201 Clarks Forks Drive in Raleigh, for a total of 132 nursing care beds and 20 adult care home beds upon project completion. In Section I.12, pages 8-9, the applicants provide a list of nursing facilities they own, manage or operate in North Carolina, including Litchford Falls Healthcare and Rehab Center and Universal Healthcare-Fuquay Varina, which are located in Wake County. [Note: The Universal-Fuquay Varina facility has not been operational since being damaged in a storm in September 2007. In Project I.D. # J-8449-09, the facility was approved to develop a replacement facility. That project is not yet complete.] In Sections II.2, pages 14-28, II.3, pages 28-33, and II.4, page 34, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 42-45, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 53, the applicants provide the projected patient origin for the nursing facility (NF) and adult care home (ACH) beds at the facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS	PERCENT OF TOTAL ACH ADMISSIONS
Wake	93%	93%
Franklin	5%	2%
Johnston	0.5%	0%
Nash	0.5%	0%
Orange	0.5%	0%
Durham	0.5%	5%
Total	100.0%	100.0%

As shown in the above table, the applicants project that 93% of admissions will be residents of Wake County. In Section III.9(b), page 54 of the application, the applicants state projected patient origin is based on historical patient origin for Universal-North Raleigh. In Section IV.2, pages 58-59, the applicants provide projected utilization for the first two full federal fiscal years of operation. In Section IV.2, page 57, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Universal-North Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Britthaven-Garner proposes to develop a new 100-bed nursing facility on Waterfield Drive in Garner. In Section I.12, pages 12-14, the applicants provide a list of nursing facilities they own, manage or operate in North Carolina, including Tower Nursing and Rehab Center, which is located in Wake County. Also, on May 17, 2011, Britthaven of Holly Springs was approved (Project I.D. J-8618-10) to relocate 90 nursing care beds from Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) in Raleigh to a new facility to be developed in Holly Springs. In Sections II.2, pages 29-32, II.3, pages 32-52, and II.4, pages 56-57, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 73-106, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 137, the applicants provide the projected patient origin for the proposed facility during the first full federal fiscal year of operation, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	92%
Johnston	2%
Harnett	2%
Nash	1%
Chatham	1%
Other NC	2%
Total	100.0%

As shown in the above table, the applicants project that 92% of admissions will be residents of Wake County. In Section III.9(b), pages 137-140, the applicants state projected patient origin is based on historical patient origin for existing Wake County nursing facilities, and the proximity of the proposed site to surrounding counties. In Section IV.2, pages 145-146, the applicants provide projected utilization for the first two full federal fiscal years of operation. In Section IV.2, page 144, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Britthaven-Garner adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh proposes to develop a new 90-bed nursing facility at 1200 Carlos Drive in Raleigh. In Section I.12(a), page 11, the applicant states it does not operate any other nursing facilities in Wake County or elsewhere in North Carolina. However, the applicant's parent company, Brookdale Senior Living, Inc. owns one nursing facility in Mecklenburg County. In Sections II.2, pages 24-44, and II.4, pages 46-47, the applicant states it will provide a full range of nursing, ancillary and support services. In Section III.1, pages 50-69, and referenced exhibits, the applicant provides documentation supporting the need for the proposed services.

In Section III.9(a), page 83, the applicant provides the projected patient origin for the proposed facility during the first full federal fiscal year of operation, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	88.9%
Other*	11.1%
Total	100.0%

*The applicant provides a list of counties included in the "Other" category on page 83 of the application.

As shown in the above table, the applicant projects that 88.9% of admissions will be residents of Wake County. In Section III.9(b), page 83 of the application, the applicant states, "*The projected patient origin is based on the historical patient origin of Wake County nursing facilities using the FY 2010 data provided in the 2011 nursing facility license renewal applications.*" In Section IV.2, page 86, the applicant provides projected utilization for the first three full federal fiscal years of operation. In Section IV.2, pages 85-88, the applicant provides the assumptions and methodology used to project utilization. The applicant adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Brookdale-North Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh proposes to add 20 new nursing care beds to an existing facility, located at 2420 Lake Wheeler Road in Raleigh, for a total of 170 nursing care beds upon project completion. All 20 beds would be added to the facility's existing Alzheimer's Special Care Unit. In Section I.12, page 16, the applicant states UniHealth-Raleigh owns and operates only one nursing facility in North Carolina. In Section I.12, pages 16-17, the applicants identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Raleigh, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicant provides a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including The Oaks at Mayview, which is located in Wake County. In Sections II.2, pages 43-71, II.3, pages 72-90, and II.4, pages 90-93, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 117-143, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 166, the applicants provide the projected patient origin for the nursing facility beds at the facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	92.8%
Johnston	3.6%
Durham	1.4%
Harnett	1.4%
Franklin	0.7%
Total	100.0%

As shown in the above table, the applicants project that 92.8% of admissions will be residents of Wake County. In Section III.9(b), page 166, the applicants state projected patient origin is based on historical patient origin for UniHealth-Raleigh. In Section IV.2, pages 170-172, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, pages 173-174, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, UniHealth-Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

UniHealth-Cary proposes to develop a new 100-bed nursing facility at 1600 Wilson Road in Morrisville. In Section I.12, page 17, the applicant states UniHealth-Cary does not own or operate any nursing facilities in North Carolina. In Section I.12, page 17, the applicants identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicant provides a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including The Oaks at Mayview and UniHealth Post-Acute Care-Raleigh, which are located in Wake County. In Sections II.2, pages 44-75, II.3, pages 76-87, and II.4, pages 88-90, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 115-142, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 163, the applicants provide the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95.0%
Chatham	3.5%
Harnett	0.8%
Lee	0.7%
Total	100.0%

As shown in the above table, the applicants project that 95% of admissions will be residents of Wake County. In Section III.9(b), page 164, the applicants state projected patient origin is based on historical patient origin for the existing nursing facilities located in the Cary area. In Section IV.2, pages 168-170, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, pages 171-172, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, UniHealth-Cary adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina proposes to add 60 new nursing care beds to an approved, but not yet constructed replacement facility, in Fuquay Varina, for a total of 109 nursing care beds and 31 adult care home beds upon project completion. On May 11, 2010, the applicant was approved (Project I.D. # J-8449-09) to relocate and replace an existing nursing facility, Brighton Manor, with a new facility with 49 nursing care beds and 31 adult care home beds to be located at Judd Parkway and Barneswyck Drive in Fuquay Varina. In Section III.1, page 49, the applicant states construction of the replacement facility was scheduled to begin on September 15, 2011. In Section I.12, pages 8-9, the applicants provide a list of nursing facilities they own, manage or operate in North Carolina, including Litchford Falls Healthcare and Rehab Center and Universal Healthcare-North Raleigh, which are located in Wake County. In Sections II.2, pages 14-29, II.3, pages 29-37, and II.4, page 39, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 47-50, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 60, the applicants provide the projected patient origin for the nursing facility (NF) and adult care home (ACH) beds at the facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS	PERCENT OF TOTAL ACH ADMISSIONS
Wake	96%	96%
Harnett	2%	2%
Johnston	2%	2%
Total	100.0%	100.0%

As shown in the above table, the applicants project that 96% of admissions will be residents of Wake County. In Section III.9(b), page 60 of the application, the applicants state projected patient origin is based on historical patient origin for existing Wake County providers, and Universal Healthcare's past experience operating Brighton Manor. In Section IV.2, pages 64-65, the applicants provide projected utilization for the first two full federal fiscal years of operation. In Section IV.2, page 63, the applicants provide the assumptions and methodology

used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Universal-Fuquay Varina adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh proposes to develop a new 120-bed nursing facility at 11109 Glenwood Avenue and 2501 T.W. Alexander Drive in the Brier Creek area of North Raleigh. In Section I.12, page 17, the applicant states UniHealth-North Raleigh does not own or operate any nursing facilities in North Carolina. In Section I.12, page 17, the applicants identify United Health Services, Inc. (UHS) as the parent company for UniHealth-North Raleigh, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including The Oaks at Mayview and UniHealth Post-Acute Care-Raleigh, which are located in Wake County. In Sections II.2, pages 44-74, II.3, pages 74-90, and II.4, pages 90-93, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 118-144, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 168, the applicants provide the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95.9%
Franklin	3.5%
Durham	0.6%
Total	100.0%

As shown in the above table, the applicants project that 95.9% of admissions will be residents of Wake County. In Section III.9(b), page 169, the applicants state projected patient origin is based on historical patient origin for the existing nursing facilities located in North Raleigh. In Section IV.2, pages 174-176, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, pages 177-178, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, UniHealth-North Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Liberty-Garner proposes to develop a new 130-bed nursing facility on White Oak Road in Garner by developing 120 new nursing care beds and relocating 10 existing nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh. In Section I.11(b), page

17, the applicants state the sole member of Liberty Properties, LLC is Liberty Real Properties, LLC. Mr. John McNeill, Jr. and Mr. Ronald McNeill are the two manager/members in the limited liability company. The sole member of Wake County Rehabilitation Center (Liberty-Garner) is Liberty Long Term Care, LLC. The sole member of Liberty Long Term Care, LLC is Liberty Healthcare Group, LLC. Mr. John McNeill, Jr. and Mr. Ronald McNeill are the two member/managers of Liberty Healthcare Group, LLC. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. In Sections II.2, pages 22-43, II.3, pages 43-49, and II.4, pages 50-51, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 55-59, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 71, the applicants provide the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95%
Johnston	2%
Harnett	1%
Other*	2%
Total	100.0%

*The applicant includes Nash, Durham, and Chatham counties in the "Other" category.

As shown in the above table, the applicants project that 95% of admissions will be residents of Wake County. In Section III.9(b), pages 71-72, the applicants state projected patient origin is based on "historical knowledge of operating a skilled nursing facility in Wake County, the State Medical Facilities Plan, the physical location of the proposed site, and Wake County license renewal applications." In Section IV.2, pages 76-78, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, page 74, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Liberty-Garner adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Liberty-Morrisville proposes to develop a new 130-bed nursing facility on McCrimmon Parkway in Morrisville by developing 120 new nursing care beds and relocating 10 existing nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh. In Section I.11(b), page 17, the applicants state the sole member of Liberty Properties, LLC is Liberty Real Properties, LLC. Mr. John McNeill, Jr. and Mr. Ronald McNeill are the two manager/members in the limited liability company. The sole member of Wake County

Rehabilitation Center (Liberty-Garner) is Liberty Long Term Care, LLC. The sole member of Liberty Long Term Care, LLC is Liberty Healthcare Group, LLC. Mr. John McNeill, Jr. and Mr. Ronald McNeill are the two member/managers of Liberty Healthcare Group, LLC. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. In Sections II.2, pages 22-43, II.3, pages 43-49, and II.4, pages 50-51, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 55-59, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 71, the applicants provide the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95%
Durham	2%
Granville	1%
Franklin	1%
Other*	1%
Total	100.0%

*The applicant includes Orange, Johnston, and Chatham counties in the "Other" category.

As shown in the above table, the applicants project that 95% of admissions will be residents of Wake County. In Section III.9(b), pages 71-72, the applicants state projected patient origin is based on "historical knowledge of operating a skilled nursing facility in Wake County, the State Medical Facilities Plan, the physical location of the proposed site, and Wake County license renewal applications." In Section IV.2, pages 76-78, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, page 74, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Liberty-Morrisville adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh proposes to develop a new 130-bed nursing facility at 7522 Ray Road in Raleigh by developing 120 new nursing care beds and relocating 10 existing nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh. In Section I.11(b), page 17, the applicants state the sole member of Liberty Properties, LLC is Liberty Real Properties, LLC. Mr. John McNeill, Jr. and Mr. Ronald McNeill are the two manager/members in the limited liability company. The sole member of Wake County Rehabilitation Center (Liberty-Garner) is Liberty Long Term Care, LLC. The sole member of Liberty Long Term Care, LLC is Liberty Healthcare Group, LLC. Mr. John McNeill, Jr.

and Mr. Ronald McNeill are the two member/managers of Liberty Healthcare Group, LLC. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. In Sections II.2, pages 22-43, II.3, pages 43-49, and II.4, pages 50-51, the applicants state they will provide a full range of nursing, ancillary and support services. In Section III.1, pages 55-59, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 71, the applicants provide the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95%
Durham	2%
Granville	1%
Franklin	1%
Other*	1%
Total	100.0%

*The applicant includes Orange, Johnston, and Chatham counties in the "Other" category.

As shown in the above table, the applicants project that 95% of admissions will be residents of Wake County. In Section III.9(b), pages 71-72, the applicants state projected patient origin is based on "historical knowledge of operating a skilled nursing facility in Wake County, the State Medical Facilities Plan, the physical location of the proposed site, and Wake County license renewal applications." In Section IV.2, pages 76-78, the applicants provide projected utilization for the first three full federal fiscal years of operation. In Section IV.2, page 74, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Liberty-North Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

BellaRose-Raleigh proposes to develop a new 100-bed nursing facility at 5120 Rock Quarry Road in Raleigh. In Section I.12, page 14, the applicants state neither E.N.W., LLC (lessor) nor BellaRose Nursing and Rehab Center, Inc. (lessee) owns, operates, or manages any nursing facilities in North Carolina. However, on page 15, the applicants state that four of the "principals" in the applicant companies, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee), hold ownership interests in other nursing facilities in North Carolina, including Hillside Nursing Center of Wake Forest and Windsor Point in Fuquay Varina, which are located in Wake County. In Sections II.2, pages 19-24, II.3, pages 24-25, and II.4, pages 26-27, the applicants state they will provide a full range of nursing, ancillary

and support services. In Section III.1, pages 30-32, and referenced exhibits, the applicants provide documentation supporting the need for the proposed services.

In Section III.9(a), page 41, the applicants provide the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95%
Johnston	4%
Nash	1%
Total	100.0%

As shown in the above table, the applicants project that 95% of admissions will be residents of Wake County. In Section III.9(b), page 41, the applicants state projected patient origin is based on historical patient origin for the existing nursing facilities in Wake County and the proximity of the proposed site to contiguous counties. In Section IV.2, pages 46-47, the applicants provide projected utilization for the first two full federal fiscal years of operation. In Section IV.2, page 43, and Exhibit 21, the applicants provide the assumptions and methodology used to project utilization. The applicants adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, BellaRose-Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary proposes to develop a new 120-bed nursing facility at 6750 Tryon Road in Cary. In Section I.12, page 9, the applicant states it does not own, operate, or manage any nursing facilities in North Carolina. However, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. In Sections II.2, pages 20-33, II.3, pages 34-47, and II.4, pages 49-50, the applicant states it will provide a full range of nursing, ancillary and support services. In Section III.1, pages 53-74, and referenced exhibits, the applicant provides documentation supporting the need for the proposed services.

In Section III.9(a), page 92, the applicant provides the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	95.0%
Chatham	2.0%
Harnett	1.5%
Other*	1.5%
Total	100.0%

*The applicant includes Johnston, Lee, and Durham counties in the "Other" category.

As shown in the above table, the applicant projects that 95% of admissions will be residents of Wake County. In Section III.9(b), pages 92-93, the applicant states projected patient origin is based on historical patient origin for the existing nursing facilities in Wake County, the historical experience of the Blue Ridge Health Care Center, and the proximity and "excellent road access" of the proposed site to contiguous counties. In Section IV.2, pages 100-102, the applicant provides projected utilization for the first three full federal fiscal years of operation. In Section II.1, pages 18-19, the applicant provides the assumptions and methodology used to project utilization. The applicant adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Rehab & Nursing Center-Cary adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh proposes to develop a new 120-bed nursing facility at 3201 New Bern Avenue in Raleigh. In Section I.12, page 9, the applicant states it does not own, operate, or manage any nursing facilities in North Carolina. However, the applicant states that one of its "affiliated entities" operates Blue Ridge Health Care Center, which is located in Wake County. In Sections II.2, pages 22-35, II.3, pages 35-49, and II.4, pages 51-52, the applicant states it will provide a full range of nursing, ancillary and support services. In Section III.1, pages 55-73, and referenced exhibits, the applicant provides documentation supporting the need for the proposed services.

In Section III.9(a), page 94, the applicant provides the projected patient origin for the nursing facility beds at the proposed facility during the first full federal fiscal year of operation following completion of the project, as shown in the following table.

COUNTY	PERCENT OF TOTAL NF ADMISSIONS
Wake	92.0%
Johnston	3.0%
Franklin	1.5%
Other*	3.5%
Total	100.0%

*The applicant includes Durham, Granville, Harnett, and Chatham counties in the "Other" category.

As shown in the above table, the applicant projects that 92% of admissions will be residents of Wake County. In Section III.9(b), pages 94-96, the applicant states projected patient origin is based on historical patient origin for the existing nursing facilities in Wake County, the historical experience of the Blue Ridge Health Care Center, and the proximity of the proposed site to contiguous counties. In Section IV.2, pages 102-104, the applicant provides projected utilization for the first three full federal fiscal years of operation. In Section II.1, pages 20-21, the applicant provides the assumptions and methodology used to project utilization. The applicant adequately demonstrated that projected utilization is based on reasonable assumptions.

In summary, Rehab & Nursing Center-Raleigh adequately identified the population to be served and demonstrated the need this population has for the proposed services. Therefore, the application is conforming to this criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicants 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.

C

Liberty-Garner
Liberty-Morrisville
Liberty-North Raleigh

NA

All Other Applications

Liberty-Garner proposes to develop a new 130-bed nursing facility on White Oak Road in Garner by developing 120 new nursing care beds and relocating 10 existing nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh. In Section III.7, page 70, the applicants state

“The beds proposed to be relocated are currently vacant and have historically remained vacant. The applicants will not be relocating any persons. ... There are no residents currently being served that will be affected by this relocation of 10 skilled nursing beds. ... The beds will be relocated within Wake County, therefore there will be no impact on the ability of the residents to obtain the same services. In fact, these 10 skilled nursing beds will be joining 120 newly licensed skilled nursing beds in a new facility, so the Wake County residents will have increased [Emphasis in original] access to these services in the future, with the added benefit of 10 new private rooms at Capital Nursing.”

According to data reported in its *2011 Renewal Application for License to Operate a Nursing Home*, Capital Nursing and Rehabilitation Center provided 38,441 patient days of care and had an average daily census of 105 patients in its 125 licensed nursing care beds in FY2010. Therefore, the facility operated with an average of 20 vacant beds on any given day during FY2010.

In summary, Liberty-Garner has demonstrated that the needs of the population presently served will be met adequately by the proposed relocation of 10 nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh to the proposed new 130-bed facility in Garner. Therefore, the application is conforming to this criterion.

Liberty-Morrisville proposes to develop a new 130-bed nursing facility on McCrimmon Parkway in Morrisville by developing 120 new nursing care beds and relocating 10 existing nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh. In Section III.7, pages 70-71, the applicants state

“The beds proposed to be relocated are currently vacant and have historically remained vacant. The applicants will not be relocating any persons. ... There are no residents currently being served that will be affected by this relocation of 10 skilled nursing beds. ... The beds will be relocated within Wake County, therefore there will be no impact on the ability of the residents to obtain the same services. In fact, these 10 skilled nursing beds will be joining 120 newly licensed skilled nursing beds in a new facility, so the Wake County residents will have increased [Emphasis in original] access to these services in the future, with the added benefit of 10 new private rooms at Capital Nursing.”

According to data reported in its *2011 Renewal Application for License to Operate a Nursing Home*, Capital Nursing and Rehabilitation Center provided 38,441 patient days of care and had an average daily census of 105 patients in its 125 licensed nursing care beds in FY2010. Therefore, the facility operated with an average of 20 vacant beds on any given day during FY2010.

In summary, Liberty-Morrisville has demonstrated that the needs of the population presently served will be met adequately by the proposed relocation of 10 nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh to the proposed new 130-bed facility in Morrisville. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh proposes to develop a new 130-bed nursing facility at 7522 Ray Road in Raleigh by developing 120 new nursing care beds and relocating 10 existing nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh. In Section III.7, pages 70-71, the applicants state

“The beds proposed to be relocated are currently vacant and have historically remained vacant. The applicants will not be relocating any persons. ... There are no residents currently being served that will be affected by this relocation of 10 skilled nursing beds. ... The beds will be relocated within Wake County, therefore there will be no impact on the ability of the residents to obtain the same services. In fact, these 10 skilled nursing beds will be joining 120 newly licensed skilled nursing beds in a new facility, so the Wake County residents will have increased [Emphasis in original] access to these services in the future, with the added benefit of 10 new private rooms at Capital Nursing.”

According to data reported in its *2011 Renewal Application for License to Operate a Nursing Home*, Capital Nursing and Rehabilitation Center provided 38,441 patient days of care and had an average daily census of 105 patients in its 125 licensed nursing care beds in FY2010. Therefore, the facility operated with an average of 20 vacant beds on any given day during FY2010.

In summary, Liberty-North Raleigh has demonstrated that the needs of the population presently served will be met adequately by the proposed relocation of 10 nursing care beds from Capital Nursing and Rehabilitation Center in Raleigh to the proposed new 130-bed facility in North Raleigh. Therefore, the application is conforming to this criterion.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

Wake Health & Rehab-Cary
Britthaven-Brier Creek
Britthaven-Garner
Universal-Fuquay Varina
BellaRose-Raleigh

NC

All Other Applications

Hillcrest-Wake Forest. In Section III.2, pages 44-60, the applicant describes the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (13c) and (18a). Therefore, the applicant did not adequately demonstrate that the proposal is its most effective alternative. Thus, the application is not conforming to this criterion.

Wake Health & Rehab-Cary. In Section III.2, pages 63-73, the applicants describe the alternatives considered. Further, the application is conforming to all other applicable statutory and regulatory review criteria. See discussion in Criteria (1), (3), (5), (6), (7), (8), (12), (13), (14), (18a), and 10A NCAC 14C .1100. Wake Health & Rehab-Cary adequately demonstrated that the proposal is their most effective alternative. Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek. In Section III.2, pages 107-122, the applicants describe the alternatives considered. Further, the application is conforming to all other applicable statutory and regulatory review criteria. See discussion in Criteria (1), (3), (5), (6), (7), (8), (12), (13), (14), (18a), (20) and 10A NCAC 14C .1100. Britthaven-Brier Creek adequately demonstrated that the proposal is their most effective alternative. Therefore, the application is conforming to this criterion.

Universal-North Raleigh. In Section III.2, pages 46-47, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (13c), and (18a). Therefore, the applicants did not adequately demonstrate that the proposal is their most effective alternative. Thus, the application is not conforming to this criterion.

Britthaven-Garner. In Section III.2, pages 107-122, the applicants describe the alternatives considered. Further, the application is conforming to all other applicable statutory and regulatory review criteria. See discussion in Criteria (1), (3), (5), (6), (7), (8), (12), (13), (14), (18a), (20), and 10A NCAC 14C .1100. Britthaven-Garner adequately demonstrated that the proposal is their most effective alternative. Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh. In Section III.2, pages 44-60, the applicant describes the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (13c) and (18a). Therefore, Brookdale-North Raleigh did not adequately demonstrate that the proposal is its most effective alternative. Therefore, the application is not conforming to this criterion.

UniHealth-Raleigh. In Section III.2, pages 144-148, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (13a), (13c) and (18a). Therefore, the applicant did not adequately demonstrate that its proposal is the most effective alternative. Thus, the application is not conforming to this criterion.

UniHealth-Cary. In Section III.2, pages 142-145, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (13a) and (18a). Therefore, the applicant did not adequately demonstrate that the proposal is their most effective alternative. Thus, the application is not conforming to this criterion.

UniHealth-North Raleigh. In Section III.2, pages 145-149, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (13a) and (18a). Therefore, the applicants did not adequately demonstrate that the proposal is their most effective alternative. Thus, the application is not conforming to this criterion.

Universal-Fuquay Varina. In Section III.2, pages 51-53, the applicants describe the alternatives considered. Further, the application is conforming or conditionally conforming to all other applicable statutory and regulatory review criteria. See discussion in Criteria (1), (3), (5), (6), (7), (8), (12), (13), (14), (18a), (20), and 10A NCAC 14C .1100. Universal-Fuquay Varina adequately demonstrated that the proposal is their most effective alternative. Therefore, the application is conforming to this criterion.

Liberty-Garner. In Section III.2, pages 60-62, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (18a) and (20). Therefore, the applicants did not adequately demonstrate that the proposal is their most effective alternative. Thus, the application is not conforming to this criterion.

Liberty-Morrisville. In Section III.2, pages 60-62, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (18a) and (20). Therefore, the applicants did not adequately demonstrate that the proposal is their most effective alternative. Thus, the application is not conforming to this criterion.

Liberty-North Raleigh. In Section III.2, pages 60-62, the applicants describe the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (18a) and (20). Therefore, the applicants did not adequately demonstrate that the proposal is their most effective alternative. Thus, the application is not conforming to this criterion.

BellaRose-Raleigh. In Section III.2, pages 33-37, the applicants describe the alternatives considered. Further, the application is conforming or conditionally conforming to all other applicable statutory and regulatory review criteria. See discussion in Criteria (1), (3), (5), (6), (7), (8), (12), (13), (14), (18a), (20) and 10A NCAC 14C .1100. Therefore, BellaRose-Raleigh adequately demonstrated that the proposal is their most effective alternative. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section III.2, pages 75-83, the applicant describes the alternatives considered. However, the application is not conforming to all other applicable statutory review criteria. See discussion in Criteria (1), (5), (13a), (13c) and (18a). Therefore, the applicant did not adequately demonstrate that the proposal is its most effective alternative. Thus, the application is not conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section III.2, pages 74-85, the applicant describes the alternatives considered. However, the application is not conforming to all other applicable

statutory review criteria. See discussion in Criteria (1), (5), (13a), (13c) and (18a). Therefore, the applicant did not adequately demonstrate that the proposal is its most effective alternative. Thus, the application is not conforming to this criterion.

- (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
Rehab & Nursing Center-Cary
Rehab & Nursing Center-Raleigh

C
All Other Applications

Each application was evaluated to determine whether it adequately demonstrated the availability of funds to meet the operating and capital needs of the project; and for financial feasibility based on reasonable projections of costs and charges for each facility's second full federal fiscal year of operation. The costs and charges evaluated for each application include:

- direct (less ancillary) operating cost per patient day
- private pay charges for both private and semi-private rooms; and
- other issues related to the projected capital costs, operating expenses and revenue of the nursing facilities, including but not limited to, material omissions or inconsistencies in information.

Each facility's projected direct (less ancillary) operating cost per patient day in the second full fiscal year of operation was compared to the FY2009 Wake County and statewide average direct (less ancillary) operating cost per patient day. Direct operating costs include nursing care, dietary, social services, and patient activities. The ancillary cost is excluded from the direct operating cost in this comparison because many nursing homes contract with private companies which bill ancillary costs for private pay and Medicaid patients to Medicare Part B.

Indirect operating costs include laundry and linen, housekeeping, plant operation and maintenance, property ownership and use, and general and administrative. Indirect costs will vary depending on the characteristics of the proposed facility, such as, number of square feet and number of private rooms. Therefore, the Agency is unable to draw any conclusion, at this time, regarding the reasonableness of the facility's projected indirect costs.

For nursing care bed applications filed in 2011, applicants were instructed to “assume all current charges, rates, costs and salaries will not be inflated to future operating years.” (Emphasis in original). According to the August 2011 CON Section Monthly Report: “Applicants proposing a new nursing facility pursuant to a need determination in the 2011 SMFP should use the following rates:

- Nursing Home Direct (Median) - \$101.52 per day
- Nursing Home Indirect (Median) - \$31.13 per day
- NH Assessment <48,000 bed days - \$12.75 per day
- NH Assessment ≥48,000 bed days - \$6.25 per day

Existing Nursing Facilities proposing new beds or replacement beds should use their current rates with no inflation, i.e., hold all costs and charges constant in 2011 dollars.”

The most recent year for which Division of Medical Assistance (DMA) cost data for nursing facilities is available is FY2009. The table below shows the direct costs less direct ancillary costs, total direct costs, total indirect costs, and total costs per patient day for the existing Wake County nursing facilities based on FY2009 DMA cost data, excluding the nursing facilities operated by WakeMed and Rex Hospital, as well as nursing care beds operated by continuing care retirement communities (CCRCs).

Wake County Nursing Facilities*	Direct Costs Less Ancillary	Total Direct Costs/Day	Total Indirect Costs/Day	Total Costs Per Patient Day
Blue Ridge Health Care Center	125.62	147.05	41.17	188.22
Capital Nursing and Rehab Center	102.21	105.37	44.41	149.78
Cary Health & Rehab Center	101.24	103.64	61.34	164.98
City of Oaks Health & Rehab	110.77	112.97	37.3	150.27
Guardian Care of Zebulon	98.07	99.21	68.47	167.68
Hillside Nursing Center	100.11	100.84	31.50	132.34
Litchford Falls Healthcare & Rehab	98.58	106.66	35.46	142.12
Mayview Convalescent Center	158.55	158.60	40.77	199.37
Raleigh Rehab & HealthCare	110.06	115.35	47.69	163.04
Sunnybrook Healthcare & Rehab	124.29	127.58	67.86	195.44
The Laurels of Forest Glenn	109.98	112.33	56.21	168.54
The Oaks of Carolina, LLC	119.43	120.16	58.94	179.10
Universal/North Raleigh	97.08	100.98	39.75	140.73
Wellington Rehabilitation	100.27	102.08	56.22	158.30
Wake County Average	111.16	115.20	49.08	164.28
North Carolina State Average	104.89	109.26	45.62	154.88

*Excludes WakeMed Zebulon, WakeMed Fuquay Varina, Rex Rehabilitation and Nursing Care Center, and Rex Rehabilitation and Nursing Care Center of Apex. Also excludes Glenaire, Springmoor (Dan E. & Mary Louise Stewart Health Center), and Windsor Point continuing care retirement communities (CCRCs).

Private pay charges proposed in each application were compared to the 2010 private pay charges for existing nursing facilities in Wake County. Private pay charges were compared for both private rooms and semi-private rooms, as reported in the 2011 Renewal Application for License to Operate a Nursing Home. These private pay charges were compared to each applicant’s second full federal fiscal year of operation. The following table shows the 2010

private pay charges for nursing services for the existing nursing facilities in Wake County, listed from the highest to the lowest FY2010 private pay charge for a private room.

Wake County Nursing Facilities*	Private Room	Semi-private Room
Sunnybrook Healthcare & Rehab	\$250	\$230
Mayview Convalescent Center	\$239	\$198
The Oaks of Carolina, LLC	\$237	\$202
Cary Health & Rehab Center	\$210	\$199
Raleigh Rehab & HealthCare Center	\$206	\$197
Guardian Care of Zebulon	\$202	\$196
Wellington Rehabilitation	\$196	\$175
The Laurels of Forest Glenn	\$195	\$176
City of Oaks Health & Rehab Center	\$192	\$182
Universal Healthcare/North Raleigh	\$180	\$165
Litchford Falls Healthcare & Rehab	\$175	\$165
Capital Nursing and Rehab Center	\$170	\$150
Hillside Nursing Center	\$170	\$160

Source: 2011 Renewal Application for License to Operate a Nursing Home.

*Excludes WakeMed Zebulon, WakeMed Fuquay Varina, Rex Rehabilitation and Nursing Care Center, and Rex Rehabilitation and Nursing Care Center of Apex. Also excludes Blue Ridge Health Care Center, and three CCRC facilities: Glenaire, Springmoor (Dan E. & Mary Louise Stewart Health Center), and Windsor Point.

Hillcrest-Wake Forest proposes to develop a 120-bed nursing facility in Wake Forest. The applicant, Hillcrest Convalescent Center, Inc., projects the total capital cost for the proposed new facility will be \$17,916,708. In Section VIII.2, the applicant states the capital expenditure will be funded with a commercial loan. In Sections IX.1 and IX.2, the applicant projects \$218,390 in start-up expenses and \$378,622 in initial operating expenses, for total working capital of \$596,012, which will be financed with unrestricted cash of Hillcrest Convalescent Center. Exhibit 20 contains a letter dated August 10, 2011 from the CFO/Assistant Administrator for Hillcrest Convalescent Center, Inc., which states

“Hillcrest Convalescent Center, Inc. will obligate and commit the necessary funds through its cash and cash equivalents, up to \$600,000, for the sole purpose of funding the working capital needed during the start-up and initial operating period of the proposed 120-bed nursing facility.”

Exhibit 20 also contains a letter dated August 11, 2011 from the Senior Vice President and Business Banking Relationship Manager for Wachovia Bank, which states

“I am pleased that Hillcrest Convalescent Center, Inc. has approached Wachovia Bank, A Wells Fargo Company, for the financing necessary to develop a 120-bed nursing facility in northern Wake County. We understand that the loan will cover the costs associated with acquisition of land, site preparation, and construction of the building, interior design, and FF&E costs, as well as remaining project fees. The estimated cost of the project is \$18.0 million and we understand that you will be seeking financing for

the project. We are willing to consider financing the project after the CON has been approved and a full financial package has been submitted for underwriting review.”

In summary, the applicant adequately documented the availability of funding for the development of the proposed 120-bed nursing facility.

The following table compares the applicant’s second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Hillcrest-Wake Forest Second Full Federal Fiscal Year of Operation Fiscal Year 2016 (10/1/2015 – 9/30/2016)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$118.23
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$311.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	NA

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicant’s projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2016) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. Also, the applicant’s proposed private pay charges in the second year of operation (FY2016) are 24 percent [$\$311/\$250 = 1.24$] higher than the highest private room private pay charges for existing nursing facilities in Wake County in FY2010. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$1,160,931 from operations in the second year of operation following completion of the project.

In summary, the applicant adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Wake Health & Rehab-Cary proposes to develop a 120-bed nursing facility in Cary. The applicants, Wake County H & R Re, Limited Partnership (lessor) and Wake County H & R Ops, Limited Partnership (lessee) and Medical Facilities of North Carolina, Inc. and Medical Facilities of America, Inc., project the total capital cost for the proposed new facility will be \$13,650,000. In Section VIII.2, the applicants state the capital cost will be funded with a \$10,920,000 government loan (“*HUD-backed FHA Section 232*”) and \$2,730,000 in owner’s equity from Medical Facilities of America, Inc. (MFA) and Medical

Facilities of North Carolina, Inc. (MFNC). In Sections IX.1 and IX.2, the applicants project \$125,000 in start-up expenses and \$996,730 in initial operating expenses, for total working capital of \$1,121,730, which will be financed with unrestricted cash of MFA and MFNC. Exhibit 24 contains a letter dated August 10, 2011 from the Chief Financial Officer and Treasurer for MFA and MFNC, which states

“This letter is to advise you that Medical Facilities of North Carolina, Inc. and Medical Facilities of America, Inc., the general partner of Wake County H&R Ops, LP and Wake County H&R Re, LP, each has adequate liquid assets available to fund the anticipated equity for the capital costs of approximately \$2,730,000, the working capital of approximately \$1,121,730, which includes \$125,000 for start-up costs, and any other necessary funding as needed for the above referenced nursing center.”

Exhibit 25 contains the combined financial statements for Medical Facilities of North Carolina, Inc., which includes the combined balance sheets showing that MFNC had \$4.3 million in cash and cash equivalents as of September 30, 2010. Exhibit 25 also contains the combined financial statements for Medical Facilities of America, Inc., which includes the combined balance sheets showing that MFA had \$24.6 million in cash and cash equivalents as of December 31, 2009.

Exhibit 22 contains a letter dated August 8, 2011 from the Vice President for Lancaster Pollard Mortgage Company, which states

“This is to confirm our commitment to Wake County H&R Re, LP to provide construction and permanent financing pursuant to FHA Sec. 232 for their proposed 120 bed skilled nursing facility in Cary.”

The terms of the Lancaster Pollard letter stipulate that it will extend a loan for “*up to 80% of the \$13,650,000 in total project costs,*” which is equal to \$10,920,000 [$\$13,650,000 \times 0.80 = \$10,920,000$]. In summary, the applicants adequately documented the availability of funding for the development of the proposed 120-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Wake Health & Rehab-Cary Second Full Federal Fiscal Year of Operation Fiscal Year 2016 (10/1/2015 – 9/30/2016)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$105.88
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$250.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$225.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2016) is lower than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2016) are equal to the highest private pay charges for existing nursing facilities in Wake County in FY2010 for private rooms, and lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$392,325 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek proposes to develop a 120-bed nursing facility in the Brier Creek area. The applicants, Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee), project the total capital expenditure for the proposed new facility will be \$11,360,686. In Section VIII.2, the applicants state the lessor will fund \$10,699,186 of the capital cost and the lessee will fund \$661,500 of the capital cost. In Section VIII.2, the applicants state the lessor will fund \$10,699,186 of the capital cost with a \$7,500,000 commercial loan and \$3,199,186 in accumulated reserves from Britthaven, Inc. In Section VIII.2, the applicants state the lessee will fund the \$661,500 of the capital cost with accumulated reserves from Spruce LTC Group, LLC. In Sections IX.1 and IX.2, the applicants project \$109,745 in start-up expenses and \$707,970 in initial operating expenses, for total working capital of \$817,715, which will be financed with \$451,143 in "accounts receivable/working capital for Spruce LTC Group, LLC" and \$366,572 in a "Line of credit for Principle Long Term Care, Inc." Principle Long Term Care, Inc. is a 50% member of Spruce LTC Group, LLC. Exhibit P contains a letter dated August 12, 2011 from the Senior Relationship Manager for RBC Bank, which states

“RBC Bank would be glad to assist you in the financing of this project for the purpose of construction, permanent financing, and start-up costs, based upon the following terms and conditions:

- 1. Amount: \$7,500,000*
- 2. Interest Rate: Libor + 1.5% (Libor currently .20%)*
- 3. Term: 180 months.”*

Exhibit P also contains a letter dated August 12, 2011 from the Assistant Secretary for Spruce LTC Group, LLC, which states

“This is to certify that Spruce LTC Group, LLC will commit \$1,112,643 toward the capital purchase of equipment, initial operating losses, and start-up expenses for the above-referenced project. The remaining \$366,572 for capital costs, initial operating losses, and start-up expenses (for a combined total of \$1,479,215) will be provided by Principle Long Term Care, Inc., which has confirmed its willingness to meet this obligation under separate letter.”

Exhibit Q contains the unaudited financial statement (balance sheet) for Spruce LTC Group, LLC showing that Spruce LTC Group, LLC had \$3.9 million in current assets as of June 30, 2011. Exhibit P also contains a letter dated August 12, 2011 from the Assistant Secretary for Principle Long Term Care, Inc., which states

“This is to certify that Principle Long Term Care, Inc., a 50% member of Spruce LTC Group, LLC (“Spuce”) will provide at least \$366,572 for Spruce’s capital equipment purchase, initial operating losses, and start-up expenses associated with your proposed new 120-bed nursing facility in Wake County. This funding will be made available from either working capital or an existing \$2,000,000 line of credit. Please see the attached balance sheet, which verifies the availability of these funds.”

Exhibit Q contains the unaudited financial statement (balance sheet) for Principle Long Term Care, Inc. showing that Principle Long Term Care, Inc. had \$5.8 million in current assets as of June 30, 2011. Exhibit P contains a letter dated August 12, 2011 from the President of Britthaven, Inc., which states

“This is to certify that Britthaven, Inc. will fund from current assets \$3,199,186.00 for the proposed construction of a new 120-bed nursing facility in Wake County.... An examination of our internal financial statements for the period ending September 30, 2010, as provided, will substantiate that this is well within our cash flow projections.”

Exhibit Q contains an unaudited financial statement (balance sheet) for Britthaven, Inc. showing that Britthaven had \$84.5 million in current assets as of September 30, 2010.

In summary, the applicants adequately documented the availability of funding for the development of the proposed 120-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Britthaven-Brier Creek Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$118.08
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$198.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$188.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2015) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$461,486 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Universal-North Raleigh proposes to develop 20 additional nursing beds at an existing North Raleigh facility for a total of 132 nursing care beds and 20 adult care home beds upon project completion. The applicants, Universal Properties/North Raleigh, LLC (lessor) and Universal Health Care/North Raleigh, Inc. (lessee), project the total capital expenditure for the proposed project will be \$1,490,200. In Section VIII.2, the applicants state the capital cost will be financed with "*Accumulated Reserves from Don Beaver.*" In Section IX, the applicants state there will be no start-up expenses or initial operating expenses associated with the project. Exhibit 14 contains a letter dated August 4, 2011 from the accounting firm, Davidson, Holland, Whitesell & Co., which states

"This letter is to confirm that Davidson, Holland, Whitesell & Co., PLLC has examined the personal financial statements of Donald C. Beaver and wife Vickie L. Beaver with regard to the proposed certificate of need application being filed for the development of the 20 bed addition to the nursing facility at Universal Properties/North Raleigh, LLC

We can confirm to you that Mr. and Mrs. Beaver have a net worth of over \$50,000,000 which includes current liquid assets of over \$10,000,000. Based on our examination of their financial statements, they have more than enough funds to provide the proposed \$1,500,000 to fund this project.”

Exhibit 13 contains a letter dated August 4, 2011 signed by Donald C. Beaver which states

“I hereby agree to provide personal funding of \$1,500,000 to satisfy the CON requirements to fund Universal Properties/North Raleigh, LLC.”

In summary, the applicants adequately documented the availability of funding for the development of the 20 bed addition to the existing nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Universal-North Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$123.96
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$180.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	\$165.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants’ projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants’ proposed private pay charges in the second year of operation (FY2015) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$523,679 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Britthaven-Garner proposes to develop a 100-bed nursing facility in Garner. The applicants, Britthaven, Inc. (lessor) and Redwood LTC Group, LLC (lessee), project the total capital expenditure for the proposed new facility will be \$9,586,489. In Section VIII.2, the applicants state the lessor will fund \$9,035,239 of the capital cost and the lessee will fund \$551,250 of the capital cost. In Section VIII.2, the applicants state the lessor will fund \$9,035,239 of the capital cost with a \$6,500,000 commercial loan and \$2,535,239 in accumulated reserves from Britthaven, Inc. In Section VIII.2, the applicants state the lessee will fund \$551,250 of the capital cost with accumulated reserves from Redwood LTC Group, LLC. In Sections IX.1 and IX.2, the applicants project \$93,839 in start-up expenses and \$635,934 in initial operating expenses, for total working capital of \$729,773, which will be financed with \$700,959 in “*accounts receivable/working capital for Redwood LTC Group, LLC*” and \$28,814 in a “*Line of credit for Principle Long Term Care, Inc.*” Principle Long Term Care, Inc. is a 50% member of Redwood LTC Group, LLC. Exhibit P contains a letter dated August 12, 2011 from the Senior Relationship Manager for RBC Bank, which states

“RBC Bank would be glad to assist you in the financing of this project for the purpose of construction, permanent financing, and start-up costs, based upon the following terms and conditions:

- 1. Amount: \$6,500,000*
- 2. Interest Rate: Libor + 1.5% (Libor currently .20%)*
- 3. Term: 180 months.”*

Exhibit P also contains a letter dated August 12, 2011 from the Assistant Secretary for Redwood LTC Group, LLC, which states

“This is to certify that Redwood LTC Group, LLC will commit \$1,252,209 toward the capital purchase of equipment, initial operating losses, and start-up expenses for the above-referenced project. The remaining \$28,814 for capital costs, initial operating losses, and start-up expenses (for a combined total of \$1,281,023) will be provided by Principle Long Term Care, Inc., which has confirmed its willingness to meet this obligation under separate letter.”

Exhibit Q contains the unaudited financial statement (balance sheet) for Redwood LTC Group, LLC showing that Redwood LTC Group, LLC had \$4.3 million in current assets as of June 30, 2011. Exhibit P also contains a letter dated August 12, 2011 from the Assistant Secretary for Principle Long Term Care, Inc., which states

“This is to certify that Principle Long Term Care, Inc., a 50% member of Redwood LTC Group, LLC (“Redwood”) will provide at least \$28,814 from either working capital or an existing \$2,000,000 line of credit, to cover a portion of Redwood’s initial operating losses, and start-up costs associated with your proposed new 100-bed nursing facility in Wake County.”

Exhibit Q contains the unaudited financial statement (balance sheet) for Principle Long Term Care, Inc. showing that Principle Long Term Care, Inc. had \$5.8 million in current

assets as of June 30, 2011. Exhibit P contains a letter dated August 12, 2011 from the President of Britthaven, Inc., which states

“This is to certify that Britthaven, Inc. will fund from current assets \$2,535,239.00 for the proposed construction of a new 100-bed nursing facility in Wake County.... An examination of our internal financial statements for the period ending September 30, 2010, as provided, will substantiate that this is well within our cash flow projections.”

Exhibit Q contains an unaudited financial statement (balance sheet) for Britthaven, Inc. showing that Britthaven had \$84.5 million in current assets as of September 30, 2010.

In summary, the applicants adequately documented the availability of funding for the development of the proposed 100-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Britthaven-Garner Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$119.96
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$198.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	\$188.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants’ projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants’ proposed private pay charges in the second year of operation (FY2015) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$256,961 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh proposes to develop a 90-bed nursing facility in North Raleigh. The applicant, AH North Carolina Owner, LLC, projects the total capital cost for the proposed new facility will be \$20,961,007. In Section VIII.2, the applicant states the capital cost will be funded with accumulated reserves of Brookdale Senior Living, Inc., which is identified as the parent company of the applicant. In Sections IX.1 and IX.2, the applicant projects \$481,639 in start-up expenses and \$2,422,923 in initial operating expenses, for total working capital of \$2,904,561, which will be financed with unrestricted cash of Brookdale Senior Living, Inc. Exhibit 27 contains a letter dated August 15, 2011 from the Chief Financial Officer for Brookdale Senior Living, Inc., which states

“As Chief Financial Officer of Brookdale Senior Living, Inc., I am familiar with the financial operations and financial position of the corporation. The total capital cost of the project is estimated to be \$20,961,007. Total working capital needs for the project are not expected to exceed \$3,500,000. Brookdale Senior Living, Inc. will finance the total capital cost of the project, including the working capital needs, through reserve funds. Brookdale Senior Living, Inc. is well able to fund any capital projects underway or planned at this time, including the proposed Raleigh nursing facility project.”

Exhibit 28 contains the audited financial statements for Brookdale Senior Living, Inc. which indicate that Brookdale Senior Living had \$81.8 million in cash and cash equivalents as of December 31, 2010.

In summary, the applicant adequately documented the availability of funding for the development of the proposed 90-bed nursing facility.

The following table compares the applicant’s second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Brookdale-North Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$122.12
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$244.43
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	\$221.13

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicant's projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. Also, the applicant's proposed private pay charges in the second year of operation (FY2015) are less than the highest private room private pay charges for existing nursing facilities in Wake County in FY2010. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$358,964 from operations in the second year of operation following completion of the project.

In summary, the applicant adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh proposes to develop 20 additional nursing beds at an existing 150-bed Raleigh facility for a total of 170 nursing care beds upon project completion. The applicants, UniHealth Post-Acute Care-Raleigh, LLC and Wake Health Properties, Inc., project the total capital expenditure for the proposed project will be \$2,173,393. In Section VIII.2, the applicants state they will fund the \$2,173,393 capital cost with \$543,347 from "*UHS Pruitt Corporation with funds from GE Capital Line of Credit*" and \$1,630,046 from "*Pruitt Properties, Inc. with funds from Sun Trust Bank Line of Credit.*" In Section IX, the applicants state there will be no start-up expenses or initial operating expenses associated with the project. Exhibit 72 contains a letter dated August 11, 2011 from SunTrust Bank, which states

"Please be advised that SunTrust Bank has had a banking relationship with UHS Pruitt Corporation since 2000. All accounts have been handled satisfactorily. They currently have an existing credit relationship of up to \$40,000,000.00 with \$28,798,580.77 in availability."

Exhibit 80 contains a letter dated August 12, 2011 from the Assistant General Counsel for UHS-Pruitt Corporation, which states

"The purpose of this letter is to explain Pruitt Corporation's ability to access the Revolving Line of Credit (as defined below) pursuant to the Credit Agreement. ... On June 14, 2010, United Health Services, Inc., as Guarantor, and its various corporate affiliates, as Borrowers, entered into a Credit Agreement with Agent [General Electric Capital Corporation] and other Lenders. The Credit Agreement provided Borrowers access, pursuant to the terms and conditions of the Credit Agreement, to a revolving loan commitment not to exceed Twenty-Two Million Five Hundred Thousand Dollars (\$22,500,000.00) as evidenced by Schedule 1.1(b) of the Credit Agreement attached hereto (the 'Revolving Credit Line')."

Exhibit 81 contains a letter dated August 12, 2011 from the Chief Financial Officer for Pruitt Properties, Inc., which states

“I am writing to address the availability of funds necessary for equity requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

Pruitt Properties, Inc. hereby commits to provide funds necessary to successfully develop the proposed projects. Pruitt Properties, Inc. will lend North Raleigh Healthcare Properties, Inc., Cary Healthcare Properties, Inc. and Wake Healthcare Properties, Inc. the specific amounts listed [below]. We intend to use funds available from our line of credit with SunTrust Bank (‘Lender’)....

*Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC
Funding Summary for Proposed 20-Bed Addition to UniHealth Post-Acute Care-Raleigh*

*Capital Costs-Wake Healthcare Properties, Inc.
SunTrust Bank Line of Credit-Pruitt Properties, Inc. \$1,800,000”*

Exhibit 81 contains a letter dated August 12, 2011 from the Chief Financial Officer for UHS-Pruitt Corporation, which states

“I am writing to address the availability of funds necessary for equity requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

UHS-Pruitt Corporation hereby commits to provide all funds necessary to successfully develop the proposed projects. UHS-Pruitt Corporation will lend North Raleigh Healthcare Properties, Inc., Cary Healthcare Properties, Inc. and Wake Healthcare Properties, Inc. the specific amounts listed [below]. We routinely fund projects such as

these from free cash flow. To the extent necessary, we may use funds available from our established line of credit with General Electric Capital Corporation ('Lender')....

*Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC
Funding Summary for Proposed 20-Bed Addition to UniHealth Post-Acute Care-Raleigh*

*Capital Costs-Wake Healthcare Properties, Inc.
General Electric Capital Corporation Line of Credit-UHS-Pruitt Corporation \$800,000"*

Exhibit 73 contains the audited financial statements for United Health Services, Inc. and Subsidiaries showing that United Health Services had \$3 million in cash and cash equivalents and \$96.3 million in current assets as of June 30, 2010.

In summary, the applicants adequately documented the availability of funding for the development of the proposed 20-bed addition to the existing nursing facility.

The following table compares the applicants' second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

UniHealth-Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$141.39
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$253.61
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$216.07

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2015) are slightly higher than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for private rooms, and lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$325,808 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for this type of facility. Therefore, the application is conforming to this criterion.

UniHealth-Cary proposes to develop a 100-bed nursing facility in Morrisville. The applicants, UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc., project the total capital expenditure for the proposed project will be \$9,713,726. In Section VIII.2, the applicants state they will fund the capital cost with \$2,428,431 from “*UHS Pruitt Corporation with funds from GE Capital Line of Credit*” and \$7,285,295 from “*Pruitt Properties, Inc. with funds from Sun Trust Bank Line of Credit.*” In Sections IX.1 and IX.2, the applicants project \$282,664 in start-up expenses and \$939,287 in initial operating expenses, for total working capital of \$1,221,951, which will be financed with unrestricted cash of United Health Services, Inc. (UHS). Exhibit 69 contains a letter dated August 11, 2011 from SunTrust Bank, which states

“Please be advised that SunTrust Bank has had a banking relationship with UHS Pruitt Corporation since 2000. All accounts have been handled satisfactorily. They currently have an existing credit relationship of up to \$40,000,000.00 with \$28,798,580.77 in availability.”

Exhibit 76 contains a letter dated August 12, 2011 from the Assistant General Counsel for UHS-Pruitt Corporation, which states

“The purpose of this letter is to explain Pruitt Corporation’s ability to access the Revolving Line of Credit (as defined below) pursuant to the Credit Agreement. ... On June 14, 2010, United Health Services, Inc., as Guarantor, and its various corporate affiliates, as Borrowers, entered into a Credit Agreement with Agent [General Electric Capital Corporation] and other Lenders. The Credit Agreement provided Borrowers access, pursuant to the terms and conditions of the Credit Agreement, to a revolving loan commitment not to exceed Twenty-Two Million Five Hundred Thousand Dollars (\$22,500,000.00) as evidenced by Schedule 1.1(b) of the Credit Agreement attached hereto (the ‘Revolving Credit Line’).”

Exhibit 77 contains a letter dated August 12, 2011 from the Chief Financial Officer for United Health Services, Inc., which states

“I am writing to address the availability of funds necessary for working capital requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*

- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

All six applicants are wholly owned subsidiaries of United Health Services, Inc. ... United Health Services, Inc. hereby commits to provide funds necessary to successfully operate the proposed projects with cash from accumulated reserves.”

Exhibit 77 contains a letter dated August 12, 2011 from the Chief Financial Officer for Pruitt Properties, Inc., which states

“I am writing to address the availability of funds necessary for equity requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

Pruitt Properties, Inc. hereby commits to provide funds necessary to successfully develop the proposed projects. Pruitt Properties, Inc. will lend North Raleigh Healthcare Properties, Inc., Cary Healthcare Properties, Inc. and Wake Healthcare Properties, Inc. the specific amounts listed [below]. We intend to use funds available from our line of credit with SunTrust Bank (‘Lender’)....

Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC Funding Summary for Proposed 100-Bed Nursing Facility in Wake County

*Capital Costs-Cary Healthcare Properties, Inc.
SunTrust Bank Line of Credit-Pruitt Properties, Inc. \$7,500,000”*

Exhibit 77 contains a letter dated August 12, 2011 from the Chief Financial Officer for UHS-Pruitt Corporation, which states

“I am writing to address the availability of funds necessary for equity requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*

- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

UHS-Pruitt Corporation hereby commits to provide all funds necessary to successfully develop the proposed projects. UHS-Pruitt Corporation will lend North Raleigh Healthcare Properties, Inc., Cary Healthcare Properties, Inc. and Wake Healthcare Properties, Inc. the specific amounts listed [below]. We routinely fund projects such as these from free cash flow. To the extent necessary, we may use funds available from our established line of credit with General Electric Capital Corporation ('Lender')....

Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC Funding Summary for Proposed 100-Bed Nursing Facility in Wake County

*Capital Costs-Cary Healthcare Properties, Inc.
General Electric Capital Corporation Line of Credit-UHS-Pruitt Corporation
\$2,700,000"*

Exhibit 71 contains the audited financial statements for United Health Services, Inc. and Subsidiaries showing that United Health Services had \$3 million in cash and cash equivalents and \$96.3 million in current assets as of June 30, 2010.

In summary, the applicants adequately documented the availability of funding for the development of the proposed 100-bed nursing facility.

The following table compares the applicants' second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

UniHealth-Cary Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$122.47
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$188.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$179.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2015) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$41,085 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina proposes to develop 60 additional nursing beds at an existing Fuquay Varina facility for a total of 109 nursing facility beds and 31 adult care home beds upon project completion. The applicants, Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee), project the total capital expenditure for the proposed project will be \$3,541,100. In Section VIII.2, the applicants state the capital cost will be financed with "*Accumulated Reserves from Don Beaver.*" In Section IX, the applicants state there will be no start-up expenses, but there will be \$410,000 in initial operating expenses associated with the project, which will be financed with "*unrestricted cash from Don Beaver.*" Exhibit 14 contains a letter dated August 4, 2011 from the accounting firm, Davidson, Holland, Whitesell & Co., which states

"This letter is to confirm that Davidson, Holland, Whitesell & Co., PLLC has examined the personal financial statements of Donald C. Beaver and wife Vickie L. Beaver with regard to the proposed certificate of need application being filed for the development of the 60 bed addition to the nursing facility at Universal Properties/Fuquay-Varina, LLC We can confirm to you that Mr. and Mrs. Beaver have a net worth of over \$50,000,000 which includes current liquid assets of over \$10,000,000. Based on our examination of their financial statements, they have more than enough funds to provide the proposed \$4,000,000 to fund this project."

Exhibit 13 contains a letter dated August 4, 2011 signed by Donald C. Beaver which states

“I hereby agree to provide personal funding of \$4,000,000 to satisfy the CON requirements to fund Universal Properties/Fuquay-Varina, LLC.”

In summary, the applicants adequately documented the availability of funding for the development of the 60-bed addition to the replacement nursing facility previously approved in Project I.D. # J-8449-09.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Universal-Fuquay Varina Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$108.57
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$190.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	\$180.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants’ projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is lower than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants’ proposed private pay charges in the second year of operation (FY2015) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$159,685 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for this type of facility. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh proposes to develop a 120-bed nursing facility in the Brier Creek area. The applicants, UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc., project the total capital expenditure for the proposed

project will be \$10,604,159. In Section VIII.2, the applicants state they will fund the capital cost with \$2,651,040 from “UHS Pruitt Corporation with funds from Capital Line of Credit” and \$7,953,119 from “Pruitt Properties, Inc. with funds from Sun Trust Bank Line of Credit.” In Sections IX.1 and IX.2, the applicants project \$299,267 in start-up expenses and \$1,054,531 in initial operating expenses, for total working capital of \$1,353,798, which will be financed with unrestricted cash of United Health Services, Inc. (UHS). Exhibit 69 contains a letter dated August 11, 2011 from SunTrust Bank, which states

“Please be advised that SunTrust Bank has had a banking relationship with UHS Pruitt Corporation since 2000. All accounts have been handled satisfactorily. They currently have an existing credit relationship of up to \$40,000,000.00 with \$28,798,580.77 in availability.”

Exhibit 76 contains a letter dated August 12, 2011 from the Assistant General Counsel for UHS-Pruitt Corporation, which states

“The purpose of this letter is to explain Pruitt Corporation’s ability to access the Revolving Line of Credit (as defined below) pursuant to the Credit Agreement. ... On June 14, 2010, United Health Services, Inc., as Guarantor, and its various corporate affiliates, as Borrowers, entered into a Credit Agreement with Agent [General Electric Capital Corporation] and other Lenders. The Credit Agreement provided Borrowers access, pursuant to the terms and conditions of the Credit Agreement, to a revolving loan commitment not to exceed Twenty-Two Million Five Hundred Thousand Dollars (\$22,500,000.00) as evidenced by Schedule 1.1(b) of the Credit Agreement attached hereto (the ‘Revolving Credit Line’).”

Exhibit 78 contains a letter dated August 12, 2011 from the Chief Financial Officer for United Health Services, Inc., which states

“I am writing to address the availability of funds necessary for working capital requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

All six applicants are wholly owned subsidiaries of United Health Services, Inc. ... United Health Services, Inc. hereby commits to provide funds necessary to successfully operate the proposed projects with cash from accumulated reserves.”

Exhibit 78 contains a letter dated August 12, 2011 from the Chief Financial Officer for Pruitt Properties, Inc., which states

“I am writing to address the availability of funds necessary for equity requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

Pruitt Properties, Inc. hereby commits to provide funds necessary to successfully develop the proposed projects. Pruitt Properties, Inc. will lend North Raleigh Healthcare Properties, Inc., Cary Healthcare Properties, Inc. and Wake Healthcare Properties, Inc. the specific amounts listed [below]. We intend to use funds available from our line of credit with SunTrust Bank (‘Lender’)....

North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC

Funding Summary for Proposed 120-Bed Nursing Facility in Wake County

Capital Costs-North Raleigh Healthcare Properties, Inc.

SunTrust Bank Line of Credit-Pruitt Properties, Inc.

\$8,200,000”

Exhibit 78 contains a letter dated August 12, 2011 from the Chief Financial Officer for UHS-Pruitt Corporation, which states

“I am writing to address the availability of funds necessary for equity requirements for the following projects:

- *A proposed 120-bed nursing facility in Wake County, applied for by North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC, as co-applicants;*
- *A proposed 100-bed nursing facility in Wake County, applied for by Cary Healthcare Properties, Inc. and UniHealth Post-Acute Care-Cary, LLC, as co-applicants; and*
- *A proposed 20-bed addition to UniHealth Post-Acute Care-Raleigh, applied for by Wake Healthcare Properties, Inc. and UniHealth Post-Acute Care-Raleigh, LLC, as co-applicants.*

UHS-Pruitt Corporation hereby commits to provide all funds necessary to successfully develop the proposed projects. UHS-Pruitt Corporation will lend North Raleigh Healthcare Properties, Inc., Cary Healthcare Properties, Inc. and Wake Healthcare Properties, Inc. the specific amounts listed [below]. We routinely fund projects such as these from free cash flow. To the extent necessary, we may use funds available from our established line of credit with General Electric Capital Corporation ('Lender')....

*North Raleigh Healthcare Properties, Inc. and UniHealth Post-Acute Care-North Raleigh, LLC
Funding Summary for Proposed 120-Bed Nursing Facility in Wake County*

*Capital Costs-North Raleigh Healthcare Properties, Inc.
General Electric Capital Corporation Line of Credit-UHS-Pruitt Corporation
\$2,800,000"*

Exhibit 70 contains the audited financial statements for United Health Services, Inc. and Subsidiaries showing that United Health Services had \$3 million in cash and cash equivalents and \$96.3 million in current assets as of June 30, 2010.

In summary, the applicants adequately documented the availability of funding for the development of the proposed 120-bed nursing facility.

The following table compares the applicants' second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

UniHealth-North Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$126.73
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$188.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$179.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2015) are lower than the highest private pay

charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$37,592 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Liberty-Garner proposes to develop a 130-bed nursing facility in Garner with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing and Rehabilitation Center in Raleigh. The applicants, Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing; Rehabilitation Center of West Wake County, LLC; and Liberty Healthcare Properties of Wake County, LLC and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC, project the total capital cost for the proposed project will be \$14,719,180. In Section VIII.2, the applicants state they will fund the capital cost from “*Owner’s equity of Ronald B. McNeill and John A. McNeill, Jr.*” In Sections IX.1 and IX.2, the applicants project \$246,238 in start-up expenses and \$1,354,174 in initial operating expenses, for total working capital of \$1,600,412, which will be financed from “*Owner’s equity of Ronald B. McNeill and John A. McNeill, Jr.*” Exhibit 36 contains a letter dated August 8, 2011 from John A. McNeill, Jr. and Ronald B. McNeill of Liberty Healthcare Management, which states

“We have both agreed and are both committed to personally funding the Proposed Project, the construction and operation of the proposed skilled nursing facility, including any working capital, start-up and capital expenditures associated with the project. We personally have sufficient funds to provide for the required equity and start up operating capital for the development of the Proposed Project if it is approved.”

Exhibit 37 contains a letter dated August 4, 2011 from the accounting firm, Cherry, Bekaert & Holland, LLP, which states

“I am a CPA for both Mr. John A. McNeill, Jr. and Mr. Ronald McNeill. I understand that they have agreed to provide the funding for the capital costs associated with a proposed 130-bed Skilled Nursing Facility to be located in a newly constructed building in Wake County. ... In lieu of submitting financial statements, I will attest that the John A. McNeill, Jr. and Ronald B. McNeill each have in excess of \$10,000,000 in cash, stocks, or short term investments in order to fund the construction and operation of the proposed skilled nursing facility, including any working capital, start-up and capital expenditures associated with the project.”

In summary, the applicants adequately documented the availability of funding for the development of the proposed 130-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Liberty-Garner Second Full Federal Fiscal Year of Operation Fiscal Year 2016 (10/1/2015 – 9/30/2016)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$127.13
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$190.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$170.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2016) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2016) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$276,764 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Liberty-Morrisville proposes to develop a 130-bed nursing facility in Morrisville with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing and Rehabilitation Center in Raleigh. The applicants, Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC, project the total capital cost for the proposed project will be \$13,850,714. In Section VIII.2, the applicants state they will fund the capital cost from "*Owner's equity of Ronald B. McNeill and John A. McNeill, Jr.*" In Sections IX.1 and IX.2, the applicants project \$243,454 in start-up expenses and \$1,341,649 in initial operating expenses, for total working capital of \$1,585,103, which will be financed from "*Owner's equity of Ronald B. McNeill and John A. McNeill, Jr.*" Exhibit 36 contains a letter dated August 8, 2011 from John A. McNeill, Jr. and Ronald B. McNeill of Liberty Healthcare Management, which states

“We have both agreed and are both committed to personally funding the Proposed Project, the construction and operation of the proposed skilled nursing facility, including any working capital, start-up and capital expenditures associated with the project. We personally have sufficient funds to provide for the required equity and start up operating capital for the development of the Proposed Project if it is approved.”

Exhibit 37 contains a letter dated August 4, 2011 from the accounting firm, Cherry, Bekaert & Holland, LLP, which states

“I am a CPA for both Mr. John A. McNeill, Jr. and Mr. Ronald McNeill. I understand that they have agreed to provide the funding for the capital costs associated with a proposed 130-bed Skilled Nursing Facility to be located in a newly constructed building in Wake County. ... In lieu of submitting financial statements, I will attest that the John A. McNeill, Jr. and Ronald B. McNeill each have in excess of \$10,000,000 in cash, stocks, or short term investments in order to fund the construction and operation of the proposed skilled nursing facility, including any working capital, start-up and capital expenditures associated with the project.”

In summary, the applicants adequately documented the availability of funding for the development of the proposed 130-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Liberty-Morrisville Second Full Federal Fiscal Year of Operation Fiscal Year 2016 (10/1/2015 – 9/30/2016)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$127.13
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$190.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	\$170.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants’ projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2016) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants’ proposed private pay charges in the second year of operation (FY2016) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-

private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$294,021 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh proposes to develop a 130-bed nursing facility in North Raleigh with 120 new nursing facility beds and 10 nursing facility beds to be relocated from Capital Nursing and Rehabilitation Center in Raleigh. The applicants, Liberty Healthcare Properties of West Wake County, LLC; Liberty Commons Nursing and Rehabilitation Center of West Wake County, LLC; Liberty Healthcare Properties of Wake County, LLC; and Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC, project the total capital cost for the proposed project will be \$15,667,836. In Section VIII.2, the applicants state they will fund the capital cost from “*Owner’s equity of Ronald B. McNeill and John A. McNeill, Jr.*” In Sections IX.1 and IX.2, the applicants project \$245,663 in start-up expenses and \$1,351,587 in initial operating expenses, for total working capital of \$1,597,250, which will be financed from “*Owner’s equity of Ronald B. McNeill and John A. McNeill, Jr.*” Exhibit 36 contains a letter dated August 8, 2011 from John A. McNeill, Jr. and Ronald B. McNeill of Liberty Healthcare Management, which states

“We have both agreed and are both committed to personally funding the Proposed Project, the construction and operation of the proposed skilled nursing facility, including any working capital, start-up and capital expenditures associated with the project. We personally have sufficient funds to provide for the required equity and start up operating capital for the development of the Proposed Project if it is approved.”

Exhibit 37 contains a letter dated August 4, 2011 from the accounting firm, Cherry, Bekaert & Holland, LLP, which states

“I am a CPA for both Mr. John A. McNeill, Jr. and Mr. Ronald McNeill. I understand that they have agreed to provide the funding for the capital costs associated with a proposed 130-bed Skilled Nursing Facility to be located in a newly constructed building in Wake County. ... In lieu of submitting financial statements, I will attest that the John A. McNeill, Jr. and Ronald B. McNeill each have in excess of \$10,000,000 in cash, stocks, or short term investments in order to fund the construction and operation of the proposed skilled nursing facility, including any working capital, start-up and capital expenditures associated with the project.”

In summary, the applicants adequately documented the availability of funding for the development of the proposed 130-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Liberty-North Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2016 (10/1/2015 – 9/30/2016)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$127.13
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$190.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$170.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2016) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2016) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$280,329 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

BellaRose-Raleigh proposes to develop a 100-bed nursing facility on Rock Quarry Road in Raleigh. The applicants, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee), project the total capital expenditure for the proposed project will be \$8,534,150. In Section VIII.2, the applicants state they will fund the capital cost with a commercial loan of \$7,500,000 and \$1,034,150 from "*Owner's equity of Robert Evans.*" In Sections IX.1 and IX.2, the applicants project \$140,461 in start-up expenses and \$640,441 in initial operating expenses, for total working capital of \$780,902, which will be financed with a commercial loan. Exhibit 20 contains a letter dated August 10, 2011 from a Senior Vice President for Branch Banking & Trust Company, which states

"As you know, BB&T has had a banking relationship with the Evans Family for over 20 years and we have financed a number of your family's long term care facilities in North Carolina. It is my understanding that you intend to apply for a certificate of need to build a new 100-bed nursing facility in Wake County. Please accept this letter as an

indication of our interest in providing construction and mini-perm first mortgage financing [of \$7,500,000] to E.N.W., LLC for this project.”

Exhibit 20 contains a letter dated August 10, 2011 from a Senior Vice President for Branch Banking & Trust Company, which states

“As you know, BB&T has had a banking relationship with the Evans Family for over 20 years and we have financed a number of your family’s long term care facilities in North Carolina. It is my understanding that you intend to apply for a certificate of need to build a new 100-bed nursing facility in Wake County. Please accept this letter as an indication of our interest in providing working capital financing [up to \$800,000] to BellaRose Nursing and Rehab Center, Inc.”

Exhibit 19 contains a letter dated August 11 2011 from Robert G. Evans, which states

“I hereby commit to provide all funds necessary to successfully develop and operate the 100-bed nursing facility applied for by certificate of need application by E.N.W., LLC and BellaRose Nursing and Rehab, Inc. ... It is my understanding that the total projected capital cost of the project is \$8,534,150 and that \$7,500,000 will be financed via first mortgage with BB&T. The owners’ equity requirement of \$1,034,150 will be funded from my personal assets, and the availability of these funds is documented on my personal financial statement included with this letter.”

Exhibit 19 also contains a copy of a “Financial Statement” for Robert and Kisa Evans which indicates they had \$3.6 million in “Cash on hand and in Banks” as of July 20, 2011.

In summary, the applicants adequately documented the availability of funding for the development of the proposed 100-bed nursing facility.

The following table compares the applicants’ second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

BellaRose-Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2016 (10/1/2015 – 9/30/2016)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$123.94
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$196.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$186.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicants' projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2016) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. The applicants' proposed private pay charges in the second year of operation (FY2016) are lower than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms. The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$427,768 from operations in the second year of operation following completion of the project.

In summary, the applicants adequately demonstrated that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary proposes to develop a 120-bed nursing facility in Cary. In Section VIII.1, the applicant, Cary Operations, LLC d/b/a The Rehabilitation and Nursing Center at Cary, projects the total capital expenditure for the proposed new facility will be \$10,933,149. In Section VIII.2, the applicant states the capital expenditure will be funded with a commercial loan of \$10,400,000 and owner's equity of \$2,600,000. In Sections IX.1 and IX.2, the applicant projects \$143,372 in start-up expenses and \$2,031,818 in initial operating expenses. However, in Section IX.3, the applicant projects a total working capital requirement of \$2,031,818, which is the same sum projected by the applicant for initial operating expenses. Thus, it is not clear if start-up expenses are included in initial operating expense or are in addition to them. In Section IX.3, page 142, the applicant identifies the total capital and working capital requirements as \$10,933,149 and \$2,031,818, respectively, for a total of \$12,964,968, and states

“The applicant has provided letters from TD Bank expressing interest in providing a commercial loan for the amount of \$10,400,000. Mr. Daniel Straus has provided a letter guaranteeing funds in the amount of \$2,600,000. Thus, this project is funded for \$13,000,000.”

Exhibit 31 contains a letter dated August 11, 2011 from a Senior Vice President for TD Bank, which states

“It is our understanding Cary Operations, LLC d/b/a The Rehabilitation and Nursing Center at Cary, will be purchasing land in Cary N.C. to develop a new 120 bed skilled nursing facility. ...We have examined your current financial status and the financial position of DES Senior Care Holdings, LLC, parent to Cary Operations, LLC, and affiliated companies and would consider providing your organization with the financing for the proposed project. We have traditionally financed 80% of your costs and anticipate the same in this project. Our proposal for financing would be similar to the following terms:

- 1) The loan purpose will be fund land acquisition and construction of this facility and start-up costs.*
- 2) We will loan any and all amounts required to finance the construction of this facility and initial start-up costs subject to our underwriting standards at the time of formal application. The anticipated amount will be \$10,400,000....”*

Exhibit 28 contains a letter dated August 11, 2011 from a Daniel E. Straus, Chairman and Chief Executive Officer for Care One, LLC and its affiliated companies, which states

“I understand that through Cary Operations, LLC we are planning to develop a 120 bed nursing facility in Cary. ... I understand that the proposal calls for a capital expenditure on behalf of the Cary Operations, LLC in the amount of \$10,933,381. ... I am committing all funds necessary to make this project successful. I will personally guarantee the capital expenditure of \$2,600,000, plus all necessary start-up and initial operating expenses. These funds are not intended nor committed to use for any other project or purpose whatsoever. ...I have asked my accountant at LarsonAllen to confirm the availability of funds for this project. ”

Exhibit 34 contains a letter dated August 11, 2011 from a Principal of LarsenAllen, LLP, Certified Public Accountants, which states

“I am writing to you on behalf of Daniel E. Straus. It is my understanding that Cary Operations, LLC of which Mr. Straus is a majority member, is filing a Certificate of Need Application to develop a new 120 bed rehabilitation and nursing facility in Cary, North Carolina. I further understand that the project is expected to involve a total capital cost of \$13,000,000 of which the equity contribution is \$2,600,000. ... Based on Mr. Straus’ past performance of DES Senior Care Holdings, LLC, parent company to Cary Operations, LLC, I have every belief that the Rehabilitation and Nursing Center at Cary, if issued a Certificate of Need will be fully funded and developed according to the representations made in the CON Application. Additionally, based upon my familiarity with the collective personal financial position of Mr. Straus, I believe he has liquid financial assets in more than sufficient amount to fund all of the equity requirements necessary to develop the Rehabilitation and Nursing Center at Cary.”

Exhibit 30 contains a letter dated August 11, 2011 from a Senior Vice President for TD Bank, which states

“I understand that you will be filing a Certificate of Need Application on August 15, 2011 seeking approval to develop a new 120 bed rehabilitation and nursing facility in Cary. ... I am pleased to confirm that you have \$9.75 million available from your standing line of credit. ... Based upon our discussions with you, and our knowledge of your operational and financial strength, TD Bank would be very willing to explore financing of this project for you.”

In summary, the applicant adequately documented the availability of funding for the development of the proposed 120-bed nursing facility.

The following table compares the applicant’s second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Rehab & Nursing Center-Cary Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant’s projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$120.03
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant’s projected private room charge in 2nd year of operation	\$240.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant’s projected semi-private room charge in 2 nd year of operation	\$205.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicant’s projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. Also, the applicant’s proposed private pay charges in the second year of operation (FY2015) are less than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms.

The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$1,098,657 from operations in the second year of operation following completion of the project. However, the applicant did not report any expenses in the “Mortgage, Fixed Asset Interest” line item of the “Property, Ownership, and Use” section of the *Form C-Proforma Operating Expense Statement* in the first two operating years. In Section VIII.7, the applicant states, “TD Bank has expressed an interest in

financing \$10,400,000. Mr. Straus has guaranteed \$2,680,000 for the project.” In Section VIII.4, the applicant states, *“Exhibit 32 contains an amortization schedule for the \$13,400,000 [sic]. The schedule is amortized at 7% and should be considered for illustrative purposes only.”* The 25-year amortization schedule in Exhibit 32 shows the loan amount as \$10,400,000, and calculates the required monthly payment as \$73,505, which would be equivalent to an annual debt service obligation of \$882,060. Because the applicant states it will finance the proposed project, in part, with a commercial loan of \$10,400,000, but did not project any expenses for loan or mortgage repayment, the applicant’s projected expenses and projected net profits in the first two operating years are unreliable.

In summary, the applicant did not adequately demonstrate that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is not conforming to this criterion.

Rehab & Nursing Center-Raleigh proposes to develop a 120-bed nursing facility in Raleigh. In Section VIII.1, the applicant, Raleigh Operations, LLC d/b/a The Rehabilitation and Nursing Center at Raleigh, projects the total capital expenditure for the proposed new facility will be \$11,335,022. In Section VIII.2, the applicant states the capital expenditure will be funded with a commercial loan of \$10,720,000 and owner’s equity of \$2,680,000. In Sections IX.1 and IX.2, the applicant projects \$143,372 in start-up expenses and \$2,028,973 in initial operating expenses. However, in Section IX.3, the applicant projects a total working capital requirement of \$2,028,973, which is the same sum projected by the applicant for initial operating expenses. Thus, it is not clear if start-up expenses are included in initial operating expense or are in addition to them. In Section IX.3, page 145, the applicant identifies the total capital and working capital requirements as \$11,335,022 and \$2,028,973, respectively, for a total of \$13,363,995, and states

“The applicant has provided letters from TD Bank expressing interest in providing a commercial loan for the amount of \$10,720,000. Mr. Daniel Straus has provided a letter guaranteeing funds in the amount of \$2,680,000. Thus, this project is funded for \$13,400,000.”

Exhibit 31 contains a letter dated August 11, 2011 from a Senior Vice President for TD Bank, which states

“It is our understanding Raleigh Operations, LLC d/b/a The Rehabilitation and Nursing Center at Raleigh, will be purchasing land in Raleigh, N.C. to develop a new 120 bed skilled nursing facility. ...We have examined your current financial status and the financial position of DES Senior Care Holdings, LLC, parent to Raleigh Operations, LLC, and affiliated companies and would consider providing your organization with the financing for the proposed project. We have traditionally financed 80% of your costs and anticipate the same in this project. Our proposal for financing would be similar to the following terms:

- 1) The loan purpose will be fund land acquisition and construction of this facility and start-up costs.*

- 2) *We will loan any and all amounts required to finance the construction of this facility and initial start-up costs subject to our underwriting standards at the time of formal application. The anticipated amount will be \$10,720,000....”*

Exhibit 30 contains a letter dated August 11, 2011 from a Daniel E. Straus, Chairman and Chief Executive Officer for Care One, LLC and its affiliated companies, which states

“I understand that through Raleigh Operations, LLC we are planning to develop a 120 bed nursing facility in Raleigh. ... I understand that the proposal calls for a capital expenditure on behalf of the Raleigh Operations, LLC in the amount of \$11,335,022. ... I am committing all funds necessary to make this project successful. I will personally guarantee the capital expenditure of \$2,680,000, plus all necessary start-up and initial operating expenses. These funds are not intended nor committed to use for any other project or purpose whatsoever. ...I have asked my accountant at LarsonAllen to confirm the availability of funds for this project. ”

Exhibit 34 contains a letter dated August 11, 2011 from a Principal of LarsenAllen, LLP, Certified Public Accountants, which states

“I am writing to you on behalf of Daniel E. Straus. It is my understanding that Raleigh Operations, LLC of which Mr. Straus is a majority member, is filing a Certificate of Need Application to develop a new 120 bed rehabilitation and nursing facility in Raleigh, North Carolina. I further understand that the project is expected to involve a total capital cost of \$13,400,000 of which the equity contribution is \$2,680,000. ... Based on Mr. Straus’ past performance of DES Senior Care Holdings, LLC, parent company to Raleigh Operations, LLC, I have every belief that the Rehabilitation and Nursing Center at Raleigh, if issued a Certificate of Need will be fully funded and developed according to the representations made in the CON Application. Additionally, based upon my familiarity with the collective personal financial position of Mr. Straus, I believe he has liquid financial assets in more than sufficient amount to fund all of the equity requirements necessary to develop the Rehabilitation and Nursing Center at Raleigh.”

Exhibit 34 contains a letter dated August 11, 2011 from a Senior Vice President for TD Bank, which states

“I understand that you will be filing a Certificate of Need Application on August 15, 2011 seeking approval to develop a new 120 bed rehabilitation and nursing facility in Raleigh. ... I am pleased to confirm that you have \$9.75 million available from your standing line of credit. ... Based upon our discussions with you, and our knowledge of your operational and financial strength, TD Bank would be very willing to explore financing of this project for you.”

In summary, the applicant adequately documented the availability of funding for the development of the proposed 120-bed nursing facility.

The following table compares the applicant's second full federal fiscal year of operation:

- (1) direct (less ancillary) operating cost per patient day with the FY2009 Wake County and statewide averages; and
- (2) private pay charges with the highest 2010 Wake County charges.

Rehab & Nursing Center-Raleigh Second Full Federal Fiscal Year of Operation Fiscal Year 2015 (10/1/2014 – 9/30/2015)	Nursing Services
Direct Costs Less Ancillary Costs	
FY2009 Wake County direct (less ancillary) operating cost per patient day ⁽¹⁾	\$111.16
FY2009 statewide direct (less ancillary) operating cost per patient day ⁽¹⁾	\$104.89
Applicant's projected direct (less ancillary) operating cost per patient day in 2nd year of operation	\$120.03
Private Pay Charges	
FY2010 highest private room charge ⁽²⁾	\$250.00
Applicant's projected private room charge in 2nd year of operation	\$240.00
FY2010 highest semi-private room charge ⁽²⁾	\$230.00
Applicant's projected semi-private room charge in 2 nd year of operation	\$205.00

⁽¹⁾Source: FY2009 cost reports submitted to the Division of Medical Assistance.

⁽²⁾Source: 2011 Renewal Application for License to Operate a Nursing Home.

As shown in the above table, the applicant's projected direct (less ancillary) operating cost per patient day in the second year of operation (FY2015) is higher than the FY2009 Wake County average, and higher than the FY2009 statewide average. Also, the applicant's proposed private pay charges in the second year of operation (FY2015) are less than the highest private pay charges for existing nursing facilities in Wake County in FY2010 for both private and semi-private rooms.

The pro forma financial statements (Form B) submitted with the application indicate that the facility will have a net profit of \$1,089,998 from operations in the second year of operation following completion of the project. However, the applicant did not report any expenses in the "Mortgage, Fixed Asset Interest" line item of the "Property, Ownership, and Use" section of the *Form C-Proforma Operating Expense Statement* in the first two operating years. In Section VIII.7, the applicant states, "TD Bank has expressed an interest in financing \$10,400,000 [sic]. Mr. Straus has guaranteed \$2,680,000 for the project." In Section VIII.4, the applicant states, "Exhibit 32 contains an amortization schedule for the \$13,400,000 [sic]. The schedule is amortized at 7% and should be considered for illustrative purposes only." The 25-year amortization schedule in Exhibit 32 shows the loan amount as \$10,720,000, and calculates the required monthly payment as \$75,767, which would be equivalent to an annual debt service obligation of \$909,204. Because the applicant states it will finance the proposed project, in part, with a commercial loan of \$10,720,000, but did not project any expenses for loan or mortgage repayment, the applicant's projected expenses and projected net profits in the first two operating years are unreliable.

In summary, the applicant did not adequately demonstrate that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. Therefore, the application is not conforming to this criterion.

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

C
All Applications

Hillcrest-Wake Forest. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicant proposes to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicant does not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Hillcrest-Wake Forest is conforming to the need determination. See Criterion (1) for discussion. The applicant adequately demonstrates the need for its proposal. See Criterion (3) for discussion. Therefore, the applicant adequately demonstrates that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Wake Health & Rehab-Cary. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Wake Health & Rehab-Cary is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Britthaven-Brier Creek. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Britthaven-Brier Creek is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Universal-North Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake

County Service Area. The applicants propose to develop 20 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Universal-North Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Britthaven-Garner. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 100 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Britthaven-Garner is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Brookdale-North Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicant proposes to develop 90 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicant does not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Brookdale-North Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicant adequately demonstrates the need for its proposal. See Criterion (3) for discussion. Therefore, the applicant adequately demonstrates that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

UniHealth-Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 20 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, UniHealth-Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

UniHealth-Cary. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 100 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more

nursing care beds than are determined to be needed in the service area. Therefore, UniHealth-Cary is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Universal-Fuquay Varina. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 60 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Universal-Fuquay Varina is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

UniHealth-North Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, UniHealth-North Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Liberty-Garner. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Liberty-Garner is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Liberty-Morrisville. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Liberty-Morrisville is conforming to the need determination. See Criterion (1) for

discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Liberty-North Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Liberty-North Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for their proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

BellaRose-Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicants propose to develop 100 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicants do not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, BellaRose-Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicants adequately demonstrate the need for its proposal. See Criterion (3) for discussion. Therefore, the applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicant proposes to develop 120 of the 240 nursing care beds available for Wake County in the 2011 SMFP. The applicant does not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Rehab & Nursing Center-Cary is conforming to the need determination. See Criterion (1) for discussion. The applicant adequately demonstrates the need for its proposal. See Criterion (3) for discussion. Therefore, the applicant adequately demonstrates that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh. The 2011 State Medical facilities Plan (2011 SMFP) includes a Nursing Care Bed Need Determination for 240 additional nursing care beds in the Wake County Service Area. The applicant proposes to develop 120 of the 24 nursing care beds available for Wake County in the 2011 SMFP. The applicant does not propose to develop more nursing care beds than are determined to be needed in the service area. Therefore, Rehab & Nursing Center-Raleigh is conforming to the need determination. See Criterion (1) for discussion. The applicant adequately demonstrates the need for its

proposal. See Criterion (3) for discussion. Therefore, the applicant adequately demonstrates that the proposed project would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

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

C
All Applicants

Hillcrest-Wake Forest. In Section VII.2, the applicant proposes to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicant projects nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicant budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicant’s proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Hillcrest-Wake Forest Year Two	FTE Positions
Direct Care Nursing Staff	
RN	9.0
LPN	12.0
Aides	51.0
Total	72.0
Total Direct Care NHPPD	
Nursing	3.74

Source: Section VII.4 of the application.

Exhibit 18 contains a letter from Suman Prasad, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Wake Health & Rehab-Cary. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants’ proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Wake Health & Rehab-Cary Year Two	FTE Positions
Direct Care Nursing Staff	
RN	5.6
LPN	17.4
Aides	47.6
Total	70.6
Total Direct Care NHPPD	
Nursing	3.44

Source: Section VII.4 of the application.

Exhibit 19 contains a letter from Martin Janis, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Britthaven- Brier Creek Year Two	FTE Positions
Direct Care Nursing Staff	
RN	8.42
LPN	22.46
Aides	49.13
Total	80.02
Total Direct Care NHPPD	
Nursing	3.85

Source: Section VII.4 of the application.

Exhibit K contains a letter from Aarti Dixit, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Universal-North Raleigh. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the

applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Universal-North Raleigh Year Two	FTE Positions
Direct Care Nursing Staff	
RN	7.00
LPN	17.40
Aides	55.11*
Total	79.51
Total Direct Care NHPPD	
Nursing	3.41

Source: Section VII.4 of the application.

*Note: The number reported by the applicants for Nurse Aides in Table VII.3 is 54.9 FTE, which is slightly lower than the number reported in Table VII.4.

Exhibit 9 contains a letter from Michael James, M.D. expressing a willingness to continue as medical director for the facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Britthaven-Garner. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Britthaven-Garner Year Two	FTE Positions
Direct Care Nursing Staff	
RN	7.02
LPN	19.65
Aides	40.71
Total	67.38
Total Direct Care NHPPD	
Nursing	3.89

Source: Section VII.4 of the application.

Exhibit K contains a letter from Aarti Dixit, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh. In Section VII.2, the applicant proposes to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week.

In Section VII.4, the applicant projects nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicant budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicant's proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Brookdale-North Raleigh Year Two	FTE Positions
Direct Care Nursing Staff	
RN	4.2
LPN	16.8
Aides	32.8
Total	53.8
Total Direct Care NHPPD	
Nursing	3.6

Source: Section VII.4 of the application.

Exhibit 9 contains a letter from Michael Stadiem, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

UniHealth-Raleigh Year Two	FTE Positions
Direct Care Nursing Staff (including special care unit)	
RN	16.4
LPN	26.8
Aides	79.2
Total	122.4
Total Direct Care NHPPD	
Nursing (including special care unit)	4.13
Special Care Unit	3.91
Total Nursing Facility Beds	4.08

Source: Section VII.4 of the application.

Exhibit 9 contains a copy of the existing medical director agreement between UniHealth-Raleigh ("*Wake Healthcare Center, Inc. d/b/a The Oaks of Carolina*") and Physicians Eldercare, P.A. The applicants adequately demonstrate the availability of sufficient health

manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

UniHealth-Cary. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

UniHealth-Cary Year Two	FTE Positions
Direct Care Nursing Staff	
RN	9.8
LPN	14.0
Aides	44.8
Total	68.6
Total Direct Care NHPPD	
Nursing	3.91

Source: Section VII.4 of the application.

Exhibit 27 contains a letter from Kumar Nanjagowder, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Universal-Fuquay Varina Year Two	FTE Positions
Direct Care Nursing Staff	
RN	7.00
LPN	14.00
Aides	47.69
Total	68.69
Total Direct Care NHPPD	
Nursing	3.57

Source: Section VII.4 of the application.

Exhibit 9 contains a letter from Extended Care Physicians, P.A. expressing a willingness to serve as medical director for the facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

UniHealth-North Raleigh Year Two	FTE Positions
Direct Care Nursing Staff (including special care unit)	
RN	11.2
LPN	19.6
Aides	56.0
Total	86.8
Total Direct Care NHPPD	
Nursing (excluding special care unit)	4.14
Special Care Unit	4.04
Total Nursing Facility Beds	4.13

Source: Section VII.4 of the application.

Exhibit 27 contains a letter from Kumar Nanjagowder, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Liberty-Garner. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Liberty-Garner Year Two	FTE Positions
Direct Care Nursing Staff (including special care units)	
RN	11.2
LPN	19.7
Aides	70.2
Total	101.1
Total Direct Care NHPPD	
Nursing (excluding special care units)	4.47
Special Care Unit	4.47
Total Nursing Facility Beds	4.47

Source: Section VII.4 of the application.

Exhibit 31 contains a letter from Rekha Jain, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Liberty-Morrisville. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Liberty-Morrisville Year Two	FTE Positions
Direct Care Nursing Staff (including special care units)	
RN	11.2
LPN	19.7
Aides	70.2
Total	101.1
Total Direct Care NHPPD	
Nursing (excluding special care units)	4.47
Special Care Unit	4.47
Total Nursing Facility Beds	4.47

Source: Section VII.4 of the application.

Exhibit 31 contains a letter from Rekha Jain, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In

Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Liberty-North Raleigh Year Two	FTE Positions
Direct Care Nursing Staff (including special care units)	
RN	11.2
LPN	19.7
Aides	70.2
Total	101.1
Total Direct Care NHPPD	
Nursing (excluding special care units)	4.47
Special Care Unit	4.47
Total Nursing Facility Beds	4.47

Source: Section VII.4 of the application.

Exhibit 31 contains a letter from Rekha Jain, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

BellaRose-Raleigh. In Section VII.2, the applicants propose to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicants project nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicants budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicants' proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

BellaRose-Raleigh Year Two	FTE Positions
Direct Care Nursing Staff	
RN	8.40
LPN	15.40
Aides	46.20
Total	70.00
Total Direct Care NHPPD	
Nursing	4.22

Source: Section VII.4 of the application.

Exhibit 4 contains a letter from John Lue, M.D. expressing a willingness to serve as medical director for the proposed facility. The applicants adequately demonstrate the availability of

sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section VII.2, the applicant proposes to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicant projects nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicant budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicant’s proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Rehab & Nursing Center-Cary Year Two	FTE Positions
Direct Care Nursing Staff	
RN	9.40
LPN	15.50
Aides	44.80
Total	69.70
Total Direct Care NHPPD	
Nursing	3.50

Source: Section VII.4 of the application.

Exhibit 7 contains correspondence from John Lue, M.D. and Robert Starckenburg, M.D. expressing a willingness to serve as medical directors for the proposed facility. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section VII.2, the applicant proposes to provide registered nurse (RN) and licensed practical nurse (LPN) coverage 24 hours per day, 7 days per week. In Section VII.4, the applicant projects nursing hours per patient day (NHPPD) in excess of the minimum nursing staff requirements as established in the North Carolina Rules for the Licensing of Nursing Homes. In the pro forma financial statements, the applicant budgeted adequate costs for the direct care nursing positions proposed. The table below shows the applicant’s proposed direct care nursing staff and total direct care nursing hours per patient day from Section VII.4 of the application.

Rehab & Nursing Center-Raleigh Year Two	FTE Positions
Direct Care Nursing Staff	
RN	9.40
LPN	15.50
Aides	44.80
Total	69.70
Total Direct Care NHPPD	
Nursing	3.50

Source: Section VII.4 of the application.

Exhibit 7 contains correspondence from John Lue, M.D. and Robert Starckenburg, M.D. expressing a willingness to serve as medical directors for the proposed facility. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services, including a medical director. Therefore, the application is conforming to this criterion.

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

C
All Applicants

Hillcrest-Wake Forest. Exhibit 16 includes copies of letters from the applicant to UNC Hospitals, WakeMed Cary Hospital, WakeMed, Rex Hospital, and other area hospitals expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibit 25 contains copies of letters from physicians expressing support for the proposed facility, and their intention to refer patients. In Section II.4, page 27, the applicant lists the ancillary and support services and the proposed providers of each service. Exhibit 11 contains letters from ancillary service providers expressing an interest in providing the facility's residents with services. Note: Hillcrest-Wake Forest proposes to employ its own physical, speech, and occupational therapists. The applicant adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Wake Health & Rehab-Cary. In Section V.2, page 100, the applicants state they will arrange transfer agreements with Rex Hospital, WakeMed, Duke Raleigh Hospital and Novant Health if the project is approved. Exhibit 18 includes a copy of a letter from Rex Healthcare expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. In Section V.3, pages 100-101, the applicants identify several physician groups whom they have contacted regarding their proposed project. In Section II.4, page 21, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 5 contains letters from ancillary service providers expressing an interest in providing the facility's residents with services. Note: Wake Health & Rehab-Cary proposes to employ its own physical, speech, and occupational therapists. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek. In Section V.2, page 150, the applicants state they will arrange transfer agreements with Rex Healthcare, WakeMed, and Duke Raleigh Hospital if the project is approved. Exhibit I includes copies of letters from Duke Raleigh Hospital and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed

nursing facility if approved for development. Exhibit I contains copies of letters from physicians expressing support for the proposed facility, and their intention to refer patients. In Section V.3, page 151, the applicants identify several physicians whom they have contacted regarding their proposed project. In Section II.4, pages 56-57, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit I contains letters from ancillary service providers expressing an interest in providing the facility's residents with services, including a letter from a provider of physical, speech, and occupational therapy services. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Universal-North Raleigh. Exhibit 18 contains copies of existing transfer agreements with WakeMed and Duke Raleigh Hospital. Exhibit 9 contains a copy of a letter from the existing medical director for the facility expressing support for the proposed facility. In Section V.4, page 64, the applicants state, "*Universal Health Care/North Raleigh already has established relationships with local healthcare and social service providers in Wake County.*" In Section II.4, pages 34-35, the applicants list the ancillary and support services and the existing providers of each service. Note: Universal-North Raleigh employs its own physical, speech, and occupational therapists. The applicants adequately demonstrated they provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Britthaven-Garner. In Section V.2, page 150, the applicants state they will arrange transfer agreements with Rex Healthcare, WakeMed, and Duke Raleigh Hospital if the project is approved. Exhibit I includes copies of letters from Duke Raleigh Hospital and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibit I contains copies of letters from physicians expressing support for the proposed facility, and their intention to refer patients. In Section V.3, page 151, the applicants identify several physicians whom they have contacted regarding their proposed project. In Section II.4, pages 56-57, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit I contains letters from ancillary service providers expressing an interest in providing the facility's residents with services, including a letter from a provider of physical, speech, and occupational therapy services. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh. In Section V.2, pages 90-91, the applicant states it will arrange transfer agreements with Rex Healthcare, WakeMed, and Duke Raleigh Hospital if the project is approved. Exhibit 14 includes copies of letters from Rex Hospital and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibit 23 contains copies of letters from physicians expressing support for the proposed facility. In Section II.4, pages 46-48, the applicant lists the

ancillary and support services and the proposed providers of each service. Exhibits 11, 12, 13, and 14 contain letters to and from ancillary service providers expressing an interest in providing the facility's residents with services. Note: Brookdale-North Raleigh proposes to employ its own physical, speech, and occupational therapists. The applicant adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh. Exhibit 61 contains copies of existing transfer agreements with Rex Hospital, WakeMed, Duke Raleigh Hospital, and other area hospitals. In Section V.3, page 181, the applicants state, "*As an existing provider, UPAC-Raleigh has established relationships with local physicians.*" In Section II.4, pages 90-93, the applicants list the ancillary and support services and the existing providers of each service. On page 92, the applicants state United Rehab, Inc., an affiliated company, provides physical, speech, and occupational therapy services. Exhibit 9 contains a copy of the contract between UniHealth-Raleigh and United Rehab, Inc. The applicants adequately demonstrated they provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

UniHealth-Cary. In Section V.2, page 179, the applicants state they will arrange transfer agreements with Rex Healthcare, WakeMed, Duke Raleigh Hospital and several other area hospitals if the project is approved. Exhibit 26 includes copies of letters from Duke Raleigh Hospital, Rex Hospital, Johnston Health, and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibits 27 and 59 contain copies of letters from physicians expressing support for the proposed facility. In Section II.4, pages 88-90, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 27 contains letters from ancillary service providers expressing an interest in providing the facility's residents with services. On page 89, the applicants state United Rehab, Inc., an affiliated company, will provide physical, speech, and occupational therapy services. Exhibit 13 contains a copy of the contract between UniHealth-Cary and United Rehab, Inc. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina. Exhibit 18 includes a copy of a letter from WakeMed expressing an interest in executing a transfer agreement between the hospital and the nursing facility. Exhibit 9 contains a copy of a letter from a physician group expressing its interest in providing professional services for the facility. In Section V.4, page 70, the applicants state, "*Universal Health Care/Fuquay Varina has visited and talked with various providers and social services agencies in Wake County. All of these agencies and providers have indicated a willingness to work with Universal Health Care/Fuquay Varina should they be granted the Certificate of Need in Wake County.*" In Section II.4, pages 39-40, the applicants list the ancillary and support services and the existing providers of each service. Note: Universal-Fuquay Varina proposes to employ its own physical, speech, and occupational therapists. The applicants

adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh. In Section V.2, page 185, the applicants state they will arrange transfer agreements with Rex Healthcare, WakeMed, Duke Raleigh Hospital and several other area hospitals if the project is approved. Exhibit 26 includes copies of letters from Duke Raleigh Hospital, Rex Hospital, Johnston Health, and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibits 27 and 59 contain copies of letters from physicians expressing support for the proposed facility. In Section II.4, pages 90-93, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 27 contains letters from ancillary service providers expressing an interest in providing the facility's residents with services. On page 92, the applicants state United Rehab, Inc., an affiliated company, will provide physical, speech, and occupational therapy services. Exhibit 13 contains a copy of the contract between UniHealth-North Raleigh and United Rehab, Inc. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Liberty-Garner. In Section V.2, page 83, the applicants state they will arrange transfer agreements with Rex Healthcare, Duke Raleigh Hospital, and WakeMed if the project is approved. Exhibit 28 includes copies of letters from Duke Raleigh Hospital, Rex Hospital, and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibit 30 contains copies of letters from physicians expressing support for the proposed facility. In Section II.4, pages 50-51, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 9 contains copies of contracts between Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC (Capital Nursing and Rehab Center) and ancillary service providers. Note: Liberty-Garner proposes to employ its own physical, speech, and occupational therapists. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Liberty-Morrisville. In Section V.2, page 83, the applicants state they will arrange transfer agreements with Rex Healthcare, Duke Raleigh Hospital, and WakeMed if the project is approved. Exhibit 28 includes copies of letters from Duke Raleigh Hospital, Rex Hospital, and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibit 30 contains copies of letters from physicians expressing support for the proposed facility. In Section II.4, pages 50-51, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 9 contains copies of contracts between Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC (Capital Nursing and Rehab Center) and ancillary service providers. Note: Liberty-Morrisville proposes to employ its own physical, speech,

and occupational therapists. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh. In Section V.2, page 83, the applicants state they will arrange transfer agreements with Rex Healthcare, Duke Raleigh Hospital, and WakeMed if the project is approved. Exhibit 28 includes copies of letters from Duke Raleigh Hospital, Rex Hospital, and WakeMed expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibit 30 contains copies of letters from physicians expressing support for the proposed facility. In Section II.4, pages 50-51, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 9 contains copies of contracts between Liberty Commons Nursing and Rehabilitation Center of Wake County, LLC (Capital Nursing and Rehab Center) and ancillary service providers. Note: Liberty-North Raleigh proposes to employ its own physical, speech, and occupational therapists. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

BellaRose-Raleigh. In Section V.2, page 51, the applicants state they will arrange transfer agreements with Rex Healthcare, Duke Raleigh Hospital, and WakeMed if the project is approved. Exhibit 16 includes copies of letters from Duke Raleigh Hospital and Rex Hospital expressing an interest in executing a transfer agreement between the hospital and the proposed nursing facility if approved for development. Exhibits 4 and 10 contain copies of letters and survey forms from physicians expressing support for the proposed facility, and their intention to refer patients. In Section II.4, pages 26-27, the applicants list the ancillary and support services and the proposed providers of each service. Exhibit 4 contains letters from ancillary service providers expressing an interest in providing the facility's residents with services. Note: BellaRose-Raleigh proposes to employ its own physical, speech, and occupational therapists. The applicants adequately demonstrated they will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section V.2, page 107, the applicant states it will arrange transfer agreements with area hospitals and other healthcare providers if the project is approved. Exhibit 19 contains copies of letters from physicians expressing support for the proposed facility, and their intention to refer patients. In Section II.4, pages 49-50, the applicant lists the ancillary and support services and the proposed providers of each service. Exhibits 4 and 10 contain letters from ancillary service providers expressing an interest in providing the facility's residents with services. In Section V.3, page 108, the applicant states, *"Further, inasmuch as Blue Ridge [Health Care Center] has established relationships with other providers of healthcare services, the Applicant is confident that similar arrangements for the residents at The Rehabilitation and Nursing Center at Raleigh [sic] can and will be arranged."* Note: Rehab & Nursing Center-Cary proposes to employ its own physical,

speech, and occupational therapists. The applicant adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section V.2, page 109, the applicant states it will arrange transfer agreements with area hospitals and other healthcare providers if the project is approved. Exhibit 19 contains copies of letters from physicians expressing support for the proposed facility, and their intention to refer patients. In Section II.4, pages 51-52, the applicant lists the ancillary and support services and the proposed providers of each service. Exhibits 7 and 10 contain letters from ancillary service providers expressing an interest in providing the facility's residents with services. In Section V.3, page 110, the applicant states, "*Further, inasmuch as Blue Ridge [Health Care Center] has established relationships with other providers of healthcare services, the Applicant is confident that similar arrangements for the residents at The Rehabilitation and Nursing Center at Raleigh can and will be arranged.*" Note: Rehab & Nursing Center-Raleigh proposes to employ its own physical, speech, and occupational therapists. The applicant adequately demonstrated it will provide or make arrangements for the necessary ancillary and support services, and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

- (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

- (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

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

C

All Applicants

Hillcrest-Wake Forest proposes to construct an 80,356 square foot 120-bed facility with 104 private nursing care beds and 16 semi-private nursing care beds. Exhibit 24 contains a letter from an architect, RGG Architects, PLLC, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicant describes the cost, design, and construction factors that were considered in development of the construction estimate. See also Exhibit 17. In Section XI.14, the applicant states that applicable energy savings features will be incorporated into the design of the facility. The applicant adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Wake Health & Rehab-Cary proposes to construct a 65,359 square foot 120-bed facility with 40 private nursing care beds and 80 semi-private nursing care beds. Exhibit 27 contains a letter from an architect, Gaylen Howard Laing Architect, which documents projected construction costs consistent with the capital cost projections in Section VIII.1 of the application. The letter from the architect documents "*site construction costs*" of \$804,750, which is less than the site preparation costs of \$1,204,750 projected by the applicants in the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. See also Exhibit 8. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing

care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek proposes to construct a 64,381 square foot 120-bed facility with 40 private nursing care beds and 80 semi-private nursing care beds. Exhibit V contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. See also Exhibit V. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Universal-North Raleigh proposes to construct a 10,572 square foot addition to its existing facility, and add 20 private nursing care beds, for a total of 36 private nursing care beds, 96 semi-private nursing care beds, and 20 semi-private adult care home beds upon completion of the project. Exhibit 15 contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the addition. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Britthaven-Garner proposes to construct a 60,876 square foot 100-bed facility with 44 private nursing care beds and 56 semi-private nursing care beds. Exhibit V contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. See also Exhibit V. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh proposes to construct a 74,720 square foot 90-bed facility with 78 private nursing care beds and 12 semi-private nursing care beds. Exhibit 30 contains a letter from an architect, Richard L. Miller, FAIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicant describes the cost, design, and construction factors

that were considered in development of the construction estimate. In Section XI.14, the applicant states that applicable energy savings features will be incorporated into the design of the facility. The applicant adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh proposes to construct a 9,385 square foot addition to its existing facility, and add 16 private nursing care beds and 4 semi-private nursing care beds, for a total of 30 private nursing care beds and 140 semi-private nursing care beds upon completion of the project. Exhibit 23 contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the addition. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

UniHealth-Cary proposes to construct a 53,804 square foot 100-bed facility with 60 private nursing care beds and 40 semi-private nursing care beds. Exhibit 20 contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina proposes to add 26,571 square feet of new construction to their previously approved 54,066 square foot replacement facility (Project I.D. # J-8449-09), and add 60 nursing care beds, including 48 private nursing care beds and 12 semi-private nursing care beds. Upon completion of the project, the facility will include 67 private nursing care beds, 42 semi-private nursing care beds, 7 private adult care home beds, and 24 semi-private adult care home beds. Exhibit 15 contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the addition. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care

services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh proposes to construct a 59,814 square foot 120-bed facility with 72 private nursing care beds and 48 semi-private nursing care beds. Exhibit 20 contains a letter from an architect, David R. Polston, AIA, which documents projected construction costs consistent with the capital cost projections in Section VIII.1 of the application. The letter from the architect documents "*site development costs*" of \$897,210, which is less than the site preparation costs of \$999,704 projected by the applicants in the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Liberty-Garner proposes to construct a 84,251 square foot 130-bed facility with 66 private nursing care beds and 64 semi-private nursing care beds. Exhibit 45 contains a letter from an architect, Tim Kurmaskie, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Liberty-Morrisville proposes to construct a 79,388 square foot 130-bed facility with 66 private nursing care beds and 64 semi-private nursing care beds. Exhibit 45 contains a letter from an architect, Tim Kurmaskie, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh proposes to construct a 79,388 square foot 130-bed facility with 66 private nursing care beds and 64 semi-private nursing care beds. Exhibit 45 contains a letter from an architect, Tim Kurmaskie, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors

that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

BellaRose-Raleigh proposes to construct a 57,644 square foot 100-bed facility with 46 private nursing care beds and 54 semi-private nursing care beds. Exhibit 27 contains a letter from an architect, David R. Polston, AIA, which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicants describe the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicants state that applicable energy savings features will be incorporated into the design of the facility. The applicants adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary proposes to construct a 55,000 square foot 120-bed facility with 40 private nursing care beds and 80 semi-private nursing care beds. Exhibit 5 contains a letter from an engineer for Langlan Engineering and Environmental Services which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicant describes the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicant states that applicable energy savings features will be incorporated into the design of the facility. The applicant adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh proposes to construct a 54,700 square foot 120-bed facility with 40 private nursing care beds and 80 semi-private nursing care beds. Exhibit 5 contains a letter from an engineer for Langlan Engineering and Environmental Services which documents projected site preparation costs and construction costs consistent with the capital cost projections in Section VIII.1 of the application. In Section XI.13, the applicant describes the cost, design, and construction factors that were considered in development of the construction estimate. In Section XI.14, the applicant states that applicable energy savings features will be incorporated into the design of the facility. The applicant adequately demonstrated that the cost, design and means of construction are reasonable and that the construction costs will not unduly increase the costs and charges of providing nursing care services. See Criterion (5) for discussion of costs and charges. Therefore, the application is conforming to this criterion.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic

minorities, women, and handicapped persons, 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

Hillcrest-Wake Forest
Wake Health & Rehab-Cary
Brookdale-North Raleigh

NC

UniHealth-Raleigh
UniHealth-Cary
UniHealth-North Raleigh
Rehab & Nursing Center-Cary
Rehab & Nursing Center-Raleigh

C

All Others

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages as of June 2010 and CY2009, respectively. The data in the table was obtained on January 20, 2012. More current data, particularly with regard to the estimated uninsured percentages, was not available.

	Total # of Medicaid Eligibles as % of Total Population	Total # of Medicaid Eligibles Age 21 and older as % of Total Population	% Uninsured CY 2009 (Estimate by Cecil G. Sheps Center)
Wake County	10.0%	3.8%	18.4%
Statewide	17.0%	7.3%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services proposed by the applicants.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of

persons eligible for dental services with the number actually receiving services. The statewide percentage was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. However, as of January 20, 2012, no population data was available by age, race or gender. Even if the data were available, a direct comparison to the applicants' current payer mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM's website does not include information on the number of handicapped persons.

The following table shows the payer mix percentages for Medicaid and Medicare for the existing nursing facilities in Wake County and the Wake County and statewide averages, as reported to the Division of Medical Assistance (DMA) on their Fiscal Year 2009 cost reports.

Facility	Medicaid NF Days As a % of Total NF Days	Medicare NF Days as a % of Total NF Days
Blue Ridge Health Care Center	38.5%	36.5%
Capital Nursing and Rehab Center	73.7%	14.6%
Cary Health & Rehab Center	64.9%	21.2%
City of Oaks Health & Rehab Center*	76.0%	11.5%
Guardian Care of Zebulon	63.6%	26.3%
Hillside Nursing Center	70.0%	8.9%
Litchford Falls Healthcare & Rehab	77.4%	11.1%
Mayview Convalescent Center	37.9%	15.3%
Raleigh Rehab & HealthCare Center	71.0%	20.5%
Sunnybrook Healthcare & Rehab	42.3%	34.9%
The Laurels of Forest Glenn	67.3%	22.6%
The Oaks of Carolina, LLC**	40.2%	31.7%
Universal Healthcare/North Raleigh	62.5%	18.5%
Wellington Rehabilitation and Healthcare	65.6%	20.5%
Wake County Average***	61.8%	21.0%
Statewide Average	67.6%	16.5%

*City of Oaks Health & Rehab Center has been re-named Tower Nursing and Rehab Center.

**The Oaks of Carolina, LLC has been re-named UniHealth Post-Acute Care-Raleigh

***The Wake County Average excludes WakeMed Zebulon, WakeMed Fuquay Varina, Rex Rehabilitation and Nursing Care Center, and Rex Rehabilitation and Nursing Care Center of Apex. Also excludes Glenaire, Springmoor (Dan E. & Mary Louise Stewart Health Center), and Windsor Point continuing care retirement communities (CCRCs).

Britthaven-Brier Creek. In Section I.12, page 13, the applicants, Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee), state that Spruce LTC Group, LLC is a

subsidiary of Principle Long Term Care, Inc., which is the manager of Tower Nursing and Rehab Center. Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) is an existing nursing facility in Wake County with 180 nursing care beds. As shown in the table above, during FY2009, City of Oaks Health and Rehabilitation Center provided 76.0 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

Universal-North Raleigh. Universal-North Raleigh is an existing nursing facility in Wake County with 112 nursing care beds. In Section I.9, page 6, the applicants, Universal Properties/North Raleigh, LLC (lessor) and Universal Health Care/North Raleigh, Inc. (lessee), identify Choice Healthcare Management Services, LLC as the management company for the facility. In Section I.12, pages 8-9, the applicants provide a list of nursing facilities managed by Choice Healthcare Management Services, LLC in North Carolina, including Litchford Falls Healthcare and Rehab Center and Universal Healthcare-Fuquay Varina. Litchford Falls Healthcare and Rehab Center is an existing nursing facility in Wake County with 90 nursing care beds. The Universal-Fuquay Varina facility has not been operational since being damaged in a storm in September 2007. In Project I.D. # J-8449-09, the facility was approved to develop a replacement facility. That project is not yet complete. As shown in the table above, during FY2009, Universal-North Raleigh provided 62.5 percent of total nursing patient days to Medicaid recipients, which is higher than the Wake County average. Also, as shown in the table above, during FY2009, Litchford Falls Healthcare and Rehab Center provided 77.4 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

Britthaven-Garner. In Section I.12, page 13, the applicants, Britthaven, Inc. (lessor) and Redwood LTC Group, LLC (lessee), state that Redwood LTC Group, LLC is a subsidiary of Principle Long Term Care, Inc., which is the manager of Tower Nursing and Rehab Center. Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) is an existing nursing facility in Wake County with 180 nursing care beds. As shown in the table above, during FY2009, City of Oaks Health and Rehabilitation Center provided 76.0 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

UniHealth-Raleigh. UniHealth-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-Raleigh, LLC and Wake Health Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Raleigh, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt

Corporation, including The Oaks at Mayview (Mayview Convalescent Center). Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. However, Mayview Convalescent Center is operated as part of a continuing care retirement community (CCRC). As shown in the table above, during FY2009, UniHealth-Raleigh (The Oaks of Carolina, LLC) provided 40.2 percent of total nursing patient days to Medicaid recipients, which is more than 20 percentage points and more than 35% below both the Wake County and statewide averages [61.8% - 40.2% = 21.6%; 21.6%/61.8% = 35%] [67.6% - 40.2% = 27.4%; 27.4%/67.6% = 41%]. See also Section VI.2, page 188, for the Medicaid percentage in FFY2010 (38.8%). Therefore, the applicants did not demonstrate that they provide adequate access to the medically underserved, and the application is not conforming to this criterion.

UniHealth-Cary. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. However, Mayview Convalescent Center is operated as part of a continuing care retirement community (CCRC). As shown in the table above, during FY2009, UniHealth Post-Acute Care-Raleigh (The Oaks of Carolina, LLC) provided 40.2 percent of total nursing patient days to Medicaid recipients, which is more than 20 percentage points and more than 35% lower than both the Wake County and statewide averages [61.8% - 40.2% = 21.6%; 21.6%/61.8% = 35%] [67.6% - 40.2% = 27.4%; 27.4%/67.6% = 41%]. Therefore, the applicants did not demonstrate that they provide adequate access to the medically underserved, and the application is not conforming to this criterion.

Universal-Fuquay Varina. Universal Healthcare-Fuquay Varina is an approved, but not yet developed, Wake County replacement nursing facility with 49 nursing care beds and 31 adult care home beds. In Section I.9, page 6, the applicants, Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee), identify Choice Healthcare Management Services, LLC as the management company for the facility. In Section I.12, pages 8-9, the applicants provide a list of nursing facilities managed by Choice Healthcare Management Services, LLC in North Carolina, including Litchford Falls Healthcare and Rehab Center and Universal Healthcare-North Raleigh. Litchford Falls Healthcare and Rehab Center is an existing nursing facility in Wake County with 90 nursing care beds, and Universal Healthcare-North Raleigh is an existing nursing facility in Wake County with 112 nursing care beds. As shown in the table above, during FY2009, Litchford Falls Healthcare and Rehab Center provided 77.4 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. As shown in the table above, during FY2009, Universal-North Raleigh

provided 62.5 percent of total nursing patient days to Medicaid recipients, which is higher than the Wake County average. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

UniHealth-North Raleigh. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. However, Mayview Convalescent Center is operated as part of a continuing care retirement community (CCRC). As shown in the table above, during FY2009, UniHealth Post-Acute Care-Raleigh (The Oaks of Carolina, LLC) provided 40.2 percent of total nursing patient days to Medicaid recipients, which is more than 20 percentage points and more than 35% lower than both the Wake County and statewide averages [$61.8\% - 40.2\% = 21.6\%$; $21.6\%/61.8\% = 35\%$] [$67.6\% - 40.2\% = 27.4\%$; $27.4\%/67.6\% = 41\%$]. Therefore, the applicants did not demonstrate that they provide adequate access to the medically underserved, and the application is not conforming to this criterion.

Liberty-Garner. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. As shown in the table above, during FY2009, Capital Nursing and Rehabilitation Center provided 73.7 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

Liberty-Morrisville. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. As shown in the table above, during FY2009, Capital Nursing and Rehabilitation Center provided 73.7 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

Liberty-North Raleigh. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing

and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. As shown in the table above, during FY2009, Capital Nursing and Rehabilitation Center provided 73.7 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

BellaRose-Raleigh. On page 15, the applicants state that four of the “*principals*” in the applicant companies, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee), hold ownership interests in other nursing facilities in North Carolina, including Hillside Nursing Center of Wake Forest and Windsor Point in Fuquay Varina, which are located in Wake County. Hillside Nursing Center of Wake Forest is an existing nursing facility in Wake County with 130 nursing care beds. Windsor Point is an existing nursing facility in Wake County with 45 nursing care beds. However, Windsor Point is operated as part of a continuing care retirement community (CCRC). As shown in the table above, during FY2009, Hillside Nursing Center of Wake Forest provided 70.0 percent of total nursing patient days to Medicaid recipients, which is higher than both the Wake County and statewide averages. Therefore, the applicants demonstrate that they provide adequate access to the medically underserved, and the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. Blue Ridge Health Care Center is an existing nursing facility in Wake County with 134 nursing care beds. As shown in the table above, during FY2009, Blue Ridge Health Care Center provided 38.5 percent of total nursing patient days to Medicaid recipients, which is more than 20 percentage points and 37% lower than both the Wake County and statewide averages [$61.8\% - 38.5\% = 23.3\%$; $23.3\%/61.8\% = 38\%$] [$67.6\% - 38.5\% = 29.1\%$; $29.1\%/67.6\% = 43\%$]. Therefore, the applicant did not demonstrate that it provides adequate access to the medically underserved, and the application is not conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. Blue Ridge Health Care Center is an existing nursing facility in Wake County with 134 nursing care beds. As shown in the table above, during FY2009, Blue Ridge Health Care Center provided 38.5 percent of total nursing patient days to Medicaid recipients, which is more than 20 percentage points and 37% lower than both the Wake County and statewide averages [$61.8\% - 38.5\% = 23.3\%$; $23.3\%/61.8\% = 38\%$] [$67.6\% - 38.5\% = 29.1\%$; $29.1\%/67.6\% = 43\%$]. Therefore, the applicant did not demonstrate that it provides adequate access to the medically underserved, and the application is not conforming to this criterion.

- (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 handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA

Hillcrest-Wake Forest
Wake Health & Rehab-Cary
Brookdale-North Raleigh

C

All Others

Britthaven-Brier Creek. In Section I.12, page 13, the applicants, Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee), state that Spruce LTC Group, LLC is a subsidiary of Principle Long Term Care, Inc., which is the manager of Tower Nursing and Rehab Center. Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) is an existing nursing facility in Wake County with 180 nursing care beds. In Section VI.6, page 166, the applicants state there have been no civil rights equal access complaints filed against Britthaven or related parties. Therefore, the application is conforming to this criterion.

Universal-North Raleigh. Universal-North Raleigh is an existing nursing facility in Wake County with 112 nursing care beds. In Section VI.6, page 70, the applicants state there have been no civil rights equal access complaints filed against Universal-North Raleigh. Therefore, the application is conforming to this criterion.

Britthaven-Garner. In Section I.12, page 13, the applicants, Britthaven, Inc. (lessor) and Redwood LTC Group, LLC (lessee), state that Redwood LTC Group, LLC is a subsidiary of Principle Long Term Care, Inc., which is the manager of Tower Nursing and Rehab Center. Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) is an existing nursing facility in Wake County with 180 nursing care beds. In Section VI.6, page 166, the applicants state there have been no civil rights equal access complaints filed against Britthaven or related parties. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh. In Section I.3, page 9, the applicants, UniHealth Post-Acute Care-Raleigh, LLC and Wake Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and in Section I.9, page 12, the applicants identify UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. In Section VI.6, page 191, the applicants state there have been two civil rights equal access complaints filed against UniHealth-Raleigh in the past five years. The applicants state both complaints are currently unresolved, and no

sanctions have been imposed. In Section VI.6, page 190, of the UniHealth-Cary application, the applicants provide a table showing that there have been 23 civil rights equal access complaints filed against its related entities in the past five years. The applicants provide a description of the status of the complaints on pages 190-194. The applicants list the two complaints against UniHealth Post-Acute Care-Raleigh as “*pending.*” Therefore, the application is conforming to this criterion.

UniHealth-Cary. In Section I.3, page 10, the applicants, UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and in Section I.9, page 13, the applicants identify UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. In Section VI.6, page 190, the applicants provide a table showing that there have been 23 civil rights equal access complaints filed against its related entities in the past five years. The applicants provide a description of the status of the complaints on pages 190-194. The applicants list the two complaints against UniHealth Post-Acute Care-Raleigh as “*pending.*” Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina. Universal Healthcare-Fuquay Varina is an approved, but not yet developed, Wake County replacement nursing facility with 49 nursing care beds. In Section VI.6, page 76, the applicants state there have been no civil rights equal access complaints filed against Universal-Fuquay Varina. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh. In Section I.3, page 10, the applicants, UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and in Section I.9, page 13, the applicants identify UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. In Section VI.6, page 196, the applicants provide a table showing that there have been 23 civil rights equal access complaints filed against its related entities in the past five years. The applicants provide a description of the status of the complaints on pages 197-200. The applicants list the two complaints against UniHealth Post-Acute Care-Raleigh as “*pending.*” Therefore, the application is conforming to this criterion.

Liberty-Garner. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. In Section VI.6, page 89, the applicants state there have been no civil rights equal access complaints filed against any entities related to the applicants. Therefore, the application is conforming to this criterion.

Liberty-Morrisville. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. In Section VI.6, page 89, the applicants state there have been no civil rights equal access complaints filed against any entities related to the applicants. Therefore, the application is conforming to this criterion.

Liberty-North Raleigh. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. In Section VI.6, page 89, the applicants state there have been no civil rights equal access complaints filed against any entities related to the applicants. Therefore, the application is conforming to this criterion.

BellaRose-Raleigh. On page 15, the applicants state that four of the “*principals*” in the applicant companies, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee), hold ownership interests in other nursing facilities in North Carolina, including Hillside Nursing Center of Wake Forest and Windsor Point in Fuquay Varina, which are located in Wake County. Hillside Nursing Center of Wake Forest is an existing nursing facility in Wake County with 130 nursing care beds. Windsor Point is an existing nursing facility in Wake County with 45 nursing care beds. In Section VI.6, page 60, the applicants state there have been no civil rights equal access complaints filed against any facilities affiliated with the applicants. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. Blue Ridge Health Care Center is an existing nursing facility in Wake County with 134 nursing care beds. In Section VI.6, page 116, the applicant states there have been no civil rights equal access complaints filed against any entities related to the applicant. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. Blue Ridge Health Care Center is an existing nursing facility in Wake County with 134 nursing care beds. In Section VI.6, page 118, the applicant

states there have been no civil rights equal access complaints filed against any entities related to the applicant. Therefore, the application is conforming to this criterion.

- (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
Hillcrest-Wake Forest
Universal-North Raleigh
Brookdale-North Raleigh
UniHealth-Raleigh
Rehab & Nursing Center-Cary
Rehab & Nursing Center-Raleigh

C
All Others

The following table shows the payer mix percentages for Medicaid and Medicare for the existing nursing facilities in Wake County and the Wake County and statewide averages, as reported to the Division of Medical Assistance (DMA) on their Fiscal Year 2009 cost reports.

Facility	Medicaid NF Days As a % of Total NF Days	Medicare NF Days as a % of Total NF Days
Blue Ridge Health Care Center	38.5%	36.5%
Capital Nursing and Rehab Center	73.7%	14.6%
Cary Health & Rehab Center	64.9%	21.2%
City of Oaks Health & Rehab Center*	76.0%	11.5%
Guardian Care of Zebulon	63.6%	26.3%
Hillside Nursing Center	70.0%	8.9%
Litchford Falls Healthcare & Rehab	77.4%	11.1%
Mayview Convalescent Center	37.9%	15.3%
Raleigh Rehab & HealthCare Center	71.0%	20.5%
Sunnybrook Healthcare& Rehab	42.3%	34.9%
The Laurels of Forest Glenn	67.3%	22.6%
The Oaks of Carolina, LLC**	40.2%	31.7%
Universal Healthcare/North Raleigh	62.5%	18.5%
Wellington Rehabilitation and Healthcare	65.6%	20.5%
Wake County Average***	61.8%	21.0%
Statewide Average	67.6%	16.5%

*City of Oaks Health & Rehab Center has been re-named Tower Nursing and Rehab Center.

**The Oaks of Carolina, LLC has been re-named UniHealth Post-Acute Care-Raleigh

***The Wake County Average excludes WakeMed Zebulon, WakeMed Fuquay Varina, Rex Rehabilitation and Nursing Care Center, and Rex Rehabilitation and Nursing Care Center of Apex. Also excludes Glenaire, Springmoor (Dan E. & Mary Louise Stewart Health Center), and Windsor Point continuing care retirement communities (CCRCs).

Hillcrest-Wake Forest. In Section VI.3, the applicant projects the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	25.5%
Medicare	25.5%
Medicaid	49.0%
Total	100.00%

As shown in the table above, the applicant projects nursing patient days of care for Medicaid recipients (49.0%) that is 12.8 percentage points (61.8% - 49.0% = 12.8%) and 21% (12.8%/61.8% = 21%) below the county average (61.8%) and 18.6 percentage points (67.6% - 49.0% = 18.6%) and 28% (18.6%/67.6% = 28%) below the statewide average (67.6%). Therefore, the applicant did not demonstrate that medically underserved groups will have adequate access to the proposed services and the application is not conforming to this criterion.

Wake Health & Rehab-Cary. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	5.4%
Medicare	26.8%
Medicaid	67.9%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (67.9%) that is 6.1 percentage points (67.9% - 61.8% = 6.1%) and 10% (6.1%/61.8% = 10%) above the county average (61.8%) and nearly identical to the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Britthaven-Brier Creek. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	8.0%
Medicare	18.0%
Medicaid	74.0%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (74%) that is 12.2 percentage points (74% - 61.8% = 12.2%) and 20% (12.2%/61.8% = 20%) above the county average (61.8%) and 6.4 percentage points (74% - 67.6% = 6.4%) and 9.5% (6.4%/67.6% = 9.5%) higher than the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Universal-North Raleigh. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	15.75%
Commercial	0.79%
Medicare	22.83%
Medicaid	55.12%
Hospice	5.51%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (55.12%) that is 6.68 percentage points (61.8% - 55.12% = 6.68%) and 11% (6.68%/61.8% = 11%) below the county average (61.8%) and 12.48 percentage points (67.6% - 55.12% = 12.48%) and 18% (12.48%/67.6% = 18%) below the statewide average (67.6%). Moreover, the projected Medicaid percentage is 7.38 percentage points (62.5% - 55.12% = 7.38) or 12 percent (7.38%/62.5% = 12%) less than the Medicaid percentage in FY2009. Therefore, the applicants did not demonstrate that medically underserved groups will have adequate access to the proposed services and the application is not conforming to this criterion.

Britthaven-Garner. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	6.0%
Medicare	18.0%
Medicaid	76.0%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (76%) that is 14.2 percentage points (76% - 61.8% = 14.2%) and 23% (14.2%/61.8% = 23%) above the county average (61.8%) and 8.4 percentage points (76% - 67.6% = 8.4%) and 12% (8.4%/67.6% = 12%) higher than the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Brookdale-North Raleigh. In Section VI.3, the applicant projects the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	17.2%
Medicare	20.0%
Medicaid	55.4%
Other*	7.4%
Total	100.00%

*Applicant states "Other" includes commercial, state, and other government payers.

As shown in the table above, the applicant projects nursing patient days of care for Medicaid recipients (55.4%) that is 6.4 percentage points (61.8% - 55.4% = 6.4%) and 10% (6.4%/61.8% = 10%) below the county average (61.8%) and 12.2 percentage points (67.6% - 55.4% = 12.2%) and 18% (12.2%/67.6% = 18%) below the statewide average (67.6%). Therefore, the applicant did not demonstrate that medically underserved groups will have adequate access to the proposed services and the application is not conforming to this criterion.

UniHealth-Raleigh. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	11.6%
Commercial	4.9%
Medicare	32.3%
Medicaid	46.3%
VA/Champus	1.2%
Hospice	3.7%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (46.3%) that is 15.5 percentage points (61.8% - 46.3% = 15.5%) and 25% (15.5%/61.8% = 25%) below the county average (61.8%) and 21.3 percentage points (67.6% - 46.3% = 21.3%) and 32% (21.3%/67.6% = 32%) below the statewide average (67.6%). Therefore, the applicants did not demonstrate that medically underserved groups will have adequate access to the proposed services and the application is not conforming to this criterion.

UniHealth-Cary. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	6.3%
Commercial	3.1%
Medicare	20.8%
Medicaid	64.6%
VA/Champus	2.1%
Hospice	3.1%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (64.6%) that is 2.8 percentage points (64.6% - 61.8% = 2.8%) and 5% (2.8%/61.8% = 5%) above the county average (61.8%) and 3 percentage points (67.6% - 64.6% = 3%) and 4% (3%/67.6% = 4%) below the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Universal-Fuquay Varina. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	9.52%
Commercial	2.86%
Medicare	17.14%
Medicaid	66.67%
Hospice	3.81%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (66.67%) that is 4.87 percentage points ($66.67\% - 61.8\% = 4.87\%$) and 8% ($4.87\%/61.8\% = 8\%$) above the county average (61.8%) and slightly below the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

UniHealth-North Raleigh. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	6.1%
Commercial	3.5%
Medicare	21.7%
Medicaid	64.4%
VA/Champus	1.7%
Hospice	2.6%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (64.4%) that is 2.6 percentage points ($64.4\% - 61.8\% = 2.6\%$) and 4% ($2.6\%/61.8\% = 4\%$) above the county average (61.8%) and 3.2 percentage points ($67.6\% - 64.4\% = 3.2\%$) and 5% ($3.2\%/67.6\% = 5\%$) below the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Liberty-Garner. In Section IV.3, page 81, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	15%
Medicare	16%
Medicaid	69%
Total	100%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (69%) that is 7.2 percentage points (69% - 61.8% = 7.2%) and 12% (7.2%/61.8% = 12%) above the county average (61.8%) and slightly more than the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Liberty-Morrisville. In Section IV.3, page 81, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	15%
Medicare	16%
Medicaid	69%
Total	100%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (69%) that is 7.2 percentage points (69% - 61.8% = 7.2%) and 12% (7.2%/61.8% = 12%) above the county average (61.8%) and slightly more than the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Liberty-North Raleigh. In Section IV.3, page 81, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	15%
Medicare	16%
Medicaid	69%
Total	100%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (69%) that is 7.2 percentage points (69% - 61.8% = 7.2%) and 12% (7.2%/61.8% = 12%) above the county average (61.8%) and slightly more than the statewide average (67.6%). Therefore, the applicants demonstrate that medically

underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

BellaRose-Raleigh. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	10.0%
Medicare	17.0%
Medicaid	72.0%
Hospice	1.0%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (72%) that is 10.2 percentage points ($72\% - 61.8\% = 10.2\%$) and 17% ($10.2\%/61.8\% = 4.4\%$) above the county average (61.8%) and 4.4 percentage points ($72\% - 67.6\% = 4.4\%$) and 7% ($4.4\%/67.6\% = 7\%$) above the statewide average (67.6%). Therefore, the applicants demonstrate that medically underserved groups will have adequate access to the proposed services and the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section VI.3, the applicant projects the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	16.35%
Commercial	7.33%
Medicare	25.67%
Medicaid	50.65%
Total	100.00%

As shown in the table above, the applicant projects nursing patient days of care for Medicaid recipients (50.65%) that is 11.15 percentage points ($61.8\% - 50.65\% = 11.15\%$) and 18% ($11.15\%/61.8\% = 18\%$) below the county average (61.8%) and 16.95 percentage points ($67.6\% - 50.65\% = 16.95\%$) and 25% ($16.95\%/67.6\% = 25\%$) below the statewide average (67.6%). Therefore, the applicant did not demonstrate that medically underserved groups will have adequate access to the proposed services and the application is not conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section VI.3, the applicants project the following payer mix for the nursing care beds during the second full federal fiscal year of operation following completion of the project.

Payer Category	Projected Patient Days by Payer as % of Total Patient Days
Private Pay	16.35%
Commercial	7.33%
Medicare	25.67%
Medicaid	50.65%
Total	100.00%

As shown in the table above, the applicants project nursing patient days of care for Medicaid recipients (50.65%) that is 11.15 percentage points ($61.8\% - 50.65\% = 11.15\%$) and 18% ($11.15\%/61.8\% = 18\%$) below the county average (61.8%) and 16.95 percentage points ($67.6\% - 50.65\% = 16.95\%$) and 25% ($16.95\%/67.6\% = 25\%$) below the statewide average (67.6%). Therefore, the applicants did not demonstrate that medically underserved groups will have adequate access to the proposed services and the application is not conforming to this criterion.

- (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
All Applicants

See Section VI.7 and referenced exhibits of the applications for documentation that the proposed nursing facilities will offer a range of means by which persons will have access to their services. The information provided in each application is reasonable and credible and supports a finding of conformity with this criterion.

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

C
All Applicants

See Section V.1 and referenced exhibits of the applications for documentation that the proposed nursing facilities will accommodate the clinical training needs of health professional training programs in the area. The information provided in each application is reasonable and credible and supports a finding of conformity with this criterion.

- (15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of

applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

Wake Health & Rehab-Cary
Britthaven-Brier Creek
Britthaven-Garner
Universal-Fuquay Varina
BellaRose-Raleigh

NC

All Other Applications

Hillcrest-Wake Forest. See Sections II, III, VI, VIII and XI.13-14. However, the applicant did not adequately demonstrate that its proposal to develop a 120-bed nursing facility in Wake Forest would have a positive impact on access to the proposed services. The applicant did not demonstrate that medically underserved groups will have adequate access to the proposed services. See Criterion (13c) for additional discussion. Therefore, the application is not conforming to this criterion.

Wake Health & Rehab-Cary. See Sections II, III, VI, VII, and XI.13-14. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the applicants' proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicants adequately demonstrate the proposal is needed and is a cost-effective alternative to meet the need [see Criteria (1), (3), (4), (5) and (12) for additional discussion];
- The applicants adequately demonstrate they will provide quality services [see Criteria (7), (8) and (20) for additional discussion]; and
- The applicants demonstrate they will provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

Therefore, the application is conforming to this criterion.

Britthaven-Brier Creek. See Sections II, III, VI, VII, and XI.13-14. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the applicants' proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicants adequately demonstrate the proposal is needed and is a cost-effective alternative to meet the need [see Criteria (1), (3), (4), (5) and (12) for additional discussion];

- The applicants adequately demonstrate they have and will continue to provide quality services [see Criteria (7), (8) and (20) for additional discussion]; and
- The applicants demonstrate they have and will continue to provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

Therefore, the application is conforming to this criterion.

Universal-North Raleigh. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to add 20 new nursing care beds to an existing facility would have a positive impact on access to the proposed services. The applicants did not demonstrate that medically underserved groups will have adequate access to the proposed services. See Criterion (13c) for additional discussion. Therefore, the application is not conforming to this criterion.

Britthaven-Garner. See Sections II, III, VI, VII, and XI.13-14. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the applicants' proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicants adequately demonstrate the proposal is needed and is a cost-effective alternative to meet the need [see Criteria (1), (3), (4) (5) and (12) for additional discussion];
- The applicants adequately demonstrate they will provide quality services [see Criteria (7), (8) and (20) for additional discussion]; and
- The applicants demonstrate they will provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

Therefore, the application is conforming to this criterion.

Brookdale-North Raleigh. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to develop a 90-bed nursing facility in north Raleigh would have a positive impact on access to the proposed services. The applicants did not demonstrate that medically underserved groups will have adequate access to the proposed services. See Criterion (13c) for additional discussion. Therefore, the application is not conforming to this criterion.

UniHealth-Raleigh. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to add 20 new nursing care beds to an existing facility would have a positive impact on access to the proposed services. The applicants did not demonstrate that they currently provide adequate access to medically underserved groups. See Criterion (13a) for discussion. Also, the applicants did not demonstrate that medically underserved groups will have adequate access to the proposed services. See Criterion (13c) for additional discussion. Therefore, the application is not conforming to this criterion.

UniHealth-Cary. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to develop a 100-bed nursing facility in

Morrisville would have a positive impact on access to the proposed services. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh. UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. The applicants did not demonstrate that they currently provide adequate access to medically underserved groups. See Criterion (13a) for additional discussion. Therefore, the application is not conforming to this criterion.

Universal-Fuquay Varina. See Sections II, III, VI, VII, and XI.13-14. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the applicants' proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicants adequately demonstrate the proposal is needed and is a cost-effective alternative to meet the need [see Criteria (1), (3), (4), (5) and (12) for additional discussion];
- The applicants adequately demonstrate they will provide quality services [see Criteria (7), (8) and (20) for additional discussion]; and
- The applicants demonstrate they will provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to develop a 120-bed nursing facility in north Raleigh would have a positive impact on access to the proposed services. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicants provide a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh. UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. The applicants did not demonstrate that they currently provide adequate access to medically underserved groups. See Criterion (13a) for additional discussion. Therefore, the application is not conforming to this criterion.

Liberty-Garner. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to develop a 130-bed nursing facility in Garner would have a positive impact on quality of the proposed services. According to the Nursing Home Licensure and Certification Section, DHRS, within the 18 months immediately preceding the date of this decision, the applicants' existing Wake County nursing facility, Capital Nursing and Rehabilitation Center, had certification deficiencies constituting substandard quality of care, including immediate jeopardy to resident health or safety. See

Criterion (20) for additional discussion. Therefore, the application is not conforming to this criterion.

Liberty-Morrisville. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to develop a 130-bed nursing facility in Morrisville would have a positive impact on quality of the proposed services. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, the applicants' existing Wake County nursing facility, Capital Nursing and Rehabilitation Center, had certification deficiencies constituting substandard quality of care, including immediate jeopardy to resident health or safety. See Criterion (20) for additional discussion. Therefore, the application is not conforming to this criterion.

Liberty-North Raleigh. See Sections II, III, VI, VIII and XI.13-14. However, the applicants did not adequately demonstrate that their proposal to develop a 130-bed nursing facility in north Raleigh would have a positive impact on quality of the proposed services. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, the applicants' existing Wake County nursing facility, Capital Nursing and Rehabilitation Center, had certification deficiencies constituting substandard quality of care, including immediate jeopardy to resident health or safety. See Criterion (20) for additional discussion. Therefore, the application is not conforming to this criterion.

BellaRose-Raleigh. See Sections II, III, VI, VII, and XI.13-14. The information provided by the applicants in those sections is reasonable and credible and adequately demonstrates that the applicants' proposal would have a positive impact on cost-effectiveness, quality and access to the proposed services because:

- The applicants adequately demonstrate the proposal is needed and is a cost-effective alternative to meet the need [see Criteria (1), (3), (4), (5) and (12) for additional discussion];
- The applicants adequately demonstrate they will provide quality services [see Criteria (7), (8) and (20) for additional discussion]; and
- The applicants demonstrate they will provide adequate access to medically underserved populations [see Criterion (13) for additional discussion].

Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. See Sections II, III, VI, VIII and XI.13-14. However, the applicant did not adequately demonstrate that its proposal to develop a 120-bed nursing facility in Cary would have a positive impact on cost-effectiveness of the proposed services. The applicant did not adequately demonstrate that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. See Criterion (5) for additional discussion. Also, in Section I.12, page 9, the applicant states that one of its "*affiliated entities*" operates Blue Ridge Health Care Center, which is located in Wake County. The applicant did not demonstrate that they currently

provide adequate access to medically underserved groups. See Criterion (13a) for additional discussion. Also, the applicant did not demonstrate that medically underserved groups will have adequate access to the proposed services. See Criterion (13c) for additional discussion. Therefore, the application is not conforming to this criterion.

Rehab & Nursing Center-Raleigh. See Sections II, III, VI, VIII and XI.13-14. However, the applicant did not adequately demonstrate that its proposal to develop a 120-bed nursing facility in Raleigh would have a positive impact on cost-effectiveness of the proposed services. The applicant did not adequately demonstrate that the proposed project is financially feasible and is based on reasonable projections of costs and charges for the type of facility proposed. See Criterion (5) for additional discussion. Also, in Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. The applicant did not demonstrate that they currently provide adequate access to medically underserved groups. See Criterion (13a) for additional discussion. Also, the applicant did not demonstrate that medically underserved groups will have adequate access to the proposed services. See Criterion (13c) for additional discussion. Therefore, the application is not conforming to this criterion.

- (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
Hillcrest-Wake Forest
Wake Health & Rehab-Cary
Brookdale-North Raleigh

NC
Liberty-Garner
Liberty-Morrisville
Liberty-North Raleigh

C
All Others

Britthaven-Brier Creek. In Section I.12, page 13, the applicants, Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee), state that Spruce LTC Group, LLC is a subsidiary of Principle Long Term Care, Inc., which is the manager of Tower Nursing and Rehab Center. Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) is an existing nursing facility in Wake County with 180 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Tower Nursing and Rehab Center for which licensure penalties, suspension of admissions, provisional licensure, or

certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

Universal-North Raleigh. Universal-North Raleigh is an existing nursing facility in Wake County with 112 nursing care beds. Also, the applicants identify Choice Healthcare Management Services, LLC as the management company for the facility. In Section I.12, pages 8-9, the applicants provide a list of nursing facilities managed by Choice Healthcare Management Services, LLC in North Carolina, including Litchford Falls Healthcare and Rehab Center. Litchford Falls Healthcare and Rehab Center is an existing nursing facility in Wake County with 90 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Litchford Falls Healthcare and Rehab Center or Universal Healthcare-North Raleigh for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

Britthaven-Garner. In Section I.12, page 13, the applicants, Britthaven, Inc. (lessor) and Redwood LTC Group, LLC (lessee), state that Redwood LTC Group, LLC is a subsidiary of Principle Long Term Care, Inc., which is the manager of Tower Nursing and Rehab Center. Tower Nursing and Rehab Center (formerly City of Oaks Health and Rehabilitation Center) is an existing nursing facility in Wake County with 180 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Tower Nursing and Rehab Center for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

UniHealth-Raleigh. UniHealth-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. In Exhibit 6, the applicant provides a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including The Oaks at Mayview (Mayview Convalescent Center). Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at UniHealth-Raleigh or Mayview Convalescent Center for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

UniHealth-Cary. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-Cary, LLC and Cary Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicant provides a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. According to

the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at UniHealth Post-Acute Care-Raleigh or Mayview Convalescent Center for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

Universal-Fuquay Varina. Universal Healthcare-Fuquay Varina is an approved, but not yet developed, Wake County replacement nursing facility with 49 nursing care beds and 31 adult care home beds. In Section I.9, page 6, the applicants, Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee), identify Choice Healthcare Management Services, LLC as the management company for the facility. In Section I.12, pages 8-9, the applicants provide a list of nursing facilities managed by Choice Healthcare Management Services, LLC in North Carolina, including Litchford Falls Healthcare and Rehab Center and Universal Healthcare-North Raleigh. Litchford Falls Healthcare and Rehab Center is an existing nursing facility in Wake County with 90 nursing care beds, and Universal Healthcare-North Raleigh is an existing nursing facility in Wake County with 112 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Litchford Falls Healthcare and Rehab Center or Universal Healthcare-North Raleigh for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

UniHealth-North Raleigh. In Section I.12, pages 16-17, the applicants, UniHealth Post-Acute Care-North Raleigh, LLC and North Raleigh Healthcare Properties, Inc., identify United Health Services, Inc. (UHS) as the parent company for UniHealth-Cary, and UHS-Pruitt Corporation as the management company. In Exhibit 6, the applicant provides a list of nursing facilities in North Carolina operated by UHS-Pruitt Corporation, including UniHealth Post-Acute Care-Raleigh and The Oaks at Mayview (Mayview Convalescent Center). UniHealth Post-Acute Care-Raleigh is an existing nursing facility in Wake County with 150 nursing care beds. Mayview Convalescent Center is an existing nursing facility in Wake County with 139 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at UniHealth Post-Acute Care-Raleigh or Mayview Convalescent Center for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

Liberty-Garner. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, Capital Nursing and Rehabilitation Center had certification deficiencies constituting

substandard quality of care, including immediate jeopardy to resident health or safety. Therefore, the application is not conforming to this criterion.

Liberty-Morrisville. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, Capital Nursing and Rehabilitation Center had certification deficiencies constituting substandard quality of care, including immediate jeopardy to resident health or safety. Therefore, the application is not conforming to this criterion.

Liberty-North Raleigh. In Section I.12(a), page 18, the applicants provide a list of nursing facilities they own or operate in North Carolina, including Capital Nursing and Rehabilitation Center in Raleigh. Capital Nursing and Rehabilitation Center is an existing nursing facility in Wake County with 125 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, Capital Nursing and Rehabilitation Center had certification deficiencies constituting substandard quality of care, including immediate jeopardy to resident health or safety. Therefore, the application is not conforming to this criterion.

BellaRose-Raleigh. On page 15, the applicants state that four of the “*principals*” in the applicant companies, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee), hold ownership interests in other nursing facilities in North Carolina, including Hillside Nursing Center of Wake Forest and Windsor Point in Fuquay Varina, which are located in Wake County. Hillside Nursing Center of Wake Forest is an existing nursing facility in Wake County with 130 nursing care beds. Windsor Point is an existing nursing facility in Wake County with 45 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Hillside Nursing Center of Wake Forest or Windsor Point for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Cary. In Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. Blue Ridge Health Care Center is an existing nursing facility in Wake County with 134 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Blue Ridge Health Care Center for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

Rehab & Nursing Center-Raleigh. In Section I.12, page 9, the applicant states that one of its “*affiliated entities*” operates Blue Ridge Health Care Center, which is located in Wake County. Blue Ridge Health Care Center is an existing nursing facility in Wake County with

134 nursing care beds. According to the Nursing Home Licensure and Certification Section, DHSR, within the 18 months immediately preceding the date of this decision, there were no incidents at Blue Ridge Health Care Center for which licensure penalties, suspension of admissions, provisional licensure, or certification deficiencies constituting substandard quality of care were imposed on the facility. Therefore, the application is conforming to this criterion.

(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.

C
All Applicants

The proposals submitted by all the applicants are consistent with all applicable Criteria and Standards for Nursing Facility Services, promulgated in 10A NCAC 14C .1100. See discussion below.

.1101 INFORMATION REQUIRED OF APPLICANT

- .1101(a) The rule states *“An applicant proposing to establish new nursing facility or adult care home beds shall project an occupancy level for the entire facility for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be stated.”*
- C- **Hillcrest-Wake Forest.** In Section II.1, page 16, the applicant projects occupancy levels for the first eight quarters for the proposed facility and in Section IV.2, pages 79-91, and Exhibit 14, the applicant provides the assumptions used to project occupancy.
- C- **Wake Health & Rehab-Cary.** In Section IV.2, page 95, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), page 96, provide the assumptions used to project occupancy.
- C- **Britthaven-Brier Creek.** In Section IV.2, pages 145-146, the applicants project occupancy levels for the first eight quarters for

the proposed facility and in Section IV.2(e), page 144, provide the assumptions used to project occupancy.

- C- **Universal-North Raleigh.** In Section IV.2, pages 58-59, the applicants project occupancy levels for the first eight quarters for the facility and in Section IV.2(e), page 57, provide the assumptions used to project occupancy.
- C- **Britthaven-Garner.** In Section IV.2, pages 145-146, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), page 144, provide the assumptions used to project occupancy.
- C- **Brookdale-North Raleigh.** In Section IV.2, page 86, the applicant projects occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), pages 87-88, provides the assumptions used to project occupancy.
- C- **UniHealth-Raleigh.** In Section IV.2, pages 170-171, the applicants project occupancy levels for the first eight quarters for the facility and in Section IV.2(e), page 173, provide the assumptions used to project occupancy.
- C- **UniHealth-Cary.** In Section IV.2, pages 168-169, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), page 171, provide the assumptions used to project occupancy.
- C- **Universal-Fuquay Varina.** In Section IV.2, pages 64-65, the applicants project occupancy levels for the first eight quarters for the facility and in Section IV.2(e), page 63, provide the assumptions used to project occupancy.
- C- **UniHealth-North Raleigh.** In Section IV.2, pages 174-175, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), pages 177-178, provide the assumptions used to project occupancy.
- C- **Liberty-Garner.** In Section IV.2, pages 75-77, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), page 74, provide the assumptions used to project occupancy.
- C- **Liberty-Morrisville.** In Section IV.2, pages 75-77, the applicants project occupancy levels for the first eight quarters for the

proposed facility and in Section IV.2(e), page 74, provide the assumptions used to project occupancy.

- C- **Liberty-North Raleigh.** In Section IV.2, pages 75-77, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), page 74, provide the assumptions used to project occupancy.
- C- **BellaRose-Raleigh.** In Section IV.2, pages 45-47, the applicants project occupancy levels for the first eight quarters for the proposed facility and in Section IV.2(e), page 43, and Exhibit 21, provide the assumptions used to project occupancy.
- C- **Rehab & Nursing Center-Cary.** In Section IV.2, pages 100-101, the applicant projects occupancy levels for the first eight quarters for the proposed facility and in Section II.1, pages 18-19, provide the assumptions used to project occupancy.
- C- **Rehab & Nursing Center-Raleigh.** In Section IV.2, pages 102-103, the applicant projects occupancy levels for the first eight quarters for the proposed facility and in Section II.1, pages 20-21, provide the assumptions used to project occupancy.
- 1101(b) The rule states *“An applicant proposing to establish new nursing facility or adult care home beds shall project patient origin by percentage by county of residence. All assumptions, including the specific methodology by which patient origin is projected, shall be stated.”*
- C- **All Applicants.** See Section III.9 of each application for projected patient origin by county of residence for the proposed facility and the assumptions and methodologies used to make the projections. The information provided in each application is reasonable and credible and supports a finding of conformity with this rule. See Criterion (3) for additional discussion.
- .1101(c) The rule states *“An applicant proposing to establish new nursing facility or adult care home beds shall show that at least 85 percent of the anticipated patient population in the entire facility lives within a 45 mile radius of the facility, with the exception that this standard shall be waived for applicants proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, facilities that are fraternal or religious facilities, or facilities that are part of licensed continuing care facilities which make services available to large or geographically diverse populations.”*

- C- **All Applicants.** See Section III.10 and referenced exhibits of each application. Each applicant shows that at least 85 percent of the projected residents of the proposed facility will live within 45 miles of the facility. The information provided in each application is reasonable and credible and supports a finding of conformity with this rule.

- .1101(d) The rule states *“An applicant proposing to establish a new nursing facility or adult care home shall specify the site on which the facility will be located. If the proposed site is not owned by or under the control of the applicant, the applicant shall specify at least one alternative site on which the services could be operated should acquisition efforts relative to the proposed site ultimately fail, and shall demonstrate that the proposed and alternate sites are available for acquisition.”*

- C- **Hillcrest-Wake Forest.** In Section XI.2, the applicant identifies the primary site for the proposed nursing facility as a 6-acre site located at 0 Caveness Farms Avenue in Wake Forest. Exhibit 6 contains a copy of an option to purchase (*“Letter of Intent”*) obtained by the applicant from the owner documenting control of the proposed site.

- C- **Wake Health & Rehab-Cary.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as a 6-acre site located at Davis Drive and Airport Boulevard in Cary. Exhibit 28 contains a copy of a *“Letter of Availability”* for the primary site. In Section XI.3, the applicants identify the secondary site for the proposed nursing facility as a 12-acre site located at O’Kelly Chapel Road and Amberly Drive in Cary. Exhibit 29 contains a copy of a *“Letter of Availability”* for the secondary site.

- C- **Britthaven-Brier Creek.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as a 9-acre site located at 10400 and 10450 Little Brier Creek Lane in Raleigh. Exhibit S contains a copy of a *“Letter of Availability”* for the primary site. In Section XI.3, the applicants identify the secondary site for the proposed nursing facility as an 11-acre site located at Wilson Road and NW Cary Parkway in Morrisville. Exhibit S contains a copy of a letter from the owner of one parcel and representative for a second parcel stating the property identified as the secondary site is available for purchase.

- NA- **Universal-North Raleigh.** The applicants are not proposing to establish a new nursing facility or adult care home.
- C- **Britthaven-Garner.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as an 8-acre site located at 0 Waterfield Drive in Garner. Exhibit S contains a copy of a *“Letter of Availability”* from the owner for the primary site. In Section XI.3, the applicants identify the secondary site for the proposed nursing facility as a 9-acre site located at 3300 and 3400 Waterfield Drive in Garner. Exhibit S contains a copy of a letter from the owner stating the property identified as the secondary site is available for purchase.
- C- **Brookdale-North Raleigh.** In Section XI.2, the applicant states, *“The proposed nursing facility will be developed on the existing site of The Heritage of Raleigh. ... The property on which the Heritage of Raleigh is located and the new nursing facility will be constructed has been owned by Brookdale for approximately thirteen years.”*
- NA- **UniHealth-Raleigh.** The applicants are not proposing to establish a new nursing facility or adult care home.
- C- **UniHealth-Cary.** In Section XI.2, the applicant identifies the primary site for the proposed nursing facility as a 24-acre site located at 1600 Wilson Road in Morrisville. Exhibit 70 contains a copy of an option to purchase (*“Purchase Option”*) obtained by the applicant from the owner documenting control of the proposed site.
- NA- **Universal-Fuquay Varina.** In Section XI.2, the applicant states, *“Site is purchased.”* Exhibit 19 contains a copy of the deed for the property. Note: On July 27, 2011, the applicant received a declaratory ruling from DHSR permitting a change in site from the site that was approved in Project I.D. # J-8449-09.
- C- **UniHealth-North Raleigh.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as a 31-acre site located at 11109 Glenwood Avenue and 2501 T.W. Alexander Drive in Raleigh. Exhibit 73 contains a copy of a letter from a realtor documenting that the site is available for purchase. In Section XI.2, the applicants identify the secondary site for the proposed nursing facility as a 13-acre site located at 8215 Leesville Road in Raleigh. Exhibit 73 contains a copy of a letter from a realtor documenting that the site is available for purchase.

- C- **Liberty-Garner.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as a 10-acre site located at 0 White Oak Road in Garner. Exhibit 39 contains a copy of an option to purchase (“*Agreement for Purchase and Sale of Real Property*”) obtained by the applicant from the owner documenting control of the proposed site.
- C- **Liberty-Morrisville.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as a 10-acre site located at 0 McCrimmon Parkway in Morrisville. Exhibit 39 contains a copy of an option to purchase (“*Land Purchase Contract*”) obtained by the applicant from the owner documenting control of the proposed site.
- C- **Liberty-North Raleigh.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as an 11-acre site located at 7522 Ray Road in Raleigh. Exhibit 39 contains a copy of an option to purchase (“*Agreement for Purchase and Sale of Real Property*”) obtained by the applicant from the owner documenting control of the proposed site.
- C- **BellaRose-Raleigh.** In Section XI.2, the applicants identify the primary site for the proposed nursing facility as a 10-acre site located at 5120 Rock Quarry Road in Raleigh. Exhibit 22 contains a copy of an option to purchase (“*Agreement for Purchase and Sale of Real Property*”) obtained by the applicants from the owner documenting control of the proposed site.
- C- **Rehab & Nursing Center-Cary.** In Section XI.2, the applicant identifies the primary site for the proposed nursing facility as a 3-acre site located at 6750 Tryon Road in Cary. Exhibit 5 contains a copy of an option to purchase (“*Agreement of Purchase and Sale*”) obtained by the applicant from the owner documenting control of the proposed site.
- C- **Rehab & Nursing Center-Raleigh.** In Section XI.2, the applicant identifies the primary site for the proposed nursing facility as a 6-acre site located at 3201 New Bern Avenue in Raleigh. Exhibit 5 contains a copy of an option to purchase (“*Agreement of Purchase and Sale*”) obtained by the applicant from the owner documenting control of the proposed site.
- .1101(e) The rule states “*An applicant proposing to establish a new nursing facility or adult care home shall document that the proposed site and alternate sites are suitable for development of the facility with regard to water, sewage disposal, site*

development and zoning including the required procedures for obtaining zoning changes and a special use permit after a certificate of need is obtained.”

- C- **Hillcrest-Wake Forest.** In Section XI.2, the applicant states, *“The proposed primary site is properly zoned for a nursing care facility.”* and *“Water and sewer are available to the primary site.”* Exhibit 6 contains a letter from the real estate firm stating the property is *“currently zoned C.U. HB”* [Conditional Use, Highway Business District], for which nursing homes are listed under *“Permitted Uses.”* Exhibit 6 also contains a water/sewer map from the City of Raleigh Public Utilities indicating the location of water and sewer hookups. The application is conforming to this rule.

- C- **Wake Health & Rehab-Cary.** In Section XI.2, the applicants state, *“The primary site is zoned for nursing facility use.”* and *“The primary site is serviced by water and sewer services.”* Exhibit 28 contains a letter from the Planning Department for the Town of Cary stating that nursing homes are a permitted use for the proposed site. Exhibit 28 also contains a letter from the Town of Cary Engineering Services Manager documenting the availability of water and sewer services. In Section XI.3, the applicants state, *“The secondary site is zoned for nursing facility use.”* and *“The secondary site is serviced by water and sewer services.”* Exhibit 29 contains a letter from the Planning Department for the Town of Cary stating that nursing homes are a permitted use for the proposed site. Exhibit 29 also contains a letter from the Town of Cary Engineering Services Manager documenting the availability of water and sewer services. The application is conforming to this rule.

- C- **Britthaven-Brier Creek.** In Section XI.2, the applicants state, *“The [primary] site is currently zoned for nursing facility use.”* and *“Water and sewer service is available to the site.”* Exhibit S contains a letter and other material from the City of Raleigh documenting that nursing homes are a permitted use for the proposed primary site. Exhibit S also contains a letter from the City of Raleigh documenting the availability of water and sewer services. In Section XI.3, the applicants state, *“The zoning of both sites [two parcels of land comprising the secondary site] allow for use as a nursing facility; however a special use permit would be required for both.”* and *“Water and sewer service is available to the site.”* Exhibit S contains a letter and other material from the Town of Morrisville documenting that nursing homes are a permitted use for the proposed secondary site, and a copy of the

“Special Use Permit Application.” Exhibit S also contains a letter from the Town of Cary documenting the availability of water and sewer services. The application is conforming to this rule.

- NA- **Universal-North Raleigh.** The applicants are not proposing to establish a new nursing facility or adult care home.

- C- **Britthaven-Garner.** In Section XI.2, the applicants state, *“The [primary] site is currently zoned for nursing facility use.”* and *“Water and sewer service is available to the site.”* Exhibit S contains a letter and other material from the Town of Garner documenting that nursing homes are a permitted use for the proposed primary site. Exhibit S also contains a letter from the City of Raleigh documenting the availability of water and sewer services. In Section XI.3, the applicants state, *“The [secondary] site is currently zoned for nursing facility use.”* and *“Water and sewer service is available to the [secondary] site.”* Exhibit S contains a letter and other material from the Town of Garner documenting that nursing homes are a permitted use for the proposed secondary site. Exhibit S also contains a letter from the City of Raleigh documenting the availability of water and sewer services. The application is conforming to this rule.

- C- **Brookdale-North Raleigh.** In Section XI.2, the applicant states, *“The proposed site is zoned properly.”* and *“Water and sewer services are available and in use at the proposed site.”* Exhibit 6 contains documentation from Wake County that the site is currently zoned appropriately for nursing facilities. The application is conforming to this rule.

- NA- **UniHealth-Raleigh.** The applicants are not proposing to establish a new nursing facility or adult care home.

- C- **UniHealth-Cary.** In Section XI.2(e), the applicants state, *“On July 28, 2011, Mr. Brad West, Town of Morrisville Planner, stated that the proposed site is not currently zoned for a nursing home. ... Instead, the site would need a special use permit. ... Please also see Exhibit 49 for a copy of the Town of Morrisville Special Use Permit Application.”* In Section XI.2(k), the applicants state, *“On July 28, 2011, Mr. Jamie Bissonnette, Town of Cary Engineer, stated that water and sewer services are available to the proposed site.”* The application is conforming to this rule.

- NA- **Universal-Fuquay Varina.** In Section XI.2, the applicant states the site is *“currently zoned properly.”* Exhibit 21 contains a copy

of a letter from the Planner for Fuquay Varina documenting the site is appropriately zoned for nursing homes and that water and sewer services are available. Note: On July 27, 2011, the applicant received a declaratory ruling from DHSR permitting a change in site from the site that was approved in Project I.D. # J-8449-09.

- C- **UniHealth-North Raleigh.** In Section XI.2(e), with regard to the primary site, the applicants state, *“On August 9th, 2011, Mrs. De’Shelle Sumter, City of Raleigh Planner, stated that the proposed site is zoned for a nursing home.”* In Section XI.2(k), with regard to the primary site, the applicants state, *“On August 11, 2011, Mr. Russell Talley, City of Raleigh Engineer, stated that water and sewer services are available to the proposed site.”* In Section XI.3(e), with regard to the secondary site, the applicants state, *“On July 29th, 2011, Mr. Travis Krane, City of Raleigh Senior Planner, stated that the proposed site is not zoned for a nursing home. Mr. Krane also stated the proposed site would need to be rezoned. ... Please also see Exhibit 48 for a copy of the City of Raleigh’s Rezoning Process.”* In Section XI.3(k), with regard to the secondary site, the applicants state, *“On July 29, 2011, Mrs. Susan Locklear, City of Raleigh Stormwater Utility Official, stated that water and sewer services are available to the proposed site.”* The application is conforming to this rule.

- C- **Liberty-Garner.** In Section XI.2, the applicants state, *“Through discussions with the City of Garner Planning Office, the applicants have learned that the site would need a conditional use permit and rezoning to O&I to be properly zoned for a nursing facility.”* Exhibit 40 contains a letter from the Senior Planner for the Town of Garner which states, *“A rezoning to O&I would be in harmony with our comprehensive long-range plan for this area.”* Exhibit 40 also contains the zoning regulations for the City of Garner. In Section XI.2(k), the applicant states, *“Water and sewer are readily available on adjacent properties.”* Exhibit 42 contains a letter from the Director of Land Development, John R. McAdams Company, Inc. which states that water and sewer are available to the proposed site. The application is conforming to this rule.

- C- **Liberty-Morrisville.** In Section XI.2, the applicants state, *“Through discussions with the City of Morrisville Planning Office, the applicants have learned that the site would need a conditional use permit and rezoning to O&I to be properly zoned for a nursing facility.”* Exhibit 40 contains a letter from the Senior Planner for the Town of Morrisville which describes the

rezoning and permitting process. Exhibit 40 also contains the zoning regulations for the Town of Morrisville. In Section XI.2(k), the applicant states, *“Water and sewer are readily available on adjacent properties.”* Exhibit 42 contains a letter from the Director of Land Development, John R. McAdams Company, Inc. which states that water and sewer are available to the proposed site. The application is conforming to this rule.

-C- **Liberty-North Raleigh.** In Section XI.2, the applicants state, *“Through discussions with the Wake County Planning Office, the applicants have learned that the site would need a special use permit to be properly zoned for a nursing facility.”* Exhibit 40 contains a copy of an e-mail from a Planner for the City of Raleigh which describes the rezoning and permitting process. In Section XI.2(k), the applicant states, *“Water and sewer are readily available on adjacent properties.”* Exhibit 42 contains a letter from the Director of Land Development, John R. McAdams Company, Inc. which states that water and sewer are available to the proposed site. The application is conforming to this rule.

-C- **BellaRose-Raleigh.** In Section XI.2, the applicants state, *“The site is not currently zoned for nursing facility use.”* However, in Section XI.2(e) and (f), the applicants state they have met with City of Raleigh zoning officials, describe the process for requesting a rezoning of the site, and state they *“anticipate the request will be approved.”* Exhibit 23 contains a copy of a letter from a Planning Technician for the City of Raleigh and a copy of the zoning ordinances related to the rezoning process. In Section XI.2(k), the applicants state water and sewer are available on the proposed site. Exhibit 25 contains a letter from an Engineering Technician for the City of Raleigh which states that water and sewer are available to the proposed site. The application is conforming to this rule.

-C- **Rehab & Nursing Center-Cary.** In Section XI.2, the applicant states, *“The site is zoned appropriate [sic] for development of a nursing facility. The Wake County Real Estate Data, Account Summary, is included in the site exhibit; this documents that the current zoning for the site is OI. A copy of the relevant portions of the City of Cary zoning schedule is included within the exhibit [Exhibit 5].”* In Section XI.2(k), the applicant states water and sewer are available on the proposed site. Exhibit 5 contains a letter from the Engineering Department for the Town of Cary which states that water and sewer are available to the proposed site. The application is conforming to this rule.

- C- **Rehab & Nursing Center-Raleigh.** In Section XI.2, the applicant states, *“The site is zoned appropriate [sic] for development of a nursing facility. The Wake County Real Estate Data, Account Summary, is included in the site exhibit; this documents that the current zoning for the site is NB, or Neighborhood Business. A copy of the relevant portions of the City of Raleigh zoning schedule is included within the exhibit [Exhibit 5].”* In Section XI.2(k), the applicant states, *“The site is currently serviced by water and sewer services.”* Exhibit 5 contains a letter from the City of Raleigh which states that water and sewer are available to the proposed site. The application is conforming to this rule.
- .1101(f) The rule states *“An applicant proposing to establish new nursing facility or adult care home beds shall provide documentation to demonstrate that the physical plant will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F, whichever is applicable.”*
- C- **All Applicants.** See Sections II and XI and referenced exhibits of the respective applications for documentation regarding conformity with all requirements as stated in 10A NCAC 13D.
- .1102 REQUIRED PERFORMANCE STANDARDS**
- .1102(a) The rule states *“An applicant proposing to add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed nursing facility beds within the facility in which the new beds are to be operated was at least 90 percent.”*
- C- **Universal-North Raleigh.** In Section IV.1, page 56, the applicants provide a table showing the facility’s existing nursing facility beds were operated at an average occupancy rate of 91.73 percent during the nine months preceding the submittal of the application (November 1, 2010 through July 31, 2011).
- C- **UniHealth-Raleigh.** In Section IV.1, page 168, the applicants provide a table showing the facility’s existing nursing facility beds were operated at an average occupancy rate of 94 percent during the nine months preceding the submittal of the application (October 1, 2010 through June 30, 2011).

- NA- **All Other Applicants.** None of the other applicants proposes to add nursing facility beds to an existing nursing facility. Regarding Universal-Fuquay Varina, see the October 2011 declaratory ruling issued by DHSR.

- .1102(b) The rule states “*An applicant proposing to establish a new nursing facility or add nursing facility beds to an existing facility, except an applicant proposing to transfer existing certified nursing facility beds from a State Psychiatric Hospital to a community facility, shall not be approved unless occupancy is projected to be at least 90 percent for the total number of nursing facility beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be clearly stated.*”

- C- **Hillcrest-Wake Forest.** In Section IV.2, page 78, the applicant projects occupancy will be 91.2 percent in the second year of operation. In Section IV.2, pages 79-91, and Exhibit 14, the applicant provides the assumptions used to project occupancy.

- C- **Wake Health & Rehab-Cary.** In Section IV.2, page 95, the applicants project occupancy will be 93.3 percent in the second year of operation. In Section IV.2(e), page 96, the applicants provide the assumptions used to project occupancy.

- C- **Britthaven-Brier Creek.** In Section IV.2, page 146, the applicants project occupancy will be 95 percent in the second year of operation. In Section IV.2(e), page 144, the applicants provide the assumptions used to project occupancy.

- C- **Universal-North Raleigh.** In Section IV.2, page 59, the applicants project occupancy will be 96.21 percent in the second year of operation. In Section IV.2(e), page 57, the applicants provide the assumptions used to project occupancy.

- C- **Britthaven-Garner.** In Section IV.2, page 146, the applicants project occupancy will be 95 percent in the second year of operation. In Section IV.2(e), page 144, the applicants provide the assumptions used to project occupancy.

- C- **Brookdale-North Raleigh.** In Section IV.2, page 86, the applicant projects occupancy will be 93.3 percent in the second year of operation. In Section IV.2(e), page 87, the applicant provides the assumptions used to project occupancy.

- C- **UniHealth-Raleigh.** In Section IV.2, pages 170-171, the applicants project occupancy will be 96 percent in the second year of operation. In Section IV.2(e), page 173, the applicants provide the assumptions used to project occupancy.
- C- **UniHealth-Cary.** In Section IV.2, page 169, the applicants project occupancy will be 96 percent in the second year of operation. In Section IV.2(e), page 171, the applicants provide the assumptions used to project occupancy.
- C- **Universal-Fuquay Varina.** In Section IV.2, page 65, the applicants project occupancy will be 96.33 percent in the second year of operation. In Section IV.2(e), page 63, the applicants provide the assumptions used to project occupancy.
- C- **UniHealth-North Raleigh.** In Section IV.2, page 175, the applicants project occupancy will be 96 percent in the second year of operation. In Section IV.2(e), pages 177-178, the applicants provide the assumptions used to project occupancy.
- C- **Liberty-Garner.** In Section IV.2, page 77, the applicants project occupancy will be 95 percent in the second year of operation. In Section IV.2(e), page 74, the applicants provide the assumptions used to project occupancy.
- C- **Liberty-Morrisville.** In Section IV.2, page 77, the applicants project occupancy will be 95 percent in the second year of operation. In Section IV.2(e), page 74, the applicants provide the assumptions used to project occupancy.
- C- **Liberty-North Raleigh.** In Section IV.2, page 77, the applicants project occupancy will be 95 percent in the second year of operation. In Section IV.2(e), page 74, the applicants provide the assumptions used to project occupancy.
- C- **BellaRose-Raleigh.** In Section IV.2, pages 46-47, the applicants project occupancy will be 94.6 percent in the second year of operation. In Section IV.2(e), page 43, and Exhibit 21, the applicants provide the assumptions used to project occupancy.
- C- **Rehab & Nursing Center-Cary.** In Section IV.2, page 101, the applicant projects occupancy will be 91 percent in the second year of operation. In Section II.1, pages 18-19, the applicant provides the assumptions used to project occupancy.

- C- **Rehab & Nursing Center-Raleigh.** In Section IV.2, pages 103, the applicant projects occupancy will be 91 percent in the second year of operation. In Section II.1, pages 20-21, the applicant provides the assumptions used to project occupancy.
- .1102(c) The rule states “*An applicant proposing to add adult care home beds to an existing facility shall not be approved unless the average occupancy, over the nine months immediately preceding the submittal of the application, of the total number of licensed adult care home beds within the facility in which the new beds are to be operated was at least 85 percent.*”
- NA- **All Applicants.** None of the applicants proposes to add adult care home beds to an existing facility.
- .1102(d) The rule states “*An applicant proposing to establish a new adult care home facility or add adult care home beds to an existing facility shall not be approved unless occupancy is projected to be at least 85 percent for the total number of adult care home beds proposed to be operated, no later than two years following the completion of the proposed project. All assumptions, including the specific methodologies by which occupancies are projected, shall be clearly stated.*”
- NA- **All Applicants.** None of the applicants proposes to develop a new adult care home facility or to add adult care home beds to an existing facility.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1), no more than 240 new nursing care beds may be approved in this review for Wake County. Because the sixteen applications collectively propose 1,570 new nursing care beds, all sixteen applications cannot be approved. Therefore, after considering all of the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst also conducted a comparative analysis of the proposals to decide which proposal should be approved. Note: Eleven of the sixteen applications are not approvable because they are nonconforming with one or more statutory review criteria. The only approvable applications are: Wake Health & Rehab-Cary; Britthaven-Brier Creek; Britthaven-Garner; Universal-Fuquay Varina; and BellaRose-Raleigh. For the reasons set forth below and in the rest of the findings, the applications submitted by **Britthaven-Brier Creek**, **BellaRose-Raleigh**, and **Universal-Fuquay Varina** are approved, as conditioned, and the applications submitted by the other applicants are denied.

Geographic Distribution of Beds

As shown below, some of the applicants provided an analysis as to where in Wake County the new nursing care beds should be located. The following table summarizes the assumptions and methodology used by each applicant and illustrates where each applicant concludes the new nursing care beds should be located.

Applicant	Summary of the Applicants' Assumptions and Methodology	Applicants' Conclusions Regarding Location
Hillcrest-Wake Forest	Hillcrest considered accessibility to major transportation arteries, and suitability of available real estate for development with regard to size, elevation, location of existing healthcare services, and cost.	Wake Forest Township, in the northeastern portion of Wake County
Wake Health & Rehab-Cary	Wake Health & Rehab considered the geographic distribution of existing nursing care beds, the bed-to-population ratio by age group for groups of Zip Code areas (" <i>Zip Region</i> "), and for the northern and southern portions of Wake County, and community input.	Cary Township, in the west central portion of Wake County
Britthaven-Brier Creek	Britthaven considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts, and community input.	Cedar Fork Township, in the western portion of Wake County
Universal-North Raleigh	Universal considered the geographic distribution of existing nursing care beds, bed need projections by township based on population projections and age cohorts, and bed need deficits by township for northern Wake County.	Neuse Township, in the north central portion of Wake County
Britthaven-Garner	Britthaven considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts, and community input.	St. Mary's Township, in the southeastern portion of Wake County
Brookdale-North Raleigh	Brookdale considered the geographic distribution of existing nursing care beds, the bed-to-population ratio by age group, bed need/surplus projections by township based on population projections by age, and utilization of existing providers.	Neuse Township, in the north central portion of Wake County
UniHealth-Raleigh	UniHealth considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts for Wake County and surrounding townships, and community input.	Swift Creek Township, in the south central portion of Wake County
UniHealth-Cary	UniHealth considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts for Wake County and surrounding townships, and community input.	Cedar Fork Township, in the western portion of Wake County

Applicant	Summary of the Applicants' Assumptions and Methodology	Applicants' Conclusions Regarding Location
Universal-Fuquay Varina	Universal considered the geographic distribution of existing nursing care beds, bed need projections by township based on population projections and age cohorts, and community input.	Middle Creek Township, in the southwestern portion of Wake County
UniHealth-North Raleigh	UniHealth considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts for Wake County and surrounding townships, and community input.	Cedar Fork Township, in the northwestern portion of Wake County
Liberty-Garner	Liberty considered the geographic distribution of existing nursing care beds, bed need projections by township based on population projections and age cohorts, the availability of "buildable land," and community input.	St. Mary's Township, in the southeastern portion of Wake County
Liberty-Morrisville	Liberty considered the geographic distribution of existing nursing care beds, bed need projections by township based on population projections and age cohorts, the availability of "buildable land," and community input.	Cedar Fork Township, in the western portion of Wake County
Liberty-North Raleigh	Liberty considered the geographic distribution of existing nursing care beds, bed need projections by township based on population projections and age cohorts, the availability of "buildable land," and community input.	House Creek Township, in the north central portion of Wake County
BellaRose-Raleigh	BellaRose considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts, and community input.	St. Mary's Township, in the southeastern portion of Wake County
Rehab & Nursing Center-Cary	Rehab & Nursing Center considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts, accessibility to major roadways, suitability of site for development, and community input.	Cary Township, in the west central portion of Wake County
Rehab & Nursing Center-Raleigh	Rehab & Nursing Center considered the geographic distribution of existing nursing care beds, bed need/surplus projections by township based on population projections and age cohorts, accessibility to major roadways, suitability of site for development, and community input.	Raleigh Township, in the central portion of Wake County

The following table summarizes the townships which the applicants state need additional nursing care beds and identifies how many applicants stated that township needs additional nursing care beds.

Township	# of Applicants stating there is a need for additional nursing care beds by township
Cedar Fork	4
Saint Mary's	3
Cary	2
Neuse	2
House Creek	1
Middle Creek	1
Raleigh	1
Swift Creek	1
Wake Forest	1

The following table identifies the existing nursing facilities in Wake County by the township in which they are located.

Facility	Township	2011 SMFP Planning Inventory
Blue Ridge Health Care Center	Meredith	114
Britthaven of Holly Springs*	Holly Springs	90
Capital Nursing and Rehab Center	Raleigh	125
Cary Health & Rehab Center	Cary	120
Glenaire	Cary	35^
Guardian Care of Zebulon	Little River	60
Hillside Nursing Center	Wake Forest	130
Litchford Falls Healthcare & Rehab	Neuse	90
Mayview Convalescent Center	Raleigh	69^
Raleigh Rehab & HealthCare	Raleigh	157
Rex Rehab & Nursing Care Center	Raleigh	120
Rex Rehab & Nursing Care Center-Apex	White Oak	107
Searstone/Samaritan*	Cary	8^
Stewart Health Care Center of Springmoor	House Creek	86^
Sunnybrook Healthcare & Rehab	Raleigh	95
The Cardinal at North Hills*	Raleigh	7^
The Cypress of Raleigh	House Creek	18^
The Laurels of Forest Glenn	St. Mary's	120
Tower Nursing & Rehab Center	St. Matthews	90
UniHealth Post-Acute Raleigh	Swift Creek	150
Universal/Fuquay Varina*	Middle Creek	49
Universal/North Raleigh	Neuse	112
WakeMed-Zebulon/Wendell	Little River	19
WakeMed-Fuquay Varina	Middle Creek	36
Wellington Rehabilitation	St. Matthews	80
Windsor Point Continuing Care	Middle Creek	22^
Total		2,109

Source: Table 10A, 2011 State Medical Facilities Plan.

^2011 SMFP Planning Inventory totals for these facilities reflect the 50 percent reduction in nursing care beds at continuing care retirement communities (CCRCs).

*Approved but not yet developed projects.

The above table shows that approved or existing nursing care beds are currently located in 13 of the 20 townships in Wake County.

The project analyst developed the following table of bed need by township based on information provided by the five applicants that included a detailed township analysis for 2014.

Projected 2014 Nursing Care Bed Surplus/Deficit by Wake County Township			
Township	2011 SMFP Planning Inventory	Projected 2014 Bed Surplus/[Deficit]	Geographic Area of Wake County
Barton's Creek	0	[54]	Northern
Little River	79	37	Northern
New Light	0	[15]	Northern
Wake Forest	130	[36]	Northern
Subtotal bed deficit by area		[68]	Northern
Buckhorn	0	[7]	Southern
Holly Springs	90	23	Southern
Middle Creek	107	[20]	Southern
Panther Branch	0	[48]	Southern
Swift Creek	150	30	Southern
Subtotal bed deficit by area		[22]	Southern
House Creek	104	[156]	Central
Meredith	234	132	Central
Neuse	202	8	Central
Raleigh	453	[55]	Central
Subtotal bed deficit by area		[71]	Central
Marks Creek	0	[53]	Eastern
St. Mary's	120	[85]	Eastern
St. Matthew's	170	[8]	Eastern
Subtotal bed deficit by area		[146]	Eastern
Cary	163	[65]	Western
Cedar Fork	0	[84]	Western
Leesville	0	[91]	Western
White Oak	107	[34]	Western
Subtotal bed deficit by area		[274]	Western
Total Wake County	2,109	[581]	

Source: Nursing care bed surplus/deficit projections by Wake County township are based on an average of the projections included by the five different applicants that included detailed township projections for 2014, including: Britthaven; Brookdale; UniHealth; Liberty; and BellaRose. The other applicants did not provide detailed township projections for 2014.

Based on the applicants' projections, all areas of Wake County will have a projected deficit of nursing care beds by 2014. However, the applicants project that the greatest nursing care bed need will be in the western portion of the county (274 beds). The western portion of Wake County is comprised of the Cedar Fork, Leesville, and White Oak townships, as well as portions of the House Creek and Cary townships. The applicants project that the next greatest nursing care bed need will be in the eastern portion of the county (146 beds). The eastern portion of Wake County is comprised of the St. Mary's, St. Matthew's, and Marks Creek townships. The next greatest

projected deficits are in the central portion of the county (71 beds), which includes Raleigh, Meredith, Neuse, and a portion of House Creek township, and the northern portion of the county (68 beds), which includes New Light, Barton's Creek, Wake Forest, and Little River townships. The applicants project that the lowest nursing care bed need will be in the southern portion of the county (22 beds), which includes Buckhorn, Holly Springs, Middle Creek, and Panther Branch townships.

As shown in the table above, based on the applicants' projections, Wake County will have a total projected deficit of nursing care beds of 581 beds by 2014. It should be noted that the 2011 SMFP nursing care bed need methodology [*Table 10B, Nursing Care Bed Need Projections for 2014 (2011 Plan)*] projected that Wake County will have a total nursing care bed deficit of 509 beds by 2014. As such, the 2011 SMFP need determination for 240 new nursing care beds for Wake County addresses only part of total projected deficit determined by the 2011 SMFP nursing care bed need methodology.

The Project Analyst grouped the applications based on the proposed site's proximity to the townships for which the greatest nursing care bed deficits are projected. In other words, applications are ranked by the effectiveness of the proposed location to meet the projected deficit by area of the county as follows: most effective; more effective; and effective.

Effectiveness of Proposed Location			
	Township	Area/Municipality	Geographic Area of Wake County
Most Effective			
Britthaven-Brier Creek	Cedar Fork	Brier Creek/NW Raleigh	Western
Liberty-Morrisville	Cedar Fork	Morrisville	Western
Liberty-North Raleigh (1)	House Creek	North Raleigh	Central
UniHealth-North Raleigh	Cedar Fork	Brier Creek/NW Raleigh	Western
UniHealth-Cary	Cedar Fork	Cary/Morrisville	Western
Wake Health & Rehab-Cary	Cedar Fork	Cary	Western
More Effective			
BellaRose-Raleigh	St. Mary's	SE Raleigh	Eastern
Britthaven-Garner	St. Mary's	Garner	Eastern
Liberty-Garner	St. Mary's	Garner	Eastern
Effective			
Brookdale-North Raleigh	Neuse	North Raleigh	Central
Hillcrest-Wake Forest	Wake Forest	Wake Forest	Northern
Rehab & Nursing Center-Cary (2)	Cary	Cary	Western
Rehab & Nursing Center-Raleigh	Raleigh	Raleigh	Central
UniHealth-Raleigh (3)	Swift Creek	Raleigh	Southern
Universal-Fuquay Varina	Middle Creek	Fuquay Varina	Southern
Universal-North Raleigh	Neuse	North Raleigh	Central

- (1) Liberty-North Raleigh's proposed location is near the border of the House Creek and Leesville townships, which is closer to the western portion of Wake County. Therefore, it has been included in the "Most Effective" group rather than the "Effective" group.
- (2) Rehab & Nursing Center-Cary's proposed location is on the border of the Cary and Swift Creek townships, which is closer to the central portion of Wake County. Therefore, it has been included in the "Effective" group rather than the "Most Effective" group.
- (3) UniHealth-Raleigh's location is in the northern portion of Swift Creek near the border of the Raleigh township, which is closer to the central portion of Wake County. Nonetheless, whether considered to be located in the southern or central portions of Wake County, it would be included in the "Effective" group.

Note: The need determination in the 2011 SMFP does not include a preference for a particular area of the county. In other words, the need for 240 additional nursing care beds is for "Wake County" and the beds can be located anywhere in the county.

Private Rooms

The following table shows the number nursing care beds in private and semiprivate rooms proposed by the applicants developing new facilities, as reported in Section XI.8 of the applications. Generally, the application proposing the higher number of private beds as a percentage of total beds is the more effective alternative with respect to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Table 1

Applicant	Proposed # of Beds in Private Rooms	Proposed # of Beds in Semiprivate Rooms	Total Beds Proposed (New Beds Only)	Number of Beds in Private Rooms as Percent of Total
Hillcrest-Wake Forest	104	16	120	87%
Brookdale-North Raleigh	78	12	90	87%
UniHealth-Cary	60	40	100	60%
UniHealth-North Raleigh	72	48	120	60%
Liberty-Garner	66	64	130	51%
Liberty-Morrisville	66	64	130	51%
Liberty-North Raleigh	66	64	130	51%
BellaRose-Raleigh	46	54	100	46%
Britthaven-Garner	44	56	100	44%
Wake Health & Rehab-Cary	40	80	120	33%
Britthaven-Brier Creek	40	80	120	33%
Rehab&Nursing Center-Cary	40	80	120	33%
Rehab&Nursing Center-Raleigh	40	80	120	33%

The following table shows the number nursing care beds in private rooms proposed by the applicants adding new beds to an existing or approved facility, as well as the number of existing beds in private rooms, and the percentage of private beds the facility would operate following completion of the proposed project, as reported in Section XI.8 of the applications.

Table 2

Applicant	Proposed # of New Beds in Private Rooms	Existing/Approved # of Beds in Private Rooms	Total # of Beds (New and Existing)	Number of Beds in Private Rooms as Percent of Total Facility Beds (New and Existing)
Universal-North Raleigh	20	16	132	27%
UniHealth-Raleigh	16	14	170	18%
Universal-Fuquay Varina	48	19	109	61%

As shown in Table 1, of the applications proposing to develop new facilities, **Hillcrest-Wake Forest** proposes to develop add the largest number of private nursing care beds. Therefore, it appears that the proposal submitted by **Hillcrest-Wake Forest** is the more effective alternative for developing additional private nursing care beds within Wake County. However, the application submitted by **Hillcrest-Wake Forest** is not approvable. Of the applications proposing to develop new facilities that are approvable, **BellaRose-Raleigh** proposes to develop the highest number of private nursing care beds. As shown in Table 2, of the applications proposing to add beds to an existing or approved facility that are approvable, **Universal-Fuquay Varina** proposes to add the highest number of private nursing care beds. Therefore, the proposals submitted by **BellaRose-Raleigh** and **Universal-Fuquay Varina** are the more effective alternatives with regard to this comparative factor.

Access by Underserved Groups

The following table shows the applicants' projected percentage of total nursing patient days to be provided to Medicaid recipients during the second full federal fiscal year of operation following

completion of the project, as well as the FY2009 Wake County and statewide averages. Generally, the application proposing the higher Medicaid percentage is the more effective alternative with regard to this comparative factor. The applications are listed in the table below in decreasing order of effectiveness.

Applicant	Medicaid Patient Days as Percent of Total Patient Days
Britthaven-Garner	76.0%
Britthaven-Brier Creek	74.0%
BellaRose-Raleigh	72.0%
Liberty-Garner	69.0%
Liberty-Morrisville	69.0%
Liberty-North Raleigh	69.0%
Wake Health & Rehab-Cary	67.9%
Universal-Fuquay Varina	66.7%
UniHealth-Cary	64.6%
UniHealth-North Raleigh	64.3%
Brookdale-North Raleigh	55.4%
Universal-North Raleigh	55.1%
Rehab & Nursing Center-Cary	50.6%
Rehab & Nursing Center-Raleigh	50.6%
Hillcrest-Wake Forest	49.1%
UniHealth-Raleigh	46.3%
FY2009 Wake County Average*	61.8%
FY2009 Statewide Average	67.6%

Source: Section IV.3 of the applications, and DMA 2009 cost reports
*Wake County average excludes WakeMed Zebulon, WakeMed Fuquay Varina, Rex Rehabilitation and Nursing Care Center, and Rex Rehabilitation and Nursing Care Center of Apex. Also excludes Glenaire, Springmoor (Dan E. & Mary Louise Stewart Health Center), and Windsor Point continuing care retirement communities (CCRCs).

As shown in the above table, **Britthaven-Garner, Britthaven-Brier Creek, and BellaRose-Raleigh** project the highest percentage of total patient days to be provided to Medicaid recipients. Therefore, the applications submitted by **Britthaven-Garner, Britthaven-Brier Creek, and BellaRose-Raleigh** are the more effective alternatives with regard to access to services by Medicaid recipients, as all three project a Medicaid percentage of 72% or more, which is at least 10 percentage points greater than the FFY2009 Wake County average.

Private Pay Charges

The following table shows the applicants projected private pay charges in the second full year of operation. Generally, the application proposing the lower private pay charge is the more effective alternative. The applications are listed in the table below in decreasing order of effectiveness (private room).

Applicant	Proposed Private Pay Charges Year 2	
	Private Room	Semiprivate Room
Universal-North Raleigh	\$180.00	\$165.00
UniHealth-Cary	\$188.00	\$179.00
UniHealth-North Raleigh	\$188.00	\$179.00
Universal-Fuquay Varina	\$190.00	\$180.00
Liberty-Garner	\$190.00	\$170.00
Liberty-Morrisville	\$190.00	\$170.00
Liberty-North Raleigh	\$190.00	\$170.00
BellaRose-Raleigh	\$196.00	\$186.00
Britthaven-Brier Creek	\$198.00	\$188.00
Britthaven-Garner	\$198.00	\$188.00
Average of Applicants	\$215.44	\$189.81
Rehab & Nursing Center-Cary	\$240.00	\$205.00
Rehab & Nursing Center-Raleigh	\$240.00	\$205.00
Brookdale-North Raleigh	\$244.43	\$221.13
Wake Health & Rehab-Cary	\$250.00	\$225.00
UniHealth-Raleigh	\$253.61	\$216.07
Hillcrest-Wake Forest	\$311.00	NA

As shown in the above table, **Universal-North Raleigh** proposes the lowest private pay charge for a private room and the lowest private pay charge for a semiprivate room. Therefore, it appears the application submitted by **Universal-North Raleigh** is the more effective alternative. However, the application submitted by **Universal-North Raleigh** is not approvable. Of the approvable applications, **Universal-Fuquay Varina** proposes the lowest private pay charges for a private or semi-private room. Therefore, the application submitted by Universal-Fuquay Varina is the more effective alternative with regard to this comparative factor.

Operating Costs

The following table shows the applicants' projected operating costs per patient day in the second year of operation. Generally, the application proposing the lower average operating cost per patient day is the more effective alternative. The applications are listed in the table below in decreasing order of effectiveness.

Applicant	Total Direct Cost (less Ancillary) Plus Indirect Cost per Patient Day
Universal-Fuquay Varina	\$162.81
Britthaven-Brier Creek	\$179.95
Universal-North Raleigh	\$180.39
BellaRose-Raleigh	\$182.59
Britthaven-Garner	\$182.99
Liberty-Morrisville	\$186.39
Liberty-North Raleigh	\$186.70
Liberty-Garner	\$186.78
Wake Health & Rehab-Cary	\$192.80
Average of Applicants	\$194.50
UniHealth-Cary	\$199.24
UniHealth-North Raleigh	\$201.60
Rehab & Nursing Center-Cary	\$202.07
Rehab & Nursing Center-Raleigh	\$202.28
Hillcrest-Wake Forest	\$215.61
UniHealth-Raleigh	\$222.74
Brookdale-North Raleigh	\$226.99

Universal-Fuquay Varina projects the lowest total direct (less ancillary) plus indirect cost per patient day. Therefore, the application submitted by **Universal-Fuquay Varina** is the more effective alternative with regard to the lowest total direct (less ancillary) plus indirect cost per patient day.

Staffing

Salaries

The following tables show the applicants' projected direct care nursing salaries for registered nurses (RNs), licensed practical nurses (LPNs), and nurse aides (NAs) during the second year of operation, as reported by the applicants in Section VII.3. Generally, the application proposing the higher annual salary for direct care staff is the more effective alternative. The applications are listed in the table below in decreasing order of effectiveness.

Applicant	Projected Annual Registered Nurse (RN) Salary
UniHealth-Raleigh	\$66,253
Universal-Fuquay Varina	\$62,691
Universal-North Raleigh	\$62,400
Rehab & Nursing Center-Cary	\$61,194
Rehab & Nursing Center-Raleigh	\$61,194
UniHealth-North Raleigh	\$60,454
UniHealth-Cary	\$60,342
Average of Applicants	\$58,742
Britthaven-Brier Creek	\$58,240
Britthaven-Garner	\$58,240
Liberty-Garner	\$57,000
Liberty-Morrisville	\$57,000
Liberty-North Raleigh	\$57,000
BellaRose-Raleigh	\$57,000
Wake Health & Rehab-Cary	\$56,160
Brookdale-North Raleigh	\$54,237
Hillcrest-Wake Forest	\$50,462

As shown in the above table, **UniHealth-Raleigh** projects the highest annual salary for registered nurses (RNs). Therefore, the proposal submitted by **UniHealth-Raleigh** appears to be the more effective alternative with regard to the projected annual salary for RNs. However, the proposal submitted by **UniHealth-Raleigh** is not approvable. Of the approvable applications, **Universal-Fuquay Varina** is the more effective alternative with regard to this comparative factor.

Applicant	Projected Annual Licensed Practical Nurse (LPN) Salary
Rehab & Nursing Center-Cary	\$54,309
Rehab & Nursing Center-Raleigh	\$54,309
Universal-North Raleigh	\$53,498
UniHealth-Raleigh	\$50,453
Wake Health & Rehab-Cary	\$49,920
Average of Applicants	\$48,435
Universal-Fuquay Varina	\$48,256
UniHealth-Cary	\$48,138
UniHealth-North Raleigh	\$48,138
Britthaven-Brier Creek	\$47,320
Britthaven-Garner	\$47,320
Liberty-Garner	\$47,000
Liberty-Morrisville	\$47,000
Liberty-North Raleigh	\$47,000
BellaRose-Raleigh	\$47,000
Brookdale-North Raleigh	\$45,488
Hillcrest-Wake Forest	\$39,808

As shown in the above table, **Rehab & Nursing Center-Cary** and **Rehab & Nursing Center-Raleigh** project the highest annual salary for LPNs. Therefore, the proposals submitted by **Rehab &**

Nursing Center-Cary and **Rehab & Nursing Center-Raleigh** appear to be the more effective alternatives with regard to the projected annual salary for LPNs. However, the proposals submitted by **Rehab & Nursing Center-Cary** and **Rehab & Nursing Center-Raleigh** are not approvable. Of the approvable applications, **Wake Health & Rehab-Cary** projects the highest annual salary for LPNs. Therefore the application submitted by **Wake Health & Rehab-Cary** is the more effective alternative with regard to this comparative factor.

Applicant	Projected Annual Nurse Aide (NA) Salary
Universal-North Raleigh	\$30,654
Liberty-Garner	\$27,000
Liberty-Morrisville	\$27,000
Liberty-North Raleigh	\$27,000
Rehab & Nursing Center-Cary	\$26,874
Rehab & Nursing Center-Raleigh	\$26,874
Wake Health & Rehab-Cary	\$25,350
Average of Applicants	\$25,214
Universal-Fuquay Varina	\$25,175
BellaRose-Raleigh	\$25,000
UniHealth-Raleigh	\$24,716
Brookdale-North Raleigh	\$24,619
UniHealth-Cary	\$23,054
UniHealth-North Raleigh	\$23,054
Britthaven-Brier Creek	\$22,425
Britthaven-Garner	\$22,425
Hillcrest-Wake Forest	\$22,196

As shown in the above table, **Universal-North Raleigh** projects the highest annual salary for nurse aides. Therefore, the proposal submitted by **Universal-North Raleigh** appears to be the more effective alternative with regard to the projected annual salary for nurse aides. However, the application submitted by **Universal-North Raleigh** is not approvable. Of the approvable applications, **Wake Health & Rehab-Cary**, **Universal-Fuquay Varina** and **BellaRose-Raleigh** project the highest annual salary for nurse aides. Therefore these three applications are the more effective alternatives with regard to this comparative factor.

The following tables show the applicants' projected salaries for the director of nursing (DON), and assistant director of nursing (ADON) during second year of operation, as reported by the applicants in Section VII.3. Generally, the application proposing the higher annual salary for nursing management positions is the more effective alternative. The applications are listed in the following tables in decreasing order of effectiveness.

Applicant	Projected Annual Director of Nursing (DON) Salary
Universal-North Raleigh	\$99,009
UniHealth-Raleigh	\$94,483
UniHealth-Cary	\$90,311
UniHealth-North Raleigh	\$90,311
Rehab & Nursing Center-Cary	\$89,847
Rehab & Nursing Center-Raleigh	\$89,847
Brookdale-North Raleigh	\$89,757
Universal-Fuquay Varina	\$89,627
Average of Applicants	\$87,250
Liberty-Garner	\$85,234
Liberty-Morrisville	\$85,234
Liberty-North Raleigh	\$85,234
BellaRose-Raleigh	\$85,000
Britthaven-Brier Creek	\$83,000
Britthaven-Garner	\$83,000
Wake Health & Rehab-Cary	\$81,120
Hillcrest-Wake Forest	\$74,991

As shown in the above table, **Universal-North Raleigh** projects the highest annual salary for the director of nursing (DON). Therefore, the proposal submitted by **Universal-North Raleigh** appears to be the more effective alternative with regard to the projected annual salary for the DON position. However, the application submitted by **Universal-North Raleigh** is not approvable. Of the approvable applications, **Universal-Fuquay Varina** projects the highest annual salary for the DON position. Therefore the application submitted by **Universal-Fuquay Varina** is the more effective alternative with regard to this comparative factor.

Applicant	Projected Annual Assistant Director of Nursing (ADON) Salary
UniHealth-Raleigh	\$76,960
UniHealth-Cary	\$70,000
UniHealth-North Raleigh	\$70,000
Liberty-Garner	\$70,000
Liberty-Morrisville	\$70,000
Liberty-North Raleigh	\$70,000
BellaRose-Raleigh	\$70,000
Universal-North Raleigh	\$69,618
Average of Applicants	\$67,347
Universal-Fuquay Varina	\$67,018
Britthaven-Brier Creek	\$63,000
Britthaven-Garner	\$63,000
Hillcrest-Wake Forest	\$48,565
Wake Health & Rehab-Cary	NA
Brookdale-North Raleigh	NA
Rehab & Nursing Center-Cary	NA
Rehab & Nursing Center-Raleigh	NA

As shown in the above table, **UniHealth-Raleigh** projects the highest annual salary for the assistant director of nursing (ADON) position. Therefore, the proposal submitted by **UniHealth-Raleigh** appears to be the more effective alternative with regard to the projected annual salary for the ADON position. However, the application submitted by **UniHealth-Raleigh** is not approvable. Of the approvable applications that propose an ADON, **BellaRose-Raleigh** projects the highest annual salary for the ADON position. Therefore the application submitted by **BellaRose-Raleigh** is the more effective alternative with regard to this comparative factor.

Taxes and Benefits

The following table shows the applicants' projected percentage of salaries to be paid for employee taxes and benefits in the second year of operation. Generally, the application proposing the higher percentage is the more effective alternative. The applications are listed in the following table in decreasing order of effectiveness.

Applicant	Taxes and Benefits as a % of Salaries
UniHealth-Raleigh	31.2%
UniHealth-North Raleigh	27.6%
UniHealth-Cary	27.4%
Wake Health & Rehab-Cary	24.9%
Universal-Fuquay Varina	23.8%
Universal-North Raleigh	23.7%
Liberty-Garner	23.5%
Liberty-Morrisville	23.5%
Liberty-North Raleigh	23.5%
Average of Applicants	22.8%
Britthaven-Brier Creek	22.0%
Britthaven-Garner	22.0%
Brookdale-North Raleigh	21.7%
Rehab & Nursing Center-Cary	19.7%
Rehab & Nursing Center-Raleigh	19.7%
BellaRose-Raleigh	18.0%
Hillcrest-Wake Forest	12.8%

As shown in the above table, **UniHealth-Raleigh** projects the highest percentage of salaries to be paid for employee taxes and benefits. Therefore, the proposal submitted by **UniHealth-Raleigh** appears to be the more effective alternative with regard to employee taxes and benefits. However, the application submitted by **UniHealth-Raleigh** is not approvable. Of the approvable applications, **Wake Health & Rehab-Cary** projects the highest percentage of salaries to be paid for employee taxes and benefits. Therefore the application submitted by **Wake Health & Rehab-Cary** is the more effective alternative with regard to this comparative factor.

Nursing Hours per Patient Day

The following table shows the applicants' projected nursing hours per patient day (NHPPD) to be provided by total direct care staff (RNs, LPNs & NAs) in Year Two as reported in the table in Section VII.4 of the application and budgeted in the pro forma financial statements. Generally, the application projecting the higher NHPPD to be provided by total direct care staff is the more effective alternative. The applications are listed in the following table in decreasing order of effectiveness.

Applicant	Total Direct Care NHPPD*
Liberty-Garner	4.5
Liberty-Morrisville	4.5
Liberty-North Raleigh	4.5
BellaRose-Raleigh	4.0
Britthaven-Garner	3.9
UniHealth-Raleigh	3.9
UniHealth-North Raleigh	3.9
Britthaven-Brier Creek	3.8
UniHealth-Cary	3.7
Hillcrest-Wake Forest	3.6
Universal-Fuquay Varina	3.6
Rehab & Nursing Center-Cary	3.5
Rehab & Nursing Center-Raleigh	3.5
Wake Health & Rehab-Cary	3.4
Brookdale-North Raleigh	3.3
Universal-North Raleigh	3.2

*Based on 1,950 hours per NA position.

As shown in the above table, the three **Liberty** applications project the highest total direct care NHPPD. Therefore, the proposals submitted by **Liberty** appear to be the more effective alternatives with regard to highest total direct care NHPPD. However, the applications submitted by **Liberty** are not approvable. Of the approvable applications, **BellaRose-Raleigh** projects the highest total direct care NHPPD. Therefore the application submitted by **BellaRose-Raleigh** is the more effective alternative with regard to this comparative factor.

The following table illustrates the applicants' projected NHPPD to be provided by licensed direct care staff (RNs & LPNs) in Year Two as reported in the table in Section VII.4 of the application and budgeted in the pro forma financial statements. Generally, the application projecting the higher NHPPD to be provided by licensed direct care staff is the more effective alternative. The applications are listed in the following table in decreasing order of effectiveness.

Applicant	Licensed (RNs & LPNs) Direct Care NHPPD
Britthaven-Garner	1.6
Britthaven-Brier Creek	1.5
UniHealth-Raleigh	1.5
UniHealth-North Raleigh	1.5
Brookdale-North Raleigh	1.4
UniHealth-Cary	1.4
Liberty-Garner	1.4
Liberty-Morrisville	1.4
Liberty-North Raleigh	1.4
BellaRose-Raleigh	1.4
Rehab & Nursing Center-Cary	1.3
Rehab & Nursing Center-Raleigh	1.3
Wake Health & Rehab-Cary	1.2
Hillcrest-Wake Forest	1.1
Universal-Fuquay Varina	1.1
Universal-North Raleigh	0.9

As shown in the above table, **Britthaven-Garner** projects the highest licensed (RNs & LPNs) direct care NHPPD. Therefore, the proposal submitted by **Britthaven-Garner** is the more effective alternative with regard to projected licensed direct care NHPPD.

Conformity with Review Criteria

The applications submitted by **Wake Health & Rehab-Cary, Britthaven-Brier Creek, Britthaven-Garner, Universal-Fuquay Varina, and BellaRose-Raleigh** are conforming or conditionally conforming to all applicable statutory and regulatory review criteria. However, the applications submitted by **Hillcrest-Wake Forest, Universal-North Raleigh, Brookdale-North Raleigh, UniHealth-Raleigh, UniHealth-Cary, UniHealth-North Raleigh, Liberty-Garner, Liberty-Morrisville, Liberty-North Raleigh, Rehab & Nursing Center-Cary, and Rehab & Nursing Center-Raleigh** are not conforming to all applicable statutory review criteria. See discussion in Criteria (1), (4), (5), (13a), (13c), (18a) and (20).

SUMMARY

The following is a summary of the reasons the proposal submitted by **Britthaven-Brier Creek** is determined to be one of the three most effective alternatives in this review.

- The application is conforming to all statutory and regulatory review criteria.
- The applicants propose to develop a 120-bed nursing facility in Cedar Fork Township in western Wake County, which is the area of the county with the greatest projected need for nursing care beds in 2014. See Comparative Analysis.
- The applicants project to provide the second highest percentage of patient days to Medicaid recipients of all the applications. See Comparative Analysis.
- The applicants propose private pay charges for both private and semi-private rooms that are below the average of all the applications in this review. See Comparative Analysis.

- The applicants project the second lowest total direct cost (less ancillary costs) plus indirect costs per patient day in the second full year of operation of all the applications in this review. See Comparative Analysis.
- The applicants propose the second highest nursing hours per patient day for licensed direct care staff (registered nurses and licensed practical nurses) of all applications in this review. See Comparative Analysis.

The following is a summary of the reasons the proposal submitted by **BellaRose-Raleigh** is determined to be one of the three most effective alternatives in this review.

- The application is conforming or conditionally conforming to all statutory and regulatory review criteria.
- The applicants propose to develop a 100-bed nursing facility in St. Mary's Township in eastern Wake County, which is the area of the county with the second greatest projected need for nursing care beds in 2014. See Comparative Analysis.
- The applicants project to provide the third highest percentage of patient days to Medicaid recipients of all the applications. See Comparative Analysis.
- The applicants propose private pay charges for both private and semi-private rooms that are below the average of all the applications in this review. See Comparative Analysis.
- The applicants project the fourth lowest total direct cost (less ancillary costs) plus indirect costs per patient day in the second full year of operation of all the applications in this review. See Comparative Analysis.
- The applicants propose the second highest direct care nursing hours per patient day of all applications in this review. See Comparative Analysis.

The following is a summary of the reasons the proposal submitted by **Universal-Fuquay Varina** is determined to be one of the three most effective alternatives in this review.

- The application is conforming or conditionally conforming to all statutory and regulatory review criteria.
- The applicants project to provide a percentage of patient days to Medicaid recipients that is higher than the FY2009 Wake County average. See Comparative Analysis.
- The applicants propose the third lowest private pay charges for both private and semi-private rooms of all the applications in this review. See Comparative Analysis.
- The applicants project the lowest total direct cost (less ancillary costs) plus indirect costs per patient day in the second full year of operation of all the applications in this review. See Comparative Analysis.

The following summaries illustrate why each denied application is determined to be a less effective alternative than the approved applications.

Hillcrest-Wake Forest

The following table:

- 1) Compares the proposal submitted by Hillcrest-Wake Forest with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Hillcrest-Wake Forest.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Hillcrest-Wake Forest	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	effective	most effective	more effective	effective
% of private rooms	87%	33%	46%	61%
Medicaid access	49.1%	74%	72%	66.7%
Private pay charge-private rm	\$311	\$198	\$196	\$190
Private pay charge-semi-private rm	NA	\$188	\$186	\$180
Average operating cost per diem	\$215.61	\$179.95	\$182.59	\$162.81
RN salary	\$50,462	\$58,240	\$57,000	\$62,691
LPN salary	\$39,808	\$47,320	\$47,000	\$48,256
Aide salary	\$22,196	\$22,425	\$25,000	\$25,175
DON salary	\$74,991	\$83,000	\$85,000	\$89,627
ADON salary	\$48,565	\$63,000	\$70,000	\$67,018
Taxes and benefits	12.8%	22%	18%	23.8%
NHPPD*	3.6	3.8	4.0	3.6
Licensed NHPPD*	1.1	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	Yes	yes

*Nursing hours per patient day

Wake Health & Rehab-Cary

The following table:

- 1) Compares the proposal submitted by Wake Health & Rehab-Cary with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Wake Health & Rehab-Cary.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Wake Health & Rehab - Cary	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	most effective	most effective	more effective	effective
% of private rooms	33%	33%	46%	61%
Medicaid access	67.9%	74%	72%	66.7%
Private pay charge-private rm	\$250	\$198	\$196	\$190
Private pay charge-semi-private rm	\$225	\$188	\$186	\$180
Average operating cost per diem	\$192.80	\$179.95	\$182.59	\$162.81
RN salary	\$56,160	\$58,240	\$57,000	\$62,691
LPN salary	\$49,920	\$47,320	\$47,000	\$48,256
Aide salary	\$25,350	\$22,425	\$25,000	\$25,175
DON salary	\$81,120	\$83,000	\$85,000	\$89,627
ADON salary	NA	\$63,000	\$70,000	\$67,018
Taxes and benefits	24.9%	22%	18%	23.8%
NHPPD*	3.4	3.8	4.0	3.6
Licensed NHPPD*	1.2	1.5	1.4	1.1
Conforming to all review criteria?	yes	yes	Yes	yes

*Nursing hours per patient day

Britthaven-Garner

The following table:

- 1) Compares the proposal submitted by Britthaven-Garner with the proposals submitted by the approved applicants Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Britthaven-Garner.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Britthaven-Garner	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	more effective	most effective	more effective	effective
% of private rooms	44%	33%	46%	61%
Medicaid access	76%	74%	72%	66.7%
Private pay charge-private rm	\$198	\$198	\$196	\$190
Private pay charge-semi-private rm	\$188	\$188	\$186	\$180
Average operating cost per diem	\$182.99	\$179.95	\$182.59	\$162.81
RN salary	\$58,240	\$58,240	\$57,000	\$62,691
LPN salary	\$47,320	\$47,320	\$47,000	\$48,256
Aide salary	\$22,425	\$22,425	\$25,000	\$25,175
DON salary	\$83,000	\$83,000	\$85,000	\$89,627
ADON salary	\$63,000	\$63,000	\$70,000	\$67,018
Taxes and benefits	22%	22%	18%	23.8%
NHPPD*	3.9	3.8	4.0	3.6
Licensed NHPPD*	1.6	1.5	1.4	1.1
Conforming to all review criteria?	yes	yes	Yes	yes

*Nursing hours per patient day

Universal-North Raleigh

The following table:

- 1) Compares the proposal submitted by Universal-North Raleigh with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Universal-North Raleigh.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Universal-North Raleigh	Britthaven-Brier Creek	BellaRose- Raleigh	Universal- Fuquay Varina
Geographic distribution of beds	effective	most effective	more effective	effective
% of private rooms	60%	33%	46%	61%
Medicaid access	55.1%	74%	72%	66.7%
Private pay charge-private rm	\$180	\$198	\$196	\$190
Private pay charge-semi-private rm	\$165	\$188	\$186	\$180
Average operating cost per diem	\$180.39	\$179.95	\$182.59	\$162.81
RN salary	\$62,400	\$58,240	\$57,000	\$62,691
LPN salary	\$53,498	\$47,320	\$47,000	\$48,256
Aide salary	\$30,654	\$22,425	\$25,000	\$25,175
DON salary	\$99,009	\$83,000	\$85,000	\$89,627
ADON salary	\$69,618	\$63,000	\$70,000	\$67,018
Taxes and benefits	23.7%	22%	18%	23.8%
NHPPD*	3.2	3.8	4.0	3.6
Licensed NHPPD*	0.9	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

Brookdale-North Raleigh

The following table:

- 1) Compares the proposal submitted by Brookdale-North Raleigh with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Brookdale-North Raleigh.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Brookdale-North Raleigh	Britthaven-Brier Creek	BellaRose- Raleigh	Universal- Fuquay Varina
Geographic distribution of beds	effective	most effective	more effective	effective
% of private rooms	87%	33%	46%	61%
Medicaid access	55.4%	74%	72%	66.7%
Private pay charge-private rm	\$244	\$198	\$196	\$190
Private pay charge-semi-private rm	\$221	\$188	\$186	\$180
Average operating cost per diem	\$226.99	\$179.95	\$182.59	\$162.81
RN salary	\$54,237	\$58,240	\$57,000	\$62,691
LPN salary	\$45,488	\$47,320	\$47,000	\$48,256
Aide salary	\$24,619	\$22,425	\$25,000	\$25,175
DON salary	\$89,757	\$83,000	\$85,000	\$89,627
ADON salary	NA	\$63,000	\$70,000	\$67,018
Taxes and benefits	21.7%	22%	18%	23.8%
NHPPD*	3.3	3.8	4.0	3.6
Licensed NHPPD*	1.4	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

UniHealth-Raleigh

The following table:

- 1) Compares the proposal submitted by UniHealth-Raleigh with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by UniHealth-Raleigh.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	UniHealth-Raleigh	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	effective	most effective	more effective	effective
% of private rooms	18%	33%	46%	61%
Medicaid access	46.3%	74%	72%	66.7%
Private pay charge-private rm	\$254	\$198	\$196	\$190
Private pay charge-semi-private rm	\$216	\$188	\$186	\$180
Average operating cost per diem	\$222.74	\$179.95	\$182.59	\$162.81
RN salary	\$66,253	\$58,240	\$57,000	\$62,691
LPN salary	\$50,453	\$47,320	\$47,000	\$48,256
Aide salary	\$24,716	\$22,425	\$25,000	\$25,175
DON salary	\$94,483	\$83,000	\$85,000	\$89,627
ADON salary	\$76,960	\$63,000	\$70,000	\$67,018
Taxes and benefits	31.2%	22%	18%	23.8%
NHPPD*	3.9	3.8	4.0	3.6
Licensed NHPPD*	1.5	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

UniHealth-Cary

The following table:

- 1) Compares the proposal submitted by UniHealth-Cary with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applicaitons are more effective alternatives than the proposal submitted by UniHealth-Cary.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	UniHealth-Cary	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	most effective	most effective	more effective	effective
% of private rooms	60%	33%	46%	61%
Medicaid access	64.6%	74%	72%	66.7%
Private pay charge-private rm	\$188	\$198	\$196	\$190
Private pay charge-semi-private rm	\$179	\$188	\$186	\$180
Average operating cost per diem	\$199.24	\$179.95	\$182.59	\$162.81
RN salary	\$60,342	\$58,240	\$57,000	\$62,691
LPN salary	\$48,138	\$47,320	\$47,000	\$48,256
Aide salary	\$23,054	\$22,425	\$25,000	\$25,175
DON salary	\$90,311	\$83,000	\$85,000	\$89,627
ADON salary	\$70,000	\$63,000	\$70,000	\$67,018
Taxes and benefits	27.4%	22%	18%	23.8%
NHPPD*	3.7	3.8	4.0	3.6
Licensed NHPPD*	1.4	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

UniHealth-North Raleigh

The following table:

- 1) Compares the proposal submitted by UniHealth-North Raleigh with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by UniHealth-North Raleigh.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	UniHealth-North Raleigh	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	most effective	most effective	more effective	effective
% of private rooms	60%	33%	46%	61%
Medicaid access	64.3%	74%	72%	66.7%
Private pay charge-private rm	\$188	\$198	\$196	\$190
Private pay charge-semi-private rm	\$179	\$188	\$186	\$180
Average operating cost per diem	\$201.60	\$179.95	\$182.59	\$162.81
RN salary	\$60,454	\$58,240	\$57,000	\$62,691
LPN salary	\$53,498	\$47,320	\$47,000	\$48,256
Aide salary	\$23,054	\$22,425	\$25,000	\$25,175
DON salary	\$90,311	\$83,000	\$85,000	\$89,627
ADON salary	\$70,000	\$63,000	\$70,000	\$67,018
Taxes and benefits	27.6%	22%	18%	23.8%
NHPPD*	3.9	3.8	4.0	3.6
Licensed NHPPD*	1.5	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

Liberty-Garner

The following table:

- 1) Compares the proposal submitted by Liberty-Garner with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Liberty-Garner.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Liberty-Garner	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	more effective	most effective	more effective	effective
% of private rooms	51%	33%	46%	61%
Medicaid access	69%	74%	72%	66.7%
Private pay charge-private rm	\$190	\$198	\$196	\$190
Private pay charge-semi-private rm	\$170	\$188	\$186	\$180
Average operating cost per diem	\$186.78	\$179.95	\$182.59	\$162.81
RN salary	\$57,000	\$58,240	\$57,000	\$62,691
LPN salary	\$47,000	\$47,320	\$47,000	\$48,256
Aide salary	\$27,000	\$22,425	\$25,000	\$25,175
DON salary	\$85,234	\$83,000	\$85,000	\$89,627
ADON salary	\$70,000	\$63,000	\$70,000	\$67,018
Taxes and benefits	23.5%	22%	18%	23.8%
NHPPD*	4.5	3.8	4.0	3.6
Licensed NHPPD*	1.4	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

Liberty-Morrisville

The following table:

- 1) Compares the proposal submitted by Liberty-Morrisville with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Liberty-Morrisville.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Liberty-Morrisville	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	most effective	most effective	more effective	effective
% of private rooms	51%	33%	46%	61%
Medicaid access	69%	74%	72%	66.7%
Private pay charge-private rm	\$190	\$198	\$196	\$190
Private pay charge-semi-private rm	\$170	\$188	\$186	\$180
Average operating cost per diem	\$186.39	\$179.95	\$182.59	\$162.81
RN salary	\$57,000	\$58,240	\$57,000	\$62,691
LPN salary	\$47,000	\$47,320	\$47,000	\$48,256
Aide salary	\$27,000	\$22,425	\$25,000	\$25,175
DON salary	\$85,234	\$83,000	\$85,000	\$89,627
ADON salary	\$70,000	\$63,000	\$70,000	\$67,018
Taxes and benefits	23.5%	22%	18%	23.8%
NHPPD*	4.5	3.8	4.0	3.6
Licensed NHPPD*	1.4	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

Liberty-North Raleigh

The following table:

- 1) Compares the proposal submitted by Liberty-North Raleigh with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Liberty-North Raleigh.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Liberty-North Raleigh	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	most effective	most effective	more effective	effective
% of private rooms	51%	33%	46%	61%
Medicaid access	69%	74%	72%	66.7%
Private pay charge-private rm	\$190	\$198	\$196	\$190
Private pay charge-semi-private rm	\$170	\$188	\$186	\$180
Average operating cost per diem	\$186.70	\$179.95	\$182.59	\$162.81
RN salary	\$57,000	\$58,240	\$57,000	\$62,691
LPN salary	\$47,000	\$47,320	\$47,000	\$48,256
Aide salary	\$27,000	\$22,425	\$25,000	\$25,175
DON salary	\$85,234	\$83,000	\$85,000	\$89,627
ADON salary	\$70,000	\$63,000	\$70,000	\$67,018
Taxes and benefits	23.5%	22%	18%	23.8%
NHPPD*	4.5	3.8	4.0	3.6
Licensed NHPPD*	1.4	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	yes	yes

*Nursing hours per patient day

Rehab & Nursing Center-Cary

The following table:

- 1) Compares the proposal submitted by Rehab & Nursing Center-Cary with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Rehab & Nursing Center-Cary.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Rehab & Nursing Ctr-Cary	Britthaven-Brier Creek	BellaRose- Raleigh	Universal- Fuquay Varina
Geographic distribution of beds	effective	most effective	more effective	effective
% of private rooms	33%	33%	46%	61%
Medicaid access	50.6%	74%	72%	66.7%
Private pay charge-private rm	\$240	\$198	\$196	\$190
Private pay charge-semi-private rm	\$205	\$188	\$186	\$180
Average operating cost per diem	\$202.07	\$179.95	\$182.59	\$162.81
RN salary	\$61,194	\$58,240	\$57,000	\$62,691
LPN salary	\$54,309	\$47,320	\$47,000	\$48,256
Aide salary	\$26,874	\$22,425	\$25,000	\$25,175
DON salary	\$89,847	\$83,000	\$85,000	\$89,627
ADON salary	NA	\$63,000	\$70,000	\$67,018
Taxes and benefits	19.7%	22%	18%	23.8%
NHPPD*	3.5	3.8	4.0	3.6
Licensed NHPPD*	1.3	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	Yes	yes

*Nursing hours per patient day

Rehab & Nursing Center-Raleigh

The following table:

- 1) Compares the proposal submitted by Rehab & Nursing Center-Raleigh with the proposals submitted by the approved applicants, Britthaven-Brier Creek, BellaRose-Raleigh and Universal-Fuquay Varina; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Rehab & Nursing Center-Raleigh.

Note: the comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	Rehab & Nursing Ctr-Raleigh	Britthaven-Brier Creek	BellaRose-Raleigh	Universal-Fuquay Varina
Geographic distribution of beds	effective	most effective	more effective	effective
% of private rooms	33%	33%	46%	61%
Medicaid access	50.6%	74%	72%	66.7%
Private pay charge-private rm	\$240	\$198	\$196	\$190
Private pay charge-semi-private rm	\$205	\$188	\$186	\$180
Average operating cost per diem	\$202.28	\$179.95	\$182.59	\$162.81
RN salary	\$61,194	\$58,240	\$57,000	\$62,691
LPN salary	\$54,309	\$47,320	\$47,000	\$48,256
Aide salary	\$26,874	\$22,425	\$25,000	\$25,175
DON salary	\$89,847	\$83,000	\$85,000	\$89,627
ADON salary	NA	\$63,000	\$70,000	\$67,018
Taxes and benefits	19.7%	22%	18%	23.8%
NHPPD*	3.5	3.8	4.0	3.6
Licensed NHPPD*	1.3	1.5	1.4	1.1
Conforming to all review criteria?	no	yes	Yes	yes

*Nursing hours per patient day

CONCLUSION

Each application is individually conforming to the need determination in the 2011 SMFP for 240 new nursing care beds in Wake County. However, N.C.G.S. 131E-183 (a)(1) states that the need determination in the SMFP is the determinative limit on the number of nursing care beds that can be approved by the Certificate of Need Section. The Certificate of Need Section determined that the applications submitted by **Britthaven-Brier Creek**, **BellaRose-Raleigh**, and **Universal-Fuquay Varina** are the most effective alternatives proposed in this review for the development of 240 new nursing care beds in Wake County and are approved as conditioned below. Therefore, the proposals submitted by the other applicants are denied.

The application submitted by **Britthaven-Brier Creek** is approved subject to the following conditions.

1. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall materially comply with all representations made in the certificate of need application.**
2. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall develop a new nursing home facility with no more than 120 licensed nursing care beds upon completion of the project.**
3. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall submit all patient charges and actual per diem reimbursement rates for each source of patient payment to the CON Section at year end for each of the first two operating years following licensure of the beds in the facility.**
4. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall receive the Medicaid per diem reimbursement rates allowed by the Division of Medical Assistance, under the NC State Plan Section .0102.**
5. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall file the proposed budget for the facility with the Division of Medical Assistance no later than thirty days prior to the prospective certification date of the new beds.**
6. **The additional nursing care beds shall not be certified for participation in the Medicaid program prior to October 1, 2014 unless the Division of Medical Assistance determines that state funds are available in the current Medicaid budget to pay for the care and authorizes an earlier certification date.**
7. **For the first two full federal fiscal years of operation following completion of the project, Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee)'s actual private pay charges shall not be increased more than 5% of the projected private pay charges provided in Section X of the application without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
8. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representations in the written statement as described in paragraph one of Policy GEN-4.**
9. **Britthaven, Inc. (lessor) and Spruce LTC Group, LLC (lessee) shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

The application submitted by **BellaRose-Raleigh** is approved subject to the following conditions.

1. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall materially comply with all representations made in the certificate of need application.**

2. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall develop a new nursing home facility with no more than 100 licensed nursing care beds upon completion of the project.**
3. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall submit all patient charges and actual per diem reimbursement rates for each source of patient payment to the CON Section at year end for each of the first two operating years following licensure of the beds in the facility.**
4. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall receive the Medicaid per diem reimbursement rates allowed by the Division of Medical Assistance, under the NC State Plan Section .0102.**
5. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall file the proposed budget for the facility with the Division of Medical Assistance no later than thirty days prior to the prospective certification date of the new beds.**
6. **The additional nursing care beds shall not be certified for participation in the Medicaid program prior to October 1, 2014 unless the Division of Medical Assistance determines that state funds are available in the current Medicaid budget to pay for the care and authorizes an earlier certification date.**
7. **For the first two full federal fiscal years of operation following completion of the project, E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee)'s actual private pay charges shall not be increased more than 5% of the projected private pay charges provided in Section X of the application without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
8. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representations in the written statement as described in paragraph one of Policy GEN-4.**
9. **E.N.W., LLC (lessor) and BellaRose Nursing and Rehab Center, Inc. (lessee) shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**

The application submitted by **Universal-Fuquay Varina** is approved subject to the following conditions.

1. **Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall materially comply with all representations made in the certificate of need application, except as amended by the conditions of approval.**

- 2. Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall add no more than 20 licensed nursing care beds to the previously approved nursing facility (Project I.D. # J-8449-09), for a total of 69 licensed nursing care beds and 31 licensed adult care home beds upon completion of Project I.D. # J-8449-09 and this project.**
- 3. Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall submit all patient charges and actual per diem reimbursement rates for each source of patient payment to the CON Section at year end for each of the first two operating years following licensure of the beds in the facility.**
- 4. Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall receive the Medicaid per diem reimbursement rates allowed by the Division of Medical Assistance, under the NC State Plan Section .0102.**
- 5. Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall file the proposed budget for the facility with the Division of Medical Assistance no later than thirty days prior to the prospective certification date of the new beds.**
- 6. The additional nursing care beds shall not be certified for participation in the Medicaid program prior to October 1, 2014 unless the Division of Medical Assistance determines that state funds are available in the current Medicaid budget to pay for the care and authorizes an earlier certification date.**
- 7. For the first two full federal fiscal years of operation following completion of the project, Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee)'s actual private pay charges shall not be increased more than 5% of the projected private pay charges provided in Section X of the application without first obtaining a determination from the Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 8. Universal Properties/Fuquay Varina, LLC (lessor) and Universal Health Care/Fuquay Varina, Inc. (lessee) shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**