

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: July 27, 2012

PROJECT ANALYST: Gloria C. Hale  
CON ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: F-8783-12 / The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home LLC/ Cost overrun on Project ID #F-7716-06 (Relocate 102-bed replacement nursing facility in north Mecklenburg County) / Mecklenburg County

### 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

On April 24, 2007, The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home LLC received a certificate of need (CON) to relocate 102 nursing facility beds from Huntersville Oaks and construct a 102-bed replacement nursing facility in north Mecklenburg County. The original project was approved for a capital cost of \$8,171,990. The project was scheduled to offer services by October 1, 2008. The current CON application is for a “cost overrun” of the initial approval, and proposes to offer services on October 1, 2013. There is no material change in scope from the originally approved project in this application.

The applicants do not propose to increase the number of licensed beds in any category, add any new health services or acquire equipment for which there is a need determination in the 2012 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations in the 2012 SMFP that are applicable to this review. However, there is one policy in the 2012 SMFP that is applicable to this review. Policy GEN-4, *Energy Efficiency and Sustainability for Health Service Facilities*, 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 of 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.”*

The proposed capital expenditure for this project is greater than \$2 million but less than \$5 million. In Section XI.14, page 67, the applicants list several methods by which they will maintain energy efficiency in facility operations as follows:

- *“The heating and air conditioning systems will be heat pumps with a high seer rating to insure efficiency. Each patient maintains the temperature that is most comfortable for him or her.*
- *Utility use in other areas is controlled by staff, with unused rooms or zoned areas set back to cut utility costs.*
- *The 102 nursing bed facility will also employ variable speed water pumps, which control unnecessary water use.*
- *The facility will be heavily insulated and will be designed in accordance with the North Carolina State Energy Code and in accordance with Energy Efficient Design of New Buildings guidelines insofar as it can be reasonable [sic] done.*
- *The lighting design will be [sic] utilize high efficiency electronic ballasts and lamps. Several levels of lights will be designed as required to provide only the level of light required for each space. Levels of light in each space would be user controlled.*
- *Individual thermostats for precise temperature control and setback of unoccupied rooms are planned.*
- *Windows will be thermo-pane insulated for energy efficiency.*
- *Systems and brands used will be chosen by Autumn based on their history of dependability and durability in Autumn facilities.”*

The applicants' statement adequately describes the plans to assure improved energy efficiency and water conservation. In summary, the application is consistent with Policy GEN-4. Consequently, the application is 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

On April 24, 2007, The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home LLC received a certificate of need (CON) to relocate 102 nursing facility beds from Huntersville Oaks and construct a 102-bed replacement nursing facility in north Mecklenburg County (Project I.D. #F-7716-06). The project was scheduled to offer services by October 1, 2008. The current CON application is for a "cost overrun" of the initial approval, and proposes to offer services on October 1, 2013. There is no material change in scope from the originally approved project in this application; rather, the applicants state in Section III that the "*addition [sic] capital cost is primarily the result of increased site/site development cost and construction/FF&E costs.*" In Section III.2, on page 22, the applicants indicate that the previously approved capital cost of \$8,171,990 is now projected to be \$12,464,402, an increase of 52.5% [ $(\$12,464,402 / \$8,171,990) - 1 = 0.525$ ].

#### Population to be Served

In Section III.1., page 21, the applicants state, "*The need for the facility was discussed in the original application. This proposal was necessitated by the cost overrun which is addressed in detail under 2(a).*" The applicants adequately identified the population to be served in the original application.

#### Demonstration of Need

In Section III., pages 22 – 23, the applicants state,

*"The addition [sic] capital cost is primarily the result of increased site/site development cost [sic] and construction/FF&E costs. Increased site and site development costs are the result of the following:*

- *Land price decreased, but was more than offset by much higher site development costs.*

- *Higher site preparation costs are the result of permitting issues related to wetlands and site accessibility requirements. See letter from Curry Engineering (Exhibit 9).*
- *Site development costs are itemized in the bid by Campbell Construction in Exhibit 9. These costs cannot be reduced by the applicant. Changes in design would not affect the site development cost.*
- *Additionally, changes in construction requirements added over \$500,000 to the construction cost. See David Polston’s letter (Exhibit 9). These requirements would have affected either the original or revised architectural design.”*

This application for a cost overrun seeks only approval for increased capital cost of the project, as a result of an increase in site development and construction costs. The original project scope will not be changed.

Following is a table from Section III.2, page 22, that compares the originally approved capital costs, the proposed costs, and the variance between the two that are associated with this cost overrun application.

CATEGORY	PREVIOUSLY APPROVED	PROPOSED IN CURRENT APPLICATION	VARIANCE
<b>A. Site Cost &amp; Site Prep</b>	<b>1,955,000</b>	<b>3,202,713</b>	<b>1,247,713</b>
<b>*B. Construction &amp; Equipment</b>	<b>5,848,490</b>	<b>8,116,689</b>	<b>2,268,199</b>
<b>C. Miscellaneous</b>			
<b>A&amp;E Fees</b>	<b>125,000</b>	<b>195,000</b>	<b>70,000</b>
<b>CON Prep</b>	<b>17,500</b>	<b>0</b>	<b>(17,500)</b>
<b>Legal</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Market Analysis</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan</b>	<b>20,000</b>	<b>50,000</b>	<b>30,000</b>
<b>Construction Interest</b>	<b>206,000</b>	<b>300,000</b>	<b>94,000</b>
<b>Contingency</b>	<b>0</b>	<b>600,000</b>	<b>600,000</b>
<b>D. Total Capital Cost</b>	<b>8,171,990</b>	<b>12,464,402</b>	<b>\$4,292,412</b>

\*Construction and FF&E cost are combined since the original capital cost included fixed FF&E costs under construction cost.

As shown in the table above, the major items which have caused the cost overrun include site cost and site prep, in addition to construction and equipment. The applicants state, *“Their combined capital cost represents \$3,515,912 of the \$4,092,412 [sic] additional capital cost.”*

On August 28, 2008, the applicants received a Declaratory Ruling approving a site change from BV Belk Primary Corner of Magnolia Estates Drive and West Catawba Avenue, Cornelius, N.C., to 19300 South Main Street, Cornelius.

There were no changes proposed to the design of the proposed facility and the means of construction and plans have not changed in the current application.

The applicant adequately demonstrates the need for the proposed cost overrun. Consequently, 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 applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

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

CA

In Section III.2, pages 23 - 24, the applicants discuss two alternatives that were considered prior to submitting this application. The first of these involved consideration of alternate sites in Cornelius. For similar sized parcels of available land, the site and site development costs would equate to approximately \$3,000,000. The applicants state that the proposed combined site and site development cost is \$3,202,913. Therefore, the applicants conclude that the savings would be *“minimal at best and does not consider additional A&E cost’s [sic] required.”* The second alternative would be to reduce the size of the facility. However, the applicants stated that this *“would not provide sufficient savings and would result in fewer private rooms and a [sic] desirable design to promote CON policy NH-8.”* Lastly, the applicant compared the proposed, modern *“Neighborhood”* design to a similar one proposed in October 2011 in Huntersville. The applicants provide a table on page 24 comparing the two projects by capital cost per bed and percent private room. The table is provided below:

<b>PROJECT</b>	<b>CAPITAL COST PER BED</b>	<b>PERCENT PRIVATE ROOM</b>
<i>Autumn Care of Mecklenburg</i>	\$122,200	45%
<i>Charlotte Health Care Center</i>	\$124,444	33%

The applicants conclude that the proposed capital cost is reasonable based on the alternatives considered. The application is conforming to all other applicable statutory review criteria. See Criteria (1), (3), (5), (6), (7), (8), (12), (13), (14), (18a) and (20). Therefore, the applicants adequately demonstrate that the proposal is the least costly or most effective alternative and the application is conforming to this criterion and approved subject to the following conditions:

- 1. The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home, LLC shall materially comply with the representations made in Project I.D. #F-7716-06 and this certificate of need application, Project I.D. #F-8783-12. In those instances in which representations conflict, The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home LLC shall materially comply with the last made representation.**
  - 2. The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home, LLC shall comply with all conditions of approval on the certificate of need for Project I.D. # F-7716-06, except as specifically modified by the conditions of approval for this application, Project I.D. # F-8783-12.**
  - 3. The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home, LLC 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.**
  - 4. The total capital expenditure for both projects shall be \$12,464,402.**
  - 5. The Charlotte-Mecklenburg Hospital Authority d/b/a Huntersville Oaks and North Mecklenburg Nursing Home, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to the issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

With the addition of the cost overrun proposed in this application, the applicant projects the total project capital cost to be \$12,464,402. See Criterion (12) for a description of specific changes in the costs by category. In Section VIII.2, pages 49 and 52, the applicants state the capital cost of the project will be funded through commercial loan and land lease. In Exhibit 1, the applicants provide a February 23, 2012 letter signed by the Vice President of BB&T Corporate Banking, which states in part:

*“BB&T Corporate Banking understands that North Mecklenburg Nursing Home, LLC through Autumn Corporation (Autumn) is submitting a CON application to the State of North Carolina. The CON application seeks cost overrun approval to*

*construct 102 nursing beds in Cornelius, NC. As you know BB&T presently finances several Autumn nursing homes and would seriously consider providing the required construction financing and permanent financing for the proposed 102 bed facility addition. BB&T would finance approximately \$11,600,000 with the equity portion provided through a ground lease. Financing would be contingent upon satisfactory review of the pro forma financial statements and also subject to an acceptable appraisal, Certificate of Need, and compliance with BB&T standard loan underwriting guidelines.”*

Exhibit 2 contains a mortgage loan amortization schedule for Autumn Care of Mecklenburg and Exhibit 6 contains information regarding the land lease for Autumn Corporation.

Exhibit 3 contains Autumn Corporation’s audited financial statements as of September 30, 2011 and 2010. As of September 30, 2011, the corporation had cash and cash equivalents of \$11,026,084 and in 2010, had \$8,943,852 in cash and cash equivalents. The financial statements also show that Autumn Corporation had net earnings of \$7,780,425 [total revenue minus total expenses]. The applicants adequately demonstrated the availability of sufficient funds for the capital needs of the project.

The applicants provide pro forma financial statements for the first two years of the project. The applicants project a loss of \$490,837 in Project Year One, October 1, 2013 through September 30, 2014. In Project Year Two, October 1, 2014 through September 30, 2015, the applicant projects a positive net profit of \$470,279. The assumptions used by the applicants in preparation of the pro formas, found in Exhibit 4 of the application, are reasonable, including projected utilization, costs and charges.

The applicants project higher patient charges and rates for private pay, Medicaid, and Medicare than those in the original project submitted in 2006. However, it is noted that the Medicaid rates reflect current rates for Mecklenburg County and that the Medicare rates are the current average RUG rates for the county. Private pay rates are “*based on reductions in both Medicaid and Medicare rates*” and those approved for a similar project in Huntersville, Project I.D. #F-8681-11. The applicants note that Huntersville and Cornelius are in the same service area in northern Mecklenburg County. The applicants also note that the private charges for the replacement facility (Autumn Care of Mecklenburg) will be lower than the existing Huntersville facility.

The assumptions used by the applicants in preparation of the pro formas are reasonable. The applicants adequately demonstrate that the financial feasibility of the proposal is based on reasonable projections of costs and charges. Therefore, the application is 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.

The applicants were previously approved to develop a replacement 102-bed nursing facility in Cornelius, North Carolina (Project I.D. #F-7716-06). In Project I.D. #F-7716-06, the application was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. 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.

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In Section VII.2 of the application, Table VII.3 on page 44 lists proposed staffing in the second year of operation. There are some changes in staffing as compared to Table VII.3 in the original application (Project I.D. #F-7716-06). Notably, the applicant lists three new full-time staff positions and increases the percent FTE of two previously listed positions. The three new positions are Physical Therapy Assistant, Rehabilitation Aide, and Office Manager. The increases in percent FTEs are for Physical Therapist and Occupational Therapist, both of which were increased from 1.5 FTEs to 2.00 FTEs. In addition, most salaries were increased, however several were decreased. One of the salary increases was for the position of Administrator, which increased from \$84,283 as listed in Project #F-7716-06, to \$124,301, which is a 47.5% increase.

Table VII.4 depicts direct care nursing staff hours per patient day from October 1, 2014 through September 30, 2015. There is expected to be a total of 3.75 nursing hours per patient day. The original application indicated that there would be 3.63 nursing hours per patient day for a different time period, October 1, 2009 through September 30, 2010. The projected 3.75 nursing hours per patient day depicted in the current application exceeds the minimum nursing staffing requirements of 2.10 nursing hours per patient day required by 10A NCAC 13D .2303, North Carolina Rules for Licensing of Nursing Homes.

All other necessary staff is listed in Table VII.3, either as employees or contractual services.

The applicants adequately demonstrate the availability of sufficient resources for health manpower and management personnel to provide the services proposed. 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.

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The applicants identify services that will be provided by employees or arranged for through contracts in Table VII.3, page 44. In addition, the applicants provide the original Section V from Project I.D. #F-7716-06, pertaining to coordination with existing health care providers,



and states that the “...*Section is materially unchanged from the original proposal.*” The information provided was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, 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

In Section III., pages 22 – 23, the applicants state,

*“The addition [sic] capital cost is primarily the result of increased site/site development cost [sic] and construction/FF&E costs. Increased site and site development costs are the result of the following:*

- *Land price decreased, but was more than offset by much higher site development costs.*

- *Higher site preparation costs are the result of permitting issues related to wetlands and site accessibility requirements. See letter from Curry Engineering (Exhibit 9).*
- *Site development costs are itemized in the bid by Campbell Construction in Exhibit 9. These costs cannot be reduced by the applicant. Changes in design would not affect the site development cost.*
- *Additionally, changes in construction requirements added over \$500,000 to the construction cost. See David Polston’s letter (Exhibit 9). These requirements would have affected either the original or revised architectural design.”*

This application for a cost overrun seeks only approval for increased capital cost of the project, as a result of an increase in site development and construction costs. The original project scope will not be changed.

Following is a table from Section III.2, page 22, that compares the originally approved capital costs, the proposed costs, and the variance between the two that are associated with this cost overrun application.

CATEGORY	PREVIOUSLY APPROVED	PROPOSED IN CURRENT APPLICATION	VARIANCE
<b>A. Site Cost &amp; Site Prep</b>	<b>1,955,000</b>	<b>3,202,713</b>	<b>1,247,713</b>
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<b>C. Miscellaneous</b>			
<b>A&amp;E Fees</b>	<b>125,000</b>	<b>195,000</b>	<b>70,000</b>
<b>CON Prep</b>	<b>17,500</b>	<b>0</b>	<b>(17,500)</b>
<b>Legal</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Market Analysis</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan</b>	<b>20,000</b>	<b>50,000</b>	<b>30,000</b>
<b>Construction Interest</b>	<b>206,000</b>	<b>300,000</b>	<b>94,000</b>
<b>Contingency</b>	<b>0</b>	<b>600,000</b>	<b>600,000</b>
<b>D. Total Capital Cost</b>	<b>8,171,990</b>	<b>12,464,402</b>	<b>\$4,292,412</b>

\*Construction and FF&E cost are combined since the original capital cost included fixed FF&E costs under construction cost.

As shown in the table above, the major items which have caused the cost overrun include site cost and site prep, in addition to construction and equipment. The applicants state, *“Their combined capital cost represents \$3,515,912 of the \$4,092,412 [sic] additional capital cost.”*

On August 28, 2008, the applicants received a Declaratory Ruling approving a site change from BV Belk Primary Corner of Magnolia Estates Drive and West Catawba Avenue, Cornelius, N.C., to 19300 South Main Street, Cornelius.

There were no changes proposed to the design of the proposed facility and the means of construction and plans have not changed in the current application.

The applicants adequately demonstrate that the cost, design and means of construction represent the most reasonable alternative and that the construction costs will not unduly increase the costs and charges of the proposed services. See Criterion (5) for discussion regarding 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;

C

In Project ID #F-7716-06, the application was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the application is 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;

C

In Project ID # F-7716-06, the application was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, 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

C

The applicants provide payor source projections for October 1, 2010 through September 30, 2011 that indicate a change from those previously approved in Project I.D. #F-7716-06. Information from Table VI.3, page 38, is depicted below.

Table VI.3 – Projected Days As % of Total Days

October 1, 2010 through September 30, 2011

PAYOR SOURCE	NURSING PATIENTS (excluding special care units)
Private Pay	8%
Commercial Insurance	0%
Medicare	24%
Medicaid	68%
VA/CHAMPUS	0%
County Assistance	0%
Other (specify)	0%
Total	100%

The applicants discuss the change in payor source projections on pages 38-39, as follows:

*“They reflect 1% greater Medicaid utilization and an increase in Medicare and decrease in private utilization. This reflects changes in the market and the need to insure access to the medically underserved. ...Sixty-eight percent Medicaid utilization is also higher than the two existing Huntersville NF’s. These are existing nursing facilities which reflect the current payor source market for northern Mecklenburg County. More populous counties experience sub area service areas within the county based on demographic variances.”*

On page 39, the applicants state that *“Autumn Corporation does not discriminate on the basis of income, racial, ethnic, minority, gender, handicap conditions, or on the basis of any other circumstance or physical condition, which would classify the individual as underserved.”* Consequently, the applicants demonstrated that the facility will provide adequate access to medically underserved populations. Therefore, the application is 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

In Section VI.6, page 40 of the application, the applicants state,

*“Area providers and agencies have been notified of the proposed project as noted in Section V. The following healthcare providers and agencies serve as referral sources. Family Members, Hospice, Area hospitals, Area nursing facilities, Physicians in Mecklenburg County and surrounding counties, Self referrals, Service Area ACH facilities, and Service Area Home Health agencies.”*

In Project ID # F-7716-06, the application was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the application is conforming to this Criterion.

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

C

In Project ID # F-7716-06, the application was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the application is conforming to 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

The applicants were previously approved to develop a replacement 102-bed nursing facility in North Mecklenburg County. In Project ID #F-7716-06, the application was conforming to this Criterion, and the applicants propose no changes in the current application that would affect that determination. Consequently, the application is 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.

C

One of the applicants currently provide nursing facility care at Huntersville Oaks Nursing Home, LLC and will transfer 102 of its beds to the proposed Autumn Care of Mecklenburg nursing facility. According to the Licensure and Certification Section, Division of Health Service Regulation, Huntersville Oaks Nursing Home, LLC has not had substandard quality of care, nor any civil monetary penalties or administrative actions in the past 18 months

immediately preceding the date of this decision. 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.

NA