

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: April 9, 2013
PROJECT ANALYST: Fatimah Wilson
ASSISTANT CHIEF: Lisa Pittman

PROJECT I.D. NUMBER: F-10073-13 / Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte and Brookdale Place of South Charlotte, LLC / Relocate 37 adult care home beds from Carriage Club of Charlotte to Brookdale Place of South Charlotte to space previously used for 37 adult care home beds for a total of 88 adult care home beds upon project completion / 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.

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Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte (CCC) and Brookdale Place of South Charlotte, LLC (BPSC) propose to relocate 37 existing adult care home (ACH) beds 4.4 miles from CCC (a 108-bed ACH facility) to BPSC. BPSC is an existing 51-bed ACH facility. Brookdale Senior Living Communities, Inc. is the sole member of BPSC and the parent company to both BPSC and CCC. The applicants propose to relocate 37 ACH beds from CCC to vacant space on the third floor of the BPSC facility, in space which previously housed ACH beds, but presently serves Independent Living residents. The 37 relocated beds, which are currently available to the general population, will remain available to the general population at BPSC. The applicants do not propose to develop any new health service facility beds, services or equipment for which there is a need determination in the 2013 State Medical Facilities Plan (SMFP).

However, Policy LTC-2: Relocation of Adult Care Home Beds in the 2013 SMFP is applicable and states:

“Relocations of existing licensed adult care home beds are allowed only within the host county and to contiguous counties currently served by the facility. Certificate of need applicants proposing to relocate licensed adult care home beds to contiguous counties shall:

1. Demonstrate that the proposal shall not result in a deficit in the number of licensed adult care home beds in the county that would be losing adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins, and

2. Demonstrate that the proposal shall not result in a surplus of licensed adult care home beds in the county that would gain adult care home beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.”

BPSC and CCC are both located in Mecklenburg County. Thus, the inventory of ACH beds will not be changed as a result of the proposal to move them from one facility to another within the same county and the application is consistent with this policy. Therefore, the application is conforming with 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.

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Prior to 2002, Brookdale Place of South Charlotte was known as Sunrise of South Charlotte, an 88-bed ACH facility. During 2002, the owners at that time converted the third floor of the facility to independent living apartments and de-licensed 37 ACH beds. Since that time, the facility has operated the remaining 51 ACH beds, in addition to the independent living apartments. In November 2009, Brookdale Senior Living Communities, Inc. acquired 21 senior living communities from Sunrise Senior Living, Inc., including Sunrise of South Charlotte (HAL-060-046). Following the 2009 acquisition, Brookdale changed the name of the facility to Brookdale Place of South Charlotte, with a new license number (HAL-061-101), as referenced in the application.

In this project, Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte (CCC) and Brookdale Place of South Charlotte, LLC (BPSC) propose to relocate 37 existing adult care home (ACH) beds 4.4 miles (8 minutes) from CCC (a 108-bed ACH facility) to BPSC. BPSC is an existing 51-bed ACH facility, including a 15-bed Special Care Unit (SCU) for Alzheimer’s residents. The applicants propose to relocate 37 ACH beds from CCC to vacant space on the third floor of the BPSC facility, in

space which previously housed ACH beds, but presently serves Independent Living residents. The applicants propose to relocate 37 existing ACH beds which will include 25 additional private beds and 12 semi-private beds at BPSC for a total of 58 private beds and 30 semi-private beds (88 total beds) to vacant space with no new construction. The 37 relocated beds, which are currently available to the general population, will remain available to the general population.

Population to Be Served

In Section III.6, pages 44-45 the applicants provide the current and projected patient origin of the existing 51-bed ACH facility, as shown in the table below.

County	% of Total ACH Residents
Mecklenburg	100%
Total	100%

In Section III.6, page 45 the applicants state that CCC is located less than five miles, or approximately eight driving minutes from BPSC. As such, the applicants do not anticipate any change in patient origin as a result of the proposed project. The applicants adequately identify the population projected to be served.

Need to Relocate the Beds

Population & Aging

In Section III.1, page 30 the applicants state that the primary service area for the proposed project is Mecklenburg County. Mecklenburg County is currently the largest county (based on absolute population) in North Carolina according to the North Carolina Office of State Budget & Management (NCOSBM). The following table shows Mecklenburg County’s projected population growth for years 2013-2016.

	2013	2014	2015	2016	13-16 CAGR
Mecklenburg	974,919	992,074	1,009,227	1,026,380	1.7%

Source: NC Office of State Budget and Management, <http://demog.state.nc.us/>

On page 30 the applicants state:

“The population of Mecklenburg County is expected to increase by over 51,461, or 5.3 percent, between 2013 and 2016. By comparison, the entire State of North Carolina is projected to increase just 3.2 percent during the same time period. Thus, the need for ACH services is consistent with the continuing rapid population growth of Mecklenburg County.

According to the UNC Institute on Aging, older adults are the fastest growing segment of North Carolina’s population. The population of elderly people (65+) in the State will more than double between 2000 and 2030. In addition, the population of the oldest elderly people (85+) will much more than double during this time period.”

The following table provides projected population for Mecklenburg County residents age 65 and older. The population projections were obtained from the NCOSBM.

**Mecklenburg County
 Projected Population Age 65+**

	2013	2014	2015	2016	13-16 CAGR
Mecklenburg	974,919	992,074	1,009,227	1,026,380	1.7%
65+ Population	95,349	99,936	104,591	109,274	4.6%
% of Total Population	9.78%	10.07%	10.36%	10.65%	

Source: North Carolina Office of State Budget & Management, updated October 16, 2012

As shown in the above table, the projected population growth rate for Mecklenburg County residents age 65 and older is more than two times greater than the projected population growth rate for the overall county. During, the next five years, this 65+ population is projected to increase to 10.65% of the total population in Mecklenburg County.

According to data from the NCOSBM, Mecklenburg County has the highest absolute number of residents age 65 and older of any county in North Carolina as shown the following table.

**Top 5 North Carolina Counties
 Absolute Population Age 65+, 2013**

County	65+ Population
Mecklenburg	95,349
Wake	93,632
Guilford	67,795
Forsyth	50,675
Buncombe	43,492

On page 32, the applicants state that there is a direct correlation of age and ACH bed use. The applicants state,

“The principal determinant of adult care home use is the age of the population; the higher the age, the higher the level of utilization. The following bed-to-population ratios were based on the five-year average combined patient utilization data as reported on the 2008 through 2012 license renewal applications.

**ACH Bed to Population Ratio
 (per 1,000 population)**

Age Group	ACH Beds per 1,000 population
Under 35	0.13
35-64	1.69
65-74	6.29
75-84	21.52
85+	76.60

Source: 2013 SMFP

As indicated in the previous table, ACH bed utilization rates increase as age increases. The cohort age 85+ generates the highest utilization among the general population. The projected population age 85+ is projected to increase at a rate that is 35 percent greater than the overall population growth rate for Mecklenburg County. Please refer to the following table.”

Mecklenburg County Population by Age, 2013-2016

	2013	2016	3-Year CAGR
Under 35	491,892	504,676	0.9%
35-64	387,678	412,430	2.1%
65-74	56,819	67,592	6.0%
75-84	26,309	28,599	2.8%
85+	12,221	13,083	2.3%
Total	974,919	1,026,380	1.7%

The applicants state that longer life expectancies and aging baby boomers will also increase the numbers and percentages of Americans who will live to an older age. This will further increase the need for long-term care services, such as skilled nursing care. The projected population growth of residents age 65 and older and the related ACH bed utilization rates for Mecklenburg County support the continued need for all the existing ACH beds in Mecklenburg County.

In Section III.1, page 34, the applicants state that BPSC ACH beds are currently operating at approximately 88% occupancy, as shown in the following table:

**Brookdale Place of South Charlotte
 Historical Days of Care**

	CY2010	CY2011	CY2012*
BPSC ACH Days of Care	15,436	16,695	16,524
ACH Beds	51	51	51
% Occupancy	82.9%	89.7%	88.7%

Annualized based on 11 months data (Jan-Nov).

As shown in the table above, BPSC’s existing ACH beds are operating at practical capacity. Of the existing 51 ACH beds at the facility, 18 are located in semi-private rooms. The semi-private rooms limit capacity, thus restricting admission decisions based on gender,

personality and/or isolation status. The restriction on admissions due to the semi-private rooms impacts BPSC’s ability to maintain a higher occupancy. However, CCC is operating at a much lower capacity than BPSC, as shown in the following table:

**Carriage Club Charlotte
 Historical ACH Days of Care**

	CY2010	CY2011	CY2012*
CCC ACH Days of Care	18,285	19,359	17,451
ACH Beds	108	108	108
% Occupancy	46.4%	49.1%	44.3%

Annualized based on 11 months data (Jan-Nov).

As shown in the table above, CCC’s ACH beds are currently operating at approximately 44% occupancy. On page 35, the applicants state,

“In order to increase capacity at BPSC, Brookdale determined the most effective alternative is to relocate 37 ACH beds from CCC to BPSC. In doing so, the applicants will redistribute existing ACH beds capacity within its system to more effectively utilize ACH services within Mecklenburg County. The proposed project will also enable Brookdale to operate BPSC more efficiently. With more operational ACH beds, BPSC can achieve greater economies of scale by leveraging existing care staff and infrastructure.”

Projected Utilization

In Section IV.1 pages 47-48 the applicants provide the historical utilization for both BPSC and CCC for the nine months prior to submission of the application and projected utilization for BPSC for the first three operating years, as shown in the following tables:

**Historical Utilization
 Brookdale Place of South Charlotte**

	Mar 12	Apr 12	May 12	June 12	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	9-Month Total
Adult Care Home (Excluding Special Care Units)										
Patient Days	957	853	931	882	962	978	932	906	897	8,298
Occupancy Rate	85.8%	79.0%	83.4%	81.7%	86.2%	87.6%	86.3%	81.2%	83.1%	83.8%
# of Licensed Beds	36	36	36	36	36	36	36	36	36	36
Special Care Unit (Alzheimer’s)										
Patient Days	465	450	463	440	445	465	441	465	450	4,084
Occupancy Rate	100.0%	100.0%	99.6%	97.8%	95.7%	100.0%	98.0%	100.0%	100.0%	99.0%
# of Licensed Beds	15	15	15	15	15	15	15	15	15	15
Total Adult Care Home										
Patient Days	1,422	1,303	1,394	1,322	1,407	1,443	1,373	1,371	1,347	12,382
Occupancy Rate	89.9%	85.2%	88.2%	86.4%	89.0%	91.3%	89.7%	86.7%	88.0%	88.3%
# of Licensed Beds	51	51	51	51	51	51	51	51	51	51

Totals may not foot due to rounding.

Historical Utilization

Carriage Club of Charlotte

	Mar 12	Apr 12	May 12	June 12	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	9-Month Total
Adult Care Home (Excluding Special Care Units)										
Patient Days	1,581	1,522	1,504	1,278	1,287	1,318	1,286	1,457	1,619	12,852
Occupancy Rate	47.2%	47.0%	44.9%	39.4%	38.4%	39.4%	39.7%	43.5%	50.0%	43.3%
# of Licensed Beds	108	108	108	108	108	108	108	108	108	108
Special Care Unit (Alzheimer's) N/A										
Total Adult Care Home										
Patient Days	1,581	1,522	1,504	1,278	1,287	1,318	1,286	1,457	1,619	12,852
Occupancy Rate	47.2%	47.0%	44.9%	39.4%	38.4%	39.4%	39.7%	43.5%	50.0%	43.3%
# of Licensed Beds	108	108	108	108	108	108	108	108	108	108

Totals may not foot due to rounding.

**Projected Utilization
 Brookdale Place of South Charlotte
 Interim Federal Fiscal Year, FY 2013**

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
	10/1/12 12/31/12	1/1/13 3/31/13	4/1/13 6/30/13	7/1/13 9/30/13	
Adult Care Home (Excluding Special Care Units)					
Patient Days	2,799	2,738	2,768	2,799	11,104
Occupancy Rate	84.5%	84.5%	84.5%	84.5%	84.5%
# of Licensed Beds	36	36	36	36	36
Special Care Unit (Alzheimer's)					
Patient Days	1,366	1,337	1,351	1,366	5,420
Occupancy Rate	99.0%	99.0%	99.0%	99.0%	99.0%
# of Licensed Beds	15	15	15	15	15
Total Adult Care Home					
Patient Days	4,165	4,075	4,120	4,165	16,525
Occupancy Rate	88.8%	88.8%	88.8%	88.8%	88.8%
# of Licensed Beds	51	51	51	51	51

Totals may not foot due to rounding.

**Brookdale Place of South Charlotte
 First Federal Fiscal Year, FY 2014**

	1 st	2 nd	3 rd	4 th	Total
	Quarter	Quarter	Quarter	Quarter	
	10/1/13 12/31/13	1/1/14 3/31/14	4/1/14 6/30/14	7/1/14 9/30/14	
Adult Care Home (Excluding Special Care Units)					
Patient Days	4,870	5,552	5,613	5,675	21,710
Occupancy Rate	72.5%	84.5%	84.5%	84.5%	81.5%
# of Licensed Beds	73	73	73	73	73
Special Care Unit (Alzheimer's)					
Patient Days	1,366	1,337	1,351	1,366	5,420
Occupancy Rate	99.0%	99.0%	99.0%	99.0%	99.0%
# of Licensed Beds	15	15	15	15	15
Total Adult Care Home					
Patient Days	6,236	6,888	6,965	7,041	27,130
Occupancy Rate	77.0%	87.0%	87.0%	87.0%	87.0%
# of Licensed Beds	88	88	88	88	88

Totals may not foot due to rounding.

**Projected Utilization
 Brookdale Place of South Charlotte
 Second Federal Fiscal Year, FY 2015**

	1 st	2 nd	3 rd	4 th	Total
	Quarter	Quarter	Quarter	Quarter	
	10/1/14 12/31/14	1/1/15 3/31/15	4/1/15 6/30/15	7/1/15 9/30/15	
Adult Care Home (Excluding Special Care Units)					
Patient Days	5,675	5,552	5,613	5,675	22,515
Occupancy Rate	84.5%	84.5%	84.5%	84.5%	84.5%
# of Licensed Beds	73	73	73	73	73
Special Care Unit (Alzheimer's)					
Patient Days	1,366	1,337	1,351	1,366	5,420
Occupancy Rate	99.0%	99.0%	99.0%	99.0%	99.0%
# of Licensed Beds	15	15	15	15	15
Total Adult Care Home					
Patient Days	7,041	6,888	6,965	7,041	27,935
Occupancy Rate	87.0%	87.0%	87.0%	87.0%	87.0%
# of Licensed Beds	88	88	88	88	88

Totals may not foot due to rounding.

**Brookdale Place of South Charlotte
 Third Federal Fiscal Year, FY 2016**

	1 st Quarter 10/1/15 12/31/15	2 nd Quarter 1/1/16 3/31/16	3 rd Quarter 4/1/16 6/30/16	4 th Quarter 7/1/16 9/30/16	Total
Adult Care Home (Excluding Special Care Units)					
Patient Days	5,675	5,552	5,613	5,675	22,515
Occupancy Rate	84.5%	84.5%	84.5%	84.5%	84.5%
# of Licensed Beds	73	73	73	73	73
Special Care Unit (Alzheimer's)					
Patient Days	1,366	1,337	1,351	1,366	5,420
Occupancy Rate	99.0%	99.0%	99.0%	99.0%	99.0%
# of Licensed Beds	15	15	15	15	15
Total Adult Care Home					
Patient Days	7,041	6,888	6,965	7,041	27,935
Occupancy Rate	87.0%	87.0%	87.0%	87.0%	87.0%
# of Licensed Beds	88	88	88	88	88

Totals may not foot due to rounding.

In Section IV.1, pages 49-50, the applicants provide the assumptions and methodology used in projecting utilization. The applicants state:

“BPSC projects its existing ACH beds will remain at their current occupancy during the initial three project years. BPSC’s general ACH beds (i.e. not located in a special care unit) will remain at 84.5 percent occupancy and the 15 special care unit beds will remain at 99 percent occupancy.

BPSC projects days of care for the relocated 37 ACH beds based on a fill-up rate of four residents per week until the beds assume an occupancy of 84.5 percent. This is consistent with the current occupancy of BPSC’s existing ACH beds that are not located in a special care unit. The proposed project will include 25 private and 12 semi-private beds. Thus, the maximum occupancy will continue to be limited by semi-private beds.

The proposed project will not result in any changes to the number of ACH beds located in special care units. Thus, utilization for BPSC’s ACH beds located in its Memory Support Unit (special care unit) is expected to remain consistent with current utilization.”

Projected utilization is based on reasonable, credible and supported assumptions. Furthermore, the 51 existing beds are well utilized at 88.8%. Thus, it is reasonable to assume the 37 relocated beds will be well utilized at BPSC.

There are 44 ACH facilities in Mecklenburg County, with a total licensed and CON-approved inventory of 3,109 beds. The 2013 SMFP excludes one-half of the ACH beds in CCRCs (15 beds), resulting in a planning inventory of 3,094 beds. The inventory of ACH

beds in the 2013 SMFP is illustrated in the following table:

ACH Facility	Licensed Beds in Nursing Homes	Licensed Beds in ACH Facilities	Total Licensed Beds	CON Approved/ Transferred	CCRC Beds Excluded From Planning Inventory	Total Beds in Planning Inventory
2010 Need Determination – CON decisions under appeal						340
Atria Merry wood		20	20			20
Brighton Gardens of Charlotte		125	125			125
Brookdale Place of South Charlotte		51	51			51
Carmel Hills		38	38			38
Carriage Club of Charlotte (Coach House)		108	108			108
Carrington Place	10		10			10
Charlotte Manor (bed transfer to Waltonwood)		40	40			0
Charlotte Square		125	125			125
Cuthbertson Village at Aldersgate		45	45			45
East Towne		120	120			120
Elmcroft of Little Avenue		62	62			62
Emeritus at Eastover		104	104			104
Emeritus at South Park		56	56			56
Helton Manor West		120	120			120
Hunter Village		68	68			68
Hunter Woods Nursing & Rehabilitation	10		10			10
Lawyers Glen Retirement Living Center		82	82			82
Lee's Living Center		48	48			48
Legacy Heights Senior Living Community		122	122			122
Parker Terrace at Aldersgate		53	53			53
Pineville Rehabilitation and Living Center	10		10			10
Preston House		40	40			40
Regency Retirement Village		119	119			119
Saturn Nursing and Rehabilitation Center	20		20			20
Sharon Towers	40		40			40
Slay's Rest Home		12	12			12
Southminster	40		40			40
Summit Place of Southpark		120	120			120
Sunrise on Providence		95	95			95
The Arbors at Carriage Club of Charlotte		34	34			34
The Cove at Wilora Lake Lodge		50	50			50
The Haven in Highland Creek		60	60			60
The Haven in the Village at Carolina Place		60	60			60
The Laurels in Highland Creek		105	105			105
The Laurels in the Village at Carolina Place		104	104			104
The Little Flower Assisted Living Residence		49	49			49
The Park at Sharon Amity		64	64			64
The Pines at Davidson	30		30		5	25
University Place Nursing and Rehabilitation	10		10			10
*Waltonwood (bed transfer from Charlotte Manor)				125		125
Weddington Park		83	83			83
Willow Ridge Assisted Living		52	52			52
Willow Brooke Court/Plantation Estates	60		60		10	50
Wilora Lake Healthcare Center	20		20			20
Total	250	2,434	2,684	125	15	3,094

*Waltonwood Cotswold – Received 85-beds per a settlement agreement and transferred 40-beds from Charlotte Manor

According to the 2013 SMFP, there will be a deficit of 132 ACH beds in 2016, as illustrated in the table below.

Total ACH Bed	Currently	Planning	Additional
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Need Projected in 2016	Licensed	Inventory	Deficit	Beds Needed
2,962	2,684	3,094	132	0

Thus, the 37 underutilized beds at CCC are clearly needed and the applicants adequately demonstrate that it would be cost-effective to relocate them to BPSC where they can be operated more efficiently as part of a 51-bed ACH facility.

In summary, the applicants adequately identify the population to be served and adequately demonstrate the need to relocate the 37 existing ACH beds to the existing 51-bed facility, for a total of 88 ACH beds. Therefore, the application is conforming with 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.

C

The applicants propose to relocate the 37 existing (underutilized) ACH beds located at CCC to BPSC, a 51-bed ACH facility in Mecklenburg County. CCC is 4.4 miles away from BPSC. Thus, the relocated ACH beds will be geographically accessible to the same population formerly served at CCC. In Section III.5, page 44, the applicants state: *“For local residents seeking independent living options, Brookdale has sufficient independent living space within its system to accommodate any such residents.”*

In Section V.3, page 58, the applicants state:

“With regard to residents at CCC, the current residents and their families are aware of the applicants’ plans to relocate 37 ACH beds from CCC to BPSC. Residents and family members are supportive of the proposal. CCC is operating at 44 percent of its licensed ACH bed capacity; thus, Brookdale does not expect to have any residents in the ACH beds when the beds are ready to be transferred to BPSC.”

The applicants provided additional information per a request by the analyst that BPSC has a total of 25 independent living units and a total of 28 residents (3 resident spouses). As a result of the proposed project and licensure changes, all residents who qualify for assisted living services will be changed from the current independent living status. Those who do not qualify for assisted living services will be relocated to a CCRC within the applicants’ healthcare system. The Carriage Club of Charlotte has a total of 45 independent living units, which according to the applicants is sufficient enough to absorb the additional 28 independent living residents from BPSC.

The applicants demonstrate that the needs of the population would be adequately met following the relocation of the ACH beds. Therefore, the application is conforming with 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.

CA

In Section III.2, pages 40-41, the applicants state that three alternatives were considered: (1) maintain the status quo, (2) construct new spaces for the relocated ACH beds and (3) relocate 37 ACH beds from CCC to the third floor of BPSC. The applicants did not choose to maintain the status quo because BPSC is operating at practical capacity; evidence that the residents of Mecklenburg County have demonstrated a preference for this facility. In order to increase capacity at BPSC, the applicants determined that the most effective alternative is to relocate 37 ACH beds from CCC to BPSC. The applicants state that the alternative to construct new spaces for the proposed relocated beds would require considerable capital costs and would unnecessarily delay development of the proposed project. Constructing new spaces for the relocated ACH beds was not deemed an effective alternative. The applicants decided to relocate the ACH beds because the capital expenditure and operating costs to relocate is less expensive than constructing a separate stand-alone facility and would allow the applicants to redistribute existing ACH bed capacity within its system to more effectively utilize ACH services within Mecklenburg County.

Furthermore, the application is conforming with all applicable statutory and regulatory review criteria, and thus, approvable. An application that cannot be approved is not an effective alternative.

The applicants adequately demonstrate that the proposal is the least costly or most effective alternative to meet the need for the proposed project and the application is conforming with this criterion and approved subject to the following conditions:

- 1. Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte and Brookdale Place of South Charlotte, LLC shall materially comply with all representations made in the certificate of need application and in supplemental information. In those instances where representations conflict, Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte and Brookdale Place of South Charlotte, LLC shall materially comply with the last-made representation.**
- 2. Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte and Brookdale Place of South Charlotte, LLC shall relocate the 37 adult care home beds from Carriage Club of Charlotte to Brookdale Place of South Charlotte, an existing 51-bed facility, for a total of 88 adult care home beds upon completion of the project.**

3. **For the first two years of operation following completion of the project, Brookdale Place of South Charlotte, LLC shall not increase actual private pay charges 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.**
 4. **Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte and Brookdale Place of South Charlotte, LLC shall provide care to State/County Special Assistance patients with Basic Medicaid for the facility and the Special Care Unit consistent with their representations in the application.**
 5. **Brookdale Place of South Charlotte, LLC shall submit all resident charges and resident admissions for each source of resident payment to the CON Section at year end for each of the first three operating years following licensure of the beds in the facility.**
 6. **Brookdale Senior Living Communities, Inc., ARCLP – Charlotte, LLC d/b/a Carriage Club of Charlotte and Brookdale Place of South Charlotte, LLC 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.**
- (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

In Section VIII.1, page 78 the applicants state that there is no projected capital cost for the proposed project. In Section IX, page 83, the applicants state there will be no start-up or initial operating expenses associated with the proposal. Exhibit 11 contains Brookdale Senior Living Communities, Inc. balance sheet, which shows \$30,836,000 in cash and cash equivalents, \$4,466,061,000 in total assets and \$1,040,208,000 in total net assets (total assets less total liabilities) as of December 2011.

In Section X.4, pages 89-90, the applicants provide the projected monthly rates as shown in the table below.

Monthly Rates

First Three Full Federal Fiscal Years 10/01/2013 - 9/30/2016

Source of Payment by Type of Care	Private Room	Semi-Private Room
ACH (Excluding Special Care Units)		
Private Pay	\$147.97	\$128.13
State/County Assistance	\$64.47	\$64.47
ACH Special Care Unit (Memory Care)		
Private Pay	\$172.37	\$164.80
State/County Assistance	\$117.96	\$117.96

On page 88, the applicants state,

“BPSC is using the following government reimbursement rates for Medicaid and County Special Assistance:

- *ACH Beds: \$64.47 (\$39.40 County Special Assistance, \$18.21 Basic PCS, \$6.29 Enhanced PCS, and \$0.57 Transportation for Enhanced Medicaid)*
- *Memory Care Special Care Unit: \$117.96 (\$50.50 County Special Assistance, \$18.21 Basic PCS, \$48.68 Alzheimer Special Care, and \$0.57 Transportation for Enhanced Medicaid”*

In Section XIII, Form B, ProForma Statement of Operating Results and Retained Earnings, the applicants project the revenue and expenses for the first three full federal fiscal years of operation, as shown in the table below.

	Year 1 FFY 2014	Year 2 FFY 2015	Year 3 FFY 2016
Revenue	\$3,669,566	\$3,773,669	\$3,773,669
Expenses	\$3,427,123	\$3,517,374	\$3,588,326
Income (Loss)	\$242,443	\$256,295	\$185,343

As shown in the table above, the applicants project that revenue will exceed operating costs in each of the first three full federal fiscal years of operation. According to the financial assumptions included in Forms B and C, the increased revenue and expenses in Year 3 are the result of an increase in utilization, not inflation adjustments. The assumptions used by the applicants in preparation of the pro formas are reasonable, including projected utilization. See Criterion (3) for discussion of utilization projections which is incorporated hereby as if fully set forth herein.

The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Consequently, the application is conforming with 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 propose to relocate 37 existing adult care home (ACH) beds 4.4 miles (8 minutes) from CCC (a 108-bed ACH facility) to BPSC. BPSC is an existing 51-bed ACH facility, including a 15-bed Special Care Unit (SCU) for Alzheimer's residents. The applicants propose to relocate 37 ACH beds from CCC to vacant space on the third floor of the BPSC facility, in space which previously housed ACH beds, but presently serves Independent Living residents. The applicants propose to relocate 37 existing ACH beds which will include 25 additional private beds and 12 semi-private beds at BPSC for a total of 58 private beds and 30 semi-private beds (88 total beds) to vacant space with no new construction. The 37 relocated beds, which are currently available to the general population, will remain available to the general population.

The applicants stated throughout the application that the alternative to maintain the status quo and not relocate 37 ACH beds from CCC to BPSC would not allow for effective redistribution of existing ACH beds within the county or the applicants' healthcare system. CCC is operating at a much lower capacity (43.3%) than BPSC (88.3%) at the end of the nine month period immediately preceding submittal of this application. The applicants also stated that constructing new spaces for the proposed relocated beds would require considerable capital costs and would unnecessarily delay development of the proposed project.

The applicants do not anticipate any change in projected patient origin from what has historically been seen at the facility. No new services will be offered. The applicants adequately demonstrate that it is more cost effective to relocate 37 existing ACH beds in order to meet the needs of patients who are presently being served within its healthcare system and the Mecklenburg County service area. The proposed project is cost effective, will not have any negative impact with regard to geographic access and will effectively redistribute existing ACH bed capacity within Brookdale facilities located in Mecklenburg County. The applicants adequately demonstrate the need to relocate 37 existing ACH beds. The applicants historical and projected utilization exceeds the 85% occupancy rate required by 10A NCAC 14C.1102(d). Projected utilization is based on reasonable, credible, and supported assumptions. A description of the assumptions and methodology used to project utilization is provided in Section IV.1, pages 49-50. A summary can be found in Criterion (3) which is incorporated hereby as if fully set forth herein.

In Section III.1, pages 36-38, the applicants adequately demonstrate the need to relocate ACH beds in the service area, which is based on population growth, an aging population, and current utilization rates in existing ACH facilities in Mecklenburg County. In Section IV.1, page 52, the applicants project that the occupancy rate of BPSC will be 87.0% in the second federal fiscal year (FFY 2015). On pages 37, the applicants state,

“Occupancy rates for other existing ACH facilities cannot be determined as days of care are not publically reported. Brookdale obtained the 2012 license renewal applications (most recent publically available) for all existing Mecklenburg County ACH facilities and estimated an occupancy rate based on the reported number of

residents compared to the number of licensed ACH beds. This information is provided in the table on the following page.”

Facility Name	Licensed ACH Beds	Occupancy	Occupancy %
Atria Merrywood	20	16	80.0%
Brighton Gardens	125	107	85.6%
Brookdale Place	51	51	100.0%
Carmel Hills	38	29	76.3%
Carriage Club	108	53	49.1%
Charlotte Square	125	111	88.8%
Cuthbertson Village	45	45	100.0%
East Towne	120	116	96.7%
Elmcroft of Little Avenue	62	48	77.4%
Emeritus of Eastover	104	89	85.6%
Emeritus of South Park	56	53	94.6%
Helton Manor	120	75	62.5%
Lawyers Glen	81	64	78.0%
Lee’s Living Center	48	40	83.3%
Legacy Heights	122	81	66.4%
Parker Terrace	53	46	86.8%
Preston House	40	34	85.0%
Regency Retirement	119	108	90.8%
Slay’s Rest Home	12	10	83.3%
Summit Place	120	101	84.2%
Sunrise	95	88	92.6%
The Arbors at Carriage	34	34	100.0%
The Cove	50	45	90.0%
The Haven in Highland Creek	60	56	93.3%
The Haven in the Village	60	47	78.3%
The Laurels in Highland	105	81	77.1%
The Laurels in the Village	104	93	89.4%
The Little Flower	49	41	83.7%
The Parc at Sharon Amity	64	64	100.0%
Weddington Park	83	63	75.9%
Willow Ridge	52	0	0.0%
Totals	2,326	1,889	81.2%

Source: 2012 License Renewal Applications

The project analyst notes that the applicants table above does not include beds for which a CON has been approved or pending certification. As shown in the table above, BPSC’s existing ACH beds are operating at practical capacity, as opposed to CCC’s existing ACH beds which are utilized at 49.1%.

In Section III.2, page 41, the applicants state,

“The proposed relocation of 37 ACH beds from CCC to BPSC is a cost effective method to expand ACH capacity at a well-utilized facility. The relocation will not have any negative impact with regard to geographic access and results in an

effective redistribution of existing ACH bed capacity within Brookdale facilities located in Mecklenburg County.”

The applicants adequately demonstrate that the proposal will not result in the unnecessary duplication of existing or approved health service capabilities or facilities, and therefore the application is conforming to this criterion.

The applicants adequately demonstrate that proposed project will not result in the unnecessary duplication of existing or approved ACH beds in Mecklenburg County. Consequently, the application is conforming with 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

In Section VII.3, page 73, the applicants provide projected staffing as shown in the table below.

**Projected Staffing
 Second Full Federal Fiscal Year
 October 1, 2014 – September 30, 2015**

	ACH Beds (Excluding SCU)		ACH Beds (SCU)		Total Facility	
	FTEs	Annual Consultant Hours	FTEs	Annual Consultant Hours	FTEs	Annual Consultant Hours
Routine Services						
Director of Nursing	0.81		0.19		1.00	
Residential Care Coordinator	0.81		0.19		1.00	
Nurse – RN	0.49		0.11		0.60	
Nurse – LPN	1.78		0.42		2.20	
Resident Care Associate	19.00		7.00		26.00	
Lead Resident Care Associate	1.25		0.75		2.00	
Certified Medication Technician	7.00		4.20		11.20	
Pharmacy Consultant		100		25		125
Dietary						
Licensed Dietician		32		8		40
Dinning Services Coordinator	0.73		0.17		0.90	
Cooks	1.30		0.30		1.60	
Dietary Aides	2.11		0.49		2.60	
Servers	1.94		0.46		2.40	
Activity Services						
Life Enrichment Coordinator	0.57		0.13		0.70	
Clare Bridge Program Coordinator	0.57		0.13		0.70	
Activities Assistant	0.73		0.17		0.90	
Driver	0.73		0.17		0.90	
Housekeeping/Laundry						
Housekeeper, Lead	0.73		0.17		0.90	
Housekeeper Aides	1.54		0.36		1.90	
Operations & Maintenance						
Maintenance Supervisor	1.54		0.36		1.90	
Administration & General						
Administrator	0.81		0.19		1.00	
Business Office Coordinator	0.73		0.17		0.90	
Marketing Manager	0.81		0.19		1.00	
Marketing Coordinator	0.81		0.19		1.00	
Receptionist	1.46		0.34		1.80	
Total Positions	48.25	132	16.85	33	65.10	165

On page 74 the applicants project direct patient care staff hours per patient day for Year 2, as shown in the table below.

**Direct Care Nursing Hours per Patient Day, FY2015
 October 1, 2014 through September 30, 2015**

	Aides *	Total**
Adult Care Home		
A. Number of FTEs from Table VII.3	27.25	29.52
B. Number of nursing hours per year per FTE (i.e. 2,080 or 1,950)	2,080	2,080
C. Total nursing hours per year (A X B)	56,680	61,402
D. Number of Patient Days from Table IV.2	22,515	22,515
E. Nursing hours per patient day (C / D)	2.52	2.73
Adult Care Home Special Care Unit (Memory Care)		
A. Number of FTEs from Table VII.3	11.95	12.48
B. Number of nursing hours per year per FTE (i.e. 2,080 or 1,950)	2,080	2,080
C. Total nursing hours per year (A X B)	24,856	25,958
D. Number of Patient Days from Table IV.2	5,420	5,420
E. Nursing hours per patient day (C / D)	4.59	4.79
Total ACH		
A. Number of FTEs from Table VII.3	39.20	42.00
B. Number of nursing hours per year per FTE (i.e. 2,080 or 1,950)	2,080	2,080
C. Total nursing hours per year (A X B)	81,536	87,360
D. Number of Patient Days from Table IV.2	27,935	27,935
E. Nursing hours per patient day (C / D)	2.92	3.13

The applicants propose to provide certified nursing assistant coverage twenty four hours per day, seven days per week. The applicants project 3.13 direct care hours per patient day for the ACH beds. The applicants adequately demonstrate the availability of resources, including health manpower and administrative personnel, for the proposed services. Therefore, the application is conforming with 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

In Section II.2, pages 19-25, the applicants describe the services provided by the facility. On page 26, the applicants state that BPSC has established relationships with its contracted service vendors. Exhibit 4 contains ancillary and support services agreements with Omnicare Pharmacy of North Charlotte, LLC c/b/a APS – Hickory for pharmacy services and Sysco Charlotte for food services. In Section V.3, page 57, the applicants state that they have a long history of providing health care services in North Carolina and thus, have well-established relationships with local healthcare and social service providers in the areas it currently serves. On page 57 the applicants state that BPSC routinely receives referrals from Carolinas Medical Center-Pineville, Presbyterian Hospital Matthews, Sardis Oaks Rehabilitation Center, Carrington Place Skilled Nursing Center, Pineville Rehabilitation and Living Center and Lake Park Skilled Nursing Center. The applicants also state that BPSC receives referrals from local physicians,

Mecklenburg County Department of Social Services, Mecklenburg County Department of Health, other area hospitals and skilled nursing facilities, area churches, family members, friends, local home health and hospice care agencies, as well as self-referrals. The applicants adequately demonstrate the availability of the necessary ancillary and support services and coordination with the existing health care system. Therefore, the application is conforming with 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.

NA

- (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 Section VI.2, page 61, the applicants discuss BPSC's history of adult care home services to the underserved populations of North Carolina. The applicants state:

“Although BPSC has historically had an entirely private pay mix, all adult care home (ACH) services are available to residents regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a potential resident as underserved. BPSC will ensure that all persons, including the elderly and medically underserved groups, will have access to ACH services at the proposed expanded facility. As described in Section VI.6, BPSC offers a wide range of means by which a person will have access to services at its proposed expanded facility.”

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 for Mecklenburg County and statewide.

	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)
Mecklenburg	15.0%	5.1%	20.1%
Statewide	17.0%	6.7%	19.7%

*More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group would not typically utilize the health services proposed in this application.

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 of persons eligible to receive dental services who actually received dental services 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. In addition, data is available by age, race or gender. However, a direct comparison to the applicants' current payor 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 applicants demonstrated that medically underserved populations currently have adequate access to the services offered at Brookdale Place of South Charlotte.

Therefore, 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 Section VI.5(a), page 66, the applicants state:

“BPSC has not had any civil rights access complaints.”

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

In Section VI.2 page 61, the applicants provide the projected payor mix for the second full fiscal year (2015) of operations for the proposal, as illustrated in the table below.

<p style="text-align: center;">Brookdale Place of South Charlotte Projected Days as Percent of Total Days</p>

October 1, 2014 through September 30, 2015		
Payor Source	ACH Residents Excluding Special Care Units	ACH Residents Special Care Unit
Private Pay	76.4%	76.4%
Special Assistance w/ Basic Medicaid	23.6%	0.0%
Special Assistance w/ Enhanced Medicaid	0.0%	0.0%
Special Assistance w/ Special Care Unit	0.0%	23.6%
Total	100.0%	100.0%

On pages 61-63, the applicants state,

“As previously stated, Mecklenburg County hosts over 40 facilities that operate adult care home beds. To project its payor mix, BPSC reviewed the historical payor mix for these facilities (including ACH beds in skilled nursing facilities), as reported in the 2012 license renewal applications of all Mecklenburg County long-term care facilities. The table on the following page shows the payor mix at each facility during FY2011, which is the most recently reported full fiscal year that is publically available.”

<i>Facility Name</i>	<i>Licensed ACH Beds</i>	<i>Private Pay %</i>	<i>Medicaid & County/Special Assistance %</i>
<i>Willow Ridge</i>	52	NA	NA
<i>Carriage Club</i>	108	103.8%	0.0%
<i>Atria Merrywood</i>	20	100.0%	0.0%
<i>Carmel Hills</i>	38	100.0%	0.0%
<i>Cuthbertson Village</i>	45	100.0%	0.0%
<i>Emeritus Eastover</i>	104	100.0%	0.0%
<i>Parker Terrace</i>	53	100.0%	0.0%
<i>Regency Retirement</i>	119	100.0%	0.0%
<i>Sunrise</i>	95	100.0%	0.0%
<i>The Cove</i>	50	100.0%	0.0%
<i>The Haven in Highland Creek</i>	60	100.0%	0.0%
<i>The Laurels in Highland</i>	105	100.0%	0.0%
<i>The Laurels in the Village</i>	104	100.0%	0.0%
<i>The Haven in the Village</i>	60	95.7%	2.1%
<i>The Arbors at Carriage</i>	34	94.1%	0.0%
<i>Lawyers Glen</i>	82	93.8%	6.3%
<i>Brookdale Place</i>	51	92.2%	0.0%
<i>Legacy Heights</i>	122	90.1%	1.2%
<i>Elmcroft of Little Avenue</i>	62	89.6%	8.3%
<i>Brighton Gardens</i>	125	88.8%	13.1%
<i>The Little Flower</i>	49	85.4%	17.1%
<i>Emeritus at South Park</i>	56	81.1%	24.5%
<i>Weddington Park</i>	83	77.8%	22.2%
<i>Summit Place</i>	120	74.3%	25.7%
<i>Preston House</i>	40	64.7%	35.3%
<i>Charlotte Square</i>	125	27.9%	72.1%
<i>Helton Manor</i>	120	14.7%	72.0%
<i>East Towne</i>	120	6.9%	93.1%
<i>The Parc at Sharon Amity</i>	64	3.1%	96.9%
<i>Lee's Living Center</i>	48	2.5%	97.5%
<i>Slay's Rest Home</i>	12	0.0%	90.0%
<i>Carrington Place</i>	20	100.0%	0.0%
<i>Hunter Woods Nursing & Rehab</i>	10	0.0%	100.0%
<i>Pineville Rehab & Living Center</i>	10	100.0%	0.0%
<i>Saturn Nursing & Rehab Center</i>	20	6.3%	93.8%
<i>Sharon Towers</i>	40	94.3%	0.0%
<i>Southminster</i>	40	100.0%	0.0%
<i>The Pines at Davidson</i>	30	84.6%	0.0%
<i>University Place Nursing & Rehab</i>	10	N/A	N/A
<i>WillowBrooke Court/Plantation</i>	60	100.0%	0.0%
<i>Wilora Lake Healthcare Center</i>	20	0.0%	40.0%
Totals	2,586	76.4%	22.9%

The project analyst independently verified the averages provided by the applicants on pages 62-63 and in the above table and derived at the following: 2,576 Licensed ACH Beds, 71.78% private pay historical payor mix and 27.6% Medicaid & County/Special Assistance historical payor mix in FY2011. It is noted by the project analyst that there are no regulatory review criteria stipulating the payor mix for the proposed project. Further, the applicants state in Section VI.6, page 66, “As previously stated, BPSC will provide ACH services to all residents regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved.”

In Section VI.3, pages 63-64, the applicants state,

“As previously described, BPSC will relocate the ACH beds into third floor spaces that are currently utilized as independent living apartments. These spaces were designed and previously operated (by the prior facility owner) as ACH patient rooms, and thus were designed to ACH standards. Therefore, no renovations are necessary. The facility was designed according to the North Carolina State Building Code, including the ADA Standards for Accessible Design.

All patient rooms and common spaces on the 3rd floor of BPSC meet handicapped accessibility requirements, including turning spaces, clear floor spaces in bedrooms and accessible plumbing fixtures, roll-in showers, grab bars, accessible storage spaces, etc. The facility has handicap-accessible parking, ramps and stairways.

This project does not involve additional special care beds. However, for information purposes, the existing 15-bed Memory Care unit at BPSC occupies a secured portion of the building, with electronically monitored ingress and egress. Memory Care residents are protected with a wander-guard monitoring system that restricts their exit from the unit and activates alert systems when they are in the vicinity of exit doors. The Memory-Care outdoor activity area is a specially-designed wandering garden with a secure perimeter to prevent unaccompanied residents from leaving the area.”

The applicants demonstrated that medically underserved populations will have adequate access to the proposed services. Therefore, the application is conforming with 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.

In Section VI.6, page 66, the applicants state:

“BPSC anticipates continued referrals from its traditional referral sources, including the following Mecklenburg County healthcare provider facilities:

- *CMC-Pineville*
- *Presbyterian Hospital Matthews*
- *Pineville Rehabilitation & Living Center*
- *Sardis Oaks Rehabilitation Center*
- *Carrington Place.*”

In addition, the applicants state that BPSC receives referrals from local physicians, the Mecklenburg County Department of Social Services, the Mecklenburg County Department of Mental Health, other area hospitals and skilled nursing facilities, area churches, family members, friends, local home health and hospice agencies, as well as self-referrals.

The applicants adequately demonstrated BPSC offers a range of means by which patients will have access to the proposed services. Therefore, the application is conforming 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

In Section V.1, page 57, the applicants state that BPSC will accommodate the clinical needs of health professional training programs. Exhibit 8 contains a copy of a letter sent to Central Piedmont Community College (CPCC) nursing program expressing this interest. The applicants state that BPSC also has an internship agreement with CPCC. The applicants adequately demonstrate that BPSC accommodates the clinical needs of area health professional training programs.

Therefore, the application is conforming 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

The applicants propose to relocate 37 existing adult care home (ACH) beds 4.4 miles (8 minutes) from CCC (a 108-bed ACH facility) to BPSC. BPSC is an existing 51-bed ACH facility, including a 15-bed Special Care Unit (SCU) for Alzheimer's residents. The applicants propose to relocate 37 ACH beds from CCC to space on the third floor of the BPSC facility, in space which previously housed ACH beds, but presently serves Independent Living residents. The applicants propose to relocate 37 existing ACH beds which will include 25 additional private beds and 12 semi-private beds at BPSC for a total of 58 private beds and 30 semi-private beds (88 total beds) with no new construction. The 37 relocated beds, which are currently available to the general population, will remain available to the general population.

In Section V.4, pages 58-59, the applicants discuss the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality, and access.

The applicants state,

“The proposed project promotes a cost-effective approach to the provision of long-term care, it expands health care services to the medically underserved, and it encourages quality health care services.

The proposed project will address all these factors:

Cost Effective

The proposal to relocate 37 ACH beds from CCC to BPSC is a cost effective method to redistribute existing ACH bed capacity in Brookdale's facilities in Mecklenburg County. The proposed project will also enable Brookdale to achieve a more efficient facility at BPSC. With more operational ACH beds, BPSC can achieve greater economies of scale by leveraging existing staff and infrastructure.

Access

The relocation of 37 ACH beds from CCC to BPSC will not have a negative impact on the geographic distribution of ACH beds in Mecklenburg County. CCC and BPSC are both located in south Charlotte. The existing facilities are less than five miles and approximately eight driving minutes from one another. Additionally, there are two facilities with ACH beds within a two-mile radius of CCC (Carmel Hills and Sunrise on Providence). Therefore, Mecklenburg County residents will continue to have the same relative level of ACH bed access upon completion of the proposed project.”

...

On page 26, the applicants state,

“Brookdale has a quality process that is unique to the senior living community. Each major function in the facility or community has Standards and Expectations that are unique to that service or program. In regards to BPSC, the quality of Standards and Expectations specific to the facility are listed below:

- *Healthcare and Medication Management*
- *Personalized Assisted Living (PAL) and Clare Bridge (CB) Memory Care*
- *Education and Training*
- *Environment and Safety*
- *Dining Services*
- *Administration*
- *Sales and Marketing*
- *Human Resources”*

See also Sections II, III, V, VI, and VII. The information provided by the applicants in each of these sections is reasonable, credible, and adequately demonstrates that the expected effects of the proposal on competition include a positive impact on cost effectiveness, quality, and access to adult care home services in Mecklenburg County.

This determination is based on a review of the information in the sections of the application referenced above and the following analysis:

- The applicants adequately demonstrate the need to relocate 37 existing ACH beds from Carriage Club of Charlotte to Brookdale Place of South Charlotte for a total of 88 ACH beds;
- The applicants adequately demonstrate that the proposal is a cost-effective alternative to meet the need (see Section III of the application);
- The applicants will continue to provide quality services (see Section II and VII of the application);
- The applicants will continue to provide adequate access to medically underserved populations (see Section III and VI of the application); and
- The proposal will have a positive impact on competition by providing residents with increased access to quality services (see Section II and VI of the application).

Therefore, 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.

According to the files in the Adult Care Licensure Section, DHSR, no incidents occurred within the eighteen months immediately preceding the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on either of the two ACH facilities. Therefore, the application is conforming with 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

The application is conforming to all applicable *Criteria and Standards for Nursing Facility or Adult Care Home Services* promulgated in 10A NCAC 14C .1100. The specific criteria are discussed below.

.1101 INFORMATION REQUIRED OF APPLICANT

(a) *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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(b) *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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(c) *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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(d) *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 alternate 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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(e) *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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(f) *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.*

.1102 PERFORMANCE STANDARDS

(a) *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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(b) *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.*

-NA- The applicants propose to relocate 37 existing ACH beds.

(c) *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.*

- C- In Section IV.1, pages 47-48, the applicants state that the average occupancy over the nine months immediately preceding the submittal of the application was 88.3% for BPSC and 43.8% for CCC.

**Historical Utilization
 Brookdale Place of South Charlotte**

	Mar 12	Apr 12	May 12	June 12	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	9-Month Total
Adult Care Home (Excluding Special Care Units)										
Patient Days	957	853	931	882	962	978	932	906	897	8,298
Occupancy Rate	85.8%	79.0%	83.4%	81.7%	86.2%	87.6%	86.3%	81.2%	83.1%	83.8%
# of Licensed Beds	36	36	36	36	36	36	36	36	36	36
Special Care Unit (Alzheimer's)										
Patient Days	465	450	463	440	445	465	441	465	450	4,084
Occupancy Rate	100.0%	100.0%	99.6%	97.8%	95.7%	100.0%	98.0%	100.0%	100.0%	99.0%
# of Licensed Beds	15	15	15	15	15	15	15	15	15	15
Total Adult Care Home										
Patient Days	1,422	1,303	1,394	1,322	1,407	1,443	1,373	1,371	1,347	12,382
Occupancy Rate	89.9%	85.2%	88.2%	86.4%	89.0%	91.3%	89.7%	86.7%	88.0%	88.3%
# of Licensed Beds	51	51	51	51	51	51	51	51	51	51

Totals may not foot due to rounding.

**Historical Utilization
 Carriage Club of Charlotte**

	Mar 12	Apr 12	May 12	June 12	Jul 12	Aug 12	Sept 12	Oct 12	Nov 12	9-Month Total
Adult Care Home (Excluding Special Care Units)										
Patient Days	1,581	1,522	1,504	1,278	1,287	1,318	1,286	1,457	1,619	12,852
Occupancy Rate	47.2%	47.0%	44.9%	39.4%	38.4%	39.4%	39.7%	43.5%	50.0%	43.3%
# of Licensed Beds	108	108	108	108	108	108	108	108	108	108
Special Care Unit (Alzheimer's) N/A										
Total Adult Care Home										
Patient Days	1,581	1,522	1,504	1,278	1,287	1,318	1,286	1,457	1,619	12,852
Occupancy Rate	47.2%	47.0%	44.9%	39.4%	38.4%	39.4%	39.7%	43.5%	50.0%	43.3%
# of Licensed Beds	108	108	108	108	108	108	108	108	108	108

Totals may not foot due to rounding.

- (d) *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 stated.*

- C- In Section IV.2 pages 50-53, the applicants state that the occupancy at the end of the second full federal fiscal year of operation is projected to be 87.0% as shown in the table below. A summary of the assumptions and methodology used to project

occupancy are provided in Criterion (3) which is incorporated hereby as if fully set forth herein.

**Projected Utilization
 Brookdale Place of South Charlotte
 Second Federal Fiscal Year, FY 2015**

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	10/1/14 12/31/14	1/1/15 3/31/15	4/1/15 6/30/15	7/1/15 9/30/15	
Adult Care Home (Excluding Special Care Units)					
Patient Days	5,675	5,552	5,613	5,675	22,515
Occupancy Rate	84.5%	84.5%	84.5%	84.5%	84.5%
# of Licensed Beds	73	73	73	73	73
Special Care Unit (Alzheimer's)					
Patient Days	1,366	1,337	1,351	1,366	5,420
Occupancy Rate	99.0%	99.0%	99.0%	99.0%	99.0%
# of Licensed Beds	15	15	15	15	15
Total Adult Care Home					
Patient Days	7,041	6,888	6,965	7,041	27,935
Occupancy Rate	87.0%	87.0%	87.0%	87.0%	87.0%
# of Licensed Beds	88	88	88	88	88

Totals may not foot due to rounding