

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: December 21, 2015

Findings Date: December 21, 2015

Project Analyst: Gregory F. Yakaboski

Team Leader: Fatimah Wilson

Project ID #: F-11073-15

Facility: Carolina Farms Group Home #3

FID #: 031013

County: Stanly

Applicant: GHA Autism Supports, Inc.

Project: Transfer one ICF/IID bed from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion

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

The applicant, GHA Autism Supports, Inc., proposes to relocate one Intermediate Care Facilities for Individuals with Intellectual Disabilities [formerly Intermediate Care Facilities for the Mentally Retarded (ICF/MR)] (ICF/IID) bed and transfer one ICF/IID patient from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion. The J. Iverson Riddle Development Center is one of four (4) state operated facilities that have licensed ICF/IID beds.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2015 State Medical Facilities Plan (SMFP).

Policies

The following two policies are applicable to this review:

- POLICY MH-1: LINKAGES BETWEEN TREATMENT SETTINGS.
- POLICY ICF/IID-2: TRANSFER OF ICF/IID BEDS FROM STATE OPERATED DEVELOPMENTAL CENTERS TO COMMUNITY FACILITIES FOR INDIVIDUALS WHO CURRENTLY OCCUPY THE BEDS

POLICY MH-1: LINKAGES BETWEEN TREATMENT SETTINGS states:

“An applicant for a certificate of need for psychiatric, substance abuse or intermediate care facilities for individuals with intellectual disabilities (ICF/IID) beds shall document that the affected local management entity-managed care organization has been contacted and invited to comment on the proposed services.”

Cardinal Innovations Healthcare Solutions is the affected local management entity-managed care organization (LME-MCO). The transfer agreement in Exhibit 30 demonstrates that Cardinal Innovations Healthcare Solutions was contacted and invited to comment on the proposed service and application. The application is consistent with Policy MH-1.

POLICY ICF/IID-2 TRANSFER OF ICF/IID BEDS FROM STATE OPERATED DEVELOPMENTAL CENTERS TO COMMUNITY FACILITIES FOR INDIVIDUALS WHO CURRENTLY OCCUPY THE BEDS states:

“Existing certified Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) beds in state operated developmental centers may be transferred through the certificate of need process to establish ICF/IID group homes in the community to serve people with complex behavioral challenges and/or medical conditions for whom a community ICF/IID placement is appropriate, as determined by the individual’s treatment team and with the individual/guardian being in favor of the placement. This policy requires the transfer of the individuals who currently occupy the ICF/IID beds in the developmental center to the community facility when the beds are transferred. The beds in the state operated developmental center shall be closed upon certification of the transferred ICF/IID beds in the community facility. Providers proposing to develop transferred ICF/IID beds, as those beds are described in this policy, shall submit an application to the Certificate of Need Section that demonstrates their clinical experience in treating individuals with complex behavioral challenges or

medical conditions in a residential ICF/IID setting. To ensure the transferred beds will be used to serve these individuals, a written agreement between the following parties shall be obtained prior to development of the group home: director of the local management entity-managed care organization serving the county where the group home is to be located, the director of the applicable developmental center, the director of the North Carolina Division of State Operated Healthcare Facilities, the secretary of the North Carolina Department of Health and Human Services and the operator of the group home.”

In Section III.1, pages 24-25, and supplemental information, the applicant states that the ICF/IID bed proposed to be relocated is from J. Iverson Riddle Development Facility, a state operated facility, that the individual who currently occupies the bed will be transferred with the bed and that Carolina Farms Group Home #3 qualifies as a community facility. In this application GHA Autism Supports, Inc. demonstrates its clinical experience in treating individuals with complex behavioral challenges or medical conditions in a residential ICF/IID setting. Exhibit 30 contains a copy of a written agreement between the director of the local management entity-managed care organization serving the county where the group home is to be located, the director of the applicable developmental center, the director of the North Carolina Division of State Operated Healthcare Facilities, the Secretary of the North Carolina Department of Health and Human Services and the operator of the group home, ensuring that any beds transferred pursuant to Policy ICF/IID 2 will be used to serve individuals with complex behavioral challenges or medical conditions in a residential setting. The application is consistent with Policy ICF/IID2.

Conclusion

In summary, the applicant demonstrates that its proposal is consistent with all applicable policies in the 2015 SMFP. Therefore, 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

The applicant proposes to relocate one ICF/IID bed from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion. The J. Iverson Riddle Development Center is one of four (4) state operated facilities that have licensed ICF/IID beds.

Population to be Served

On page 287, the 2015 SMFP defines the service area for ICF/IID bed [sic] as ““*The service area for an ICF/IID bed is the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located. Previously treated as separate LME-MCOs, Durham, Wake, Johnston and Cumberland have been combined into the single Alliance Behavioral Healthcare LME-MCO. Currently, Cardinal Innovations Healthcare Solutions comprises the two previous Cardinal Innovation LME-MCOs and MeckLink of Mecklenburg County.*” Stanly County is one of the counties in the catchment area for Cardinal Innovations. (See page 391 of the 2015 SMFP.) Facilities may also serve residents of counties not included in their service area.

In Section III.6, page 27, the applicant provides the historical patient origin as shown in the table below.

County	# of Clients	% of Total Clients
Orange	2	40.00%
Pitt	1	20.00%
Cabarrus	1	20.00%
Wake	1	20.00%
Total	5	100.0%

In Section III.6, pages 27-28, the applicant provides the projected patient origin as shown in the table below.

County	Projected # of Clients	Projected % of Total Clients
Orange	2	33.33%
Stanly	1	16.67%
Pitt	1	16.67%
Cabarrus	1	16.67%
Wake	1	16.67%
Total	6	100.0%

The applicant is proposing to relocate one ICF/IID bed from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 pursuant to Policy ICF/IID-2. The ICF/IID bed proposed to be relocated from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 is currently occupied and that patient will also be transferred to Carolina Farms Group Home #3 in compliance with Policy ICF/IID-2.

The applicant adequately identified the population to be served.

Analysis of Need

In Section III.1, pages 24-26, and supplemental information, the applicant describes the need to transfer one ICF/IID bed and patient from J. Iverson Riddle Development Center to Carolina Farms Group Home #3. Carolina Farms Group Home #3 is an existing group home facility in Stanly County.

- Carolina Farms Group Home #3 had an occupancy rate of 100% for the three months immediately preceding submittal of this application. [See page 31 of the application]
- ICF/IID beds in Stanly County had an occupancy rate of 99.6%, 98.9% and 99.5% respectively for the years 2011, 2012 and 2013. [See page 24 of the application]
- Policy ICF/IID-2 in the 2015 SMFP supports the transfer of ICF/IID beds from state operated developmental centers to community facilities for individuals who currently occupy the beds.
- Providing services to individuals with intellectual and developmental disabilities in a community setting is both a national shift and a shift in North Carolina. [See page 24 of the application]
- On page 24 the applicant states, *“In 2012, the state of North Carolina entered into a settlement agreement with the U.S. Department of Justice to ensure the state is in compliance with the Americans with Disabilities Act and the Rehabilitation Act. Under this settlement agreement, North Carolina’s system will expand community-based services and supported housing to ensure that individuals with disabilities have the opportunity to receive services in the most integrated setting appropriate for that individual’s needs.”* The proposed project assists North Carolina in complying with the settlement agreement.
- The proposed project will permit an individual to move to a community-based facility from a large state operated facility. [See page 24 of the application and supplemental information]
- Once the ICF/IID bed is certified upon relocation to Carolina Farms Group Home #3 the licensed bed in the J. Iverson Riddle Development Center will be de-licensed. Thus, the inventory of ICF/IID beds is not changing as a result of the proposed project. [See page 25 of the application]
- On page 25 the applicant states, *“The increase in general population, the increase in the percentage of the non-institutionalized population with cognitive disabilities, the high occupancy rate of ICF/IID community based beds throughout the state, and the trend of decreasing institutionalized care while increasing community based models indicates a need for community based licensed beds.”*
- The project is supported by the LME-MCO, Cardinal Innovations Healthcare Solutions; the Secretary of the North Carolina DHHS; the director of the North Carolina Division of State Operated Healthcare Facilities; and the director of the J. Iverson Riddle Developmental Center. [See pages 25-26 of the application and see also Exhibit 30 and supplemental information]

The applicant adequately demonstrates the need to relocate one ICF/IID bed and transfer one ICF/IID patient from J. Iverson Riddle Development Center to Carolina Farms Group Home #3.

Projected Utilization

In Section IV, pages 30-32, the applicant provides projected utilization as shown in the following tables.

**Carolina Farms Group Home #3- Projected Utilization
 First Project Year (April 2016-March 2017)**

	1ST QUARTER 4/16-6/16	2ND QUARTER 7/16-9/16	3RD QUARTER 10/16-12/16	4TH QUARTER 1/17-3/17	TOTAL
Patient Days	545	545	545	544	2,179
# Beds	6	6	6	6	6
Occupancy	99.5%	99.5%	99.5%	99.5%	99.5%

**Carolina Farms Group Home #3- Projected Utilization
 Second Project Year (April 2017-March 2018)**

	1ST QUARTER 4/17-6/17	2ND QUARTER 7/17-9/17	3RD QUARTER 10/17-12/17	4TH QUARTER 1/18-1218	TOTAL
Patient Days	545	545	545	544	2,179
# Beds	6	6	6	6	6
Occupancy	99.5%	99.5%	99.5%	99.5%	99.5%

As shown above, for each quarter of the second year following completion of the proposed project, Carolina Farms Group Home #3 projects the six ICF/IID beds will operate at 99.5% of capacity [$2,179/365/6 = 0.99497$ or 99.5%].

In Section IV, pages 30-32, and supplemental information, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- Historical data of Carolina Farms Group Home #3. For the years 2011 through 2014 Carolina Farms Group Home #3 has maintained a 100.0% occupancy rate.
- Historical data for the State of North Carolina. Occupancy rates in North Carolina ICF/IID beds have been 98.0% for the past three years.
- The fact that a resident from the J. Iverson Riddle developmental facility will be transferring immediately with the bed. [See page 30 of the application and supplemental information]
- Historical data for Stanly County. Stanly County has maintained a 99.0% plus occupancy rate for the past three fiscal years. [See page 30 of the application]
- GHA Autism Supports, Inc. is projecting an occupancy rate slightly below the four year average for Carolina Farms Group Home #3. On page 30 the applicant

states, *“Even though this facility has maintained a higher occupancy rate than the county as a whole over the past several fiscal years, projected utilization will be assumed to approximate the Stanly County average over the past fiscal three (3) years, or 99.5%, to allow for the potential of unpaid hospital leave days or replacement of a resident that may leave the home.”* [See page 30 of the application]

Projected utilization is based on reasonable and adequately supported assumptions.

Access

In Sections VI.9, page 41, the applicant states the projected payor mix for the second operating year following completion of the proposed project for Carolina Farms Group Home #3 is 100% Medicaid. In Section VI.6, page 37, the applicant states, *“GHA Autism Supports, Inc. does not discriminate based on race, color, creed, sex, age, national origin, sexual orientation, or disability.”* See also Section VI.2, page 36 regarding the applicant’s existing and proposed services to low-income persons, racial and ethnic minorities, women, handicapped persons, elderly and other underserved persons.

Conclusion

In summary, the applicant adequately identified the population to be served, adequately demonstrated the need that this population has for the proposed project and adequately demonstrated the extent to which all residents, including underserved groups, will have access to the proposed services. Therefore, the application is conforming to this criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the 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 II.11, page 23, the applicant describes the alternatives considered, which included maintaining the status quo or the relocation of one ICF/IID bed and transfer of one ICF/IID patient from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion. After considering those alternatives, the

applicant states the alternative represented in the application is the least costly and most effective alternative to meet the identified need.

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

In summary, the applicant adequately demonstrates that the proposed alternative is the most effective or least costly alternative to meet the need identified. The application is conforming to this criterion and approved subject to the following conditions.

1. **GHA Autism Supports, Inc. shall materially comply with all representations made in the certificate of need application and in supplemental information provided. In those instances where representations conflict, GHA Autism Supports, Inc., shall materially comply with the last made representation.**
 2. **Upon project completion, GHA Autism Supports, Inc. shall be certified for no more than six (6) ICF/IID beds at Carolina Farms Group Home #3.**
 3. **GHA Autism Supports, Inc. shall serve no more than six (6) adults at Carolina Farms Group Home #3 who have severe to profound developmental disabilities.**
 4. **The actual Medicaid per diem reimbursement rate shall be determined by the Division of Medical Assistance in accordance with 10A NCAC 22G .0301.**
 5. **GHA Autism Supports, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and 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

The applicant proposes to relocate one ICF/IID bed from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion. The J. Iverson Riddle Development Center is one of four (4) state operated facilities that have licensed ICF/IID beds.

Capital and Working Capital Costs

In Section VIII.1, page 52, the applicant projects the total capital cost of the project will be \$75,000, which includes:

Site costs-	\$ 65,083
Movable Equipment-	\$ 5,000
Contingency-	<u>\$ 4,917</u>
 Total:	 \$ 75,000

In Section IX, pages 56-58, the applicant projects there will be no working capital (start-up and initial operating expenses) costs as Carolina Farms Group Home #3 is an existing facility.

Availability of Funds

In Section VIII.2, page 53, the applicant states that the cost of the proposed project will be financed by accumulated reserves.

In Exhibit 22, the applicant provides a letter dated August 24, 2015 from Dawn Allen, CEO of GHA Autism Supports, Inc. which states that the applicant has committed \$225,000 of available cash in the bank for three projects including the proposed project. Exhibit 21 contains a copy of GHA Autism Supports, Inc.’s audited financial statements for June 30, 2014 which shows unrestricted cash of \$305,260 and total net assets of \$951,397.

The applicant adequately demonstrated that sufficient funds will be available for the capital needs of the project.

Financial Feasibility

The applicant is projecting a payor source of 100% Medicaid. In Section X, page 60, the applicant projects that the daily Medicaid charge will be \$303.97 for this facility. The applicant states, *“The current rates are not consistent among the Management Care Organizations. ... The blended rate ... equals \$303.977.”* (See page 60 of the application.)

In the projected revenue and expense statement (Form B) and supplemental information, the applicant projects revenues will exceed operating expenses in both of the first two Project Years following completion of the proposed project, as shown in the table below.

	Project Year 1	Project Year 2
Gross Routine Service Revenues	\$662,329	\$662,329
Total Operating Expenses	\$598,307	\$598,079
Net Profit	\$64,022	\$64,250

The assumptions used by the applicant in preparation of the pro formas are reasonable including projected utilization, costs and charges. See Section X, pages 62-63, for the assumptions regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicant adequately

demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

In summary, the applicant adequately demonstrates that sufficient funds will be available for the capital needs of the project. Furthermore, the applicant adequately demonstrates that the financial feasibility of the proposal is based upon 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.

C

The applicant proposes to relocate one ICF/IID bed from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion. The J. Iverson Riddle Development Center is one of four (4) state operated facilities that have licensed ICF/IID beds.

On page 287, the 2015 SMFP defines the service area for ICF/IID beds as the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located. Previously treated as separate LME-MCOs, Durham, Wake, Johnston and Cumberland have been combined into the single Alliance Behavioral Healthcare LME-MCO. Currently, Cardinal Innovations Healthcare Solutions comprises the two previous Cardinal Innovation LME-MCOs and MeckLink of Mecklenburg County. Stanly County is one of the counties in the catchment area for Cardinal Innovations. (See page 391 of the 2015 SMFP.) Facilities may also serve residents of counties not included in their service area.

Page 413 of the 2015 SMFP states that there are 2,318 certified ICF/IID beds in state facilities, 645 in the Cardinal Innovations LME-MCO. Policy ICF/IID-2 of the 2015 SMFP provides a methodology for the transfer of ICF/IID beds from state operated developmental centers to community facilities for individuals who currently occupy the beds. The applicant, GHA Autism Supports, Inc., proposes to relocate one ICF/IID bed and transfer the individual who currently occupies the bed from the state operated J. Iverson Riddle Development Center to its existing community facility, Carolina Farms Group Home #3. There will be no increase in the inventory of ICF/IID beds in North Carolina.

The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference. The applicant adequately demonstrates that the proposed project would not result in the unnecessary duplication of existing or approved ICF/IID services in the service area. 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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The applicant proposes to provide personal care staff twenty-four hours per day, seven days per week. In Section VII, pages 44-48, the applicant provides the current and proposed staffing, as shown in the table below.

Position	Number of Full-Time Equivalent (FTE) Positions	
	Current	Project Year 2
Routine Services QMRP	0.333	0.333
Residential Manager	0.575	0.333
RNs	0.205	0.250
Direct Support Trainer, Direct Support Instructor, Support Advocate Trainer, and Support Advocate	8.556	11.2
Psychologist	0.168	0.168
Social Services- QM Specialist	0.143	0.143
Social Services- QM Analyst	0.119	0.119
Maintenance/Repair Staff	0.083	0.083
Farm Tech	0.279	0.279
Agricultural Specialist	0.368	0.368
Total	10.831	13.276

*Note- GHA Autism Supports, Inc. provides administrative services through its Home Office and FTE's for administrative services are not reflected in the FTE staffing for Carolina Farms Group Home #3.

On page 48, the applicant states that by Project Year 2 Carolina Farms Group Home #3 will be staffed by 13.276 full-time equivalent (FTE) positions. In Section VII, pages 49-50, the applicant describes its experience and process for recruiting and retaining staff. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in the pro forma financial statements. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

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

C

Carolina Farms Group Home #3 is an existing facility with five ICF/IID beds. In Section II.2, pages 16-19, the applicant describes the ancillary and support services that will be provided

by the facility or made available through agreements with other providers including programming, dietary, pharmacy, psychology, direct care, physical therapy, occupational therapy and developmental day program. Exhibit 13 contains a copies of certain health service contracts. Exhibit 3 contains copies of managed care organization (MCO) contracts with Alliance Behavioral Health, Cardinal Innovations, Eastpointe, Partners Behavioral Health, Sandhills Center, Smoky Mountain Center, East Carolina Behavioral Health and Coastal Care. Exhibit 15 contains copies of letters of support including a letter from Cardinal Innovations Healthcare Solutions, the LME-MCO that includes Stanly County. Exhibit 30 and supplemental information contain a copy of the written agreement between the director of the local management entity-managed care organization serving the county where the group home is to be located, the director of the applicable developmental center, the director of the North Carolina Division of State Operated Healthcare Facilities, the Secretary of the North Carolina Department of Health and Human Services and the operator of the group home ensuring that any beds transferred pursuant to Policy ICF/IID 2 will be used to serve individuals with complex behavioral challenges or medical conditions in a residential setting. The applicant adequately demonstrates that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.

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

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;

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In Sections VI.9, page 41, the applicant states the payor mix for the last operating year for Carolina Farms Group Home #3 was 100% Medicaid.

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates the percentage of uninsured for each county in North Carolina. More current data, particularly with regard to the estimated uninsured percentages, was not available. The following table illustrates those percentages for Wake, Orange, Cabarrus, Pitt and Stanly counties and statewide.

County	2010 Total # of Medicaid Eligibles as % of Total Population *	2010 Total # of Medicaid Eligibles Age 21 and older as % of Total Population *	2008-2009 % Uninsured (Estimate by Cecil G. Sheps Center) *
Wake	9.8%	3.3%	18.4%
Orange	8.6%	3.5%	18.9%
Cabarrus	14.3%	4.9%	18.5%
Stanly	17.4%	7.6%	18.3%
Pitt	16.3%	6.7%	21.3%
Statewide	16.5%	6.7%	19.7%

The majority of Medicaid eligibles are children under the age of 21. This age group does not utilize the same health services at the same rate as older segments of the population, particularly the services proposed 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 and gender. However, a direct comparison to the applicant's 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, handicapped persons or women utilizing health services.

The applicant demonstrates that medically underserved groups currently have adequate access to the services offered at Carolina Farms Group Home #3. 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.6, pages 37-38, the applicant discusses its admission process. See Exhibit 16 for a copy of the admissions policy. In Section VI.8, page 41, that applicant states that there have been no civil rights equal access complaints or Division of Health Service Regulation patient rights complaints filed against Carolina Farms Group Home #3 or any other facilities owned by GHS Autism Supports, Inc. in the past five years. The applicant further states on page 41 that, "*No sanctions have been imposed against GHS Autism Supports, Inc. or Carolina Farms Group Home#3.*" Therefore, the application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Sections VI.9, page 41, the applicant states the projected payor mix for the second operating year following completion of the proposed project for Carolina Farms Group Home #3 is 100% Medicaid. In Section VI.6, page 37, the applicant states, "*GHA Autism Supports, Inc. does not discriminate based on race, color, creed, sex, age, national origin, sexual orientation, or disability.*" See also Section VI.2, page 36 regarding the applicant's existing and proposed services to low-income persons, racial and ethnic minorities, women, handicapped persons, elderly and other underserved persons.

The applicant adequately demonstrates that medically underserved groups will have adequate access to the proposed ICF/IID services. 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.7, page 39, the applicant states that referrals may come from Managed Care Organizations, local hospitals, J. Iverson Riddle Development Center, Cardinal Innovations Healthcare Solutions, the North Carolina Department of Health and Human Services and other area providers. The applicant adequately demonstrates that the facility will offer a range of means by which patients will have access to the proposed services. Therefore, 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 Section V.1, page 33, and supplemental information, the applicant describes how the facility will accommodate the clinical needs of area health professional training programs, as follows:

"GHA Autism Supports, Inc. participates in regular professional training programs in the area and throughout North Carolina to accommodate the clinical needs of professional staff. The following are organizations which GHA Autism Supports, Inc. partners with in training opportunities:

Cardinal Innovations Healthcare Solutions
NC Providers Association
NC Council of Community Programs
NC Providers Council
Sandhills Center
Smoky Mountain Center
Partners Behavioral Health Management
CenterPoint Human Services
Alliance Behavioral Healthcare
Trillium Healthcare Resources
Eastpointe”

The information provided is reasonable and adequately supports a determination that 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 applicant proposes to relocate one ICF/IID bed and transfer one ICF/IID patient from J. Iverson Riddle Development Center to Carolina Farms Group Home #3 for a total of six ICF/IID beds upon project completion. The J. Iverson Riddle Development Center is one of four (4) state operated facilities that have licensed ICF/IID beds.

On page 287, the 2015 SMFP defines the service area for ICF/IID beds as the catchment area for the LME-MCO for mental health, developmental disabilities, and substance abuse services in which the bed is located. Previously treated as separate LME-MCOs, Durham, Wake, Johnston and Cumberland have been combined into the single Alliance Behavioral Healthcare LME-MCO. Currently, Cardinal Innovations Healthcare Solutions comprises the two previous Cardinal Innovation LME-MCOs and MeckLink of Mecklenburg County. Stanly County is one of the counties in the catchment area for Cardinal Innovations. (See page 391 of the 2015 SMFP.) Facilities may also serve residents of counties not included in their service area.

In Section V.6, page 35, the applicant discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

See also Sections II, III, V, VI and VII where the applicant discusses the impact of the project on cost-effectiveness, quality and access to the proposed services

The information in the application is reasonable and adequately demonstrates that any enhanced competition in the service area includes a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need for the proposed project and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates that it will provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicant demonstrates that it will provide adequate access to medically underserved groups. The discussions regarding access found in Criteria (3) and (13) are incorporated herein by reference.

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.

C

The applicant, GHA Autism Supports, Inc., currently operates six (6) IFC/IID group homes in North Carolina. According to the files in the Mental Health Licensure and Certification Section, DHSR, no incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by the applicant, GHA Autism Supports, Inc., in North Carolina. After reviewing and considering information provided by the applicant and by the Mental Health Licensure and Certification Section, and considering the quality of care provided at all six facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.
- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The Criteria and Standards for Intermediate Care Facility/Mentally Retarded (ICF/MR) promulgated in 10A NCAC 14C .2400, are applicable to this review. The application is conforming to all applicable Criteria and Standards for Intermediate Care Facility/Mentally Retarded (ICF/MR). The specific criteria are discussed below.

SECTION .2400 – CRITERIA AND STANDARDS FOR INTERMEDIATE CARE FACILITY/MENTALLY RETARDED (ICF/MR)

10A NCAC 14C .2402 INFORMATION REQUIRED OF APPLICANT

(a) An applicant proposing to establish new ICF/MR beds shall project an occupancy level for the entire facility for the first eight calendar quarters following the completion of the proposed project. The application shall contain all assumptions and the methodology for projecting occupancy.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(b) An applicant proposing to establish new ICF/MR beds shall project resident origin by percentage by county of residence.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(c) An applicant proposing to establish new ICF/MR shall specify the primary site on which the facility will be located. If such site is neither owned by nor under option by the applicant, the applicant shall provide a written commitment to diligently pursue acquiring the site if and when a certificate of need application is approved, shall specify at least one alternate site on which the facility could be located should acquisition efforts relative to the primary site ultimately fail, and shall demonstrate that the primary site and alternate sites are available for acquisition.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(d) An applicant proposing to establish new ICF/MR beds shall document that the services will be provided in a physical environment that conforms with the requirements in 10A NCAC 27G .0300.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(e) An applicant proposing to establish new ICF/MR beds shall document that the existing or proposed facility is located within 45 minutes normal automobile driving time (one-way) of the resident's developmental day programs.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(f) An applicant proposing to establish new ICF/MR beds shall document that provisions for recreation areas and activities are appropriate to the developmental level of the proposed residents.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(g) The applicant shall identify the Area Authority that will serve as the Single Portal of Entry/Exit for the facility.

-C- In Section II, page 13, the applicant states that the Area Authority that will serve as the Single Portal of Entry/Exit for the facility is Cardinal Innovations Healthcare Solutions.

10A NCAC 14C .2403 PERFORMANCE STANDARDS

(a) An applicant proposing to add ICF/MR beds to an existing facility shall not be approved unless the average occupancy, over the six months immediately preceding the submittal of the application, of the total number of ICF/MR beds within the facility in which the new beds are to be operated was at least 90 percent.

-C- In Section II, page 13, the applicant states that the average occupancy was 100% the six months immediately preceding the submittal of the application for the total number of ICF/MR beds within the facility.

(b) An applicant proposing to establish new ICF/MR beds shall not be approved unless occupancy is projected to be at least 90 percent for the total number of ICF/MR beds proposed to be operated in the entire facility, no later than one year following the completion of the proposed project.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(c) An applicant proposing to establish new ICF/MR beds shall comply with one of the following models:

- (1) *a residential community based freestanding facility with six beds or less, i.e., group home model;*
- (2) *a community-based facility with 7 to 15 beds if documentation is provided that a facility of this size is necessary because adequate residential community based freestanding facilities are not available in the Area Authority catchment area to meet the needs of the population to be served; or*
- (3) *a facility with greater than 15 beds if the proposed new beds are to be established in response to an adjusted need determination contained in the 2003 State Medical Facilities Plan.*

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(d) No more than three intermediate care facilities for the mentally retarded housing a combined total of 18 persons shall be developed on contiguous pieces of property, with the exception that this standard shall be waived for beds proposed to be established in response to an adjusted need determination contained in the 2003 State Medical Facilities Plan.

-C- In Section II, page 14, the applicant states that “*There are currently three (3) intermediate care facilities for the mentally retarded owned by GHA Autism Supports, Inc. that are on contiguous pieces of property. Those three are Carolina Farms Group Home #1, Carolina Farms Group Home #2, and Carolina Farms Group Home #3. Each of these group homes currently consists of five (5) licensed ICF/IID bed [sic]. In addition, GHA Autism Supports, Inc. will be filing CON applications for the other two facilities to add one (1) licensed bed to each. With the approval of all three (3) of these CON applications, GHA Autism Supports, Inc. would have eighteen (18) licensed beds total on the contiguous properties. Therefore, GHA Autism Supports, Inc would remain in compliance with this standard upon approval and licensure of one (1) additional bed to each of these three (3) facilities.*”

10A NCAC 14C .2405 STAFFING AND STAFF TRAINING

(a) An application for new ICF/MR beds shall document that the staffing pattern for the ICF/MR will comply with staffing requirements as contained in 10A NCAC 27G .2102 and 42 CFR 483.430 which are incorporated by reference including all subsequent amendments.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.

(b) An application for new ICF/MR beds shall document that the ICF/MR will be administered by a qualified developmental disabilities professional.

-NA- The applicant is not proposing to establish any new ICF/IID (formerly ICF/MR) beds.