

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: October 29, 2015

Findings Date: October 29, 2015

Project Analyst: Gregory F. Yakaboski

Assistant Chief: Martha J. Frisone

Project ID #: G-11053-15

Facility: Abbotswood at Irving Park

FID #: 150329

County: Guilford

Applicant: KC Greensboro Expansion, LLC

Project: Replace and relocate 22 adult care home beds from Bell House to a new 22 bed facility/ Guilford 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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KC Greensboro Expansion, LLC d/b/a Abbotswood at Irving Park (Abbotswood) proposes to relocate 22 existing but unutilized adult care home (ACH) beds from the Bell House to a new 22-bed ACH facility to be developed on a parcel of property adjacent to the Abbotswood at Irving Park (AIP) campus in Greensboro. AIP is a senior living community with independent living units as well as an existing 28-bed ACH facility known as Abbotswood at Irving Park Assisted Living (AIP2). AIP2 is managed by Kisco Senior Living, LLC (Kisco). The proposed 22-bed Abbotswood facility would be separately licensed and, upon completion, would become integrated into the AIP campus. In addition, Abbotswood would also be managed by Kisco Senior Living, LLC. Upon completion, the applicant plans to operate the proposed new facility, Abbotswood, under the Abbotswood at Irving Park trade name. Bell House's 22 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan ("2015 SMFP").

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 SMFP.

Policies

The following two policies are applicable to this review:

- Policy LTC-2: Relocation of Adult Care Home Beds
- Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

Policy LTC-2: Relocation of Adult Care Home Beds 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 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 State Medical Facilities Plan in effect at the time the certificate of need review begins.”*

Both the existing and proposed locations are in Guilford County. The application is consistent with Policy LTC-2.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities states:

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

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate, or add to a health service facility pursuant to G.S. 131E-178, the Certificate of Need Section shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms

to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN 4.

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

In Section XI.8, page 67, the applicant provides a written statement describing the proposed project's plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

Conclusion

In summary, the applicant demonstrates that its proposal is conforming to 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

KC Greensboro Expansion, LLC d/b/a Abbotswood at Irving Park (Abbotswood) proposes to relocate 22 existing but unutilized adult care home (ACH) beds from the Bell House to a new 22-bed ACH facility to be developed on a parcel of property adjacent to the Abbotswood at Irving Park (AIP) campus in Greensboro. AIP is a senior living community with independent living units as well as an existing 28-bed ACH facility known as Abbotswood at Irving Park Assisted Living (AIP2). AIP2 is managed by Kisco. The proposed 22-bed Abbotswood facility would be separately licensed and, upon completion, would become integrated into the AIP campus. In addition, Abbotswood would also be managed by Kisco Senior Living, LLC. Upon completion, the applicant plans to operate the proposed new facility, Abbotswood, under the Abbotswood at Irving Park trade name. Bell House's 22 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan ("2015 SMFP").

Population to be Served

On page 217, the 2015 SMFP defines the service area for adult care home beds as “*the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area.*” Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

In Section III.7, page 34, the applicant provides the projected patient origin as shown in the table below.

County	Projected % of Total ACH Admissions
Guilford	100.0%
Total	100.0%

The 22 existing ACH beds are being relocated from the Bell House facility. The Bell House facility is no longer operational and has not housed any residents since November, 2014. (See application page 34.)

On page 35, the applicant states that the residents of Abbotswood will transition from AIP, thus all prospective Abbotswood residents will be residents of Guilford County. (See application page 35.)

The applicant adequately identified the population to be served.

Analysis of Need

In Section III.1, pages 20-22, and supplemental information, the applicant describes the need to relocate and replace Bell House’s 22 existing, but non-operational ACH beds to the AIP campus. AIP is an existing senior living community with both independent living residences and an existing 28-bed ACH facility (AIP1) on the campus.

AIP1 is currently operating at 91.1 % of capacity, as illustrated in the following table.

AIP1- ACH Patient Days of Care

	Sept - 2014	Oct- 2014	Nov- 2014	Dec- 2014	Jan- 2015	Feb- 2015	Mar- 2015	Apr- 2015	May- 2015	Total
Patient Days	767	798	757	775	779	716	789	778	806	6,965
# of Beds	28	28	28	28	28	28	28	28	28	28
Occupancy	91.3%	91.9%	90.1%	89.3%	89.7%	91.3%	90.9%	92.6%	92.9%	91.1%

- There are currently no vacant ACH beds at AIP1. There has not been a vacancy at AIP1 in 12 months. While the occupancy rate is calculated at 91.1%, AIP1 is

functionally at 100.0% occupancy due to the fact that some of the rooms at AIP1 are double occupancy and admission decisions are “*subject to limitation based on gender, individual personalities and/or isolation status.*” (See application pages 20-21.)

- AIP has a waitlist of 20 residents living in independent living residences who need assisted living. Furthermore, 16 AIP independent residents have moved out since January 2015 because they needed assisted living care and there were no ACH beds available at AIP1.
- AIP has a second senior living community in Guilford County (Heritage Greens) which has two ACH facilities: 1) The Arboretum at Heritage Greens (48 ACH Memory Care beds) which is operating at 95% of capacity; and 2) Verra Springs at Heritage Greens (45 ACH beds) which is operating at 89 percent of capacity. These ACH beds are also “*subject to limitation based on gender, individual personalities and/or isolation status.*” Thus, there is virtually no capacity at either facility.
- The Bell House, located in Guilford County, has 22 existing ACH beds which are no longer in operation. Bell House was developed to serve residents with ortho-neurological physical disabilities. However, due to changes in the law, Bell House lost funding from the North Carolina Innovations Waiver program. The loss of that funding source made the Bell House facility no longer financially viable and it has been closed since November 2014. (See application page 14 and Exhibit 14.)
- The 20 residents on the AIP waitlist for ACH beds would fill the proposed 22 ACH bed Abbotswood facility to almost 91.0% of capacity [20/22 = 90.9%].
- See also the population and demographic data for Guilford County set forth in Section III.2, pages 23-29.

The applicant adequately demonstrates the need to relocate and replace the 22 ACH beds to the proposed Abbotswood facility.

Projected Utilization

In Section IV, pages 36-37, and in supplemental information, the applicant provides projected utilization as shown in the following tables.

**Abbotswood- Projected Utilization
 First Project Year (July 2017 – June 2018)**

	1ST QUARTER 7/1 – 9/30	2ND QUARTER 10/1 – 12/31	3RD QUARTER 1/1 – 3/31	4TH QUARTER 4/1 – 6/30	TOTAL
Patient Days	1,590	1,923	1,881	1,902	7,296
# Beds	22	22	22	22	22
Occupancy	78.6%	95.0%	95.0%	95.0%	90.9%

**Abbotswood- Projected Utilization
 Second Project Year (July 2018 – June 2019)**

	1ST QUARTER 7/1 – 9/30	2ND QUARTER 10/1 – 12/31	3RD QUARTER 1/1 – 3/31	4TH QUARTER 4/1 – 6/30	TOTAL
Patient Days	1,923	1,923	1,881	1,902	7,629
# Beds	22	22	22	22	22
Occupancy	95.0%	95.0%	95.0%	95.0%	95.0%

As shown above, for each quarter of the second year following completion of the proposed project Abbotswood projects the 22 ACH beds will operate at 95.0% of capacity [7,629/365/22 = 0.95 or 95.0%]

In Section IV, pages 37-38, and in supplemental information, the applicant provides the assumptions and methodology used to project utilization, which are summarized below.

- AIP is a senior living community.
- A net average fill-up rate of four patients per week for the ACH beds during the fill-up period until the 22 ACH beds reach 95 percent occupancy.
- Prospective residents of Abbotswood will come from the independent living residents of AIP which is consistent with the admission patterns of existing Kisco managed senior living communities.
- AIP has 20 residents on a waitlist for assisted living residences.
- AIP1, the existing 28 bed ACH facility on the AIP campus has not had a vacancy in 12 months.
- In addition to the 20 person waitlist, the AIP senior living community has had a total of 16 residents move out since January 2015 because they were in need of assisted living and AIP had no ACH beds available on the AIP campus.
- Exhibit 14 contains letters from residents currently on the waitlist for assisted living residences.
- AIP1 is currently operating at 91.1% capacity for its ACH beds over the last nine months.
- The 20 AIP residents currently on the waitlist represent approximately a 91 percent occupancy rate for the proposed 22 ACH beds (20/22 = 90.9%).
- Population and demographic data for Guilford County set forth in Section III.2, pages 23-29.

Projected utilization is based on reasonable and adequately supported assumptions.

Access

In Section VI.3, page 41, the applicant states “*Kisco affords equal treatment and access to its services for all persons, without unlawful discrimination due to race, color, religion, sex, age, marital status, national origin, sexual orientation, ancestry, or disability.*” In Section VI.2, page 40-41, the applicant states that all of the 22 ACH beds at the proposed Abbotswood facility will be private pay. On page 41 the applicant states, the 22 ACH beds to be relocated from the Bell House facility were not developed pursuant to a certificate of need, and thus, no representations were made regarding access by the medically underserved in those beds.

Conclusion

In summary, the applicant 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.

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The applicant proposes to relocate 22 licensed, but not currently operational, ACH beds from the Bell House, in Greensboro to the new Abbotswood facility, also in Greensboro, both of which are located in Guilford County. According to Map Quest, the proposed new replacement ACH would be located 2.9 miles (a five minute drive) from the existing facility. Therefore, the replacement facility would be geographically accessible to the same population previously served at the Bell House. Bell House has not had any residents and has not been operational since late November 2014 due to loss of funding. (See Application page 34 and Exhibit 14) Since the facility is not operational and is not currently serving residents no residents will be impacted by the relocation of the 22 ACH beds. The applicant adequately demonstrated that the application is conforming to this criterion.

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

CA

In Section III.3, pages 30-32, the applicant describes the alternatives considered, which included maintaining the status quo or constructing a new ACH in a different part of the county. The applicant discusses the occupancy of its existing ACH beds on the AIP campus, the waitlist and the greater need for more ACH beds on the AIP campus as opposed to the Heritage Greens campus.

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.

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. KC Greensboro Expansion, LLC shall materially comply with all representations made in the certificate of need application and in supplemental information provided. In those instances where representations conflict, KC Greensboro Expansion, LLC, shall materially comply with the last made representation.**
 - 2. KC Greensboro Expansion, LLC shall construct a replacement adult care home facility which shall be licensed for no more than 22 adult care home beds upon completion of the proposed project.**
 - 3. For the first two years of operation following completion of the project, KC Greensboro Expansion, LLC shall not increase actual private pay charges more than 5% of the projected private pay charges provided in Section IX of the application without first obtaining a determination from the Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations made in the certificate of need application.**
 - 4. KC Greensboro Expansion, LLC 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.

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22-bed ACH facility to be developed on a parcel of property adjacent to the Abbotswood at Irving Park (AIP) campus in Greensboro. AIP is a senior living community with independent living units as well as an existing 28-bed ACH facility known as Abbotswood at Irving Park Assisted Living (AIP2). AIP2 is managed by Kisco. The proposed 22-bed Abbotswood facility would be separately licensed and, upon completion, would become integrated into the AIP campus. In addition, Abbotswood would also be managed by Kisco Senior Living, LLC. Upon completion, the applicant plans to operate the proposed new facility, Abbotswood, under the Abbotswood at Irving Park trade name. Bell House's 22 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan ("2015 SMFP").

Capital and Working Capital Costs

In Section VIII.1, page 47, the applicant projects the total capital cost of the project will be \$4,955,000, which includes:

Site costs-	\$ 680,000
Construction costs-	\$2,700,000
Mobile Equipment-	\$ 75,000
Equipment and Furniture-	\$ 125,000
Landscaping-	\$ 150,000
Consultant Fees-	\$ 925,000
Contingency-	<u>\$ 300,000</u>
Total:	\$4,955,000

In Section IX.1-3, pages 51-52, the applicant projects the total working capital (start-up and initial operating expenses) costs will be \$50,690 (start-up expenses: \$50,690 and initial operating expenses: \$0.00).

Availability of Funds

In Section VIII.2, page 32, Section VIII.5, page 49 and Section IX.8, page 55, and Exhibit 10 the applicant states that the cost (capital costs and working capital) of the proposed project will be financed by an investment from its sole member, Andrew S. Kohlberg Trust (ASK Trust a/k/a Trust).

In Exhibit 10, the applicant provides a letter dated June 18, 2015 from Kenneth L. Johnson, CPA, Partner- Kushner, Smith, Joanou & Gregson, LLP, which states that the Trust has in excess of \$50 million in net worth, that the funds are currently available to the Trust and that the Trust is planning to invest up to \$10 million in the applicant, KC Greensboro Expansion, LLC.

In Exhibit 10, there is also a letter dated June 30, 2015 from Andrew S. Kohlberg, Trustee-Andrew S. Kohlberg Trust, which confirms that the Trust has the funds and will invest them in the applicant to support the proposed project.

Furthermore, Exhibit 10 also contains a letter dated June 30, 2015 from Craig Taylor, General Counsel- KC Greensboro Expansion, LLC which confirms that the applicant will use the Trust funds for the proposed project.

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

Financial Feasibility

In Tables X.2A and X.2B on page 59 of the application the applicant projects that the monthly charge will be \$4,950.

In Section XI.6, page 66, the applicant states the proposed replacement facility will consist of 22 private beds. In the projected revenue and expense statement (Form B), 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 Revenues	\$1,200,016	\$1,255,341
Total Operating Expenses	\$1,170,932	\$1,194,632
Net Profit	\$29,085	\$60,709

The assumptions used by the applicant in preparation of the pro formas are reasonable including projected utilization, 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 and working 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.

KC Greensboro Expansion, LLC d/b/a Abbotswood at Irving Park (Abbotswood) proposes to relocate 22 existing but unutilized adult care home (ACH) beds from the Bell House to a new 22-bed ACH facility to be developed on a parcel of property adjacent to the Abbotswood at Irving Park (AIP) campus in Greensboro. AIP is a senior living community with independent living units as well as an existing 28-bed ACH facility known as Abbotswood at Irving Park Assisted Living (AIP2). AIP2 is managed by Kisco. The proposed 22-bed Abbotswood facility would be separately licensed and, upon completion, would become integrated into the AIP campus. In addition, Abbotswood would also be managed by Kisco Senior Living, LLC. Upon completion, the applicant plans to operate the proposed new facility, Abbotswood, under the Abbotswood at Irving Park trade name. Bell House's 22 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan ("2015 SMFP").

On page 217, the 2015 SMFP defines the service area for adult care home beds as "*the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area*". Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The 2015 SMFP documents that there are currently a total of 38 existing facilities in Guilford County that offer ACH services. The table below is a summary of the 38 facilities in Guilford County. The table is recreated from the 2015 SMFP, Chapter 11, Table 11A, pages 227-228 and Table 11B, page 244. There is a projected surplus of 526 ACH beds in 2018 for Guilford County.

2015 SMFP ACH Inventory & 2018 Need Projections Guilford County	
# ACH Facilities	38
# Beds in ACH Facilities	1,980
# Beds in Nursing Homes	389
Total Licensed Beds	2,369
# CON Approved	0
Total # Available	2,369
Total # in Planning Inventory	2,356
Projected Bed Surplus	526
Source: 2015 SMFP	

The applicant does not propose to develop new ACH beds, but rather to replace an old ACH facility (which is already closed) and relocate its existing 22 ACH beds. There will be no increase in the inventory of ACH beds or the number of facilities in Guilford County. 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 ACH beds in Guilford County. 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.2, page 44, the applicant states that by FY2019 (the second full fiscal year) the adult care home facility will be staffed by 14.42 full-time equivalent (FTE) positions. 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.

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In Section II.2, pages 16-18, the applicant describes the ancillary and support services that will be provided by the facility or made available through agreements with other providers including dietary, medical transportation, dentistry, physician, therapy, recreation, personal care, housekeeping and laundry services. Exhibit 5 contains a copy of a letter from Southern Pharmacy Services expressing an interest in continuing to provide pharmacy services and to extend pharmacy services to Abbotswood. In addition, Exhibit 3 contains a copy of the management agreement for Kisco to manage the proposed Abbotswood facility which management agreement includes terms that Kisco would contract for the provision of goods and services. Exhibit 4 contains a blank application for residency. On page 9 of that document is a list of services provided. Exhibit 14 contains copies of letters from other health care providers expressing support for the proposed project, including a letter from the President-Board of Directors of the Bell House. 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.

C

The applicant proposes to develop the 22 ACH beds in a new 17,710 square foot facility to be located at 3504 Flint Street, Greensboro. Exhibit 13 contains a letter from an architect that estimates that site preparation costs, construction costs and project contingency will total \$3,680,000, which corresponds to the project capital cost projections provided by the applicant in Section VIII, page 47. In Section XI, page 67, the applicant describes the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicant adequately demonstrates that the cost, design and means of construction represent the most reasonable alternative, and that the construction cost will not unduly increase costs and charges for health services. Therefore, the application is conforming to this criterion.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs

identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NA

The 22 ACH beds to be relocated from the Bell House are not currently in use. The facility closed in November 2014.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA

The 22 ACH beds to be relocated from the Bell House are not currently in use. The facility closed in November 2014.

- (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, pages 40-21, the applicants project the following payor mix during Project Year 2 (7/1/2018 - 6/30/2019):

Projected Days as a % of Total Days

Payor Source	ACH Beds
Private Pay	100.0%
Total	100.0%

As shown in the table above, the applicant project 100% private pay for the 22 relocated ACH beds. The 22 ACH beds are presently unutilized and thus are not providing access to anyone. In Section VI.3, page 41, the applicant states *“Kisco affords equal treatment and access to its services for all persons, without unlawful discrimination due to race, color, religion, sex, age, marital status, national origin, sexual orientation, ancestry, or disability.”*

The applicant demonstrated that medically underserved populations would have adequate access to the proposed ACH 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 V.4, page 39, the applicant states independent living residents will be admitted to an ACH bed when they need assistance with daily living. See the Assisted Living Services Policy in Exhibit 4. 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.

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In Section V.1, page 39, the applicant describes how the facility will accommodate the clinical needs of area health professional training programs, as follows:

“Upon completion of the proposed project, KCGE may be available to accommodate the clinical needs of health professional training programs. Please refer to Exhibit 8 for a copy of a letter to a clinical training program.”

Exhibit 8 contains a copy of a letter addressed to Guilford Technical Community College (GTCC) offering the proposed facility as a training site as for GTCC’s nursing program.

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

KC Greensboro Expansion, LLC d/b/a Abbotswood at Irving Park (Abbotswood) proposes to relocate 22 existing but unutilized adult care home (ACH) beds from the Bell House to a new 22-bed ACH facility to be developed on a parcel of property adjacent to the Abbotswood at Irving Park (AIP) campus in Greensboro. AIP is a senior living community with independent living units as well as an existing 28-bed ACH facility known as Abbotswood at Irving Park Assisted Living (AIP2). AIP2 is managed by Kisco Senior Living, LLC. The proposed 22-bed Abbotswood facility would be separately licensed and, upon completion, would become integrated into the AIP campus. In addition, Abbotswood would also be managed by Kisco Senior Living, LLC. Upon completion, the applicant plans to operate the proposed new facility, Abbotswood, under the Abbotswood at Irving Park trade name. Bell House's 22 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2015 State Medical Facilities Plan ("2015 SMFP").

On page 217, the 2015 SMFP defines the service area for adult care beds as "*the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area.*" Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The 2015 SMFP documents that there are currently a total of 38 existing facilities in Guilford County that offer ACH services. The table below is a summary of the 38 facilities in Guilford County. The table is recreated from the 2015 SMFP, Chapter 11, Table 11A, pages 227-228 and Table 11B, page 244. There is a projected surplus of 526 ACH beds in 2018 for Guilford County.

2015 SMFP ACH Inventory & 2018 Need Projections Guilford County	
# ACH Facilities	38
# Beds in ACH Facilities	1,980
# Beds in Nursing Homes	389
Total Licensed Beds	2,369
# CON Approved	0
Total # Available	2,369
Total # in Planning Inventory	2,356
Projected Bed Surplus	526
Source: 2015 SMFP	

The applicant does not propose to develop new ACH beds, but rather to replace an old ACH facility (which is already closed) and relocate its existing 22 ACH beds. There will be no increase in the inventory of ACH beds or the number of facilities in Guilford County.

In Section VI, page 42, 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 populations. 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

In supplemental information, the applicant states that it currently owns, leases or manages six adult care homes in North Carolina. According to the files in the Adult Care Licensure 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 or the Andrew S. Kohlberg Trust in North Carolina. After reviewing and considering information provided by the applicant and by the Adult Care Licensure 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.

NA

The Criteria and Standards for Nursing Facility or Adult Care Home Facility Services promulgated in 10A NCAC 14C .1100 are not applicable because the applicant does not propose to establish new adult care home beds.