

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: January 28, 2016

Findings Date: January 28, 2016

Project Analyst: Gloria C. Hale

Team Leader: Lisa Pittman

Assistant Chief: Martha J. Frisone

COMPETITIVE REVIEW

Project ID #: O-11056-15
Facility: Arbor Landing at Ocean Isle
FID #: 150390
County: Brunswick
Applicant: Arbor Landing at Ocean Isle, LLC
Project: Develop a new 132-bed adult care home with a 32-bed special care unit, in Ocean Isle

Project ID #: O-11061-15
Facility: The Brunswick Community
FID #: 150394
County: Brunswick
Applicants: The Brunswick Community, LLC and Brunswick AL Properties, LLC
Project: Construct a new 110-bed adult care home facility with a 48-bed special care unit, in Sunset Beach

Project ID #: O-11065-15
Facility: Calabash Manor
FID #: 150395
County: Brunswick
Applicants: Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC
Project: Construct a new 80-bed adult care home facility in Calabash

Project ID #: O-11069-15
Facility: Liberty Commons Assisted Living of Brunswick County
FID #: 150396
County: Brunswick
Applicants: Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC
Project: Construct a new 110-bed adult care home facility in Leland

Project ID #: O-11066-15
Facility: Leland House
FID #: 960422
County: Brunswick
Applicant: Leland Health Holdings, LLC and Leland House, LLC
Project: Construct a new 40-bed addition to the existing facility for a total of 118 ACH beds upon completion, in Leland

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

Arbor Landing
Calabash Manor
Liberty Commons
Leland House

CA

The Brunswick Community

Need Determination

The 2015 State Medical Facilities Plan (SMFP) establishes a need determination for 340 additional adult care home (ACH) beds in Brunswick County. The applicants in this review submitted a total of five (5) applications, requesting approval of 472 adult care home beds. The applicants are: Arbor Landing at Ocean Isle, LLC; The Brunswick Community and Brunswick AL Properties; Brunswick Propco Holdings and Brunswick Opco Holdings; Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC; and Leland Health Holdings, LLC and Leland House, LLC.

Arbor Landing at Ocean Isle, LLC (Arbor Landing) proposes to develop a 132-bed ACH, including 32 special care unit (SCU) beds. The applicant proposes to renovate its existing independent living facility, located at 5490 Arbor Branch Drive, Shallotte, and construct an

addition. Its existing independent living facility's 70 resident rooms will be converted to 36 private ACH rooms (36 ACH beds), 32 semi-private ACH rooms (64 ACH beds), a central bath, and a soiled-laundry room. The proposed addition to the existing facility will house the 32-bed SCU. The applicant does not propose to develop more ACH beds than are determined to be needed in Brunswick County and thus, the application is conforming to the need determination in the 2015 SMFP.

The Brunswick Community, LLC and Brunswick AL Properties, LLC (The Brunswick Community) propose to develop a 110-bed ACH, including 48 SCU beds. The facility will be located at 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township. The applicants do not propose to develop more ACH beds than are determined to be needed in Brunswick County and thus, the application is conforming to the need determination in the 2015 SMFP.

Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC (Calabash Manor) propose to develop an 80-bed ACH facility to be located at 100 Calabash Road, in Calabash. The applicants do not propose to develop more ACH beds than are determined to be needed in Brunswick County and thus, the application is conforming to the need determination in the 2015 SMFP.

Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC (Liberty Commons) propose to develop a new 110-bed ACH facility to be located at Provision Parkway and Brunswick Village Boulevard, Leland. The applicants do not propose to develop more ACH beds than are determined to be needed in Brunswick County and thus, the application is conforming to the need determination in the 2015 SMFP.

Leland Health Holdings, LLC and Leland House, LLC (Leland House) proposes to construct a new 40-bed addition to the existing facility, Leland House, for a total of 118 ACH beds, located at 1935 Lincoln Road, NE, in Leland. The applicant does not propose to develop more ACH beds than are determined to be needed in Brunswick County and thus, the application is conforming to the need determination in the 2015 SMFP.

Policies

There are two policies in the 2015 SMFP that are applicable to these reviews: Policy GEN-3: Basic Principles and Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities. There are no other policies applicable to these reviews.

Policy GEN-3: Basic Principles states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and

maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Arbor Landing

Promote Safety and Quality

The applicant describes how it believes its proposal would promote safety and quality in Section II.5, pages 22-23, Section II.6, pages 24-26, and Exhibit 10. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote safety and quality.

Promote Equitable Access

The applicant describes how it believes its proposal would promote equitable access in Section III.4, page 41. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal would promote equitable access.

Maximize Healthcare Value

The applicant describes how it believes its proposal would maximize health care value in Section III.4, page 41, Section X, pages 84-88, Exhibit 28, and the applicant’s pro forma financial statements, pages 102-115. The information provided by the applicant is reasonable and adequately supports the determination that the applicant’s proposal will maximize health care value.

The applicant adequately demonstrates how its projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3.

The Brunswick Community

Promote Safety and Quality

The applicants describe how they believe their proposal would promote safety and quality in Section II.5, pages 56-57, Section III.4, pages 81-82, Section V.4, page 99, and Exhibit 12. The information provided by the applicants is reasonable and adequately supports the determination that the applicants’ proposal would promote safety and quality.

Promote Equitable Access

The applicants describe how they believe their proposal would promote equitable access in Section III.4, pages 82-83, and Section V.4, pages 98-99. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote equitable access.

Maximize Healthcare Value

The applicants describe how they believe their proposal would maximize health care value in Section III.4, pages 81-82, Section V.4, pages 97-98, and the applicants' pro forma financial statements, pages 143-158. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal will maximize health care value.

The applicants adequately demonstrate how their projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3.

Calabash Manor

Promote Safety and Quality

The applicants describe how they believe their proposal would promote safety and quality in Section II.2, pages 12-14, Section II.5, pages 15-16, Section III.4, page 22, and Section V.4, pages 34-35. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote safety and quality.

Promote Equitable Access

The applicants describe how they believe their proposal would promote equitable access in Section III.4, pages 21-22, Section VI.2, page 36, Section VI.4, pages 36-37, and Exhibit M. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote equitable access.

Maximize Healthcare Value

The applicants describe how they believe their proposal would maximize health care value in Section III.4, pages 21-22, Section V.4, pages 34-35, and in the applicants' pro forma financial statements, pages 80-94. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal will maximize health care value.

The applicants adequately demonstrate how their projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3.

Liberty Commons

Promote Safety and Quality

The applicants describe how they believe their proposal would promote safety and quality in Section II.2, pages 15-16, Section II.5, page 34, Section III.4, page 46, and Section V.4, page 60. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote safety and quality.

Promote Equitable Access

The applicants describe how they believe their proposal would promote equitable access in Section III.4, pages 46-47, Section III.8, page 49, Section V.4, page 60, Section VI.2, page 62, Section VI.3, page 62, and Exhibit 10. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote equitable access.

Maximize Healthcare Value

The applicants describe how they believe their proposal would maximize health care value in Section III.1, page 40, Section III.4, page 46, Section V.4, page 60, and in the applicants' pro forma financial statements, pages 100-114. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal will maximize health care value.

The applicants adequately demonstrate how their projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3.

Leland House

Promote Safety and Quality

The applicants describe how they believe their proposal would promote safety and quality in Section II.2, pages 13-14, Section II.5, pages 15-16, Section III.4, page 22, and Section V.4, pages 34-35. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote safety and quality.

Promote Equitable Access

The applicants describe how they believe their proposal would promote equitable access in Section III.4, pages 21-22, Section VI.2, page 36, Section VI.4, page 37, and Exhibit M. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal would promote equitable access.

Maximize Healthcare Value

The applicants describe how they believe their proposal would maximize health care value in Section III.4, page 21, Section V.4, pages 34-35, and in the applicants' pro forma financial statements, pages 81-95. The information provided by the applicants is reasonable and adequately supports the determination that the applicants' proposal will maximize health care value.

The applicants adequately demonstrate how their projected volumes incorporate the concepts of quality, equitable access and maximum value for resources expended in meeting the need identified in the 2015 SMFP. Therefore, the application is consistent with Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities of the 2015 SMFP 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 improving 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.”

Arbor Landing

Policy GEN-4 is not applicable since the proposed capital costs are estimated to be less than \$2 million.

The Brunswick Community

In Section XI.14, page 139, the applicants describe how they will assure improved energy efficiency. However, the applicants do not describe how they plan to address water conservation. Therefore, the application is conforming to this criterion subject to Condition 5 in the Conclusion at the end of this document.

Calabash Manor

In Section III.4, page 21, Section V.4, page 34, and Section XI.14, page 77, the applicants describe how they will assure improved energy efficiency. In addition, in Section XI.14, page 77, the applicants describe how they will assure improved water conservation. Therefore, the application is conforming to this criterion.

Liberty Commons

In Section III.4, pages 47-48, Section V.4, page 60, and Section XI.14, pages 96-97, the applicants describe how they will assure improved energy efficiency. In addition, in Section V.4, page 60, and Section XI.14, pages 96-97, the applicants describe how they will assure improved water conservation. Therefore, the application is conforming to this criterion.

Leland House

In Section V.4, pages 34-35, and Section XI.14, page 78, the applicants describe how they will assure improved energy efficiency. In addition, in Section XI.14, page 78, the applicants describe how they will assure improved water conservation. Therefore, the application is conforming to this criterion.

Conclusion

Arbor Landing. In summary, the applicant adequately demonstrates that its proposal is consistent with the need determination in the 2015 SMFP and Policy GEN-3. Therefore, the application is conforming to this criterion.

The Brunswick Community. In summary, the applicants adequately demonstrate that their proposal is consistent with the need determination in the 2015 SMFP and Policy GEN-3. However, for Policy GEN-4, they do not adequately demonstrate how they will assure improved water conservation. Therefore, the application is conforming to this criterion subject to Condition 5 in the Conclusion at the end of this document.

Calabash Manor. In summary, the applicants adequately demonstrate that their proposal is consistent with the need determination in the 2015 SMFP, Policy GEN-3, and Policy GEN-4. Therefore, the application is conforming to this criterion.

Liberty Commons. In summary, the applicants adequately demonstrate that their proposal is consistent with the need determination in the 2015 SMFP, Policy GEN-3, and Policy GEN-4. Therefore, the application is conforming to this criterion.

Leland House. In summary, the applicants adequately demonstrate that their proposal is consistent with the need determination in the 2015 SMFP, Policy GEN-3, and Policy GEN-4. 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 Brunswick Community
Calabash Manor
Liberty Commons

NC
Arbor Landing
Leland House

On page 217, the 2015 SMFP defines the service area for ACH beds as “*the adult care home bed planning area in which the bed is located.*” The planning area is the county, with the exception of Hyde and Tyrell Counties which are a combined service area. Thus, the service area for each of the proposed facilities consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

Population to be Served

Arbor Landing proposes to develop a 132-bed ACH facility, including 32 special care unit (SCU) beds. The applicant proposes to renovate its existing independent living facility, located at 5490 Arbor Branch Drive, Shallotte, and construct an addition. Its existing independent living facility’s 70 resident rooms will be converted to 36 private ACH rooms (36 ACH beds), 32 semi-private ACH rooms (64 ACH beds), a central bath, and a soiled-laundry room. The proposed addition to the existing facility will house the 32-bed special care unit.

In Section III.7(a), page 44, the applicant provides the projected patient origin for the first full federal fiscal year of operation, FFY 2019, following completion of the project, as illustrated in the table below. Since the applicant proposes to develop a new ACH facility, no historical patient origin is provided.

**Arbor Landing Patient Origin
ACH Admissions, FFY 2019**

County	Percent of Total
Brunswick	94.50%
New Hanover	1.50%
Columbus	1.75%
Bladen	0.25%
Robeson	0.25%
Hoke	0.25%
Richmond	0.50%
Pitt	0.25%
Durham	0.25%
Cabarrus	0.25%
Guilford	0.25%
Total	100.00%

On page 44, the applicant provides its assumptions and methodology used to project patient origin. The applicant adequately identifies the population to be served.

Analysis of Need

In Section III.1(a), pages 27-32, the applicant discusses the need for the proposed ACH beds, as follows:

- Need identified in the 2015 SMFP (page 27);
- Factors relating to ACH facility selection and occupancy rates (pages 28-29);
- Projected increases in population, particularly for persons over 65 years of age (page 29);
- Support from Brunswick County Senior Resources (Exhibit 37); and
- Projected increases in persons diagnosed with Alzheimer’s disease (page 30).

Projected Utilization

In Section IV.2, pages 49-50, the applicant provides projected utilization as shown in the following table:

**Arbor Landing
 Projected Utilization Summary**

	FFY 2019	FFY 2020	FFY 2021
Adult Care Home			
# of Beds	100	100	100
Patient Days	17,945	29,417	33,944
Occupancy Rate	49.16%	80.59%	93.00%
Special Care Unit			
# of Beds	32	32	32
Patient Days	5,743	9,414	10,863
Occupancy Rate	49.17%	80.60%	93.01%
Total ACH			
# Beds	132	132	132
Patient Days	23,688	38,831	44,807
Occupancy Rate	49.17%	80.60%	93.00%

In Section IV.2 (e), page 47, the applicant provides the assumptions and methodology used to project utilization, stating that its assumptions were “developed based on the factors of occupancy and operational history and not specific mathematical formulas.” The applicant’s projections are based on their proposed management company’s (Ridge Care) occupancy rates at three of its other ACH facilities that had occupancy rates of 93.0% or higher. The applicant states, on page 47, that the proposed facility would be the only other freestanding ACH facility in the vicinity, and that many residents of its existing independent living facility are expected to transition to adult care home level of care. Moreover, the applicant states, in Section IV.2(c), page 47, that the existing independent living facility currently has 26 residents who are receiving home care services and at least 40 residents who will need adult care services by October 1, 2018. The applicant states,

“Subsequent to that, the fill up rate will be 2 patients per week for the first month, and then 3 patients per month until 93% occupancy is achieved.”

Projected utilization is based on reasonable and adequately supported assumptions. However, the applicant’s projected occupancy rate for Project Year Two does not meet the performance standard of at least 85%. Therefore, the applicant does not adequately demonstrate the need for the proposed project.

Access

In Section IV.3, page 50, and Section VI.2, page 60, the applicant states that 68% of its patients will receive the Special Assistance with Basic Medicaid rate. The applicant adequately demonstrates the extent to which all residents of the area, including medically underserved groups, will have access to the proposed services.

Conclusion

In summary, the applicant adequately identifies the population to be served and demonstrates the extent to which all residents, including underserved groups, will have access to the proposed services. However, the applicant does not adequately demonstrate the need that this population has for the proposed project. Therefore, the application is not conforming to this criterion.

The Brunswick Community. The applicants propose to develop a 110-bed ACH, including 48 SCU beds. The facility will be located at 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township.

Population to be Served

In Section III.7(a), page 85, the applicants project the following patient origin by county of residence for the first full federal fiscal year of operation following project completion:

County	Percent of Total ACH Admissions
Brunswick	95%
Columbus	1%
New Hanover	2%
Horry, SC	2%
Total	100%

In Section III.7(b), pages 85-86, the applicants provide the assumptions and methodology used to project patient origin. The applicants adequately identify the population to be served.

Analysis of Need

In Section III.1(a), pages 59-64, the applicants discuss the need for the proposed ACH beds, summarized as follows:

- Need identified in the 2015 SMFP (page 59);
- Need identified from area senior services, social services and healthcare providers (pages 60-62, Exhibits 27-30);
- Growing population of retirees (pages 59-60); and
- Projected increases in persons with Alzheimer’s disease in Brunswick County (page 63).

Projected Utilization

In Section IV.2, pages 90-91, the applicants provide projected utilization as shown in the following table:

**The Brunswick Community
 Projected Utilization Summary**

	FFY 2018	FFY 2019	FFY 2020
Adult Care Home			
# of Beds	62	62	62
Patient Days	12,385	20,821	20,878
Occupancy Rate	54.73%	92.00%	92.00% [92.26%]
Special Care Unit			
# of Beds	48	48	48
Patient Days	13,037	16,425	16,470
Occupancy Rate	74.41%	93.75%	93.75% [94.01%]
Total ACH			
# Beds	110	110	110
Patient Days	25,422	37,246	37,348
Occupancy Rate	63.32%	93.00% [92.77%]	93.00%

*Corrections provided by the Project Analyst are in brackets.

In Section IV.2 (c), pages 88-89, the applicants provide the assumptions and methodology used to project utilization, stating that their assumptions were based on the need identified in the 2015 SMFP, input from various providers and officials in the county, the applicants' projected payor mix, and experience of the proposed facility's operators. The applicants state that they used,

“...a net average fill-up of three residents per week... proposing to fill one adult care home (ACH) bed and two special care unit (SCU) beds per week until the special care unit reaches 95.5 percent capacity. The applicants then proposed to fill three ACH beds per week until the ACH beds reach a capacity of 92 percent. At the end of the second fiscal year the facility will reach a combined capacity of 93 percent. Subsequent to that, the fill up rate will be 2 patients per week for the first month, and then 3 patients per month until 93% occupancy is achieved.”

The applicants provide a fill-up schedule for the first project year in Exhibit 49. Projected utilization is based on reasonable and adequately supported assumptions. The applicants adequately demonstrate the need for the proposed project.

Access

In Section IV.3, page 91, and Section VI.2, page 60, the applicants state that 60% of ACH patient days and 70% of the SCU patient days will be covered by the Special Assistance with Basic Medicaid rate. The applicants adequately demonstrate the extent to which all residents of the area, including medically underserved groups, will have access to the proposed services.

Conclusion

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

Calabash Manor. The applicants propose to develop an 80-bed ACH facility. The facility will be located at 100 Calabash Road, Calabash.

Population to be Served

In Section III.7(a), page 24, the applicants project the following patient origin by county of residence for the first full federal fiscal year of operation following project completion:

County	Percent of Total ACH Admissions
Brunswick	100%
Total	100%

However, on page 24, the applicants provide conflicting information in their assumptions and methodologies for projecting patient origin, stating,

- *“The market for Calabash Assisted Living [Calabash Manor] is Brunswick County. Based on the SMFP, Brunswick County has a deficit of 340 beds. Our marketing will be targeted to Brunswick County residents.*
- *Contiguous Counties: New Hanover, Columbus, Pender”*

However, the applicants state, on page 24, that based on data that is provided in Exhibit E, *“Sufficient demand exists in the PMA to generate 100% resident origins from Brunswick County.”* Therefore, the Project Analyst concludes that the applicants project that 100% of its patients will come from Brunswick County. The applicants adequately identify the population to be served.

Analysis of Need

In Section III, pages 18-21, and Exhibits E, I, and Y, the applicants discuss the need for the proposed ACH beds, summarized as follows:

- Need identified in the 2015 SMFP (pages 18-19);
- Need identified from local providers and as indicated from published data (Exhibits E, F, I, J and Y); and
- The determination of a geographic location for the beds based on an analysis of need in underserved areas of the county (pages 20-21, and Exhibit E).

Projected Utilization

In Section IV.2, page 26-27, the applicants provide projected utilization as shown in the following table:

Calabash Manor Projected Utilization Summary			
	FFY 2018	FFY 2019	FFY 2020
Adult Care Home			
# of Beds	80	80	80
Patient Days	14,145	26,422	27,230
Occupancy Rate	48.4%	90.5%	93.3%

In Section IV.2, pages 25-26, and Exhibit L, the applicants provide the assumptions and methodology used to project utilization, stating that their assumptions were based on the proposed operator’s experience (Meridian Senior Living) and the need identified in the 2015 SMFP. The applicants state, on page 25,

“The applicants will begin marketing the facility in the month prior to licensure and anticipate that they will have a list of 20 residents that have committed and reserved beds prior to licensure of the facility. Following the initial move-in of these residents, the traditional ACH beds are projected to fill at a rate of four residents per month (approximately one resident per week).”

The applicants provide their fill rate assumptions in Exhibit L. Projected utilization is based on reasonable and adequately supported assumptions. The applicants adequately demonstrate the need for the proposed project.

Access

In Section IV.3, pages 29-30, the applicants provide projections of patient days by payor category for each of the first three full federal fiscal years of the project upon completion. Based on these projections, the Project Analyst calculates that 41.3%, 41.0%, and 40.0% of ACH patient days will be paid by Special Assistance with Basic Medicaid for years one, two, and three, respectively. In addition, the applicants state, in Section VI.2, page 36, that 41% of its patient days will be paid by Special Assistance with Basic Medicaid in the second full federal fiscal year of the project upon completion. The applicants adequately demonstrate the extent to which all residents of the area, including medically underserved groups, will have access to the proposed services.

Conclusion

In summary, the applicants adequately identify the population to be served, adequately demonstrate the need that this population has for the proposed project and demonstrate the

extent to which all residents, including underserved groups, will have access to the proposed services. Therefore, the application is conforming to this criterion.

Liberty Commons. The applicants propose to develop a 110-bed ACH facility, to be located at Provision Parkway and Brunswick Village Boulevard, Leland.

Population to be Served

In Section III.7(a), page 48, the applicants project the following patient origin by county of residence for the first full federal fiscal year of operation following project completion:

County	Percent of Total ACH Admissions
Brunswick	95%
New Hanover	5%
Total	100%

In Section III.7(b), page 49, the applicants provide the assumptions and methodology used to project patient origin. The applicants adequately identify the population to be served.

Analysis of Need

In Section III.1(a), pages 36-42, the applicants discuss the need for the proposed ACH beds, summarized as follows:

- Need identified in the 2015 SMFP (pages 36-37);
- Highest projected overall population growth and highest projected population growth of persons aged 65+ in Town Creek Township in comparison to other towns in Brunswick County (pages 39-40, and Exhibit 6);
- ACH bed need analysis by township (pages 38-39); and
- Projected increases in persons with Alzheimer’s and related-Dementia diseases and need for additional “*Memory Care*” beds (page 41).

Projected Utilization

In Section IV.2, pages 53-54, the applicants provide projected utilization as shown in the following table:

Liberty Commons Projected Utilization Summary			
	FFY 2018	FFY 2019	FFY 2020
Adult Care Home			
# of Beds	110	110	110
Patient Days	31,228	38,243	38,139
Occupancy Rate	78%	95%	95%

In Section IV.2 (c), page 51, the applicants provide the assumptions and methodology used to project utilization, stating that their assumptions were based on their historical operating experience and *“the recent experience of recently opening three new skilled nursing facilities.”* The applicants state that they,

“...projected a net average fill-up rate of 8 residents per week during month 1, 6 residents per week during month 2, and 3 residents per week starting month 3 and moving forward until the facility is fully occupied.”

Projected utilization is based on reasonable and adequately supported assumptions. The applicants adequately demonstrate the need for the proposed project.

Access

In Section IV.3, pages 56-58, the applicants provide tables of patient days by payor category for each of the first three federal fiscal years of operation following completion of the project. The Project Analyst calculates the percentage of patient days by Special Assistance-Basic Medicaid at 66.0% for each of the first three federal fiscal years of operation. In addition, the applicants state, in Section III.3, pages 46-47, and Section VI.2, page 62, that they project to provide 66% of its ACH beds to residents with Medicaid. The applicants adequately demonstrate the extent to which all residents of the area, including medically underserved groups, will have access to the proposed services.

Conclusion

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

Leland House. The applicants propose to construct a new 40-bed addition to their existing ACH facility for a total of 118 beds, located at 1935 Lincoln Road NE, Leland.

Population to be Served

In Section III.7(a), page 24, the applicants project the following patient origin by county of residence for the first full federal fiscal year of operation following project completion:

County	Percent of Total ACH Admissions
Brunswick	73%
New Hanover	13%
Pender	2%
Columbus	12%
Total	100%

In Section III.7(b), page 24, the applicants provide the assumptions and methodology used to project patient origin. The applicants' projected patient origin is reasonable based on the location of the facility.

Therefore, the applicants adequately identify the population to be served.

Analysis of Need

In Section III, pages 18-20, and Exhibits E, I, and Y, the applicants discuss the need for the proposed ACH beds, summarized as follows:

- Need identified in the 2015 SMFP (pages 18-19);
- Disability status of elderly residents in Brunswick County (page 19);
- Increased need identified by health and human services providers in Brunswick County (Exhibit I); and
- Growth of elderly population in Brunswick County (Exhibits E and F).

Projected Utilization

According to the 2015 License Renewal Application for Leland House, the facility has 54 licensed, regular ACH beds and 24 licensed SCU beds, for a total of 78 licensed beds.

In Section IV.1, page 25, the applicants provide historical utilization for Leland House as shown in the following table:

Brunswick County Competitive ACH Review
 Project I.D.s: O-11056-15, O-11061-15, O-11065-15, O-11069-15, O-11066-15

**Leland House
 Historical Utilization
 11/01/14 – 7/31/15**

ACH (excluding SCU beds)	NOV. 2014	DEC. 2014	JAN. 2015	FEB. 2015	MARCH 2015	APRIL 2015	MAY 2015	JUNE 2015	JULY 2015	TOTAL*
# of Beds occupied	50	47	46	47	47	50	50	47	46	47.8
Patient Days	1500	1457	1426	1363	1457	1500	1550	1410	1426	13,089
Occupancy Rate	93%	87%	85%	87%	87%	93%	93%	87%	85%	85.5% [88.8%]
SCU										
# of Beds occupied	18	17	17	16	14	16	16	17	14	16.11
Patient Days	540	527	527	464	434	480	496	510	434	4,014
Occupancy Rate	75%	71%	71%	67%	58%	67%	67%	71%	58%	67.2% [61.3%]
Total ACH										
# of Beds occupied	68	64	63	63	61	66	66	64	61	64
Patient Days	2063	2012	1979	1762	1908	1996	2048	1929	1900	17,103
Occupancy Rate	87%	82%	81%	81%	78%	85%	85%	82%	78%	82.1% [80.3%]

*Corrections to occupancy rates provided by Project Analyst in brackets for Total column only.

As shown above, the facility's historical occupancy rate for the nine months November 2014 through July 2015 is 80.3%, which does not meet the performance standard of at least 85%.

In Section IV.2, pages 27-28, the applicants provide projected utilization as shown in the following table:

**Leland House
 Projected Utilization Summary**

	FFY 2018	FFY 2019	FFY 2020
Adult Care Home			
# of Beds	94	94	94
Patient Days	22,391	30,981	31,996
Occupancy Rate	65.3%	90.3%	93.3%
Special Care Unit			
# of Beds	24	24	24
Patient Days	7,257	8,147	8,169
Occupancy Rate	82.8%	93.0%	93.0% [93.3%]
Total ACH			
# Beds	118	118	118
Patient Days	29,648	39,128	40,165
Occupancy Rate	68.8%	90.8%	93.3%

*Corrections provided by the Project Analyst are in brackets.

In Section IV.2, pages 26-27, and Exhibit L, the applicants provide the assumptions and methodology used to project utilization, stating that their assumptions were based on the proposed operator’s experience (Meridian Senior Living) and the need identified in the 2015 SMFP. The applicants state, on page 26,

“The Applicants will begin marketing the facility in the month prior to licensure and anticipate that they will have a list of 20 residents that have committed and reserved beds prior to licensure of the facility. Following the initial move-in of these residents, the traditional ACH beds are projected to fill at a rate of four residents per month (approximately one resident per week).”

The applicants provide their fill rate assumptions in Exhibit L. Projected utilization is based on reasonable and adequately supported assumptions. However, the facility’s historical occupancy rate for the nine months preceding submittal of its application does not meet the performance standard of at least 85%. Therefore, the applicants do not adequately demonstrate the need for the proposed project.

Access

In Section IV.3, pages 29-30, the applicants provide projections of patient days by payor category for each of the first three full federal fiscal years of the project upon completion. Based on these projections, the Project Analyst calculates that 70.9%, 57.3%, and 55.9% of the facility’s patient days will be paid by Special Assistance with Basic Medicaid for years one, two, and three, respectively. In addition, the applicants state, in Section VI.2, page 36, that 57% of its regular ACH bed patient days and 58% of its SCU bed patient days will be paid by Special Assistance with Basic Medicaid in the second full federal fiscal year of the project upon completion. The applicants adequately demonstrate the extent to which all residents of the area, including medically underserved groups, will have access to the proposed services.

Conclusion

In summary, the applicants adequately identify the population to be served and demonstrate the extent to which all residents of the area, including medically underserved groups, will have access to the proposed services. However, they do not meet the performance standard of historical occupancy of at least 85%, therefore they do not adequately demonstrate the need that the population has for the proposed project. Therefore, the application is not 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.

C

The Brunswick Community
Calabash Manor
Liberty Commons

NC

Arbor Landing
Leland House

Arbor Landing. In Section III.2, pages 34 - 36, the applicant discusses the alternatives considered prior to the submission of this application, which include:

- 1) Maintain the status quo – The applicant states that many of its residents living in its independent living units who currently need personal care services would not be able to receive them on site and it would also preclude medically underserved individuals, particularly those in close proximity, from receiving adult care home services in a newer facility.
- 2) Construct an ACH on a different site – The applicant states this is not an option because the cost would be greater than renovating the existing building which is five years old, and there would be significant delays in providing needed services due to land acquisition and acquiring the various approvals needed.

After considering the above alternatives, the applicant determined that the project as proposed in this application is the most effective alternative to meet the identified need. The applicant states, on page 35, that approximately 40% of the residents of its independent living facility receive home care services and estimates that 40 of those residents will meet criteria for admission to the adult care home facility once the project is completed. In addition, the applicant states, on page 35, that there is only one other freestanding ACH in the immediate area and that their independent living facility is already built to ACH standards. Converting the existing independent living facility and constructing an addition would allow residents in need of ACH services to receive them without being displaced.

However, the application is not conforming to all other applicable statutory and regulatory review criteria, and therefore, is not approvable. The applicant's projected occupancy rate in Project Year Two does not meet the performance standard of at least 85%. A project that cannot be approved cannot be an effective alternative.

In summary, the applicant did not adequately demonstrate that its proposal is its least costly or most effective alternative to meet the need. Therefore, the application is not conforming to this criterion.

The Brunswick Community. In Section III.2, pages 74 - 79, the applicants discuss the alternatives considered prior to the submission of this application, which include:

- 1) Home Health Services – The applicants considered the provision of home health services to address the healthcare needs of the population they propose to serve, however they determined this would not be an effective alternative due to the required “*presence of a ‘skilled need’ and assisted living care is not skilled care.*” In addition, the applicants stated that home health services would be a higher cost option.
- 2) Skilled Nursing Care – The applicants considered the provision of skilled nursing care to meet the needs of the population, however this care would also require skilled care and would also be more costly than an adult care home. Therefore, this was not an effective alternative.
- 3) Hospice Care – The applicants considered hospice care, however this type of care requires that patients have a terminal diagnosis. Therefore, the applicants did not consider this to be a suitable alternative to an adult care home, and thus, was not an effective alternative.
- 4) Adult Day Care and Day Health Programs – The applicants considered adult day care and day health programs, however they determined that these would not be effective alternatives since they would not meet the needs of residents 24 hours a day.
- 5) Adjust the Size of the SCU – The applicants considered alternatives regarding the size of the SCU to care for persons with Alzheimer’s disease and dementia, however upon consulting with various county representatives and Alzheimer’s advocates, they determined that there was “*more than enough need to fill a 48 bed unit.*” The applicants

further state, *“That was the primary need identified in conversations with county healthcare professionals.”* Therefore, altering the number of SCU beds proposed was not an effective alternative.

After considering the above alternatives, the applicants determined that the project as proposed in this application is the most effective alternative to meet the identified need. The applicants state, in Section III.2, pages 75-77, that they performed an extensive analysis of the need for ACH services throughout the county to determine the most suitable location of its proposed services and the most suitable mix of ACH and SCU beds to meet the need. This was done through an analysis of the demographics of the county, input from county healthcare professionals, and by an analysis of available beds by type and location. The applicants concluded that their proposal was the most effective alternative to meet the need.

The application is conforming or conditionally conforming to all other applicable statutory and regulatory review criteria. A project that cannot be approved cannot be an effective alternative.

In summary, the applicants adequately demonstrate that their proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming or conditionally conforming to this criterion.

Calabash Manor. In regard to alternatives considered prior to the submission of this application, the applicants state, in Section III.2, page 20, that the alternatives considered were in regard to *“location, services to be offered, and the size of the facility.”* In this review, alternatives are limited and generally consist of considerations of location within the county and the number of beds to be offered. The applicants adequately address these considerations in Criterion (3). The discussion regarding Criterion (3) is incorporated herein by reference.

The application is conforming to all other applicable statutory and regulatory review criteria, and therefore, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicants adequately demonstrate that their proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion.

Liberty Commons. In Section III.2, pages 42 - 45, the applicants discuss the alternatives considered prior to the submission of this application, which include:

- 1) Maintain the Status Quo – The applicants dismissed the idea of not applying for any of the 340 ACH beds identified in the 2015 SMFP due to the plan’s stated need for the beds and due to the aging, outdated, and heavily utilized existing ACH facilities within the county. The applicants state that maintaining the status quo would *“not be in the best interests of the county residents and thus was rejected as a less effective alternative.”*

- 2) Develop a new ACH Facility in the Shallotte Area – The applicants determined that developing an ACH facility in the Shallotte area of the county would not be the most effective alternative based on their analysis of ACH bed need throughout the county. They determined that the gross bed need for the municipality of Shallotte was 25 ACH beds and that there are two other facilities with ACH beds in the Shallotte area. Therefore, they concluded that the Shallotte area did not have the greatest need for ACH beds, making it a less effective alternative.

- 3) Develop a new ACH Facility in the Southport/St. James Area – The applicants stated that this area of the county has a nursing facility with 17 ACH beds and an ACH facility with 96 beds with occupancy rates of 51% and 49%, respectively. In addition, based on communication with a discharge planner at Doshier Memorial Hospital, the ACH beds at these two facilities are “*routinely*” available to patients needing ACH beds upon discharge. Therefore, the applicants determined that locating an ACH facility in this area of the county would be a less effective alternative.

After considering the above alternatives, the applicants determined that the project as proposed in this application is the most effective alternative to meet the identified need. The applicants state, in Section III.2, pages 44-45, that the current facilities in the Leland area, one nursing facility with 40 ACH beds and one ACH facility with 78 beds, are insufficient to meet the demand for ACH services, namely, that the nursing facility serves primarily younger, mentally ill residents in its ACH beds and the ACH facility has an occupancy rate of 94%. Moreover, the applicants state that their proposed location in Leland is in the largest and fastest growing area of the county, and is located near three main residential developments, physician practices, a pharmacy, parks, and other amenities. Lastly, the applicants state that their analysis determined that there is a bed deficit of 132 in the Town Creek Township. Therefore, the applicants concluded that their proposal was the most effective alternative to meet the need.

The application is conforming to all other applicable statutory and regulatory review criteria, and therefore, is approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicants adequately demonstrate that their proposal is the least costly or most effective alternative to meet the need. Therefore, the application is conforming to this criterion.

Leland House. In regard to alternatives considered prior to the submission of this application, the applicants state, in Section III.2, page 20, that the alternatives considered were in regard to “*location, services to be offered, and the size of the facility.*” However, the applicants do not discuss alternatives they considered.

The application is not conforming to all other applicable statutory and regulatory review criteria, and therefore, is not approvable. A project that cannot be approved cannot be an effective alternative.

In summary, the applicants do not adequately demonstrate that their proposal is the least costly or most effective alternative to meet the need. Therefore, the application is not conforming to this criterion.

- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C
The Brunswick Community
Calabash Manor
Liberty Commons

NC
Arbor Landing
Leland House

Arbor Landing proposes to develop a 132-bed ACH facility, including 32 special care unit beds. The applicant proposes to renovate its existing independent living facility, located at 5490 Arbor Branch Drive, Shallotte, and construct an addition. Its existing independent living facility's 70 resident rooms will be converted to 36 private ACH rooms (36 ACH beds), 32 semi-private ACH rooms (64 ACH beds), a central bath, and a soiled-laundry room. The proposed addition to the existing facility will house the 32-bed special care unit.

Capital and Working Capital Costs

In Section VIII.1, page 72, the applicant projects the total capital cost of the project will be as follows:

Site Costs	\$18,300
Construction/Renovation Costs	\$1,536,000
Miscellaneous Costs	\$386,000
Total	\$1,940,300

In Section IX, page 77, the applicant states that no start-up costs are projected for this project since the facility is currently operational as an independent living facility. The applicant estimates initial operating expenses of \$405,250.

In Section III.2, page 35, the applicant states that its independent living facility “*was built to adult care home standards at the time of construction.*” However, the applicant does not provide documentation that it currently meets ACH codes. In addition, the applicant does not provide sufficient information to determine whether the projected capital costs are adequate for the conversion of the existing independent living facility to an ACH. The applicant does not provide information on whether the physical characteristics of the existing facility, such as corridor widths, adequacy of the number of exits or the adequacy of their locations, or stairwell widths, meet the life and safety codes for an adult care home. In addition, the applicant does not state whether the existing facility has a sprinkler system or whether the kitchenettes in each apartment would need to be removed to meet ACH codes. In Exhibit 54, the applicant provides a letter from a licensed architect which states that the estimated cost of only the 32-bed special care unit addition will be \$1,588,880. In addition, the letter states that “*other potential renovations*” and the conversion of two resident rooms to a central bathing facility and a soiled-linen area are estimated to cost \$50,000. Therefore, given the lack of information on the adequacy of the existing independent living facility to meet ACH codes, which would necessarily affect costs, the applicant does not demonstrate that its proposed capital costs are adequately supported or reasonable.

Availability of Funds

In Section VIII.2, page 73, the applicant states that the capital cost of the project will be financed with a commercial loan. In Section IX, page 80, the applicant states that the working capital costs for the project will be financed with a commercial loan. In Exhibit 39, the applicant provides a letter, dated August 7, 2015, and signed by a representative from KeyBank Real Estate Capital, which states that Ridge Care, Inc. has a line of credit with an available balance of \$2,353,000. However, the applicant does not adequately demonstrate that the proposed capital cost is reasonable and adequately supported. Therefore, the applicant does not adequately demonstrate that sufficient funds would be available since the capital cost is questionable.

Financial Feasibility

The applicant provides pro forma financial statements for the first three years of the project. The applicant projects revenues will not exceed expenses in the first full fiscal year, however it projects that revenues will exceed operating expenses in the second and third project years, as illustrated in the table below:

Arbor Landing

ACH Beds	Year 1 FFY2019	Year 2 FFY2020	Year 3 FFY2021
Projected # of Patient Days	17,945	29,417	33,944
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$94.05	\$94.05	\$94.05
Gross Patient Revenue	\$1,687,669	\$2,766,589	\$3,192,373
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0
Total Net Revenue	\$1,687,669	\$2,766,589	\$3,192,373
Total Expenses	\$2,176,888	\$2,640,599	\$2,749,046
Net Income	(\$489,219)	\$125,990	\$443,327
SCU Beds			
Projected # of Patient Days	5,743	9,414	10,863
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$115.66	\$115.66	\$115.66
Gross Patient Revenue	\$664,232	\$1,088,763	\$1,256,382
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0
Total Net Revenue	\$664,232	\$1,088,763	\$1,256,382
Total Expenses	\$833,803	\$1,042,728	\$1,077,424
Net Income	(\$169,571)	\$46,035	\$178,958
Total Licensed ACH Beds (ACH and SCU)			
Projected # of Patient Days	23,688	38,831	44,807
Gross Patient Revenue	\$2,351,901	\$3,855,352	\$4,448,755
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0
Total Net Revenue	\$2,351,901	\$3,855,352	\$4,448,755
Total Expenses	\$3,010,691	\$3,683,327	\$3,826,470
Net Income	\$(658,790)	\$172,025	\$622,285

However, the applicant does not provide sufficient information to determine whether the proposed capital costs are adequate to develop the project, and consequently whether projected operating costs are based on reasonable and adequately supported assumptions regarding Property/Ownership/Use costs. Thus, the applicant's projected net income is questionable. Consequently, the application is not conforming to this criterion.

The Brunswick Community proposes to develop a 110-bed ACH, including 48 SCU beds. The facility will be located at 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township.

Capital and Working Capital Costs

In Section VIII.1, page 114, the applicants project the total capital cost of the project will be as follows:

The Brunswick Community

Site Costs	\$915,000
Construction/Renovation Costs	\$5,096,527
Miscellaneous Costs	\$255,000
Total	\$6,266,527

In Section IX, page 119, the applicants state that \$55,000 in start-up costs and \$203,791 in initial operating expenses are projected for this project for a total working capital amount of \$258,751 [\$258,791].

Availability of Funds

In Section VIII.5, page 116, the applicants state that the capital cost of the project will be financed with the assets of Community Real Estate Holding Company, the sole owner of each of the applicants. In Section IX, page 122, the applicants state that the working capital costs for the project will be financed with assets of Community Real Estate Holding Company and personal assets of the owners of the company, C. Saunders Roberson, Jr. and Stanley A. Figlewski. See Exhibit 47 for statements from the owners and the financials for Community Real Estate Holding Company. The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

Exhibit 47 of the application contains the unaudited financial statement for Community Real Estate Holding Company for August 14, 2014 – August 14, 2015 which shows total assets of \$11,418,288, cash and cash equivalents of \$6,040,162, and net assets (total assets less total liabilities) of \$3,042,023. In summary, the applicants document the availability of adequate funds to develop the proposed project.

In the pro forma financial statements, the applicants project that revenues will not exceed expenses in project year one, but will exceed expenses in project years two and three, as illustrated in the table below:

The Brunswick Community

ACH Beds	Year 1 FFY2018	Year 2 FFY2019	Year 3 FFY2020
Projected # of Patient Days	12,385	20,821	20,878
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$88	\$88	\$88
Gross Patient Revenue	\$1,094,674	\$1,835,839	\$1,840,791
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$4,543	\$4,543
Total Net Revenue	\$1,094,674	\$1,840,382	\$1,845,334
Total Expenses	\$1,306,249	\$1,768,789	\$1,769,024
Net Income	(\$211,575)	\$71,593	\$76,310
SCU Beds			
Projected # of Patient Days	13,037	16,425	16,470
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$107	\$106	\$106
Gross Patient Revenue	\$1,393,775	\$1,747,580	\$1,750,658
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$5,781	\$5,781
Total Net Revenue	\$1,393,775	\$1,753,361	\$1,756,439
Total Expenses	\$1,386,144	\$1,719,177	\$1,719,359
Net Income	\$7,631	\$34,184	\$37,081
Total Licensed ACH Beds (ACH and SCU)			
Projected # of Patient Days	25,422	37,246	37,348
Gross Patient Revenue	\$2,488,449	\$3,583,419	\$3,591,449
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$10,324	\$10,324
Total Net Revenue	\$2,488,449	\$3,593,743	\$3,601,773
Total Expenses	\$2,692,393	\$3,487,966	\$3,488,383
Net Income	\$(203,944)	\$105,778	\$113,391

In summary, the applicants adequately demonstrate the availability of funds for the capital and operating needs of the proposal and demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Therefore, the application is conforming to this criterion.

Calabash Manor proposes to develop an 80-bed ACH facility. The facility will be located at 100 Calabash Road, Calabash.

Capital and Working Capital Costs

In Section VIII.1, page 114, the applicants project the total capital cost of the project will be as follows:

Calabash Manor

Site Costs	\$1,539,700
Construction/Renovation Costs	\$5,790,488
Miscellaneous Costs	\$1,300,000
Total	\$8,630,188

In Section IX, page 54, the applicants state that \$135,500 in start-up costs and \$460,147 in initial operating expenses are projected for this project for a total working capital amount of \$596,808 [\$595,647].

Availability of Funds

In Section VIII.2, page 49, the applicants state that the capital cost of the project will be financed with a commercial loan. In Section IX.5, page 57, the applicants state that the working capital costs for the project will also be financed with a commercial loan. See Exhibits N and P for letters from Stirling Realty Advisors, dated August 13, 2015, which state its willingness to provide financing for the project’s capital costs and working capital costs, respectively. The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

The applicants do not provide audited or unaudited financial statements for either Brunswick Propco Holdings, LLC or Brunswick Opco Holdings, LLC. The applicants state, in Section I.12, page 9, *“The co-applicants are single purpose entities established for the sole purpose of developing and operating Calabash Manor.”*

In the pro forma financial statements for the first three years of the project, the applicants project that revenues will not exceed expenses in project year one, but will exceed expenses in project years two and three, as illustrated in the table below:

Calabash Manor

ACH Beds	Year 1 FFY2018	Year 2 FFY2019	Year 3 FFY2020
Projected # of Patient Days	14,145	26,422	27,230
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$96.93	\$97.05	
Gross Patient Revenue	\$1,371,064	\$2,564,331	\$2,644,682
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0
Total Net Revenue	\$1,371,064	\$2,564,331	\$2,644,682
Total Expenses	\$1,808,449	\$2,540,763	\$2,558,959
Net Income	\$(437,386)	\$23,569	\$85,723

In summary, the applicants adequately demonstrate the availability of funds for the capital needs of the proposal. Therefore, the application is conforming to this criterion.

Liberty Commons proposes to develop a 110-bed ACH to be located at Provision Parkway and Brunswick Village Boulevard, Leland.

Capital and Working Capital Costs

In Section VIII.1, page 73, the applicants project the total capital cost of the project will be as follows:

Site Costs	\$3,288,500
Construction/Renovation Costs	\$13,893,000
Miscellaneous Costs	\$1,779,250
Total	\$18,960,750

In Section IX, page 78, the applicants state that \$141,538 in start-up costs and \$193,047 in initial operating expenses are projected for this project for a total working capital amount of \$334,585.

Availability of Funds

In Section VIII.3, page 74, the applicants state that the capital cost of the project will be financed with the equity of the owners, John A. McNeill, Jr. and Ronald B. McNeill. In Section I, pages 3, 8-9, the applicants state that John A. McNeill, Jr. and Ronald B. McNeill are both owners of Liberty of Brunswick, the parent company of the applicants. In Section IX.5, page 80, the applicants state that the working capital costs for the project will also be financed with the equity of the owners, John A. McNeill, Jr. and Ronald B. McNeill. See Exhibit 13 for documentation regarding the personal financial status of the owners. The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

In Exhibit 13, documentation provided from the Certified Public Accountant of the owners, John A. McNeill, Jr. and Ronald B. McNeill, states that each of the McNeill's have cash, stocks, or short term investments in excess of \$15 million. In summary, the applicants document the availability of adequate funds to develop the proposed project.

In the pro forma financial statements, the applicants project that revenues will not exceed expenses in project year one, but revenues will exceed expenses in project years two and three, as illustrated in the table below:

Liberty Commons

ACH Beds	Year 1 FFY2019	Year 2 FFY2020	Year 3 FFY2021
Projected # of Patient Days	31,228	38,243	38,139
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$88.74	\$91.84	\$95.05
Gross Patient Revenue	\$2,771,033	\$3,512,164	\$3,625,229
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$67,140	\$82,222	\$82,222
Total Net Revenue	\$2,838,173	\$3,594,386	\$3,707,451
Total Expenses	\$3,042,917	\$3,465,306	\$3,613,626
Net Income	\$(204,744)	\$129,080	\$93,825

In summary, the applicants adequately demonstrate the availability of funds for the capital and operating needs of the proposal and demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Therefore, the application is conforming to this criterion.

Leland House proposes to construct a 40-bed addition to its existing 78-bed ACH facility located at 1935 Lincoln Road NE, Leland.

Capital and Working Capital Costs

In Section VIII.1, page 48, the applicants project the total capital cost of the project will be as follows:

Leland House	
Site Costs	\$411,877
Construction/Renovation Costs	\$1,849,500
Miscellaneous Costs	\$1,070,000
Total	\$3,331,377

In Section IX, page 54, the applicants state that it will not have start-up costs, but it projects initial operating expenses of \$272,549.

Availability of Funds

In Section VIII.2, page 49, the applicants state that the capital cost of the project will be financed with a commercial loan. In Section IX.5, page 57, the applicants state that the working capital costs for the project, consisting of initial operating expenses only, will also be financed with a commercial loan. See Exhibit N, dated August 14, 2015, and Exhibit P, dated August 13, 2015, for letters from DCR Mortgage Partners VI, LP, which state its willingness to provide financing for the project's capital costs and working capital costs, respectively. The applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

The applicants provide the pro forma financial statements for the facility’s ACH beds, excluding SCU beds, and project that revenues will not exceed expenses in project year one, but will exceed expenses in project years two and three, as illustrated in the table below:

**Leland House
 ACH beds (excluding SCU beds)**

ACH Beds (excluding SCU beds)	Year 1 FFY2018	Year 2 FFY2019	Year 3 FFY2020
Projected # of Patient Days	22,391	30,981	31,996
Projected Average Charge (Gross Patient Revenue / Projected # of Patient Days)	\$81.79	\$87.07	\$87.35
Gross Patient Revenue	\$1,831,324	\$2,697,633	\$2,794,785
Deductions from Gross Patient Revenue	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0
Total Net Revenue	\$1,831,324	\$2,697,633	\$2,794,785
Total Expenses	\$2,191,057	\$2,625,440	\$2,643,740
Net Income	\$(359,734)	\$72,193	\$151,045

However, the applicants provide incomplete pro formas from which a determination of financial feasibility can be made. They do not provide Form A as requested of existing facilities proposing to add beds, do not provide Form B for SCU beds for project years one through three, and they do not provide Form C information for SCU beds for project years one and two. Therefore, the applicants’ pro forma financial statements are unreliable since they do not contain revenue and cost information for Leland House’s SCU beds.

In addition, the applicants’ proposed charges for private pay rooms are lower than the facility’s current charges. The facility’s current private pay charge for a private ACH room is \$145.16, as stated in Section X, page 61, however for project year one, the applicants propose a charge of \$106.67, as stated on page 64, for a decrease of 26.5%. Similarly, the facility’s current private pay charge for a private SCU room is \$158.06, however for project year one, the applicants propose a charge of \$126.67, a decrease of 20.2%. The applicants’ proposed charges for beds reimbursed by Special Assistance with Basic Medicaid, however, are higher than the facility’s current charges. The applicants do not provide an explanation for these differences. Therefore, the applicants’ costs and charges are unreliable.

Therefore, the applicants adequately demonstrate the availability of funds for the capital needs of the proposal, but do not demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and revenues. Therefore, the application is not conforming to this criterion.

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

C
 The Brunswick Community
 Calabash Manor
 Liberty Commons

NC
 Arbor Landing
 Leland House

On page 217, the 2015 SMFP defines the service area for ACH beds as “*the adult care home bed planning area in which the bed is located.*” The planning area is the county with the exception of Hyde and Tyrell Counties which are a combined service area. Thus, the service area for this facility consists of Brunswick County. Facilities may also serve residents of counties not included in their service area.

The 2015 SMFP indicates that six facilities in Brunswick County have ACH beds. Three are nursing facilities (NFs) with ACH beds and three are freestanding ACH facilities. These facilities are listed as follows:

Brunswick County ACH Beds

Facility	Location	Facility Type	Number of ACH Beds
Autumn Care of Shallotte	Shallotte	NF	10
Brunswick Cove Nursing Center	Winnabow	NF	40
Ocean Trail Healthcare & Rehabilitation Center	Southport	NF	17
Carillon Assisted Living of Southport	Southport	ACH	96
Leland House	Leland	ACH	78
Shallotte Assisted Living	Shallotte	ACH	80
Total			321

As shown in the table above, two facilities with ACH beds are located in Shallotte. One is a NF with 10 ACH beds and one is a freestanding ACH facility with 80 ACH beds. The combined number of ACH beds in Shallotte is 90 ACH beds. Two facilities are located in Southport. One is a NF with 17 beds and one is a freestanding ACH facility with 96 beds. The combined number of ACH beds in Southport is 113 ACH beds. One NF is located in Winnabow and has 40 ACH beds. One freestanding ACH facility is located in Leland and has 78 ACH beds.

Arbor Landing. The applicant proposes to develop a 132-bed ACH facility, including 32 special care unit beds. The applicant proposes to renovate its existing independent living facility, located at 5490 Arbor Branch Drive, Shallotte, and construct an addition. Its existing independent living facility’s 70 resident rooms will be converted to 36 private ACH rooms (36 ACH beds), 32 semi-private ACH rooms (64 ACH beds), a central bath, and a soiled-laundry room. The proposed addition to the existing facility will house the 32-bed special care unit.

The 2015 SMFP identifies a need for 340 ACH beds in Brunswick County. The applicant proposes to develop no more than 132 ACH beds in Brunswick County. However, the applicant does not demonstrate that the proposed project is needed because it does not meet the performance standard of a projected occupancy rate of at least 85% in the second operating year. Therefore, the applicant does not adequately demonstrate that the proposal would not result in an unnecessary duplication of existing and approved ACH facilities. Therefore, the application is not conforming to this criterion.

The Brunswick Community. The applicants propose to develop a 110-bed ACH, including 48 SCU beds. The facility will be located at 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township.

The 2015 SMFP identifies a need for 340 ACH beds in Brunswick County. The applicants propose to develop no more than 110 ACH beds in Brunswick County. The applicants adequately demonstrate that the proposal would not result in an unnecessary duplication of existing and approved ACH facilities. Therefore, the application is conforming to this criterion.

Calabash Manor. The applicants propose to develop an 80-bed ACH facility. The facility will be located at 100 Calabash Road, Calabash.

The 2015 SMFP identifies a need for 340 ACH beds in Brunswick County. The applicants propose to develop no more than 80 ACH beds in Brunswick County. The applicants adequately demonstrate that the proposal would not result in an unnecessary duplication of existing and approved ACH facilities. Therefore, the application is conforming to this criterion.

Liberty Commons. The applicants propose to develop a 110-bed ACH facility, located at Provision Parkway and Brunswick Village Boulevard, Leland.

The 2015 SMFP identifies a need for 340 ACH beds in Brunswick County. The applicants propose to develop no more than 110 ACH beds in Brunswick County. The applicants adequately demonstrate that the proposal would not result in an unnecessary duplication of existing and approved ACH facilities. Therefore, the application is conforming to this criterion.

Leland House. The applicants propose to construct a 40-bed addition to its existing 78-bed ACH facility, for a total of 118 ACH beds, located at 1935 Lincoln Road NE, Leland.

The 2015 SMFP identifies a need for 340 ACH beds in Brunswick County. The applicants propose to develop no more than 40 ACH beds in Brunswick County. However, the applicants do not meet the historical performance standard for occupancy of at least 85%, consequently they do not adequately demonstrate the need for the proposed project and do not adequately demonstrate that the proposal would not result in an unnecessary duplication

of existing and approved ACH facilities. Therefore, the application is not conforming to this criterion.

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

C

All Applicants

Arbor Landing. In Section VII.2(a), in Table VII.2, page 65, the applicant provides the proposed number of direct care staff positions per shift for both ACH and SCU beds. The total direct care staff positions per day for ACH beds is projected to be 22 and the total direct care staff positions per day for SCU beds is projected to be 13. On page 65, the applicant converts the direct care staff positions per day to full-time equivalents (FTEs). This is illustrated as follows, including the Project Analyst’s corrections in brackets:

ACH 7 days per week positions	21 [22] x 1.4 = 29.40 [30.80]
ACH 5 days per week positions	0.76 x 1.0 = 0.76
SCU 7 days per week positions	12 [13] x 1.4 = 16.80 [18.20]
SCU 5 days per week positions	1.24 x 1.0 = <u>1.24</u>
Total	48.20 [49.60] FTEs

The applicant states, on page 65, “*Positions staffed 5 days a week (Nurse and Special Care Unit Coordinator) can be converted to FTEs by multiplying by 1.0. The nurse is allocated between adult care home (.76 FTE) and special care unit (.24 FTE).*” In summary, the number of direct care staff FTEs projected for the ACH beds is 29.40 [30.80] and the number of direct care staff FTEs projected for the SCU beds is 16.80 [18.20]. Therefore, the number of direct care staff FTEs staffing the ACH and SCU beds seven days per week equals 46.20 [49.00].

The applicant provides the direct care staff hours per patient day in Section VII.4(b), Table VII.4, page 69, which are projected to be 1.85 Direct Care Hours per Patient Day for ACH patients plus 3.45 Direct Care Hours per Patient Day for SCU patients.

In Table VII.3, page 68, the applicant lists 73.0 FTE positions (for all beds) in the second year following completion of the project (FFY2020). The applicant proposes 14.00 Personal Care Assistant (PCA) FTEs for staffing the ACH beds, plus an additional 12.60 PCA FTEs for staffing the SCU beds, for a total of 26.60 PCA FTEs. In addition, the applicant proposes 11.20 Med Tech/SIC FTEs for staffing the ACH beds, plus an additional 4.20 Med Tech/SIC FTEs for staffing the SCU beds, for a total of 15.40 Med Tech/SIC FTEs. Staffing is illustrated, from Table VII.3, page 68, as follows:

Proposed Staff for Arbor Landing, FFY2020

	# FTEs ACH BEDS	# FTEs SCU BEDS	# FTEs TOTAL FACILITY
Routine Services			
Supervisor	4.20	0.00	4.20
Nurse/Resident Care Coordinator	0.76	0.24	1.00
Personal Care Aide	14.00	12.60	26.60
Medical Director*			
Med Tech/SIC	11.20	4.20	15.40
SCU Care Coordinator	0.00	1.00	1.00
Staff Development	0.76	0.24	1.00
Dietary	6.06	1.94	8.00
Medically-Related Transportation	0.76	0.24	1.00
Activity Services	1.82	0.58	2.40
Housekeeping/Laundry	6.06	1.94	8.00
Operations/Maintenance	0.76	0.24	1.00
Administration/General	2.58	0.82	3.40
TOTAL POSITIONS	48.96	24.04	73.00

**Identified in Health Services cost center*

As indicated in the table above, the applicant states that there will be 26.60 PCA FTEs and 15.40 Med Tech/SIC FTEs for a combined total of 42.0 direct care FTEs for the entire facility. The salaries per FTE for these positions, provided in Table VII.3, page 68, multiplied by the number of FTEs, equals the expenditure listed in the pro formas for the line item entitled, “Salaries and Wages for Aides.”

In Section VII.6, page 70, the applicant states that based on Ridge Care’s salaries and benefits and its corporate experience, it does not anticipate any difficulties in obtaining and retaining qualified staff.

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.

The Brunswick Community. In Section VII.2(a), in Table VII.2, page 107, the applicants provide the proposed number of direct care staff positions per shift for both ACH and SCU beds. The total direct care staff positions per day for ACH beds is projected to be 12 and the total direct care staff positions per day for SCU beds is projected to be 17. On page 108, the applicants state that they converted the direct care staff positions per day to full-time equivalents (FTEs) by multiplying the number of direct care staff positions by 1.4.

The applicants provide the direct care staff hours per patient day in Section VII.4(b), Table VII.4, page 110, which are projected to be 1.68 Direct Care Hours per Patient Day for ACH patients plus 3.01 Direct Care Hours per Patient Day for SCU patients.

In Table VII.3, page 109, the applicants list 83.3 FTE positions (for all beds) in the second year following completion of the project (FFY2019). The applicants propose 16.8 FTE

personal care aide positions for staffing the ACH beds, plus an additional 23.8 FTE personal care aide positions for staffing the SCU beds, for a total of 40.6 personal care aides. Staffing is illustrated, from Table VII.3, page 109, as follows:

Proposed Staff for The Brunswick Community, FFY2019

	# FTES ACH BEDS	# FTES SCU BEDS	# FTES TOTAL FACILITY
Routine Services			
Supervisor/ Med Techs	7.00	7.00	14.00
Director of Health Services (RN)	0.56	0.44	1.00
Alzheimer's Coordinator	0.00	1.00	1.00
Personal Care Aide (CNAs)	16.80	23.80	40.6
MRPT Aide	0.56	0.44	1.00
Dietary	5.26	4.14	9.40
Activity Services	0.85	0.65	1.50
Housekeeping/Laundry	6.04	4.76	10.80
Operations/Maintenance	0.56	0.44	1.00
Administration/General	1.68	1.32	3.00
TOTAL POSITIONS	39.30	44.00	83.30

In Section VII.6, pages 111-112, the applicants state that they will employ several methods to recruit and retain staff, including policies to create a work atmosphere that recognizes exemplary effort and that creates a fun working environment, working with the local community college, and providing competitive salaries and benefits. The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

Calabash Manor. In Section VII.2(a), in Table VII.2, page 40, the applicants project that there will be a total of 24 direct care staff positions per day. In regard to converting the proposed direct care staff positions to FTEs, the applicants state, in Section VII.3(b), page 40, and in Section VII.4(b), page 42, that positions working eight hours a day, five days per week, were multiplied by 1.0 FTE and that positions working eight hours a day, seven days per week, were multiplied by 1.4 FTEs. However, the applicants do not define which staff positions will be working eight hours a day, five days per week, nor which staff positions will be working eight hours a day, seven days per week. In Section VII.4(a), page 41, the applicants state, “*All positions are budgeted at 40 hours per week or 2,080 hours annually. See TABLE VII.3.*” Table VII.3, page 44, does not reflect any increases in staffing FTEs which would result from the conversion methodology, illustrated as follows:

Proposed Staff for Calabash Manor, FFY2019

STAFFING	# FTEs ACH BEDS
Routine Services	
Supervisor (1/2 Direct Care)	3.0
Personal Care Aide (PCA)	14.0
Medical Technician (Direct Care)	6.0
Care Coordinator	1.0
Dietary	4.5
Activity Services	1.5
Patient Transportation	1.0
Housekeeping and Laundry	3.5
Operation & Maintenance	1.5
Administration & General	3.0
TOTAL POSITIONS	39.0

As illustrated in the table above, the total projected number of routine services staff FTEs is 24.0 and the number of Direct Care staff FTEs is 22.5 FTEs (1.5 FTEs for Supervisor, 14.0 PCAs, 6.0 Medical Technicians and 1.0 Care Coordinator).

In Section VII.7, page 46, the applicants state that they will employ several methods to recruit and retain staff, including coordination with professional training programs, chambers of commerce, and by offering competitive salaries and benefits.

In summary, the applicants provide conflicting information on how the number of direct care staff position FTEs were calculated. However, the Project Analyst concludes that the applicants used 22.5 Direct Care Staff FTEs based on calculations of salary and FTEs in Section VII.4, page 44, which were equivalent to these staffing expenses in the pro formas Form C, page 87, for the second federal fiscal year of the project. The applicants do not provide the number of direct care hours per patient day, however based on information provided in Section VII.4, pages 41 and 44, and Section IV.2, page 27, the Project Analyst calculates the projected number of direct care hours per patient day as follows:

In Section VII.4, pages 41 and 44, the applicants state that 22.5 FTEs will provide direct care at 2,080 hours per year per FTE which is equal to a total of 46,800 hours per year ($22.5 \times 2,080 = 46,800$). In Table IV.2, page 27, the applicants state that there will be 26,422 patient days in operating year two. Therefore, the direct hours per patient day equals 1.77 ($46,800/26,422 = 1.77$).

Therefore, the applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

Liberty Commons. In Section VII.2(a), in Table VII.2, page 67, the applicants provide the proposed number of direct care staff positions per shift for their proposed ACH facility. The total direct care staff positions per day for ACH beds is projected to be 34.50. On page 67, the applicants state that they converted the direct care staff positions per day to full-time

equivalents (FTEs) by multiplying the number of direct care staff positions by 1.4. This equals 48.3 FTEs (34.50 x 1.4). The applicants state, on page 67, that the total FTEs in the proposed staff Table VII.3 on page 69 is slightly higher than the number of direct care staff positions they calculated using the conversion factor due to the second full operating year being a leap year. However, the applicants state, in Table VII.4, page 70, that there are 48.10 direct care staff positions.

In addition, the applicants state, on page 67,

“To arrive at the projected number of FTE’s in Table VII.3, we divided the total salaries in Form C by the projected annual salaries in Table VII.3.”

However, the applicants do not provide projected annual salaries per FTE in Table VII.3, page 69. The projected annual salaries were obtained by dividing the salary totals for each staff position by the number of FTEs for each staff position. For example, the total expenditure for Certified Nursing Assistants (CNA) in Form C of the pro formas, \$560,996, divided by 30.8 CNA FTEs included in Table VII.3, page 69, results in a CNA annual salary of \$18,214.

The applicants provide the direct care staff hours per patient day in Section VII.4(b), Table VII.4, page 70, which are projected to be 2.51 Direct Care Hours per Patient Day.

In Table VII.3, page 69, the applicants list a facility total of 62.00 FTE positions in the second year following completion of the project (FFY2020). Staffing is illustrated, from Table VII.3, page 69, as follows:

Proposed Staff for Liberty Commons, FFY2020

	# FTEs ACH BEDS
Routine Services	
Supervisor	0.50
Registered Nurse	1.90
Licensed Practical Nurse	4.20
Certified Nursing Assistant	30.80
Medication Technician	11.20
Activity Services	1.00
Housekeeping/Laundry	9.40
Operations/Maintenance	1.00
Administration/General	2.00
TOTAL POSITIONS	62.00

In Section VII.6, pages 70-71, the applicants state that they will employ several methods to recruit and retain staff, including advertising open positions through the local media, job fairs, by offering a comprehensive benefits package, an Employee Years of Service recognition program, educational programs in geriatric nursing, and involvement of direct care staff in the quality assurance process.

The applicants adequately demonstrate the availability of sufficient health manpower and management personnel to provide the proposed services. Therefore, the application is conforming to this criterion.

Leland House. In Section VII.3 (a), in Table VII.2, page 40, the applicants project that there will be a total of 37 direct care staff positions per day. In regard to converting the proposed direct care staff positions to FTEs, the applicants state, in Section VII.3(b), page 40, and in Section VII.4(b), page 42, that positions working eight hours a day, five days per week, were multiplied by 1.0 FTE and that positions working eight hours a day, seven days per week, were multiplied by 1.4 FTEs. However, the applicants do not define which staff positions will be working eight hours a day, five days per week, nor which staff positions will be working eight hours a day, seven days per week. The applicants provide their proposed staffing for Leland House in Table VII.3, page 44, illustrated as follows:

Proposed Staff for Leland House, FFY2019	
STAFFING	# FTEs ACH BEDS
Routine Services	
Supervisor (1/2 Direct Care)	6.00
Personal Care Aide (PCA)	20.00
Medical Technician (Direct Care)	9.00
Care Coordinator	2.00
Dietary	6.00
Activity Services	1.00
Patient Transportation	2.00
Housekeeping and Laundry	5.00
Operation & Maintenance	2.00
Administration & General	5.59
TOTAL POSITIONS	58.59

As illustrated in the table above, the applicants' total projected number of routine services staff FTEs is 37.00 and the number of Direct Care Services staff is 34.0 FTEs as indicated in the table above (3 FTEs for Supervisor, 20 PCAs, 9 Medical Technicians, and 2 Care Coordinators). In addition, in Section II.2, pages 13-14, the applicants state that its direct care staff will also consist of Certified Nursing Assistants (CNAs). The Project Analyst concludes that the applicants used the term CNAs interchangeably with PCAs, therefore any CNAs would be included in the PCA line in the table above.

The applicants do not provide the number of direct care hours per patient day. However, the Project Analyst calculated 1.51 direct care hours per patient day, as follows:

In Sections VII.4, pages 42 and 44, the applicants state that 22.5 FTEs will provide direct care at 2,040 [2,080] hours per year per FTE which is equal to a total of 46,800 hours per year (34.0 x 2,080 = 46,800). In Table IV.2, page 28, the applicants state that there will be 30,981 patient days in operating year two. Therefore, the direct hours per patient day equals 1.51 (46,800/30,981 = 1.51).

In Section VII.7, page 46, the applicants state that it will employ several methods to recruit and retain staff, including coordination with professional training programs, chambers of commerce, advertising with faith communities, and by offering competitive salaries and benefits. The applicants adequately demonstrate 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

All Applicants

Arbor Landing. In Section II.2, pages 19-20, the applicant describes the necessary ancillary and support services that will be made available, including recreational activities, medical transportation, family support groups, and volunteer services. Exhibit 9 contains letters from a pharmacy provider and a licensed dietician agreeing to provide consultation for their respective services. Exhibit 37 contains copies of letters from geriatric care and senior services providers willing to refer patients or provide needed services. The applicant adequately demonstrates that 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.

The Brunswick Community. In Section II.2, pages 42-44, pages 55-56, the applicants describe the necessary ancillary and support services that will be made available. See also Exhibits 10, 14-16, 18, 20, 22, 23, 24, 25 and 46 for letters from various ancillary and support services providers stating their willingness to provide services. The applicants adequately demonstrate that 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.

Calabash Manor. In Section II.2, pages 12-14, the applicants describe the necessary ancillary and support services that will be made available. See also Exhibit X for letters from dietary, laboratory, and nurse consultant services providers stating their willingness to provide services. The applicants adequately demonstrate that 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.

Liberty Commons. In Section II.2, pages 23-28, and pages 32-34, the applicants describe the necessary ancillary and support services that will be made available. See also Exhibit 5 for letters of intent from service providers to provide food and nutrition services, home health and hospice services, pharmacy services, and portable x-ray and EKG services. In addition, the applicants state, in Section II.2, page 33, that their home health services provider, Liberty

Home Care, will work closely with the resident, his or her family, and physician to develop a care plan. Further, the applicants state that the proposed location of Liberty Commons is familiar to emergency medical services and is easily accessible. The applicants adequately demonstrate that 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.

Leland House. In Section II.2, pages 12-14, the applicants describe the necessary ancillary and support services that will be made available. See also Exhibit X for letters from a dietary provider, pharmacy services, and a nurse consultant stating their willingness to provide services. The applicants adequately demonstrate that 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
All Applicants

- (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
All Applicants

- (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 Brunswick Community
Calabash Manor
Liberty Commons
Leland House

NC

Arbor Landing

Arbor Landing. In Section XI.5, page 95, the applicant states it proposes to convert an existing 57,004 SF independent living facility to an adult care home and will add an additional 10,489 SF to the facility. The total size of the ACH facility will be 67,493 SF upon completion and will be located at 5490 Arbor Branch Drive, Shallotte. The existing building will house 100 ACH beds and the addition will house 32 SCU beds.

Exhibit 54 contains a letter from a licensed architect who estimates that architectural fees, site preparation costs, and construction costs will total \$1,588,800, which corresponds to the project capital cost projections provided by the applicant in Section VIII.1, page 72. However, the architect's letter states that the \$1,538,800 is the estimated cost of the 32-bed SCU addition and that "*other potential renovations*" and the conversion of two resident rooms to a central bathing facility and a soiled linen area are estimated to cost \$50,000. The applicant does not provide the estimated costs for renovating the 70-room existing independent living facility to meet current ACH codes. The applicant does not provide information on whether corridor widths, the number of exits or their locations, or stairwell widths meet the life and safety codes for an adult care home. In addition, the applicant does not state whether the existing facility has a sprinkler system. Moreover, the kitchenettes that are currently in each room would need to be removed. Therefore, the applicant's proposed renovation costs are unsupported and unreasonable.

In Section XI.14, page 99, the applicant describes the methods that will be used by the facility to maintain energy efficient operations and contain the costs of utilities.

However, the applicant does not adequately demonstrate 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 not conforming to this criterion.

The Brunswick Community. In Section XI.5, page 136, the applicants state they propose to construct a 44,047 SF ACH. In Section I.6, page 7, the applicants state that the facility will be located at 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township, and will have 110 beds, 48 of which will be SCU beds.

Exhibit 8 contains a letter from a licensed architect who estimates that architectural fees, site preparation costs, and construction costs will total \$5,703,835, which corresponds to the project capital cost projections provided by the applicants in Section VIII.1, page 114. In Section XI.14, page 139, the applicants describe the methods that will be used by the facility to maintain energy efficient 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.

Calabash Manor. The applicants propose to construct an 80-bed ACH facility. The facility will be located at 100 Calabash Road, Calabash.

Exhibit W contains a letter from a licensed architect who estimates that building construction costs only will be \$122.55 per square foot, which corresponds to the project construction cost per square foot stated in Section XI.10, page 76. This figure also corresponds to the total construction costs of \$5,790,488, stated in Section VIII.1, page 48, divided by the total number of square feet to be constructed, 47,250, stated in Section XI.5, page 73. In Section XI.14, page 77, and Exhibit W, the applicants describe the methods that will be used by the facility to assure energy efficient operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrate 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.

Liberty Commons. The applicants propose to construct a 110-bed ACH facility, to be located at Provision Parkway and Brunswick Village Boulevard, Leland. In Section XI.5, page 93, the applicants state that the facility will be 84,200 SF.

Exhibit 19 contains a letter from a licensed architect who estimates that construction costs will be \$12,630,000 which corresponds to the construction costs projected by the applicants in Section VIII.1, page 73. In Section XI.14, pages 96-97, the applicants describe the techniques they will use to maintain energy efficient operations and contain costs. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrate 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.

Leland House. The applicants propose to construct a 40-bed addition to its 78-bed ACH facility, located at 1935 Lincoln Road NE, Leland. In Section XI.5, page 74, the applicants state that the addition will be 13,700 SF for a facility total of 58,045 SF.

Exhibit W contains a letter from a licensed architect who estimates that building construction costs only will be \$135 per square foot, which corresponds to the project construction cost

per square foot stated in Section XI.10, page 77. This figure also corresponds to the total construction costs of \$1,849,500, stated in Section VIII.1, page 48, divided by the total number of square feet to be constructed, 13,700 SF, stated in Section XI.5, page 74. In Section XI.14, page 78, and Exhibit W, the applicants describe the methods that will be used by the facility to assure energy efficient operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicants adequately demonstrate 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;

C

Leland House

NA

Arbor Landing

The Brunswick Community

Calabash Manor

Liberty Commons

The historical Brunswick County average for ACH beds paid for by Special Assistance with Basic Medicaid in the past year was 66.7%, as illustrated in the table below:

**Brunswick County Facilities with ACH Beds
 Basic Medicaid Patient Days
 FFY 2014**

Facility	Number of Medicaid Days	Total Patient Days	Percent Medicaid Days
Carillon Assisted Living of Southport	3,639	17,148	21.2%
Autumn Care of Shallotte	0	2,500	0.00%
Ocean Trail Healthcare & Rehabilitation Center	1,908	3,191	59.8%
Brunswick Cove Nursing Center	8,537	9,797	87.1%
Shallotte Assisted Living	16,740	20,110	83.2%
Leland House	22,094	26,649	82.9%
Totals	52,918	79,395	66.7%

Leland House. In Section VI.1, page 36, the applicants do not report the payor mix for Leland House. The historical payor mix for Leland House, from the facility's 2015 LRA, is illustrated in the table below:

**Leland House
 Historical Payor Source
 FFY2014**

Payor Source	All ACH Patients
Private Pay	17.1%
Special Assistance with Basic Medicaid	82.9%
Total	100.0%

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

	Total # of Medicaid Eligibles as % of Total Population June 2010	Total # of Medicaid Eligibles Age 21 and older as % of Total Population June 2010	% Uninsured CY 2008-2009 (Estimate by Cecil G. Sheps Center)
Brunswick	6.9%	2.8%	19.8%
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 or gender. However, a direct comparison to the applicants' current payer mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities, women or handicapped persons utilizing health services.

The applicants demonstrate that medically underserved populations currently have adequate access to adult care home services at Leland House. 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

All Applicants

Arbor Landing. In Section III.4, page 41, Section IV.3, page 50, and Section V.4, page 58, the applicant states that 68% of its adult care home services will be provided to recipients of Special Assistance with Basic Medicaid.

In Section VI.5(a), page 61, the applicant states that it is not a healthcare facility, however there have been no civil rights complaints filed. Therefore, the application is conforming to this criterion.

The Brunswick Community. In Section III.4, pages 82-83, Section IV.3, pages 91-92, and Section V.4, pages 98-99, the applicants state that 60% of its ACH services

and 70% of its SCU services will be provided to recipients of Special Assistance with Basic Medicaid. The applicants state, on page 98, that The Brunswick Community will “*not discriminate on the basis of income, age, handicap, race, creed, religion, or gender*” and that it will “*ensure access to the medically underserved.*”

In Section VI.5(b), page 103, the applicants state that there have been no civil rights access complaints filed against the owners or operators of The Brunswick Community. Therefore, the application is conforming to this criterion.

Calabash Manor. In Section IV.3, pages 29-30, the applicants provide tables projecting the number of patient days by payor category for the first three full federal fiscal years of operation upon project completion. Based on these projections, the Project Analyst calculates that 41.3%, 41.0%, and 40.0% of ACH patient days will be paid by Special Assistance with Basic Medicaid for operating years one, two, and three, respectively. In addition, the applicants state, in Section VI.2, page 36, that 41% of its patient days will be paid by Special Assistance with Basic Medicaid in the second full federal fiscal year of the project upon completion. The applicants state, in Section VI.4, page 37, “*...all persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment.*”

In Section VI.5(b), page 37, the applicants state that there have been no civil rights access complaints filed against “*any facilities in North Carolina operated by related parties to the co-applicants.*” Therefore, the application is conforming to this criterion.

Liberty Commons. In Section III.4, pages 46-47, the applicants state that they “*will serve a large percentage...of State/County Special Assistance (Medicaid) patients, persons who are typically viewed as the medically underserved ACH population in Brunswick County. The facility projects that it will provide 66% of its ACH beds to Medicaid residents.*” In addition, the applicants state, in Section VI.4, page 62, “*Services...will be non-restrictive with respect to social, racial, ethnic, or gender related issues...*” Moreover, the applicants state, in Section VI.4, page 63, that no payment will be required for Medicaid patients and that approximately two-thirds of the facility’s beds will be reserved for state assistance recipients.

In Section VI.5(b), page 63, the applicants state that there have been no civil rights access complaints filed against them or any related entities. Therefore, the application is conforming to this criterion.

Leland House. In Section III.4, page 22, the applicants state, “*...the existing facility will remain be [sic] available to residents of all income levels, it will therefore increase access to needed services for the lower income residents of applicants’ PMA...*”

In Section VI.5(b), page 38, the applicants state that there have been no civil rights access complaints filed against “*any facilities in North Carolina operated by related parties to the co-applicants.*” 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
 Arbor Landing
 The Brunswick Community
 Calabash Manor
 Liberty Commons

NC
 Leland House

Arbor Landing. In Section VI.2, on page 60, the applicant provides the projected payor mix during Project Year 2, as shown in the following table:

Arbor Landing

PAYOR	% OF ACH BEDS (EXCLUDING SCU BEDS)	% OF TOTAL SCU BEDS
Private Pay	32%	32%
Special Assistance with Basic Medicaid	68%	68%
Total	100%	100%

In Section III.1, page 29, and Exhibit 13, the applicant provides the assumptions and methodology used to project payor mix. The applicant states that its projected Special Assistance with Basic Medicaid percentage is consistent with the Brunswick County average of 66.65% for facilities with ACH beds. The county average for Special Assistance with Basic Medicaid is calculated by dividing the sum of each facility’s Medicaid patient days by the sum of each facility’s total available patient bed days for federal fiscal year (FFY) 2014 (2015 License Renewal Applications). Therefore, the applicant’s projected Special Assistance with Basic Medicaid is higher than the FFY 2014 county average. The applicant demonstrates that medically underserved populations will have adequate access to the proposed services. Therefore, the application is conforming to this criterion.

The Brunswick Community. In Section IV.3, page 93, the applicants provide the projected number of patient days by payor mix during Project Year 2. The Project Analyst calculates the percentage of projected patient days by payor, as illustrated in the following table:

The Brunswick Community

PAYOR	% OF ACH BEDS (EXCLUDING SCU BEDS)	% OF SCU BEDS
Private Pay	40%	30%
Special Assistance with Basic Medicaid	60%	70%
Total	100%	100%

In Section III.1, pages 60-70, 72, 75, and 77, the applicants provide the assumptions and methodology used to project payor mix. The applicants demonstrate that medically underserved populations will have adequate access to the proposed services. Therefore, the application is conforming to this criterion.

Calabash Manor. In Section IV.3, page 29, the applicants provide the projected number of patient days by payor mix during Project Year 2. The Project Analyst calculates the percentage of projected patient days by payor, as illustrated in the following table:

Calabash Manor

PAYOR	% OF ACH BEDS
Private Pay	59%
Special Assistance with Basic Medicaid	41%
Total	100%

In Exhibit L, the applicants provide the assumptions and methodology used to project payor mix. The applicants demonstrate that medically underserved populations will have adequate access to the proposed services. Therefore, the application is conforming to this criterion.

Liberty Commons. In Section IV.3, page 57, the applicants provide the projected number of patient days by payor during Project Year 2. The Project Analyst calculates the percentage of projected patient days by payor, as illustrated in the following table:

Liberty Commons

PAYOR	% OF ACH BEDS
Private Pay	34%
Special Assistance with Basic Medicaid	66%
Total	100%

In Section III.1, page 47, the applicants provide the assumptions and methodology used to project payor mix. The applicants demonstrate that medically underserved

populations will have adequate access to the proposed services. Therefore, the application is conforming to this criterion.

Leland House. In Section VI.2, page 36, the applicants provide the projected number of patient days by payor mix during Project Year Two. The Project Analyst calculates the percentage of projected patient days by payor, as illustrated in the following table:

Leland House		
PAYOR	% OF TOTAL ACH FACILITY BEDS	% OF TOTAL SCU BEDS
Private Pay	43%	42%
Special Assistance with Basic Medicaid	57%	58%
Total	100%	100%

In Exhibit L, the applicants provide the assumptions and methodology used to project payor mix. However, the applicants do not provide information on why they project the percentage of patients with Special Assistance with Basic Medicaid will decrease from a facility total of 82.9%, based on the 2015 LRA, to 57% for ACH beds and 58% for SCU beds. Therefore, the application is not conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

All Applicants

Arbor Landing. In Section VI.6, page 62, the applicant describes the range of means by which a person will have access to the proposed services, including referrals from several area health care providers and senior services agencies. 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.

The Brunswick Community. In Section VI.6, page 104, the applicants list several types of providers that will provide referrals for persons to have access to the proposed services, including several healthcare service providers, senior and social services agencies, and by word of mouth. Letters of support from area healthcare and community services providers, that include a willingness to refer patients to The Brunswick Community, are provided in Exhibits 25-30. The applicants adequately demonstrate 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.

Calabash Manor. In Section VI.6, page 38, the applicants state that persons from Brunswick County will have access to the proposed services through a variety of providers that it lists, including healthcare service providers, hospice and home health agencies, and by word of mouth. The applicants adequately demonstrate 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.

Liberty Commons. In Section VI.6, pages 63-64, the applicants state that they anticipate referrals from three area hospitals, various physician groups and specialty healthcare providers, other health-related and human services providers, and by word of mouth. The applicants provide a list of providers it anticipates receiving referrals from on page 64. The applicants adequately demonstrate 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.

Leland House. In Section VI.6, page 38, the applicants state that persons from Brunswick County will have access to the proposed services through a variety of providers, including healthcare service providers, hospice and home health agencies, and by word of mouth. The applicants adequately demonstrate 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

All Applicants

Arbor Landing. Exhibit 33 contains a letter from the applicant to Brunswick County Community College inviting the college to use the proposed ACH as a clinical training site. The information provided is reasonable and adequately supports a determination that the application is conforming to this criterion.

The Brunswick Community. Exhibit 50 contains copies of correspondence from the applicants to Brunswick Community College inviting the college to use the proposed ACH as a clinical training site. The information provided is reasonable and adequately supports a determination that the application is conforming to this criterion.

Calabash Manor. Exhibit K contains a copy of correspondence from the applicants to Brunswick Community College offering the proposed facility as a potential clinical training site for the college. The information provided is reasonable and adequately supports a determination that the application is conforming to this criterion.

Liberty Commons. Exhibit 11 contains copies of correspondence from the applicants to seven area educational institutions, including, Coastal Nurse Aide Academy and Brunswick

Community College, inviting them to use the proposed facility as a clinical training site. The information provided is reasonable and adequately supports a determination that the application is conforming to this criterion.

Leland House. Exhibit K contains a copy of correspondence from the applicants to Brunswick Community College offering the proposed facility as a potential clinical training site for the college. 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 Brunswick Community
Calabash Manor
Liberty Commons

NC
Arbor Landing
Leland House

On page 217, the 2015 SMFP defines the service area for ACH beds as “*the adult care home bed planning area in which the bed is located.*” The planning area is the county with the exception of Hyde and Tyrell Counties which are a combined service area. Thus, the service area for each of the proposed facilities consists of Brunswick County. Facilities may also serve residents of counties not included in their service area. The following table lists the current facilities in Brunswick County with ACH beds.

Brunswick County ACH Facilities

Facility	Location	Facility Type	Number of ACH Beds
Autumn Care of Shallotte	Shallotte	NF	10
Brunswick Cove Nursing Center	Winnabow	NF	40
Ocean Trail Healthcare & Rehabilitation Center	Southport	NF	17
Carillon Assisted Living of Southport	Southport	ACH	96
Leland House	Leland	ACH	78
Shallotte Assisted Living	Shallotte	ACH	80
Total			321

As shown in the table above, there are three NFs with ACH beds and three freestanding ACH facilities. Two facilities are located in Shallotte, two in Southport, one in Leland, and one in Winnabow.

Arbor Landing. The applicant proposes to develop a 132-bed ACH facility, including 32 special care unit beds. The applicant proposes to renovate its existing independent living facility, located at 5490 Arbor Branch Drive, Shallotte, and construct an addition. Its existing independent living facility’s 70 resident rooms will be converted to 36 private ACH rooms (36 ACH beds), 32 semi-private ACH rooms (64 ACH beds), a central bath, and a soiled laundry room. The proposed addition to the existing facility will house the 32-bed special care unit.

In Section V.4, pages 57 - 59, the applicant discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant states, on page 59,

“Arbor Landing at Ocean Isle will be a very efficient, cost effective adult care home that will provide access to this newer, modern facility to the medically underserved of Brunswick County at a rate of 68%, which is slightly more than the county special assistance rate of approximately 66%. Staffing levels (Section VII), appropriate policies and procedures and monitoring tools (See Exhibit 10) will ensure quality of care.”

As the table above indicates, there are two facilities with ACH beds in Shallotte. The applicant proposes to develop Arbor Landing in Shallotte. The proposed facility is approximately five miles from Autumn Care of Shallotte and approximately six miles from Shallotte Assisted Living.

However, the applicant does not demonstrate the need for the proposal since its projected occupancy rate is less than 85% in the second operating year of the project. In addition, the applicant’s projected capital costs for the proposed project are unreliable. The applicant does

not provide sufficient information to determine whether the projected capital costs are adequate for the conversion of the existing independent living facility to an ACH.

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 ACH services in Brunswick County.

The information in the application adequately demonstrates that any enhanced competition in the service area includes a positive impact on quality and access to the proposed services. However, the applicant does not adequately demonstrate that any enhanced competition in the service area will have a positive impact on cost effectiveness. This determination is based on the information in the application and the following analysis:

- ◆ The applicant does not adequately demonstrate the need for the proposed project, nor does it adequately demonstrate that it is financially feasible. Therefore, it is not a cost-effective alternative. The discussions regarding analysis of need and financial feasibility alternatives found in Criteria (3) and (5), respectively, are incorporated herein by reference.
- ◆ The applicant adequately demonstrates that it will provide quality services. The discussion regarding quality found in Criteria (1) and (20) is incorporated herein by reference.
- ◆ The applicant demonstrates that it will provide adequate access to medically underserved populations. The discussion regarding access found in Criteria (1) and (13) is incorporated herein by reference.

Therefore, the application is not conforming to this criterion.

The Brunswick Community. The applicants propose to develop a 110-bed ACH facility, including 48 SCU beds. The facility will be located at 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township.

In Section V.4, pages 97 - 99, the applicants discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicants state, on page 97,

“The owners and operators of the proposed facility will exert every effort to contain costs wherever possible without sacrificing quality care.”

In addition, in Section V.4, page 98, the applicants state,

“The owners...will continue their policy of serving the underserved population.

...

The number one identified need for Brunswick County adult care home services is to serve Medicaid residents.”

As the table above indicates, there are two facilities with ACH beds in Shallotte. The applicant proposes to develop The Brunswick Community in Sunset Beach, Township of Shallotte. The proposed facility is approximately five miles from Autumn Care of Shallotte and approximately six miles from Shallotte Assisted Living.

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 ACH services in Brunswick County.

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 Criteria (1) and (20) is incorporated herein by reference.
- ◆ The applicant demonstrates that it will provide adequate access to medically underserved populations. The discussion regarding access found in Criteria (1) and (13) is incorporated herein by reference.

Therefore, the application is conforming to this criterion.

Calabash Manor. The applicants propose to develop an 80-bed ACH facility. The facility will be located at 100 Calabash Road, Calabash.

In Section V.4, pages 34 - 35, the applicants discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicants state,

“The Applicants have carefully balanced resident care and design considerations in proposing a project that provides quality care but still provides access to the medically underserved by keeping costs low through economies of scale and utilization of a flexible physical plant design.”

As the table above indicates, there are no facilities with ACH beds in Calabash. The applicants propose to develop Calabash Manor in Calabash. The closest facilities to the proposed site for Calabash Manor are Autumn Care of Shallotte and Shallotte Assisted Living which are approximately 14 miles away.

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 ACH services in Brunswick County.

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 applicants adequately demonstrate the need for the proposed project and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criterion (3) and (4), respectively, is incorporated herein by reference.
- ◆ The applicants adequately demonstrate that they will provide quality services. The discussion regarding quality found in Criteria (1) and (20) is incorporated herein by reference.
- ◆ The applicants demonstrate that they will provide adequate access to medically underserved populations. The discussion regarding access found in Criteria (1) and (13) is incorporated herein by reference.

Therefore, the application is conforming to this criterion.

Liberty Commons. The applicants propose to develop a 110-bed ACH facility, to be located at Provision Parkway and Brunswick Village Boulevard, Leland.

In Section V.4, page 60, the applicants discuss how any enhanced competition in the service area will promote cost-effectiveness, quality and access to the proposed services. The applicants state, on page 60, that they will “...*incorporate tangible renewable energy alternatives in the facility design.*”

In addition, they state they will provide “...*an average of approximately 2.51 direct care staff hours PPD, well above NC regulations, in order to provide the highest possible quality of care;*”, and that 66% of its patient days will be provided to residents receiving State/County Special Assistance.

As the table above in this section indicates, there is one facility with ACH beds, Leland House, located in Leland. The applicants propose to develop Liberty Commons in Leland, approximately three miles from Leland House.

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 ACH services in Brunswick County.

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 Criteria (1) and (20) is incorporated herein by reference.
- ◆ The applicant demonstrates that it will provide adequate access to medically underserved populations. The discussion regarding access found in Criteria (1) and (13) is incorporated herein by reference.

Therefore, the application is conforming to this criterion.

Leland House. The applicants propose to construct a 40-bed addition to its existing 78-bed ACH facility for a total of 118 ACH beds. The facility will be located at 1935 Lincoln Road NE, Leland.

In Section V.4, pages 34 - 35, the applicants discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services. The applicant states,

“The Applicants have carefully balanced resident care and design considerations in proposing a project that provides quality care but still provides access to the medically underserved by keeping costs low through economies of scale and utilization of a flexible physical plant design.”

As the table above indicates, Leland House is the only facility with ACH beds in Leland. The applicant proposes to add 40 additional ACH beds to Leland House. The closest facility to Leland House is Brunswick Cove Nursing Center which is eight miles away. The next closest facilities with ACH beds are Ocean Trail Healthcare and Rehabilitation Center in Southport and Carillon Assisted Living of Southport, both approximately 27 miles from Leland House.

See also Sections II, III, V, VI and VII where the applicants discuss the impact of the project on cost-effectiveness, quality and access to ACH services in Brunswick County.

The information in the application in regard to quality is reasonable and adequately demonstrates that any enhanced competition in the service area includes a positive impact on quality. However, the applicants do not adequately demonstrate that any enhanced competition in the service area includes a positive impact on cost-effectiveness or access. This determination is based on the information in the application and the following analysis:

- ◆ The applicants do not adequately demonstrate the need for the proposed project and do not adequately demonstrate that it is a cost-effective alternative. The discussions regarding analysis of need and costs and charges found in Criteria (3) and (5), respectively, are incorporated herein by reference.

- ◆ The applicants adequately demonstrate that they will provide quality services. The discussion regarding quality found in Criteria (1) and (20) is incorporated herein by reference.
- ◆ The applicants do not demonstrate that they will provide adequate access to medically underserved populations. The discussion regarding access found in Criteria (13) is incorporated herein by reference.

Therefore, the application is not conforming to this criterion.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

All Applicants

Arbor Landing. In Section I.3, page 22, the applicant states that it currently owns, leases, or manages eight ACH facilities in North Carolina. According to the Adult Care Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were no incidents for which certification deficiencies constituting substandard quality of care were found at any of the Ridge Care-managed facilities listed on page 22 of the application. After reviewing and considering information provided by the applicant and by the Adult Care Licensure and Certification Section, and considering the quality of care provided at all eight facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

The Brunswick Community. In Section I.12, page 15, the applicants state that the proposed operators of The Brunswick Community, Hedgehog Healthcare Associates, LLC, currently own and operate two ACH facilities and two nursing facilities with ACH beds in North Carolina. According to the Adult Care Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were no incidents for which certification deficiencies constituting substandard quality of care were found at the ACH facilities listed on page 15 of the application. According to the Nursing Home Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were no incidents in two nursing facilities with ACH beds for which certification deficiencies constituting substandard quality of care were found. After reviewing and considering information provided by the applicants and by the Adult Care Licensure and Certification and the Nursing Home Licensure and Certification Sections, and considering the quality of care provided at all four facilities, the applicants provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Calabash Manor. In Section I.12, pages 9-10, the applicants state that the proposed facility will be managed by Meridian Senior Living Management which currently manages 66 adult care homes statewide. According to the Adult Care Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were 21 incidents in 13 facilities for which certification deficiencies constituting substandard quality of care were found. After reviewing and considering information provided by the applicants and by the Adult Care Licensure and Certification Section, and considering the quality of care provided at all 66 facilities, the applicants provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Liberty Commons. In Section I.12, pages 9-10, the applicants state that the proposed operators of Liberty Commons, Assisted Living Management Services, LLC, and affiliated entities currently provide management support for three other ACH facilities and 9 nursing facilities with ACH beds in North Carolina. According to the Adult Care Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were no incidents for which certification deficiencies constituting substandard quality of care were found at the facilities listed on page 9 of the application. According to the Nursing Home Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were two incidents in nine nursing facilities with ACH beds for which certification deficiencies constituting substandard quality of care were found. After reviewing and considering information provided by the applicants and by the Adult Care Licensure and Certification and Nursing Home Licensure and Certification Sections, and considering the quality of care provided at all 12 facilities, the applicants provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

Leland House. In Section I.12, pages 9-10, the applicants state that the proposed facility will be managed by Meridian Senior Living Management which currently manages 66 adult care homes statewide. According to the Adult Care Licensure and Certification Section of the Division of Health Service Regulation, during the 18 months immediately preceding the submittal of the application through the date of the decision there were 21 incidents in 13 facilities for which certification deficiencies constituting substandard quality of care were found. After reviewing and considering information provided by the applicants and by the Adult Care Licensure and Certification Section, and considering the quality of care provided at all 66 facilities, the applicants 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 Brunswick Community
Calabash Manor
Liberty Commons

NC
Arbor Landing
Leland House

The Brunswick Community, Calabash Manor, and Liberty Commons proposals are conforming to all applicable *Criteria and Standards for Nursing Facility or Adult Care Home Services in 10A NCAC 14C Section .1100*, as indicated below. The Arbor Landing and Leland House proposals are not conforming to all applicable *Criteria and Standards for Nursing Facility or Adult Care Home Services in 10A NCAC 14C Section .1100*, as indicated 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.*

- C- **Arbor Landing.** The applicant projects occupancy levels for the first eight calendar quarters in Section IV, page 49. The applicant's assumptions and methodologies are provided in Section IV, pages 47-48 and in Exhibit 30.
- C- **The Brunswick Community.** The applicants project occupancy levels for the first eight calendar quarters in Section IV, page 90. The applicants' assumptions and methodologies are provided in Section IV, pages 88-89 and in Exhibit 49.
- C- **Calabash Manor.** The applicants project occupancy levels for the first eight calendar quarters in Section IV, pages 26-27. The applicants' assumptions and methodologies are provided in Section IV, pages 25-26, and in Exhibit L.
- C- **Liberty Commons.** The applicants project occupancy levels for the first eight calendar quarters in Section IV, pages 53-54. The applicants' assumptions and methodologies are provided in Section IV, page 51.

- C- **Leland House.** The applicants project occupancy levels for the first eight calendar quarters in Section IV, pages 27-28. The applicants' assumptions and methodologies are provided in Section IV, pages 26-27, and in Exhibit L.
- (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.*
- C- **Arbor Landing.** In Section III.7(a), page 44, the applicant projects patient origin by county of residence. The applicant's assumptions and methodology are provided in Section III.7, page 44 and Exhibit 29.
 - C- **The Brunswick Community.** In Section III.7(a), page 85, the applicants project patient origin by county of residence. The applicants' assumptions and methodology are provided in Section III.7(b), pages 85-86.
 - C- **Calabash Manor.** In Section III.7(a), page 24, the applicants project patient origin by county of residence. The applicants' assumptions and methodology are provided in Section III.7(b), page 24 and Exhibit E.
 - C- **Liberty Commons.** In Section III.7(a), page 48, the applicants project patient origin by county of residence. The applicants' assumptions and methodology are provided in Section III.7(b), page 49.
 - C- **Leland House.** In Section III.7(a), page 24, the applicants project patient origin by county of residence. The applicants' assumptions and methodology are provided in Section III.7(b), page 24 and Exhibit E.
- (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.*
- C- **Arbor Landing.** In Section III.8, page 45, the applicant states that 97.75% of the projected patients of Arbor Landing will live within a 45-mile radius of the facility.
 - C- **The Brunswick Community.** In Section II.1, page 17, the applicants state that 95% of the projected admissions of The Brunswick Community will live within a 45-mile radius of the facility.

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- C- **Calabash Manor.** All of Brunswick County is within a 45 mile radius of the proposed facility. Therefore, 100% of the applicant's proposed admissions live within a 45-mile radius. See Section III.7, page 24, and Exhibit D.
 - C- **Liberty Commons.** In Section III.8, page 49, the applicants state that 95% of their projected patients will come from Brunswick County. Exhibit 10 contains a map indicating a 45 mile radius from the proposed location which indicates that all of Brunswick County is within a 45-mile radius of the facility.
 - C- **Leland House.** All of Brunswick, and portions of Pender and New Hanover counties are within 45 miles of the facility. Therefore, at least 88% of the projected admissions live within a 45-mile radius of the facility. See Section III.7, page 24. Furthermore, a portion of Columbus County is within 45 miles of the facility.
- (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.*
- C- **Arbor Landing.** The applicant states, in Section II, page 15, and Section III, page 36, that the proposed location of Arbor Landing will be the location of the existing independent living facility that it currently owns and operates in Shallotte.
 - C- **The Brunswick Community.** The applicants state, in Section I.6, page 7, and Section XI.2, page 130, that the proposed location of The Brunswick Community will be 8030 Ocean Highway West, Sunset Beach, in the Shallotte Township. The applicants' secondary site, as stated in Section XI.3, page 134, is located at 130 Smith Avenue, Shallotte. Exhibit 6 contains a letter from Martha Lee Realty documenting that the proposed location of the facility in Sunset Beach is available for acquisition. Exhibit 41 contains a letter from the current owner of a tract of land upon which the proposed facility would be located as an alternate site. The letter documents the owner's willingness to sell a portion of the land for the development of The Brunswick Community.
 - C- **Calabash Manor.** The applicants state, in Section I.6, page 5, and Section XI.2, page 66, that the proposed location of the facility will be 100 Calabash Road, Calabash. The applicants' alternate site, as stated in Section XI.3, page 70, is located at the corner of Union School Road and Bullwood Road, Shallotte. Exhibit R contains a letter from Weichert Realtors documenting that both sites are available for acquisition.

- C- **Liberty Commons.** The applicants state, in Section I.6, page 4, that the proposed location of the facility will be Provision Parkway and Brunswick Village Boulevard, Leland. The applicants' do not provide an alternate site because the primary site is under contract, as stated in Section XI.1, page 88. A copy of the executed contract is provided in Exhibit 14.

- NA- **Leland House.** Leland House is an existing ACH facility located at 1935 Lincoln Road NE, Leland.

- (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.*

- C- **Arbor Landing.** In Section II, page 15, the applicant states that the proposed site is currently served by sewer and water with sufficient capacity for the proposed project and that current zoning is appropriate. See Exhibit 46 for zoning documentation and Section XI.2, pages 89-92 regarding site development. See Exhibits 50 and 51 for documentation of the availability of water and sewer capacity. On page 15, the applicant states that the current independent living facility on the site was built to *"conform to the regulations...with the exception of a central bath and soiled laundry area. Existing resident rooms will be converted to these uses."* The applicant states, in Section XI.3, page 92, that it owns the proposed site, therefore information regarding a secondary, or alternate, site is not applicable.

- C- **The Brunswick Community.** In Section II.1, page 21, Section XI.2, pages 130-131, and Exhibit 6, the applicants state that the proposed site is properly zoned, qualifies for a special use permit, and that county water and sewer are available. In Exhibit 41, the applicants provide a letter from the owner of the land upon which the facility would be developed as an alternate site, which states, *"The property currently has land [water] and sewer available at the right of way."* The Project Analyst concludes that based on the use of the term, *"right of way"*, the land owner made a typographical error. Correction by Project Analyst is in brackets. In Section XI.3, page 134, the applicants state that the alternate site is currently zoned as R15 and that it is *"Eligible for Special Use by the County."* In addition, the applicants provide a copy of the Town of Brunswick's policy and process for obtaining zoning changes and special exceptions or variances in Exhibit 38.

- C- **Calabash Manor.** Exhibits S, R and U provide documentation for the proposed site and alternate site in regard to zoning, site development, and water and sewage disposal, respectively.

- C- **Liberty Commons.** Exhibit 17 provides documentation of the availability of water and sewage disposal at the proposed site. In Section XI.2, page 88, the applicants state that the site is currently zoned C-2, Commercial, however, as stated on page 89, they anticipate that the site will receive approval for rezoning or a special use permit. Exhibit 15 provides documentation regarding zoning verification and outlines the steps to be taken to obtain zoning changes for a special use permit.

 - NA- **Leland House.** Leland House is an existing facility currently serviced by water and sewer and is properly zoned. See Exhibits S and U.
- (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.*
- C- **Arbor Landing.** In Section II, page 15, the applicant states that the independent living facility which will be converted to the ACH conforms to the regulations stated above and that the addition to be constructed will also be constructed in compliance with applicable physical plant requirements.

 - C- **The Brunswick Community.** In Section XI.13, page 139, the applicants state that the physical plant will be in compliance with the requirements of all applicable laws and codes, including those in 10A NCAC 13D.

 - C- **Calabash Manor.** In Exhibit D, the applicants state that the physical plant will be designed by an architectural firm “*that is familiar with Adult Care Home design and will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F.*”

 - C- **Liberty Commons.** In Section II.2, pages 14-15, the applicants state that the physical plant will adhere to all regulations set forth in 10A NCAC 13F Section .3000 – Physical Plant.

 - C- **Leland House.** In Exhibit D, the applicants state that the physical plant will be designed by an architectural firm “*that is familiar with Adult Care Home design and will conform with all requirements as stated in 10A NCAC 13D or 10A NCAC 13F.*” In addition, in Exhibit W, documentation is provided from an architectural firm which states, “*...we will develop construction documents complying with all applicable federal, state, local construction and licensure codes for this type of construction.*”

.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- **All Applicants.** The applicants are not proposing to add nursing facility beds to an existing facility.

- (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- **All Applicants.** The applicants are not proposing to add nursing facility beds to an existing facility.

- (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.*

-NA- **Arbor Landing. The Brunswick Community. Calabash Manor. Liberty Commons.** The applicants are not proposing to add ACH beds to an existing ACH facility.

-NC- **Leland House.** Based on the number of patient days provided by the applicants in Section IV.1, page 25, and Leland House's 78 licensed beds, the average occupancy rate, from November 1, 2014 – July 31, 2015, was 80.3%, as calculated by the Project Analyst [$17,103 \text{ days of care} / (273 \text{ days} \times 78 \text{ beds}) = 80.3\%$].

- (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.*

-NC- **Arbor Landing.** In Section IV, page 49, the applicant states that the occupancy rate at the end of the second full year of operation will only be 80.6%. All assumptions, including methodologies, are provided in Section IV, pages 47 - 48.

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- C- **The Brunswick Community.** In Section IV, page 90, the applicants state that the occupancy rate at the end of the second full year of operation will be 93.0%. All assumptions, including methodologies, are provided in Section IV.2, pages 88-89, and Exhibit 49.
- C- **Calabash Manor.** In Section IV.2, page 27, the applicants state that the occupancy rate at the end of the second full year of operation will be 93.0%. All assumptions, including methodologies, are provided in Section IV.2, pages 25-26, and Exhibit L.
- C- **Liberty Commons.** In Section IV, page 54, the applicants state that the occupancy rate at the end of the second full year of operation will be 95.0%. All assumptions, including methodologies, are provided in Section IV.2, page 51.
- C- **Leland House.** In Section IV.2, page 28, the applicants state that the occupancy rate at the end of the second full year of operation will be 90.8%. All assumptions, including methodologies, are provided in Section IV.2, pages 26-27, and Exhibit L.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1), no more than 340 ACH beds may be approved in this review for Brunswick County. Because the five applications collectively propose 472 new ACH beds, all five applications cannot be approved. Therefore, after considering all of the information in each application and reviewing each application individually against all applicable review criteria, the Project Analyst also conducted a comparative analysis of the proposals to decide which proposal should be approved.

For the reasons set forth below and in the rest of the findings, the applications submitted by **The Brunswick Community, LLC and Brunswick AL Properties, LLC; Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC; and Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC** are approved, as conditioned, and the applications submitted by the other applicants are denied.

Demonstration of Need

The Brunswick Community, Calabash Manor, and Liberty Commons adequately demonstrated that their projected utilization of ACH beds, and Special Care Unit beds (The Brunswick Community), were reasonable, adequately documented their assumptions and methodologies, and demonstrated the need the population they propose to serve has for the proposed beds. However, Arbor Landing and Leland House did not adequately demonstrate the need the population has for the proposed services, nor demonstrate their ability to provide the proposed services. See discussion in Criterion (3). Therefore, the applications submitted by The Brunswick Community, Calabash Manor, and Liberty Commons are the more effective alternatives with regard to demonstration of need.

Geographic Distribution of Beds

Currently there are six facilities with licensed ACH beds in Brunswick County. The table below illustrates where the ACH beds are currently located and the number of beds at each location.

Facility	City and Area	Township	# of Licensed ACH Beds
Autumn Care of Shallotte	Shallotte, west central	Shallotte	10
Brunswick Cove Nursing Center	Winnabow, east central	Town Creek	40
Ocean Trail Healthcare & Rehabilitation Center	Southport, southeast	Smithville	17
Carillon Assisted Living of Southport	Southport, southeast	Smithville	96
Leland House	Leland, northeast	Northwest	78
Shallotte Assisted Living	Shallotte, west central	Shallotte	80

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In summary, there 118 licensed ACH beds in the Town Creek Township, 113 in Smithville Township, and 90 in the Shallotte Township.

Three of the five applicants propose to develop ACH beds in the Shallotte Township and two propose to develop ACH beds in the Town Creek Township. The following table summarizes each applicant’s assumptions and methodology in regard to site location for their proposed ACH beds.

Applicant	Site Location Assumptions/Methodology	Conclusion for Site Location
Arbor Landing	Location of existing ACH beds; analysis of 2020 population projections by Brunswick County zip code and existing ACH beds to projected population by zip codes	Southeastern part of county, Shallotte Township
The Brunswick Community	Population density by township; analysis of location of existing ACH beds by population density; discussions with senior resources and healthcare professionals within county	Shallotte Township
Calabash Manor	Analysis of existing facilities and bed need projections; lack of providers in southwest area of county; no providers in Calabash	Southwestern Shallotte Township, Calabash
Liberty Commons	Population growth by township; analysis of population data and utilization methodology in SMFP to determine number of beds needed by township	Town Creek Township, just south of original “old town” Leland along Highway 17 corridor
Leland House	Location of existing providers and current occupancy rates; letters of support from area senior services providers	Northwest Township, Leland

The projected population by township for 2020, based on The Nielsen Company data provided by Liberty Commons in Exhibit 6 of their application, data on ACH bed use rates from the 2015 SMFP, and calculations provided by the Project Analyst, yields the following bed need by township:

Township	Projected Population 2020	ACH Bed Need 2020*	Licensed ACH Beds 2015	Surplus or “-“ Deficit of ACH Beds*
Northwest	1,872	38	78	40
Waccamaw	607	12	0	-12
Lockwoods Folly	8,714	132	0	-132
Town Creek	6,885	120	40	-80
Shallotte	12,619	196	90	-106
Smithville	5,640	100	113	13

*Rounded to nearest whole number by Project Analyst.

In summary, the Lockwoods Folly and Shallotte Townships have the greatest need for ACH beds, therefore the Arbor Landing, The Brunswick Community, and Calabash Manor are more effective alternatives since all three applicants propose to add beds in the Shallotte Township. The other two proposals are less effective

Staffing

Direct Care Staff

The following table compares the applicants with respect to projected direct care hours per patient day to be provided by direct care staff for all ACH beds in operating year two as projected in Section VII of the applications.

Applicant	Direct Care Hours Per Patient Day – ACH beds	Direct Care Hours Per Patient Day – SCU Beds
Liberty Commons	2.51	N/A
Arbor Landing	1.85	3.45
Calabash Manor	1.77*	N/A
The Brunswick Community	1.68	3.01
Leland House	1.51*	2.94*

*As calculated by the Project Analyst. Projections are not provided by applicant.

The number of direct care hours per patient day for Calabash Manor’s proposed ACH beds is calculated by the Project Analyst as follows:

In Section VII.4, pages 41 and 44, the applicants state that 22.5 FTEs will provide direct care at 2,080 hours per year per FTE which is equal to a total of 46,800 hours per year ($22.5 \times 2,080 = 46,800$). In Table IV.2, page 27, the applicants state that there will be 26,422 patient days in operating year two. Therefore, the direct hours per patient day equals 1.77 ($46,800/26,422 = 1.77$).

Similarly, the number of direct care hours per patient day for Leland House’s proposed ACH beds is calculated by the Project Analyst as follows:

In Section VII.4, pages 42 and 44, the applicants state that 22.5 FTEs will provide direct care at 2,040 [2,080] hours per year per FTE which is equal to a total of 46,800 hours per year ($34.0 \times 2,080 = 46,800$). In Table IV.2, page 28, the applicants state that there will be 30,981 patient days in operating year two. Therefore, the direct hours per patient day equals 1.51 ($46,800/30,981 = 1.51$).

For SCU beds, the applicants for Leland House state, on pages 42 and 44, that 11.5 FTEs will provide direct care at 2,040 [2,080] hours per year per FTE which is equal to a total of 23,920 hours per year ($11.5 \times 2,080 = 23,920$). In Table IV.2, page 28, the applicants state there will be 8,147 patient days in operating year two. Therefore, the direct hours per patient day equals 2.94 ($23,920/8,147 = 2.94$).

For ACH beds, **Liberty Commons** is the more effective alternative based on Direct Care Hours per Patient Day. For SCU beds, **Arbor Landing** is the more effective alternative. However, **Arbor Landing** is not approvable.

Ratio of Total FTE Staff per Facility Bed

The following table indicates the ratio of total FTE staff positions per ACH bed proposed by each applicant in the second year of operation.

Applicant	Total FTEs	Total Beds	FTE/Bed
The Brunswick Community	83.30	110	0.757
Liberty Commons	62.00	110	0.564
Arbor Landing	73.00	132	0.553
Leland House	58.59	118	0.497
Calabash Manor	39.00	80	0.488

As shown in the above table, **The Brunswick Community** projects the highest number of total staff positions per ACH bed. Therefore, **The Brunswick Community** is the more effective alternative with regard to the number of total FTE staff positions per ACH bed.

Private Rooms

The following table shows the applicants’ number of projected adult care home beds in private and semi-private rooms, as reported in Section XI of the applications. Generally, the application proposing the higher number of private beds as a percentage of total beds is the more effective alternative with respect to this comparative factor.

Applicants	Proposed # of Beds in Private Rooms	Proposed # of Beds in Semi-private Rooms	Total Beds Proposed or Total Beds Upon Project Completion	Number of Beds in Private Rooms as Percent of Total
Calabash Manor	80	0	80	100%
Liberty Commons	70	40	110	64%
The Brunswick Community	40	70	110	36%
Leland House	40	78	118	34%
Arbor Landing	38	94	132	29%

As shown above, **Calabash Manor** proposes to develop the largest number of private ACH beds. Therefore, the proposal submitted by **Calabash Manor** is the more effective alternative for developing additional private ACH beds within Brunswick County.

ACH Private Pay Charges

**Private Pay Charges – per Day
 FFY 2019**

Applicant	ACH Beds (Excluding SCU)	ACH Beds (Excluding SCU)
	Private Room	Semi-Private Room
Leland House	\$106.67	N/A
Calabash Manor	\$112.91	N/A
The Brunswick Community	\$115.07	\$98.63
Arbor Landing	\$144.45	\$116.62
Liberty Commons	\$168.05	\$168.05

SCU Private Pay Charges

**Private Pay Charges – per Day
 FFY 2019**

Applicant	SCU Beds	SCU Beds
	Private Room	Semi-Private Room
Leland House	\$126.67	N/A
The Brunswick Community	\$164.38	\$131.51
Arbor Landing	\$183.95	\$137.92
Calabash Manor	N/A	N/A
Liberty Commons	N/A	N/A

As shown in the tables above, **Leland House** projects the lowest rate for both ACH and SCU beds in private rooms. It offers no semi-private beds. However, **Leland House** is not approvable. **Calabash Manor** projects the next lowest rate for ACH beds in private rooms. **The Brunswick Community** projects the next lowest rate for SCU beds in private rooms. For semi-private rooms, **The Brunswick Community** projects the lowest rate for both ACH and SCU beds. Therefore, **Calabash Manor** is the more effective alternative for ACH beds in private rooms and **The Brunswick Community** is the more effective alternative for SCU beds in private rooms, and both ACH and SCU beds in semi-private rooms.

Operating Costs

The following table illustrates the applicants’ projected direct care costs and facility operating costs (excluding SCU beds) per patient day for FFY2020. Operating year two is used for Arbor Landing and Liberty Commons. Operating year three is used for Leland House, Calabash Manor, and The Brunswick Community. Applicants are instructed to “*assume all current charges, rates, costs and salaries will not be inflated for future operating years.*”

**Direct Care Costs per Patient Day and
 Total Facility Cost per Patient Day (Excluding SCU Beds)
 FY 2020**

Applicant	Direct Care Costs* per Patient Day	Total Facility Cost per Patient Day
The Brunswick Community	\$15.90	\$84.73
Liberty Commons**	\$15.76	\$90.61
Calabash Manor	\$9.62	\$93.98
Arbor Landing	\$8.91	\$89.76
Leland House	\$8.91	\$82.63

*Includes only costs for PCAs.

**Liberty Commons inflated its costs by 3.5% each operating year.

The Brunswick Community has the highest direct care cost per patient day and **Leland House** has the lowest total facility cost per patient day. Therefore, **The Brunswick Community** is the more effective alternative based on direct care cost per patient day and **Leland House** is the more effective alternative based on total facility operating cost per patient day. However, **Leland House** is not approvable.

The following two tables illustrate the applicants’ percentage “mark-ups” based on each facility’s ratio of proposed costs per patient day to room charges.

Ratio of Private Pay/ Total Costs (Direct & Indirect) – ACH Bed Private Rooms

Applicant	Costs per Patient Day	ACH-Private Room Charge	Ratio (the “mark-up” – charges over costs)
Calabash Manor	\$94.00	\$112.91	20.1%
Leland House	\$82.60	\$106.67	29.1%
The Brunswick Community	\$84.73	\$115.07	35.8%
Arbor Landing	\$89.76	\$144.45	60.9%
Liberty Commons*	\$90.61	\$173.93	92.0%

*Liberty Commons inflated their costs and charges by 3.5% each operating year.

Ratio of Private Pay/ Total Costs (Direct & Indirect) – SCU Bed Private Rooms

Applicant	Costs per Patient Day	SCU-Private Room Charge	Ratio (the “mark-up” – charges over costs)
The Brunswick Community	\$104.39	\$164.38	57.5%
Arbor Landing	\$110.76	\$183.95	66.1%
Calabash Manor	N/A	N/A	N/A
Liberty Commons	N/A	N/A	N/A
Leland House*	*	\$126.67	*

*Costs per Patient Day and the Ratio of Costs to Charges cannot be calculated for Leland House since operating costs for SCU beds are not provided for project year two.

As shown in the tables above, **Calabash Manor** has the lowest percentage mark-up of charges over costs for private rooms for ACH beds. Therefore, **Calabash Manor** is the more effective alternative for ACH beds based on percentage mark-up of charges over cost. **The Brunswick Community** has the lowest percentage mark-up of charges over costs for SCU beds. **The Brunswick Community** is the more effective alternative for SCU beds based on percentage mark-up of charges over cost.

Access by County Residents

The following table indicates the percentage of patients originating from Brunswick County that each applicant proposes to serve in the second year of operation.

Applicant	Percentage of Patient Origin from Brunswick County
Calabash Manor	100.0%
Liberty Commons	95.5%
The Brunswick Community	95.0%
Arbor Landing	94.5%
Leland House	73.0%

As shown in the table above, **Calabash Manor** proposes to serve the highest percentage of Brunswick County residents. Therefore, **Calabash Manor** is the more effective alternative with regard to access by Brunswick County residents.

Access by Recipients of State/County Special Assistance

The Brunswick County average for access to ACH beds by recipients of Special Assistance with Basic Medicaid, from August 31, 2013 – July 31, 2014, was 66.7%, based on data from 2015 LRAs. The following table compares the applicants’ projected percentage of total patient days of care provided to recipients of Special Assistance with Basic Medicaid.

Projected Percentage of Days with Special Assistance with Basic Medicaid Project Year Two		
	ACH Patients	SCU Patients
Arbor Landing	68.0%	68.0%
Liberty Commons	66.0%	N/A
Leland House	57.0%	58.0%
The Brunswick Community	52.0%	48.0%
Calabash Manor	41.0%	N/A

Arbor Landing projects to serve the highest percentage of its total days of care for both ACH beds and SCU beds to recipients of Special Assistance with Basic Medicaid. Therefore, **Arbor Landing** is the most effective alternative with regard to access by recipients of Special Assistance with Basic Medicaid. However, **Arbor Landing** is not approvable. **Liberty Commons** projects to serve the next highest percentage of its total days of care for ACH beds to recipients of Special Assistance with Basic Medicaid. Therefore, it is the more effective alternative. The only application that proposes to have SCU beds and is approvable in this regard is **The Brunswick Community**. Therefore, the

application submitted by **The Brunswick Community** is the more effective alternative with regard to this factor.

SUMMARY

The following is a summary of the reasons **The Brunswick Community, Calabash Manor, and Liberty Commons** are determined to be the more effective alternatives in this review:

The Brunswick Community

- The application is conforming or conditionally conforming to all statutory and regulatory review criteria.
- **The Brunswick Community** proposes to develop a 110-bed ACH facility in Shallotte Township, which has the second greatest need for ACH beds in Brunswick County.
- **The Brunswick Community** proposes the highest ratio of total staff per facility bed.
- **The Brunswick Community** proposes the second lowest charge per day for a private ACH bed (of five applicants), the second lowest charge per day for a private SCU bed (of three applicants), the lowest charge per day for a semi-private ACH bed (of three applicants), and the lowest charge per day for a semi-private SCU bed (of two applicants.)
- **The Brunswick Community** proposes to spend the greatest amount in direct care costs per patient day and the second lowest amount in total facility cost per patient day.
- **The Brunswick Community** proposes the lowest “mark-up” of private pay charges over costs for SCU beds.
- **The Brunswick Community** proposes to serve a high percentage of Brunswick County residents at 95%.

Calabash Manor

- The application is conforming or conditionally conforming to all statutory and regulatory review criteria.
- **Calabash Manor** proposes to develop an 80-bed ACH facility in Calabash, located in Shallotte Township which has the second greatest need for ACH beds in Brunswick County.
- **Calabash Manor** has the lowest “mark-up” of charges over costs for private rooms for ACH beds.
- **Calabash Manor** proposes to serve the highest percentage of Brunswick County residents.

Liberty Commons

- The application is conforming or conditionally conforming to all statutory and regulatory review criteria.
- **Liberty Commons** proposes to develop a 110-bed ACH facility in Leland in the Town Creek Township, which has the third greatest need for ACH beds in Brunswick County.
- **Liberty Commons** proposes the highest number of direct care hours per patient day for ACH beds.
- **Liberty Commons** proposes the second highest ratio of total staff per facility bed.
- **Liberty Commons** proposes the second highest direct care costs per patient day.

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- **Liberty Commons** proposes to serve the second highest percentage of Brunswick County residents at 95.5%
- **Liberty Commons** proposes to serve the second highest percentage of its total days of care to recipients of Special Assistance with Basic Medicaid.

The following summaries illustrate why each denied application is determined to be a less effective alternative than the approved applications, as summarized below:

Arbor Landing

The following table:

- 1) Compares the proposal submitted by Arbor Landing with the proposal submitted by the approved applications, The Brunswick Community, Calabash Manor and Liberty Commons; and
- 2) Illustrates (bolded metrics) the reasons the approved applications are more effective alternatives than the proposal submitted by Arbor Landing.

Note: The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factors	The Brunswick Community	Calabash Manor	Liberty Commons	Arbor Landing
Geographic distribution of beds	Effective	Effective	Effective	Effective
Direct care hours per patient day – ACH beds	1.68	1.77	2.51	1.85
Ratio of total FTE staff per facility bed	0.757	0.488	0.564	0.553
% of private rooms	36%	100%	64%	29%
Private pay charge – private room ACH bed	\$115.07	\$112.91	\$168.05	\$144.45
Private pay charge – semi-private room ACH bed	\$98.63	N/A	\$168.05	\$116.62
Private pay charge – private room SCU bed	\$164.38	N/A	N/A	\$183.95
Private pay charge – semi-private SCU bed	\$131.51	N/A	N/A	\$137.92
Average direct care costs per diem (PCAs only)	\$15.90	\$9.62	\$15.76	\$8.91
Average operating cost per diem (total facility)	\$84.73	\$94.00	\$90.61	\$89.76
Ratio of private pay charge ACH bed to operating costs per patient day (“mark-up”)	35.8%	20.1%	92.0%	60.9%
Ratio of private pay charge SCU bed to operating cost per patient day (“mark-up”)	57.5%	N/A	N/A	66.1%
Access by county residents	95.0%	100.0%	95.5%	94.5%
Medicaid access	52%	41%	66%	68%
Conforming to all review criteria?	Yes	Yes	Yes	No

Leland House

The following table:

- 1) Compares the proposal submitted by Leland House with the proposal submitted by the approved applications, The Brunswick Community; Calabash Manor and Liberty Commons, and
- 2) Illustrates (bolded metrics) the reasons the approved application is a more effective alternative than the proposal submitted by Leland House.

Note: The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factors	The Brunswick Community	Calabash Manor	Liberty Commons	Leland House
Geographic distribution of beds	Effective	Effective	Effective	Less effective
Direct care hours per patient day – ACH beds	1.68	1.77	2.51	1.51
Ratio of total FTE staff per facility bed	0.757	0.488	0.564	0.497
% of private rooms	36%	100%	64%	34%
Private pay charge – private room ACH bed	\$115.07	\$112.91	\$168.05	\$106.67
Private pay charge – private room SCU bed	\$164.38	N/A	N/A	\$126.67
Average direct care costs per diem (PCAs only)	\$15.90	\$9.62	\$15.76	\$8.91
Average operating cost per diem (total facility)	\$84.73	\$94.00	\$90.61	\$82.60
Ratio of private pay charge ACH bed to operating costs per patient day (“mark-up”)	35.8%	20.1%	92.0%	29.1%
Ratio of private pay charge SCU bed to operating cost per patient day (“mark-up”)	57.5%	N/A	N/A	Not provided
Access by county residents	95.0%	100.0%	95.5%	73.0%
Medicaid access	52%	41.0%	66.0%	57%
Conforming to all review criteria?	Yes	Yes	Yes	No

CONCLUSION

The 2015 SMFP established a need determination for 340 ACH beds in Brunswick County. Five applicants proposed the development of a total of 472 ACH beds. However, the NC General Statutes Section 131E-183(a)(1) states that the need determination in the SMFP is a determinative limit on the number of ACH beds that can be approved by the Healthcare Planning and Certificate of Need Section. The Healthcare Planning and Certificate of Need Section determined that the applications submitted by **Calabash Manor**, **The Brunswick Community**, and **Liberty Commons** as conditioned below, are the most effective alternatives proposed in this review for the development of additional ACH beds in Brunswick County. The remaining two applications, **Arbor Landing** and **Leland House** are not approvable because they are not conforming to all statutory and regulatory review criteria.

The application submitted by Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC (Calabash Manor) is approved subject to the following conditions:

- 1. Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC shall develop no more than 80 adult care home beds upon completion of this project.**
- 3. Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, LLC, shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.**
- 4. For the first two years of operation following completion of the project, Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, 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 Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 5. Brunswick Propco Holdings, LLC and Brunswick Opco Holdings, 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 the issuance of the certificate of need.**

The application submitted by The Brunswick Community, LLC and Brunswick AL Properties, LLC is approved subject to the following conditions:

- 1. The Brunswick Community, LLC and Brunswick AL Properties, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. The Brunswick Community, LLC and Brunswick AL Properties, LLC shall develop no more than 110 adult care home beds, including a 48-bed special care unit, upon completion of this project.**
- 3. The Brunswick Community, LLC and Brunswick AL Properties, LLC, shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.**
- 4. For the first two years of operation following completion of the project, The Brunswick Community, LLC and Brunswick AL Properties, 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 Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**
- 5. Prior to the issuance of the certificate of need, The Brunswick Community, LLC and Brunswick AL Properties, LLC shall provide the CON Section with a written statement describing the project's plan to assure improved water conservation.**
- 6. The Brunswick Community, LLC and Brunswick AL Properties, 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 the issuance of the certificate of need.**

The application submitted by Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC is approved subject to the following conditions:

- 1. Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC shall develop no more than 110 adult care home beds upon completion of this project.**
- 3. Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, LLC, shall provide care to recipients of State/County Special Assistance with Medicaid, commensurate with representations made in the application.**

4. **For the first two years of operation following completion of the project, Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, 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 Healthcare Planning and Certificate of Need Section that the proposed increase is in material compliance with the representations in the certificate of need application.**

5. **Liberty Healthcare Properties of Brunswick County, LLC and Liberty Commons Assisted Living of Brunswick County, 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 the issuance of the certificate of need.**