

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: November 23, 2016

Findings Date: November 23, 2016

Project Analyst: Gregory F. Yakaboski

Team Leader: Lisa Pittman

Project ID #: L-11186-16

Facility: Lakeview Village

FID #: 160282

County: Halifax

Applicants: Lake Gaston Propco Holdings, LLC

Lake Gaston Opco Holdings, LLC

Project: Relocate and replace the 60 Adult Care Home beds formerly at Woodhaven Rest Home #2 within Halifax County/ Halifax County

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

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Lake Gaston Propco Holdings, LLC and Lake Gaston Opco Holdings, LLC (the applicants) propose to relocate 60 existing but unutilized adult care home (ACH) beds within Halifax County from Woodhaven Rest Home #2 to a new facility to be developed on N. Mosby Avenue in Littleton, Lakeview Village. Lake Gaston Propco Holdings, LLC shall be the lessor and Lake Gaston Opco Holdings, LLC shall be the lessee. Woodhaven Rest Home #2 is closed. Woodhaven Rest Home #2's 60 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2016 State Medical Facilities Plan (2016 SMFP).

## **Need Determination**

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2016 SMFP.

## **Policies**

The following two policies are applicable to this review:

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

### **Policy LTC-2: Relocation of Adult Care Home Beds** states

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

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

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

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

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

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

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

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

In Section X.9, pages 37-38, the applicant provides a written statement describing the proposed project's plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4 subject to condition #5 in Criterion 4 of these findings.

### **Conclusion**

In summary, the applicants demonstrate that the proposal is conforming to all applicable policies in the 2016 SMFP. Therefore, the application is conforming to this criterion.

- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

### C

The applicants propose to relocate 60 existing but unutilized ACH beds within Halifax County from Woodhaven Rest Home #2 to a new facility to be developed on N. Mosby Avenue in Littleton, Lakeview Village. Woodhaven Rest Home #2 is closed. Woodhaven Rest Home #2's 60 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2016 SMFP.

### **Population to be Served**

On page 223, the 2016 SMFP defines the service area for adult care home beds as "*the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area.*" Thus, the service area for this facility consists of

Halifax County. Facilities may also serve residents of counties not included in their service area.

In Section III.7, page 15, the applicants provide the projected patient origin, as shown in the table below.

<b>County</b>	<b>Projected % of Total ACH Admissions</b>
Halifax	100.0%
Total	100.0%

On page 15 of the application and in Exhibit E, the applicants state that the patient origin projections are based on the central location within Halifax County in conjunction with the close proximity to the majority of residents of Halifax County.

The applicants adequately identify the population to be served.

### **Analysis of Need**

In Section III.1, page 12, the applicants describe the need to relocate and replace Woodhaven Rest Home #2's 60 existing, but non-operational ACH beds to the proposed new Lakeview Village facility as follows:

- Woodhaven Rest Home #2, because of the age of its building, lacks modern systems related to efficiency and quality service.
- The existing insulation is not energy efficient.
- The building has no fire sprinkler system.
- The facility is currently not operational, the 60 ACH beds serve no residents.
- The lighting does not permit the service of quality care.
- Occupancy levels in the proposed replacement facility will exceed 85% of capacity within two years.

### **Projected Utilization**

In Section IV.2, pages, 17-18, and Exhibit L, the applicants provide projected utilization for all 60 ACH beds during the first three full federal fiscal years (FFYs). The following table illustrates projected utilization during the second and third full FFY.

**Projected Utilization  
 Second Full Federal Fiscal Year  
 October 1, 2019 through September 30, 2020**

	<b>1<sup>st</sup> Quarter 10/1 to 12/31</b>	<b>2<sup>nd</sup> Quarter 1/1/ to 3/31</b>	<b>3<sup>rd</sup> Quarter 4/1 to 6/30</b>	<b>4<sup>th</sup> Quarter 7/1 to 9/30</b>	<b>Total</b>
Patient Days	4,600	5,028	5,078	5,134	19,839
# of Days in Qtr	92	91	91	92	366
Occupancy Rate	83.3%	93.1%	93.0%	93.0%	90.6%
# of Beds	60	60	60	60	60

**Projected Utilization  
 Third Full Federal Fiscal Year  
 October 1, 2020 through September 30, 2021**

	<b>1<sup>st</sup> Quarter 10/1 to 12/31</b>	<b>2<sup>nd</sup> Quarter 1/1/ to 3/31</b>	<b>3<sup>rd</sup> Quarter 4/1 to 6/30</b>	<b>4<sup>th</sup> Quarter 7/1 to 9/30</b>	<b>Total</b>
Patient Days	5,134	5,022	5,078	5,134	20,367
# of Days in Qtr	92	90	91	92	365
Occupancy Rate	93.0%	93.0%	93.0%	93.0%	93.0%
# of Beds	60	60	60	60	60

As shown in the table above, in the third full FFY of operation, the applicants project the 60 ACH beds will operate at 93.0% of capacity [ $20,367/365/60 = 0.93$ , or 93.0%].

In Exhibit L and Section IV, pages 17-18, the applicants provide the assumptions and methodology utilized to project utilization of the 60 ACH beds. In Exhibit L, the applicants state that they have commitments from 9 patients reserving a bed prior to the licensure of the facility, and fill up at a rate of three residents per month until the facility is full. The applicants state on page 39 that the facility will begin operations on October 1, 2018. Projected utilization is based on reasonable and adequately supported assumptions.

**Access**

In Section VI.3, page 23, the applicants state *“Private-pay patients who spend down and become eligible for Medicaid will not be discharged from the facility. Source of payment will not affect the delivery of either routine services or specialized nursing care. ... Residents who spend down will not be discriminated against in room availability or services.”* Furthermore, the applicants state *“...all persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. Also, all routine and specialized services will be available to persons regardless of their race, color, creed, age, national origin, handicap, sex, or source of payment.”* (See page 22 of the application). Exhibit M contains a copy of the admission policies.

In Section VI.2, page 21, the applicants project the following payor mix during the second full FFY (2020):

**Projected Days as a % of Total Days**

<b>Payor Source</b>	<b>ACH Beds</b>
Private Pay	39.0%
Special Assistance with Basic Medicaid	61.0%
Total	100.0%

As shown in the table above, the applicants project that 61.0% of residents will qualify for Special Assistance with Basic Medicaid. The 60 ACH beds are presently unutilized and thus are not providing access to anyone. The applicants adequately demonstrate the extent to which all residents, including underserved groups, will have access to the proposed services.

**Conclusion**

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

The applicants propose to relocate 60 existing but unutilized ACH beds within Halifax County from Woodhaven Rest Home #2 to a new facility to be developed in Littleton, Lakeview Village. Woodhaven Rest Home #2 is closed. Woodhaven Rest Home #2's 60 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2016 SMFP. According to Map Quest, Lakeview Village will be located approximately 32 miles (a forty minute drive) from Woodhaven Rest Home #2. Therefore, the 60 beds would be geographically accessible to the same population previously served by Woodhaven Rest Home #2. The Woodhaven Rest Home #2 facility has no residents and is not operational. Since the facility is not operational and is not currently serving residents, no residents will be impacted by the relocation of the 60 ACH beds. The applicants adequately demonstrated that the application is conforming to this criterion.

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

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In Section III, pages 12-13, the applicants describe the alternatives considered stating that the sole alternative identified was the project as described due to the bankruptcy of the Woodhaven Rest Home #2 combined with the fact that the current facility is outdated. The applicants concluded that the proposed project provided the most effective alternative due to the fact that the new proposed site is within the same county allowing for the service of the same population with a new, efficient building. The applicants are not developing new ACH beds. Rather, they propose to relocate existing ACH beds to another part of the County.

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

The applicants adequately demonstrate that the proposed alternative is the most effective or least costly alternative to meet the identified need. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

- 1. Lake Gaston Propco Holdings, LLC and Lake Gaston Opco Holdings, LLC shall materially comply with all representations made in the certificate of need application.**
- 2. Lake Gaston Propco Holdings, LLC and Lake Gaston Opco Holdings, LLC shall relocate no more than 60 adult care home beds from Woodhaven Rest Home #2 for a facility total of no more than 60 ACH beds upon completion of the project.**
- 3. Lake Gaston Propco Holdings LLC and Lake Gaston 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, Lake Gaston 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. Lake Gaston Propco Holdings, LLC and Lake Gaston Opco Holdings, LLC shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicants' representations in the written statement as described in paragraph one of Policy GEN-4**
- 6. Lake Gaston Propco Holdings, LLC and Lake Gaston 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 issuance of the of the certificate of need.**

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

C

The applicants propose to relocate 60 existing but unutilized ACH beds within Halifax County from Woodhaven Rest Home #2 to a new facility to be developed in Littleton, Lakeview Village. Woodhaven Rest Home #2 is closed. Woodhaven Rest Home #2's 60 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2016 SMFP.

**Capital and Working Capital Costs**

In Section VIII.1, page 29, of this application, the applicants project the total capital cost to construct the 60-bed replacement facility (will be:

Site costs-	\$1,210,200
Construction costs-	\$3,646,665
Equipment-	\$ 800,000
Consultant Fees-	\$ 255,000
Financing-	\$ 150,000
Interest during construction	\$ 245,000
Contingency-	<u>\$ 300,000</u>
Total:	\$6,606,865

In Exhibit P, the applicant projects the total working capital (start-up and initial operating expenses) costs will be 518,931 (start-up expenses: \$135,500 and initial operating expenses: \$383,431).

**Availability of Funds**

In Section VIII.2, page 30, Exhibit N and Exhibit P, the applicants state that the capital and working capital costs will be financed by two commercial loans.

In Exhibit N, the applicants provide a letter dated June 14, 2016 from the managing partner of Locust Point Capital, which states that the Locust Point Capital will provide 100% financing for the capital costs in the amount of \$6,606,865. The letter includes the proposed terms of the commercial loan.



In Exhibit P, the applicants provide a letter dated June 14, 2016 from the managing partner of Locust Point Capital, which states that the Locust Point Capital will provide 100% financing for the projected working capital costs in the amount of \$518,931. The letter includes the proposed terms of the commercial loan.

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

### **Financial Feasibility**

In Tables IX.3A and IX.3B, page 33, the applicants project that the per diem reimbursement rate/charge will be \$134.43 for a private pay patient in a private room and \$76.41 State/County Special Assistance for a private room or a semi-private room.

In Section X.7, page 37, the applicants state Lakeview Village will consist of 60 private beds. In the projected revenue and expense statement (Form B), the applicants project revenues will exceed operating expenses in the third full FFY (2021),

	<b>First Full FFY (2019)</b>	<b>Second Full FFY (2020)</b>	<b>Third Full FFY (2021)</b>
Total Revenues	\$984,600	\$1,937,364	\$2,001,203
Total Operating Expenses	\$1,342,998	\$1,954,072	\$1,967,746
Net Profit	(\$358,397)	(\$16,708)	\$33,457

The assumptions used by the applicants in preparation of the pro formas are reasonable including projected utilization, costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference. The applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

### **Conclusion**

In summary, the applicants adequately demonstrate that sufficient funds will be available for the capital and working capital needs of the project. Furthermore, the applicants adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. Therefore, the application is conforming to this criterion.

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

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The applicants propose to relocate 60 existing but unutilized ACH beds within Halifax County from Woodhaven Rest Home #2 to a new facility to be developed in Littleton, Lakeview Village. Woodhaven Rest Home #2 is closed. Woodhaven Rest Home #2's 60

existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2016 SMFP.

On page 223, the 2016 SMFP defines the service area for adult care home beds as “*the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area*”. Thus, the service area for this facility consists of Halifax County. Facilities may also serve residents of counties not included in their service area.

Table 11A in the 2016 SMFP lists a total of 5 ACH facilities in Halifax County and a total of 205 beds, 25 of which are in a nursing home and 20 of which are in a hospital. The table below is based on Table 11A, page 234, and Table 11B, page 251, in the 2016 SMFP.

<b>2016 SMFP ACH Inventory &amp; 2019 Need Projections Halifax County</b>	
# Facilities	5
# Beds in ACH Facilities	160
# Beds in Nursing Homes	25
# Beds in Hospitals	20
Total Licensed Beds	205
# CON Approved	0
Total # Available	205
Total # in Planning Inventory	205
Projected Bed Deficit 2019	18

The applicants do not propose to develop new ACH beds, but rather to replace 60 ACH beds located in a closed facility. There will be no increase in the inventory of ACH beds or the number of facilities in Halifax County. As shown in the table above, there is a projected deficit of 18 ACH beds in Halifax County in 2019. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

The applicants adequately demonstrate that the proposed project would not result in the unnecessary duplication of existing or approved ACH beds in Halifax County. Consequently, the application is conforming to this criterion.

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

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The applicants propose to provide personal care staff twenty-four hours per day, seven days per week. In Section VII, page 27, the applicants state that by FFY2020 (the second full fiscal year) the adult care home facility will be staffed by 28.00 full-time equivalent (FTE)

positions. Adequate costs for the health manpower and management positions proposed by the applicants are budgeted in the pro forma financial statements. 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.

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In Section II.2, pages 7-9, the applicants describe the ancillary and support services that will be provided by the facility or made available through agreements with other providers including dietary, medical transportation, dentistry, physician, therapy, recreation, personal care, housekeeping and laundry services. Exhibit X contains copies of letters for pharmacy, RN consultant and dietary services. In addition, Exhibit B contains a copy of the professional consulting and accounting services agreement for Meridian Senior Living, LLC to provide such services for the proposed project. The applicants adequately demonstrate that the necessary ancillary and support services will be available and that the proposed services will be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

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

NA

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

NA

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

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The applicants propose to replace and relocate the 60 ACH beds from the Woodhaven Rest Home #2 facility located at 311 East Bryant Street, Enfield to a 12.22 acre site on North Mosby Avenue, in Littleton. The total square footage of the replacement facility is 27,522. Exhibit W contains a letter from an architect that estimates that construction costs will be \$132.50 per square foot or \$3,646,665 ( $\$132.50 \times 27,522$  square feet = \$3,646,665), which corresponds to the projected capital costs in Section VIII, line 9, page 29. In Section X.9, pages 37-38, the applicants provide a written statement describing the proposed project's plan to assure improved energy efficiency and water conservation. 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 project will not unduly increase costs and charges for health services. Therefore, the application is conforming to this criterion.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
  - (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NA

The 60 ACH beds to be relocated from Woodhaven Rest Home #2 are not currently in use.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by

minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

NA

The 60 ACH beds to be relocated from Woodhaven Rest Home #2 are not currently in use.

- (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

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In Section VI.2, page 21, the applicants project the following payor mix during the second full FFY (2020):

**Projected Days as a % of Total Days**

<b>Payor Source</b>	<b>ACH Beds</b>
Private Pay	39.0%
Special Assistance with Basic Medicaid	61.0%
Total	100.0%

As shown in the table above, the applicants project that 61.0% of residents will qualify for Special Assistance with Basic Medicaid. The 60 ACH beds are presently unutilized and thus are not providing access to anyone. In Section VI.3, page 23, the applicants state *“Private-pay patients who spend down and become eligible for Medicaid will not be discharged from the facility. Source of payment will not affect the delivery of either routine services or specialized nursing care. ... Residents who spend down will not be discriminated against in room availability or services.”* On page 22, the applicants state *“...all persons will be admitted to the facility without regard to their race, color, creed, age, national origin, handicap, sex, or source of payment. Also, all routine and specialized services will be available to persons regardless of their race, color, creed, age, national origin, handicap, sex, or source of payment.”* Exhibit M contains a copy of the admission policies.

The applicants demonstrate that medically underserved populations would have adequate access to the proposed ACH services. Therefore, the application is conforming to this criterion.

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

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In Section V.4, page 20, the applicants state patients will have access to the services offered at Lakeview Village through the following referral sources:

- Hospitals
- Department of Social Services
- Local Churches
- Community Organizations

The applicants adequately demonstrate they offer a range of means by which residents will have access to the facility. 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.

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In Section V.1, page 19, the applicants state,

*“...Steps have been taken to create agreements with the following health professional training programs:*

*Halifax County Community College...”*

Exhibit K contains a copy of a letter from the President/CEO of Halifax Community College stating

*“Lakeview Village, will open and expand opportunities for students and graduates to remain in Halifax County.*

*Halifax offers it support and welcomes the new Adult Care Home to our neighborhood.”*

The applicants adequately demonstrate that the proposed facility would accommodate the clinical needs of area health professional training programs. Therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.  
(16) Repealed effective July 1, 1987.  
(17) Repealed effective July 1, 1987.  
(18) Repealed effective July 1, 1987.
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive

impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicants propose to relocate 60 existing but unutilized ACH beds within Halifax County from Woodhaven Rest Home #2 to a new facility to be developed on North Mosby Avenue, in Littleton, Lakeview Village. Woodhaven Rest Home #2 is closed. Woodhaven Rest Home #2's 60 existing ACH beds are listed in the inventory of ACH beds in Chapter 11, Table 11A, of the 2016 SMFP.

On page 223, the 2016 SMFP defines the service area for adult care home beds as *“the adult care home bed planning area in which the bed is located. Ninety-eight counties in the state are separate adult care home planning areas. Two counties, Hyde and Tyrell, are considered a combined service area”*. Thus, the service area for this facility consists of Halifax County. Facilities may also serve residents of counties not included in their service area.

Table 11A in the 2016 SMFP lists a total of 5 ACH facilities in Halifax County and a total of 205 beds, 25 of which are in a nursing home and 20 of which are in a hospital. The table below is based on Table 11A, page 234, and Table 11B, page 251, in the 2016 SMFP.

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Projected Bed Deficit 2019	<b>18</b>

The applicants do not propose to develop new ACH beds, but rather to replace 60 ACH beds located in a closed facility. There will be no increase in the inventory of ACH beds or the number of facilities in Halifax County. As shown in the table above, there is a projected deficit of 18 ACH beds in Halifax County in 2019. The discussions regarding analysis of need and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference.

In Section VI.5, page 23, the applicants discuss how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

*“The proposed project will move these beds to a location where there is more need and into a new facility in which adult care home residents can be properly cared for. ... the new facility would be much more energy efficient as well, allowing more funds to be allocated to direct care for residents rather than utility costs.”*

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 the proposed services

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

- The 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 Criteria (3) and (4), respectively, are incorporated herein by reference.
- The applicants adequately demonstrate that it will provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicants demonstrate that they will provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3) and (13) are incorporated herein by reference.

Therefore, the application is conforming to this criterion.

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

## C

The division’s records show that as of November 22, 2016 publicly available information shows that Meridian Senior Living, the management company for Lakeview Village, currently owns, leases, or manages approximately 78 adult care homes in North Carolina. According to the files in the Adult Care Licensure Section, DHSR, six incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, related to quality of care in multiple facilities owned and operated by the applicants or managed by Meridian Senior Living in North Carolina. All six of the incidents have been resolved and the facilities are currently all in compliance. After reviewing and considering information provided by the applicants and by the Adult Care



Licensure Section and considering the quality of care provided at all 78 facilities, the applicants provide sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

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

NA

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