

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: April 18, 2017

Findings Date: April 18, 2017

Project Analyst: Celia C. Inman

Team Leader: Lisa Pittman

Project ID #: G-11293-17

Facility: Well-Spring

FID #: 953536

County: Guilford

Applicant: Well-Spring Retirement Community, Inc.

Project: Add 10 NF beds pursuant to NH-2 for a total of 70 NF beds and 72 ACH beds

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

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

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

C

The applicant, Well-Spring Retirement Community, Inc. (WSRC), proposes to add 10 nursing facility (NF) beds to its existing continuing care retirement community (CCRC) in Greensboro, Guilford County, for a total of 70 NF beds and 72 adult care home (ACH) beds.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services or equipment for which there is a need determination in the 2017 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations applicable to this review.

Policies

There are two policies in the 2017 SMFP which are applicable to this review: *Policy NH-2: Plan Exemption for Continuing Care Retirement Communities* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Policy NH-2, on pages 23-24 of the 2017 SMFP, states:

“Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for nursing care without regard to the nursing care bed need shown in Chapter 10: Nursing Care Facilities. To qualify for such exemption, applications for certificates of need shall show that the proposed nursing care bed capacity:

- 1. Will only be developed concurrently with or subsequent to construction on the same site of facilities for both of the following levels of care:*
 - a. independent living accommodations (apartments and homes) for people who are able to carry out normal activities of daily living without assistance; such accommodations may be in the form of apartments, flats, houses, cottages and rooms;*
 - b. licensed adult care home beds for use by people who, because of age or disability, require some personal services, incidental medical services, and room and board to assure their safety and comfort.*
- 2. Will be used exclusively to meet the needs of people with whom the facility has continuing care contracts (in compliance with the North Carolina Department of Insurance statutes and rules) who have lived in a non-nursing unit of the continuing care retirement community for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.*
- 3. Reflects the number of nursing care beds required to meet the current or projected needs of residents with whom the facility has an agreement to provide continuing care after making use of all feasible alternatives to institutional nursing care.*
- 4. Will not be certified for participation in the Medicaid program.”*

In Section III.4, pages 25-26, the applicant states that the 10 proposed additional NF beds at Well-Spring will be developed in conformance with all of the requirements of Policy NH-2 and will not be certified for participation in the Medicaid program. The applicant adequately demonstrates conformance with the requirements of Policy NH-2.

Policy GEN-4, on page 33 for the 2017 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 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 of 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.”

The proposed capital expenditure for this project is greater than \$2 million, but less than \$5 million. In Section III.4, pages 27-28, the applicant states;

“The building will be constructed with energy efficient insulation, consistent with existing building codes. Insulated windows and high efficiency heating and cooling equipment will be incorporated into the design of the building.

Water conservation will be achieved through the use of low flow toilets in general area bathrooms. New water pipes will minimize water leak potential. ”

In Section XI.14, page 76, the applicant describes the methods that will be used by the facility to maintain efficient operations and contain the cost of utilities. Therefore, the application is consistent with Policy GEN-4.

Conclusion

In summary, the applicant adequately demonstrates that the application is consistent with Policies NH-2 and 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 applicant, WSRC, proposes to add 10 NF beds to its existing CCRC, pursuant to Policy NH-2, for a total of 70 NF beds and 72 ACH beds.

Patient Origin

On page 191, the 2017 SMFP defines a NF bed's service area as, "*the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area.*" Well-Spring is located in Guilford County. Thus, the service area consists of Guilford County. Facilities may serve residents of counties not included in their service area.

In Sections III.8 and III.9, pages 31-32, the applicant states that 100 percent of its existing residents and 100% of its projected residents are from Guilford County. The applicant states that patient origin projections were based on existing patient origin. The applicant adequately identified the population proposed to be served.

Analysis of Need

In Section III.1(a) and (b) of the application, the applicant describes the factors which it states supports the need for the proposed project. On pages 21-22, the applicant states,

"Well-Spring is a CCRC whose nursing facility has been over 95% occupied for well over the past year. At times the facility has been close to 98% occupancy, and has had a difficult time meeting the demand for short term rehabilitation placements. This has caused the facility to place rehab residents in the long term care section of the facility. This is not ideal, and not conducive to the delivery of quality patient care given the differences in these two populations."

The applicant further states that although the facility is not technically fully occupied from a purely mathematical standpoint, a nursing facility with occupancy rates that exceed 90%, given the significant turnover of residents necessitated by short term rehabilitation stays in nursing facilities, is considered "*operationally full*".

The applicant states that with its existing 60 NF beds at the current occupancy rate, the computed number of patient days for a year would be 21,024 (60 x 365 x 96%), which results in an average of 57.6 beds being filled during the year. The applicant further states that at optimal operational occupancy of 90%, an average of 54 beds would be filled, which the applicant states results in an operational deficit of an average of 3.6 beds based on the existing number of independent living (IL) units.

The applicant states that although additional need for NF beds exists now with the current complement of IL units, Well-Spring intends to increase its IL units from 238 to a total of 261 units by 2018. WSRC states that its 0.252 (60/238) ratio of NF beds for every IL unit on campus (prior to beginning any phased expansion during 2016) was clearly inadequate for the existing 238 IL units given the recent occupancy rate for the nursing facility, resulting in a calculated 3.6 bed deficit. Using what the applicant calls an “inadequate” ratio of the 0.252 NF beds per IL unit as a benchmark, the applicant projects a need for 66 NF beds for the total of 261 IL units ($0.252 \times 261 = 65.77$), which is an additional six ($66 - 60 = 6$) NF beds. Furthermore, the applicant states that given the existing complement of 238 IL units and 60 NF beds resulted in a deficit of 3.6 beds, the existing deficit added to the need for six additional beds results in a total projected need for 10 additional NF beds.

Projected Utilization

In Section IV.2, pages 36-37, the applicant provides projected utilization for the proposed NF and ACH beds in the first two full federal fiscal years of operation following completion of the project (FFY2020-FFY2021), which is summarized below.

**Well-Spring NF and ACH Beds
Projected Utilization, FFY2020 – FFY2021**

	First Full FFY2020	Second Full FFY2021
Nursing Care Beds		
Patient Days	23,970	24,145
Occupancy Rate	93.82%	94.50%
# of Beds	70	70
Adult Care Home Beds		
Patient Days	23,994	23,994
Occupancy Rate	91.30%	91.30%
# of Beds	72	72
Total Beds		
Patient Days	47,964	48,139
Occupancy Rate	92.54%	92.88%
# of Beds	142	142

*Applicant assumes the proposed beds will be operational on October 1, 2019.

In Section IV.2, page 34, the applicant states, “An average fill-up rate of four patients per week was assumed.” As shown in the table above, the applicant projects the occupancy rate in the proposed NF beds will be 94.5% in the second year of operation, which exceeds the 90% utilization rate required in 10A NCAC 14C .1102(b).

As discussed above, the applicant projects utilization rates for the proposed NF beds based on the historical needs of residents of the CCRC’s 238 IL units. Projected utilization of the NF beds at the CCRC is based on reasonable and adequately supported assumptions. Therefore, the applicant adequately demonstrates the need to add 10 NF beds to the existing CCRC, pursuant to Policy NH-2, based on the current utilization and the proposed expansion to 261 IL units.

Access

In accordance with the requirements of Policy NH-2, the applicant states the proposed new NF beds will be used exclusively to meet the needs of people with whom the facility has continuing care contracts and will not be certified for participation in the Medicaid program or serve State-County Special Assistance recipients.

Conclusion

In summary, the applicant adequately identifies the population to be served by the proposed project, demonstrates the need the population has for the services proposed, and demonstrates the extent to which all residents are likely to have access to the proposed services. Therefore, the application is conforming to this criterion.

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

NA

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

CA

In Section III.2, pages 23-24, the applicant describes the alternatives considered prior to submitting this application for the proposed project, which include:

- Maintain the Status Quo – The applicant states that maintaining the status quo is an unacceptable alternative because it would force Well-Spring residents to be placed in less than ideal patient care settings, or obtain services elsewhere.
- Construct Additional NF Beds - The applicant states that the current NF occupancy rate has come close to 100% several times over the past year, creating the potential of not having NF beds available on the campus when needed. Furthermore, given the planned expansion of the IL units, and the greater likelihood of NF beds not being available on the Well-Spring campus when needed, the applicant determined this to be the most effective alternative.

After considering those alternatives, the applicant states the alternative represented in the application is the most effective alternative to meet the identified need.

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

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

- 1. Well-Spring Retirement Community, Inc. shall materially comply with all representations made in the certificate of need application.**
 - 2. Well-Spring Retirement Community, Inc. shall add no more than 10 nursing facility beds for a total of 70 nursing facility beds and 72 adult care home beds.**
 - 3. The nursing facility beds shall not be certified for participation in the Medicaid program.**
 - 4. The nursing facility beds shall be used exclusively to meet the needs of persons with whom the facility has continuing care contracts (in compliance with the Department of Insurance statutes and regulations) who have lived in a non-nursing unit of the continuing care facility for a period of at least 30 days. Exceptions shall be allowed when one spouse or sibling is admitted to the nursing unit at the time the other spouse or sibling moves into a non-nursing unit, or when the medical condition requiring nursing care was not known to exist or be imminent when the individual became a party to the continuing care contract.**
 - 5. The 10 new nursing facility beds shall be developed on the same site with the independent living units.**
 - 6. Well-Spring Retirement Community, Inc. shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditures in Section VIII of the application and that would otherwise require a certificate of need.**
 - 7. Well-Spring Retirement Community, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Healthcare Planning and Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to add 10 NF beds, pursuant to Policy NH-2, to its existing CCRC for a total of 70 NF beds and 72 ACH beds.

Capital and Working Capital Costs

In Section VIII.1, page 60, the applicant states the total capital cost for the proposed 10-bed NF addition is projected to be as follows:

Well-Spring NF Project Capital Cost

Cost Category	Total Costs
Site Costs	\$140,000
Construction Costs	\$1,960,600
Miscellaneous Project Costs	\$535,000
TOTAL CAPITAL COST	\$2,635,600

Source: Table on page 60 of the application.

In Sections IX.1 and IX.2, page 56, the applicant states there will be no start-up or initial operating expenses associated with the proposed project.

Availability of Funds

In Section VIII.2, page 61, the applicant states that the \$2,635,600 in project capital costs for the proposed addition of 10 NF beds will be funded by the applicant with accumulated reserves of cash. In Exhibit 12, the applicant provides a letter dated February 6, 2017, from the President and CEO of Well-Spring, documenting its intention to fund the proposed project with cash or cash equivalents. Exhibit 13 contains Well-Spring’s audited financial statements for the years ended December 31, 2015 and 2014. As of December 31, 2015, the applicant had \$3.2 million in cash and cash equivalents, total current assets of \$21.3 million and net assets (total assets less total liabilities) of \$16.9 million. The applicant adequately demonstrates that sufficient funds will be available for the capital needs of the project.

Financial Feasibility

In the pro forma financial statements for Well-Spring’s proposed 10-bed NF addition (Form B), the applicant projects that revenues will exceed operating expenses through the first two full federal fiscal years of operation of the project, as shown in the table below.

Projected Well-Spring NF Revenue and Expenses

	First Full FFY2020	Second Full FFY2021
Projected # of Days	23,970	24,145
Projected Avg Charge	\$ 350	\$ 350
Routine Service Revenue	\$ 8,389,500	\$ 8,450,750
Other Revenue	\$ 272,337	\$ 272,337
Total Revenue	\$ 8,661,837	\$ 8,723,087
Total Operating Expenses	\$ 8,171,208	\$ 8,171,208
Net Income (Loss)	\$ 490,629	\$ 551,879

*Applicant assumes the proposed beds will be operational on October 1, 2019.

In the pro forma financial statements (Form B), the applicant also projects that revenues will exceed operating expenses through the first two full federal fiscal years of operation of the entire CCRC project, as shown in the table below.

Projected Well-Spring CCRC Revenue and Expenses

	First Full FFY2020	Second Full FFY2021
Projected # of Days	47,964	48,139
Projected Avg Charge	\$ 284	\$ 284
Routine Service Revenue	\$ 13,620,192	\$ 13,681,442
Other Revenue	\$ 12,950,342	\$ 12,950,342
Total Revenue	\$ 26,570,534	\$ 26,631,784
Total Operating Expenses	\$ 24,962,547	\$ 24,962,547
Net Income (Loss)	\$ 1,607,987	\$ 1,669,237

*Applicant assumes the proposed beds will be operational on October 1, 2019.

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding utilization projections found in Criterion (3) is incorporated herein by reference. The applicant adequately demonstrates that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

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

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

C

The applicant proposes to add 10 Policy NF-2 beds to its existing CCRC in Guilford County, which is expanding from 238 IL units to 261 IL units.

On page 191, the 2017 SMFP defines a nursing care bed's service area as the nursing bed care planning area in which the bed is located. Each of the 100 counties in the state is a separate nursing care bed planning area. Well-Spring is located in Guilford County. Thus, the service area consists of Guilford County. Facilities may serve residents of counties not included in their service area.

According to the 2017 SMFP there are 2,441 licensed NF beds in Guilford County. The 2017 SMFP, indicates there will be a surplus of 177 NF beds in Guilford County in 2020, as shown in the table below.

Guilford County Nursing Bed Need Projections for 2019

Total NF Bed Need Projected in 2020*	Currently Licensed	Exclusions**	Planning Inventory	Surplus	Additional Beds Needed
2,058	2,441	206	2,235	177	0

*With Vacancy Factor calculated by dividing projected bed utilization by 95%

**NH-2 beds are 100% excluded

Source: Table 10C, 2017 State Medical Facilities Plan.

However, in this project, the applicant proposes to add 10 NF beds, pursuant to Policy NH-2, which states:

“Qualified continuing care retirement communities may include from the outset or add or convert bed capacity for nursing care without regard to the nursing care bed need shown in Chapter 10: Nursing Care Facilities.”

The applicant adequately demonstrates the CCRC’s projected need for 10 additional NF beds. The discussion regarding need found in Criterion (3) is incorporated herein by reference. Consequently, the applicant adequately demonstrates that the proposed project will not unnecessarily duplicate existing or approved NF beds in Guilford County. Therefore, 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.

C

In Table VII.3, pages 54-55, the applicant provides the proposed staffing for the NF beds and total CCRC in the second full fiscal year of operation (FFY2021), as shown in the table below.

Salaried Staff Positions	Number of Staff FTE Positions			
	NF	ACH	IL	Total
Director of Nursing	0.50	0.50	0.00	1.00
QA Manager	1.00	0.00	0.00	1.00
Staff Development Coordinator	0.50	0.50	0.00	1.00
RNs	4.20	0.00	0.00	4.20
RN Manager	2.18	2.17	0.00	4.35
LPNs	19.45	4.20	0.00	23.65
CNAs	52.89	29.40	0.00	82.29
MDS Coordinator	1.00	0.00	0.00	1.00
Scheduler/Clerk	1.00	1.00	0.00	2.00
Clinic Nurse	0.00	0.00	1.00	1.00
Ward Secretary	0.50	0.50	0.00	1.00
Dietary Services (Director, Dietician/AD/Mgr/Sup, Cooks, Aides/Wait/Clerk)	14.09	14.01	31.97	60.07
Social Work Services (Director, Asst, Counselor)	1.50	1.50	0.00	3.00
Activity Services (Director, Asst, IL)	2.00	2.00	4.00	8.00
Housekeeping (Supervisor, Asst, Laundry, Aides/Jan)	12.00	12.68	8.51	33.19
Oper & Maint (Head of Fac/Sup, Maint)	4.03	4.27	21.14	29.44
Admin & Gen (Administrator, Clerk/Sec/Compliance, Admissions/Move In/Acc, IT)	6.22	3.73	9.01	18.96
TOTAL FTE POSITIONS	123.06	76.46	75.63	275.15

Well-Spring maintains contractual agreements for the Medical Director and Pharmacy Consultant. Ancillary services not paid by the facility are not identified on the chart.

On page 51, the applicant provides a table which illustrates the number of direct care staff per shift. In Section VII.4, page 56, the applicant provides the direct care nursing staff hours per patient day. The applicant projects that NF patients will receive 0.55 RN, 1.68 LPN and 4.56 CNA direct care nursing hours per patient day for a total of 6.78 direct care hours per patient day. The proposed NF staffing increases a total of 13.00 FTEs above the current staffing as shown on pages 49-50. In Section VII.6, page 58, the applicant discusses the availability of healthcare professional staff in the area and Well-Springs' ability to hire and retain qualified staff. In Section V, page 41, the applicant states that Well-Spring has a formal transfer agreement with Moses Cone Health System (Exhibit 8) and extensive contacts with local physicians and intends to maintain the relationships. Exhibit 7 contains a letter from the current Medical Director expressing interest in continuing the relationship.

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

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

C

In Section II.4, pages 17-18, the applicant describes the manner in which it will provide the necessary ancillary and support services. Letters documenting the availability of therapy, dietician, pharmacy and dental services are provided in Exhibits 4, 5, 6, and 7, respectively. Exhibit 8 of the application contains a copy of Well-Spring's transfer agreement with Moses Cone Health System. The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing healthcare system. Therefore, the application is conforming to this criterion.

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

NA

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

NA

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

C

The applicant proposes to add 10 NF beds by constructing a 6,000 square foot addition to the CCRC. Exhibit 18 contains the line drawings. Exhibit 19 contains a certified cost estimate from an architect that estimates construction costs that are consistent with the project capital cost projections provided by the applicant in Section VIII.1, page 60 of the application. In Section XI.14, page 91, the applicant describes the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference. The applicant adequately demonstrates that the proposed 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

Well-Spring, a CCRC, is 100% private pay and is not Medicaid or Medicare certified.

- (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

Well-Spring, a CCRC, is 100% private pay and is not Medicaid or Medicare certified.

- (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

Well-Spring, a CCRC, is 100% private pay and is not Medicaid or Medicare certified. Policy NH-2: Plan Exemption for Continuing Care Retirement Communities requires the applicant to use the proposed additional NF beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days. The Policy also prohibits the applicant from participation in the Medicaid program and serving State-County Special Assistance recipients in the Policy NH-2 beds.

- (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

Policy NH-2: Plan Exemption for Continuing Care Retirement Communities requires the applicant to use the NF beds exclusively to meet the needs of people with whom the facility has continuing care contracts and who have lived at the CCRC for at least 30 days.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section V.1, page 41, the applicant refers to Exhibit 8, which contains Well-Spring's professional training agreements with Guilford Technical Community College and Greensboro School of Nursing. The applicant demonstrates that the proposed health services will accommodate the clinical needs of health professional training programs in the area. 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

In Section V.6, page 43, the applicant discusses how any enhanced competition will have a positive impact on the cost-effectiveness, quality and access to the proposed services, stating that Well-Spring will continue to be able to “*deliver the exemplary patient care as they always have once the addition is completed.*”

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

The information provided by the applicant in the application is reasonable and adequately demonstrates that any enhanced competition in the service area includes a positive impact on the 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 to add NF beds and that it is a cost-effective alternative. The discussions regarding analysis of need and alternatives found in Criterion (3) and (4), respectively, are incorporated herein by reference.
- The applicant adequately demonstrates that it will continue to provide quality services. The discussion regarding quality found in Criterion (20) is incorporated herein by reference.
- The applicant demonstrates that it will provide adequate access to medically underserved populations. The discussions regarding access found in Criteria (3) and (13) are incorporated herein by reference.

The application is conforming to this criterion.

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

C

In Section I.12, page 9, the applicant states that it currently owns and operates only Well-Spring Retirement Community in Greensboro, North Carolina and that it has maintained a record of excellent surveys with high resident and family satisfaction. In Section II.6, page 20, in response to survey incidents and substandard quality of care occurrences, the applicant states:

“The facility has not experienced any of the above occurrences in the past 18 months.”

According to the Nursing Home Licensure and Certification Section, DHSR, 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 Well-Spring. After reviewing and considering information provided by the

applicant and by the Nursing Home Licensure and Certification Section, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

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

C

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

10A NCAC 14C .1102 PERFORMANCE STANDARDS

- .1102(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.*
- C- In Section IV.1, page 33, the applicant shows the occupancy of the CCRC's NF beds over the nine months immediately preceding the submittal of the application was 96%.
- .1102(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.*
- C- In Section IV.2, page 37, the applicant projects occupancy of the proposed NF beds will be 94.5% in the second year of operation. In Section IV.2, page 34, the applicant provides the methodology and assumptions used to project occupancy.
- .1102(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- The applicant does not proposes to add adult care home beds to an existing facility.

.1102(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 clearly stated.*

-NA- The applicant does not propose to establish a new adult care home facility or add adult care home beds to an existing facility.