

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 17, 2021

Findings Date: September 17, 2021

Project Analyst: Ena Lightbourne

Team Leader: Fatimah Wilson

Project ID #: B-12054-21

Facility: Pisgah Manor Health Care Center

FID #: 120033

County: Buncombe

Applicant(s): Pisgah Valley Retirement Center Properties, LLC

Pisgah Valley Retirement Center, LLC

Project: Relocate no more than 11 NF beds from Liberty Commons Nursing & Rehab Center of Alamance County, 14 NF beds from Cross Creek Health Care of Hyde County and 25 NF beds from Mary Gran Nursing Center of Sampson County pursuant to policy NH-6 in the 2021 SMFP for a total of no more than 168 NF beds upon project completion

REVIEW CRITERIA

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

Pisgah Valley Retirement Center Properties, LLC and Pisgah Valley Retirement Center, LLC, collectively referred to as “the applicant”, proposes to relocate no more than 11 nursing facility (NF) beds from Liberty Commons Nursing & Rehab Center of Alamance County (LC Alamance), 14 NF beds from Cross Creek Health Care (Cross Creek) of Hyde County and 25 NF beds from Mary Gran Nursing Center of Sampson County (Mary Gran) to Pisgah Manor Health Care Center (Pisgah Manor) in Buncombe County pursuant to Policy NH-6 in the 2021 SMFP for a total of no more than 168 NF beds upon project completion.

In supplemental information submitted to the Agency, the applicant states that the proposed beds to be relocated from Cross Creek and Mary Gran have not yet been acquired by the applicant. The applicant states that these beds are located at facilities owned by affiliates of the applicant, therefore, the transaction will be an intercompany transition.

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 2021 State Medical Facilities Plan (SMFP). Therefore, there are no need determinations in the 2021 SMFP which are applicable to this review.

Policies

There is one policy in the 2021 SMFP which are applicable to this review: *Policy NH-6: Relocation of Nursing Facility Beds.*

Policy NH-6, on page 23 of the 2021 SMFP, states:

“Relocations of existing licensed nursing facility beds to another service area are allowed. Certificate of need applicants proposing to relocate licensed nursing home facility beds to another service area shall:

- 1. Demonstrate that the proposal shall not result in a deficit, or increase an existing deficit in the number of licensed nursing facility beds in the county that would be losing nursing facility beds as a result of the proposed project, as reflected in the North Carolina 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, or increase an existing surplus of licensed nursing home facility beds in the county that would gain nursing home facility beds as a result of the proposed project, as reflected in the North Carolina State Medical Facilities Plan in effect at the time the certificate of need review begins.”*

The proposed project involves relocating existing NF beds from various counties to Buncombe County. According to the 2021 SMFP, Alamance County has a surplus of 39 NF beds, Hyde County has a surplus of 14 NF beds, and Sampson County has a surplus of 69 NF beds. The proposed project will not result in a deficit or increase an existing deficit in the NF bed inventory in the counties losing NF beds nor result in a surplus or increase an existing surplus in the NF bed inventory in the county gaining NF beds, as illustrated in the table below.

	NF Beds: Prior to Project Completion	NF Beds: After to Project Completion
County	Surplus/-Deficit	Surplus/-Deficit
Alamance	31*	28*
Hyde	14	0
Sampson	69	44
Buncombe	-50	0

Source: Section B, pages 27-28; Table 10C of 2021 SMFP.

*Project ID# J-12056-21 was approved to relocate 8 NF beds from Alamance County; thus, the surplus of NF beds was reduced to 31 instead of 39.

The application is consistent with Policy NH-6.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- There are no need determinations in the 2021 SMFP applicable to the review.
- The applicant adequately demonstrates that the proposal is consistent with Policy NH-6 based on the following:
 - The total amount of NF beds proposed to be relocated from Alamance, Hyde and Sampson Counties are less than or equal to the surplus of NF beds in each county; thus, not resulting in a deficit or increase an existing deficit in the NF bed inventory in the counties losing NF beds.
 - The total amount of NF beds proposed to be located to Buncombe County is equal to Buncombe County's NF bed deficit; not resulting in a surplus, or increase an existing surplus in the NF bed inventory in the county gaining NF beds.

- (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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

Upon completion of this project, Project ID# J-12056-21 (relocate 8 NF beds from LC Alamance) and Project ID# F-11461-18 (Relocate 67 NF beds from Mary Gran), LC Alamance will have a total of no more than 103 licensed NF beds, Cross Creek will have a total of no more than 36 licensed NF beds, and Mary Gran will have a total of no more than 120 licensed NF beds.

Patient Origin

On page 143, the 2021 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Thus, the service area for this facility consists of Buncombe County. Facilities may also serve residents of counties not included in their service area.

The following tables illustrate historical and projected patient origin.

County	Pisgah Manor Historical Patient Origin 10/01/2019 to 9/30/2020 (FY 2020)	
	Patients	% of Total
Buncombe	358	89.00%
Haywood	20	5.00%
Mitchell	4	1.00%
Burke	3	0.67%
Transylvania	3	0.67%
Yancey	3	0.67%
Graham	2	0.50%
Rutherford	2	0.50%
Other*	8	2.00%
Total	403	100.00%

Source: Section C, page 30

*Cherokee, Henderson, Jackson, Macon, Madison, Orange, Polk, other

County	Pisgah Manor Projected Patient Origin 3 rd Full FY 10/01/2025 to 9/30/2026 (FY 2026)	
	Patients	% of Total
Buncombe	135	89.0%
Haywood	9	6.0%
Henderson, Madison, Transylvania, Wake, Yancey	8	5.0%
Total	151	100.0%

Source: Section C, page 32

In supplemental information submitted to the Agency, the applicant states that the total projected patient days (as opposed to admissions) for each project year from Form C.1b was divided by 365 to get the total projected residents, as illustrated in the table below.

	1 st FY FY 2024	2 nd FY FY 2025	3 rd FY FY 2026
# of Admissions	545	585	585
# of Patient Days	50,736	55,261	55,261
Residents	139	151	151

The following table illustrates projected patient origin on admissions from Form C.1b.

County	Pisgah Manor					
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Buncombe	485	89.0%	521	89.0%	521	89.0%
Haywood	33	6.0%	35	6.0%	35	6.0%
Henderson, Madison, Transylvania, Wake, Yancey	27	5.0%	29	5.0%	29	5.0%
Total	545	100.0%	585	100.0%	585	100.0%

In Section C, page 31, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

“Since the facilities physical location is not changing, the Applicants have assumed and projected a similar projected patient origin as what is currently in place.”

The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant used its total projected days of care from Section C, Form C.1b, for each year and divided by 365 to get total projected residents.
- The applicant projects patient origin based on the historical patient origin.

Analysis of Need

In Section C, pages 33-39, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

Large Projected Population Growth Among Persons Age 65 and Older (page 34)

The applicant states that an analysis of the Buncombe County population reveals a strong projected population growth for those aged 65+. In Exhibit C.4, the applicant provides data from *Spotlight Pop-Facts by Environics* to demonstrate the projected population growth for those age 65+. According to the data, the 65+ age cohort (group most likely to use NF services) in Buncombe County is expected to grow from 38,096 at the time of the 2010 US Census to an estimated 56,355 during the 2021 estimated Census, a 47.93% growth. During the time of the estimated 2026 census, the 65 and older population is projected to grow further with an additional 9,755 individuals. The applicant states that the Buncombe County market is strong enough to support the project.

Underutilized Beds at LC Alamance, Cross Creek, and Mary Gran (pages 35-37)

The applicant demonstrates the decline in the occupancy rate over the last three years (2018-2020) at the facilities where the beds are being relocated from (see table below). The applicant states that relocating the beds will allow the facilities losing the beds to operate more efficiently and better serve its current residents while better utilizing these beds at Pisgah Manor. The proposed project will increase the availability of nursing facility beds in Buncombe County.

LC Alamance Average Census			
	2018	2019	2020
Total Resident Days	28,013	28,846	27,823
Total Residents (average)	77	79	76
Occupancy % (average)	85%	88%	84%

Cross Creek Average Census			
	2018	2019	2020
Total Resident Days	14,467	13,862	11,160
Total Residents (average)	40	38	30
Occupancy % (average)	50%	47%	61%

Mary Gran Average Census			
	2018	2019	2020
Total Resident Days	40,319	39,150	34,611
Total Residents (average)	110	107	95
Occupancy % (average)	76%	74%	65%

Needs Determination is Imminent (pages 37-39)

The applicant relies on the Nursing Care Bed Projections for 2024 in the 2021 SMFP to project the need for NF beds in Buncombe County. The applicant states that the proposed 2022, 2023 and 2024 SMFP could demonstrate a need determination of 90 beds in Buncombe County for 2026 and 100 beds for 2027. The applicant arrived at its projections using a similar bed rate per 1,000, updated population data for 2025-2027, and an adjusted occupancy rate of 0.10%. The applicant states that this shows a clear need for nursing facility beds in Buncombe County.

Cost Effectiveness of Project (page 39)

The applicant states that there is a “substantial” cost savings of relocating the beds to an existing building as opposed to developing a new, 50-bed addition. An addition to the building would potentially require Pisgah Manor to raise rates as well as serve more private residents

rather than Medicaid and other underserved groups. The applicant states that the cost savings will allow Pisgah Manor to expand services to medically underserved groups currently served.

In supplemental information submitted to the Agency, the applicant provides additional factors to demonstrate the need for the proposed project:

Life expectancy

The applicant provides data from the North Carolina State Center for Health Statistics to demonstrate the increase in life expectancy between 1990 - 1992 to 2017 - 2019 in Buncombe County. The applicant states that the increase in life expectancy increases the need of nursing services as the need for nursing services increases with age. As previously stated, the 65+ age cohort (group most likely to use NF services) is projected to grow in Buncombe County. This coupled with the increase in life expectancy in the county further demonstrate the need for the proposed project.

Growing Population in Candler, NC

Pisgah Manor is the only licensed nursing facility in Candler, NC. The applicant cites population data for Candler from *Spotlight Pop-Facts by Environics* and applies the 2021 SMFP methodology for NF bed need to project bed need in Candler. The applicant states that Candler, NC will have a NF bed deficit of 57 beds in 2026 (See table below). The applicant states that the 50 proposed NF beds to be relocated will help meet some of that need.

Nursing Care Bed Need Projections for 2021				
Area	Bed Rate per 1,000	2021 Population (Civilian)	Projected Bed Utilization	Projected Bed Utilization with Vacancy Factor
Candler	5.7161	27,562	158	166
Total Inventory	Surplus/Deficit	Deficit Index	Adjusted Occupancy Rate	Bed Need
118	-48	-28.85%	90.10%	48

Nursing Care Bed Need Projections for 2026				
Area	Bed Rate per 1,000	2021 Population (Civilian)	Projected Bed Utilization	Projected Bed Utilization with Vacancy Factor
Candler	5.7161	29,111	166	175
Total Inventory	Surplus/Deficit	Deficit Index	Adjusted Occupancy Rate	Bed Need
118	-57	-32.63%	90.10%	57

The information is reasonable and adequately supported based on the following:

- The projected growth in population among the 65+ age cohort in Buncombe County.
- The decline in the occupancy rate at LC Alamance, Cross Creek, and Mary Gran.
- The cost savings associated with transferring the beds into an existing building as opposed to developing a 50-bed addition to the building.
- In supplemental information submitted to the Agency, the applicant states that its projections are also supported by Liberty’s most recently completed nursing facility in Kernersville, NC. Summerstone Health and Rehabilitation Center opened in August 2017 and reached 92% occupancy rate by the second year.

Projected Utilization

In Section Q, pages 92 and 94, the applicant provides historical and projected utilization, as illustrated in the following tables.

Pisgah Manor				
	Interim FY FY 2020	Interim FY FY 2021	Interim FY FY 2022	Interim FY FY 2023
# of Beds	118	118	118	118
# of Admissions	403	410	410	410
# of Patient Days	37,457	38,796	38,796	38,796
Average Length of Stay	92.95	94.62	94.62	94.62
Occupancy Rate	87.0%	90.1%	90.1%	90.1%

Pisgah Manor			
	1st FY FY 2024	2nd FY FY 2025	3rd FY FY 2026
# of Beds	168	168	168
# of Admissions	545	585	585
# of Patient Days	50,736	55,261	55,261
Average Length of Stay	93.0%	94.46%	94.46%
Occupancy Rate	82.7%	90.1%	90.1%

In Section Q, page 95, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- The applicant used data from Pisgah Manor’s 2021 Licensed Renewal Application to project utilization.
- The applicant used census data from other facilities operated by The Liberty Organization (parent company to the applicant) to project utilization. In supplemental information submitted to the Agency, the applicant states that its projections are supported by Liberty’s most recently completed nursing facility in Kernersville, NC. Summerstone Health and Rehabilitation Center opened in August 2017 and reached 92% occupancy rate by the second year. In addition, Summerstone is located in Forsyth County, which has experienced a large projected growth among persons age 65 and older.
- The applicant considered the current and projected population and demographic data for Buncombe County.
- Based on Liberty’s experience and in previous applications, the applicant expected a net fill-up of four patients per week. However, in this application, the applicant utilized a net average fill-up rate of two patients per week until stabilized for the nursing facility beds during the fill up period for the beds being relocated. The applicant states that this is a conservative approach since the beds will be semi-private.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant relied on its experience in owning and operating existing nursing facilities to project utilization.

- The applicant accounts for projected increases in population and relevant demographic data in projecting utilization.

Access to Medically Underserved Groups

In Section C, page 44, the applicant states:

“Access by medically underserved groups is not expected to be any different with the addition of the relocated 50 NF beds available...Pisgah Manor affords equal treatment and access to its services for all persons, without discrimination due to age, race, color, religion, sex, marital status, national origin, sexual orientation, ancestry, or disability, or any other factor that would classify a resident as underserved.”

The applicant provides the estimated percentage for the third full fiscal year for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons*	49%
Racial and ethnic minorities	n/a
Women	75%
Persons with Disabilities	n/a
The elderly	95%
Medicare beneficiaries	26%
Medicaid recipients	49%

Source: Section C, page 44

*Defined as Medicaid recipients

On page 44, the applicant states that percentage of total patients served is based on the most recent License Renewal Application filed which does not require a report on the race of residents. Therefore, the applicant does not have this information to report.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services. The applicant’s estimated percentages are based on the percentages reported on the most recent License Renewal Application for Pisgah Manor.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

C

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

LC Alamance is currently licensed for 122 NF beds. The applicant proposes to relocate 11 NF beds from LC Alamance to Pisgah Manor. Upon completion of this project and Project ID# J-12056-21 (Relocate 8 NF beds from LC Alamance), LC Alamance will be licensed for 103 NF beds.

Cross Creek is currently licensed for 50 NF beds. The applicant proposes to relocate 14 NF beds from Cross Creek to Pisgah Manor. The applicant states that its affiliates will file an application to relocate 30 adult care home beds from Cross Creek. However, as of the date of this analysis, no application has been filed. Upon completion of this project Cross Creek will be licensed for 36 NF beds.

In supplemental information submitted to the Agency, the applicant states that Cross Creek began operating in October 2005. The average daily resident census for 2005 and 2006 was 63.7 patients. In 2021, the average daily resident census is 25. As of April 30, 2021, the majority of the patients resides outside of Hyde County. The applicant states that with limited population in and around Hyde County and other factors, the ability to find available health care staff had become increasingly challenging. Cross Creek closed on July 15, 2021 due to its difficulty in attracting patients and finding a buyer for the facility. The applicant states that the 36 NF beds will continue to be located in Hyde County while Liberty assesses the future of those beds. The 14 NF beds will be relocated from Cross Creek as proposed.

Mary Gran is currently licensed for 212 NF beds. The applicant proposes to relocate 25 NF beds from Mary Gran to Pisgah Manor. Upon completion of this project and Project ID# F-11461-18 (Relocate 67 NF beds from Mary Gran), Mary Gran will be licensed for 120 NF beds.

In Section D, page 50, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 50, the applicant states:

“The 11 SNF beds from LC Alamance, 14 SNF beds from Cross Creek, and 25 SNF beds from Mary Gran proposed to be transferred are all currently underutilized and not in service. These 50 total NF beds are currently underutilized, with LC Alamance’s

(expected) nursing bed average census being 93 residents. Cross Creek's nursing bed average census being 30 residents, and Mary Gran's nursing bed average census being 90."

The information is reasonable and adequately supported based on the following:

- In Exhibit C.4, the applicant provides a letter from the administrator of LC Alamance, which states the following:
 - The nursing bed census at LC Alamance as of March 11, 2021 was 75 residents.
 - Once Project G-11854-20 (includes 32 beds relocated to LC Alamance) is completed its projected census is expected to increase to 93 residents.
 - The administrator believes that some of the newly transferred beds would be better utilized in another county, considering the 39 bed surplus, as stated in the 2021 SMFP.
 - Relocation of the 19 NF beds (11 to Buncombe County and eight to Durham County) will increase the availability of NF beds in those counties.
- In Exhibit C.4, the applicant provides a letter from the administrator of Cross Creek, which states the following:
 - The nursing bed census at Cross Creek as of March 12, 2021 was 30 residents.
 - The administrator believes the proposed project is a "good move" based on the projected growth in the Buncombe County.
 - Relocation of the 14 NF beds and 30 ACH beds (Project ID# F-11462-18) would result is a licensed capacity of 36 NF beds. The administrator considers this to be the functional capacity of the building.
 - The relocations will allow the facility to operate more efficiently and to better serve its current and future residents.
 - The relocation of the 14 NF beds and 30 ACH beds to Buncombe and Chatham Counties will increase the availability of skilled nursing beds in those counties.
- In Exhibit C.4, the applicant provides a letter from the administrator of Mary Gran, which states the following:
 - The nursing bed census at Mary Gran as of March 11, 2021 was 90 residents.
 - Relocation of the 25 NF beds would result is a licensed capacity of 120 NF beds. The administrator considers this to be the functional capacity of the building.
 - The relocation will allow the facility to operate more efficiently and to better serve its current and future residents.
 - The relocation of the 25 NF beds to Buncombe County will increase the availability of skilled nursing beds in Buncombe County.

In Section Q, pages 96-98, the applicant provides projected utilization for LC Alamance, Cross Creek, and Mary Gran, as illustrated in the following tables.

LC Alamance					
	Last FY FY 2020	Interim FY FY 2021	Interim FY FY 2022	Interim FY FY 2023	1st FY FY 2024
# of Beds	90	122	122	122	103
# of Admissions	242	265	265	265	265
# of Patient Days	28,121	33,945	33,945	33,945	33,945
Average Length of Stay	116.20	128.09	128.09	128.09	128.09
Occupancy Rate	85.6%	76.2%	76.2%	76.2%	90.3%

Cross Creek					
	Last FY FY 2020	Interim FY FY 2021	Interim FY FY 2022	Interim FY FY 2023	1st FY FY 2024
# of Beds	50	50	50	50	36
# of Admissions	82	82	82	82	82
# of Patient Days	11,691	11,691	11,691	11,691	11,691
Average Length of Stay	142.57	142.57	142.57	142.57	142.57
Occupancy Rate	64.1%	64.1%	64.1%	64.1%	88.97%

Mary Gran					
	Last FY FY 2020	Interim FY FY 2021	Interim FY FY 2022	Interim FY FY 2023	1st FY FY 2024
# of Beds	145	145	145	145	120
# of Admissions	252	252	252	252	252
# of Patient Days	36,774	36,774	36,774	36,774	36,774
Average Length of Stay	145.93	145.93	145.93	145.93	145.93
Occupancy Rate	69.5%	69.5%	69.5%	69.5%	84.0%

In Section Q, page 99, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- Upon completion of Project G-11854-20, LC Alamance will be licensed for 122 NF beds. This was used to project interim years.
- The applicant projects that the number of residents at LC Alamance will increase to 93 based on Liberty’s experience. This was used to project utilization for LC Alamance’s interim and first full year.
- To project interim and the first full year of utilization for Cross Creek, the applicant used the previous census and admissions.
- Upon completion of Project F-11461-18, Mary Gran will be licensed for 145 NF beds. This was used to project interim years.
- To project interim and the first full year of utilization for Mary Gran, the applicant used the previous census and admissions.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant used historical utilization at each facility to project utilization at each facility.

- The applicant accounted for the approved relocation of NF beds from the facilities (Project ID# G-11854-20 and Project ID# F-11461-18).

Access to Medically Underserved Groups

In Section D, page 51, the applicant states:

The 11 SNF beds from LC Alamance, 14 SNF beds from Cross Creek, and 25 SNF beds from Mary Gran proposed to be transferred are all currently underutilized and not in service. Additionally, according to the 2021 license renewal application for LC Alamance, Cross Creek, and Mary Gran, 20,6883 (74%), [sic] 30,261 (82%) of the total census days were reimbursed by Medicaid, respectively.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use NF beds will be adequately met following completion of the project for the following reasons:

- The total census days reimbursed by Medicaid for LC Alamance, Cross Creek, and Mary Gran was over 75%.
- The applicant states that all three facilities will continue to support access to the underserved.

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

- (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

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of

Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

In Section E, page 54, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo-The applicant states that this alternative was quickly dismissed since the beds being transferred are not currently being utilized and transferring them will allow the facilities to operate more efficiently and better serve its residents.

Develop the SNF Beds in Another Location/County-The applicant states that developing the SNF beds in the only other two counties with a large deficit of beds without a need determination would not be the least costly alternative. The applicant states that the proposed bed space is already built at Pisgah Manor and the facility is currently staffed to nursing care levels.

Built Addition onto Pisgah Manor-The applicant states that the substantial cost savings of relocating the beds into an existing building that has the available space outweigh the potential disadvantage of losing private rooms at Pisgah Manor. The applicant states that the cost savings will allow Pisgah Manor to expand services to the medically underserved groups served.

On page 54, the applicant states that its proposal is the most effective alternative because transferring the unused beds would allow all of the facilities to operate more efficiently and to better serve its residents. In addition, there is a cost-saving associated with relocating the beds into an existing facility that is currently staffed as opposed to developing a 50-bed addition to the building.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The proposal involves relocating unutilized beds to a facility that already has the bed space and is currently staffed.
- The applicant provides credible information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Pisgah Valley Retirement Center Properties, LLC and Pisgah Valley Retirement Center, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall acquire and relocate no more than 11 nursing facility beds from Liberty Commons Nursing & Rehab Center of Alamance County, 14 nursing facility beds from Cross Creek Health Care and 25 nursing facility beds from Mary Gran Nursing Center for a total of no more than 168 nursing facility beds at Pisgah Manor Health Care Center upon project completion.**
- 3. Upon completion of the project, Pisgah Manor Health Care Center shall be licensed for no more than 168 nursing facility beds.**
- 4. The Medicaid per diem reimbursement rates for the new nursing home beds shall be equal to the rates for the facility's existing beds as of the date on which the additional beds are certified.**
- 5. The certificate holder shall certify at least 49 percent of the total number of licensed nursing home beds in the facility for participation in the Medicaid program and shall provide care to Medicaid recipients commensurate with representations made in the application.**
- 6. The 168 additional nursing facility beds shall not be certified for participation in the Medicaid program prior to July 1, 2022 unless the Division of Health Benefits (NC Medicaid) determines that state funds are available in the current Medicaid budget to pay for the care and authorizes an earlier certification date.**
- 7. For the first two years of operation following completion of the project, the certificate shall not increase private pay charges more than 5% of the projected private pay charges provided in Section Q 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.**
- 8. Prior to the issuance of the certificate of need, the certificate holder shall obtain documentation from Liberty Commons Nursing and Rehabilitation Center of Alamance County LLC, Liberty Commons Nursing and Rehabilitation Center of Hyde County LLC and Liberty Healthcare Services of Mary Gran Nursing Center LLC, showing that the purchase transaction between the buyer and sellers has completed and shall provide a copy of the documentation to the Healthcare Planning and Certificate of Need Section.**

9. Progress Reports:

- a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.
- b. The certificate holder shall complete all sections of the Progress Report form.
- c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
- d. Progress reports shall be due on the first day of every fourth month. The first progress report shall be due on February 1, 2022. The second progress report shall be due on June 1, 2022 and so forth.

10. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.

11. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:

- a. Payor mix for the services authorized in this certificate of need.
- b. Utilization of the services authorized in this certificate of need.
- c. Revenues and operating costs for the services authorized in this certificate of need.
- d. Average gross revenue per unit of service.
- e. Average net revenue per unit of service.
- f. Average operating cost per unit of service.

12. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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.

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

Capital Costs

In Section Q, page 100, the applicant projects the total capital cost of the project, as shown in the table below.

Pisgah Manor Health Care Center Capital Costs	
Construction/Renovation Contract (s)	\$165,000
Architect/Engineering Fees	\$15,000
Furniture	\$250,000
Consultant Fees (CON, Marketing)	\$50,000
Total	\$480,000

In Section Q, page 101, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant’s experience with similar projects.
- The applicant’s capital costs include \$3,000 per bed with a 10% contingency for construction.

In Section F, page 58, the applicant states that Pisgah Manor is an existing facility; therefore, there will be no start-up expenses or initial operating expenses associated with the project.

Availability of Funds

In Section F, page 56, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	Pisgah Valley Retirement Center Properties, LLC	Total
Loans	\$0	\$0
Accumulated reserves or OE *	\$480,000	\$480,000
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$480,000	\$480,000

* OE = Owner’s Equity

Exhibit F.2 contains a letter from Liberty Healthcare Management stating its commitment to funding the proposed project; which includes any working capital, start-up, and capital expenditures associated with the project. The letter states that they personally have sufficient

funds to provide the required equity and start-up operating capital. In supplemental information submitted to the Agency, the applicant provides a letter from the chief financial officer of Liberty Healthcare Management, Inc., confirming that Liberty has over \$450,000,000 in total cash and assets available to fund the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following completion of the project, as shown in the table below.

	1st FFY FY 2024	2nd FFY FY 2025	3rd FFY FY 2026
Total Patient Days	50,736	55,261	55,261
Total Gross Revenues (Charges)	\$16,027,739	\$17,629,497	\$17,686,434
Total Net Revenue	\$15,930,005	\$17,521,991	\$17,578,581
Average Net Revenue per Patient Day	\$313.97	\$317.07	\$318.10
Total Operating Expenses (Costs)	\$14,562,989	\$14,994,013	\$15,237,311
Average Operating Expense per Patient Day	\$287.03	\$271.33	\$275.73
Net Income	\$1,367,016	\$2,527,978	\$2,341,270

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant's assumptions are based on the facility's current and previous operating experience and the applicant's experience in operating nursing facilities in North Carolina.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.

- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

On page 143, the 2021 SMFP defines the service area for NF beds as “*the county in which the bed is located.*” Thus, the service area for this facility consists of Buncombe County. Facilities may also serve residents of counties not included in their service area.

Based on data reported in Table 10A, page 148 of the 2021 SMFP, Buncombe County currently has 20 nursing facilities with a total of 1,950 licensed nursing care beds, with 321 excluded from the planning inventory, as summarized below.

Facility	Total Available NF Beds	Sum of Exclusion	Total Planning Inventory	County Occupancy rate
Accordius Health at Asheville	77	0	77	
Aston Park Health Care Center, Inc.	120	0	120	
Black Mountain Neuro-Medical Treatment Center	156	156	0	
Brian Center Health and Rehabilitation/Weaverville	122	0	122	
Brooks-Howell Home	58	4	54	
Carolina Pine at Asheville	120	0	120	
Deerfield Episcopal Retirement Community, Inc.	62	31	31	
Emerald Ridge Rehabilitation and Care Center	100	0	100	
Flesher's Fairview Health Care Center, Inc.	106	0	106	
Givens Health Center	70	12	58	
Givens Highland Farms	60	0	60	
Mountains Ridge Health and Rehab	97	0	97	
NC State Veterans Home-Black Mountain	100	100	0	
Pelican Health at Asheville	106	0	106	
Pisgah Manor Health Center	118	5	113	
StoneCreek Health and rehabilitation	120	0	120	
The Laurels of GreenTree Ridge	98	0	98	
The Laurels of Summit Ridge	60	0	60	
The Oaks at Sweeten Creek	100	0	100	
Western North Carolina Baptist Home	100	13	87	
Total	1950	321	1629	89.9%

In Section G, page 66, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved NF bed services in Buncombe County. The applicant states:

“... the Applicants propose to relocate already existing NF beds in the SMFP inventory that are currently not be utilized in 3 over-bedded counties (Alamance, Hyde, & Sampson) to one which currently has a bed deficit (Buncombe).”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- The proposal would result in an increase in NF beds in the Buncombe County service area. It will reduce the current 50 bed-deficit in Buncombe County to a zero deficit.

- The applicant adequately demonstrates the need for the 50 relocated NF beds in addition to the existing NF beds in Buncombe County.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

In Section Q, page 115, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current FTE Staff	Projected FTE Staff
	As of 3/01/2021	2 nd Fiscal Year FY 2025
Administrator / CEO	1.0	1.0
Business	2.5	2.5
Total	94	112

The table on page 115 does not demonstrate the increase in FTEs. However, form H in Section Q, details the increase in FTEs. In supplemental information provided to the Agency, the applicant states that the increase in FTEs is based on what is determined to be needed for the additional 50 SNF beds. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 67-68, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- Parent company, “The Liberty Organization” has extensive experience operating nursing facilities in North Carolina.

- The applicant states that Pisgah Manor and Liberty as a company, provide web-based training and continuing education programs from *Healthcare Academy*.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

Ancillary and Support Services

In Section I, page 69, the applicant identifies the necessary ancillary and support services for the proposed services. On page 69, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based Pisgah Manor being an existing facility with ancillary and support services already in place.

Coordination

In Section I, page 70, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- As an existing facility, Pisgah Manor has established relationships with local health care providers.
- The applicant states that Pisgah Manor's primary referral sources are Mission Health and Advent Health.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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) The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.
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 relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

In Section K, page 72, the applicant states that the project involves renovating 15,700 square feet of existing space. Line drawings are provided in Exhibit K-2.

On page 72, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the scope of the project which includes renovating an existing space as opposed to constructing new space for 50 NF beds.

On page 72, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The project involves renovating an existing space as opposed to constructing new space for 50 NF beds.
- The applicant states that the cost-savings will allow Pisgah Manor to expand services to the medically underserved groups currently served.

In supplemental information submitted to the Agency, the applicant states that the project includes minimal renovations that will require no construction to convert the rooms from private to semi-private, therefore, there are no energy saving features incorporated into the plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Supplemental information requested by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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 ... persons [with disabilities], 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

In Section L, page 75, the applicant provides the historical payor mix during FY 2020 for the proposed services, as shown in the table below.

Pisgah Manor Historical Payor Mix FY 2020	
Payor Category	NF Services as Percent of Total
Self-Pay	22.53%
Charity Care	0.00%
Medicare	18.69%
Medicaid	51.54%
Insurance	0.00%
Workers Compensation	0.00%
TRICARE	0.00%
Other	27.11%
Total	100.00%

Source: Section L, page 75

In Section L, page 77, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	77.45%	52.1%
Male	22.55%	47.9%
Unknown	n/a	n/a
64 and Younger	4.90%	79.5%
65 and Older	95.10%	20.5%
American Indian	n/a	0.5%
Asian	n/a	1.4%
Black or African-American	n/a	6.3%
Native Hawaiian or Pacific Islander	n/a	0.2%
White or Caucasian	n/a	89.4%
Other Race	n/a	2.2%
Declined / Unavailable	n/a	n/a

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>.

On page 77, the applicant states that percentage of total patients served is based on the most recent License Renewal Application filed which does not require a report on the race of residents. Therefore, the applicant does not have this information to report.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. 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 ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 79, the applicant states that the facility is not obligated under any applicable federal regulations to provide uncompensated care.

In Section L, page 79, the applicant states that during the last five years immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

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

C

In Section L, page 79, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Pisgah Manor Projected Payor Mix 3rd Full Fiscal Year, FY 2026	
Payor Category	NF Services as Percent of Total
Self-Pay	24.0%
Charity Care	0.0%
Medicare	26.0%
Medicaid	49.0%
Insurance	1.0%
Workers Compensation	0.0%
TRICARE	0.0%
Other	0.0%
Total	100.0%

Source: Section L, page 79

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 24% of total services will be provided to self-pay patients, 26% to Medicare patients and 49% to Medicaid patients.

On page 81, the applicant states:

“Pisgah Manor has no obligation to provide charity or reduced cost care, or access by minorities and handicapped persons. However, Pisgah Manor will afford equal treatment and access to its services for all persons, without

discrimination...the 2021 license renewal application for Pisgah Manor shows they provided services to low income person by providing 52% Medicaid days of care. The Applicants expect this to continue for the beds being relocated to the facilities, as FFY 3 is projecting 49% Medicaid days of care.”

On page 79, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported. The applicant based its projected payor mix on prior experience operating Pisgah Manor and expects to serve a similar percentage payor mix during the third full fiscal year.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

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

C

In Section L, page 82, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that 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

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

In Section M, page 83, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M-1. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the applicant's existing training program agreement with Asheville Buncombe Technical Community College (AB-Tech). Pisgah Manor uses AB-Tech for clinical training.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to relocate no more than 11 NF beds from LC Alamance of Alamance County, 14 NF beds from Cross Creek of Hyde County and 25 NF beds from Mary Gran of Sampson County to Pisgah Manor in Buncombe County for a total of no more than 168 NF beds upon project completion.

On page 143, the 2021 SMFP defines the service area for NF beds as "*the county in which the bed is located.*" Thus, the service area for this facility consists of Buncombe County. Facilities may also serve residents of counties not included in their service area.

Based on data reported in Table 10A, page 148 of the 2021 SMFP, Buncombe County currently has 20 nursing facilities with a total of 1,950 licensed nursing care beds, with 321 excluded from the planning inventory, as summarized below.

Facility	Total Available NF Beds	Sum of Exclusion	Total Planning Inventory	County Occupancy rate
Accordius Health at Asheville	77	0	77	
Aston Park Health Care Center, Inc.	120	0	120	
Black Mountain Neuro-Medical Treatment Center	156	156	0	
Brian Center Health and Rehabilitation/Weaverville	122	0	122	
Brooks-Howell Home	58	4	54	
Carolina Pine at Asheville	120	0	120	
Deerfield Episcopal Retirement Community, Inc.	62	31	31	
Emerald Ridge Rehabilitation and Care Center	100	0	100	
Flesher's Fairview Health Care Center, Inc.	106	0	106	
Givens Health Center	70	12	58	
Givens Highland Farms	60	0	60	
Mountains Ridge Health and Rehab	97	0	97	
NC State Veterans Home-Black Mountain	100	100	0	
Pelican Health at Asheville	106	0	106	
Pisgah Manor Health Center	118	5	113	
StoneCreek Health and rehabilitation	120	0	120	
The Laurels of GreenTree Ridge	98	0	98	
The Laurels of Summit Ridge	60	0	60	
The Oaks at Sweeten Creek	100	0	100	
Western North Carolina Baptist Home	100	13	87	
Total	1950	321	1629	89.9%

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 84, the applicant states:

“The project will have limited impact on competitors based on the fact that beds are being relocated and converted into semi-private rooms in lieu of new construction; however, Pisgah Manor has been a staple in Buncombe County and has been able to maintain high occupancy since Liberty purchase the building.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 84, the applicant states:

“Pisgah current NF charges are in line with the marketplace and that will continue with the additional 50 NF beds; therefore, citizens of Buncombe County will not see an increase in their cost of care.”

See also Sections C, F, and Q of the application and any exhibits. -

Regarding the impact of the proposal on quality, in Section N, pages 84-85, the applicant states:

“The safety and quality policies and procedures currently followed by Pisgah Manor would continue for those served.

...

Pisgah Manor is a Bronze level in achievement in Quality in the National Quality Award Program. This is encouraging operators of other county facilities to evaluate the care and quality of their facilities and to improve and up fit where possible to remain competitive in the marketplace.”

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 85, the applicant states:

“...Pisgah Manor affords equal treatment and access to its services for all persons, without discrimination due to age, race, color, religion, sex, marital status, national origin, sexual orientation, ancestry or disability, or any other factor that would classify a resident as underserved.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

- (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 Q, Form O, the applicant identifies the nursing facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 28 of this type of facility located in North Carolina.

In Section O, page 87, the applicant states that, during the 18 months immediately preceding the submittal of the application, there have been instances where annual surveys conducted by DHHS have resulted in deficiencies. The applicant states that all the problems have been corrected. According to the files in the Nursing Home Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in one of these facilities. The applicant was back in compliance April 9, 2021. After reviewing and considering information provided by the applicant and by the Nursing Home Licensure and Certification Section and considering the quality of care provided at all 28 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (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 applicant proposes to relocate existing licensed nursing care beds from three existing facilities in Alamance, Hyde, and Sampson Counties to an existing facility in Buncombe County. The Criteria and Standards for Nursing Facility or Adult Care Home Services, which are promulgated in 10A NCAC 14C .1100, are not applicable to this review because the rules do not apply to a proposal to relocate existing licensed nursing care beds.